Knowledge grows

Yara Integrated Report 2022

On course to a nature-positive food future

On course to a nature-positive food future

Yara launched its new ambition statement, 'Growing a Nature-Positive Food Future', with last year's integrated report. During the past year, we have worked on putting our ambition into action. This work has been developed under drastically changed conditions, from Russia's war on Ukraine, through disruptions in supply chains, to unprecedented volatility in energy and commodity prices.

Throughout 2022, Yara's people, culture and business model have continued to create value for our shareholders as well as for farmers, suppliers, and other important stakeholders. Yara's ability to sustain supplies and keep providing our crop-nutrition and industrial solutions to the markets is based on our integrated business model, operating a worldwide production, trade, and marketing system. This means that we can keep our focus on maintaining supply of Yara's vital solutions to customers and securing continuity throughout the supply chain.

We are concerned about the impact of the current crisis on the food value chain, with high food prices for consumers, and availability and affordability of fertilizers being a substantial challenge to farmers worldwide. While increasing prices for fertilizers help Yara's profitability, we have made efforts to support the farmers hardest hit by the crisis. This has happened through market design models enabling discounts for fertilizers and making digital tools available for farmers at no cost.

While we face many risks and uncertainties in the current context, we have made progress towards Growing a Nature-Positive Food Future. Among our key contributions this year, this report gives insight into:

- How Yara has adapted its operations to tackle a challenging environment, ensuring sustainable value creation for investors, farmers, suppliers, employees, and society at large
- How we have used the challenges presented to strengthen our efforts to decarbonize our business
- New partnerships that move us closer to delivering on our Ambition, including through Yara Clean Ammonia
- Strengthened efforts to protect and restore nature with a specific focus on solutions in the value chain where it matters the most – in the field
- Continued efforts on People, through stronger engagement and development of our employees, follow-up on Safe by Choice, and actions on human rights and ethics
- Increased efforts to reach more farmers and communities to improve nutrition and quality of life through our global scale.

This year has underscored how important the security of fertilizers, food, and energy really is. Our employees have demonstrated tremendous agility and commitment to our mission. As Yara, we have proved the solidity of our business model, and our collective ability to deliver on our ambition. By providing innovative, climate- and nature-friendly solutions for farmers, food companies and other energy-intensive sectors, Yara will follow through on its commitment to sustainable value creation and a decarbonized and nature-positive 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 nature-positive 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 17,500 employees and operations in 60 countries, with a proven track record of strong returns. In 2022, Yara reported revenues of USD 24.1 billion.

SHORTCUT
Go to the Financial Statements for 2022 here

17,500 employees

65 NOK

Total cash returns per share paid and proposed for 2022

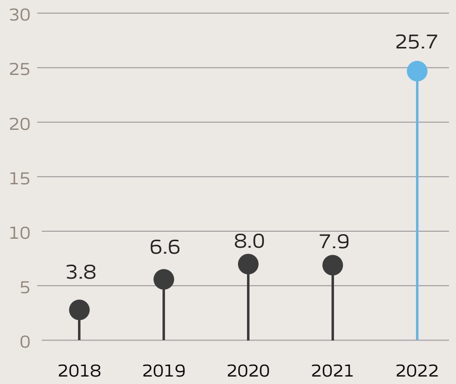
25.7% Return on invested capital (7.9% in 2021)[1]

3,827 USD millions Operating income (1,068 in 2021)[1]

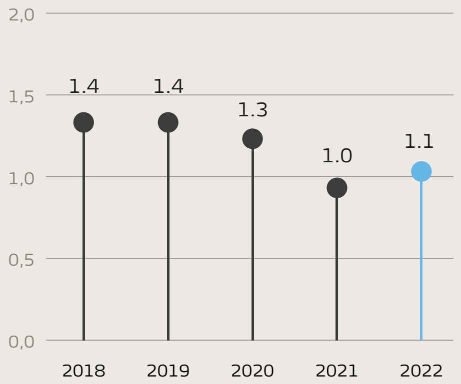
75% Diversity and inclusion index (77% in 2021)

3.1 GHG intensity[7] (3.0 in 2021)

ROIC (Percent)



TRI



		2022	2021
Prosperity performance			
Revenue and other income	MUSD	24,051	16,607
Operating income[1]	MUSD	3,827	1,068
EBITDA[1][2]	MUSD	4,959	2,804
Net income	MUSD	2,782	384
Capex[3]	MUSD	987	902
Debt/Equity ratio[1][4]		0.37	0.55
Net cash flow from operations	MUSD	2,391	1,406
Basic earnings per share[5]	USD	10.90	1.75
People performance			
Engagement rate	%	78	79
TRI rate[6]	per million hours worked	1.1	1.0
Planet performance			
Scope 1+2 CO_2e emissions	million tonnes	15.9	17.5
Energy use	million GJ	246	273

1) See page 267 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) Cash outflows from investing activities, see consolidated cash flow statement on page 143 for specification.

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 the 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

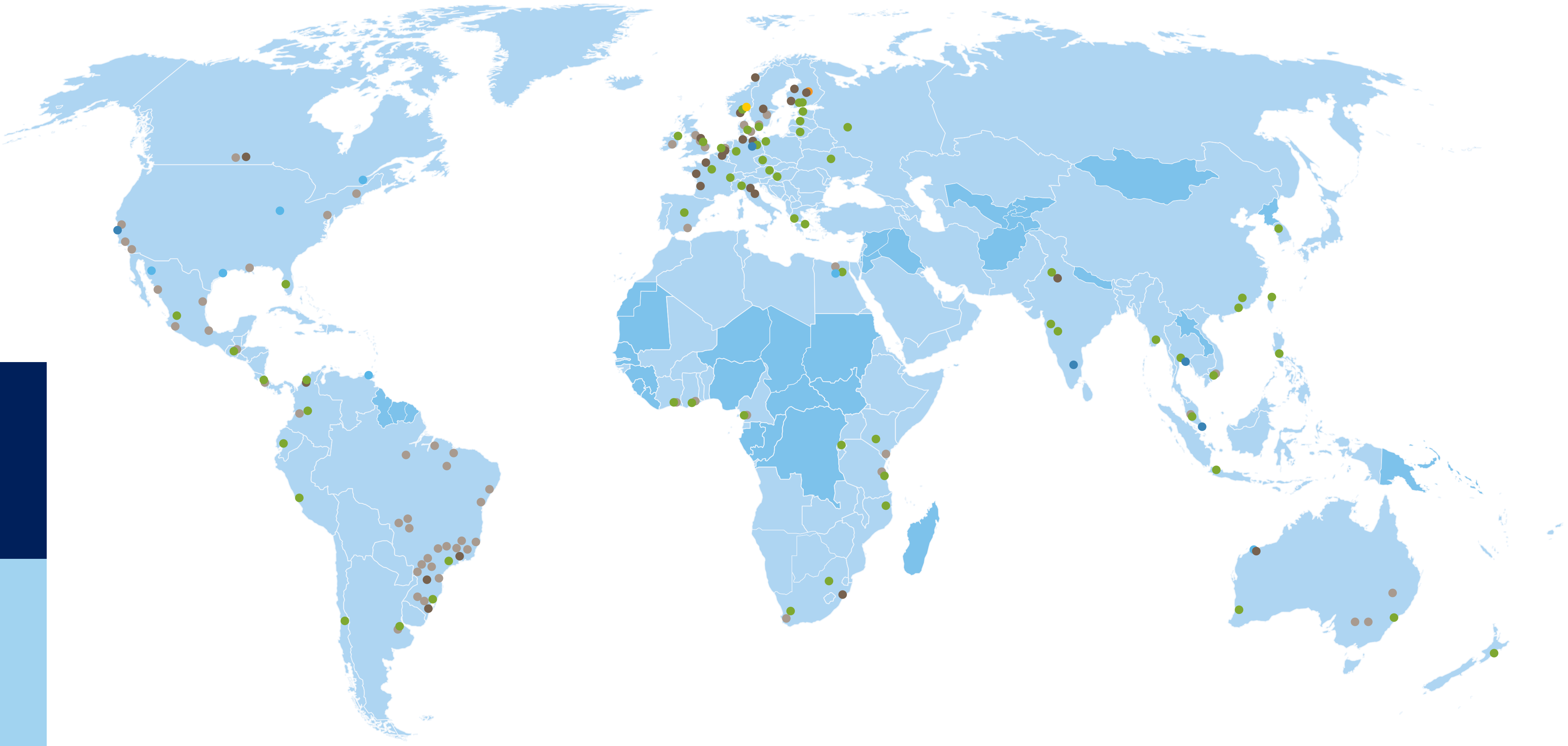
140

Production plants

26

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

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

Content

About the report

This is Yara International ASA's 2022 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 2022.

Additional information is available in the following reports for the financial year 2022, all available at the Latest annual report page at yara.com:

Yara Sustainability Report 2022

Yara Executive Remuneration Report 2022

Yara EU Taxonomy Report 2022

Yara Country-by-Country Report 2022

THIS IS YARA

Our strategic direction

We recognize the urgent nature- and climate crises which are unfolding, and we are responding. By driving operational excellence and broadening our core to create shared value based on key global challenges, we are continuing to put our ambition of Growing a Nature-Positive Food Future into action.

CEO COMMENT

Progress in an unstable world

We entered 2022 expecting calmer waters only to experience the most turbulent period since the Second World War. Our ability to navigate through these times of crisis says everything about our solutions, dedication, and endurance.

When one food superpower invades another food superpower, the consequences are massive. In addition to the excruciating suffering of Ukrainians, the Russian invasion of Ukraine has had significant implications for other parts of the world, in particular in exacerbating an already ongoing food crisis. According to Oxfam International, one person dies of hunger every four seconds. Almost 350 million are facing acute hunger – more than double the number in 2019. More than 800 million people go to bed hungry every night.

Really putting our triple bottom line of PEOPLE, PLANET, and PROSPERITY to the test, 2022 was challenging on many fronts but allowed us to demonstrate resilience and make progress in an unstable world.

"We experienced unprecedented movements in the price of natural gas, and we have had to shift our sourcing from Russian to alternative suppliers. We handled these supply chain disruptions in a very solid way."

"2022 was the year we saw governments starting to provide forceful incentives to help achieve a net-zero future. This is good news for people, planet, and prosperity."

Safeguarding PEOPLE during a time of conflict

On February 26, our office in Kyiv was hit by a missile. None of our employees were present, and none were physically harmed during the first year of the conflict. However, it brought the war close to us all, knowing that our colleagues are living in a war zone. Every day since the invasion, our security team has checked in with our Ukrainian colleagues, with advice and support to keep safe. Despite the war, our Ukraine organization, supported by Yara Europe, has managed to provide farmers with fertilizers, advice, and digital solutions to keep food production going to the largest extent possible.

Unfortunately, they are not our only employees who find themselves operating in a conflict zone. February 1 marked two years since the military coup in Myanmar, where we have Yara colleagues working daily in the most difficult environments to support farmers producing essential crops. During these two years, our security experts have worked closely with the team in Myanmar and Thailand, and the experience from this conflict has provided important learnings for the situation in Ukraine.

Yara has been vocal about how conflict and war are affecting the global food system. During 2022, we participated at the annual meeting of World Economic Forum in Davos in May, the African Green Revolution Forum in Kigali in September, the UN General Assembly in New York in September, and COP27 in Sharm el-Sheikh in November. Our key message to world leaders in all of these arenas has been the need to reduce food dependency on Russia, to close the yield gap in developing countries, and to continue the decarbonization of the food system.

Yara remains firm in its engagement and support for the UN Global Compact and its ten principles on human rights, labor, the environment, and anti-corruption.

With hunger on the rise, the issue of food and fertilizer availability and affordability in developing countries is of great concern. Yara initiated and engaged in two major projects to help alleviate the situation. The first one is Grow Ghana, where we targeted active farmers with knowledge about the use of fertilizers. We offered every third bag of fertilizer for free, thereby reducing the price of their inputs significantly. The second initiative was Sustain Africa – an emergency response and resilience initiative to address the fertilizer supply deficit in Africa. Among the partners are the Bill & Melinda Gates Foundation, Rabobank, and the International Fertilizer Association (IFA).

Safeguarding our PLANET in a time of climate emergency

The immediate crisis following war and food shortage must be solved in a way that doesn't bring decarbonization to a halt and put nature under further stress. Rather, the geopolitical unrest should be an impetus for change. During the past year it has become apparent that Putin uses energy and food as weapons. One of the most powerful responses is therefore to continue to reduce our Russian energy- and food dependency. A key lever is to produce ammonia and fertilizers based on renewables instead of fossil energy. This will have the dual impact of decarbonizing large sectors such as agriculture, shipping, and power production, as well as limiting the influence and importance of Russian carbon-intense energy.

Yara has taken a leading role in this. We established our Clean Ammonia unit already in 2021 and were part of the launch of the First Movers Coalition to decarbonize seven industrial sectors that currently account for 30% of global emissions. We are pioneering clean ammonia projects in Norway, Australia, and the Netherlands, with numerous contracts and partnerships in place. In addition, we signed several contracts and Memorandums of Understanding in 2022 for delivery of green fertilizers in 2023.

According to the Global Risk Report from the World Economic Forum that was launched in January 2023, the biggest risk of all, as deemed by almost 1,000 experts and global leaders, is climate inaction. Because despite the enormous costs and investments involved in reaching the Paris Agreement – for example annual investments in clean energy infrastructure for electricity and fuels will have to more than triple by 2030 to 4 trillion USD – this number is minor compared to the costs we face if we fail to tackle the climate emergency.

At the end of last year, Yara also participated at the UN Biodiversity Conference (COP15) in Montreal. Yara strongly supports the resulting Global Biodiversity Framework, a significant step forward in safeguarding nature and an opportunity for the private sector to link their business to the 23 targets outlined.

Safeguarding PROSPERITY in a time of instability and shocks

In the same way that we cannot let the food crisis jeopardize the work of decarbonization, we cannot let the efforts to decarbonize be at the expense of people's livelihoods. To put it simply, we must manage to produce enough food with lower emissions in a way that supports inclusive growth.

In November, I visited maize and coffee farmers in Kenya, and saw how climate change is directly impacting smallholder farmers. The combination of first drought and then heavy rain completely wiped out the maize harvest. These kinds of climate shocks will continue, and we must build resiliency. In the case of Kenya and maize, the solutions are available. With a targeted approach focusing on soil health – through balanced nutrition and digital tools – Kenya can go from being an importer to an exporter of maize in only a few years, creating economic growth and improving farmers' livelihoods.

For Yara, 2022 was a year of many challenges. Our operating environment was extremely volatile. We experienced unprecedented movements in the price of natural gas and we have also had to shift the major part of our raw-material sourcing from Russian to alternative suppliers. We handled these supply chain disruptions well, with limited impact on Yara's production volumes. There is, however, always room for improvement, and one such area is productivity. We will vigorously pursue our efforts on operational excellence to lift our production performance to the level it should be.

Despite the challenges of last year, we continue to deliver improved results and profitability. Return on invested capital (ROIC) ended at 25.7%. With a proposed dividend of NOK 55 per share, this brings the total cash return paid and proposed for 2022 to NOK 65 per share. Linking finance to the company transition, Yara also issued its first ever green bond in 2022.

2022 was the year we saw governments starting to provide forceful incentives to help achieve a net-zero future. The Inflation Reduction Act in the US is a gamechanger and a magnet for green investments. Some are calling this a subsidy race, but we see it rather as an investment race. The return on these investments will be substantial, especially when compared to the incredible cost of not achieving the climate goals. Investments by governments in a future-proof economy is good news for people, the planet, and prosperity.

At Yara, we see government incentives as an enabler, as our climate solutions make us well-positioned to drive a green transition in the food system. History has shown that with a joint effort there is no limit to what we can achieve.

Svein Tore Holsether
President and CEO

2022

Highlights

Q1

Russia attacks Ukraine, Yara's Kyiv office gets hit by a missile.

Yara stops sourcing from suppliers linked to Russian sanctioned entities and individuals.

Yara initiates Belarus sourcing wind-down due to sanctions, while continuing safety program and trade union support.

Yara and Lantmännen sign first commercial agreement for fossil-free fertilizers.

Yara announces the construction of a green hydrogen demonstration plant at Yara's ammonia production facility at Herøya Industripark in Porsgrunn.

Q2

Yara announces an evaluation of a potential stock listing of Yara Clean Ammonia (YCA), of which Yara would maintain the majority ownership. Yara also hosted YCA's inaugural capital markets day in June.

Yara signs an agreement with Azane Fuel Solutions to establish a carbon-free ammonia fuel bunker network in Scandinavia.

Yara celebrates the christening of Yara Birkeland, the world's first carbon-free container vessel.

Q3

Yara and Northern Lights sign the world's first commercial agreement on cross-border CO_2 transport and storage, see page 15.

Yara announces the construction of a renewable hydrogen plant in Australia, which will supply green hydrogen to Yara Clean Ammonia.

Yara issues its first Green Financing Framework.

Q4

Yara announces collaboration with Oerth Bio to co-develop novel products focused on improving nutrient use efficiency and strengthening plant resilience to climate change.

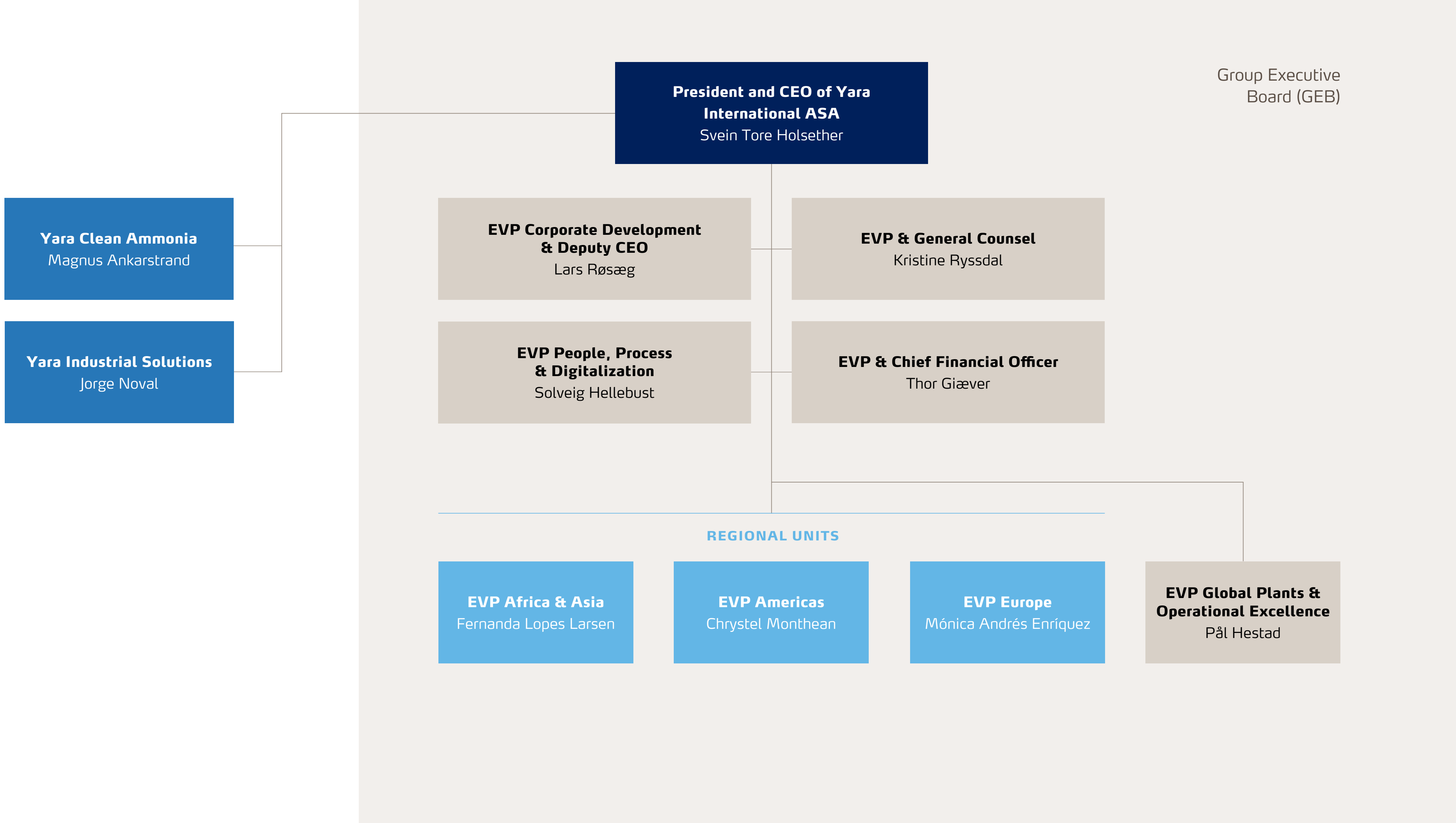
Yara calls for urgent action to reduce Europe's food dependency on Russia.

Yara signs a Memorandum of Understanding with El Parque Papas to deliver fossil-free, green fertilizers to Argentina's largest potato farmer.

Yara issues its debut green notes of USD 600 million.

The organization

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



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 with support from Global Innovation at the corporate level. The Global Plants & Operational Excellence segment operates Yara's largest and export-oriented production plants, Porsgrunn and Sluiskil.

Fernanda Lopes Larsen
EVP, Africa & Asia

Africa & Asia

Deliveries	4,289 thousand tonnes
EBITDA	659 USD million
ROIC	20.5%
Employees	1,953

Chrystel Monthean
EVP, Americas

Americas

Deliveries	10,942 thousand tonnes
EBITDA	1,852 USD million
ROIC	28.1%
Employees	5,894

Mónica Andrés Enríquez
EVP, Europe

Europe

Deliveries	7,455 thousand tonnes
EBITDA	1,226 USD million
ROIC	24.7%
Employees	3,699

Pål Hestad
EVP, Global Plants

Global Plants

Finished fertilizer production	5,887 thousand tonnes
EBITDA	396 USD million
ROIC	14.3%
Employees	2,011

Global Innovation

During 2022, the Global Innovation function was established at the corporate level. Its mandate is to identify the main capabilities to be managed globally for driving strategic positioning of new products and solutions as an important enabler of our nature-positive ambition. The Global Innovation strategy will focus on four strategic innovation themes: Sustainable yield, Crop quality and resilience, Low carbon crop and food, and Data insight and connectivity.

COMPANY PRESENTATION

Global units

The Clean Ammonia segment incudes Yara's Ammonia Trade and Shipping business, which plays a vital role in Yara's production system through optimizing production capacity utilization. This segment also leads Yara's exploration of new green and blue ammonia projects. The Industrial Solutions segment mainly provides nitrogen-based solutions and services across a wide range of industries. The segment performs its activities through four commercial units; Transport Reagents, Base Chemicals Europe, Base Chemicals Americas, and Mining Applications.

Magnus Ankarstrand
President Yara Clean Ammonia

Yara Clean Ammonia

Ammonia sales	3,833 thousand tonnes
EBITDA	249 USD million
ROIC	33.1%
Employees	52

Jorge Noval
President Yara Industrial Solutions

Yara Industrial Solutions

Deliveries	7,167 thousand tonnes
EBITDA	642 USD million
ROIC	28.6%
Employees	2,033

HOW WE CREATE VALUE

From field to fork

Why fertilizer?

Almost half of the world's population depend on mineral fertilizer for their food security[1]. Mineral fertilizers are essential crop nutrients, which replenish the soil after harvest and enable farmers to profitably grow nutritious quality crops. FAO estimates a need for 60% increase in food production by 2050, and balanced fertilization is crucial to sustainably increase agricultural output.

Why Yara?

Yara is the world's leading crop nutrition company. Yara supports farmers globally with agronomic knowledge, digital tools, and top-quality fertilizers. Unlike most fertilizer companies, we offer a complete range of crop nutrition products, ranging from those based on key nutrients – nitrogen (N), phosphorus (P) and potassium (K) – to those incorporating growth and quality enhancing nutrients, such as calcium (Ca) and magnesium (Mg), to micronutrients tailored to specific soil or crop conditions. Read more in the Fertilizer Industry Handbook at yara.com.

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

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

Knowledge

- Unique agronomic and industrial knowledge
- 17,500 employees representing great diversity

Financials

- Strong track record
- High credit rating
- Liquid share

Brand

- Global recognition
- Quality and reliability

We produce

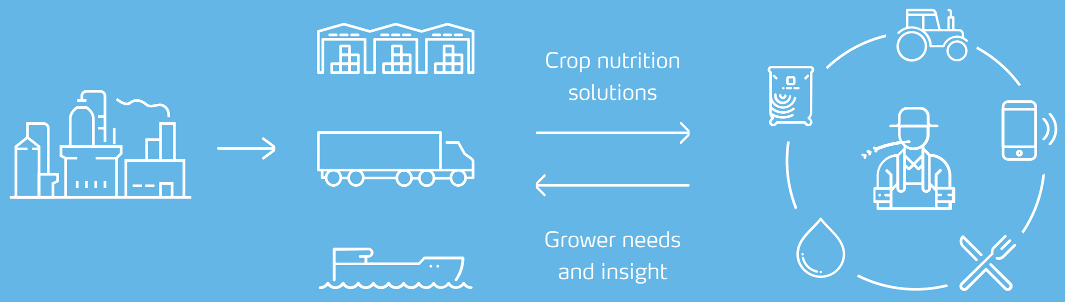
We produce a comprehensive range of nitrogen-based fertilizers and industrial products.

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 compound NPK (premium products)
- # 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, digital tools for modern farming

OUTPUT

We create

People

A safe and inspiring workplace, helping to feed 200 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

1) Erisman et al. (2008). "How a century of ammonia synthesis changed the world", Nature geoscience, VOL 1, OCTOBER 2008

CASE

Major milestone for decarbonizing Europe

In 2022, Yara entered into the world's first commercial agreement on cross-border CO_2 transportation and storage. This is a ground-breaking move for the decarbonization of European heavy industry, and a major milestone towards achieving Yara's net-zero targets.

Yara and Northern Lights have agreed to transport CO_2 captured from Yara's ammonia and fertilizer plant in Sluiskil, Netherlands, and permanently store it under the seabed off the coast of western Norway. When the final contractual details are agreed, this will be the first ever cross-border CO_2 transport and storage agreement.

Building on existing capacity

"Yara Sluiskil is one of the most innovative and efficient plants in the world, and we have a clear climate roadmap guiding us towards our net-zero commitment. We are very proud of embarking on this next step in Yara Sluiskil's emissions reductions journey," says Michael Schlaug, Plant Manager at Yara Sluiskil.

Since 1990, Yara has cut 3.4 million tonnes of CO_2e from its ammonia and fertilizer production in Sluiskil.

Yara Sluiskil already has the capacity to capture CO_2, as it reuses significant volumes of carbon dioxide in greenhouse plant production, as an ingredient for carbonated drinks, and for other purposes such as urea and AdBlue. From early 2025, the remaining part of captured pure CO_2 will be compressed and liquefied in the Netherlands, and then transported to the Northern Lights storage at 2,600 meters under the seabed off the west coast of Norway.

The increasing CO_2 liquification, onshore storage capacity, and the establishment of a loading system is an important part of the Climate Roadmap 2030 of Yara Sluiskil. These measures will reduce its annual greenhouse gas emissions by 85 percent compared to 1990 levels.

Pioneering work

Northern Lights is the transport and storage component of the Longship project, funded 80% by the Norwegian government and building on over 20 years of offshore CO_2 storage competence in Norway. For Northern Lights, the first commercial carbon capture and storage (CCS) agreement is crucial. It is equally important to get a Memorandum of Understanding in place between Norway and the Netherlands to lay the legal foundations for this first cross-border CO_2 transportation in Europe.

"Action to decarbonize industry is urgent, and Yara is a frontrunner. I am very pleased to announce that we are now on course to removing CO_2 emissions from our production plant in Sluiskil. This will take us a step further towards carbon-free food production and will accelerate the supply of clean ammonia for fuel and power production," said Yara CEO Svein Tore Holsether.

Yara has several decarbonization projects in the pipeline to reduce its emissions and tackle climate change. The world is running out of time to combat climate change, and CCS is an efficient and effective way to reduce emissions. The Northern Lights project will contribute to Yara meeting its 2030 targets. More on those on page 56.

A dual challenge for European industry

Yara is committed to reaching climate neutrality and being a driver in the green transition of the European industry. The groundbreaking CCS project in Sluiskil is a step-change in that quest, and it follows new carbon taxation schemes in the Netherlands and the EU.

However, European climate regulation presents a dual challenge for European industry. Following the adoption of the Inflation Reduction Act (IRA) in the US, the business case for investments in the US is substantially strengthened vis-a-vis investments in Europe.

"The IRA is a magnet for climate investments and a real gamechanger. Without new mechanisms for

incentivizing green investments, Europe's strategic autonomy within food and agriculture and its leading role in the green transition are seriously jeopardized," says Holsether.

Clean ammonia in high demand

From 2025, the Northern Lights project will significantly strengthen Yara's ability to meet a growing demand for clean ammonia. With CCS, the ammonia is considered 'blue', as opposed to conventional grey ammonia. Blue ammonia will be an important enabler for decarbonizing the shipping industry, agriculture, and other emission-intensive sectors.

Reducing emissions and developing the clean ammonia market are integral parts of Yara's strategy. The Northern Lights project is an important development in unlocking the green and blue ammonia value chains and supporting Yara's ambition of Growing a Nature-Positive Food Future.

MEGATRENDS

Global macrotrends inform and influence Yara's market megatrends

Growing and increasingly urban global population

- Sustained and continued global population growth, with biggest magnitude in developing countries, driving growth in consumer demand
- Changing demographic structures, with growing urban population impacting consumer preferences

Geopolitical and trade uncertainty

- Covid-19 and war in Ukraine bringing uncertainty to the globalization and future trade flows, with likely slow-down in globalization
- Increasing importance of resource security across food, energy, and other critical resources

Megatrends that shape Yara's market and value chain

- Climate change
- Water safety and reliability
- Dietary shifts
- Soil health
- Zero waste and circular economy
- Agri and food industry integration
- Digitalization

Megatrends shaping our industry

Agriculture, the food value chain, and industries are undergoing profound changes. These are the megatrends significantly shaping our industry and markets.

Climate change

The climate crisis is set to put food systems under extreme pressure, affecting agricultural production globally. There are increasing expectations for and regulations related to tangible climate actions and the reduction of greenhouse gas emissions.

Water safety and reliability

Water is crucial for plant growth, a 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. These changes have caused considerable impacts on water reliability worldwide.

Dietary shifts

Consumers particularly in high-income countries, are increasingly driving diets towards healthier, sustainable choices, with more plant-based nutrition. Globally, however, the trend towards higher calorie and animal protein intakes continues.

Soil health

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 soil degradation. Best farming practices, however, focus on soil health, carbon capture, and regenerative agriculture.

Zero waste and circular economy

Resource scarcity, growing sustainability awareness, and increased consumer pressure is creating a push towards a more circular economy. It is driving increased interest in recycling nutrients in agriculture and food value chains, as well as for organic fertilizers.

Agri and food industry integration

Agriculture and the food value chain is becoming increasingly integrated. Input providers are joining forces, farms are growing in scale and professionalism, the food industry is moving upstream, and the whole industry is under pressure to achieve new levels of sustainability.

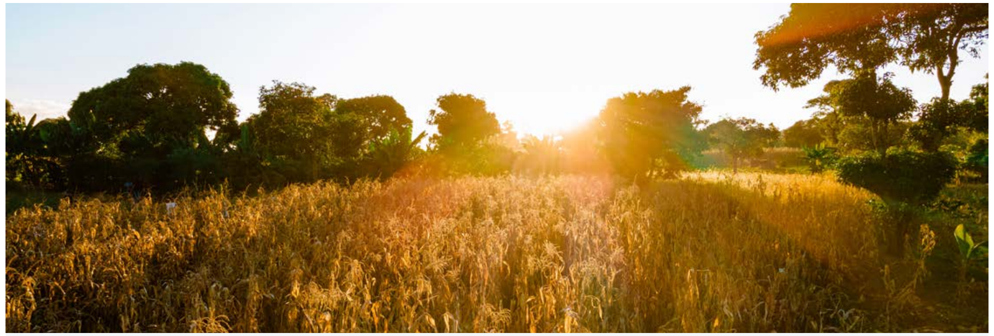
Digitalization

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.

MEGATRENDS

Opportunities and risks from the megatrends

Megatrends present new opportunities we can actively pursue, as well as risks we need to mitigate.



Opportunities

- Shifts towards sustainability and transparency, where our crop nutrition offerings provide a good starting point for finding solutions
- Digital tools to enable new market channels and reduce the yield gap through farmer connectivity
- Mainstream adoption of clean ammonia and hydrogen
- Focus on soil health, water use, and biodiversity, 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
- Physical climate change risks to our operations and customers
- Reduction in demand, commoditization, and increased price competition can challenge premium fertilizer margins
- Competitive landscape can be disrupted
- Increased uncertainty around the competitive position of our European production

Yara Climate Scenarios

Throughout 2021 and 2022, Yara analyzed risks and opportunities under different climate scenarios. The work has so far provided qualitative results. While the findings are being phased into core company processes, the work continues and is expected to provide the first quantifiable results in 2023.

Scenarios used

The foundation for the exercise is three Representative Concentration Pathways (RCP's) from the Intergovernmental Panel on Climate Change (IPCC) fifth assessment: the stringent mitigation scenario (RCP2.6), an intermediate scenario (RCP4.5), and the very high emissions scenario (RCP8.5).

The scope of the analysis covered the whole value chain of Yara, including suppliers, logistics, own operations, and the agricultural and industrial markets. The Task Force on Climate-Related Financial Disclosures (TCFD) risk and opportunity categories were applied throughout the process. The outcomes were focused on impacts in 2030 and 2050.

Physical risk methodology

Physical risks for Yara's production and supply chain were assessed for selected assets and raw material suppliers, based on expected potential material impacts. For the downstream value chain, we looked at Yara's agricultural markets.

Knowledge of climate-related risks that Yara has already experienced was combined with data from the World Bank's Climate Change Knowledge Portal, covering the following indicators: monthly temperature, maximum 5-day rainfall, severe drought likelihood, growing season length, and amount of hot days (Tmax>35ºC). In addition, extreme weather and land below water from Climate Central and NASA were included, as was the water risk tool Aqueduct, published by the World Resources Institute.

The physical climate risks covering Yara's own production and supply chain assets were then analyzed using state-of-the art climate modelling tools and high-resolution analysis. The timeframe was extended to 2100, thus covering the expected lifetime of the plants. Where any site activity is assessed to be at risk, a vulnerability assessment will be conducted to assess the materiality of the risk, taking the local conditions into account. We will then be able to identify adaptation or mitigation solutions to reduce the risk, quantify the consequences, and understand the effects on revenue, CapEx / OpEx, productivity, and reliability of the asset.

Transition risk methodology

The scenarios were supplemented with Shared Socio-economic Pathway-narratives for the future, IEA energy models, and indicators from EY's risk universe to derive possible transitional risks for the future. Such risks were also assessed and enriched by company internal experts across regions and functions.

While transition risks may be harder to quantify, Yara is working to deepen and improve the basis for describing such risks through 2023.

Cautionary note

The analysis used a 3x3 risk matrix, covering the likelihood and impact dimensions. It is important to note that the findings are qualitative, not yet matured enough for quantitative analyses. It is also important to note that an opportunity or a risk exposure does not necessarily imply an actual opportunity or risk. For example, a higher flooding risk may already be mitigated by government risk-mitigation policies being implemented. Further assessment of risk and opportunities exposure is ongoing. The information is therefore provided on a best-estimate basis.

Transition risk exposure

Towards 2030, transition risks entail the most significant climate risks for Yara in the stringent mitigation and intermediate scenarios. Carbon emission and border taxes are likely to impact Yara's production costs and competitiveness in both scenarios. The EU taxonomy may impact the cost of capital for activities not considered green.

New technologies alongside drivers to reduce emissions lead to shifts in how investors are allocating capital, while influencing upgrades and placements of assets. The stringent mitigation scenario gives the highest benefits to Yara's capacity to help farmers optimize emissions, while Yara's positioning gives opportunities linked to access to green capital in both scenarios.

Fertilizer regulations and farmer subsidy schemes to reduce emissions may negatively impact fertilizer demand, but this is balanced against increased demand for other products and services for climate optimization.

The stringent mitigation scenario has an increased focus on liabilities related to climate impacts and is likely to create high reputational and litigation risks. In a stringent mitigation scenario, regulations are expected to be better coordinated and science based, while the intermediate scenario sees substantial deviations between jurisdictions in how regulations are developed. This represents transition challenges and regulatory risk for a company exposed to international markets.

Yara foresees that in both transition scenarios, the role of ammonia as an energy carrier will evolve and create new dynamics in the nitrogen products markets. It is likely that increased demand, regulatory actions, and markets driving demand for clean ammonia will occur, attracting new competition also to the production side.

Physical risk exposure

Towards 2030, the variations between the intermediate and the very high emissions scenarios are minor, with both scenarios expected to see an increase in temperatures of around 1.5°C. By 2030, parts of Yara's operations, suppliers, and farmer customers are likely to be significantly impacted by climate change in terms of more extreme weather.

Yara expects risk exposures to include potential disruption due to flooding – particularly in European coastal areas. Extreme droughts may also impact water availability for cooling purposes. Both risks will have more severe consequences in a very high emissions scenario, particularly towards 2050 and beyond.

As a starting point, Yara's production asset base has a robust design, and several risks are also expected to be handled through public-sector infrastructure investments to safeguard society. Recognizing that the exposure is increasing, Yara has engaged with experts to collect detailed data on risk exposure for all production sites and Yara's own supply chain locations. Starting in 2023, Yara will go through the local risk situation for all production sites considered to face a physical climate risk, identifying potential impacts, and mitigation and adaptation measures needed to safeguard the assets.

In both scenarios, delays and disturbances in the supply chain can be expected due to more extreme weather and floods by 2030. For farmer customers, Yara expects that smallholder farmers with limited capacity to invest and adapt will have high and increasing risk over time. Industrial or commercial-scale farmers have a better capacity to adapt. Yara is well positioned to support farmers working to adapt to climate change.

There will be a significant difference in the two scenarios by 2050, as the intermediate has a 2.0°C warming, and the very high emissions scenario has a 2.4°C warming. By 2050 and beyond, there will be a significant increase in extreme weather events, with higher impacts and frequency in the very high emissions scenario.

For 2050 and beyond, the chronic changes in terms of weather patterns and growing seasons will impact crop distribution. Smallholder farmers' risks are increasing due to year-to-year losses of crops and the lacking financials to handle losses. Farmers located in the Northern Hemisphere will see an increase in growing season length. Generally, industrial farmers will be better financially positioned to handle crop variation due to extreme weather.

In the very high emissions scenario, both for Yara and other stakeholders, some coastal locations may be unsuited for operations, as the sea-level rise is likely to reach 0.5 meters in 2060. Supply chain disruptions will continue to increase in this context.

Company responses

Yara's strategy of enabling the hydrogen economy and broadening our core, is a relevant and strong response to the broader challenges identified in the climate scenarios.

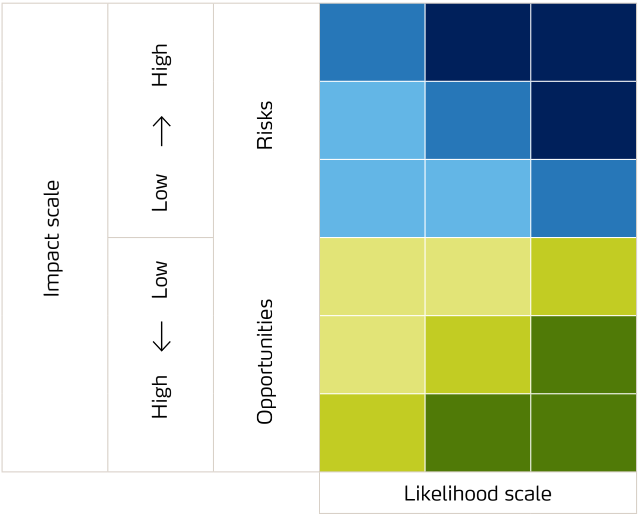
Climate risk is being embedded into core company processes, such as the strategy process, business planning, and enterprise risk management. Capital value projects will be screened for climate risks when relevant.

The identified risks from the mapping have been added to Yara's risk universe, and the company is updating its process for determining long-term risks.

Ongoing work will further develop Yara's understanding of how risk exposure can evolve under the different risk scenarios.

TCFD category	Risks and opportunities	RCP2.6: stringent mitigation 2030	RCP2.6: stringent mitigation 2050	RCP4.6: intermediate 2030	RCP4.6: intermediate 2050	RCP8.5: very high emissions 2030	RCP8.5: very high emissions 2050
Policy and Legal	1. Carbon emission tax	High	High	High	High	n.a.	n.a.
	2. Carbon border tax	High	High	High	High	n.a.	n.a.
	3. Climate litigations	High	High	Medium	Medium	n.a.	n.a.
	4. Environmental litigations	High	High	Medium	Medium	n.a.	n.a.
	5. Fertilizer regulation	High	Low	Low	High	n.a.	n.a.
	6. Farmer subsidy schemes	Medium	High	Medium	Medium	n.a.	n.a.
	7. Traceability requirements from regulators	Low	High	Low	Medium	n.a.	n.a.
Policy and Legal, and/or Market	8. Divestments/cost of capital	High	Medium	Medium	High	n.a.	n.a.
	9. Definition of 'green'	Low	Medium	Medium	High	n.a.	n.a.
	10. Stranded assets	Medium	Medium	Low	High	n.a.	n.a.
	11. Green capital access	Opportunity: High	Opportunity: High	Opportunity: High	Opportunity: High	n.a.	n.a.
Reputation	12. Reputational risk related to deforestation	Low	Medium	Low	Low	n.a.	n.a.
	13. Reputational risk related to supply chain	Medium	High	Medium	High	n.a.	n.a.
Technology and/or Market	14. Unsuccessful green investments	Low	Low	Medium	High	n.a.	n.a.
	15. Failure of CO_2 reduction optimalization	Low	Low	Medium	High	n.a.	n.a.
	16. Unsuccessful green upgrades	Low	Low	Medium	High	n.a.	n.a.
Market	17. Climate optimalization at farms	Opportunity: High	Opportunity: High	Opportunity: Medium	Opportunity: Medium	n.a.	n.a.
	18. New competitors on ammonia	High	High	High	High	n.a.	n.a.
	19. Dietary changes	Low	High	Low	Low	n.a.	n.a.
	20. Increased sale of premium products	Opportunity: Low	Opportunity: Medium	Opportunity: Low	Opportunity: Medium	n.a.	n.a.
Physical	21. Extreme weather, smallholder farmers	n.a.	n.a.	Medium	High	High	High
	22. Extreme weather, industrial farmers	n.a.	n.a.	Opportunity: Medium	Opportunity: High	Opportunity: High	Opportunity: High
	23. Change in weather patterns, smallholder farmers	n.a.	n.a.	Medium	Medium	High	High
	24. Change in weather patterns, industrial farmers	n.a.	n.a.	Opportunity: Medium	Opportunity: High	Opportunity: High	Opportunity: High
	25. Extreme weather – supply chain	n.a.	n.a.	High	High	High	High
	26. Extreme weather – production	n.a.	n.a.	High	High	High	High
	27. Water scarcity for production	n.a.	n.a.	High	High	High	High
	28. Flooding leads to production disruptions	n.a.	n.a.	High	High	High	High
	29. Change in crop distribution	n.a.	n.a.	Opportunity: High	Opportunity: High	Opportunity: High	Opportunity: High

The prioritization of risks and opportunities identified were done on the following matrix:



Legend for reading the findings:

Risk		Opportunity
●	High	●
●	Medium	●
●	Low	●

Yara considers the transition risks to be higher under the RCP2.6 and RCP4.5 scenarios, while such risks were not analyzed for the RCP8.5 scenario. Similarly, Yara considers the physical risk exposure to be higher under the RCP4.5 and RCP8.5 scenarios. Such risks were not analyzed separately for the RCP2.6 scenario, though Yara does find that on a 2030-time horizon, the physical risk exposure in all three scenarios appears to be on a comparable scale. Yara will continue to improve how climate risks are considered in the financial statements, including the aim to provide a good understanding of whether the company assets are at risk of becoming stranded. Important note: Observing a risk exposure in this presentation is not the same as concluding that any of the current assets are about to be considered stranded, as this is a starting point for identifying mitigation actions.

Our strategy

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

Strategic priorities

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

We will continue to improve our fertilizer production and competitive edge, what we have, but we are increasingly aiming to expand our reach and offerings – tapping into the opportunities emerging in our business environment, how we can contribute.

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

Climate neutrality | Regenerative farming | Prosperity

Three pillars for Growing a Nature-Positive Food Future

The three pillars of Climate neutrality, Regenerative farming, and Prosperity represent the initial and most material actions we are taking to operationalize our ambition. Read more about them on the next page. While moving forward, we recognize that discussions around the concept of 'nature-positive' are still evolving, notably in the Kunming-Montreal Global Biodiversity Framework, which we support, and through the Taskforce on Nature-related Financial Disclosures and the Science Based Targets Network, both of which we are engaging in. Additional actions will be added as these discussions evolve, and standard setting in the nature field becomes more mature.

Accelerate operational excellence

Culture of entrepreneurship and continuous improvement: Invest in engagement, leadership, cultural evolvement, diversity, equity, and inclusion, and dynamic upskilling

Efficient operations: Strengthen our core and realize the Yara Improvement Program targets through operational excellence, including the Yara Productivity System and Digital Production, with continued focus on safe operations

Holistic performance management: Create value through active capital allocation and pursuing climate neutrality by 2050

Expand our reach and offering

New commercial offerings: Develop and commercialize new farmer offerings, services, and solutions to transform our core business based on outcomes we deliver

Focused asset growth: Grow in assets which support the farming solutions transition, high value products and to achieve scale in strategic markets

Pursue new business opportunities: Invest in potentially disruptive areas such as nature-positive solutions and decarbonization, e.g., Yara Clean Ammonia, Agoro Carbon Alliance, Yara Growth Ventures

Three pillars for moving forward with our ambition statement

Driven by our purpose, science, and more than 100 years of agronomic knowledge, we need to give back to Earth more than we take. We will focus our efforts on three pillars where we aim to create a tangible global impact.

Climate neutrality

Reduce our own emissions and improve productivity at our production sites

Contribute to decarbonize agriculture

Contribute to decarbonize transportation and energy

Regenerative farming

Improve farming productivity and nutrient use efficiency

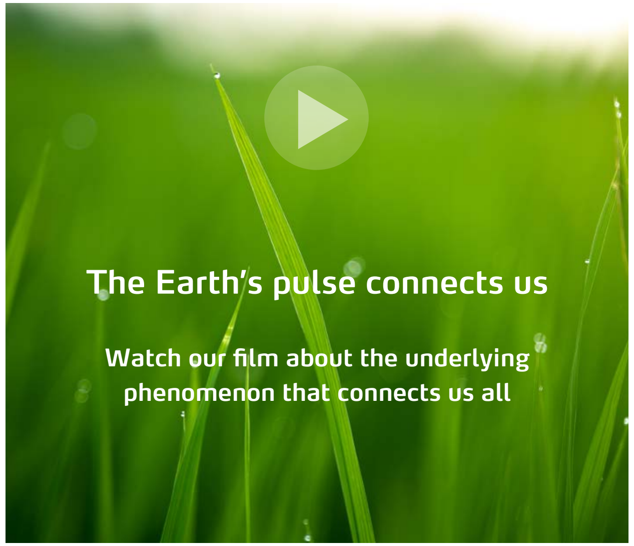
Positively impact nature in the value chain: soil health, biodiversity, water, air quality, and land use change

Prosperity

Improve farmer income and sustainability

Positively impact farmer diversity

Contribute to zero hunger and healthy nutrition



Priorities for 2023

During 2023, we are focusing on five priorities in order to put our strategy into action. The five priorities collectively cover the three pillars we have established for moving forward with our ambition statement – Growing a Nature-Positive Food Future.

Overall strategic priority	Priority in 2023	Climate neutrality	Regenerative farming	Prosperity
Accelerate operational excellence	Continue to strengthen Yara's culture of entrepreneurship and leadership	●	●	●
	Increase the resilience and competitiveness of our asset base	●		●
	Scale up the digitalization of our core processes and traceability across the food supply chain	●	●	●
Expand our reach and offering	Accelerate scale-up in digital transformation and tools across customers and channels	●	●	
	Grow Yara's commercial offering in regenerative agriculture		●	●

Strategy scorecard

Yara's Strategy scorecard 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 (SDGs).

People

Yara KPI	2020	2022	2025 Target	Measure
Strive towards zero accidents	1.3	1.1	<1.0	TRI
Engagement index[1]	79%	78%	Top quartile	Index
Diversity and inclusion index[1]	74%	75%	Top quartile	Index
Female senior managers	24%	29%	40%	%

[1] Measured annually

Planet

Yara KPI	2020	2022	2025 Target	Measure
Energy efficiency[1]	33.2	33.7[2]	32.7	GJ/t NH_3
GHG emissions, intensity	3.0	3.1	2.7	t CO_2e/t N
GHG emissions, scope 1+2[3]	-4%	-14%	-30%	CO_2e
Active hectares[4]	8	15	150	MHa
Carbon marketplace[5]			TBD	

[1] Energy efficiency target is for 2023
[2] Restated from Yara International ASA 2022 fourth-quarter results
[3] GHG absolute emissions scope 1+2 target is for 2030 with a 2019 baseline
[4] Cropland with digital farming user activity within defined frequency parameters
[5] Reported upon updates

Prosperity

Yara KPI	2020	2022	2025 Target	Measure
Ammonia production[1]	7.7	7.7	8.6	Mt
Finished fertilizer production[1]	20.8	20.5	22.5	Mt
Premium generated[2][3]	1 036	1 808	N/A	MUSD
Revenues from new business models	6	22	1 500	MUSD
Revenues from online sales	-	17	1 200	MUSD
Working capital[1,2]	113	87	92	Days
Capital return (ROIC)[2]	8.0%	25.7%	>10%	%
Fixed costs[2],[5]	2 113	2 379	Beat inflation	MUSD
Capex[4]	0.8	1	1.2	BUSD
Net debt / EBITDA[2]	1.36	0.66	1.5-2.0	Ratio
MSCI rating	BBB	A	A	Score
Sustainalytics rating	Med	Med	Med	Score

[1] Yara Improvement Program target for 2023, more details on page 70
[2] See page 267 for definitions, explanations, and reconciliations of Alternative Performance Measures (APMs).
[3] Market reference used in the premium calculation is currently under review
[4] CAPEX max 1.2 BUSD (including maintenance) in 2022 real terms
[5] Fixed cost target is annual

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 SDG impact assessment mirrors our 2022 materiality update. 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.

SDG / Relevance to Yara		Highlights in 2022	Supporting workstreams	Metrics	Material topics
2 ZERO HUNGER	**Relevance to Yara:** We envision a world without hunger. This can be supported by sustainable intensification of agriculture, as well as the development of fairer and more resilient food systems.	• Yara's products helped grow enough nutritious food to feed 200 million people • Yara committed USD 26 million to support farmers through the fertilizer crisis in Africa • Yara launched the Sustain Africa coalition together with Rabobank to provide additional support during the fertilizer crisis, page 36 • Giving local staff's security the highest priority, Yara was able to sustain deliveries of fertilizers to Ukraine, page 8 • Yara offered the digital solution Atfarm for free to European farmers, helping to optimize fertilizer use and crop yields during the fertilizer crisis • Yara provided support to UN Crisis Response Group on Food, Energy and Finance to recommend appropriate measures to tackle the global crisis	• Action Africa • Farm to Market Alliance • Precision farming tools • Sustain Africa • Varda	• Active hectares • Revenues from new business models • Finished fertilizer production	• Socioeconomic Impacts on Communities • Digitalization • Profitability • Sustainable Farm Management and Regenerative Agriculture • Customer Management
5 GENDER EQUALITY	**Relevance to Yara:** Almost half of all farmers globally are women, many of whom face gender-specific obstacles to access to land and resources. The chemical industry has traditionally been dominated by men.	• The book The Courage to Be was published in 2022, telling the stories of a selection of 169 participants in Yara's Women in Agronomy program • Programs continued at several Yara plants to recruit and retain more women in maintenance, as the field of maintenance is traditionally male-dominated, page 50 in our Sustainability Report • We expanded our gender pay equality analysis, in support of achieving gender equality. The 2022 analysis covered 25 countries and around 8,000 employees, page 66 in our Sustainability Report • The Yara Champion Program – Coffee continued, with a specific focus on strengthening women farmers' capabilities	• Women in Agronomy • Women in Maintenance • Gender pay-gap analysis • Diversity, Equity and Inclusion program • Work-Life Balance and Well-Being Framework • Living Wage project • Global standard on parental leave	• Female senior managers • D&I index • Gender balance • Gender pay gap • Parental leave	• People, Culture, and Leadership • Diversity, Equity, and Inclusion • Health and Well-being at Work • Socioeconomic Impacts on Communities

SDG / Relevance to Yara	Highlights in 2022	Supporting workstreams	Metrics	Material topics
6 CLEAN WATER AND SANITATION **Relevance to Yara:** 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 also has impact on water resources around production sites.	• Sustainable water management is a priority in Yara's Climate and Nature roadmap, and we are actively working to reduce water usage through targeted initiatives, page 107 in Sustainability Report • Together with The Weather Company, Yara continued to improve the Farm Water Advisor app, which empowers farmers to reach higher water efficiencies • Yara's fertigation solutions enable targeted distribution of fertilizer with fewer emissions and less loss of nutrients. In 2022, we sold well in excess of one million tonnes of water-soluble fertilizers	• Climate and Nature roadmap • Farm Water Advisor • Farm Weather App • Fertilizers and biostimulants for increased water uptake • Precision farming technology • Crop nutrition technology	• Active hectares • Revenues from new business models • Water withdrawal, discharges and consumption • Water withdrawal in water-stressed areas • Environmental compliance	• Sustainable Farm Management and Regenerative Agriculture • Air, Water, and Waste • Protection of Ecosystems
7 AFFORDABLE AND CLEAN ENERGY **Relevance to Yara:** Yara is part of an energy-intensive industry, taking steps to decarbonize energy consumption and increase energy efficiency. Yara is dependent on partnerships and incentives schemes to make this happen.	• Yara Clean Ammonia worked actively to expand its already sizable portfolio of clean ammonia projects and established a landmark partnership on carbon capture, transport, and storage with Northern Lights at Yara Sluiskil, see page 15 • Certified low-carbon energy made up 14% of Yara's energy use in 2022. Our transition to clean energy depends on the availability and affordability of renewable energy as well as grid capacity. • Through the World Business Council for Sustainable Development, Yara has committed to the Clean Hydrogen Pledge to drive growth in the demand for, and supply of, decarbonized hydrogen, page 29 in Sustainability Report	• Climate and Nature roadmap • Yara Clean Ammonia unit • Clean Hydrogen Pledge • First Movers Coalition	• Energy consumption and intensity • Renewable energy use	• Opportunities in Clean Tech • Energy • Climate Change • Regulatory Changes and Compliance • Profitability
8 DECENT WORK AND ECONOMIC GROWTH **Relevance to Yara:** Yara operates in 60 countries around the world and works to be an attractive employer that ensures decent work, fair pay, and benefits in all of these. Yara also has an important role to play in ensuring that agriculture provides sufficient financial reward for farmers and rural communities.	• Yara's Living Wage project completed pilots in 11 countries in 2022, ultimately aiming to establish standards for all 60 markets in which we operate, page 65 in Sustainability Report • We improved and aligned our policies, procedures, and ways of working with the new ISO 45003:2021 guideline for psychosocial health and safety at work, page 68 in Sustainability Report • Through the Grow Ghana Initiative, we distributed a total of 9,200 tonnes of free fertilizers to 51,000 farmers in 2022, aiming to deliver lasting impacts for farmers and on food security, page 129 in Sustainability Report	• Work-Life Balance and Well-Being Framework • Safe by Choice • Annual Health & Safety Day • Action Africa • Farm to Market Alliance • Living Wage project • Human rights impact assessments • Agoro Carbon Alliance • Varda	• Revenues from new business models • Injury rate • Engagement index • D&I index • Job appraisals • Employee training • Female senior managers • Gender balance • Ethics training • Notifications of misconduct • Supplier social assessments • Grievances reported • Employees covered by collective bargaining agreements	• Occupational and Process Safety • Health and Well-Being at Work • Diversity, Equity, and Inclusion • Human Rights and Labor Practices • People, Culture, and Leadership • Sustainable Supply Chains • Sustainable Farm Management and Regenerative Agriculture • Socioeconomic Impacts on Communities • Business Integrity

SDG / Relevance to Yara		Highlights in 2022	Supporting workstreams	Metrics	Material topics
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Relevance to Yara:** Yara is part of a resource and energy-intensive sector where upgrading of infrastructure and retrofitting of industries are key. Enhancing scientific research and upgrading technological capabilities are important strategies in this context. Yara also has a part to play in ensuring access to services for farmers.	• In 2022, Yara Clean Ammonia signed its first contracts to establish a carbon-free ammonia fuel bunker network in Scandinavia. The bunker terminals will be designed and constructed by Azane Fuel Solutions • With the GreenH2Chem project, Yara aims to develop technology for the combined production of hydrogen and nitrogen oxides to bring us closer to climate neutrality in 2050. In 2022, the project was granted support from the Norwegian Research Council • Yara Growth Ventures invested in several actors facilitating access to financial services for farmers, notably credits to buy inputs such as seeds and fertilizers. This included Agrolend in Brazil and Jai Kisan in India	• Climate and Nature roadmap • Yara Clean Ammonia • First Movers Coalition • Yara Growth Ventures • Circular products	• Revenues from new business models • Revenues from online sales • Carbon marketplace • Ammonia production • Investments • R&D spending	• People, Culture, and Leadership • Profitability • Sustainable Finance • Opportunities in Clean Tech • Energy
10 REDUCED INEQUALITIES	**Relevance to Yara:** 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. Sustaining income and livelihoods for farmers is also a key impact.	• We launched Yara's first Black Leaders Development Program, a program designed to meet the leadership development needs of emerging Black leaders. Eighty participants were chosen for the program, page 45 in Sustainability Report • Yara's Leadership Academies were launched in India and Kenya to develop the skills and leadership capacities of micro, small, and medium enterprise owners in our supply chain, with priority given to youth and women, page 116 in Sustainability Report • Throughout 2022, Yara engaged actively in the European policy debate on food and fertilizer availability, stressing the need to reduce dependency on Russia for food and energy, page 35	• Diversity, Equity, and Inclusion program • Global Diversity and Inclusion Day • Yara Pride • Women in Agronomy • Black Leaders Development Program • Yara Leadership Academy	• D&I index • Female senior managers • Value generation and distribution • Country-by-country tax report	• Diversity, Equity, and Inclusion • People, Culture, and Leadership • Socioeconomic Impacts on Communities • Human Rights and Labor Practices
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Relevance to Yara:** 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.	• We launched our new Sustainable Procurement Policy to drive sustainability in our supply chain, page 132 in Sustainability Report. • Yara joined Together for Sustainability, a member-driven initiative for chemical companies, and will establish a reduction target for upstream scope 3 emissions, page 30 Sustainability Report. • We continued to engage and partner in projects addressing resource use and nutrient use efficiency, among them the European NutriBudget project to optimize nutrient flows, and the German AMPHORE project on nutrient recovery and reuse • In 2022, we introduced bags made of at least 30 percent recycled plastic in Europe and worked in similar projects in Brazil, Thailand, India, and West Africa, page 111 in Sustainability Report	• Climate and Nature roadmap • Precision farming tools • Organic fertilizers • Circular products • Sustainable Procurement Strategy	• GHG emissions and intensity • Energy consumption and intensity • Water withdrawal and consumption • Waste handling • Supplier sustainability rating and performance • Revenues from new business models • Carbon marketplace • Product stewardship certifications	• Air, Water, and Waste • Product Safety • Profitability • Regulatory Changes and Compliance • Opportunities in Clean Tech • Sustainable Supply Chains • Business Integrity

SDG / Relevance to Yara	Highlights in 2022	Supporting workstreams	Metrics	Material topics
13 CLIMATE ACTION **Relevance to Yara:** Climate change is the paramount global challenge we are facing and a serious threat to agricultural productivity in many parts of the world. Reducing greenhouse gas emissions is the key action to minimize the consequences, while adaptation and risk assessments are also needed to secure assets and food production. Our solutions play an important role in mitigating emissions and improving crop resilience to climate stress.	• We continued to develop our Climate and Nature roadmap to put our ambition of Growing a Nature-Positive Food Future into action, page 58 • In 2022, we also submitted targets to the Science Based Targets initiative for our scope 1, 2, and 3 emissions for 2030. We have a portfolio of decarbonization projects to reduce our own emissions and conduct research and engage with farmers and food companies to abate emissions from the use of our products, page 56 • In 2022, Yara signed the first commercial agreements for deliveries of fossil-free fertilizers with cooperatives and farmers in Northern Europe, Argentina, and Brazil, page 91 in Sustainability Report • The Agoro Carbon Alliance, initiated by Yara, continued to empower farmers to sequester carbon in their soils with carbon credit incentives, agronomic expertise, and technology and has paid out more than USD 12 million in revenue to farmers since its launch in 2021 • In 2021 and 2022, Yara analyzed risks and opportunities under different climate scenarios, taking both physical risks related to assets and farming, and transition risks into account, page 20	• Agoro Carbon Alliance • Climate and Nature roadmap • Yara Climate Scenarios • Science Based Targets initiative	• GHG emissions and intensity • Energy consumption and intensity • Supplier sustainability rating and performance • Active hectares • Carbon marketplace • Revenues from new business models	• Climate Change • Opportunities in Clean Tech • Sustainable Finance • Regulatory Changes and Compliance • Sustainable Farm Management and Regenerative Agriculture • Energy • Digitalization • Profitability • Socioeconomic Impacts on Communities
14 LIFE BELOW WATER **Relevance to Yara:** 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-operated production sites also impact waterways in their vicinity. **15 LIFE ON LAND** **Relevance to Yara:** Industrial processes, extraction of their input factors, and application of Yara's end products – fertilizers as well as industrial products – impact on terrestrial ecosystems.	• Yara participated at the 2022 UN Biodiversity Conference (COP15) in Montreal where we joined the #MakeItMandatory campaign, calling for mandatory assessments and disclosures on nature • Yara engaged with the Taskforce on Nature-related Financial Disclosures and the Science Based Targets Network to better assess our impacts and dependencies on nature and to develop related targets and disclosures for our Climate and Nature roadmap • We continued to develop and add features to our precision agriculture tools, such as Atfarm and YaraFX Insight, to increase nutrient use efficiency, and prevent run-offs and leakage. Atfarm was introduced in six new countries in 2022, including the US • Throughout 2022, we engaged with One Planet Business for Biodiversity (OP2B) and collaborated with other actors to define the concept of regenerative agriculture and promote related practices in the food value chain. Nutrient use efficiency is a cornerstone of regenerative agriculture, making it a strategic priority for Yara, page 89 in Sustainability Report	• Climate and Nature roadmap • Atfarm • Precision farming tools • #MakeItMandatory • OP2B membership • Taskforce on Nature-related Financial Disclosures • Science Based Targets Network	• Water withdrawal, discharges and consumption • Water withdrawal in water-stressed areas (for SDG15) • Environmental compliance • Biodiversity impacts • Supplier sustainability rating and performance • Revenues from new business models • Active hectares	• Air, Water, and Waste • Protection of Ecosystems • Opportunities in Clean Tech • Sustainable Farm Management and Regenerative Agriculture
17 PARTNERSHIPS FOR THE GOALS **Relevance to Yara:** We are aware of our contributions – and limitations. We cannot solve global challenges in isolation and strongly advocate more cross-sectoral and innovative partnerships.	• For Yara's contributions to goal 17, please refer to the Strategic engagement in 2022 section, page 35, and the Partnerships section in our Sustainability Report, page 26			

Managing impacts in our value chain

Sustainability is embedded in our strategic priorities and actions. Our approach is to minimize any negative impacts from our own operations and other parts of our value chain, while maximizing our contribution to feeding the world responsibly. We have the ambition to grow a nature-positive food future, and that applies to our whole value chain, with priority given to where we can have the greatest impact.



	Sourcing	Production	Transportation
Impacts	We use natural gas, electricity, and minerals to make our fertilizers. The majority of our raw materials comes from non-renewable sources. • 249,357,687 MMBtu natural gas / hydro-carbons • 1.65 million tonnes phosphate rock • 1.5 million tonnes potash	Fertilizer production is energy intensive and causes emissions to air and water. The water we withdraw is mostly returned unpolluted. • 15.9 million tonnes CO_2e from Yara plants • 7,600 tonnes NO_x from Yara plants • 860 million m^3 water withdrawals	Transportation causes emissions to air and consumes fuels • 2.7 million tonnes CO_2e from transport of Yara's raw materials and products
Response	• Circular economy • Decarbonization • Resource optimization • Sustainable Procurement Program	• Energy optimization • Decarbonization program • Environmental roadmaps to mitigate emissions to air and water	• Product stewardship • Ammonia as energy carrier • Zero-emission shipping vessel Yara Birkeland • Yara Maritime solutions for fuel optimiza-tion and NO_X and SO_X abatement • Yara Diesel Exhaust Fuel products
Value creation	• YaraSuna and Yara Nature brands launched based on circular nutrients • Three clean ammonia pilots and one full-scale project • Industrial symbiosis initiatives	• 17,500 jobs created • Raising industry standards for energy efficiency • Supporting a Sectoral Decarbonization Approach for the industry • Setting Science Based Targets	• 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. ▪ 35.3 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 ▪ 2.0 million tonnes of acidifying and harmful NO_x and SO_x emissions abated using Yara environmental solutions	▪ 200 million people fed by the use of our crop nutrition solutions

STAKEHOLDER ENGAGEMENT

Engaging with our stakeholders

We engage with stakeholders globally and locally to build trusting relationships and bring better business intelligence that can spur ideas for products and services.

Farmers

Sales and support to about 20 million farmers worldwide

Employees

17,500 employees worldwide

Food industry

Major food companies and other potential partners in the food chain

Industry associations

Leading fertilizer industry organizations and other alliances

Civil society

Agenda-setting institutions, NGOs and farmer associations

Our Stakeholder Management Procedure provides a structured approach to the way we consult, involve, and collaborate with stakeholders. All business units conduct stakeholder analyses as part of their business planning, or in the case of specific events or initiatives.

Strategy

Establish objectives, aligned with corporate strategy

Engagement approach

Determine approach, format and frequency

Mapping and analysis

Identify stakeholders and establish level of engagement

Ongoing interaction

Execute plan and manage relations and feedback

Local communities

Neighboring and farming communities worldwide

Suppliers

Ranging from global suppliers of raw materials to local businesses

Investors and lenders

Our shareholders and providers of capital

Academia

Universities, research organization and other forward-thinking institutions

Regulators and policy makers

The bodies shaping tomorrow's regulations and policies

Yara's strategic engagement in 2022 was focused on three main subjects:

1. Impact of the war in Ukraine on the global food system
2. Nature-positive solutions and resilient food systems
3. Delivering on the Paris Agreement and EU's Green Deal

ENGAGING WITH OUR STAKEHOLDERS

Strategic engagement in 2022

Yara, including its CEO, engaged strategically to pursue the realization of Yara's strategy and ambition, the UN Sustainable Development Goals, and the goals of the Paris Agreement and the Kunming-Montreal Global Biodiversity Framework.

Yara engages with the public and stakeholders in line with Yara's mission of responsibly feeding the world and protecting the planet. Our strategic engagement focuses on long-term challenges: continued license to operate, climate change, sustainable agriculture, and food value chain transformation. 2022 brought several external shocks in the global food and energy system, impacting raw material sourcing, energy availability and prices, food security, fertilizer affordability, and inflation. This influenced Yara's engagement throughout the year.

Impact of the war in Ukraine on the global food system

Food security during 2022 became a key geopolitical concern and drove a renewed focus on the critical role of fertilizer. When the war broke out in Ukraine, Yara decided to be vocal about the risk implied if Russian raw materials and finished fertilizer products could not come to market short term. At the same time, we focused on how to decouple the dependency on Russia in the medium to long term.

European crisis measures for food and fertilizers

Yara has engaged actively in the European policy debate on food and fertilizer availability, insisting on the need for Europe to reduce dependency on Russia for food and energy. Our main messages have been:

1. Optimize nutrient use – By using best practices and solutions that exist today, European farmers can already significantly reduce nutrient losses. Low-carbon fertilizers, regenerative agricultural practices, and digital tools for precision farming must be incentivized to help make European food production more resilient and sustainable.

2. Reinforce strategic autonomy – The European fertilizer sector is crucial for food security and for building a resilient, sustainable food system, both in Europe and globally. While fertilizers from Russia cannot be replaced in the short term, it is important to keep import barriers and not let products based on artificially low gas prices challenge European capacity. Financial support measures to support productivity in factories and in the field are more appropriate tools to address the crisis than lowering barriers for imports. The supply of energy and raw materials to European fertilizer production must be secured to enable continued operations.

3. Accelerate the green transition – The transition to more sustainable and efficient fertilizer production is dependent upon using renewable energy and recycling nutrients. This requires large-scale investments. Clean ammonia holds great potential to transform not only the food system, but also other sectors of the European economy. Innovation and investment support, both on an EU and national level, should be earmarked for the fertilizer sector to meet the three objectives of accelerating decarbonization: reducing our reliance on fossil fuels, reducing waste in the food system, and reducing our dependency on Russia.

Support to UN crisis response group

In March, the UN requested Yara to second a person to co-chair a working group on fertilizer set up to support the Global Crisis Response Group (GCRG) on Food, Energy, and Finance and the activities of its Food Workstream. The main objective was to assess the global outlook for the production and supply of fertilizers, as well as affordability and finance, with a focus on the potential implications for agricultural production in 2022 and 2023, with an emphasis on the people and producers who are most vulnerable and exposed globally. The GCRG published three briefings to align and coordinate action.

Addressing Africa's fertilizer crisis with Sustain Africa

In May, Yara decided to commit USD 26 million to address the fertilizer crisis in Africa. We did not provide this support as a donation, but by buying down the end-user price by approximately 30% and to leverage the commitment to mobilize additional support. Together with Rabobank, a resilience and emergency response program was launched under the name of Sustain Africa, which now includes partners such as the Bill and Melinda Gates Foundation, AGRA, IFA, Rabobank, and Yara. Sustain Africa is engaging with a broader set of fertilizer companies to close the gap of unmet demand. In addition to Yara's engagement in Ghana, the program has to date delivered solutions to Uganda, Madagascar, Malawi, and Mozambique.

COP27: First COP with food focus – Yara co-hosted Food Systems Pavilion

Yara's CEO led a team that attended the international climate conference, COP27, in Sharm el-Sheikh, Egypt. Yara shared messages on the multiple crises threatening the global food system, urging delegates to embed food security considerations in climate adaptation and mitigation plans. Yara emphasized that the food system is both a threat to climate and nature, and severely impacted by climate change. Food system transformation can improve the climate resilience of agriculture and drastically reduce emissions. Co-hosting the first ever Food Systems Pavilion at COP, Yara contributed to putting food and agriculture high on the climate agenda. Regenerative agriculture, green fertilizer, clean hydrogen, and food system collaboration were highlighted as key elements to develop a more resilient food system. Yara also repeated its commitment to work to stay within the 1.5°C limit by signing a We Mean Business coalition letter, urging climate negotiators to strengthen efforts.

Promoting nature-positive solutions and resilient food systems

Food companies and policymakers alike are sensing the urgency to transform food production to cut greenhouse gas emissions, build healthier soils, and support biodiversity. Yara has been driving the agenda to create more sustainable, resilient, and fair value chains, including the key role mineral fertilizer continues to play, and the rising importance of nutrient use efficiency.

Regenerative agriculture and soil health

Regenerative agriculture is one of three pillars of action for Growing a Nature-Positive Food Future. It is a systematic approach to adopting the best sustainable practices that impact nature and climate positively. Yara believes that supporting farmers to cut greenhouse gas emissions and to protect their soils is important to deliver the necessary yields and crop quality to feed the world.

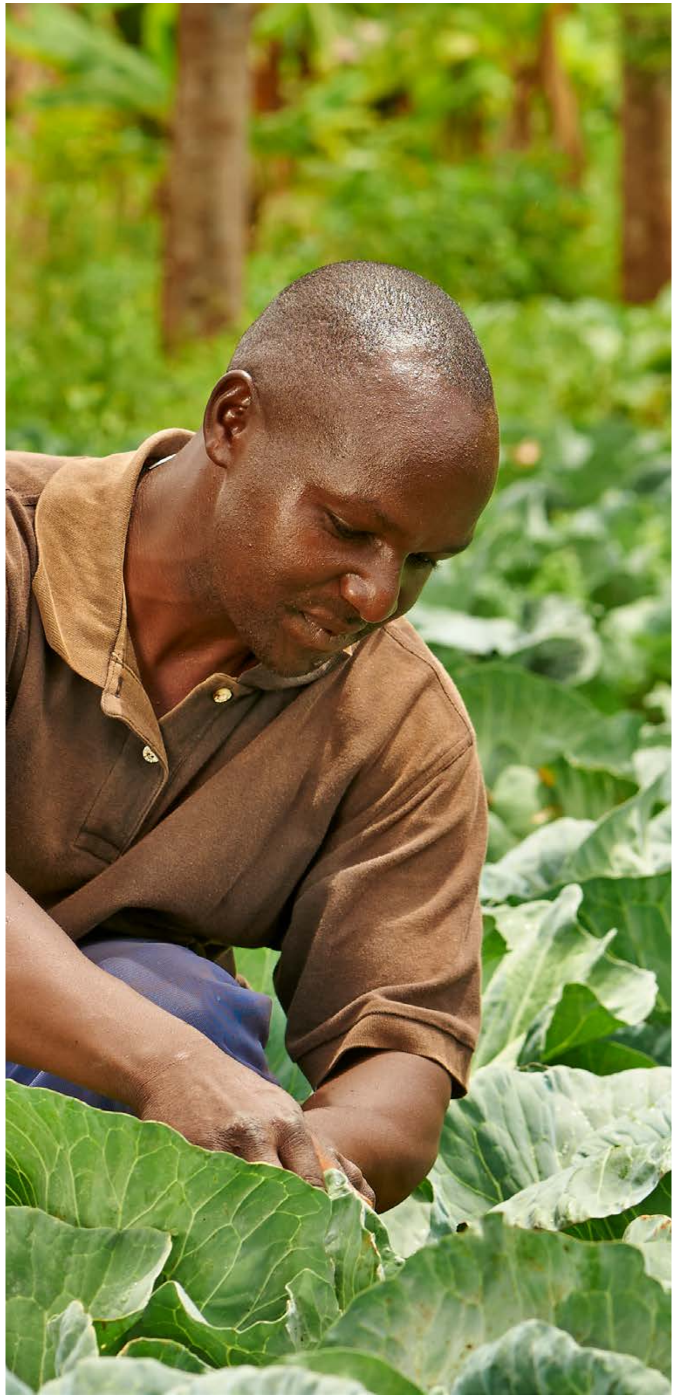
Yara works both across regions as well as on global arenas, including the Food Collective and One Planet for Business Biodiversity (OP2B). Yara engaged in the Sustainable Agriculture Initiative (SAI) during 2022, including as a founding member of its regenerative agriculture program and with active contributions in several workstreams. Yara also participated in the Sustainable Markets Initiative (SMI) and its Agribusiness Task Force, which published an action plan on scaling regenerative agriculture prior to COP27.

Global Fertilizer Challenge

At the June Major Economies Forum, President Biden launched the Global Fertilizer Challenge with support from the European Commission, Norway, and Germany. The initial target of the Global Fertilizer Challenge was to raise at least USD 100 million in new funding. The aim is to alleviate fertilizer supply shortages by enhancing nutrient management, increasing fertilizer efficiency, promoting alternative cropping practices, and advancing alternatives to mineral fertilizers. Yara is working together with the Norwegian government and FAO to set up a soil knowledge platform. The aim is to improve the availability of soil data and to enable nutrient use efficiency.

Reducing nutrient losses in line with EU's Farm to Fork strategy

As Yara we support the ambition of the EU's Farm to Fork strategy, including the non-binding target of halving nutrient losses to the environment by 2030. Under the tagline "making every nutrient count", we promote the optimal combination of both mineral and organic nutrients optimized via digital and precision farming technologies to maximize yield, minimize losses into the environment, and build up soil organic carbon. 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% and reducing their crop carbon footprint related to mineral fertilization by up to 20%.

Priority areas for Yara are the new Common Agricultural Policy, the Biodiversity Strategy, the Soil Health strategy and future Soil Health law, the Integrated Nutrient Management Action Plan, and the Zero Pollution Action Plan.

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. This is in line with the European ambition to promote carbon farming as a business model for healthier ecosystems.

Delivering on the Paris agreement and EU's Green Deal

Part of Yara's ambition is to become climate-neutral by 2050. We are cutting emissions in our own production, enabling the hydrogen economy, and making efforts to cut in-field emissions that are a result of the use of our products. Operating in an energy-intensive industry, we cannot do this work alone. Cooperation with other actors, governments, as well as businesses and key stakeholders, is essential.

First Movers Coalition

Yara is one of the founding members of the First Movers Coalition (FMC), a global initiative harnessing the purchasing power of companies to decarbonize seven "hard to abate" industrial sectors that currently account for 30% of global emissions. FMC is co-led by the US State Department and World Economic Forum. Yara has committed to supplying clean ammonia to be used either as fossil-free shipping fuel or fossil-free fertilizers. During 2022, Yara addressed the hydrogen economy and shared knowledge on the role of clean ammonia on multiple occasions throughout the year, including at the annual meeting of WEF in Davos and at COP27.

Fit for 55

EU's Fit for 55 package, proposed by the European Commission in order to achieve the 55% GHG emission target in the EU, is undergoing the legislative process at the European Parliament and Council of the EU. Priority Fit-for-55 files for Yara are the Carbon Border Adjustment Mechanism (CBAM), the Renewable Energy Directive, and the FuelEU Maritime Regulation.

Yara supports rising carbon prices to drive uptake of low-carbon solutions, but also advocates for protecting export competitiveness under CBAM. Yara has contributed to the debate with specialist legal advice on WTO aspects of CBAM and by organizing two stakeholder events.

The Renewable Energy Directive Reform and FuelEU Maritime set the direction for the deployment of green hydrogen and green ammonia respectively, in industry and shipping. On these policy files, we have engaged jointly with other stakeholders, including associations, thinktanks and NGOs. Yara is stepping up its work on the Renewable Energy Directive reform by sharing practical insights about our operations and the

potential of green ammonia as a hydrogen carrier for imports, which supports Member State consultative work for the transposition in national legislation of the hydrogen targets in the Renewable Energy Directive.

International Fertilizer Association (IFA)

Yara's CEO has been the chair of the association since 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.

Yara is particularly engaged in IFA's workstream on reducing greenhouse gas emissions from fertilizer use. The 2022 IFA report authored by Systemiq underscores the importance of nitrogen use efficiency as the key measure to mitigate in-field emissions. The report was endorsed by the US Special Presidential Envoy for Climate, John Kerry, who emphasized the potential of increasing the use of enhanced efficiency fertilizers to reduce emissions while supporting food security.

Strategic engagement in Norway

Yara's CEO has served as President of the Confederation of Norwegian Enterprise (NHO) since 2021, i.e., Chairman of the Board of NHO. His most important task is to represent Norwegian businesses, 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.

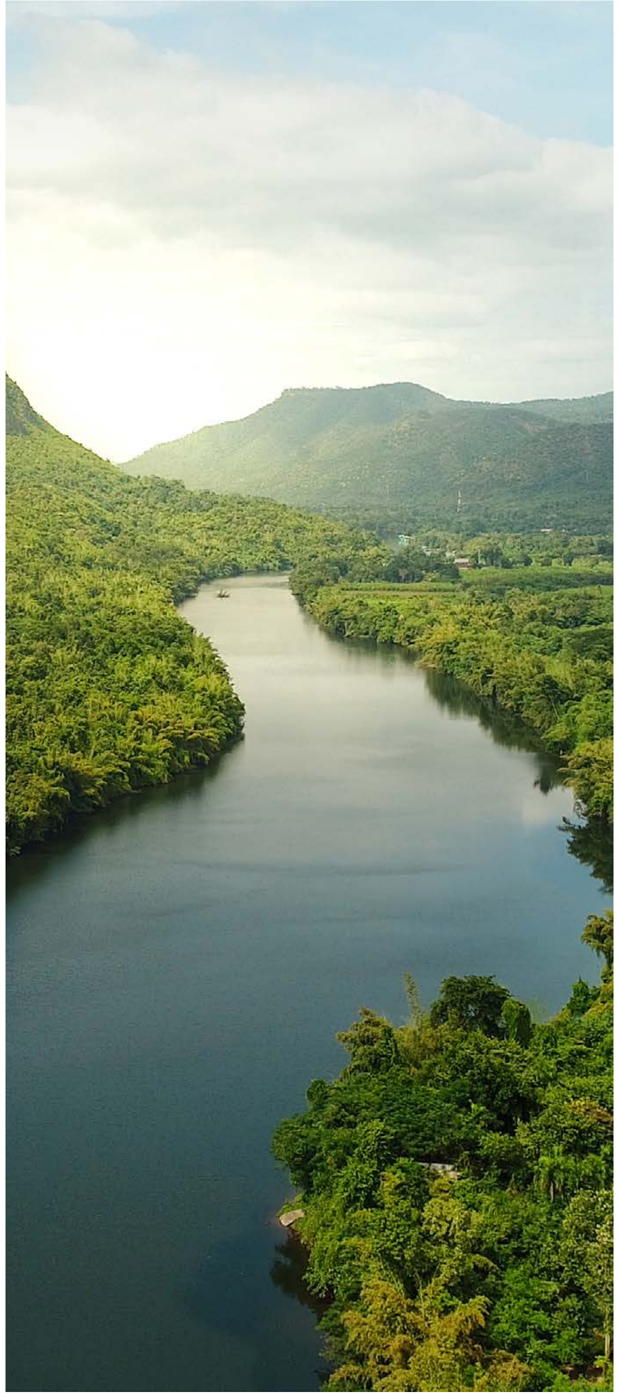
Yara was one of the main sponsors of the Zero Emission Conference in Oslo in November 2022. The conference is one of the largest and longest running climate solutions conferences in Europe, organized by the Norwegian environmental foundation Zero Emission Resource Organization (ZERO). Yara's focus was on clean ammonia.

MATERIALITY

Our material topics

In 2022, we deepened our approach to double materiality. This was done to ensure we prioritize and consistently manage the topics that matter to our success and to our stakeholders, and to prepare for upcoming regulatory requirements, notably the EU Corporate Sustainability Reporting Directive (CSRD).

AMBITION	OUR PILLARS	TIER 1 TOPICS	TIER 2 TOPICS
Growing a Nature-Positive Food Future	People	• Occupational and Process Safety • Diversity, Equity, and Inclusion • People, Culture, and Leadership • Security, Emergency, and Data Privacy	• Human Rights and Labor Practices • Product Safety • Health and Well-Being at Work
	Planet	• Opportunities in Clean Tech • Sustainable Farm Management and Regenerative Agriculture • Climate Change • Energy	• Air, Water, and Waste • Protection of Ecosystems
	Prosperity	• Profitability • Sustainable Finance • Digitalization	• Customer Management • Socioeconomic Impacts on Communities • Sustainable Supply Chains
	Governance	• Business Integrity • Regulatory Changes and Compliance	• Board Composition and Oversight



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, recognizing that these risks and opportunities can be material from both a financial and non-financial perspective, and that these two perspectives complement each other in the materiality assessment.

Building on the 2021 materiality assessment, we clarified our understanding and definitions of the identified impacts, linked our assessment to financial and impact materiality, and strengthened the link between our stakeholder engagement and prioritization of material topics. We also kept the tiered approach, as we find it helps clarifying our prioritization of issues.

Four-step approach

We conducted the materiality assessment in four steps, led internally by our Sustainability Governance function:

Step 1: Identification of impacts

We review and consult with sources, both internal and external, to identify relevant issues and develop a materiality universe of potential and actual impacts from our activities and business relationships. The assessment includes the whole value chain, and it covers issues within Yara's sphere of control.

2. Prioritization of 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. By taking into account both financial and impact materiality, we prioritize the issues identified in tier 1 and 2 topics.

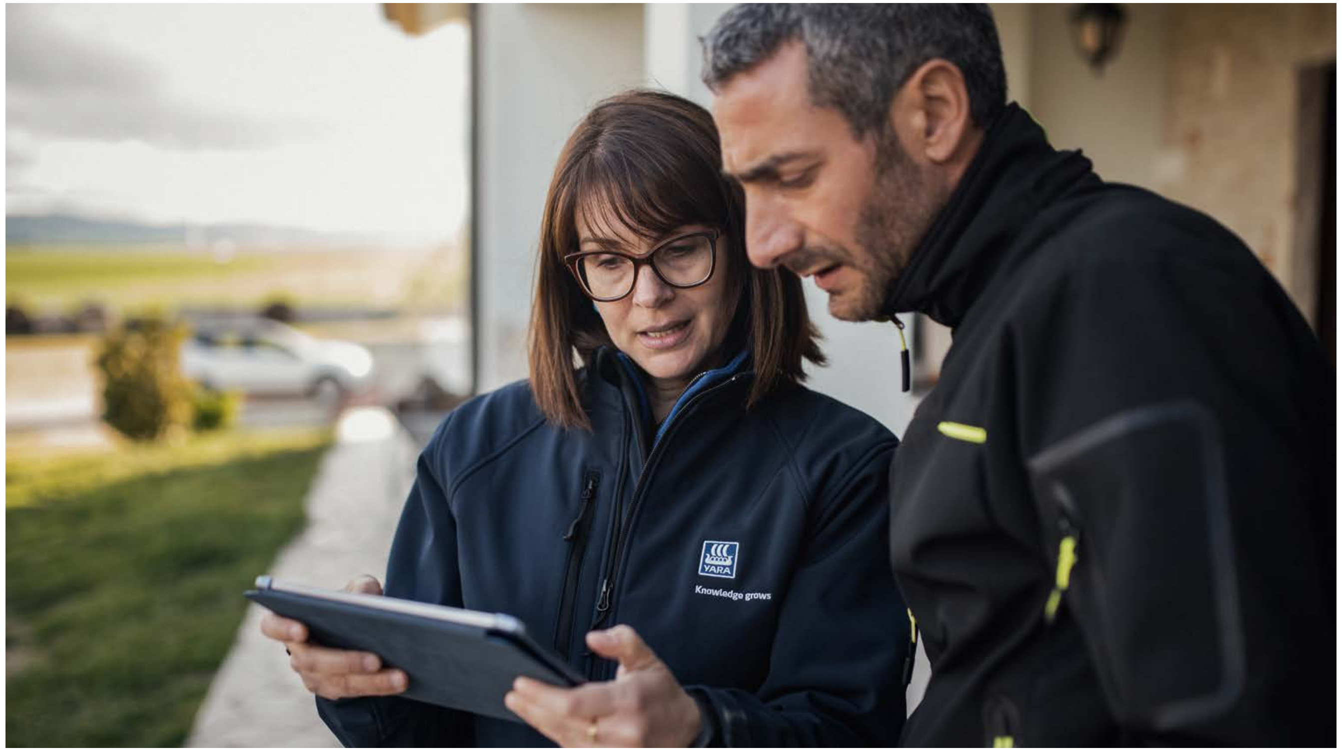
3. Validation and approval of material topics

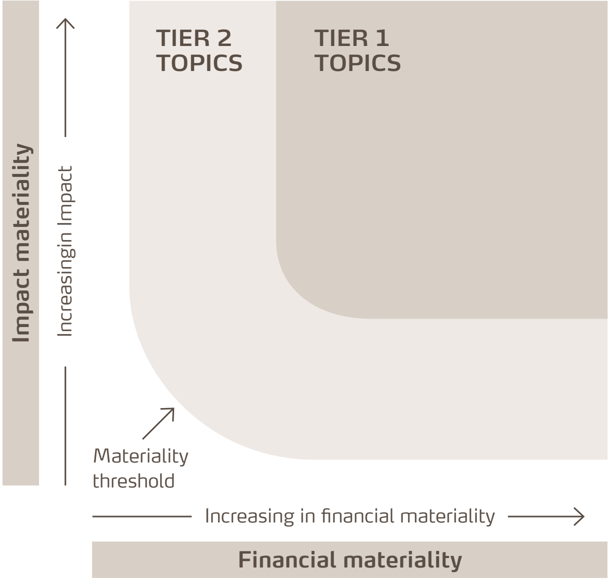
The resulting list and matrix of material topics is validated by our Strategy and Risk functions against our strategic priorities and Yara's risk profile, and finally, approved by the CFO and directionally supported by the Board Audit and Sustainability Committee (BASC).

4. Implementation

All tier 1 and tier 2 topics are closely monitored and tracked. Tier 1 topics are also candidates for inclusion in Yara's Strategy scorecard, page 27. We manage and monitor material topics through the implementation of our strategy, risk, and business plan. Progress is monitored regularly through business reviews and communicated in our quarterly and annual reports.

Further details on the materiality process and our methodology can be found in our 2022 Sustainability Report.





The overview of material tier 1 and 2 topics is the outcome of the prioritization process for which we engaged internal subject matter experts. The assessment process was facilitated by our Sustainability Governance function, which provided second opinions and initiated broader discussions when needed.

Financial materiality is determined by estimating the potential monetary impact on Yara's annual EBITDA on a scale from major (>400 MUSD) to insignificant (<5 MUSD), and the likelihood for the impact to occur from almost certain (65-100%) to rare (<5%). The estimation of financial materiality is modelled in accordance with Yara's Risk Management Process. It should be noted that the assessment performed is at a high level, and that there are uncertainties associated with it.

Impact materiality is estimated by assessing the impact of each topic on environment and society, where it occurs on the value chain, and whether they are likely to play out over the short- (0-1 years), medium- (2-5), or long-term (6-30 years), as well as how important the topic is to our stakeholders. Further details on the materiality assessment process are available in our Sustainability Report 2022.

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 metrics.

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 neighboring communities safe and minimally exposed to risks.

People, Culture, and Leadership: Developing and retaining the skills, talent, and culture needed to deliver our strategy and realize our vision.

Diversity, Equity, and Inclusion: Building a diverse and inclusive working environment and ensuring fair treatment and equitable opportunities for all employees.

Human Rights and Labor Practices: Respecting internationally recognized human rights along with all relevant labor rights throughout our operations and supply chain and maintaining good and constructive relations with our employees and their organizations.

Health and Well-Being at Work: Maintaining a healthy workplace to protect and promote the health and well-being of employees considering both their physical and psychosocial work environment.

Security, Emergency, and Data Privacy: 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 throughout the entire value chain.

PLANET: Our ambition is to become climate-neutral by 2050, and to grow a nature-positive food future. Decarbonizing our own operations is critical, but we also want to contribute to reducing emissions and impacts on nature from our supply chain, our operations to the farmers, and other customers who use our solutions.

Opportunities in Clean Tech: Investing in implementing low-carbon and other environmental technologies in our operations and in our offerings.

Climate Change: Mitigating climate change by reducing greenhouse gas (GHG) emissions and adapting to climate change by increasing our resilience.

Sustainable Farm Management and Regenerative Agriculture: Facilitating and supporting sustainable farming practices that impact positively on crop quality, GHG emissions, soil quality, and water use efficiency.

Energy: Improving energy efficiency and defining the company position on sourcing of renewable energy.

Air, Water, and Waste: We are working towards zero harm to the environment by protecting fresh air and clean water, by adopting the waste hierarchy, and by moving towards a circular economy.

Protection of Ecosystems: Supporting biodiversity and health of ecosystems by understanding and addressing the impacts of our operations and products to plants, animal species, and protected areas.

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 favorable ESG profile and high ratings on ESG criteria.

Digitalization: Applying digital technologies to improve our production, agronomy services, and overall business.

Customer Management: Maintain reliability of supply despite unpredictable market conditions, maintain high quality of product and long-term customer relations.

Sustainable Supply Chains: Understanding, managing, and improving environmental, social, and economic impacts along the value chain.

Socioeconomic Impacts on Communities: Empowering and caring for 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 Changes and Compliance: Conforming to all applicable laws, regulations, standards, and voluntary commitments while keeping abreast of and prepared for new regulatory changes.

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, Prosperity, and Governance pillars, in line with the Stakeholder Capitalism principles.

People

Our employees and their knowledge are Yara's greatest asset, and we work to protect not only the physical, but also the psychological safety of our people. To reap the full benefits of employees' knowledge and experiences, we are working to increase diversity, equity, and inclusion in our company.

CASE

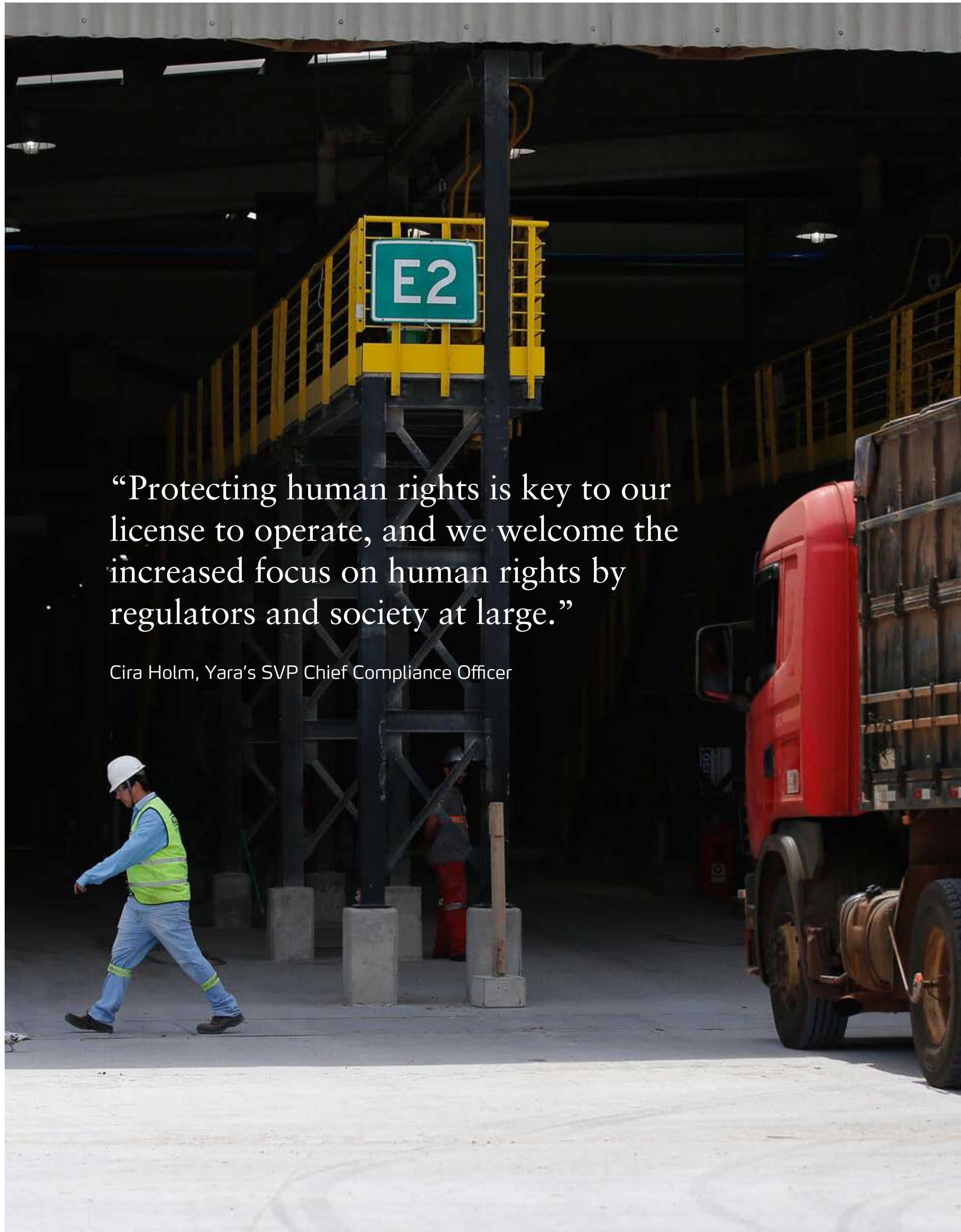
Managing human rights impacts in Brazil

Yara has worked to map and manage human rights impacts in our operations for several years. In a recent impact assessment in Brazil, adverse human rights impacts were identified, and mitigating actions were implemented during 2022.

Increased focus on human rights

In July 2022, the Norwegian Transparency Act entered into force, requiring companies to conduct human rights due diligence assessments across their operations, supply chains, and business partners. Yara firmly supports this landmark legislative move, which is likely to be followed by a similar regulation from the EU.

» For Yara's complete reporting on the Norwegian Transparency Act (Åpenhetsloven), please refer to the Human Rights and Labor Practices section of the Sustainability Report 2022.



"Protecting human rights is key to our license to operate, and we welcome the increased focus on human rights by regulators and society at large."

Cira Holm, Yara's SVP Chief Compliance Officer

Brazil

Cira Holm
Yara's SVP Chief Compliance Officer

Human rights impact assessments (HRIA) are conducted to identify human rights impacts from Yara's operations and are instrumental in evaluating how our human rights policies are implemented on the ground.

"Each HRIA we have conducted to date has proven highly valuable in identifying human rights impacts from Yara's operations, and more importantly, they allow us to employ mitigating actions and remedy if and when needed. Findings from all HRIAs conducted have been discussed in the Group Executive Board and the Board of Directors," says Cira Holm, Yara's SVP Chief Compliance Officer.

Brazil in focus

HRIAs were performed in Brazil in the period from January to April 2021 in three separate assessments by external subject matter experts. The scope of the assessments covered the following Yara sites in Brazil:

- Cubatão, Paulínia and Uberaba
- São Luis and Rondonópolis
- Rio Grande and Paranaguà

A large number of interviews in focus groups and individual discussions were conducted with internal and external stakeholders at all seniority levels, spanning the production, distribution, and storage activities of the Yara facilities. Document reviews were performed in parallel.

Severe findings

A key finding was that the governance and overall awareness of human rights risks and Yara's Code of Conduct was perceived to be positive among the Yara workforce. However, adverse impacts were also identified, mostly pertaining to logistics and contracted labor. The most severe finding was related to independent truck drivers' sexual harassment of Yara workers and community members, as well as the risk of sexual exploitation of both adults and children in the trucking industry.

The assessments found the contracted truck drivers' working conditions to potentially elevate the risk of human rights breaches. Truck drivers had long and unpredictable waiting hours, poor or lack of access to waiting facilities and low, insecure income. Most of the truckers work independently and are away from their families for weeks, sleeping and eating in their trucks. The issue seems to be symptomatic for the trucking industry in Brazil, and Yara has benefitted from collaboration with other companies and community groups in the work to eliminate the risk.

In addition to these severe findings, other business partners' working conditions, occupational health and safety, and discrimination at work were identified as human rights potentially at risk.

Our response

To mitigate the risks of negative impact on human rights, Yara took the following concrete steps in 2022:

1. Improvement of the logistics of truck unloading and loading at Yara premises substantially reduced the idle time for truck drivers and increased predictability. Contracts have been reviewed, and the approval process of carriers includes human rights considerations.

2. An educational campaign for truck drivers and community stakeholders on child exploitation has been conducted. All Yara bags will include a statement against child exploitation and discrimination from 2023. Partnerships with local NGOs and UNICEF will continue to explore further activities directed towards improving the local communities surrounding Yara plants in Brazil.

3. Yara's supplier management platform includes a self-assessment questionnaire on human rights and checks against Brazilian official list with convictions of slave labor are performed.

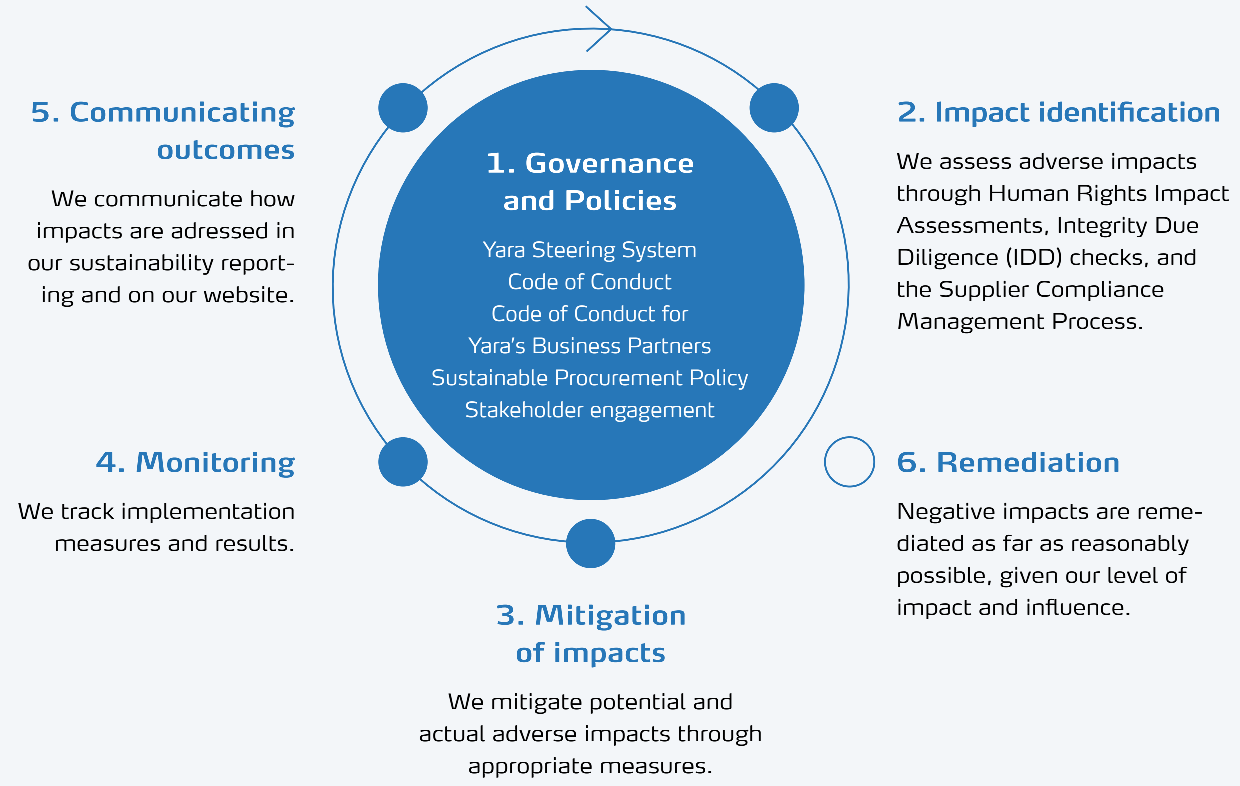
4. Work shift rotation has been implemented. A well-being survey was conducted and followed by a campaign to encourage safety incident reporting both by employees and suppliers.

5. Continued educational campaigns by Human Resources and the Ethics and Compliance Department and a survey on discrimination have been conducted. Accessibility assessment of the Brazilian plants is included in the 2023 budget.

Ongoing activities will continue in 2023 until fully completed. In addition, other and new measures may be necessary to assure the human rights of everyone affected are protected. Stakeholder dialogue and management is key in this work and requires collaboration across industries and the value chain.

"Protecting human rights is key to our license to operate, and we welcome the increased focus on human rights by regulators and society at large. Although operating a global business poses some challenges in mapping and mitigating human rights impacts, the Brazil assessment has given us crucial learnings and new knowledge we can apply throughout the global organization," concludes Cira Holm.

Yara's approach to human rights due diligence



PEOPLE

People performance

People KPIs

	Unit	2022	2021	2020	2019	2018	Target year	Target
Strive towards zero accidents	TRI	1.1	1.0	1.3	1.4	1.4	2025	<1.0
Engagement index	%	78	79	79	73	n.a.	2025	78
Diversity and inclusion index	%	75	77	74	73	n.a.	2025	76
Female senior managers	%	29	29	24	22	n.a.	2025	40

People indicators

	Unit	2022	2021	2020	2019	2018
Gender equal pay gap[1)]	%	0 – 10.2	0 – 10	0 – 14	2.1 – 16	n.a.
Unadjusted gender pay gap	%	0.5	(1.4)	(0.4)	(2.6)	n.a
Employee turnover rate	%	14.5	11.5	10.4	14.4	11.4
Sick leave rate	%	3.9	3.0	3.4	3.2	3.4
Discrimination and harassment notifications	number	60	77	49	76	119

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.

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 steppingstone to achieving our ultimate goal of zero injuries. In 2022, we recorded a TRI rate of 1.1, in line with our 2025 goal and lower than industry benchmarks. The last fatal accident occurred in 2016. Nevertheless, we saw a minor increase in the TRI rate from 2021 associated with an increase in injuries among contractors. This was likely caused by the number of turnarounds and high-risk activities in specific projects. The global sick leave rate in 2022 was 3.9% and in Norway specifically 4.3%.

In 2022, the employee engagement index remained high (78%), which placed us in the top quartile (78% and above) of the benchmark and was in line with our target. We gave particular attention to learning and leadership development activities in 2022.

We also scored high in the diversity and inclusion index in 2022, but below the threshold (76%) for the top quartile, meaning our target was not met. The slight drop in the index from 2021 was mostly related to a fear of speaking up, an area of concern that we addressed specifically in 2022.

Our share of female senior managers remained largely unchanged from 2021 to 2022. We will accelerate efforts to reach our 2025 target, continuing inclusive talent management initiatives and raising awareness about possible biases in promotions and hiring.

Corporate KPIs - definitions

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.

Diversity and inclusion index

The diversity and inclusion index is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks.

Female senior managers

The share of female senior managers is measured as the percentage of positions held by women at the top three levels in the organization, as defined by Yara's position level system, and with at least one permanent direct report.

Performance indicators - definitions

Yara analyzes gender pay levels correcting for factors such as responsibility in position, education, and experience. The 2022 analysis covered 25 countries and around 8,000 employees and is not comparable to previous years due to the addition of new variables. 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 ranged from 0% in several countries to 10.2% in the United Kingdom.

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 primarily serves the purpose of understanding how women are progressing in their careers in the company. In 2022, the unadjusted gender pay gap analysis included 91% 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, see our Sustainability Report for details.

Sick leave rate

The rate is calculated as the percentage of Yara employees' sick leave hours against the total number of working hours. Sick leave hours related to confirmed Covid-19 cases were excluded from our sick leave rate in 2021. However, they were included in 2022.

Discrimination and harassment notifications

The figure represents the number of cases involving discrimination or harassment reported through whistle-blowing and other channels. Each case is investigated, and action is taken for all substantiated cases, see our Sustainability Report for further details.

Human rights management

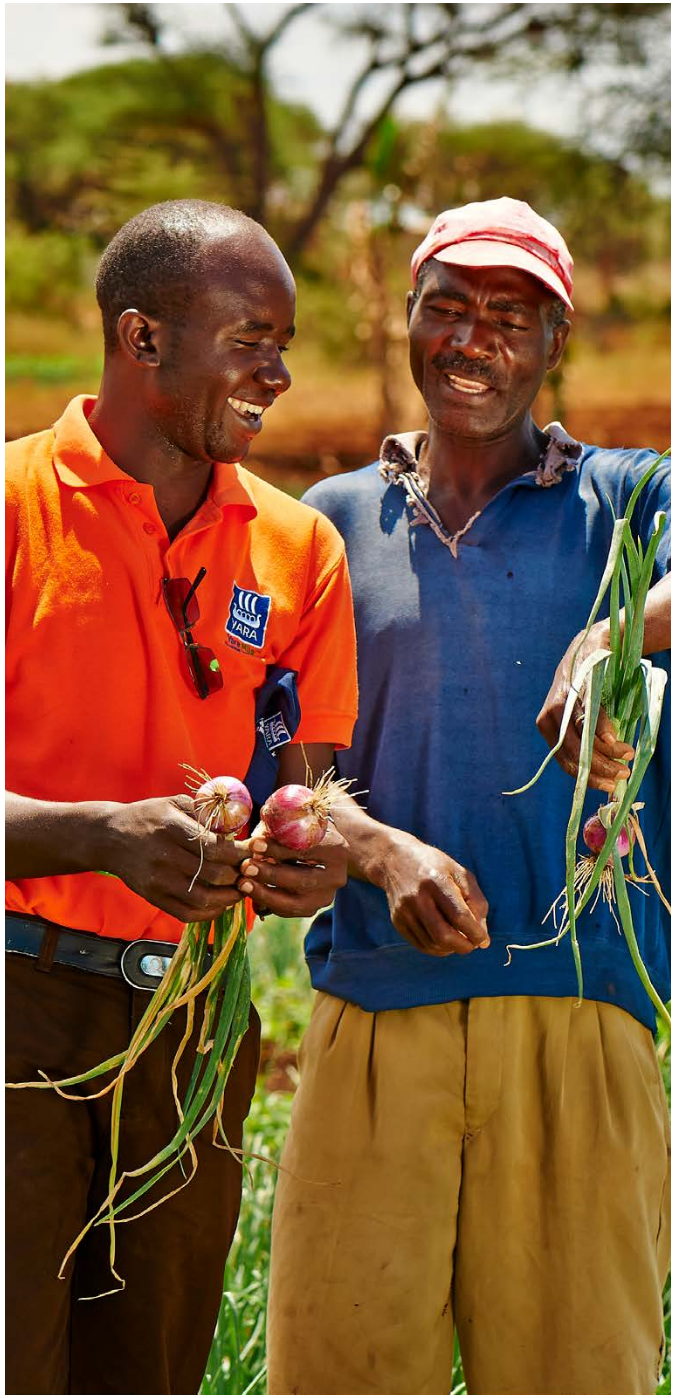
Yara's Human Rights Policy is set out in our Code of Conduct and describes our priority areas and the salient risks identified. Yara's Ethics and Compliance Department has organizational responsibility to provide a best-in-class ethics and compliance program, playing a key role in the management of risks related to human rights. Yara's Board of Directors, Group Executive Board, and CEO are updated on a regular basis.

In 2022, we reinforced our human rights due diligence activities and training to ensure compliance with the Norwegian Transparency Act, which came into effect July 1, 2022. Our human rights due diligence is based on the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, both precursors to the Transparency Act.

The human rights landscape is ever-changing, and we therefore monitor the potential impacts of our activities continuously. Each year, we conduct human rights and geopolitical risk assessments of our countries of operation as well as the countries from which we source raw materials. In 2022, this assessment identified 17 high-risk countries, down from 19 in 2021. The findings guide our focus in more targeted human rights impact assessments (HRIA), geographically and thematically.

Our use of contracted labor is the primary driver of salient human rights risks for workers at Yara sites as well as in our supply chain. In 2022, we continued to implement policies and projects addressing this challenge and other findings from HRIAs. This included a global policy on the physical work environment, a living wage project, and mapping and assessing the effectiveness of our grievance channels. We also monitored the risk of child exploitation in the Brazilian logistics industry closely after identifying this area of high concern in an HRIA in Brazil in 2021.

For a full account of our human rights due diligence and compliance with the Norwegian Transparency Act, see our Sustainability Report 2022, pages 60–67.



Equality and anti-discrimination

The Norwegian Equality and Anti-Discrimination Act requires companies to report the state of gender equality and how gender equality and non-discrimination are integrated into the company's policies and practices. In the following, we provide Yara's disclosures relevant to the Act for our Norwegian companies and the reporting year 2022.

Part 1: State of gender equality

The Norwegian Equality and Anti-Discrimination Act requires companies to map and report wage differences and disparity, gender distribution, and involuntary part-time at least every two years. Yara provided a full account of these topics for its Norwegian companies for the reporting year 2021 and will conduct the next mapping in 2023. For a breakdown of percentage differences between average payments for men and average payments for women employed by Yara's Norwegian companies for the year of 2021, please consult the Integrated Report 2021, p. 46.

Yara is committed to increasing the opportunities for a more balanced representation in both its top levels and 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.

State of gender equality in Yara's Norwegian companies

	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	31.3%	24.2%	47 (9.9%)	26	20 (48%)	0
Male	68.7%	75.8%	64 (6.1%)	13	22 (52%)	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 this practice to prevent layoffs. In 2022, 20 of the 42 part-time employees in Norway were women. 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 on a range of topics, including our commitment to creating an equal opportunity workplace, free from discrimination and harassment
- The goal of our Recruitment Policy is to hire the right talent at the right time at the right place at the right cost, while ensuring a fair process, equal opportunities, and promoting diversity. The policy sets out roles and responsibilities to ensure that we treat all candidates professionally and promote 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 taken to ensure equality and non-discrimination in Yara operations all over the world. Please see our Diversity, Equity, and Inclusion (DEI) chapter in the Sustainability Report 2022 for more content describing our DEI programs and results achieved in 2022. 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	Increase female representation in top levels	EVP People, Process & Digitalization	Ongoing
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 / Human Resources Business Partners (HRBPs)	Ongoing
	Scale the living wage analysis to all countries where Yara operates, work to close the assessed gap from 2022, and embed living wage in our compensation processes	Measure and close living wage gap in all countries	Compensation & Benefits	Ongoing
Recruitment	Include multiple women in shortlists for recruitment, headhunting approach	Increase female hires rates	Recruiters / HRBPs	Ongoing
	Distinguish minimum requirements from differentiators in job postings and apply gender neutrality standards on titles and descriptions	Increase female application rates	Recruiters / HRBPs	Ongoing
	Ensure that entry programs (e.g., internship and trainee) have fair gender distribution	Increase female representation in the entry levels of the organization	Recruiters / HRBPs	Ongoing
Talent management	Analyze talent review and readiness per gender on succession review	Improve identification of female talents	Talent Management / HRBPs	Ongoing
	Train all people managers and employees in our new performance management and talent development process, People Connect	People Connect implemented and training delivered to all employees	Talent Management / HRBPs	Ongoing
Leadership development	Ensure representation of under-represented groups in leadership programs and forums	Increase representation in development opportunities	Leadership development	Ongoing
Diversity, Equity & Inclusion	Implement training, employee resource groups, development programs, and strengthen DEI network to increase allyship and raise awareness of unconscious bias	Improve DEI in Yara	Talent Management	Ongoing
	Implement specific programs to increase female representation in certain clusters, offering development opportunities and more exposure, e.g. Women in Agronomy	Increase female representation in all departments in area, especially those more composed by men	Talent Management / Units	Ongoing
Ethics & Compliance	Discrimination and harassment awareness and training	# of harassment / discrimination cases towards 0	Ethics and Compliance / Talent Management	Ongoing

Planet

Yara's ambition is to become climate-neutral by 2050, and to grow a nature-positive food future. We are cutting emissions in our own production, developing tools to cut in-field emissions and protect biodiversity. We are also contributing to a green transition in shipping and other energy-intensive industries by enabling the hydrogen economy.

CASE

Climate Action: Yara's road to 2030 and beyond

Yara is committed to Growing a Nature-Positive Food Future. To succeed, we must reduce our direct and indirect emissions, as well as the emissions from the use of our products. Yara's 2030 targets will help us do that.

Yara has set targets across scopes 1, 2, and 3 to align our climate targets with the commitments of the Paris Agreement.

The following near-term targets have been submitted to the Science Based Targets initiative:

- 30% absolute reduction in scope 1 and 2 emissions by 2030 from a 2019 baseline.
- 11.1% absolute reduction in scope 3 emissions from the use of sold products by 2030 from a 2021 baseline.

The targets follow the absolute contraction approach. Yara is committed to setting science-based climate targets and has made significant progress. Due to complexities linked to scopes allocation of specific emissions, the process is taking longer than expected. Yara remains part of the Sectoral Decarbonization Approach process, which will determine a 1.5°C-aligned GHG emissions reductions pathway for the chemical industry, including the fertilizer industry.

Yara is currently developing its roadmap to 2030 and beyond, establishing how much Yara must reduce its emissions and how to make it happen. Meeting the 2030 targets is a key milestone in the roadmap work and puts Yara firmly on the path to climate neutrality.

"Yara has a strong track record in greenhouse gas abatement and mitigation. We have halved our own emissions since becoming a listed company in 2004 and will reduce a further 30 percent by 2030. To contribute to mitigating climate change, and to create a more resilient food system, we have committed to not only reducing our own emissions, but also the emissions from the use of our products," says Yara's President and CEO, Svein Tore Holsether.

Yara has a portfolio of decarbonization projects to reduce its own emissions and deliver on the scope 1 and 2 targets, such as the transition to renewable energy and the carbon capture and storage (CCS) projects at Yara facilities in Norway, the Netherlands, and Australia.

To reduce scope 3 emissions from the use of Yara's products, Yara is engaging extensively with farmers, food companies, and local and national authorities to reduce the N_2O emissions from agriculture. Yara Agronomy R&D (YARD) has developed a high level of expertise in N_2O emission research based on more than a decade of field, greenhouse, and lab trial work. The research focuses on the manyfold factors influencing N_2O emissions from fertilizer use in the field, and YARD has established an international scientific network with partners from academia, research institutes, and industry.

Our N_2O R&D activities can be grouped into

1. Basic scientific research
2. More accurate accounting of in-field N_2O emissions
3. Development of innovative fertilizer products reducing N_2O emissions, and
4. Development of recommendations for climate-friendly fertilizer management for farmers. The knowledge derived from YARD's research initiatives will be used to improve Yara's current company accounting and to define N_2O mitigation strategies, which will help reduce both Yara's emissions as well as those from agriculture and food production in general.

"Ensuring enough food for a growing global population while preventing the most harmful effects of climate change is the challenge of a lifetime. Yara's science-based targets will serve as governance tools for developing our business in line with independent climate science and guide us towards Growing a Nature-Positive Food Future."

Svein Tore Holsether, CEO

Climate and Nature roadmap: Developing Yara's scope 3 actions through a collaborative process

We have a portfolio of projects to cut our scope 1 and 2 emissions. However, we have also committed to reducing the emissions from the use of our products - the emissions from the fields of farmers. Here's how we will determine and roll out Yara's downstream scope 3 emissions and regenerative agriculture KPIs.

1. Define & Design

Submitting targets to SBTi
Scope 1-2: -30%
Scope 3: -11.1%
('use of products')
SCIENCE BASED TARGETS

Ambition
Growing a Nature-Positive Food Future

Way of working
A `Paris Agreement-approach´ where regions commit to respective goals and develop their own roadmaps

Engaging
Sharing of knowledge and experience within Yara; engaging in global processes

Rolling out targets
Allocate targets among the regions and develop strategies for delivering on respective commitments

Governance for target setting and MRV
Provide governance to harmonize corporate and regional requirements

Regenerative agriculture themes

- Resource use
- Soil health
- Climate
- Biodiversity
- Prosperity

2. Execute & Improve

Planning
Harmonize regional planning with corporate requirements

Continuous improvement
Adapt and improve to respond to new market developments and learnings to reach goals; improving models and developing business

1 Planning

2 **Tracking progress**
Tracking process, establishing status, frequent updates

3 **Reporting**
Quarterly and annually reporting, internally and externally

4 **Verifying**
Verifying disclosures and data, through e.g. external audit

5 **Sharing and communicating**
Publishing commitments, progress and results

We don't travel alone!
We engage and co-create with global partners sharing our values and objectives

The roadmap will **support regions**, enabling and catalyzing action with the business line, increasing **regional ownership** of the roadmap over time.

CASE

COP15: UN biodiversity conference 2022

The 2022 UN biodiversity conference (COP15), held in Montreal, Canada, aimed to halt and reverse biodiversity loss by the end of the decade.

Yara's expert team engaged in knowledge sharing and learning on a variety of topics related to biodiversity and the road to a nature-positive future – from inclusion of nature in company ambition roadmaps, to target-setting, to the role of regenerative farming in a nature-positive future for agriculture, to mandatory disclosures. Yara joined more than 330 businesses and financial institutions from 56 countries in calling for mandatory requirements for all large enterprises to assess and disclose their impacts and dependencies on biodiversity by 2030.

The conference concluded with the adoption of the Kunming-Montreal Global Biodiversity Framework (GBF), a landmark agreement to guide global action on nature through to 2030. A central piece of the agreement is the commitment to protect 30% of land and 30% of coastal and marine areas by 2030, known as 30-by-30. The deal also aspires to restore 30% of degraded lands and waters throughout the decade and ensure USD 200 billion per year is channeled to conservation initiatives, from public and private sources.

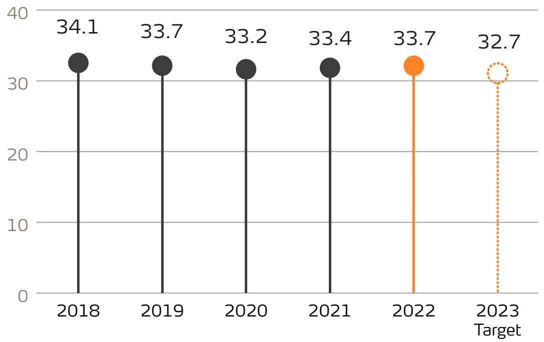
"As a large agricultural company, Yara is aware that the food system is highly dependent on nature, and that agriculture is threatening biodiversity globally. Yara strongly supports the GBF, and its goals and targets will guide Yara's journey towards setting targets for nature and delivering on its ambition of Growing a Nature-Positive Food Future."

Anke Kwast
COP15 participant and
Yara's VP Climate-Neutral Roadmap and Business Support

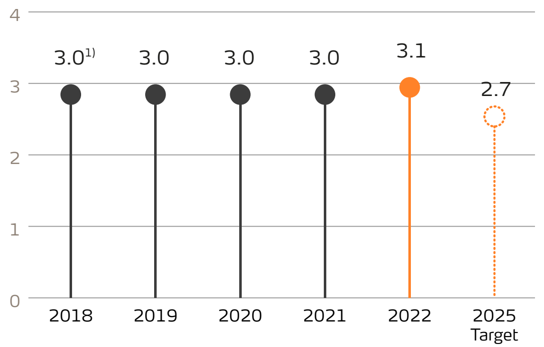
PLANET

Planet performance

Energy efficiency
GJ/t NH_3

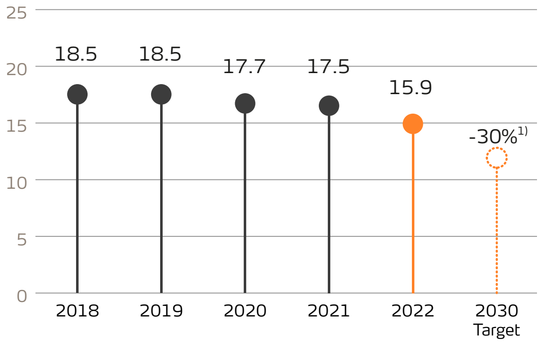


GHG intensity
t CO_2e/t N



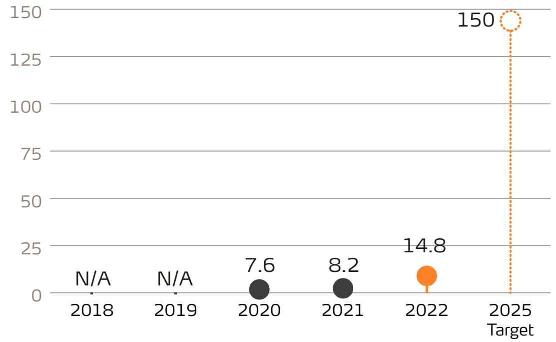
[1] 2018 onwards, scope 1 emissions from own generation of electricity has been included

GHG emissions, scope 1+2 (market based)
Million tonnes 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.

Throughout 2022, we continued efforts to improve our energy management and plant reliability through the Yara Improvement Program 2.0. Major plant stops and restarts associated with production curtailments in Europe did, however, together with reliability issues, lead to a 0.7% increase in energy use per tonne produced ammonia from 2021 to 2022.

We are well underway to reaching the target of reducing our GHG emissions intensity by 10% by 2025. In 2022, 41 projects were completed, resulting in a reduction of 0.7 million tonnes of CO_2e emissions. While the underlying improvement is progressing according to plan, emissions intensity has increased due to lower productivity. The target for 2025 corresponds to a reduction of 2.2 million tonnes CO_2e in annual emissions, to be achieved through more than 100 projects with a total estimated investment of USD 320 million and through sourcing of renewable energy. In terms of absolute reductions, we have reduced scope 1 and 2 emissions by 14% since 2019, in part due to investments in GHG projects, but largely as a result of production curtailments. Consumption of hydrocarbons, mostly natural gas, for the ammonia production process is both Yara's main variable cost and driver of GHG emissions.

Step-change technologies are key enablers for us to deliver the targeted absolute reductions in scope 1 and 2 emissions. In 2022, construction of the green ammonia pilot plant in Porsgrunn, Norway, continued, and we decided to invest in green ammonia production in Western Australia. We also entered an agreement with Northern Lights to transport CO_2 captured from Yara Sluiskil, the Netherlands, and permanently store it under the seabed off the coast of western Norway.

In 2023, we aim to further expand emissions reduction strategy for scope 2 emissions.

We further accelerated our digitization efforts on-farm during 2022 through competence building in our business units. This enabled us to reach more farmers, accounting for 14.8 million active hectares at year-end. Connecting with farmers gives valuable insight into what happens on the field and enables us to provide relevant solutions and knowledge to help farmers improve their productivity, profitability, and environmental performance.

Corporate KPIs – definitions

Energy efficiency

Energy efficiency is expressed as GJ consumed per tonne ammonia produced. The indicator covers Yara's major production sites and joint ventures where Yara is in operational control, including 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 of emissions of CO_2e per tonne of 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 provided in the Sustainability Report.

GHG scope 1 and 2 emissions

The 2030 KPI is to reduce the absolute scope 1 and 2 emissions by 30% from a 2019 baseline. Scope 2 emissions in this KPI are market based.

Active hectares

Active hectares are defined as cropland with digital farming user activity within defined frequency parameters.

Performance indicators – definitions

Energy consumption

Consumption of hydrocarbons, mostly natural gas, is both the main feedstock and the main energy source supporting the ammonia production process. The figure shows total energy consumption in production, including energy sources used as feed.

Emissions to air

The main emissions to air from fertilizer plants and phosphate mines are nitrogen oxides, sulfur 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 nutrients in the form of phosphorous and potash, and owns and operates a phosphorous mine in Siilinjärvi, Finland. In 2022, the sharp reduction in phosphate and potash volumes were largely driven by third party-produced product (TPP) demand in Americas.

Water withdrawal

The figure represents total water withdrawal. In Yara's production, water is primarily used for cooling purposes. Thus, over 90% of the water withdrawn is returned to the water course.

Freshwater withdrawal in water-stressed areas

The figure shows the percentage of freshwater withdrawals which occur in areas of high or extremely high baseline water stress per the WRI Aqueduct Water Risk Atlas.

Sites in flood-hazard areas

The figure shows the number of major sites located in areas at risk of flooding per the WRI Aqueduct Water Risk Atlas.

Environmental provisions

Environmental provisions are the estimated future cost for environmental remediation on Yara's sites. More information is found in note 5.6 to the financial statements, page 204.

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 Shades of Green, Green revenues

Yara has engaged Cicero Shades of Green to assess the 'greenness' of our revenues. The analysis is published separately as a Cicero Shades of Green company report.

Cicero Shades of Green, Green investments

Yara has engaged Cicero Shades of Green to assess the 'greenness' of our CapEx. The analysis is published separately as a Cicero Shades of Green company report.

EU taxonomy

Yara has voluntarily disclosed an EU taxonomy report for 2022 and obtained limited external assurance from a third party, Deloitte AS. The table provides the key performance indicators for taxonomy eligibility and alignment. Read the full EU Taxonomy Report 2022.

Green bond ratio

Following the issuance of its debut green notes in November 2022, Yara is disclosing this indicator for the first time. The green bond ratio is calculated as the carrying amount of green bonds outstanding at year-end divided by a 5-year rolling average of total unsecured debenture bonds, cf. note 5.3 on page 196 and page 267 for definitions, explanations, and reconciliations of Alternative Performance Measures (APMs).

Planet indicators

	Units	2022	2021	2020	2019	2018
Energy consumption	PJ	246	273	279	285	301[1]
Emissions to air: NO_x[9]	tonne NO_2	7,600	8,700	8,300	8,500	9,400
Emissions to air: SO_x	tonne SO_2	1,800	2,000	2,100	2,100	2,800
Emissions to air: Dust	tonne	2,500	2,900	2,800	2,500	3,900
Raw materials: Natural gas[2]	MMBtu	249,357,687	269,788,077	276,343,747	280,202,282	272,737,517
Raw materials: Phosphate	tonne P_2O_5	1,652,736	2,266,758[3)4]	2,046,221[3]	1,758,096	1,532,427
Raw materials: Potash	tonne K_2O	1,499,684	2,256,135	2,356,358	2,057,282	2,143,023
Water withdrawal[5]	million m^3	860	966	1,012	1,045	1,022
Of which freshwater withdrawal in water stressed areas	%	2	2	2	2	3
Sites in flood hazard areas	no. of sites	15	15	15	15	15[1]
Environmental provisions	MUSD	78	78	76	77	75
Fines and penalties for environmental breaches	USD	997,000	61,500	340,500	229,000	300,000
Cicero Shades of Green, Green revenues	%	38[10]	37[7]	43	38	n.a.
Cicero Shades of Green, Green investments	%	61[10]	61[12]	63[12]	76[12]	n.a.
EU taxonomy-eligible turnover[6]	%	10.4	9.0	n.a.	n.a.	n.a.
EU taxonomy-aligned turnover[6]	%	0.1	n.a.	n.a.	n.a.	n.a.
EU taxonomy-eligible CapEx[6]	%	40.1	41.3[8]	n.a.	n.a.	n.a.
EU taxonomy-aligned CapEx[6]	%	6.5	n.a.	n.a.	n.a.	n.a.
EU taxonomy-eligible OpEx[6]	%	36.4	29.5	n.a.	n.a.	n.a.
EU taxonomy-aligned OpEx[6]	%	1.4	n.a.	n.a.	n.a.	n.a.
Green bond ratio[11]	%	21.8	–	–	–	–

1) Babrala and the three Cubatão sites included 2018 onwards
2) This figure reflects sites where Yara has operational control. Hull and Freeport are excluded, and 100% of the Tringen volumes are included.
3) The scope of the indicator has been expanded to include third-party NPS and NPK products sourced by Yara. 2020, 2021, and 2022 figures are not directly comparable to previous years.
4) Due to a calculation error, this figure was adjusted upwards by appx. 153,000 tonnes after the first publication.
5) Numbers adjusted from 2018 through 2021, as a cooling water stream in Sluiskil is included in the reporting.
6) Disclosure should be read together with the Yara EU Taxonomy Report 2022, which is available on the annual reporting web page at yara.com
7) Fossil-based ammonia is not considered green. Increased ammonia prices in 2021 was the main driver for the reduced percentage of revenue shaded as green.
8) The comparative figure for 2021 has been restated as a result of Yara's EU taxonomy reporting process developing over time.
9) As NO + NO_2, Prior to 2022 NO_x from our production plants was reported as NO_2
10) The 2022 Cicero Shades of Green analysis is undergoing assurance, and the figures may be subject to change. The final report will be made available on yara.com
11) See page 267 for definitions, explanations, and reconciliations of Alternative Performance Measures (APMs).
12) Some investments have been reclassified, leading to adjustment of figures from previous years.

Prosperity

Yara will continue to be a positive force for a profitable green transition. 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

Preparedness paid off in 2022

When the war in Europe disrupted global supply chains, a unique pilot plant in Porsgrunn enabled Yara to substitute raw materials virtually overnight, to demonstrate business resilience, and to support a fragile global food system through challenging times.

Decades of research

Producing fertilizer is a highly fine-tuned, complex, and technology-intensive process, and the unique quality and property of a certain raw material impacts both the process and final product. Different material qualities require different plant settings. Producing at the wrong settings can be detrimental to a plant. For example, a wrong pH level can lead to liquids hardening, potentially causing damage to pipes and requiring days of downtime.

Since the 1970s, Yara has researched how the unique properties of raw materials from different sources can be accommodated for, to ensure supply stability and plant and operation reliability. In 2014, this materialized into a nitrogen phosphate pilot plant, a production miniature plant where materials can be tested thoroughly before changes are made to the production process at Yara's large nitrogen, phosphorus, and potassium (NPK) plants. This played a crucial role in enabling Yara's continued operations during a challenging 2022.

"Efficient sourcing starts with understanding what alternatives we have. Extensive testing, as enabled by a pilot plant research center, makes it easier and more cost-efficient to understand which products and product mixes we can run, and is instrumental for supply security to our plants," says Henrik Aarstad, VP Phosphate Sourcing in Yara.

Responding to crises

After Russia's invasion of Ukraine, Yara continued production without phosphate rock from Russia, and instead, increased its sourcing from its own mine in Siilinjärvi, Finland, as well as from suppliers in South Africa, Morocco, and Jordan.

"Because Procurement, R&D, marketing, and the Porsgrunn Production team had performed extensive testing of other sources of phosphate rock, Yara could make the switch in its full-scale NPK plants overnight. This would not have been possible without years of research and strong internal collaboration," said Mohan Menon, Department Director NPK and Environmental Tech at Yara Porsgrunn.

On account of collaboration, research, and thorough preparations, Yara in 2022 demonstrated business resilience and continued to support a fragile global food system through challenging times. The Porsgrunn pilot plant will continue to be a crucial piece of the preparedness puzzle in the years to come.

Henrik Aarstad
VP Phosphate Sourcing

Mohan Menon
Department Director NPK and Environmental Tech

How it works

Yara's contingency plan for raw material supply is based on close cooperation between Procurement, R&D, and the Porsgrunn Production and Technology teams running the pilot plant.

Procurement gathers samples of raw material from different suppliers.

A few kilos are tested in the lab to determine the quality of the product and the environmental considerations related to the properties of the product.

Based on these tests, some hundred kilos are tested in the pilot plant. Limits are pushed in the pilot plant to determine the safe and optimal operating space for the specific material.

After several tests at the pilot plant, large-scale testing is done in a part of the full NPK plant.

Once successfully completed, Yara will know exactly how to accommodate different sources of raw materials and can implement at scale.

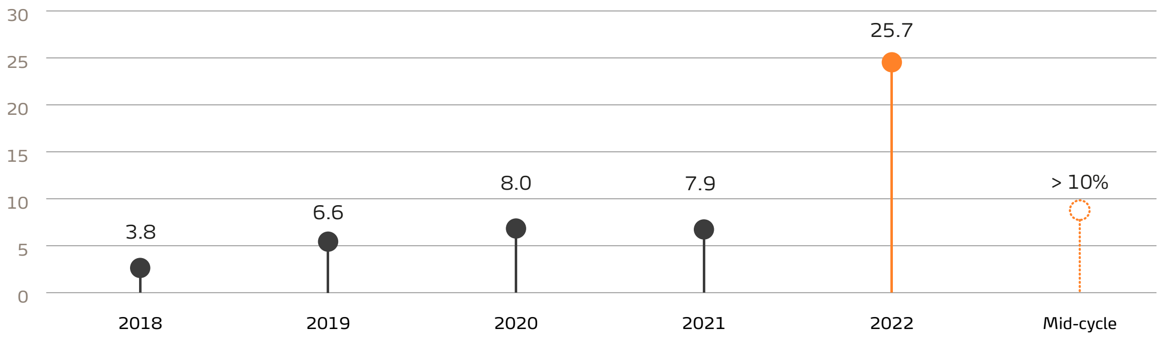
PLANET

Prosperity performance

Yara's full-year 2022 net income was USD 2,782 million compared with USD 384 million a year earlier, mainly reflecting improved margins and lower currency translation losses, in addition to impairment loss of USD 666 million in 2021. Excluding special items, EBITDA was USD 4,889 million compared with USD 2,891 million in 2021.

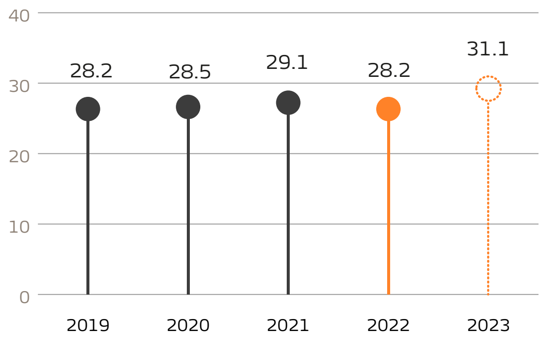
ROIC
%

Return on invested capital will reflect the value created for shareholders

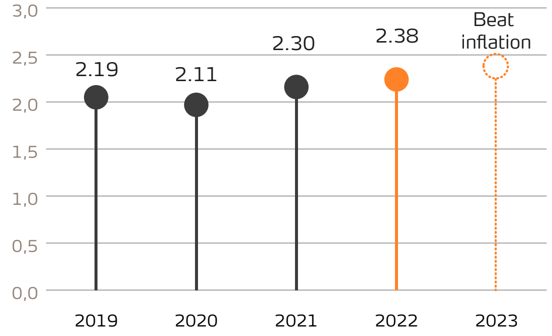


Production output
Million tonnes

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



Fixed cost[1)]
USD billions



[1)] See page 267 for definitions, explanations and reconciliations of alternative Performance Measures (APMs).

ESG rating

Yara integrates ESG into its operations, with solicited scores from MSCI and Sustainalytics.

MSCI

	2022	2021	2020	2019	2018
Score	A	A	BBB	BB	BBB

MSCI rating is scored on the scale: CCC – B – BB – BBB – A – AA – AAA where AAA is best. Yara's target score: A

Disclaimer statement
The use by Yara of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of Yara by MSCI. MSCI services and data are the property of MSCI or its information providers and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI.

Sustainalytics

	2022	2021	2020	2019	2018
Score	26.6 Medium	24.2 Medium	24.8 Medium	24.8 Medium	30.8 High

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's full year EBITDA excluding special items was USD 1,998 million higher than a year earlier mainly reflecting improved margins with higher selling prices more than offsetting increased production costs and lower deliveries.

Europe's full-year 2022 EBITDA excluding special items was USD 560 million higher than a year earlier, as higher prices more than offset lower deliveries and higher feedstock costs. Deliveries decreased 19%, mainly driven by lower demand due to high fertilizer prices and an increase in imported urea in the key European markets. Production was impacted by curtailments in several plants.

Americas' full-year 2022 EBITDA excluding special items was USD 903 million higher than a year earlier, as strong production margins in North America and commercial margins in Latin America more than offset lower deliveries and higher raw material cost. Deliveries were 25% lower, driven by a combination of demand reduction due to high prices and lower commodity deliveries following sanctions on suppliers from Russia and Belarus.

Africa & Asia's full-year 2022 EBITDA excluding special items was USD 222 million higher than a year earlier driven by higher production margins in Pilbara and improved margins on premium products. Total deliveries were 12% lower as high fertilizer prices and weaker farmer profitability in several countries of the region reduced demand.

Global Plants & Operational Excellence (GPOE) full-year 2022 EBITDA excluding special items was USD 168 million lower than a year earlier, as higher energy and raw material costs led to a significant drop in production margins. Deliveries to other Yara regions decreased 20%, due to a combination of reliability issues, planned maintenance, and market-driven curtailments.

Clean Ammonia's full-year 2022 EBITDA excluding special items was USD 120 million higher than last year, mainly reflecting higher ammonia prices positively impacting margins. Deliveries were 12% lower than a year earlier, due to lower production at Yara plants and discontinued sourcing from Russia. Those sourcing reductions were to a large extent successfully replaced by alternative supply sources throughout the year.

Industrial Solutions' full-year 2022 EBITDA excluding special items was USD 339 million higher than a year earlier, driven by higher market prices in Europe amid increased production costs and supply shortages across the industry. Total deliveries were down 4%, mainly in the Base Chemicals unit which saw lower demand as some customers reduced or stopped production in Europe.

Financial highlights[1)]

USD millions, except where indicated otherwise	2022	2021	2020	2019	2018
Revenue and other income	24,051	16,607	11,728	12,936	13,054
Operating income	3,827	1,068	1,176	989	402
EBITDA[2)]	4,959	2,804	2,223	2,095	1,523
EBITDA[2)] excl. special items	4,889	2,891	2,161	2,165	1,525
Net income	2,782	384	690	589	141
Basic earnings per share[3)]	10.90	1.75	2.58	2.20	0.58
Basic earnings per share excl. foreign currency translation and special items[3)]	10.98	4.73	3.08	3.09	1.68
Net cash provided by operating activities	2,391	1,406	2,047	1,907	756
Net cash (used in)/provided by investing activities	(509)	(874)	248	(1,044)	(2,000)
Net debt/equity ratio	0.37	0.55	0.36	0.42	0.43
Net debt/EBITDA excl. special items (last 12 months) ratio	0.66	1.36	1.36	1.72	2.49
Average number of shares outstanding (millions)	254.7	256.8	268.0	272.3	273.2
Return on invested capital (ROIC)	25.7%	8.0%	8.00%	6.6%	3.8%

1) See page 267 for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).
2) 2018 EBITDA 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

	2022	2021	2020	2019	2018
Yara production (thousand tonnes)[1]					
Ammonia	6,510	7,261	7,606	8,479	8,305
Finished fertilizer and industrial products, excl. bulk blends	18,332	20,856	21,047	22,060	21,887
Yara deliveries (thousand tonnes)[1]					
Ammonia trade	1,771	2,007	1,966	2,527	2,478
Fertilizer	22,685	28,610	29,291	27,620	27,869
Industrial product	7,167	7,442	6,920	7,837	8,272
Total deliveries	31,623	38,059	38,177	37,983	38,619
Yara's energy prices (USD per MMBtu)					
Global weighted average gas cost	21.8	9.3	3.8	4.7	6.2
European weighted average gas cost	31.8	11.7	3.6	5.4	8.3

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

Market information[1]

Average of publication prices		2022	2021	2020	2019	2018
Urea granular (fob Egypt)	USD per tonne	785	479	246	263	274
CAN (cif Germany)	USD per tonne	749	360	191	226	226
Ammonia (cfr NWE)	USD per tonne	1,244	560	252	293	347
DAP (fob US Gulf)	USD per tonne	900	602	314	356	415
Phosphate rock (fob Morocco)	USD per tonne	256	118	80	91	89
European gas (TTF)	USD per MMBtu	36.9	13.1	3.0	4.8	7.9
US gas (Henry Hub)	USD per MMBtu	6.4	3.7	2.0	2.7	3.1
EUR/USD currency rate		1.1	1.2	1.1	1.1	1.2
USD/BRL currency rate		5.2	5.4	5.1	3.9	3.6

[1] Source: The Market, Fertilizer Week, Fertecon, Profercy, World Bank and Argus. 1-month lag applied, as proxy for realized prices (delivery assumed 1 month after order)

Balance

Yara has a balance sheet with increased equity driven by strong earnings, partly offset by USD 1 billion in dividend payment. Overall total liabilities decreased compared to a year earlier as lower current liabilities, mainly due to lower trade payables from less TPP commodity sourcing and repayment of bond debt maturing in 2022, more than offset higher non-current liabilities reflecting USD 600 million bond issue.

Parent

The net income in the parent, Yara International ASA, is reflecting the strong underlying results of its subsidiaries through dividends and group contribution. For 2022, the proposed dividend of NOK 14 billion more than offset the net income of the parent and led to a reduction in retained earnings compared to a year earlier.

Yara Improvement Program (YIP)

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 report operational metrics on a rolling 12-month (L12M) basis to better reflect underlying performance.

On a rolling 12-month basis, underlying production of ammonia and finished fertilizers decreased by around 0.9 million tonnes compared to 2021, largely driven by reliability issues and turnaround delays at a few key sites leading to an overall reduction in output.

Energy efficiency developed negatively compared to the previous year following reliability issues in ammonia production and to a lesser degree economic curtailments.

Fixed costs are trending higher due to increased inflationary pressure. Productivity improvements remain a key focus area going forward to drive operational efficiency.

Net operating capital days increased slightly in 2022 compared to 2021, although still at a lower level than the target for 2023. The increase in days was driven by higher prices and lower deliveries mainly extending inventory days which more than offset increased payable days.

Improvement Program

	2022	2021	2020	2019	2018
Production - ammonia (thousand tonnes)[1]	7,699	7,782	7,696	7,535	7,590
Production - finished products (thousand tonnes)[1]	20,489	21,338	20,807	20,649	20,367
Energy efficiency (GJ/t NH_3)[2]	33.7	33.4	33.2	33.7	34.1
Fixed costs (USD millions)[3]	2,379	2,303	2,113	2,189	2,356
Net operating capital (days)[3]	87	83	113	115	104

1) YIP definition; adjusted for major turnarounds, market optimization and portfolio adjustment: completed Paulinia closure (finished products)
2) Energy efficiency (GJ/t) looks at the L12M total energy consumption per tonne ammonia produced.
3) For definitions of fixed costs and net operating capital days, refer to the APM section, page 267.

Financial items

Full-year net financial expense was USD 137 million lower than a year ago, with the effect of a lower net foreign currency translation loss partly offset by a higher interest expense. Interest expense for the full year was USD 89 million higher than a year before, primarily explained by higher floating interest rates. The full-year 2022 foreign currency translation loss of USD 61 million comprises a loss of USD 281 million on US dollar denominated debt positions and a gain of USD 220 million on internal positions in other currencies than USD. The year before, Yara's US dollar denominated debt positions and the internal positions in other currencies than USD both generated losses of USD 100 million and USD 151 million respectively.

Income tax

The effective tax rate for 2022 was 23.5% compared with 48.1% the year before. The high effective tax rate for 2021 was mainly due to impairments with limited tax impact.

Liquidity

At the end of 2022, Yara had USD 1,010 million in cash and cash equivalents, and USD 2,170 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

Cash flow

Yara's operating cash flow in 2022 was USD 985 million higher than a year earlier, as increased operating income more than offset a build-up in operating capital. The operating capital build-up was driven by higher prices which more than offset the effect of lower volumes. The investing cash outflow was USD 76

Financial items

USD million	2022	2021	2020	2019	2018
Interest income	108	64	61	74	78
Dividends and net gain/(loss) on securities	-	-	1	2	3
Interest income and other financial income	108	64	62	76	81
Interest expense	(227)	(138)	(135)	(157)	(127)
Net interest expense on net pension liability	(3)	(5)	(5)	(9)	(7)
Net foreign currency translation gain/(loss)	(61)	(251)	(243)	(145)	(278)
Other	(30)	(21)	(25)	(15)	(19)
Interest expense and foreign currency translation gain/(loss)	(322)	(415)	(408)	(327)	(431)
Net financial income/(expense)	(214)	(351)	(346)	(251)	(350)

Variance analysis

USD millions	2021
EBITDA 2022	4,959
EBITDA 2021	2,804
Reported EBITDA variance	2,155
Special items variance (see page 74 for details)	157
EBITDA variance ex special items	1,998
Volume/Mix	(662)
Margin	2,693
Currency translation	114
Other	(148)
Total variance explained	1,998

million higher compared to a year earlier when adjusting for Salitre proceeds of USD 440 million, mainly reflecting higher maintenance investments. The financing cash outflow was USD 279 million lower compared to a year earlier, mainly due to lower dividend payments and no share buybacks, which more than offset higher net principal payments.

Transformation of Yara's business model

Yara is transforming its core to become a provider of nature-positive and climate-neutral food solutions. To measure the advance of this transformation, the KPIs 'Revenues from new business models' (USD 22 million in 2022, with a USD 1,500 target for 2025), capturing revenue from new products and services, organic NPKs, and outcome-based business models, and 'Revenues from online sales' (USD 17 million in 2022, with a USD 1,200 million target for 2025) were developed.

Expenditures on research and development (R&D) activities amounted to USD 95 million in 2022, compared to USD 94 million in 2021. R&D at Yara is conducted in several units, including the Yara Technology Center and the new Global Innovation unit.

The regions have evolved and matured since the establishment of our centralized Farming Solutions function in 2020. This function had a global mandate to drive the transformation of Yara's core crop nutrition business.

During 2022, Yara decided to move towards a decentralized operating model to accelerate innovation. The mandate of end-to-end customer-facing solutioning shifted to the regions, while the Global Innovation function was established at corporate level to focus on core capability innovation and enablement.

Yara's Global Innovation function will identify the main capabilities to be managed globally for driving strategic positioning of new products and solutions as an important enabler of our nature-positive ambition. The Global Innovation strategy will focus on four strategic innovation themes: Sustainable yield, Crop quality and resilience, Low carbon crop and food, and Data insight and connectivity.

Production volumes

Thousand tonnes	2022	2021	2020	2019	2018
Ammonia	6,510	7,261	7,606	8,479	8,305
of which equity-accounted investees	-	-	*181*	*1,000*	*1,039*
Urea	3,949	4,739	5,175	6,419	6,327
of which equity-accounted investees	-	-	*268*	*1,504*	*1,517*
Nitrate	5,625	6,254	6,471	6,225	6,136
NPK	6,003	6,442	6,104	5,697	5,736
CN	1,749	1,773	1,640	1,543	1,623
UAN	738	917	959	974	835
SSP-based fertilizer	267	334	647	1,087	1,115
MAP	-	14	51	115	116
Total finished products	18,332	20,473	21,047	22,060	21,887

Premium generated

'Premium generated' measures Yara's ability to grow premium offerings and to generate a positive price premium compared with alternative commodity products. The increase in premium generated in 2022 (USD 1,808 million in 2022 compared to USD 280 million in 2021) mainly reflects favorable market conditions and strong commercial performance. Yara's realized, average prices for premium products increased more than the commodity reference as the aforementioned strong commercial performance in combination with time lag and market volatility maintained higher prices in a high, but most of the year sliding, reference price market environment.

Deliveries (detailed table)

Thousand tonnes	2022	2021	2020
Yara deliveries			
Ammonia trade	1,771	2,007	1,966
Fertilizer	22,685	28,610	29,291
Industrial Product	7,167	7,442	6,920
Total deliveries	31,623	38,059	38,177
Crop Nutrition deliveries			
Urea	4,696	5,920	6,051
Nitrate	4,441	5,481	5,826
NPK	8,489	10,458	10,444
of which Yara-produced compounds	*5,729*	*6,228*	*6,243*
of which blends	*2,455*	*3,623*	*3,657*
CN	1,511	1,748	1,594
UAN	998	1,295	1,405
DAP/MAP/SSP	558	904	991
MOP/SOP	921	1,534	1,462
Other products	1,070	1,270	1,519
Total Crop Nutrition deliveries	22,685	28,610	29,291
Europe deliveries			
Urea	513	940	1,009
Nitrate	3,292	3,774	4,333
NPK	2,096	2,582	2,769
of which Yara-produced compounds	*1,994*	*2,426*	*2,632*
CN	316	432	446
Other products	1,238	1,495	1,559
Total deliveries Europe	7,455	9,222	10,116

Thousand tonnes	2022	2021	2020
Americas deliveries			
Urea	1,936	2,684	2,700
Nitrate	852	1,336	1,170
NPK	5,062	6,157	5,939
of which Yara-produced compounds	*2,733*	*2,437*	*2,159*
of which blends	*2,103*	*3,195*	*3,285*
CN	981	1,106	962
DAP/MAP/SSP	507	821	889
MOP/SOP	824	1,432	1,374
Other products	779	992	1,240
Total deliveries Americas	10,942	14,528	14,275
of which North America	*2,814*	*3,465*	*3,481*
of which Brazil	*6,448*	*8,865*	*8,814*
of which Latin America ex Brazil	*1,679*	*2,198*	*1,979*
Africa & Asia deliveries			
Urea	2,247	2,295	2,342
Nitrate	297	371	322
NPK	1,331	1,718	1,735
of which Yara-produced compounds	*1,002*	*1,365*	*1,453*
CN	214	210	186
Other products	199	265	314
Total deliveries Africa & Asia	4,289	4,860	4,900
of which Asia	*3,271*	*3,679*	*3,730*
of which Africa	*1,017*	*1,180*	*1,169*
Industrial Solutions deliveries			
Ammonia[1)]	462	564	543
Urea[1)]	1,422	1,646	1,577
Nitrate[2)]	1,306	1,234	1,069
CN	198	210	182
Other products[3)]	1,633	1,636	1,605
Water content in industrial ammonia and urea	2,146	2,153	1,944
Total Industrial Solutions deliveries	7,167	7,442	6,920

1) Pure product equivalents.
2) Including AN Solution.
3) Including sulfuric acid, ammonia and other minor products.

Special items

	Fixed cost effect		EBITDA effect		Operating income effect	
USD million	2022	2021	2022	2021	2022	2021
Restructuring cost	(5)	(8)	(5)	(8)	(5)	(8)
Impairment of non-current assets	-	-	-	-	(13)	6
Contract derivatives gain/(loss)	-	-	(2)	(1)	(2)	(1)
Additional bonus to employees	(4)	(4)	(4)	(4)	(4)	(4)
Total Europe	(9)	(12)	(11)	(13)	(23)	(7)
Settlement of employee benefit plan	-	2	-	2	-	2
Supplier settlement	-	-	-	37	-	37
Salitre divestment	(2)	(6)	(11)	(6)	(21)	(344)
Provision related to closure of plant	4	(10)	4	(10)	4	(10)
Impairment of non-current assets	-	-	-	-	(3)	(44)
Scrapping of project development	-	-	(13)	-	(13)	-
Additional bonus to employees	(6)	(7)	(6)	(7)	(6)	(7)
Total Americas	(4)	(21)	(26)	15	(40)	(366)
Loss on sold asset	-	-	(7)	-	(7)	-
Insurance claim	-	-	7	-	7	-
Supplier claim compensation	-	-	9	8	9	8
Impairment of non-current assets	-	-	-	-	(2)	(43)
Contract derivatives gain/(loss)	-	-	98	(90)	98	(90)
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
Total Africa & Asia	(2)	(2)	106	(83)	104	(127)
Impairment of non-current assets	-	6	-	6	(4)	(236)
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
Total Global Plants & Operational Excellence	(2)	4	(2)	4	(5)	(238)

Table continues on the next page >

	Fixed cost effect		EBITDA effect		Operating income effect	
USD million	2022	2021	2022	2021	2022	2021
Write off capitalized project costs	-	-	(9)	-	(9)	-
Reimbursement related to acquisition of asset	-	-	17	-	17	-
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	(2)	(9)	6	(9)	6	(12)
Contract derivatives gain/(loss)	-	-	(1)	1	(1)	1
Impairment of non-current assets	-	-	-	-	(2)	-
Total Clean Ammonia	-	-	(1)	1	(3)	1
Additional bonus to employees	(2)	(2)	(2)	(2)	(2)	(2)
Total Other and Eliminations	(2)	(2)	(2)	(2)	(2)	(2)
Total Yara	(21)	(42)	70	(87)	37	(751)

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 2022 and financial position on 31 December 2022. According to paragraph 3–3a 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.

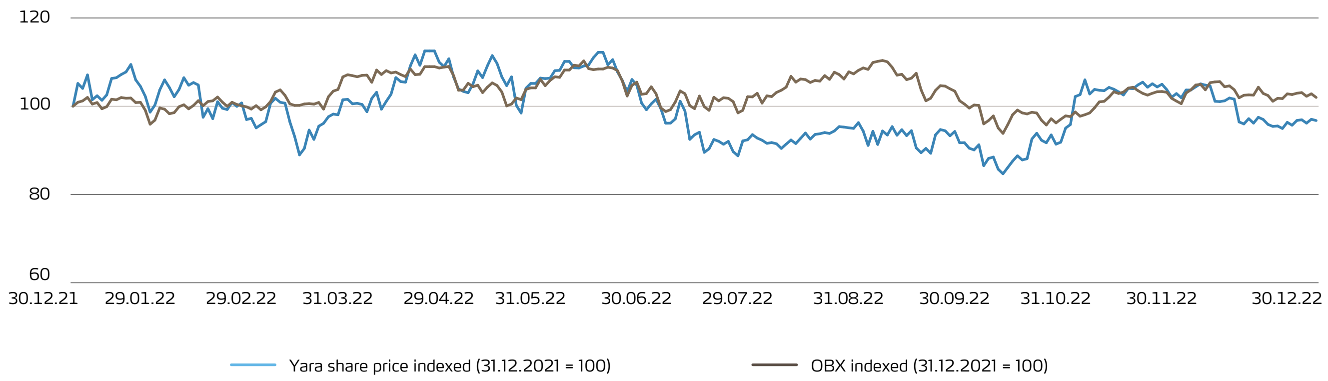
The Yara share

Yara aims to be an attractive investment for shareholders and to provide returns competitive with 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 2022, 168 million shares were traded on the OSE at a value of NOK 74 billion. The average daily trading volume for Yara shares on the OSE during 2022 was 665,368. The highest closing price during the year was NOK 500.80 and the lowest was NOK 376.90. The year-end closing price was NOK 430.60, representing a 3% decrease from the 2021 year-end closing price. Yara's



Common share data

	Q1	Q2	Q3	Q4	2022	2021
Basic earnings per share	3.71	2.61	1.57	3.02	10.9	1.75
Average number of shares outstanding[1]	254,725,627	254,725,627	254,725,627	254,725,627	254,725,627	256,789,744
Period end number of shares outstanding[1]	254,725,627	254,725,627	254,725,627	254,725,627	254,725,627	254,725,627
Average daily trading volume[2]	862,348	757,315	587,914	463,499	665,368	568,538
Average closing share price	448	469	410	441	441	437
Closing share price (end of period)	442	412	383	430	430	445
Closing share price high	487	501	429	472	501	494
Market capitalization[3] (end of period NOK billion)	112.6	104.8	97.6	109.7	109.7	110.4
Dividend per share[4]				10	65	50
Dividend yield[5]					15.1%	11.2%
Total shareholder return[6]					(5.7%)	33.9%

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 10 NOK per share additional dividend paid Q4 2022 and 55 NOK per share proposed for 2022
5) Based on 31 December share price
6) Measured in US dollars

2022 total shareholder return (TSR) was -5.7% measured in US dollars, with dividends reinvested. Yara's market value as of 31 December 2022 was NOK 109.7 billion.

At year-end 2022, Yara had 48,623 shareholders. Non-Norwegian investors owned 41.4% of the total stock, of which 18.1% were from the US and 6.6% from the UK. The Norwegian State, through the Ministry of Trade, Industry and Fisheries, is the largest single owner with 36.2% of the shares. Norwegian private ownership of Yara shares was 22.4% at the end of 2022.

Shareholding distribution
(as of 31 December 2022)
Ownership structure:

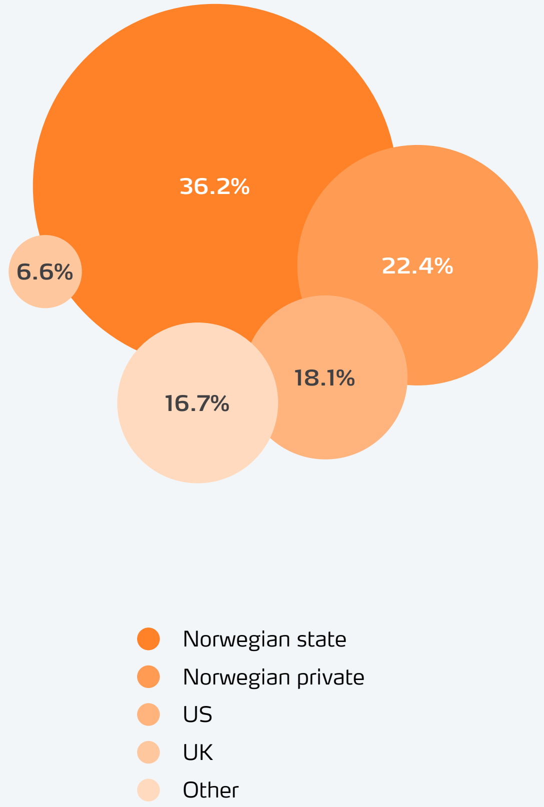
No of shares	No of shareholders	% of share capital
1-100	30,667	0.4%
101-1000	14,435	1.9%
1001-10000	2,683	3.0%
10001-100000	610	7.7%
100001-1000000	201	23.9%
above 1,000,000	27	63.0%
	48,623	

Shareholding distribution[1)]
(as of 31 December 2022)
Ownership structure:

Name	Holding (%)
The Ministry of Trade, Industry and Fisheries	36.2%
Folketrygdfondet	6.1%
BlackRock Institutional Trust Company, N.A.	2.7%
The Vanguard Group, Inc.	2.3%
DNB Asset Management AS	1.6%
Storebrand Kapitalforvaltning AS	1.6%
Polaris Capital Management, LLC	1.6%
State Street Global Advisors (US)	1.4%
KLP Fondsforvaltning AS	1.3%
Arrowstreet Capital, Limited Partnership	1.2%
Nordea Funds Oy	1.0%
Alfred Berg Kapitalforvaltning AS	1.0%
Fidelity Management & Research Company LLC	1.0%
Acadian Asset Management LLC	0.8%
LSV Asset Management	0.8%
Pareto Asset Management AS	0.8%
INVESCO Asset Management Limited	0.8%
Danske Invest Asset Management AS	0.8%
UBS Asset Management (UK) Ltd.	0.7%
Fineco Asset Management DAC	0.7%
Ruffer LLP	0.6%
Schroder Investment Management Ltd. (SIM)	0.6%
SAFE Investment Company Limited	0.6%
Numeric Investors LLC	0.6%
Geode Capital Management, L.L.C.	0.5%
Handelsbanken Kapitalförvaltning AB	0.5%
Northern Trust Investments, Inc.	0.5%
BlackRock Advisors (UK) Limited	0.5%
M & G Investment Management Ltd.	0.5%
If P&C Insurance Ltd (publ)	0.5%
Legal & General Investment Management Ltd.	0.5%

[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 2022, see note 11 on page 253 in this Integrated Report.

Shareholding distribution[1)]
(as of 31 December 2022)



ADR performance and voting rights

Yara has a sponsored level 1 ADR (American Depository Receipt) program in the US. 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 2022, the ADR was quoted at USD 21.86, a 2.6% 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 2022, Yara paid USD 1,054 million in dividends and share buybacks representing approximately 235% of net income attributable to shareholders of the parent in 2021. All of this was attributable to dividends as there were no share buybacks in 2022. Yara's Board has proposed to the Annual General Meeting a dividend payment of NOK 55 per share for 2022, which represents approximately 51% of net income attributable to shareholders of the parent, totaling a payment of USD 1,426 million based on outstanding shares at 31 December 2022 and the USDNOK exchange rate at 31 December 2022.

The Yara Annual General Meeting on 10 May 2022 authorized Yara's Board to buy back up to 5% of total shares (12,736,281 shares) before the 2023 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.

2023 Annual General Meeting

The Yara Annual General Meeting will take place on Monday 12 June 2023. 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

Twenty-three financial analysts provide market updates and estimates for Yara's financial results, of whom 15 are located outside Norway.

Rating

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

Change of address

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

Registrar information

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

Share facts

Ticker: YAR
Listing: Oslo Stock Exchange (OSE)

Yara's registrar in Norway and ADR 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/

2023 Dividend schedule
Ex-dividend date
13 June 2023

Payment date
22 June 2023

2023 Release dates
Q1: 28 April 2023
Q2: 19 July 2023
Q3: 20 October 2023
Q4: 9 February 2024

Governance

Responsible business conduct requires proper Governance structures in place. They safeguard 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

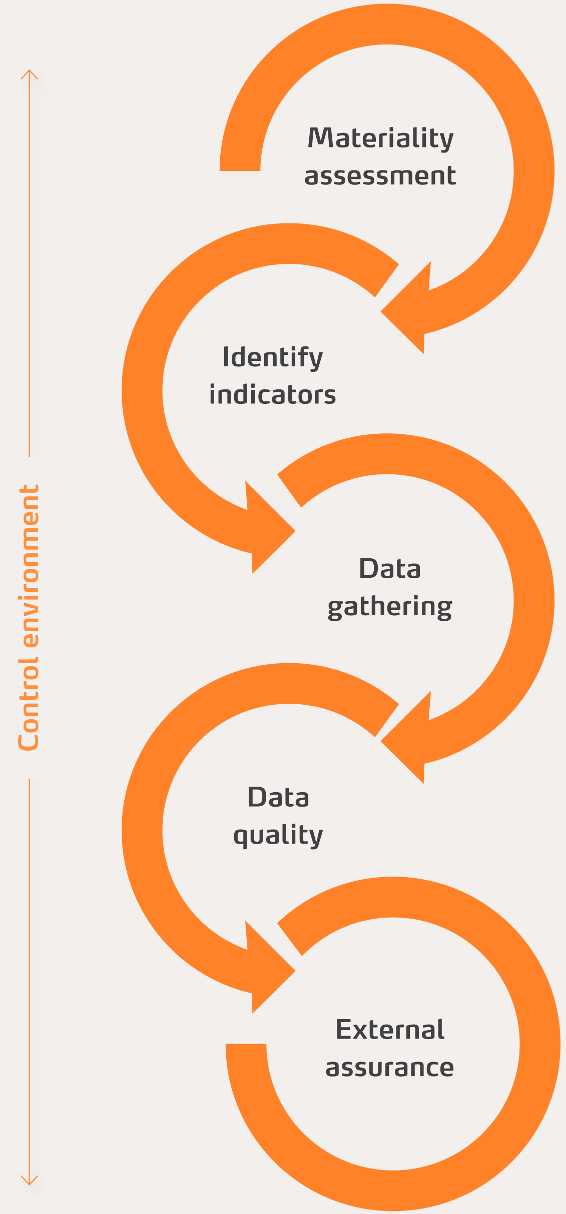
Ensuring the integrity of sustainability reporting

Yara has disclosed sustainability performance since 2008. The integrity of the sustainability reporting and early preparation for upcoming requirements is a clear priority for Yara, and in recent years, important steps have been taken to improve internal controls for sustainability disclosures.

In 2020, Yara decided to strengthen the governance structure for sustainability reporting. Key developments have been:

- Improved Board oversight
- Sustainability targets integrated in the strategy scorecard
- Incorporation of the Sustainability Governance function in the Finance function to firmly embed sustainability in business processes and further facilitate an integrated approach to decision making, target setting and reporting
- The further development of a culture of accountability from the top
- Expanding the scope of internal control to include non-financial reporting.

National, regional, and global sustainability reporting requirements are rapidly increasing in scope and depth, intensifying demand for formalized internal control and assurance related to data accuracy. Equally important are internal requirements for the integrity of material measures used for decision making.



- A materiality assessment is conducted annually, where topics of material importance to Yara are identified and ranked.
- Based on the findings, information owners and reporting indicators are identified. Maturity and readiness is assessed, and internal control activities are developed for the topics of material importance to Yara.
- Data is gathered quarterly or annually depending on topic importance level, with corresponding control activities.
- Data quality is ensured through the 'three lines model', where line management, Internal Controls, and Yara Internal Risk and Audit represent the three lines model.
- External auditors, reporting to the Board Audit and Sustainability Committee give external assurance. Internal control and Internal Audit also report to Board Audit and Sustainability Committee (BASC) on regular basis.

"Yara has chosen a risk-based approach, where we prioritize the performance indicators that impact our external and internal commitments the most. We also acknowledge that this is a journey that takes time. Faced with the rapidly evolving requirements in this area, one of our strengths is our knowledgeable organization and strong central information ownership, which is a solid foundation to build on," says Gunvor Henden, Head of Internal Controls over Financial and Non-Financial Reporting.

Yara's internal control framework for financial and non-financial information is based on the COSO[1] framework, which sets out five components and 17 principles of an effective internal controls system. Adapting the COSO framework to sustainability reporting and a Yara reality gives us the simplified process displayed on the previous page. It shows the integrated thinking that supports the quality of the data disclosed in this report.

"We are building on the established systems for internal control over financial reporting, as well as leveraging existing processes, systems, and expertise to establish effective internal control over non-financial performance indicators. Our ambition is to achieve the same level of quality and assurance for major non-financial measures as we have for financial reporting," says Gunvor Henden.

New reporting requirements also underpin the need to integrate sustainability and financial data. The EU taxonomy is an example to this end. With its complexity and vast qualitative and quantitative information requirements, it demands extensive cross-functional collaboration and embedded internal control activities, see fact box.

Increasingly, financial decisions will be made on the basis of non-financial information. As such, ensuring the accuracy of the data collected is of vital importance for the company. As a frontrunner in sustainability reporting, Yara is leading the way in ensuring the trustworthiness and accuracy of its reported sustainability performance. Although a continuous process, Yara's internal control system has proved effective and is an integral part of Yara's transformation journey.

[1] The Committee of Sponsoring Organizations of the Treadway Commission internal control - integrated framework.

Case: the EU taxonomy

The EU taxonomy is an example of a new regulation requiring further integration of financial and non-financial processes. To comply, Yara must:

- identify eligible activities, requiring in-depth knowledge of the taxonomy, its interpretation and Yara's various business processes, requiring expertise across the organization.
- interpret the qualitative and quantitative alignment criteria of the taxonomy and further identify aligned activities in collaboration across a multitude of departments, including Sustainability, Finance, HESQ, Energy and Environment and Ethics and Compliance.
- engage in extensive data gathering of qualitive and quantitative non-financial information if not already available.
- gather financial data for the identified eligible and aligned activities in collaboration with the regions and central finance teams.

Identify and implement appropriate internal controls for the activities identified

Gunvor Henden
Head of Internal Controls over Financial and Non-Financial Reporting

GOVERNANCE

Governance performance

Governance indicators

	Units	2022	2021	2020	2019	2018
Employees completion of Code of Conduct e-learning	%	97	94	93	86	83
Number of face-to-face risk-based Ethics and Compliance trainings	Headcount	3,788	3,592	3,042	2,699	3,985
Fraud and corruption notifications	Number	35	34	35	57	51
Environmental grievances from local communities	Number	59	100	140	135	165
Non-compliance with laws and regulations in the socio-economic area	USD	523,000	400,000	235,000	257,000	81,000

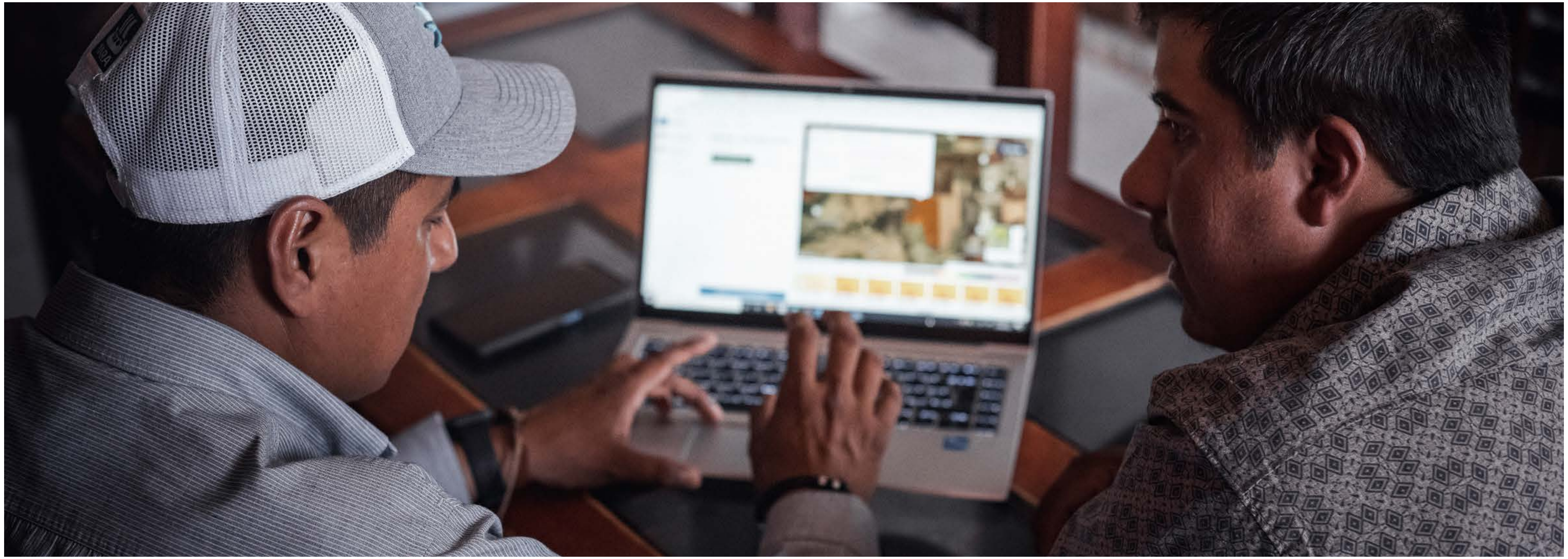
At year-end 2022, a total of 12,622 employees had completed the Code of Conduct e-learning, corresponding to an average completion rate of 97%, up from 94% in 2021. This e-learning is mandatory for all new hires and covers all topics in Yara's Code of Conduct, including anti-corruption and human rights. We also increased the number of face-to-face risk-based Ethics and Compliance trainings.

In 2022, we recorded 156 notifications to the Ethics and Compliance Department. Thirty-five of the notifications were classified within the risk category of corruption covering the sub-categories conflicts of interest, bribery, and anti-trust. Of the 35 reported fraud and corruption notifications, 34 were resolved within the reporting period, and 13 were substantiated according to Yara's Investigation Procedure. In 2022, disciplinary actions as a result of investigations led to 21 dismissals and 28 warnings (explanatory note: there can be several disciplinary actions for each investigation).

While the overall number of notifications declined during the pandemic, we still consider awareness in the organization to be high. Ensuring employees' trust in reporting channels and the investigation process nevertheless has high priority at Yara. To this end, we developed and implemented a new Retaliation Monitoring Program in 2022.

In 2022, we saw 41% fewer reported environmental grievances from local communities than we did in 2021. This was achieved through active stakeholder engagement along with improvements at our production sites.

Yara considers cases with a value of USD 5 million (economic loss, penalty or similar) to be of major severity, and such cases are actively followed up by the corporate team. In total, fines of USD 523,000 have been registered for 2022 for laws and regulations other than environmental ones.



Performance indicators - definitions

Employees' completion of Code of Conduct e-learning

The completion rate is calculated as the percentage of employees with access to the learning platform, who at year-end have completed the e-learning since their commencing date. All new hires with access to a PC are expected to complete the e-learning within three months.

Number of face-to-face risk-based Ethics and Compliance trainings

Face-to-face trainings are delivered by regional compliance managers, with content targeted at the participants based on factors such as function, role, seniority, and location. The figure represents the number of individuals trained.

Fraud and corruption notifications

Yara is alerted to cases where employees or others suspect fraud or corruption through whistleblowing and other channels. The figures represent the raw number of reported cases.

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.

REPORTING STANDARDS AND GUIDELINES

External framework guidance

The following indexes provide readers guidance on how Yara covers reporting in accordance with Task Force on Climate-Related Financial Disclosures (TCFD) recommendations, EU Guidelines on reporting climate-related information, WEF Measuring Stakeholder Capitalism disclosures, the Transparency Act, and the Equality and Anti-Discrimination Act.

TCFD and EU Guidelines

Recommended disclosures from TCFD and the EU Guidelines on reporting climate-related information

		EU Guidelines on reporting climate-related information				
TCFD Recommended Disclosures		Business Model	Policies and Due Diligence Processes	Outcomes	Principal Risks and Their Management	Key Performance Indicators
Governance	a) Board's oversight		IR 95–97, 126–128			
	b) Management's role		IR 96–97, 126–128			
Strategy	a) Climate-related risks and opportunities				IR 20–23, 126–134, 148–150	
	b) Impact of climate-related risks and opportunities	IR 20–23, 126–134, 148–150				
	c) Resilience of the organization's strategy	IR 20–27, 148–150				
Risk management	a) Processes for identifying and assessing climate-related risk				IR 20–23, 126–128	
	b) Processes for managing climate-related risks				IR 20–23, 126–128	
	c) Integration of climate-related risks into overall risk management				IR 20–23, 126–134	
Metrics & Targets	a) Metrics used to assess climate-related risks and opportunities					See overview on next page
	b) Scope 1, 2 and 3 GHG emissions			IR 60–61, SR 95–96, 113		
	c) Targets used to manage climate-related risks and opportunities			IR 27, 56–58, 60–61		

IR: Yara Integrated Report 2022
SR: Sustainability Report 2022

TCFD metric categories

Recommended metric categories from the 2021 TCFD Guidance on Metrics, Targets, and Transition Plans

TCFD Metric Categories	Yara metrics and disclosures	Location
GHG Emissions	Scope 1 and 2 emissions	IR 27, 60–61
	Scope 3 emissions	SR 95–96, 113
	GHG emission intensity	IR 27, 60–61
	Energy efficiency	IR 27, 60–61
Transition Risks	Stranded assets	IR 23, 149
	EU taxonomy turnover KPI	IR 62, Yara EU Taxonomy Report 2022 on yara.com
	Green revenues, Cicero Shades of Green	IR 62
Physical Risks	Sites vulnerable to flooding	SR 107–108
	Water withdrawal in water-stressed areas	SR 108, 110
Climate-Related Opportunities	EU taxonomy turnover KPI	IR 62, Yara EU Taxonomy Report 2022 on yara.com
	Revenues from new business models	IR 27, 72
	Active hectares (cropland with digital farming)	IR 27, 60–61
	Green revenues, Cicero Shades of Green	IR 62
Capital Deployment	EU taxonomy CapEx KPI	IR 62, Yara EU Taxonomy Report 2022 on yara.com
	Research and development expenditures	IR 72
	Green investments, Cicero Shades of Green	IR 62
Internal Carbon Prices	Carbon pricing	SR 155
Remuneration	Weighting of climate goals in Short-term Incentive Plan	IR 104–108, Yara Executive Remuneration Report 2022 on yara.com

EU metrics

EU Guidelines on reporting climate-related information

Metric	Reported where
Scope 1 GHG emissions	IR 27, 60–61
Scope 2 GHG emissions	IR 27, 60–61
Scope 3 GHG emissions	SR 95–96, 113
GHG absolute emissions target	IR 27, 56–58, 60–61
Total energy consumption	IR 61–62
Energy efficiency target	IR 27, 60–61
Renewable energy consumption target	Not established
Assets exposed to physical climate risks	IR 148–149, SR 107–108
EU taxonomy KPIs	IR 62, Yara EU Taxonomy Report 2022 on yara.com
Climate-related Green Bond/Debt Ratio	IR 62, 277

IR: Yara Integrated Report 2022
SR: Sustainability Report 2022

Stakeholder Capitalism core metrics

WEF Measuring Stakeholder Capitalism white paper

	Theme	Core metrics	Reported where
Principles of Governance	Governing purpose	Setting purpose	IR 2
	Quality of governing body	Governance body composition	IR 92–96, 100–104, 113–116
	Stakeholder engagement	Material issues impacting stakeholders	IR 40–43
	Ethical behavior	Anti-corruption	SR 139–143
		Protected ethics advice and reporting mechanisms	SR 139–143, 163–166
	Risk and opportunity oversight	Integrating risk and opportunity into business process	IR 17–27, 126–134
Planet	Climate change	Greenhouse gas (GHG) emissions	IR 60–61, SR 95–96, 113
		TCFD implementation	IR 20–23, 56–58, 84–85
	Nature loss	Land use and ecological sensitivity	SR 103–106
	Freshwater availability	Water consumption and withdrawal in water-stressed areas	SR 107–108, 110
People	Dignity and equality	Diversity and inclusion (%)	SR 49–51, 74, 76–78
		Pay equality (%)	IR 49–54. SR 51–52, 75
		Wage level (%)	SR 65, Yara Executive Remuneration Report 2022 on yara.com
		Risk for incidents of child, forced or compulsory labor	SR 64
	Health and well-being	Health and safety (%)	SR 47–48, 68–71
	Skills for the future	Training provided (#, $)	SR 53–55
Prosperity	Employment and wealth generation	Absolute number and rate of employment	SR 77–78
		Economic contribution	IR 150, 176, SR 120
		Financial investment contribution	IR 27, 76–78, 125
	Innovation of better products and services	Total R&D expenses ($)	IR 72
	Community and social vitality	Total tax paid	Yara Country-by-Country Report 2022 on yara.com

IR: Yara Integrated Report 2022
SR: Sustainability Report 2022

Transparency Act due diligence reporting requirements

Norwegian Transparency Act

Reporting requirements	Overall disclosure	Additional information
A general description of the enterprise's structure, area of operations, guidelines and procedures for handling actual and potential adverse impacts on fundamental human rights and decent working conditions		IR 11–14, 151–153, 155–162, SR 60–67, 161, 163–166
Information regarding actual adverse impacts and significant risks of adverse impacts identified through due diligence activities	SR 60-67	IR 46–48, SR 60–67
Information regarding implemented or planned measures to cease actual adverse impacts or mitigate significant risks of adverse impacts, and the results or expected results of these measures.		IR 46–48, SR 60–67, 165

Equality and Anti-Discrimination Act metrics

Norwegian Equality and Anti-Discrimination Act

An account of the status of gender equality and actions taken to fulfill the activity duties of the Norwegian Equality and Anti-Discrimination Act in Yara's Norwegian companies is provided in the People performance section of this report, pages 52–54.

Required annually	Location
Total gender balance	IR 52, SR 49–51, 77–78
Temporary employees, by gender	IR 52, SR 50, 77
Employees in part-time positions, by gender	IR 52, SR 76
Parental leave, by gender	IR 52, SR 69–70

Required biennially	Location
Wage differences, by position level and gender	IR 52, SR 51–52, 75
Total wage disparity, by gender	IR 52, SR 51–52, 75
Gender distribution, by position level	IR 52, SR 49–51
Involuntary part-time, by gender	IR 52

IR: Yara Integrated Report 2022
SR: Sustainability Report 2022

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 in the right way, and our way of conducting business defines who we are as a company. HESQ and Ethics and Compliance constitute 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 is crucial for value creation to be sustained in the long term and promotes business conduct that ensures success is achieved in the right way. 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 established a unique position as the industry's only global crop nutrition company. We operate an integrated business model with around 17,500 employees and operations in 60 countries. In 2022, Yara reported revenues of USD 24.1 billion. Yara is headquartered in Oslo, Norway, and is listed on the Oslo Stock Exchange.

The scope of Yara's business is defined in its Articles of Association, section 2:

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

The Articles of Association are published at yara.com.

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.

Yara fosters an open culture of diversity and inclusion that promotes the safety and integrity of our employees, contractors, and 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, taking into account relevant considerations to ensure sustainable activities and value creation. Yara'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 100.

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, the Paris Agreement, and the Kunming-Montreal Global Biodiversity Framework. The company's 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, and KPIs connected to 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 position holders is met at this level by 2025. This target has already been exceeded with the current level being 55%.

The Yara Recruitment and Compensation policies are applicable to the Group Executive Board positions. This implies no discrimination in recruitment processes, meaning a recruitment process with equal opportunities while promoting diversity. To ensure a fair and non-discriminatory practice in relation to compensation, Yara adopts job levelling at the Group Executive Board level. In accordance with the Compensation Policy, market benchmarks are sourced at country levels to ensure equality within and across borders.

For further description of Yara's performance and Diversity, Equality, and Inclusion (DEI) program, see pages 49–54.

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 whereby the State commits to sell a proportional share of its holdings to leave the State's ownership (36.2%) 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. No share buy-back programs were executed during 2022.

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 ongoing 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 Chapter 3 are supplemented by IFRS (International Financial Reporting Standards) standards. Thus, the members of the Board of Directors and Group Executive Board are required to disclose all entities that would be considered "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 Group Executive Board as long as insider regulations are adhered to. Yara's Share-based Remuneration program (SBR) requires the Group Executive Board 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. In addition, the Group Executive Board is expected to invest in Yara shares beyond the SBR program, as further described under 'Guidelines on salary and other remuneration for executive personnel'. It is 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.

Any transactions in financial instruments issued by the company done by persons discharging managerial responsibilities or their close associates is disclosed according to the requirements in the Market Abuse Regulation.

6. General meetings

In accordance with PLC § 5-1 (1), the Yara general meetings rank at the top of the corporate governance structure. 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). In 2022, Yara held its Annual General Meeting on 10 May 2022. Yara also held two Extraordinary General Meetings in 2022, on 7 July 2022 and 6 December 2022. More information about the content of said meetings is given in the text box on page 102.

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. Pursuant to PLC § 5-8 (1) and Yara's Articles of Association §9, the general meetings are by decision of the Board conducted as physical and/or digital meetings. Yara's Annual General Meeting 2022 was held as a hybrid meeting, meaning that the shareholders could choose between physical meeting attendance at Yara's head offices in Oslo and online meeting attendance. The two extraordinary general meetings were conducted as digital meetings only.

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' digital participation, digital 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.

Documents regarding matters to be considered at the General Meeting are by decision of the Board made available at the company's website. A shareholder may still request the relevant documents to be sent to him or her, cf. Articles of Association §9.

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. PLC § 5-11, cf. § 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. 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.

In accordance with PLC §§ 6-3 and 6-10, the General Meeting elects the shareholders' representatives to the Board of Directors and approves their remuneration. The Nomination Committee makes proposals to the Annual General Meeting regarding election of shareholder's representatives to the Board, remuneration for the Board of Directors and Board committees of the Board, and election and remuneration of members of the Nomination Committee, cf. Yara's Articles of Association §7 and Procedure for the Yara International ASA Nomination Committee section 1, available at Yara's webpage. For more information on the Nomination Committee's work, see chapter 7 below.

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 Nomination Committee, and that the voting should therefore also be combined.

In accordance with PLC § 7-1, the General Meeting elects the company's external auditor and approves the auditor's remuneration.

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 2022 Guidelines on salary and other remuneration for executive personnel was presented to and approved by the Annual General Meeting at the 2022 Annual General Meeting. In accordance with PLC §§ 5-6 (4) and 6-16 b (2), the company also presented its Report on salary and other remuneration for executive personnel for the financial year 2021 to the 2022 Annual General Meeting for their advisory vote. The 2022 Annual General Meeting voted in favor of the Report.

The minutes of the General Meetings are published on the company website right after the relevant 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 Procedure is in line with the recommendations of Section 7 of the Code.

The chairperson and the members of the Nomination Committee are elected by the General Meeting, cf. the Nomination Committee Procedure section 2.1. The General Meeting also stipulates the remuneration to the Nomination Committee, cf. the Nomination Committee Procedure section 2.4.

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, and in accordance with the Nomination Committee Procedure section 3.12, the recommendations shall provide at least the following information about the candidates recommended by the Nomination Committee:

a. competence
b. capacity
c. independence
d. age
e. education
f. business experience
g. ownership position in the company
h. how long the candidates have been a member of the Board of Directors, and their participation in meetings
i. any other assignments carried out for the company
j. material appointments with other companies or organizations

In accordance with the Nomination Committee Procedure section 3.10, the Nomination Committee works to ensure that its recommendations for Board of Directors candidates satisfy the requirements relating to the composition of the Board of Directors laid down in applicable legislation and regulations. Furthermore, in accordance with the Nomination Committee Procedure section 3.9, the Nomination Committee attaches weight to whether the proposed candidates have the necessary experience, competence, and capacity to serve on the relevant corporate bodies in a satisfactory manner, with the needed independence and with appropriate change rates for the corporate bodies.

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 Group Executive Board:

Otto Søberg, Chair (Partner, Vektor Consulting 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 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.

For details on the Nomination Committee's work in 2022, see page 103.

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. At the Annual General Meeting in May 2022, the General Meeting appointed six shareholder-elected Board members for a two-year term, based on the Nomination Committee's proposal. An additional four Board members were elected for a two-year term 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. The company is thus required to include four employee-elected members on 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. During the second half of 2022, two of the shareholder-elected board members (Birgitte Ringstad Vartdal and Håkon Reistad Fure) withdrew from the Board. The reason for Ringstad Vartdal leaving the Yara Board of Directors was to avoid potential conflicts of interest between her role as Yara Board member and her employer's increased ambitions within green hydrogen and related initiatives. Reistad Fure withdrew from the board due to new professional commitments. The current Board consists of four shareholder-elected board members and four employee-elected board members. There is a full gender balance amongst both the shareholder-elected and the employee-elected board members, and 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 Group Executive Board 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 work. These instructions are set out in the Rules of Procedure for the Board of Yara International ASA available at yara.com. 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 2022, except for ordinary commercial transactions with subsidiaries and non-consolidated investees, as well as intragroup transactions in relation to the Yara internal reorganization to prepare for the contemplated IPO of Yara Clean Ammonia, cf. Yara's Extraordinary General Meeting held 7 July 2022, and intragroup transactions relative to Yara's Agoro and Varda businesses. These transactions 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.

In the board meetings, the CEO reports to the Board on operational and financial developments and results, as well as other material company and industry developments, including 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. The report from this evaluation is 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 2022, 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 currently the chair 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 Group Executive Board 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 and non-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 Group Executive Board, 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 is described below.

Control environment
Yara's Code of Conduct is 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. It includes procedures covering Yara's sustainability work.

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 the Group Executive Board 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.

The internal control function performs risk assessment related to financial reporting as well as material non-financial reporting indicators.

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 2022, the remuneration to the Chair of the Board of Directors was NOK 690,000 per annum prior to the Annual General Meeting, increasing to NOK 713,500 per annum thereafter. The remuneration to the Vice Chair was NOK 412,000 per annum prior to the Annual General Meeting, increasing to NOK 426,000 per annum after the Annual General Meeting. The remuneration to the other Board members was NOK 363,000 per annum prior to the Annual General Meeting and NOK 375,500 per annum thereafter. Additional remuneration to Board members resident outside Norway was NOK 30,900 per meeting prior to the Annual General Meeting, increasing to NOK 31,900 per meeting after the Annual General Meeting. Remuneration to deputy representatives to the Board was NOK 10,950 per meeting, increasing to NOK 11,300 per meeting after the Annual General Meeting.

The remuneration to the Chair of the BASC was NOK 185,500 per annum prior to the Annual General Meeting, increasing to NOK 201,500 per annum thereafter. The remuneration to the other BASC members was NOK 104,000 per annum prior to the Annual

General Meeting and NOK 124,500 per annum thereafter.

The remuneration to the Chair of the HR Committee was NOK 92,800 per annum prior to the Annual General Meeting, and NOK 111,500 per annum thereafter. The remuneration to the other HR Committee members was NOK 72,200 per annum prior to the Annual General Meeting and NOK 86,500 per annum thereafter.

The total compensation to Board members in 2022 is disclosed in note 8.1 in the consolidated financial statements, page 226.

12. Remuneration of executive personnel

In accordance with PLC § 6-16 a, Yara prepares guidelines for salary and other remuneration to 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 Yara Guidelines presented for and approved by the 2022 Annual General Meeting was in accordance with the Ministry of Trade, Industry and Fisheries' guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 30 April 2021.

In accordance with PLC §§ 6-16 b, Yara prepares a Report on salary and other remuneration to its executive personnel. The Report is presented to the Annual General Meeting for advisory vote in accordance with PLC §§ 6-16 b (2) and 5-6 (4). 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 104 below and the Yara Executive Remuneration Report 2022 that will be made 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 quarterly financial reports, stock exchange releases, press releases, and its own web pages (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 Deputy Chief Executive Officer, the Chief Financial Officer, the Head of Investor Relations, the VP Corporate Communications, and Investor Relations Officers, or others authorized by these. Questions from investors and financial analysts to other Yara personnel are referred to Investor Relations. All meetings with investors and financial analysts are arranged/coordinated by Investor Relations, and presentation materials for such meetings are prepared or approved by Investor Relations. Investor Relations normally accompanies 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 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, and from 16 January until the fourth-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 BASC to monitor the external auditor, and 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 including planned group materiality to be used in the audit. Furthermore, BASC is monitoring the audit in light of matters the Financial Supervisory Authority of Norway has raised in inspection reports, if any. The external auditor participates each quarter in BASC meetings where financial statements are addressed, as well as BASC and Board meetings where the annual account is addressed and approved. In the latter, the auditor provides to 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 confirm its independence
- Disclose any services besides the statutory audit services which have been provided to the company during the financial year
- Disclose any threats to its independence and document measures taken to mitigate such threats

The external auditor also meets with 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 Group Executive Board 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 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 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 2022

Yara's Board of Directors in 2022

The current Yara Board of Directors consists of four shareholder-elected members and four employee-elected members. The shareholder-elected board members are appointed by the General Meeting, and the employee-elected board members are elected in a separate process among Yara's employees in accordance with PLC §§ 6-4 (3) and 6-5, see also chapter 8 above.

At the Annual General Meeting 10 May 2022, six shareholder-elected members were elected. As explained in chapter 8, page 95, two of the shareholder-elected board members withdrew from the Board during second half of 2022. These were Birgitte Ringstad Vartdal and Håkon Reistad Fure, who respectively withdrew from the Board in order to avoid potential conflicts of interest (Ringstad Vartdal) and due to new professional commitments (Reistad Fure). Of the current four shareholder-elected board members, two members (Trond Berger and John G. Thuestad) were re-elected from previous year(s) and two members (Jannicke Hilland and Tove Feld) joined the Board from the AGM 2022 election.

With regard to the four employee-elected Board members, three of them (Geir Olav Sundbø, Rune A. Bratteberg, and Ragnhild Flesland Høimyr) were re-elected from previous year(s) and one (Eva S. Aspvik) joined the Board from the election in 2022.

The current Board accordingly consists of the below members whom by the end of 2022 held the following shareholding in Yara International ASA:

Shareholder-elected Board members:

Trond Berger: 3,000
John G. Thuestad: 1,200
Jannicke Hilland: 0
Tove Feld: 0

Employee-elected Board members:

Rune A. Bratteberg: 496
Ragnhild Flesland Høimyr: 404
Geir O. Sundbø: 468
Eva S. Aspvik: 984

Board activities in 2022

Yara's Board of Directors convened 17 times during 2022. Nine of the meetings were ordinary Board meetings, and eight were extraordinary 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.

The table on the next page shows the attendance of the respective Board members during 2022.

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 Strategy 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. Key agenda items for 2022 included the impacts of Russia's war on Ukraine on Yara and the broader food system, and the separation of Yara Clean Ammonia into a separate company. In March 2022, a presentation of the

Board member	Position(s)	Number of meetings attended
Trond Berger	Chair of the Board Chair of the HR Committee Chair of the Audit and Sustainability Committee from 18 November 2022	Board: 17 HR Committee: 5 Audit and Sustainability Committee: 1
Jannicke Hilland	Vice-Chair of the Board from 10 May 2022 Member of the Audit and Sustainability Committee from 10 May 2022	Board: 10 Audit and Sustainability Committee: 5
Eva S. Aspvik	Member of the Board from 10 May 2022	Board: 11
Rune A. Bratteberg	Member of the Board Member of the Audit and Sustainability Committee	Board: 16 Audit and Sustainability Committee: 8
Tove Feld	Member of the Board from 10 May 2022 Member of the HR Committee from 10 May 2022	Board: 11 HR Committee: 4
Ragnhild F. Høimyr	Member of the Board	Board: 17
Geir O. Sundbø	Member of the Board Member of the HR Committee	Board: 3 HR Committee: 4
John Thuestad	Member of the Board	Board: 16
Kimberly Mathisen	Vice-Chair of the Board until 10 May 2022	Board: 5
Øystein J. Kostøl	Member of the Board until 10 May 2022	Board: 6
Adele Bugge Nordman Pran	Member of the Board until 10 May 2022 Chair of the Audit and Sustainability Committee until 10 May 2022	Board: 5 Audit and Sustainability Committee: 3
Birgitte Ringstad Vartdal	Member of the Board until 1 July 2022 Chair of the Audit and Sustainability Committee between 10 May and 1 July 2022	Board: 5 Audit and Sustainability Committee: 0
Håkon Reistad Fure	Member of the Board until 18 November 2022 Member until 1 July 2022 and Chair of the Audit and Sustainability Committee between 1 July and 18 November 2022	Board: 15 Audit and Sustainability Committee: 5

geopolitical situation in Europe and the war in Ukraine was given to the Board by Ulf Sverdrup from the Norwegian Institute of International Affairs (NUPI).

A Board visit to one or more of Yara's sites and/or projects is usually conducted each year. In 2022, the Board visited the Yara test farm in Kotkaniemi in Finland. During the visit, the Board visited the test farm to get deeper insight into the different Yara products and agricultural knowledge. In 2023, the Board will travel to Brazil to visit several of Yara's production sites.

The Board annually conducts a self-evaluation. In 2022, the self-evaluation was done internally. It was discussed in the Board meeting on 15 December 2022.

BASC activities in 2022

The Board Audit and Sustainability Committee (BASC) met as according to plan, eight times in 2022. There were some changes in the composition of BASC during 2022. Among the BASC members at year-end, one member attended eight meetings, one member attended five, and one member attended one meeting. In addition, one member that withdrew from the Board in the second half of 2022 attended five meetings, and one member attended three meetings prior to stepping down from the Board at the 2022 AGM.

In line with the BASC annual cycle, BASC has continued to focus on both financial and sustainability performance with related risks and controls. The 2022 agenda included Yara's sustainability governance structure, matters relating to the 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 2022 on geopolitical risks, risk-based financial scenarios, capital allocation framework and working capital management, 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, 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 CFO and the chief audit executive.

In 2023, BASC aims to hold two meetings per quarter focusing on strategic priorities, including sustainability performance, strategy, risk management, and financial reporting.

HR committee activities in 2022

The committee held four meetings in 2022. One of the committee members was absent from one meeting. All committee members attended the other three meetings.

The Committee reviewed and proposed to the Board the Short-Term Incentive (STIP) pay-out both for 2021 and for 2022 for Yara CEO, STIP 2022 and 2023 for Yara CEO, and allocation of Share Based Remuneration 2022 and 2023 for Yara CEO. 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 2022 Yara guidelines for executive remuneration and the reporting of executive remuneration in 2021, the 2022 diversity, equity, and inclusion (DEI) targets, talent retention risk and mitigation, and salary review 2022 for Yara CEO. The Committee also reviewed and commented on the results of the Yara Employee Survey 2021, implementation of the Yara People Strategy (Grow@Yara), and salary review 2022 for the other members of GEB than Yara CEO.

General Meetings in 2022

Yara's Annual General Meeting (AGM) was held on 10 May 2022. The meeting was conducted digitally. Two Extraordinary General Meetings (EGM) were held, one on 7 July 2022 and one on 6 December 2022. These meetings were conducted as digital meetings only.

At the AGM, a total of 150,038,154 shares, representing 58.90% 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. From the Yara Group Executive Board, Yara's CEO, EVP Corporate Development & Deputy CEO, CFO, and General Counsel were present.

In addition to regular matters, the AGM approved a dividend for 2021 of NOK 30.00 per share, approved Yara's 2022 Guidelines on salary and other remuneration for executive personnel of Yara International ASA, gave its support through advisory vote to Yara's 2021 Report on salary and other remuneration for executive personnel of Yara International ASA, appointed the six shareholder-elected Board members, re-elected the four members of the Nomination Committee, 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 market and from the Norwegian State.

At the EGM in July 2022, a total of 154,536,144 shares, representing 60.67% of the share capital of the Company, were represented at the meeting. The Chair of the Board, as well as Yara's CEO, EVP Corporate Development & Deputy CEO, CFO, and General Counsel from the company's Group Executive Board, attended the meeting, as well as SVP Portfolio and Projects, Torgeir Kvidal. The EGM approved a demerger and triangular merger plan as well as certain resolutions proposed in these plans, relative to an internal reorganization to accommodate for the contemplated IPO of Yara's Clean Ammonia business, which was announced on 4 May 2022.

At the EGM in December 2022, a total of 156,080,608 shares, representing 61.27% of the share capital of the Company, were represented at the meeting. The Chair of the Board, as well as Yara's CEO, EVP Corporate Development & Deputy CEO, CFO, and General Counsel from the company's Group Executive Board, attended the meeting. The EGM approved an additional dividend of NOK 10.00 per share on the basis of the Company's annual account for the financial year 2021.

Nomination committee activities in 2022

The Nomination Committee, which is independent from the Board and Group Executive Board, held 22 meetings in 2022. The committee had full attendance in the meetings except two meetings, for which one member was excused.

In 2022, the remuneration to the Chair of the Nomination Committee was NOK 8,750 per meeting prior to the Annual General Meeting and thereafter NOK 9,000 per meeting. The remuneration to the other members of the Nomination Committee was NOK 6,600 per meeting prior to the Annual General Meeting and thereafter NOK 6,800 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 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 PLC Act § 6-11 a. Furthermore, the Nomination Committee puts emphasis on ensuring that at least one board member meets the finance/accounting competency requirements as deemed mandatory by the PLC Act § 6-42 (2). The Nomination Committee also considers the capacity of the Board members to ensure they are able to dedicate sufficient time and attention to their duties, as well as their independence from Yara's management, as per § 3.9 in the procedure for the Nomination Committee.

The term for the current Board members runs until 2024. There was an election of two new Board members in 2022, and a re-election of four Board members during the Annual General Meeting in May 2022. As explained in chapter 8 above, two of the shareholder-elected Board members withdrew from the Board during second half of 2022 due to changes in their primary work situations. The Nomination Committee has worked on new nominations, which will be presented to the AGM in 2023.

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 2022, said self-evaluation was conducted in Q4. 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 2022, 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 2023 proposal. The Nomination Committee also conducted individual conversations with each Board member, both shareholder-elected and employee-elected, during the second half of 2022.

The Nomination Committee is well underway with their work for the 2023 nominations. As part of this job, the Nomination Committee has maintained an open dialogue with the Chair of the Board, Board members, and the CEO 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 June 2023. 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 below guidelines were presented to and approved by the Annual General Meeting (AGM) 2022. Revised guidelines will be presented for a binding vote at the AGM in 2023. The approved guidelines will be available on Yara's website.

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 1 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 on page 108 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.

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.

People
(25% weight)

Yara KPI	2020	2022	2025 Target	Measure
Strive towards zero accidents	1.3	1.1	<1.0	TRI
Engagement index[1]	79%	78%	Top quartile	Index
Diversity and inclusion index[1]	74%	75%	Top quartile	Index
Female senior managers	24%	29%	40%	%

[1] Measured annually

Planet
(25% weight)

Yara KPI	2020	2022	2025 Target	Measure
Energy efficiency[1]	33.2	33.7[2]	32.7	GJ/t NH_3
GHG emissions, intensity	3.0	3.1	2.7	t CO_2e/t N
GHG emissions, scope 1+2[3]	-4%	-14%	-30%	CO_2e
Active hectares[4]	8	15	150	MHa
Carbon marketplace[5]			TBD	

[1] Energy efficiency target is for 2023
[2] Restated from Yara International ASA 2022 fourth-quarter results
[3] GHG absolute emissions scope 1+2 target is for 2030 with a 2019 baseline
[4] Cropland with digital farming user activity within defined frequency parameters
[5] Reported upon updates

Prosperity
(50% weight)

Yara KPI	2020	2022	2025 Target	Measure
Ammonia production[1]	7.7	7.7	8.6	Mt
Finished fertilizer production[1]	20.8	20.5	22.5	Mt
Premium generated[2),3]	1 036	1 808	N/A	MUSD
Revenues from new business models	6	22	1 500	MUSD
Revenues from online sales	-	17	1 200	MUSD
Working capital[1),2]	113	87	92	Days
Capital return (ROIC)[2]	8.0%	25.7%	>10%	%
Fixed costs[2),5]	2 113	2 379	Beat inflation	MUSD
Capex[4]	0.8	1	1.2	BUSD
Net debt / EBITDA[2]	1.36	0.66	1.5-2.0	Ratio
MSCI rating	BBB	A	A	Score
Sustainalytics rating	Med	Med	Med	Score

[1] Yara Improvement Program target for 2023, more details on page 70.
[2] See page 267 for definitions, explanations, and reconciliations of Alternative Performance Measures (APMs).
[3] Market reference used in the premium calculation is currently under review
[4] CAPEX max 1.2 BUSD (including maintenance) in 2022 real terms
[5] Fixed cost target is annual

FROM THE BOARDROOM

Group Executive Board

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

Svein Tore Holsether →

Thor Giæver →

Lars Røsæg →

Mónica Andrés Enríquez →

Solveig Hellebust →

Pål Hestad →

Fernanda Lopes Larsen →

Chrystel Monthean →

Kristine Ryssdal →

← 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 steering committee of the IMAGINE Food Collective, a World Economic Forum (WEF) nature champion, and a member of the Alliance of CEO Climate Leaders at the WEF. He was a member of the Executive Committee and the Chair of the Food & Nature program for the World Business Council for Sustainable Development (WBCSD), a Commissioner of the Business and Sustainable Development Commission (BSDC), and currently serves as Chair of the International Fertilizer Association (IFA). In 2021, he was elected President of NHO, the Confederation of Norwegian Enterprises. Previously, Mr. Holsether has held a range of executive and senior positions in large industrial companies.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 50,869

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
Mr. Giæver has served as Executive Vice President and Chief Financial Officer 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). Giæver is a certified Diversity Manager in line with the requirements from Norsk Sertifisering AS.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 7,758

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.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 11,843

← 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 Enríquez has served as Executive Vice President 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). Ms. Andrés Enríquez was employed by Hydro in 1998 as a field agronomist.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 4,966

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, USA. Master of Management and Economics ("Siviløkonom") from BI Norwegian Business School

EXPERIENCE
Ms. Hellebust has served as Executive Vice President 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.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 2,137

Pål Hestad (1971)

POSITION
EVP, Global Plants & Operational Excellence

YEAR OF APPOINTMENT
2020

EMPLOYED
1995

EDUCATION
Master's degree in Industrial Electrochemistry from the 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. Mr. Hestad has held several positions at Yara's Glomfjord plant (Process Engineer, Operations Engineer, Productivity Engineer, Production Manager, and Plant Manager), as well as 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).

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 11,204

← 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, USA

EXPERIENCE
Mrs. Lopes Larsen has served as Executive Vice President Africa & Asia since September 2020. She joined Yara in 2012 and has since held several senior positions, the most recent being Senior Vice President for Indirect Procurement (2016-2020). Prior to joining Yara, Mrs. Lopes Larsen held manufacturing and procurement positions in consumer goods and pharmaceutical companies Procter & Gamble and GlaxoSmithKline.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 6,224

Chrystel Monthean (1967)

POSITION
EVP, Americas

YEAR OF APPOINTMENT
2020

EMPLOYED
1991

EDUCATION
Post-graduate degree in agronomy engineering from Ecole National des Ingénieurs de l'Horticulture et du Paysage, France. Master's degree in International Business and Technology Transfer from Rouen Business School, France.

EXPERIENCE
Mrs. Monthean has served as Executive Vice President Americas since September 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, Mrs. Monthean held roles in various commercial functions and countries in Europe.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 6,892

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, UK. Law degree from the University of Oslo

EXPERIENCE
Ms. Ryssdal (born 1960) has served as Executive Vice President & General Counsel since July 2021. She previously held the position of EVP HR & General Counsel (2020-2021) and EVP General Counsel (2016-2020). Before joining Yara, Ms. Ryssdal held the position of Vice President Legal at Statoil (2012-2016). Prior to this, Ryssdal was Senior Vice President and Chief Legal Officer of Renewable Energy Corporation ASA 2008-2012, Senior Advisor Commercial & Legal Affairs at Norsk Hydro / Statoil Hydro 2006-2008, Legal Counsel at Norsk Hydro 1998-2006, and Attorney at the Attorney General's office 1987-1998. Sustainability is an integrated part of her leadership agenda as responsible for Ethics & Compliance 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.

GROUP EXECUTIVE BOARD MEETINGS ATTENDANCE 5

SHARES OWNED AT YEAR-END 2022 14,121

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 →
(Chair)

Jannicke Hilland →
(Vice Chair)

Eva S. Aspvik →

Rune Bratteberg →

Tove Feld →

Ragnhild F. Høimyr →

Geir O. Sundbø →

John Thuestad →

← Back to the overview

Trond Berger (1957)

POSITION
Chair of the Board
Chair of the HR Committee
Chair of the Audit and Sustainability 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 17
HR COMMITTEE ATTENDANCE 5
AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 1
SHARES OWNED AT YEAR-END 2022 3,000

Jannicke Hilland (1967)

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

ELECTED BY/YEAR
Shareholders, 2022

POSITION
EVP of Telenor Infrastructure at Telenor since 2022

EDUCATION
Ph.D. degree in Physics from the University of Bergen
Bachelor of Science degree (Hons) in Electrical and Electronic Engineering from the University of Manchester, UK

EXPERIENCE
Ms. Hilland was previously the CEO of Eviny (2015-2022). She has previously held various management positions in Equinor (Statoil, 2008-2015), including a position in the executive management team responsible for the Norwegian offshore assets and operations and as leader of Corporate Safety and Security. From 1998-2008, Ms. Hilland held various management positions within Norsk Hydro's oil and gas division, including as Offshore Installation Manager of Troll B. She has previously been a board member of Tafjord (2017-2018) and the department board for mathematics at the University of Bergen (2017-2021).

OTHER ASSIGNMENTS
Ms. Hilland is a board member of Nysnø Klimainvesteringer, NHO (Norsk Energi), and Bonheur ASA.

BOARD MEETINGS ATTENDANCE 10
AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 5
SHARES OWNED AT YEAR-END 2022 0

← Back to the overview

Eva S. Aspvik (1972)

POSITION
Member of the Board

ELECTED BY/YEAR
Employees, 2022

POSITION
Union representative at Yara Glomfjord

EDUCATION
Skilled Chemical Process operator

EXPERIENCE
Ms. Aspvik has been a Yara employee since 2006. She has been actively engaged in union matters in the Glomfjord plant since 2015.

OTHER ASSIGNMENTS
Ms. Aspvik has been the leader of the Haugvik Industriarbeiderforening (Industrial workers association) since 2018.

BOARD MEETINGS ATTENDANCE 11
SHARES OWNED AT YEAR-END 2022 984

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 16
AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 8
SHARES OWNED AT YEAR-END 2022 496

Tove Feld (1964)

POSITION
Member of the Board
Member of the HR Committee

ELECTED BY/YEAR
Shareholders, 2022

POSITION
Self-employed, Visionary Growth since 2020

EDUCATION
Master of Science in Soil Mechanics from University of Florida, USA
Ph.D. degree in Engineering from Aalborg University, Denmark
Executive MBA from IMD, Switzerland

EXPERIENCE
Ms. Feld has international engineer and leadership experience from Ørsted (2010-2015; 2018-2019), Siemens Gamesa (2015-2018), and DNV Global Wind/Cleaner Energy (2004-2009). From 1991-2003 she worked as a consultant in Rambøll.

OTHER ASSIGNMENTS
Ms. Feld is a board member of Venterra Group PLC, NEXEL, Stiesdal, Force Technology and TRIG (The Renewables Infrastructure Group).

BOARD MEETINGS ATTENDANCE 11
HR COMMITTEE ATTENDANCE 4
SHARES OWNED AT YEAR-END 2022 0

← Back to the overview

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 17
SHARES OWNED AT YEAR-END 2022 404

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 3
HR COMMITTEE ATTENDANCE 4
SHARES OWNED AT YEAR-END 2022 468

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, USA

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 16
SHARES OWNED AT YEAR-END 2022 1,200

Board message

MESSAGE FROM THE BOARD OF DIRECTORS

Strong results and strategic progress in a challenging operating environment

In 2022, the Board spent significant time on the company's management of a volatile market environment, with significant raw material sourcing challenges and major efforts to optimize production. At the same time, the Board continued to focus on the significant transformation the company is undergoing, with attractive growth opportunities within sustainable food solutions and clean ammonia.

During 2022, Yara delivered strong returns and progressed on strategic priorities, despite a challenging operating environment. Yara entered into multiple important partnerships and has grown its innovation portfolio through collaborations and investments. Yara also made significant progress towards a potential IPO of Yara Clean Ammonia, of which Yara would maintain the majority ownership. Yara's investments continue to be directed towards assets that are positioned for a future aligned with the goals of the Paris agreement, tackling the food crisis and climate change while enabling the energy transition.

Strict capital discipline and competitive shareholder returns remained high on the agenda during 2022. Yara's resilient business model and strong organizational performance has enabled the company to continue to deliver competitive cash returns to shareholders. With the 55 NOK per share dividend that will be proposed to the Annual General Meeting in 2023, total cash returns paid or proposed for 2022 amount to 65 NOK per share[1].

Geopolitical conflict and volatility

The Board devoted considerable time in 2022 to Yara's response to the implications of the energy crisis and the war in Ukraine, including volatile prices, changes in sourcing patterns, and curtailments in Europe as a result of high natural gas prices. Yara's business model has proven robust and resilient in face of these challenges.

Building on the strengths of Yara's regional model, the company responses to the war have been managed with dedicated teams both at the strategic and the operational level. Significant work has been done to safeguard Yara employees in the market in Ukraine, and the company has managed to keep operations going and supplying fertilizers to Ukraine.

With Russia being a key supplier of energy to Europe and fertilizers to global markets, as well as both Russia and Ukraine being major suppliers of food to global markets, the war has contributed to significant volatility in both energy, input, fertilizer, and food prices.

In 2022, global nitrogen prices remained high, however, towards the end of the year the higher prices saw farmers and distributors in some regions postpone purchases, creating supply overhangs and contributing to price declines and low market activity towards the end of 2022 and at the start of 2023. As a result of continued high and volatile gas prices in Europe, Yara had significant curtailments across its production system in Europe during 2022. The impact on finished fertilizer production was lower than on ammonia production, as unprofitable ammonia production was replaced with sourcing from Yara plants outside Europe and from Yara's global ammonia trade and shipping network.

To ensure Yara responds efficiently, the operating segments have collaborated extensively, with significantly increased coordination and meeting activity to guarantee optimal decision making and risk mitigation amid the volatility.

Changes in sourcing patterns

Import restrictions, as well as several rounds of new sanctions, were presented by the EU, UK, US, and other countries following Russia's invasion of Ukraine. Trade has been restricted with Russian and Belarusian counterparties, both due to sanctions imposed on entities and individuals, and due to banking and logistical challenges.

Yara has historically sourced phosphate, ammonia, and potash from Russia, potash from Belarus, and purchased significant volumes of natural gas for its production in Europe. Yara stopped all sourcing from suppliers prohibited by sanctions in certain jurisdictions in 2022, and utilized its global sourcing, production, and distribution capabilities with the objective to safeguard customers' supply and secure continuity in food supply chains.

To compensate for the reduced volumes of ammonia from Russian producers, Yara replaced these volumes by sourcing ammonia from other producers. For phosphates and potash, Yara increased sourcing from existing suppliers and entered into contracts with new suppliers. There was no material impact on Yara's production volumes due to lack of raw materials in 2022.

[1] Assuming approval of 2022 dividend by 2023 Annual General Meeting

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. Partnerships to decarbonize agriculture and shipping, and solutions to reduce pollution and enhance crop and soil health, are key to this ambition. Yara is developing enablers to support the ambition, including digital means to improve farmer connectivity, product traceability, nutrient efficiency, and livelihoods.

Yara will host a Capital Markets Day on 26 June 2023, which will include an update on strategic initiatives to deliver on its ambition statement and create sustainable long-term value 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 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, export-oriented production plants (Porsgrunn and Sluiskil) and has a key role in driving operational and HESQ improvements, competence development, and technical project execution across Yara.

Yara Industrial Solutions mainly provides nitrogen-based solutions and services across a wide range of industries. This segment performs its activities through three global commercial units: Transport Reagents, Mining Applications, and Base Chemicals. These commercial units are backed by seven dedicated production plants across Europe, Latin America, Africa, and Asia.

Yara Clean Ammonia was established as a separate unit in 2021. The clean ammonia segment plays a vital role in optimizing production capacity utilization with off-takes of merchant ammonia volumes from surplus-producing plants, supplying ammonia to consuming plants, and trading 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 adding 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, as well as the divestment of the Salitre phosphate mining project in Brazil in 2021. In 2022, Yara decided to divest its stake in the Dallol mining project in Ethiopia, which was closed in Q1 2023. The divestment contributed 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.

Sustainability topics 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 twice per year. The SVP HESQ has organizational responsibility for ensuring that appropriate health, safety, environment, product stewardship, compliance, certification, training, reporting, and security governance is in place throughout the company. Corporate HESQ also performs audits of relevant business units to ensure adherence to applicable requirements and standards, while focusing on continuous improvements. Yara has a global HESQ Committee, which is chaired by the CEO and attended by the members of Yara's Group Executive Board, HESQ, and employee representatives.

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 EVP 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 is accountable for establishing a Yara Climate and Nature roadmap, and it 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. The function also drives continuous improvement of how sustainability is governed throughout Yara and integrates sustainability into core business processes.

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 Strategy 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 in the Year in review section, page 44.

People

Caring for and developing people is key to business success. Safety first is a Yara priority, and 'Safe by Choice' is the name of Yara's safety culture journey 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 1.1 in 2022 per 1 million working hours, including all Yara employees and contractors.

Health and safety are 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 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, with a 2025 KPI of reaching 40% women among senior leaders. See also People chapter, page 45.

The 2021 'Women in Agronomy' initiative continued, with the ultimate goal of 50/50 gender balance across the agronomy teams. In 2022, the program included a focus on safe transportation for women in the field, while the 2023 priority will be talent development and attraction, aiming to influence retention rates. Inspired by this initiative, a Women in Maintenance program was launched in Brazil.

Yara is committed to fair pay, regardless of personal beliefs or any individual characteristics. In accordance with the compensation policy, individual remuneration will vary based on specific factors such as country of employment, market conditions, position, performance, and competence. We are committed to ensure equal pay for equal work, and we have monitored and published developments of our gender pay gap analysis since 2018, with performance figures found in the People chapter, page 45.

Yara is also engaged in improving inclusion. Due to legal constraints and sensitivity of the data, Yara cannot track indicators linked, for example, to ethnic groups, sexual orientation, or religion. We therefore focus on raising awareness, including through training programs.

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 and Well-Being Framework, which, in 2022, was followed up by tracking implementation of practices across Yara locations.

In 2022, Yara rolled out two new procedures developed to enhance the physical and psychosocial work environment and to establish practices to ensure an engaging, fair, psychologically safe, and health-promoting work environment. The project aligns Yara's ways of working with the new ISO 45003:2021 guideline for psychosocial health and safety at work. Corresponding new guidelines were developed to support Yara sites.

Culture and leadership

Our people are our greatest asset. Internal surveys consistently show that our employees are proud of working at Yara, engaged, and would recommend Yara as an employer. We rely on their motivation to drive innovation, productivity, and continuous improvement.

In 2022, we identified the need to foster trust and assurance in our senior leaders to effectively lead in complex, changing environments. To address this, we launched a set of five leadership behaviors, referred to as 'Courage to Lead': Embedding Yara's strategy in our daily work, embracing and dealing with change, learning from mistakes, building trust, and growing through continuous improvement and lifelong learning. The roll-out will be supported by formal governance content in Yara's steering system and the training of HR resources to support business managers.

The learning experience platform Degreed was established in 2022. This is a hub for all learning in Yara, connecting guided skills development with digital learning content that employees demonstrate interest in or skills that are required by their current roles or career aspirations. Specific leadership training is available for both senior managers and employees who want to build leadership skills.

Human rights and labor practices

Yara is committed to respecting internationally recognized human and labor rights in our own operations and throughout the value chain. Respecting human rights is fundamental to sound risk management and Yara's value creation. Human rights are included in all Code of Conduct trainings, including mandatory e-learning for new hires, and face-to-face training programs.

Conducting targeted human rights impact assessments (HRIAs) is an integral part of meeting our due diligence obligations. Findings have been presented to the Group Executive Board and the Board of Directors, and mitigating actions remain a local management responsibility. The Ethics and Compliance Department monitors implementation and reports on progress.

In 2022, we established our Sustainable Procurement Policy, which is communicated to all suppliers. Our Supplier Compliance Management Process has been finalized and will be implemented in 2023. These are specific measures to monitor compliance with the Code of Conduct for Yara's Business Partners, to advance our human rights due diligence efforts, and to raise the sustainability performance of our suppliers. Yara's full disclosure in accordance with the Norwegian Transparency Act is available in the Sustainability Report.

Planet

Our ambition is Growing a Nature-Positive Food Future. Decarbonizing our own operations is critical, but we also want to contribute to reducing emissions and impacts on nature from farmers, other customers, and in other sectors. Regenerative agriculture, precision farming technology, and enabling the hydrogen economy are key focus areas for Yara.

Yara is committed to setting science-based climate targets and has made significant progress. Due to complexities linked to scopes allocation of specific emissions, the process is taking longer than expected. Yara remains part of the Sectoral Decarbonization Approach process, which will determine a 1.5°C-aligned GHG emissions reductions pathway for the chemical industry, including the fertilizer industry.

Yara's climate targets include a 2025 intensity KPI and a 2030 KPI to reduce absolute GHG emissions by 30% from a 2019 baseline. In 2022, 41 projects were completed, resulting in a reduction of 0.7 million tonnes of CO_2e emissions. Another 32 projects were in the execution phase. We remain on track to achieve our 2025 target. Our roadmap to 2030 includes step-change technologies for ammonia, such as the electrolyzer projects to produce green hydrogen for green ammonia and carbon capture and storage project to produce blue ammonia.

Yara takes a life-cycle approach to environmental protection, covering 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 are described on page 20. The work continued in 2022 to refine the analysis of physical climate risks related to our production units and key supply chain units.

Yara has certified global management systems in place, in accordance with the international ISO 9001 (Quality management), ISO 14001 (Environmental management), and ISO 45001 (Occupational health and safety management) standards. Yara is progressing towards certifying all major production sites to the ISO 50001 Energy Management standard.

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, environmental (HSE), and quality 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. Development of environmental roadmaps was completed in 2022 for all production sites in order to improve the sites' environmental footprint and to ensure compliance with current and foreseen environmental regulatory requirements.

While the EU has ramped up climate and environmental regulations, to a large extent making GHG emissions more expensive, the United States introduced the Inflation Reduction Act (IRA) in 2022. The IRA is a gamechanger, using tax incentives for investments in clean ammonia production, be it 'blue' based on carbon capture and storage (CCS), or 'green' based on renewable energy. Yara has initiated analysis of how to be positioned, while also being vocal on Europe's strategic need to have an adequate response, ensuring it remains an attractive location for investing and operating industry.

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, reduced GHG emissions, and nature-positive outcomes.

Opportunities in clean technology

Nature and climate action also represent significant opportunities for Yara. On the basis of a century of ammonia manufacturing, we are ideally positioned to lead the development of clean ammonia as a tool to decarbonize agriculture, shipping, and power production. Our portfolio already includes emission abatement solutions for the transportation and maritime sectors along with products for water treatment, odor control, and solar power plants.

Yara Clean Ammonia (YCA) was created in 2021 to develop and capture opportunities from decarbonizing ammonia production and hard-to-abate sectors. By 2050, new applications are expected to more than double the world's total ammonia demand, and YCA aims to be the world's largest shipper and distributor of ammonia in this emerging market.

Through Yara Marine Technologies (YMT), Yara is also well positioned to support the maritime sector in becoming greener. YMT can support vessel efficiency, scrub harmful SO_x emissions, and add WindWing technology to leverage wind power, reducing fuel consumption.

Yara Industrial Solutions provides nitrogen products on a global scale to a wide range of sectors and for a variety of applications. Our portfolio includes emission abatement solutions for the transportation sector along with products for water treatment, odor control, and solar power plants. We are the world's leading manufacturer of diesel exhaust fluid, called DEF in the US, AdBlue® in Europe, and ARLA 32 in Brazilian markets.

Yara's Agoro Carbon Alliance is working to empower farmers and ranchers with agronomic expertise and carbon credit incentives to change from conventional to regenerative agriculture practices. These are aimed at improving soil health, building climate resilience, and sequestering carbon in their soils to counteract climate change.

In 2021, Varda was founded as an autonomous portfolio company to tackle the problem of data fragmentation, using farm and field data to accelerate the transition towards a nature-positive food system. The aim is to collect and interpret farm and field data through a harmonized geospatial reference system called 'Global Field ID'. In 2022, the Global Field ID was rolled out in two markets (UK and France).

Prosperity

Yara delivered strong returns in 2022, with earnings before interest, tax, and depreciation (EBITDA) excluding special items up 69% from the previous year[1)]. Yara's return on invested capital (ROIC) reached 25.7%, up from 7.9% in 2021. Total deliveries were 19% lower than the previous year, as a result of production curtailments and farmers and distributors postponing purchases towards the end of the year.

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 12,850 million in 2022, reduced from NOK 13,839 million in 2021, after dividends and group relief from subsidiaries of NOK 15,956 million (NOK 17,016 million in 2021). The net foreign currency translation loss was NOK 1,400 million compared with a loss of NOK 1,740 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. The full country-by-country reporting can be found on the yara.com annual report section.

Corporate governance principles

The Board of Directors and Group Executive Board of Yara International ASA review the company's corporate governance annually. The Board of Directors report on the company's corporate governance in accordance with the Norwegian Accounting Act § 3-3b, the Oslo Stock Exchange Rulebook II - Issuer Rules, Chapter 4.4, and the Norwegian Code of Practice for Corporate Governance (the "Code"). 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 has purchased and maintains 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

There were no changes made to the Group Executive Board in 2022.

Future prospects

The energy transition, climate crisis, and food security have become top priorities globally. With its leading food solutions and ammonia positions, Yara is uniquely positioned to drive these transformations. Furthermore, the volatile operating conditions of the past few years have shown the resilience of Yara's global and flexible business model.

The step-up in decarbonization efforts by companies and governments continues as the focus on the energy transition and climate crisis increases. The US Inflation Reduction Act (IRA) creates a significant opportunity for profitable decarbonization of ammonia, including shipping, power generation, and use as an energy carrier as new market segments. Such incentives for clean ammonia production can attract significant investments, which again can impact the supply/demand balance. Also, in the EU, the climate transition is more linked to levying an increasing carbon price on emissions, with the Carbon Border Adjustment Mechanism (CBAM) intended to ensure a level playing field. Yara is well positioned to respond to the new market dynamics.

There is low visibility to the potential speed and scale of clean US ammonia capacity, ramp-up of new demand for ammonia as an energy carrier, and EU responses to the IRA. Yara is analyzing how to be positioned while closely monitoring the supply/demand balance and government actions. Yara is also being vocal on Europe's strategic need for an adequate response, to ensure it remains an attractive location for investing and operating industry.

During 2022, higher prices saw farmers and distributors in some regions postpone purchases, creating supply overhangs and contributing to price declines and low market activity towards the end of 2022 and at the start of 2023. However, the price declines have led to improved farmer affordability and profitability metrics, and catch-up demand potential is seen in most regions.

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 1.7 billion during 2023 based on its current committed maintenance and improvement plans and announced growth investments, of which 0.5 billion is phasing of investments from 2022. CapEx guidance is unchanged at max USD 1.2 billion annual average. However, this may be adjusted for inflation going forward to safeguard operations and earnings.

Yara's Board will propose to the Annual General Meeting a dividend of NOK 55 per share for the fiscal year of 2022, bringing total cash returns per share paid and proposed for 2022 to NOK 65 per share.

The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the previous one.

[1] See pages 267–277 for definitions, explanations, and reconciliations of Alternative Performance Measures (APMs).

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. Proactive 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.

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 Group Executive Board is responsible for reviewing and operationalizing the defined risk appetite by maintaining an enterprise-wide system for risk management. The Group Executive Board 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 Yara's risk management system and the 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 Group Executive Board 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 Group Executive Board 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 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 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		
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 business model, mainly through local costs. Financial positions and FX instruments should not increase such exposure but are instead used to actively reduce sensitivity to currencies. Yara has low risk appetite for exposure related to financial risk not derived from the underlying business.	Low		

Risk appetite areas	Risk appetite level		
Tax exposure Within the framework of tax laws and regulations we optimize our tax cost in the same way as other costs. Yara does not pursue tax solutions without existence of commercial purpose and is committed to a transparent management of tax.		Moderate	
Information and cyber security exposure Yara has a low appetite for risk exposure to cyber incidents in the office and production environment, and has established measures to reduce cyber exposure to safety and reliability issues in our production sites, in addition to risk of 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 – Priority plants 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 reliability, process safety, and plant profitability.	Low		
Production reliability exposure – Plants Yara has a moderate risk appetite for unplanned production downtime for other plants. Resource allocation considers optimal balance between risk exposure, operational performance, assets life cycle,and value generating potential, and ensures compliance to internal and external HESQ requirements.		Moderate	
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 and increase internal operational flexibility.	Low		
Human rights, corruption and competition law exposure We are committed to upholding high standards for human rights, ethical and lawful business 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 committed to explore and promote 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. Yara is proactively liaising with regulatory bodies to adapt and adhere to stricter regulations	Low		
Health and safety exposure Securing safe and healthy working conditions is our highest priority. We aim to minimize the exposure to conditions that could negatively affect health and safety. Further, 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		
Security exposure Securing people and assets in the organization is our highest priority. Yara proactively and systematically identifies relevant security threats and understands risks at all levels of the organization. Yara systematically builds and maintains security barriers to reduce vulnerabilities and increase resilience. Furthermore, Yara responds to the threats with effective measures to minimize the security risk exposure impacting physical and personnel security.	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 exposure to operational, commercial, and financial consequences. Yara is proactively liaising with regulatory bodies 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: Ambition, Curiosity, Collaboration, and Accountability. 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. Risk management processes are embedded in key business processes to detect potential internal and external risk exposures, and to understand causes of these, in order to initiate effective risk mitigating responses.

Risk factors	Risk responses	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. Further, 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 (DEI) agenda.	Yara's people strategy is established to support transformation of the global organization at the same time as we run current core business operations with sustainable performance. Implementation of the strategy is ongoing and 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 DEI agenda. An increased focus on leadership development and provision and access to learning opportunities for all employees has been prioritized. Yara is committed to promoting equal opportunities and to fighting discrimination. DEI is fully integrated in Yara's business strategy and key business processes.	People, Culture, and Leadership Diversity, Equity, and Inclusion Health and Well-Being at Work
Health and safety Yara's production sites are large industrial plants, and many of Yara's raw materials, intermediates, and products are classified as substances dangerous and hazardous to the health. Such a working environment exposes employees and contractors to potential occupational health risks. Further, employees and contractors working on site are also exposed to process and occupational safety risks. 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 of incidents, accidents, and injuries, and works continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and developing employee and contractor competence. Yara's ambition is zero harm and the company 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, to develop strong HSE leadership, to ensure safe workplaces, to drive operational discipline, and to train and encourage staff to always act and react in accordance with our safety standards.	Occupational and Process Safety Health and Well-Being at Work Product Safety

Risk factors	Risk responses	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 economic slowdown following the Covid-19 pandemic and has increased the likelihood of theft, robbery, and violence impacting the security of our operations, employees and executives. Further, the instability caused by developments in the geo-political situation and inflation, combined with the effects of changes in the climate, is increasing the risk of activist rallies and threaten Yara's operations and reputation.	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 corporate guidelines on security, for the methods for assessing security risks, and for initiating appropriate mitigation actions in response to potential threats. The company has ongoing training programs to increase awareness on current security protocols.	Security, Emergency, and Data Privacy
Personnel security Yara is exposed to personnel security risks such as the threat from hostile actors that may exploit Yara staff and employees in order to gain unlawful access to valuables and information. The exposure is driven by several factors such as 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, through training processes increasing employee security awareness, and through the continuous monitoring of risk exposure development.	Security, Emergency, and Data Privacy Business Integrity Regulatory Changes and Compliance
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 advantage and value for business partners, employees, and society at large.	Yara has high standards for ethical and compliant business conduct and reporting. Our Compliance Program has been developed in accordance with internationally recognized and endorsed standards in key areas, such as anti-corruption and human rights. Yara has, over the past years, implemented a wide range of measures to build and uphold an organizational culture where ethical behavior and decision making are integral to the way we act, operate, and do business. Risk exposures are continuously monitored by Ethics and Compliance in close cooperation with line of business. Measures to maintain a low risk exposure are continuously being developed, implemented, and evaluated.	Human Rights and Labor Practices Business Integrity Regulatory Changes and Compliance
Human rights Yara is exposed to human rights risks through its presence in high-risk countries throughout the value chain, from sourcing and production to markets. We are committed to upholding our ethical and legal obligations to respect internationally endorsed human rights. Possible negative impact on human rights from our operations may affect Yara's reputation as a responsible business. Risk of exposure to human rights violations is driven by a complex landscape with stringent regulatory requirements globally, regionally, and on a 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 we aim to continuously improve our work in this area. Geopolitical risk assessments, including specific human rights considerations, allow 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 continuously being developed, implemented, and evaluated.	Human Rights and Labor Practices Business Integrity

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	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 heterogeneity of climate regulations may distort competition. The US Inflation Reduction Act (IRA) makes a strong investment case for clean ammonia, not least through tax incentives. Meanwhile in the EU, the climate transition is more linked to levying an increasing carbon price on emissions, with the Carbon Border Adjustment Mechanism (CBAM) intended to ensure a level playing field.	Yara's investments are evaluated in the context of climate risk scenarios, including extreme weather risk. Yara is well positioned to respond to transition risks, i.e., through promoting low-carbon solutions, life-cycle perspectives, and resource-efficient solutions through stakeholder dialogues. 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 reducing carbon footprints in agriculture, enabling the hydrogen economy by way of green ammonia projects, and digital solutions, which are well-suited to support EU ambitions for reduced emissions. Yara has taken a transparent position on the EU Fit for 55 package, voicing concern that the Carbon Border Mechanism (CBAM) could fail to support export-oriented industry. Yara also advocates for the possible introduction of more instruments, which should provide certainty for low-carbon investments, incentivize the use of recycled, renewable, and low-carbon farming inputs, and avoid market distortions. There is low visibility to the potential speed and scale of clean US ammonia capacity, ramp-up of new demand for ammonia as an energy carrier, and EU responses to the IRA. Yara is analyzing how to be positioned while closely monitoring the supply/demand balance and government actions. Reference is also made to the climate scenario description on page 20.	Climate Change Regulatory Changes and Compliance Protection of Ecosystems Air, Water, and Waste Opportunities in Clean Tech Sustainable Supply Chains Sustainable Farm Management and Regenerative Agriculture
Natural disasters and extreme weather 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, emergency preparedness, crisis management training, and scenario planning, to minimize potential threats to security, health, and safety of our operational assets. Global warming is changing the climate, and Yara is undertaking a more detailed assessment of the expected changes in physical climate risk exposure for all key assets. Reference is also made to the climate scenario description on page 20.	Climate Change Security, Emergency, and Data Privacy Sustainable Supply Chains
Regulatory framework for production, handling, and application of our products There is an increasing trend of stricter governmental regulation impacting the whole value chain, hereunder production, distribution, storage, and application of fertilizer, related both to the environmental aspects and the safety of handling and applying fertilizer. These regulations could have a substantial impact on Yara's earnings, in addition to Yara's license to operate.	Yara continuously discusses and participates in relevant 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. In the context of policies fostering the development of renewable and low-carbon hydrogen, Yara argues for a specific focus on ammonia production, trade, and novel application, because of the decarbonization potential for various sectors and because it can reduce energy and fertilizer import dependencies. Yara has established comprehensive management systems, policies, and processes for the timely identification of forthcoming requirements, to assess their impacts, and to implement feasible solutions, managing the environmental impacts of our operations and products while also reducing the risk 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.	Product Safety Regulatory Changes and Compliance Air, Water, and Waste Opportunities in Clean Tech Climate Change Sustainable Farm Management and Regenerative Agriculture

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 also 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	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, with a mix of own produced products and third-party products marketed by our global commercial organization, offers flexibility to adjust to supply and demand fluctuations. We increasingly focus on expanding sales of differentiated products where pricing and demand is less volatile. Yara invests in developing farmer centric solutions that integrate knowledge, digital tools, and services with our product portfolio to further differentiate our offerings 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.	Profitability Opportunities in Clean Tech Digitalization Sustainable Farm Management and Regenerative Agriculture
Market dynamics – natural gas prices Due to natural gas being a key raw material in the production of nitrogen-based chemicals and fertilizer products, the pricing and availability of natural gas across regions is a strategic factor for Yara. Securing access to and stable supplies of favorably priced natural gas is 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.	Profitability Energy
Raw materials availability 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 ensure 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, and keeps close and long-term relationships with a wide network of suppliers. Further, Yara continuously assesses and monitors sourcing risks to initiate mitigating actions and reduce the risk of supply disruptions secure longer-term supply security. Evaluation and development of supply alternatives and back-up solutions (incl. increased internal operational flexibility) are other enablers to ensure business continuity.	Sustainable Supply Chains Regulatory Changes and Compliance

Risk factors	Risk responses	Material topics
Inventory and orderbook exposure Management of inventory and orderbook positions is a core part of Yara's commercial operations. Changes in feedstock and commodity prices may result in exposure losses associated with the respective product positions Yara has at any given time. Building unsold inventory produced at high costs may be a concern if there is a risk of falling selling prices, while having built an orderbook (without associated inventories) may be a concern if production costs are on the rise.	Yara has established processes for monitoring relevant markets to identify market trends. Commercial strategies are continuously adjusted to adapt to market circumstances. Furthermore, there is a tight follow-up of orderbook and inventories to manage potential negative exposures.	Profitability
Investments and integration Yara has an ambition to grow profitably, through broadening our core business model and enabling the 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 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 learnings from several large business integrations completed during recent years. Yara maintains a conservative investment approach, through strong focus on capital discipline.	Sustainable Finance Opportunities in Clean Tech Profitability
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. Further, Yara's Integrity Due Diligence (IDD) screens all business partners, and on a risk-basis business partners are selected for additional due diligence. Business partners and transactions are continuously monitored through screening against sanctions and compliance databases.	Regulatory Changes and Compliance Human Rights and Labor Practices Sustainable Supply Chains Business Integrity
Information and cyber security New and increasingly sophisticated computer viruses and new digital crime models combined with the 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 in the ability to detect and respond to cyber incidents, to manage and minimize relevant vulnerabilities, and to minimize the time needed to recover in case of incidents. Yara proactively monitors threats, vulnerabilities, and 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, and to ensure preparedness in case of cyber incidents.	Security, Emergency, and Data Privacy Digitalization
Corruption risk Corruption may appear in many forms throughout the world, usually in the form of "improper advantages" or facilitation payments. 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.	Yara has zero tolerance for fraud and corruption, acknowledging that fraud is the means by which other irregularities, including corruption, is perpetrated. Our zero-tolerance stance 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 labor rights and our expectations to business partners are stated in the Code of Conduct for Yara's Business Partners. Our whistle-blowing channels allow employees, consultants, and third parties to raise concerns anonymously.	Profitability Occupational and Process Safety

Risk factors	Risk responses	Material topics
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. Through continuous investments in process safety reliability and debottlenecking, we safeguard and improve the assets. Employees undergo extensive training and risk awareness programs, and process safety and productivity are subject to frequent audits. Yara's global Improvement Program focuses on improving cost, competence, production reliability, and operational excellence.	Sustainable Supply Chains
Supply chain disruptions Yara's ability to produce and supply markets with products can be impacted negatively by disruptions in our in- and outbound 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.	Profitability Sustainable Finance
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 cater for market volatility and to meet unforeseen outflow. Yara has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements, combined with a cash position that covers short-term needs.	Profitability
Credit risk Credit risk represents exposure to potential financial 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.	Profitability
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 US, 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 non-USD currency 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.	Profitability
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 financial exposure 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 rate change will have on Yara's financial performance. As a risk mitigation measure, Yara keeps part of the long-term debt portfolio in fixed interest rate agreements. Yara also utilizes derivative instruments to manage interest rate risks.	Profitability Regulatory Changes and Compliance

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 2022 calendar year and as of 31 December, 2022.

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 2022 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, 2022
- The integrated report 2022 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 2022 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,
Sumaré 23 March 2023

Trond Berger
Chair

Jannicke Hilland
Vice Chair

Eva S. Aspvik
Member of the Board

Rune A. Bratteberg
Member of the Board

Tove Feld
Member of the Board

Ragnhild F. Høimyr
Member of the Board

Geir O. Sundbø
Member of the Board

John Thuestad
Member of the Board

Svein Tore Holsether
President and CEO

The parts of the Yara Annual Report 2022 that constitute the Report of the Board of Directors are indicated in the table on pages 259–261.

[1] 2013 edition of the International Integrated Reporting Framework as published by the International Integrated Reporting Council (IIRC) on https://integratedreporting.org/

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 31 December, 2022, and disclosure requirements that follow from the Norwegian Accounting Act as of 31 December 2022.

Financial statements

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

Consolidated statement of income

USD millions	Notes	2022	2021
Revenue from contracts with customers	2.1, 2.3	23,902	16,617
Other income and commodity derivative gain/(loss)	2.2	150	(9)
Revenue and other income		24,051	16,607
Raw materials, energy costs and freight expenses	2.4	(18,078)	(12,803)
Changes in inventories of own products		725	668
Payroll and related costs	2.5	(1,284)	(1,270)
Depreciation and amortization	4.1, 4.2, 4.5	(964)	(984)
Impairment loss	4.7	(35)	(666)
Expected and realized credit loss on trade receivables	3.2	(14)	(6)
Other operating expenses	2.6	(575)	(479)
Operating costs and expenses		(20,224)	(15,540)
Operating income		3,827	1,068
Share of net income in equity-accounted investees	4.3	25	23
Interest income and other financial income	2.7	108	64
Foreign currency exchange loss	2.7, 6.1	(61)	(251)
Interest expense and other financial items	2.7	(260)	(164)
Income before tax		3,639	739
Income tax expense	2.8	(857)	(355)
Net income		2,782	384

USD millions, except for share information.	Notes	2022	2021
Net income attributable to			
Shareholders of the parent		2,777	449
Non-controlling interests	5.2	5	(65)
Net income		2,782	384
Basic earnings per share		10.90	1.75
Diluted earnings per share[1]		10.90	1.75
Weighted average number of shares outstanding[2]	5.1	254,725,627	256,789,744

[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	2022	2021
Net income		2,782	384
Other comprehensive income that may be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments		(199)	(132)
Hedge of net investments	2.8, 6.2	(70)	(21)
Net other comprehensive income/(loss) that may be reclassified to statement of income in subsequent periods, net of tax		(269)	(154)
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments[1]		(134)	(45)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	6.3	13	4
Remeasurement gain/(loss) on defined benefit plans	2.8, 5.4	140	170
Net other comprehensive income/(loss) that will not be reclassified to statement of income in subsequent periods, net of tax		19	129
Reclassification adjustments of the period		9	–
Total other comprehensive income, net of tax		(242)	(25)
Total comprehensive income, net of tax		2,540	359
Total comprehensive income attributable to			
Shareholders of the parent		2,538	425
Non-controlling interests	5.2	2	(66)
Total		2,540	359

[1] Currency translation adjustments that will not be reclassified to statement of income are related to entities with functional currency NOK as these are not classified as "foreign operations" to Yara International ASA.

Consolidated statement of changes in equity

USD millions	Notes	Share Capital[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 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
Net income		–	–	–	–	–	–	–	2,777	–	2,777	5	2,782
Total other comprehensive income, net of tax		–	–	(330)	13	–	(70)	(379)	140	8	(239)	(3)	(242)
Total comprehensive income		–	–	(330)	13	–	(70)	(379)	2,917	8	2,538	2	2,540
Dividends distributed	5.1	–	–	–	–	–	–	–	(1,055)	–	(1,055)	(1)	(1,056)
Balance at 31 December 2022		63	(49)	(1,901)	10	(2)	(278)	(2,172)	10,745	–	8,587	13	8,600

1) Par value 1.70.
2) As approved by General Meeting 7 May 2020.
3) As approved by General Meeting 6 May 2021.
4) See note 6.3 Financial instruments.

Consolidated statement of financial position

USD millions	Notes	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Deferred tax assets	2.8	449	504
Goodwill	4.2	754	789
Intangible assets other than goodwill	4.2	112	132
Property, plant and equipment	4.1	6,970	7,133
Right-of-use assets	4.5	403	421
Associated companies and joint ventures	4.3	147	120
Other non-current financial assets	4.6	93	70
Other non-current non-financial assets	4.6	434	405
Total non-current assets		9,363	9,574
Current assets			
Inventories	3.1	4,365	4,003
Trade receivables	3.2	2,305	2,138
Other current financial assets	3.3	274	225
Prepaid expenses and other current non-financial assets	3.3	657	483
Cash and cash equivalents	3.4	1,010	394
Non-current assets or disposal group classified as held-for-sale	7.1	9	454
Total current assets		8,620	7,698
Total assets		17,982	17,272

USD millions	Notes	31 Dec 2022	31 Dec 2021
Equity and liabilities			
Equity			
Share capital reduced for treasury stock	5.1	63	63
Premium paid-in capital		(49)	(49)
Total paid-in capital		14	14
Other reserves		(2,172)	(1,793)
Retained earnings		10,745	8,883
Total equity attributable to shareholders of the parent		8,587	7,104
Non-controlling interests	5.2	13	13
Total equity		8,600	7,116
Non-current liabilities			
Employee benefits	5.4	293	399
Deferred tax liabilities	2.8	473	443
Long-term interest-bearing debt	5.3	3,597	3,089
Other non-current financial liabilities	6.3	151	72
Other non-current non-financial liabilities		7	6
Long-term provisions	5.6	231	283
Long-term lease liabilities	4.5	292	321
Total non-current liabilities		5,043	4,612

USD millions, except for share information.	Notes	31 Dec 2022	31 Dec 2021
Current liabilities			
Trade and other payables	5.5	2,549	3,188
Prepayments from customers	2.1	620	634
Current tax liabilities	2.8	288	166
Short-term provisions	5.6	92	74
Other current financial liabilities	6.3	407	521
Other current non-financial liabilities		52	28
Short-term interest-bearing debt	5.3	157	337
Current portion of long-term debt	5.3	54	476
Short-term lease liabilities	4.5	118	104
Liability associated with non-current assets or disposed group classified as held-for-sale	7.1	1	17
Total current liabilities		4,338	5,544
Total equity and liabilities		17,982	17,272
Number of shares outstanding	5.1	254,725,627	254,725,627

The Board of Directors Yara International ASA,
Sumaré 23 March 2023

Trond Berger
Chair

Jannicke Hilland
Vice Chair

Eva S. Aspvik
Member of the Board

Rune A. Bratteberg
Member of the Board

Tove Feld
Member of the Board

Ragnhild F. Høimyr
Member of the Board

Geir O. Sundbø
Member of the Board

John Thuestad
Member of the Board

Svein Tore Holsether
President and CEO

Consolidated statement of cash flows

USD millions	Notes	2022	2021
Operating activities			
Net income/(loss) before taxes		3,639	739
Adjustments to reconcile net income/(loss) to net cash provided by operating activities			
Depreciation and amortization	4.1, 4.2, 4.5	964	984
Impairment loss	4.7	35	666
Write-down of inventory and trade receivables		113	23
(Gain)/loss on disposal of non-current assets	4.1, 4.2	34	9
Net foreign exchange loss		61	251
Adjustment for finance income and expense		153	100
Income taxes paid		(627)	(350)
Dividend from equity-accounted investees	4.3	8	8
Interest paid[1]		(236)	(166)
Interest received		103	68
Bank charges		(32)	(15)
Other		(18)	(68)
Working capital changes that provided/(used) cash			
Trade receivables		(299)	(743)
Inventories		(605)	(2,042)
Prepaid expenses and other current assets		(214)	(113)
Trade and other payables		(620)	1,669
Prepayments from customers		(6)	291
Other interest-free liabilities		(63)	95
Net cash provided by operating activities		2,391	1,406

USD millions	Notes	2022	2021
Investing activities			
Purchase of property, plant and equipment	4.1	(926)	(809)
Proceeds from sales of property, plant and equipment		16	15
Cash flows from losing control of subsidiaries or other businesses		456	–
Cash flows used in obtaining control of subsidiaries or other businesses		(29)	(43)
Net sale/(purchase) of short-term investments		–	(1)
Purchase of other long-term assets	4.2	(32)	(49)
Proceeds from sales of other long-term assets	4.3	6	14
Net cash provided by/(used in) investing activities		(509)	(874)
Financing activities			
Loan proceeds[2]	5.3	613	451
Principal payments[2]	5.3	(633)	(235)
Payments of lease liabilities	4.5	(149)	(142)
Purchase of treasury shares	5.1	–	(363)
Dividends	5.1	(1,054)	(1,214)
Other cash transfers (to)/from non-controlling interests	5.2	(1)	(1)
Net cash used in financing activities		(1,226)	(1,504)
Foreign currency effects on cash and cash equivalents		(42)	4
Net increase/(decrease) in cash and cash equivalents		614	(968)
Cash and cash equivalents at 1 January		397	1,365
Cash and cash equivalents at 31 December[3]	3.4	1,011	397
Bank deposits not available for the use of other group companies	3.4	102	44

[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 1 million (2021: USD 2.8 million). See note 3.4 Cash and cash equivalents 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 2022. 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, disposal group held for sale 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 targets
Yara announced the Group's climate targets 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 (scope 1 and 2) by 30 percent within 2030, and an ambition to be climate-neutral within 2050.

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 statements 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 statements 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 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 disposal 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 other than goodwill	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 and contingencies	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 following amendments to IFRS that are effective for accounting periods beginning on or after 1 January 2022:

- Amendments to IFRS 3 – Reference to the Conceptual Framework
  The amendments 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 prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- Amendments to IAS 37 – Costs of Fulfilling a Contract
  The amendments 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.

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 result of amendments effective for 2023. The impact of changes which are effective from 2024 and beyond are not yet assessed.

- 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 is effective for annual reporting periods beginning on or after 1 January 2023 and replaces IFRS 4 Insurance contracts. It establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. At the date of the Board approval of these consolidated financial statements, Yara has not identified a significant impact to the consolidated financial statements as result of implementation of IFRS 17. As a non-insurer, Yara does neither expect a significant impact in the future. With reference to the voluntary scope exceptions available within the Standard if certain conditions are met, Yara will apply IFRS 9 and IFRS 15 instead of IFRS 17 to the extent possible.

- 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 narrows 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.

- 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 2024. They specify the requirements for classifying liabilities as current or non-current.

1 Key sources of estimation uncertainty, judgments and assumptions

1.1 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.

1.2 Key sources of estimation uncertainty and assumptions

Inventory

Yara has significant carrying amounts related to inventory recognized in the consolidated statement of financial position. As some of Yara's products are traded in markets where there are limited observable market references available, estimates and assumptions are required in determining net realizable value. Management has used its best estimates in determining net realizable value for inventory. The carrying amount of inventory at 31 December 2022 is USD 4,365 million and write-down at year-end is USD 140 million. See note 3.1 Inventories for more information.

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 in the expected useful life and/or residual value 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 2022, mainly due to uncertain or adverse economic conditions in local markets. No facilities have been closed during 2022. On the other hand, Yara adapted to market conditions by curtailing the Group's European production capacity of ammonia and finished fertilizer. The curtailments were frequently adjusted during the year according to market conditions. Total impairment recognized on property, plant and equipment in 2022 is USD 35 million. Impairments recognized in prior periods have been evaluated for reversals. No reversals have been recognized in 2022. The carrying amount of property, plant and equipment at 31 December 2022 is USD 6,970 million. See note 4.1 Property, plant and equipment and 4.7 Impairment of non-current assets 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 2022 is USD 754 million and USD 112 million, respectively. Yara has not been recognized any impairment of goodwill or other intangible assets in 2022. Details of recognized goodwill are provided in note 4.2 and the impairment information, including sensitivity disclosures, is disclosed in note 4.7. Other intangible assets mainly comprise of software, customer relationships and patent and trademarks either identified as part of the purchase price allocation of new business combinations or internally developed. See note 4.2 Intangible assets and 4.7 Impairment of non-current assets for further details.

Tax assets and liabilities

Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether these assets should be recognized, taking into consideration that stronger evidence for utilization is required for entities with a history of recent tax losses. The carrying amounts of deferred tax assets and deferred tax liabilities at 31 December 2022 are USD 449 million and USD 473 million, respectively. The amount of unrecognized deferred tax assets is USD 392 million, of which USD 213 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 99 million of such tax credits which are classified as non-current assets. Unrecognized amounts of the same credits is 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 176 million of which USD 77 million is related to tax cases in Brazil. The estimated maximum exposure of USD 176 million excludes a separately disclosed case with the Dutch tax authorities. Further information is provided in note 5.6.

Yara has operations in multiple countries, each with its own taxation regime. Management is required to make judgments, estimates and assumptions in relation to tax treatments. In certain cases, it may be unclear how tax law applies to a particular transaction or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets 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. In case of uncertain tax treatments, Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

Pension liabilities
The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate and other key assumptions are determined locally for each individual pension plan, based on the economic environment in which the plan is established. Assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year. The carrying amount of the net pension and other long-term employee benefits liabilities at 31 December 2022 is USD 79 million. The gross pension and other long-term employee benefits liabilities have a carrying value of USD 1,632 million at the same date. Detailed information, including sensitivity disclosures, is provided in note 5.4.

1.3 Critical judgments in applying accounting policies

Classifications 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 has 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 Joint operations for further details on joint operations.

1.4 Other key factors

Climate change
Yara faces significant risks and opportunities linked to 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 including 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 targets with an intensity KPI of 10 percent reduction in CO_2e per tonne N within 2025, a KPI on reduction of absolute emissions (scope 1 and 2) by 30 percent within 2030, and an ambition to be climate-neutral within 2050. Yara is fully committed to reaching these goals and is working to embed climate risks and opportunities into all relevant key business processes such as business planning, business performance reviews and capital value processes. All targets are refined for annual periods, following the annual cycle of business planning and execution. In the short-term incentives structure for the Group Executive Board, planet-related indicators weigh 25 percent.

Yara's core industrial processes are production of nitrogen fertilizers and industrial chemicals. Natural gas is the main energy source and feedstock to the processes. The two main emission sources are CO_2 from both the feedstock and energy parts of natural gas in the ammonia process, and N_2O emissions from nitric acid production. To reduce GHG emissions Yara systematically assesses opportunities for improvements of these operations. The Group has set GHG reduction targets up to 2025 and 2030, and GHG reduction projects are expected to deliver decreases in future emissions.

Other potential implications to Yara linked to climate change mainly relate to the following:

- Current regulation
  Climate related policies and regulations develop unequally between markets which may impact the competitiveness of Yara's fertilizer production.

- Emerging regulation, new technology, changing markets
  Climate change leads to societal processes which may present both risks and opportunities within market preferences, legislation and technology.

- Reputation
  Yara's ability, real or perceived, to respond to national and regional climate policies and regulations can impact Yara's brand, reputation and relationship with current and future business partners, customers and consumers.

- Physical effects of climate change (acute and chronic)
  Yara's industrial setup includes a flexible structure of own-produced and third-party sourced ammonia for production of fertilizer. Significant capacity is therefore located in coastal areas which can be subject to acute and chronic weather-related risks including extreme weather conditions and natural

disasters. This may lead to disturbances in operations and the supply chain. Extreme weather conditions may also lead to changes in farming patterns.

Through 2021 and 2022, Yara analyzed risks and opportunities under different climate scenarios. The foundation for the exercise was three Representation Concentration Pathways (RCP's) from the Intergovernmental Panel on Climate Change (IPCC) fifth assessment: 1) the stringent mitigation scenario (RCP2.6), 2) an intermediate scenario (RCP4.5), and 3) the very high emissions scenario (RCP8.5). The scope of the analysis covered the whole value chain of Yara, including suppliers, logistics, own operations, and the agricultural and industrial markets. The outcomes were focused on impacts in 2030 and 2050, respectively. The TCFD categories of risks and opportunities were applied through the process. Transitional risks were defined as risks to Yara that arise from the transition to low-carbon and climate-resilient economies. Physical risks were defined as risks to the Group that arise from the physical effects of climate change. Yara considers the intermediate scenario to be most likely, followed by the stringent mitigation scenario, with the very high emissions scenario to be the least likely one. On this basis, the Group's current understanding of the main climate risks which may impact Yara's financial performance are the following:

- Emerging European regulation
  This refers mainly to the implementation of carbon pricing mechanisms and regulations to reduce emissions from fertilizer, as well as responses to emerging climate regulation globally.

- New competitors on ammonia
  This refers to a global risk of competition from new players establishing green ammonia production based on renewable energy.

- Physical effects of climate change
  This mainly refers to physical climate risk as result of extreme weather, flooding and water scarcity for production.

In a stringent mitigation scenario, transitional risk is considered to be higher, especially in terms of reputation and litigations. Physical effects of climate changes in this scenario are considered to be lower.

By 2030, Yara's operations, suppliers and farmer customers will almost certainly be significantly impacted by climate change in terms of more extreme weather. In a high emissions scenario, this impact will be even higher and more frequent. Consequences will be more severe. Transitional risk in this scenario is, however, considered to be lower.

As of year-end 2022, any current and future financial impact to Yara of climate risks and opportunities is highly uncertain. However, Yara will through 2023 work to further develop the Group's understanding of how risk exposure can develop under the different climate scenarios to confirm, quantify, and mitigate the identified risks. Among other things, Yara closely monitors the development of existing and emerging regulation and markets on a global basis. Yara has also initiated a second phase, in depth physical and transitional climate risk analysis which is expected to provide an even more granular and quantifiable understanding.

The impact of climate change to these consolidated financial statements is based on Yara's current understanding based on the status of work done so far, and refers to the following:

- Impairment of non-current assets and estimation of useful life
  The intermediate scenario (RCP4.5) is applied as basis for impairment-testing of non-current assets. However, specific risks in the other scenarios are considered if they are particularly relevant for the asset being tested. Emission reduction projects that have passed the final investment decision and reached the execution phase are included in future cash flow projections. Other, uncommitted projects are not included, but the terminal value is adjusted for higher capex if investments are likely to meet emission targets and/or new regulatory requirements. Due to emerging regulation in Europe, forecasted emission cost is one of the key assumptions in value-in-use calculation for plants in Europe.

  Yara has as of year-end 2022 not identified stranded assets or changes to useful life of significant assets. However, the initiated second phase of transitional and physical climate risk assessments of production assets may uncover conditions that are currently unknown. Yara may also make future, climate related, strategic decisions that potentially can change useful lives or trigger assets to become stranded.

  The Inflation Reduction Act (IRA) in the US, which was approved in 2022, is expected to create a decarbonization momentum and to make the US a highly attractive location for clean ammonia investments. The cost of producing blue ammonia in the US after the introduction of IRA will be significantly lower than in Europe, especially if Europe does not introduce additional incentives for its own industry. Given expected increased demand for blue ammonia in new segments like shipping, power generation and as energy carrier, combined with low visibility of future incentive schemes in Europe, it is too early to predict how potential new ammonia supply from the US may impact production assets in Europe. This recent development has therefore not been considered a separate indicator of impairment at year-end 2022. However, Yara will closely monitor the supply/demand balance and government incentives in Europe going forward. Yara's ammonia plants in Europe are mainly integrated with production of fertilizer and industrial products. Depending on the market fundamentals for ammonia in the future, it cannot be ruled out that a more liquid ammonia market with competitive supply from the US to Europe could lead to reduced useful life and/or impairments of production assets in Europe, in particular ammonia production assets. Importing ammonia to integrated production sites in Europe is technically possible and is already used as an optimization tool for some sites. However, the technical and business feasibility of increasing ammonia imports in future will vary from site to site. As of 31 December 2022, the carrying amount of Yara's ammonia production assets in Europe is USD 0.5 billion.

See note 4.7 Impairment of non-current assets and note 4.1 Property, plant and equipment for more information.

- Government grants
Yara was in 2021 awarded two grants by Enova SF, a Norwegian government enterprise responsible for promotion of environmentally friendly production and consumption of energy. The grants are awarded for feasibility studies and a demonstration project for production of ammonia and fertilizers based on renewable energy and hydrogen produced by water electrolysis. Yara has received a limited number of other less significant, climate related government grants. See note 4.1 Property, plant and equipment for more information.

- Intangible assets - Emission rights in Europe
Yara's European nitric acid and ammonia plants are covered by the European Union Emissions Trading Scheme (EU ETS), a European market mechanism that gives CO_2 a price and creates incentives to reduce emissions. EU ETS follows a "cap-and-trade" approach. This means that EU sets a cap on GHG emission each year, and companies need to hold an European Union Allowance (EUA) for every tonne of CO_2 they emit. Companies receive and/or buy these permits – and they can trade them. Depending on the sector, free allocations are based on activity level and benchmarking towards the best performing plants. Future reduction of free allocations is expected as part of implementation of new, emerging European regulation.

Yara receives free EUAs based on the Group's production of ammonia and nitric acid. These are used to settle the Group's liabilities arising from GHG emissions in Europe. Yara is currently in a net positive position. This has also been the situation historically. The surplus balance as of 31 December 2022 is significant and is currently held to cover an expected deficit in future years.

EUAs received are initially recognized as intangible assets at nil value (nominal value) and Yara has not been engaged in external trading activities. As a result, Yara's emission rights under EU ETS have had no impact on the consolidated statement of income and financial position of the periods presented. A provision will be recognized once the level of emissions exceeds the level of allowances granted.

- Environmental and decommissioning obligations
See note 5.6 Provisions and contingencies for information on provisions as a result of environmental and decommissioning obligations.

- Financial instruments
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 GHG emissions per tonne of fertilizer produced (tCO_2eq/tN) by 2025, refer to Yara's climate targets. The credit facility is undrawn and has consequently had no material financial effect in 2022.

In July 2022 the "Yara Green Financing Framework" was launched. Yara has established this Framework as an overarching platform under which the Group intends to issue Green Financing Instruments where the proceeds will be exclusively allocated to finance and/or refinance Eligible Green Projects as defined in this Framework. It is aligned with market best practices outlined by the International Capital Market Association ("ICMA") 2021 Green Bond Principles and the Loan Market Association ("LMA") 2021 Green Loan Principles. It includes components as use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. The Framework is available at Yara's website.

In November 2022, Yara announced an offering of USD 600 million 7.378 percent Green Notes due 2032. In accordance with Yara Green Financing Framework, an amount equivalent to the net proceeds from this offering is intended to be allocated to finance, or refinance, in whole or in part, new or existing green investments or assets. See note 5.3 Interest-bearing debt for more information on interest-bearing debt.

Price volatility and the war in Ukraine

Import restrictions, as well as several rounds of new sanctions, have been presented by the EU, UK, US and other countries following Russia's invasion of Ukraine. This has restricted, and will likely continue to restrict, trade with Russian and Belarusian counterparties, both due to sanctions imposed on entities and individuals, and due to banking and logistical challenges.

Yara has historically sourced phosphate, potash and ammonia from Russia, in addition to significant volumes of natural gas for its production in Europe. Yara has stopped all sourcing from suppliers which are prohibited by sanctions in certain jurisdictions, and is utilizing its global sourcing, production and distribution capabilities with the objective to keep supplying customers and secure continuity in food supply chains.

To cater for the reduced volumes of ammonia from Russian producers, Yara has replaced these volumes by sourcing ammonia from other producers, including producers in the Middle East, North Africa, North America and the Caribbean.

In 2022 Yara adapted to market conditions by curtailing the Group's European production of ammonia and finished fertilizer. The curtailments were frequently adjusted during the year according to market conditions.

For phosphates and potash Yara has increased sourcing from existing suppliers outside Russia/Belarus and entered into contracts with new suppliers, which has secured supplies to our production system for 2022. There has been no material impact on Yara's production volumes so far due to lack of raw materials. There can be no assurance, however, that Yara will be able to continue to do so in the future, and as a result there could be a reduction in volumes sourced by Yara.

Accounts payables to companies linked to Russian sanctioned individuals amount to USD 221 million as of 31 December 2022.

The amount is adjusted based on foreign currency rates at the balance sheet date. These payables are related to goods received before sanctions were implemented and are presented on the line "Trade and other current payables" in the statement of financial position. All were overdue as of 31 December 2022. Future settlements are dependent on the development in sanction regulations, so the timing of cash outflow is uncertain.

Yara, together with its advisors, are constantly reviewing the scope of the sanctions to ensure that the Group operates in accordance with relevant government regulation and contractual commitments. As the sanction regulations are complex and the assessments of the related impact on each business partner depend on several judgements, there is some uncertainty when drawing conclusions. The suppliers' assessments of the sanction regulation and the related impact on contractual commitments may differ from Yara's conclusions, and Yara has received contractual demands from suppliers that are linked to Russian sanctioned individuals, see note 5.6 Provisions and contingencies.

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 input.

Covid-19

Yara has not experienced any major disruptions to its operations or experienced significant financial effects due to Covid-19.

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. Discounts 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, 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 environmental solutions technology offerings 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
2022				
Europe	5,547	122	60	5,729
Americas	8,292	171	28	8,492
Africa & Asia	3,126	57	5	3,188
Global Plants & Operational Excellence	28	–	49	77
Clean Ammonia	1,875	64	7	1,946
Industrial Solutions	4,167	189	59	4,415
Other and Eliminations	4	–	51	55
Total	23,039	604	258	23,902
2021 Restated[1)]				
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	47	2,481
Other and Eliminations	4	–	62	67
Total	15,876	526	215	16,617

1) The comparative segment figures for 2021 have been restated due to a change in the structure of Yara's internal organization. The change impacts Yara Industrial Solutions and Other and Eliminations.

Disaggregation of external revenues by product group

USD millions	2022	2021
Ammonia	2,756	1,618
Urea	5,434	3,794
Nitrate	4,200	2,500
NPK	7,010	5,210
CN	1,037	704
UAN	630	392
SSP	117	101
DAP/MAP	272	284
MOP/SOP	753	590
Other fertilizer and chemical products	1,436	1,206
Other products and services	258	215
Total revenues	23,902	16,617

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
2022							
Europe	5,589	5	22	16	16	81	5,729
Americas	2	4,910	1,607	1,972	–	–	8,492
Africa & Asia	–	–	–	–	2,155	1,033	3,188
Global Plants & Operational Excellence	76	–	–	–	–	–	77
Clean Ammonia	–	391	42	818	696	–	1,946
Industrial Solutions	2,732	815	253	164	122	329	4,415
Other and Eliminations	30	–	–	3	21	–	55
Total	8,431	6,120	1,924	2,974	3,009	1,443	23,902
2021 Restated[2)]							
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	1,397	546	141	121	87	188	2,481
Other and Eliminations	41	–	–	1	24	–	67
Total	5,247	4,553	1,467	2,080	2,295	973	16,617

1) Figures are based on customer location.
2) The comparative segment figures for 2021 have been restated due to a change in the structure of Yara's internal organization. The change impacts Yara Industrial Solutions and Other and Eliminations.

Revenues from external customers of an amount of USD 457 million (2021: USD 291 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 environmental solutions technology offerings 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 environmental solutions technology offerings.

Unsatisfied performance obligations refer mainly to environmental solutions deliveries. 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	2022	2021
Contract assets		
Balance at 1 January	4	26
Transferred to receivables in the period	(2)	(22)
Increase due to measure of progress in the period	4	1
Currency translation effect	–	(1)
Balance at 31 December	5	4
Contract liabilities		
Balance at 1 January	634	372
Share of opening balance recognized as revenue in the period	(619)	(354)
Cash received not recognized as revenue in the period[1]	606	616
Currency translation effect	(2)	(1)
Balance at 31 December	620	634
Unsatisfied performance obligations		
Initial contract price on signed contracts	169	149
Aggregate contract revenue incurred to date[2]	(115)	(106)
Transaction price allocated to unsatisfied performance obligations	53	44
Unsatisfied performance obligations to be recognized within		
1 year	48	9
2-3 years	5	34
Transaction price allocated to unsatisfied performance obligations	53	44

[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 an ongoing 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 is considered a 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	2022	2021
Other income and commodity derivative gain/(loss)			
Sale of white certificates		5	13
Insurance and other compensations		33	14
Supplier settlement		–	37
Commodity-based derivatives gain/(loss)	6.3	94	(90)
Gain on sale of non-current assets		4	–
Other		14	16
Total		150	(9)

2.3 Segment information

Yara's operations comprise of the following operating segments as of year-end 2022:

Europe
Americas
Africa & Asia
Global Plants & Operational Excellence
Clean Ammonia
Industrial 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.

The operating segments presented are the key components of Yara's business as of year-end 2022 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 nine fertilizer plants, 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 supplies customers through more than 100 terminals and warehouses (owned and leased) and has a 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 and from time to time also exports some smaller ammonia volumes.

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 and Sumaré.

Operating results in Yara Americas are largely driven by Yara's ability to commercialize crop nutrition solutions based on European produced premium fertilizers at value-added margins, as well as the marketing of own-produced products in the region. Other 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 the 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 the crop nutrition distribution business, the fertilizer production comprises of 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 sales and logistics 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 Revenue from contracts with customers.

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. In addition, the segment 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 arm's length 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 sales and logistics 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 high production capacity utilization. Besides significant intra-group purchases and sales, Yara Clean Ammonia 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, 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 owned and time-chartered vessels.

The segment was established to capture growth opportunities within carbon-free food solutions, shipping fuel, power 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, a 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 four commercial units: Transport Reagents, Mining Applications, Base Chemicals and Industrial Nitrates. 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 of cross-segment eliminations which to a large extent refer to elimination of internal profit on inventory. In addition, it comprises corporate costs which are not allocated to operating segments. Fluctuations in EBITDA refer to volumes in stock and internal margins on these volumes based on the arms length's principle. Increase in EBITDA in Other and eliminations refers to lower volumes in stock and vice versa. An increase in EBITDA may also be explained by lower internal margins on volumes in stock. In both situations the internal eliminations will be less significant.

Yara Marine Technology activities have been moved from Industrial Solutions to Other and Eliminations from 2022. The comparative segment figures for 2021 have been restated accordingly. The Yara Group figures are unchanged.

Consolidated statement of income

USD millions, except percentages	2022	2021 Restated[1]
External revenue from contract with customers		
Europe	5,729	3,885
Americas	8,492	6,587
Africa & Asia	3,188	2,384
Global Plants & Operational Excellence	77	51
Clean Ammonia	1,946	1,162
Industrial Solutions	4,415	2,481
Other and Eliminations	55	67
Total	23,902	16,617
Internal revenue		
Europe	1,390	936
Americas	1,240	628
Africa & Asia	976	847
Global Plants & Operational Excellence	4,277	2,771
Clean Ammonia	2,481	1,155
Industrial Solutions	517	270
Other and Eliminations	(10,883)	(6,607)
Total	–	–

USD millions, except percentages	2022	2021 Restated[1]
Total revenue		
Europe	7,119	4,822
Americas	9,732	7,215
Africa & Asia	4,165	3,231
Global Plants & Operational Excellence	4,354	2,822
Clean Ammonia	4,428	2,317
Industrial Solutions	4,932	2,751
Other and Eliminations	(10,828)	(6,540)
Total	23,902	16,617
Operating income[2]		
Europe	953	394
Americas	1,486	303
Africa & Asia	550	92
Global Plants & Operational Excellence	206	125
Clean Ammonia	197	93
Industrial Solutions	509	170
Other and Eliminations	(74)	(109)
Total	3,827	1,068

USD millions, except percentages	2022	2021 Restated[1]
EBITDA[2]		
Europe	1,226	664
Americas	1,852	991
Africa & Asia	659	248
Global Plants & Operational Excellence	396	570
Clean Ammonia	249	131
Industrial Solutions	642	288
Other and Eliminations	(65)	(88)
Total	4,959	2,804
ROIC (12-month rolling average)[2]		
Yara[3]	25.7%	7.9%
Europe	24.7%	12.2%
Americas	28.1%	7.3%
Africa & Asia	20.5%	3.9%
Global Plants & Operational Excellence	14.3%	5.8%
Clean Ammonia	33.1%	18.8%
Industrial Solutions	28.6%	12.0%

USD millions, except percentages	2022	2021 Restated[1]
Net operating profit after tax (NOPAT)[2]		
Europe	722	302
Americas	1,185	288
Africa & Asia	419	74
Global Plants & Operational Excellence	155	94
Clean Ammonia	148	70
Industrial Solutions	396	136
Other and Eliminations	(43)	(62)
Yara[3]	2,981	903
Invested capital[2]		
Yara[3]	11,602	11,363
Europe	2,923	2,486
Americas	4,214	3,954
Africa & Asia	2,040	1,910
Global Plants & Operational Excellence	1,081	1,623
Clean Ammonia	446	370
Industrial Solutions	1,385	1,136

1) The comparative segment figures for 2021 have been restated due to a change in the structure of Yara's internal organization. The change impacts Yara Industrial Solutions and Other and Eliminations.
2) See "Alternative performance measures" section for reconciliation of alternative performance measures in the Yara Group. ROIC, NOPAT and Invested Capital are calculated on a 12-month rolling average basis.
3) A normalized operating cash requirement is employed in the ROIC calculation for Yara, but not for the segments. This effect explains the variance in ROIC between Yara and the segments. See "Alternative performance measures" section for more information.

Reconciliation of operating income to EBITDA

USD millions	Operating Income	Equity-accounted investees	Interest income and other financial income	Depreciation and amortization	Impairment loss	EBITDA
2022						
Europe	953	5	4	251	13	1,226
Americas	1,486	9	91	251	15	1,852
Africa & Asia	550	–	3	104	2	659
Global Plants & Operational Excellence	206	–	–	186	4	396
Clean Ammonia	197	–	–	51	2	249
Industrial Solutions	509	10	3	119	–	642
Other and Eliminations	(74)	–	6	2	–	(65)
Total	3,827	25	108	964	35	4,959
2021 Restated[1)]						
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	170	3	2	110	3	288
Other and Eliminations	(109)	–	4	16	2	(88)
Total	1,068	23	64	984	666	2,804

1) The comparative segment figures for 2021 have been restated due to a change in the structure of Yara's internal organization. The change impacts Yara Industrial Solutions and Other and Eliminations.

Consolidated statement of financial position

USD millions	2022	2021 Restated[1]
Total assets[2]		
Europe	4,383	3,713
Americas	5,401	6,108
Africa & Asia	2,730	2,653
Global Plants & Operational Excellence	2,145	2,147
Clean Ammonia	881	742
Industrial Solutions	2,024	1,830
Other and Eliminations	418	80
Total	17,982	17,272
Current assets[2]		
Europe	2,335	1,722
Americas	2,748	3,373
Africa & Asia	1,464	1,220
Global Plants & Operational Excellence	610	616
Clean Ammonia	555	434
Industrial Solutions	1,101	935
Other and Eliminations	(193)	(601)
Total	8,620	7,698
Non-current assets[2]		
Europe	2,048	1,990
Americas	2,653	2,735
Africa & Asia	1,266	1,433
Global Plants & Operational Excellence	1,535	1,531
Clean Ammonia	326	308
Industrial Solutions	923	895
Other and Eliminations[3]	612	681
Total	9,363	9,574

USD millions	2022	2021 Restated[1]
Associated companies and joint ventures		
Europe	21	20
Americas	77	62
Global Plants & Operational Excellence	2	2
Industrial Solutions	52	41
Other and Eliminations	(5)	(5)
Total	147	120
Investments[4]		
Europe	352	302
Americas	238	174
Africa & Asia	15	(1)
Global Plants & Operational Excellence	225	191
Clean Ammonia	22	9
Industrial Solutions	164	153
Other and Eliminations	26	26
Total	1,042	854

1) The comparative segment figures for 2021 have been restated due to a change in the structure of Yara's internal organization. The change impacts Yara Industrial Solutions and Other and Eliminations.
2) Assets exclude internal cash accounts and accounts receivable related to group relief.
3) Figure includes deferred tax asset balance for whole of Yara.
4) Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments. The figures presented are capitalized amounts and may deviate from cash flow from investing activities due to timing of cash outflows.

Non-current assets for all segments by geographical location

USD millions	2022	2021
Non-current assets[1]		
Europe	4,402	4,533
Brazil	1,009	871
Latin America ex. Brazil	289	306
Asia	1,250	1,402
North America	1,501	1,614
Africa	50	56
Total	8,501	8,782

[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 1,023 million (2021: USD 1,127 million) are attributed to Norway (Yara's country of domicile).

Information related to disaggregation of external revenues by geographical area, nature and product group can be found in note 2.1 Revenue from contracts with customers.

2.4 Raw materials, energy costs and freight expenses

USD millions	2022	2021
Raw materials, energy costs and freight expenses		
Raw material and energy costs	(14,926)	(9,937)
Freight expense	(1,013)	(1,124)
Other production related costs	(2,138)	(1,742)
Total	(18,078)	(12,803)

2.5 Payroll and related costs

USD millions	Notes	2022	2021
Payroll and related costs			
Salaries	8.2	(1,031)	(1,020)
Social security costs	8.2	(157)	(157)
Social benefits	8.2	(7)	(8)
Net periodic pension cost	5.4, 8.2	(88)	(86)
Total		(1,284)	(1,270)

2.6 Other operating expenses

USD millions	Notes	2022	2021
Other operating expenses			
Selling and administrative expense		(307)	(273)
Advertising expense		(34)	(33)
Travel expense		(41)	(17)
Fees auditors, lawyers, consultants	8.3	(112)	(108)
Other expenses		(81)	(47)
Total		(575)	(479)
Research costs	4.2	(95)	(94)

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	2022	2021
Net interest income on customer credits		78	54
Interest income, other		33	10
Dividends and net gain/(loss) on securities		(3)	–
Interest income and other financial income		108	64
Foreign currency exchange gain/(loss)	6.1	(61)	(251)
Interest expense		(214)	(132)
Interest expense on lease liabilities	4.5	(16)	(14)
Capitalized interest	4.1	2	8
Net interest on net long-term employee benefit obligations	5.4	(3)	(5)
Other financial expense		(30)	(21)
Interest expense and other financial items		(260)	(164)
Net financial income/(expense)		(214)	(351)

The foreign currency translation loss this year of USD 61 million comprised a loss of USD 281 million on US dollar denominated debt positions and a gain of USD 220 million on internal positions in other currencies than USD. In 2021, the losses on US dollar denominated debt positions and the internal positions in other currencies than USD were USD 100 million and USD 151 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 transaction or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets or liabilities. When assessing whether uncertainty over tax treatments exists Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

The major components of income tax expense for the year ended 31 December:

USD millions	2022	2021
Consolidated statement of income		
Current taxes		
Current year	(696)	(328)
Prior year adjustment	(5)	(9)
Total	(701)	(337)
Deferred taxes		
Deferred tax income/(expense) recognized in the current year	(248)	185
Adjustments to deferred tax attributable to changes in tax rates and laws	(6)	(14)
(Write-downs)/reversal of previous write-downs of deferred tax assets	98	(190)
Total	(156)	(18)
Total tax income/(expense) recognized in statement of consolidated income	(857)	(355)
Other comprehensive income		
Current tax		
Hedge of net investment	18	6
Total current tax	18	6
Deferred tax		
Pensions	(42)	(55)
Available-for-sale financial assets	2	–
Total	(41)	(55)
Total tax income/(expense) recognized directly in other comprehensive income	(22)	(48)
Total tax income/(expense) recognized in comprehensive income	(879)	(404)

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	2022	2022	2021	2021
Income before tax		3,639		739
Expected income taxes at statutory tax rate[1]	22.0%	(800)	22.0%	(163)
Tax law changes	0.2%	(6)	1.2%	(9)
Foreign tax rate differences	2.1%	(76)	2.3%	(17)
Unused tax losses and tax offsets not recognized as deferred tax assets	0.5%	(20)	19.9%	(147)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(1.7%)	61	(1.9%)	14
Non-deductible expenses	0.4%	(16)	2.1%	(15)
Share of net income equity-accounted investees	(0.1%)	4	(0.1%)	1
Tax free income miscellaneous	(0.6%)	21	(3.7%)	27
Prior year adjustment	0.1%	(5)	1.2%	(9)
Withholding tax	0.6%	(22)	1.6%	(12)
Other, net	(0.1%)	4	3.5%	(26)
Total income tax income/(expense)		(857)		(355)
Effective tax rate		23.5%		48.0%

[1] Calculated as Norwegian nominal statutory tax rate of 22 percent (2021: 22 percent) applied to income before tax.

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.

2022

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	3	–	–	–	(3)	6
Property, plant and equipment	(233)	(103)	2	–	–	31	(303)
Pensions	58	5	–	(42)	–	(5)	16
Equity securities available-for-sale	–	–	–	2	–	–	2
Other non-current assets	(114)	(82)	1	–	–	18	(175)
Other non-current liabilities and accruals	115	63	–	–	–	(9)	169
Total	(168)	(114)	2	(41)	–	34	(286)
Current items							
Inventory valuation	71	–	(5)	–	–	1	67
Accrued expenses	58	41	(1)	–	–	(2)	96
Assets classified as held for sale	2	(2)	–	–	–	–	–
Total	132	39	(6)	–	–	(1)	163
Tax loss carry forwards	573	(170)	(4)	–	–	91	491
Unused tax credits	4	(4)	–	–	–	–	–
Unrecognized tax assets for tax losses and temporary differences	(480)	98	1	–	–	(9)	(392)
Net deferred tax asset/(liability)	61	(150)	(6)	(41)	–	113	(23)

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
Unrecognized tax assets for tax losses and temporary differences	(312)	(190)	–	–	–	21	(480)
Net deferred tax asset/(liability)	97	(4)	(14)	(55)	(1)	38	61

Unrecognized deferred tax assets

USD millions	2022	2021
Unrecognized deferred tax assets are attributable to the following		
Tax losses	304	314
Deductible temporary differences	88	167
Total	392	480

Unrecognized tax losses in Brazil amount to USD 213 million in 2022 (2021: USD 160 million). Utilization of the tax loss carry forwards in Brazil is without time limitation and restricted to 30 percent of taxable income each year.

Specification of expiration of tax loss carry forwards

USD millions	2022
2023	12
2024	4
2025	6
2026	4
2027	7
After 2027	24
Without expiration	1,680
Total tax loss carry forwards	1,736
Deferred tax effect of tax loss carry forwards	491
Unrecognized deferred tax assets for tax losses	(304)
Recognized in the statement of financial position	188

Yara's recognized tax loss carry forwards primarily relate to the business in Norway, 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	2022	2021
Deferred tax assets	449	504
Deferred tax liabilities	(473)	(443)
Net deferred tax asset/(liability)	(23)	61

Undistributed earnings of foreign subsidiaries and in foreign associates and joint arrangements is amounting to approximately USD 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 Provisions and contingencies.

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 is 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.

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 includes 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 2022

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
Finished goods	989	769	503	123	–	197	(168)	2,413
Work in progress	59	2	8	44	–	50	–	164
Raw materials	223	827	15	184	146	112	(14)	1,494
Spare parts	93	56	29	70	–	46	–	294
Total at 31 December 2022	1,365	1,654	555	421	146	405	(181)	4,365

Inventory stock 2021

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
Finished goods	606	622	473	165	–	165	(174)	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 at 31 December 2021	885	1,952	526	350	121	350	(181)	4,003

Write-down 2022

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Clean Ammonia	Industrial Solutions	Other and Eliminations	Total
Balance at 1 January	(11)	(48)	(7)	(4)	–	(5)	35	(42)
New write-downs recognized during the year	(59)	(124)	(39)	(81)	(25)	(36)	109	(255)
Write-downs reversed due to product sold	25	85	4	51	22	21	(113)	94
Write-downs reversed, other	8	29	23	1	–	3	–	63
Foreign currency translation gain/(loss)	–	(2)	1	1	–	–	–	–
Balance at 31 December	(37)	(61)	(19)	(33)	(4)	(18)	30	(140)

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)

No inventories were pledged as security at end of 2022 or 2021.

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 it is done on a geographical 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	2022	2021
Trade receivables[1]		2,407	2,229
Allowance for expected credit loss		(102)	(92)
Total	6.3	2,305	2,138

[1] Of the total balance of USD 2,407 million, about USD 1,125 million (2021: USD 1,069 million) refers to credit insured receivables.

Movement in allowance for expected credit loss

USD millions	Notes	2022	2021
Balance at 1 January		(92)	(94)
Lifetime expected credit losses recognized for existing business		(28)	(11)
Amounts written off as uncollectible		3	3
Lifetime expected credit losses reversed		14	6
Foreign currency translation		–	4
Balance at 31 December		(102)	(92)

Ageing analysis of trade receivables at 31 December

Gross trade receivables

USD millions	Total	Not past due gross trade receivables	Past due gross trade receivables < 30 days	30–90 days	91–180 days	> 180 days
2022	2,407	2,029	169	69	25	115
2021	2,229	1,922	141	42	13	111

Impairment of trade receivables

USD millions	Total	Impairment on not past due receivables	Impairment on past due receivables < 30 days	30–90 days	91–180 days	> 180 days
2022	(102)	(5)	(4)	(5)	(3)	(86)
2021	(92)	(5)	(3)	(2)	(2)	(80)

Net trade receivables

USD millions	Total	Neither past due nor impaired	Past due but not impaired < 30 days	30–90 days	91–180 days	> 180 days
2022	2,305	2,023	165	64	22	30
2021	2,138	1,917	138	41	12	31

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	2022	2021
Financial assets:			
Foreign exchange contracts	6.1	6	6
Receivables and deposits	6.3	265	215
Contracts assets	2.1	5	4
Expected credit loss on other current assets	6.3	(1)	(1)
Total financial instruments		274	225
Non-financial assets:			
VAT and sales-related taxes	4.6	288	222
Prepaid income taxes		92	84
Prepaid expenses		277	177
Total non-financial assets		657	483
Total	6.3	932	708

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	2022	2021
Cash and cash equivalents	6.3	1,010	394

Expected credit loss provision on bank deposits is USD 1 million (2021: USD 3 million).

External bank deposits that are not available for use by the group at 31 December 2022 have a carrying value of USD 102 million (2021: USD 44 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 3.2 percent as of 31 December 2022 (2021: 1.2 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 is 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 mining 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 financial statements when Yara has reasonable assurance that it will comply with conditions attached to them and the grants will be received. A government grant that compensates Yara for the cost of an asset is deducted from the carrying value of the asset, and is recognized in the statement of income on a systematic basis over the useful life of the asset as a reduction of depreciation expense. If the government grant refers to assets under construction, it is recognized as a reduction of depreciation expense once the asset is ready for use as intended by management and depreciations starts. If a government grant refers to research and development (R&D) which do not meet the criteria for capitalization, or it refers to self-constructed property, plant and equipment (PPE) which do not meet Yara's internal decision gates for capitalization, the government grant is recognized in the statement of income as reduction of the costs for which the grant is intended to compensate. Any portion of government grants received not yet earned is provided for and recognized as a liability.

2022

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
Cost								
Balance at 1 January	256	2,682	10,590	551	831	284	89	15,284
Addition at cost[1]	5	30	456	103	391	–	10	995
Derecognition	–	(17)	(130)	(67)	(25)	–	–	(239)
Transfers to asset held for sale	(1)	(15)	(17)	–	–	–	–	(34)
Other transfers[2]	–	97	169	23	(369)	23	57	–
Foreign currency translation	(5)	(88)	(578)	(26)	(27)	(2)	(4)	(731)
Balance at 31 December	254	2,689	10,491	584	801	305	152	15,277
Depreciation and impairment								
Balance at 1 January	(21)	(1,130)	(6,323)	(308)	(256)	(72)	(47)	(8,151)
Depreciation	(16)	(103)	(543)	(96)	–	(15)	–	(777)
Impairment loss[3]	–	(12)	(19)	(2)	(2)	–	–	(35)
Derecognition	–	12	116	67	–	–	–	195
Transfers to asset held for sale	–	21	15	–	–	–	–	37
Other transfers	–	(2)	11	(10)	–	–	–	–
Foreign currency translation	–	48	356	15	3	–	2	425
Balance at 31 December	(35)	(1,164)	(6,386)	(335)	(255)	(87)	(45)	(8,307)
Carrying value								
Balance at 1 January	235	1,552	4,267	243	576	212	48	7,133
Balance at 31 December	219	1,525	4,106	249	546	219	107	6,970
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 in "Building" includes USD 45 million reduction to decommissioning assets, mainly 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 2022

The largest additions to PP&E include projects related to nitric acid production in Sluiskil, sulfuric acid production in the Siilinjärvi plant and turnaround activities in Belle Plaine, Tertre, and plants in Finland and Brazil.

The largest transfer from assets under construction to other categories of PP&E refer to construction projects related to modernization of Cubatão plant in Brazil and the Yara Birkeland, an electric container ship.

Assets used as security

PP&E pledged as security was USD 17 million in 2022 (2021: USD 26 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 2022 (2021: USD 8 million).

In 2021, Yara was awarded two grants amounting to USD 0.9 million and USD 32.1 million by Enova SF, a Norwegian government enterprise responsible for promotion of environmentally friendly production and consumption of energy. The grants are awarded for feasibility studies and a demonstration project for production of ammonia and fertilizers based on renewable energy and hydrogen produced by water electrolysis. The USD 0.9 million received for the feasibility studies have been recognized as a reduction of other operating expenses in the statement of income in 2021. The additional USD 32.1 million for the actual demonstration project is conditional on approval by the EFTA Surveillance Authority (ESA) which is expected in 2023.

Borrowing costs

The amount of borrowing cost capitalized amounted to USD 2 million in 2022 (2021: USD 8 million). The average rate for the borrowing cost capitalized was 3.4 percent in 2022 (2021: 3.2 percent).

Contractual commitments

Please find information on contractual obligations on PP&E in note 4.8 Committed future investments.

2021

USD millions, except percentages	Land	Buildings	Machinery and equipment	Capitalized maintenance	Asset under construction	Vessels	Other	Total
Cost								
Balance at 1 January	280	2,680	10,863	540	1,600	280	97	16,340
Additions 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)	(256)	(72)	(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	576	212	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, which is netted off to 0 at total.
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.

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.

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) or group of 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 service contracts providing the Group with the right to access the cloud provider's application software over the contract period. They 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. Consequently, costs incurred to configure or customize, and the ongoing fees to obtain access to the cloud provider's application software, are recognized as operating expenses when the services are received. 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.

Yara receives free European Union Allowances (EUA) under the European Union Emissions Trading Scheme (EU ETS), a European market mechanism that gives CO_2 a price and creates incentives to reduce emissions. The EUA received are initially recognized as intangible assets at nil value (nominal value) and is used to settle the Group's liabilities arising from GHG emissions of this production of ammonia and nitric acid in Europe. Yara is currently in a net positive situation. This has also been the situation historically. A provision will be recognized once the level of emissions exceeds the level of allowances granted. Yara has not engaged in trading activities.

2022

USD million, except percentages	Goodwill	Software	Other intangibles[1]	Total
Cost				
Balance at 1 January	862	182	376	1,420
Addition at cost	–	7	14	21
Derecognition	(33)	–	(1)	(34)
Other transfers	–	9	(9)	–
Foreign currency translation	(34)	(14)	(17)	(65)
Balance at 31 December	795	184	364	1,343
Amortization and impairment				
Balance at 1 January	(73)	(136)	(289)	(499)
Amortization	–	(20)	(14)	(34)
Derecognition	33	–	-	34
Foreign currency translation	(1)	11	12	22
Balance at 31 December	(41)	(145)	(291)	(477)
Carrying value				
Balance at 1 January	789	45	87	921
Balance at 31 December	754	39	73	867
Useful life in years	Indefinite	3–5	5–40	–
Amortization rate		20–35%	3–35%	–

1) Other intangibles comprise mainly customer relationships, patents and trademarks, and intangible assets arising from development.

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 comprise mainly customer relationships, patents and trademarks, and intangible assets arising from development.
2) For further information, see note 4.7 Impairment of non-current assets.

Expenditures on research and development activities

Expenditures on research and development activities are expensed in the period of the amount of USD 95 million (USD 94 million in 2021).

Assets used as security

No intangible assets were pledged as security in 2022 and 2021. See note 5.8 Secured debt and guarantees for more information.

4.3 Associated companies and joint ventures

Overview

Yara has a number of investments classified as associated companies and joint ventures, but none of these are individually significant. The investments are mainly in sales and marketing entities in the operating segments Americas and Industrial Solutions.

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 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.

2022

			Yara's share of						
USD millions	Balance at 1 January	Investments / (sale, and asset held-for-sale), net and long-term loans	Net income/ (loss)	Other comprehensive income/(loss)	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	33	18	6	–	6	–	(2)	(3)	53
Joint ventures	87	–	19	–	19	–	(6)	(5)	94
Total	120	18	25	–	25	–	(8)	(8)	147

2021

			Yara's share of						
USD millions	Balance at 1 January	Investments / (sale, and asset held-for-sale), net and long-term loans	Net income/ (loss)	Other comprehensive income/(loss)	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

Due to it being impractical to obtain financial reports within the same reporting date as Yara, 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 12 million (2021: USD 16 million). As of 31 December 2022, Yara had net current receivables towards investees of USD 4 million (2021: USD 3 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 supplies the mining operations in the region. The company is 50 percent owned by Yara and 50 percent by Orica.

Trinidad Nitrogen Co. Ltd. (Tringen)

Tringen owns an ammonia complex consisting of two separate ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition, Yara provides marketing support. 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 percent owned by Yara and 32 percent 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 2022				31 December 2021			
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	48	–	–	48	40	–	–	40
Property, plant and equipment	307	71	235	612	330	68	251	649
Right-of-use asset	7	–	4	11	6	–	4	10
Other non-current assets	–	3	1	4	–	7	1	8
Total non-current assets	362	74	240	676	376	75	256	707
Inventories	7	29	2	38	5	20	3	28
External trade receivables	16	–	–	16	8	–	–	8
Internal trade receivables	–	26	14	41	–	30	17	47
Prepaid expenses and other current assets	1	13	2	16	9	11	1	21
Cash and cash equivalents	2	60	25	87	–	28	11	40
Total current assets	26	129	43	198	23	89	32	144
Total assets	388	203	283	874	399	164	288	851
Total equity	219	156	266	642	132	115	268	514
Liabilities								
Employee benefits	–	10	–	10	–	8	–	8
Deferred tax liabilities	–	7	–	7	–	6	–	6
Long-term provisions	17	–	–	17	31	–	–	31
External long-term interest-bearing debt	6	–	3	10	6	–	3	9
Internal long-term interest-bearing debt	129	–	–	129	188	–	–	188
Total non-current liabilities	152	16	3	172	225	14	3	242
External trade and other payables	3	24	11	37	6	26	14	46
Internal trade and other payables	12	–	–	12	9	–	–	9
Current tax liabilities	–	5	–	5	–	1	–	1
Short-term provisions	1	–	–	1	1	–	–	1
Other short-term liabilities	–	2	3	5	26	1	3	30
Bank loans and other short-term interest-bearing debt	–	–	–	–	–	7	–	7
Total current liabilities	16	30	13	59	42	36	17	94
Total equity and liabilities	388	203	283	874	399	164	288	851

Income statement	2022				2021			
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	95	379	230	703	67	241	181	489
Operating costs and expenses	(92)	(216)	(221)	(529)	(120)[1]	(142)	(169)	(432)
Operating income/(loss)	3	162	9	174	(53)	100	12	58
Income before tax	(6)	165	9	168	(57)	98	11	53
Income tax expense	1	(59)	–	(58)	14	(30)	–	(17)
Net income	(5)	106	9	110	(44)	68	11	36

[1] Includes an impairment loss of USD 44 million. Refer to note 4.7 Impairment of 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 short-term leases, low value assets and variable amounts not included in the measurement of the lease liability shall be classified within operating activities. Yara also classifies 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 judgement may be needed.

Yara discounts the lease liability by using incremental borrowing rates. However, the interest rate implicit in the lease may be used for selected lease arrangements which are material on Group level and if the rate can be readily determined. The incremental borrowing rates are updated on a quarterly basis and are determined for all relevant currencies and lease terms taking into account the risk-free rate, Yara's credit risk premium, local unit risk premium above Yara country risk premium and asset risk premium. Updated incremental borrowing rates are applied to new lease arrangements recognized during that quarter, as well as for modifications of existing leases.

Right-of-use assets

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
Carrying value							
Balance ROU assets at 1 January 2021	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
Additions and lease modifications	10	46	19	34	23	24	156
Depreciation	(8)	(38)	(22)	(39)	(23)	(22)	(153)
Foreign currency translation gain/(loss)	(6)	–	(5)	(4)	(2)	(3)	(21)
Balance at 31 December 2022	112	40	73	78	41	60	403

Lease liabilities

USD millions	Long-term	Short-term	Total
Carrying value			
Balance lease obligations at 1 January 2021	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
Additions and lease modifications	157	(2)	155
Reclassification to short-term	(170)	169	–
Lease payments	–	(149)	(149)
Foreign currency translation gain/(loss)	(16)	(4)	(21)
Balance at 31 December 2022	292	118	410

Interest expense on lease liabilities in the period amounts to USD 16 million (2021: USD 14 million).

Leases not yet commenced to which Yara was committed as of 31 December 2022, amounted to a discounted value of USD 59 million (2021: USD 39 million). The amount includes an estimated commitment of USD 16 million for a facility under construction, for which the fees payable will be variable but Yara will be committed to offtake the entire output of the facility.

There are no material restrictions or covenants imposed by leases.

Maturity analysis of contractual undiscounted cash flows

USD millions	2022
2023	134
2024	78
2025	49
2026	35
2027	24
Thereafter	247
Total undiscounted lease liabilities at 31 December 2022	568

Leases expensed in the period

USD millions	2022	2021
Expenses relating to variable fee leases not included in the measurement of lease liabilities	26	25
Expenses relating to short-term leases	30	29
Expenses relating to leased assets of low value, excluding short-term leases	1	3
Total leases expensed	57	57

Cash outflows in the period

USD millions	2022	2021
Principal payments on recognized lease liabilities	149	142
Interest payments on recognized lease liabilities	15	15
Payments on leases expensed in the period	57	57
Total cash outflows for leases	221	214

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	2022	2021
Financial assets			
Equity instruments	6.1, 6.3	54	34
Embedded derivatives in commodity contracts	6.3	7	6
Cross currency and interest rate swaps	6.3	11	–
Receivables and deposits	6.3	22	31
Expected credit loss on long-term loans and receivables	6.3	(1)	(1)
Total financial assets		93	70
Non-financial assets			
Surplus on funded defined benefit plans	5.4	215	127
Prepayment for property, plant and equipment		33	29
Other non-financial assets		19	77
Tax and VAT receivables		168	173
Total non-financial assets		434	405
Total		526	476

Long-term VAT receivables in Brazil

At year-end 2022, Yara has recognized USD 99 million of tax credits related to value added taxes in Brazil (2021: USD 84 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). These accumulated credits can be used to offset other federal taxes in many circumstances and projections indicate these will be consumed in the operation and/or refunded by the tax authorities in the following years, without any need of accounting adjustments. The general rates for ICMS are 18 percent, 17 percent, 12 percent, 7 percent and 4 percent, but a benefit that has been granted for fertilizers and other industries reduces these rates to 1 percent on internal operations within most of the States and to 4.68 percent or 7.3 percent on interstate operations for 2022. 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. The current legislation results in accumulation of ICMS tax credits in a number of States. Yara maintains a provision for expected discounts/losses where these credits are not expected to be realized in full through normal operations. The provision is USD 4 million at year-end 2022 (2021: USD 4 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 or group of CGUs, and then to the CGU's or group of 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	2022	2021
Asset class		
Goodwill	–	(31)
Other intangible assets	–	(6)
Property, plant and equipment	(35)	(669)
Right-of-use assets	–	–
Total impairment of non-current assets	(35)	(706)
Reversal of impairment of non-current assets	–	41
Net impairment loss	(35)	(666)

USD millions	2022	2021
Segment split		
Europe	(13)	6
Americas	(15)	(381)
Africa & Asia	(2)	(44)
Global Plants & Operational Excellence	(4)	(242)
Clean Ammonia	(2)	–
Industrial Solutions	–	(3)
Other and Eliminations	–	(2)
Net impairment loss	(35)	(666)

Impairment charges in 2022

Impairment of property, plant and equipment is mainly related to a USD 15 million additional impairment of the Salitre mining project, which was disposed in 2022, and a USD 13 million impairment of the Montoir plant in France.

Impairment charges and reversals in 2021

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

The table above presents a split of impairment charges and reversals in 2021, and the main impairments are explained in the following text section.

Salitre mining project (Brazil)
The Salitre phosphate mining project was classified as a disposal group held-for-sale at the end of 2021, as Yara had entered a contract to sell the project. The recoverable value of the Salitre assets, measured based on the agreed selling price, was determined to be lower than their carrying amount. The sale of Yara's Salitre phosphate mining project was completed in February 2022.

Dallol mining project (Ethiopia)
The project was on hold while working on a structural solution for the next stage of the project. It was concluded that the fair value less cost of disposal was close to zero in the current environment, and an impairment charge of USD 232 million was recognized in 2021.

Yara announced on 4 July 2022 that it had signed a contract to sell its ownership stake in the project. The sale was completed on 27 January 2023.

Yara Pilbara Nitrates plant
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 time. Reduced margin forecasts (TAN margin above ammonia cost) caused the impairment of USD 44 million. Sensitivities for this CGU are presented in the section "Other assets and CGUs with no allocated goodwill", below.

Paulinia fertilizer plants
The USD 32 million 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.

Impairment testing
The mandatory impairment testing of CGUs, groups of CGUs with allocated goodwill or assets with indefinite useful life are carried out during third quarter each year. Yara has also performed testing of other CGUs or individual assets with various impairment indicators. The recoverable amounts for units with allocated goodwill have been determined based on "value-in-use".

Main assumptions
Discount rate
Discount rates used in the calculation of value-in-use reflect the current market assessment of the risks specific to each cash generating unit. The discount rates were estimated based on the weighted average cost of capital for the industry. This rate was further adjusted to reflect the currency in which the CGU operates and market assessments of any risk specific to the CGU for which future estimates of cash flows have not been adjusted.

Currency rates and inflation
The value-in-use calculation is performed in the most relevant currency for the CGU. When converting foreign currency cash flows to the testing currency, Yara uses the forecasted annual average rates estimated by IHS based on the "purchasing power parity" (PPP) principle. The projections include long-term inflation (CPI) in which each CGU is located.

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 periods with oversupply. Yara's internal commodity forecasts reflect its assessment of the supply/demand balance in the short to medium term. After a period of maximum eight years, all the main commodity sales price assumptions reflect an annual nominal growth that does 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 setter 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 above the Yara average premium in main markets. For both NPK and nitrates, internally developed forecasts are used since there are no active forward markets for these products. External market

intelligence reports are used as one of many input factors. For Europe, the market dynamics following Carbon Border Adjustment Mechanism (CBAM) have been considered for regional fertilizer price assumptions. With Europe being a net importer of fertilizer, it is expected that increased emission taxes will lead to higher prices of fertilizers in Europe than in regions with lower emission taxes. As higher fertilizer prices may lead to lower demand, a net negative impact on the margins has been reflected in the cash flow forecasts.

- Ammonia prices
  For several 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 active forward market for ammonia. External market intelligence reports are used as one of many input factors.

- Natural gas purchase prices
  Natural gas is the most important cost factor for several of Yara's production plants. Yara maximizes the use of observable gas market input for the purpose of impairment testing. For certain regions, where no liquid market for natural gas exists, Yara prepares internal forecasts based on the expected supply/demand balance.

- Production reliability
  Production reliability is important for the plants' profitability as it 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 previous experience and plant specific knowledge. Estimated capital expenditures do not include capital expenditures that enhance the current performance. Physical climate risks are considered when estimating future capex, in particular when setting the longer-term cash flow forecasts.

- Carbon emission tax
  Forecasted carbon emission tax is one of the key assumptions when testing Yara's plants that produce ammonia, in particular in Europe where such taxes are expected to increase in the years to come. External market reports have been used as input factors when developing Yara's own forecast for the price of EU allowance (EUA). Yara has projected gradual reduction of free allowances based on proposals presented by the European Union. Emission reduction projects are only considered when they are committed.

Assumptions relevant for sales units

Sales units within each regional segment market and distribute a complete range of crop nutrition products, technologies and knowledge. Industrial Solutions develops and market environmental solutions and essential products for industrial applications. These units are able to create value over and above the commodity value of the product. Management forecasts for market premiums are not exceeding five years with the first year derived from the CGU's business plan. After a period of five years, Yara uses a steady growth rate that is not exceeding the growth for the product's industry or countries in which the CGUs operate. Although the risk and opportunity related to stricter fertilizer regulations to reduce emissions may be more balanced at Yara level, with Yara's focus on new products and services, it may have negative impact on single assets and cash generating units. The cash flow forecasts, in particular the terminal growth rate assumption, are adjusted when considered necessary to reflect this risk.

Cash generating units or groups of cash generating units with goodwill, including sensitivities:

The sensitivities presented in the table below show the change in each parameter that would result in the recoverable amount being equal to the carrying amount of the CGU, while keeping all other parameters unchanged. Sensitivities are not presented if the recoverable amount is more than 200 percent of the carrying amount, as no reasonable changes in discount rate, annual cash flows or terminal growth rate are considered to trigger impairments.

USD millions, except percentages	Belle Plaine (Americas)	Europe	Pilbara Ammonia (Africa & Asia)	Ammonia Sales and Logistics (Clean Ammonia)	Americas	Brazil (Americas)	India (Africa & Asia)	Other CGUs	Total
Allocated goodwill amount, 2022	275	154	111	55	47	31	29	52	754
Allocated goodwill amount, 2021	292	161	111	55	47	30	32	61	789
Carrying amount[1)], 2022	1,088	2,524	709	471	3,527	1,044	277		
Recoverable amount in percent of carrying amount, 2022	> 200%	> 200%	> 200%	> 200%	> 200%	143%	184%		
Assumptions:									
Discount rate, pre-tax, 2022	8.7%	8.5%	8.3%	7.5%	9.1%	11.2%	10.2%		
Discount rate, pre-tax, 2021	7.5%	8.0%	6.4%	6.2%	8.7%	11.6%	9.3%		
Terminal growth rate (nominal), 2022	0.0%	0.5%	0.5%	0.0%	2.0%	2.0%	1.9%		
Change leading to recoverable amount being the same as carrying amount, 2022									
Increase in discount rate						5% points	6% points		
Reduction in annual cash flow						30%	45%		
Reduction in terminal growth rate						6% points	6% points		

1) Carrying amount includes goodwill, other non-current assets and working capital.

Descriptions 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. Most 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.

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 Segment information.

Pilbara Ammonia (Australia)
This is an ammonia plant located in Western Australia with an annual production capacity of approximately 0.8 million tonnes.

Ammonia Sales and Logistics
The global ammonia sales and logistics segment sources and sells ammonia and provides logistical services to consuming plants in Yara and to third-party customers in the fertilizer and chemical industries.

Americas
The operating segment covers all operations such as production, sales and distribution in Americas region. More information about the segment is provided in note 2.3 Segment information.

Brazil
The CGU Business unit Brazil covers several aspects of fertilizer production and distribution, including 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 0.8 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 2.2 million tonnes.

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.

Other CGUs with allocated goodwill
Goodwill presented in the column "Other CGUs" comprise five CGUs that have also been tested for impairment. None of these are determined to be sensitive for impairment.

Other assets and CGUs with no allocated goodwill
Yara has performed testing of several CGUs with impairment indicators during 2022. This includes certain plants in Europe that lately have been curtailed, fully or partly, due to the market situation. Some of the CGUs that were tested based on impairment indicators presented low headroom between the recoverable amount, calculated based on value-in-use, and their carrying values. The main CGUs that are considered 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 307 million, representing Yara's 50 percent ownership stake. The value-in-use is 5 percent higher. The key assumptions are the TAN margin above ammonia cost, which is estimated for the TAN market in Western Australia, and the discount rate (9 percent on pre-tax basis). An isolated reduction to the annual cash flow of 10 percent would trigger an impairment of USD 18 million. An increase in the pre-tax discount rate of 1 percent point would trigger an impairment of USD 24 million.

Yara Sweden Köping
Yara's production site in Köping, Sweden, comprises one nitric acid plant and one nitrate plant, with an annual production capacity of 0.3 million tonnes nitric acid and 0.4 million tonnes nitrates. The CGU has a carrying amount of USD 215 million and a value-in-use that is 12 percent higher. The key assumptions for the testing are the margin above ammonia cost and the discount rate (11 percent on pre-tax basis). An isolated reduction to the annual cash flow of 10 percent would reduce the headroom to nil. An increase in the pre-tax discount rate of 4 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 2022 is USD 90 million (2021: USD 94 million).

4.8 Committed future investments

USD millions	Investments 2023	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	342	80	422
Contract commitments for acquisition or own generated intangible assets	4	–	4
Contract commitments for other future investments	8	–	8
Total	354	80	434

Yara has publicly communicated a total capital expenditure of USD 1.7 billion in 2023, which includes investments that commits fund 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

In 2022 Yara has distributed total dividends of NOK 10,189 million (NOK 40.00 per share) to its shareholders, as follows:

- The Extraordinary General Meeting on 6 December 2022 approved an additional dividend of NOK 2,547 million (NOK 10.00 per share), which was paid out during fourth quarter 2022 (USD 258 million).
- The Annual General Meeting on 10 May 2022 approved a dividend for 2021 of NOK 7,642 million (NOK 30.00 per share), which was paid out during second quarter 2022 (USD 796 million).

On 10 May 2022, 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 2022 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 was reduced with an additional NOK 1,697 million (USD 192 million) for the redemption of 4,854,730 shares from the Norwegian State.

When own shares are repurchased, the amount of consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity. Gain/loss from the sale of own shares is recognized as a change in equity.

Yara has one class of shares, all with equal voting rights and equal rights to receive dividends.

USD millions	Ordinary shares	Own shares	Number of shares outstanding
Total at 31 December 2020	268,132,237	(5,131,128)	263,001,109
Treasury shares - share buy-back program[1]	–	(3,420,752)	(3,420,752)
Redeemed shares Norwegian State[2]	(4,854,730)	–	(4,854,730)
Shares cancelled[2]	(8,551,880)	8,551,880	–
Total at 31 December 2021	254,725,627	–	254,725,627
Total at 31 December 2022	254,725,627	–	254,725,627

1) As approved by the General Meeting 7 May 2020.
2) 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. The sale of Yara Dallol B.V. was completed in early 2023. Refer to note 8.5 Post balance sheet date events for more information.

2022

USD millions	Total at 1 January	Share of profit	Dividend distributed	Foreign currency translation	Total at 31 December
Yara Dallol B.V.	–	–	–	–	–
Other	13	5	(1)	(3)	13
Total	13	5	(1)	(3)	13

2021

USD millions	Total at 1 January	Share of profit	Dividend distributed	Foreign currency translation	Total at 31 December
Yara Dallol B.V.	67	(67)	–	–	–
Other	12	2	(1)	–	13
Total	79	(65)	(1)	–	13

Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests[1] 2022	Percentage non-controlling interests[1] 2021
Yara Dallol B.V.	The Netherlands[2]	40.77%	40.84%

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. As of 31 December 2022, Yara Dallol held USD 0.4 million in cash and cash equivalents (2021: USD 0.3 million).

Financial position for companies with significant non-controlling interests

USD millions	2022 Yara Dallol	2021 Yara Dallol
Current Assets	–	1
Non-current assets	1	1
Current liabilities	(2)	(3)
Non-current liabilities	(1)	–
Equity attributable to owners of the company	1	2

Income statement for companies with significant non-controlling interests

USD millions	2022 Yara Dallol	2021 Yara Dallol
Expenses[1)]	–	(203)
Net income/(loss)	–	(203)
Net income attributable to shareholders of the parent	–	(136)
Net income attributable to non-controlling interests	–	(67)
Net income/(loss)	–	(203)
Total comprehensive income attributable to shareholders of the parent	–	(136)
Total comprehensive income attributable to non-controlling interests	–	(67)
Total comprehensive income/(loss) for the year	–	(203)
Net cash inflow/(outflow) from operating activities	–	(4)
Net cash inflow/(outflow) from investing activities	(1)	(1)
Net cash inflow/(outflow) from financing activities	–	3
Net cash inflow/(outflow)	–	(1)

1) Yara recognized a USD 232 million asset impairment in 2021. Refer to note 4.7 Impairment of non-current assets 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

USD millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Denominated amounts 2022		Carrying Values	
				Currency Millions	USD Millions	2022	2021
NOK (Coupon NIBOR + 0.750%)	6.1	2022	–	–	–	–	142
SEK (Coupon STIBOR + 1.000%)	6.1	2022	–	–	–	–	50
SEK (Coupon 1.100%)	6.1	2022	–	–	–	–	89
NOK (Coupon 3.000%)	6.1	2024	3.0%	600	61	59	68
NOK (Coupon 2.450%)	6.1	2024	2.5%	1,000	102	98	113
USD (Coupon 3.800%)	6.1	2026	3.9%	500	500	499	499
NOK (Coupon 2.410%)	6.1	2026	2.5%	1,000	102	96	113
NOK (Coupon NIBOR + 0.640%)	6.1	2026	4.1%	1,150	117	117	130
NOK (Coupon 2.900%)	6.1	2027	2.9%	1,000	102	94	112
USD (Coupon 4.750%)	6.1	2028	4.8%	1,000	1,000	998	997
USD (Coupon 3.150%)	6.1	2030	3.2%	750	750	747	746
USD (Coupon 7.378%)	6.1	2032	7.5%	600	600	594	–
Total unsecured debenture bonds						3,302	3,059
USD			5.6%	287	287	287	482
Total unsecured bank loans						287	482
Mortgage loans						9	21
Other long-term debt						52	2
Total						61	23
Outstanding long-term debt						3,651	3,565
Less: Current portion						(54)	(476)
Total						3,597	3,089

The carrying values include issuance discount, capitalized issuance costs and fair value hedge accounting adjustments (see note 6.3 Financial Instrumentsfor further information about fair value of financial instruments).

At 31 December 2022, the fair value of the long-term debt, including the current portion, is USD 3,381 million and the carrying value is USD 3,651 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 2022, USD 2,850 million in bond debt originates from Yara’s November 2022, June 2020, June 2018, and June 2016 bond issues in the US market according to 144A/Regulation S. A further NOK 4,750 million originate from Yara’s December 2014, December 2017, and November 2021 bond issues in the Norwegian market. The entire NOK 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 15 million through scheduled down payments 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 122 million through scheduled down payments and semi-annual instalments will continue until August 2026. The USD 150 million term loan due 2024 from Svensk Exportkredit AB remains fully drawn at year-end. 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 1,350 million, whereof USD 250 million falls due in 2024, USD 50 million in 2025, and the rest in 2026.

Contractual payments on long-term debt

USD millions	Debentures[1]	Bank Loans	Other	Total[2]
2023	–	45	8	54
2024	157	181	8	346
2025	–	31	17	48
2026	712	31	8	750
2027	94	–	8	102
Thereafter	2,340	–	12	2,352
Total	3,302	287	61	3,651

[1] Yara International ASA is responsible for the entire amount.
[2] Including current portion.

Short-term interest-bearing debt

USD millions, except percentages	Notes	2022	2021
Credit facilities		61	264
Overdraft facilities		24	39
Other		71	34
Total	6.3	157	337
Weighted Average Interest Rates[1]			
Credit facilities		4.50%	3.60%
Overdraft facilities		7.70%	4.20%
Other		3.90%	0.20%

[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 2022, the unused frame of such facilities totals approximately USD 820 million.

Reconciliation of liabilities arising from financing activities

			Non-cash changes				
USD millions	31 Dec 2021	Cash flows	Foreign exchange movement	Amortization[1]	Other	Reclassification	31 Dec 2022
Long-term interest-bearing debt	3,089	543	(33)	(2)	36[2]	(35)	3,597
Bank loans and other interest-bearing short-term debt	337	(153)	(27)	–	–	–	157
Current portion of long-term debt	476	(409)	(47)	–	–	35	54
Total	3,901	(20)	(107)	(2)	36	–	3,808

[1] Amortization of transaction cost.
[2] Other non-cash changes include USD 57 million increase related to financing of machinery acquired by a contractor which in substance is controlled by Yara. It also includes value changes on interest rate swaps designated as hedging instruments.

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	2022	2021
Defined benefit plans		(277)	(383)
Surplus on funded defined benefit plans		215	127
Net liability for defined benefit plans		(63)	(257)
Termination benefits		(3)	(3)
Other long-term employee benefits		(13)	(14)
Net long-term employee benefit obligations recognized in Statement of financial position		(79)	(273)
Of which classified as Other non-current non-financial assets	4.6	215	127
Of which classified as Non-current Employee benefit liabilities		(293)	(399)

Expenses for long-term employee benefit obligations recognized in the statement of income

USD millions	Notes	2022	2021
Defined benefit plans		(44)	(45)
Defined contribution plans		(37)	(35)
Multi-employer plans		(9)	(9)
Termination benefits		–	(1)
Other long-term employee benefits		(2)	(1)
Net expenses recognized in Statement of income		(91)	(91)
Of which classified as Payroll and related costs	2.5	(88)	(86)
Of which classified as Interest expense and other financial items	2.7	(3)	(5)

Defined benefit plans
Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 at that time received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further pension obligations in Norway include certain unfunded pension arrangements as well as early retirement schemes. Retirement age is flexible from age 62 to age 67.

A majority of Yara's obligations under defined benefit plans are related to subsidiaries within the Eurozone:

Employees of Yara's Dutch subsidiaries hired before 1 August 2014 are members of a funded Defined Benefit pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. The other employees are members of an Average Pay scheme. Retirement age is 68. The funded Defined Benefit pension plan has been closed for new members from 1 August 2014. New hires are enrolled in a Defined Contribution pension plan from the same date.

Obligations in Finland include the statutory TyEL pension scheme, as well as a voluntary defined benefit plan which is closed to new entrants. Both schemes are covered by pension funds. The TyEL pension scheme provides for a flexible retirement age from 63 to 68 based on the employee's salary each year and with accelerated earning of retirement benefits beyond the age of 63. A reform of the Employees Pensions Act was agreed in 2017, which will gradually increase the minimum retirement age from 63 to 65 while also gradually increase the maximum retirement age from 68 to 70. Further, accrual rates will change and retirement age will be linked to life expectancy (from year 2027). The voluntary pension plan regulations have also been amended in order to adapt to the revised pension legislation.

Subsidiaries of Yara are also liable to retirement benefits in France, Germany, Belgium and Italy within the Eurozone.

Yara sponsors a funded defined benefit pension plan for qualifying UK employees. Under the fund, employees are entitled to annual pensions on retirement at age 62 of 1/57th 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 9 percent of the liabilities are attributable to current employees, 19 percent to deferred pensioners and 72 percent to current pensioners.

Other defined benefit plan obligations include employees of subsidiaries in Switzerland, Sweden, Trinidad and South Africa.

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

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad, and South Africa with a total of USD 8 million (2021: USD 7 million).

Pension cost recognized in statement of income

The assumptions used to value the defined benefit obligations at 31 December are used in the following year to determine the net pension cost. The discount rate is used to calculate the interest income from plan assets.

The following items have been recognized in the Statement of income

USD millions	2022	2021
Current service cost	(37)	(46)
Contribution by employees	2	3
Administration cost	(2)	(2)
Past service cost	–	6
Other[1]	(3)	–
Social security cost	(2)	(2)
Payroll and related costs	(40)	(40)
Interest expense on obligation	(31)	(25)
Interest income from plan assets	27	21
Net interest expense on the net obligation	(3)	(5)
Net pension cost recognized in Statement of income	(44)	(45)

[1] Other defined benefit costs includes the initial recognition as a defined benefit liability for a pension plan in Switzerland (USD 3 million). The pension plan was previously recognized as a defined contribution plan.

Pension cost recognized in the Statement of income, by origin

USD millions	2022	2021
Payroll and related costs		
Finland	(7)	(8)
The Netherlands	(15)	(20)
Great Britain	(2)	(2)
Norway	(4)	(5)
Other	(12)	(5)
Total	(40)	(40)

USD millions	2022	2021
Net interest income / (expense) on the net obligation / asset		
Finland	–	(1)
The Netherlands	–	(1)
Great Britain	–	–
Norway	(1)	(1)
Other	(2)	(3)
Total	(3)	(5)

Remeasurement gains / (losses) recognized in other comprehensive income

USD millions	2022	2021
Remeasurement gains / (losses) on obligation for defined benefit plans	424	105
Remeasurement gains / (losses) on plan assets for defined benefit plans	(261)	117
(Increase)/decrease in recognized net liability due to minimum funding requirement and asset ceiling limit[1]	22	(8)
Net remeasurement gains / (losses) for defined benefit plans	183	214
Change in deferred tax related to remeasurement gains / (losses) for defined benefit plans[2]	(44)	(44)
Total remeasurement gains / (losses) recognized in other comprehensive income	140	170

[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	2022	2021
Present value of fully or partially funded liabilities for defined benefit plans	(1,414)	(1,974)
Present value of unfunded liabilities for defined benefit plans	(200)	(232)
Present value of liabilities for defined benefit plans	(1,614)	(2,206)
Fair value of plan assets	1,635	2,064
Unrecognized asset due to asset ceiling limitation[1]	(66)	(96)
Social security tax liability on defined benefit plans	(17)	(19)
Net liability recognized for defined benefit plans	(63)	(257)

[1] As of 31 December 2022 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

	2022		2021	
USD millions	Obligations	Assets	Obligations	Assets
Finland	(281)	319	(375)	326
The Netherlands	(482)	604	(751)	791
Other Eurozone	(199)	90	(275)	122
Great Britain[1]	(255)	254	(406)	406
Norway[2]	(304)	219	(322)	255
Other	(111)	82	(96)	69
Total	(1,632)	1,569	(2,225)	1,968

[1] Including asset ceiling adjustment
[2] Including social security tax liability

Development of defined benefit obligations

USD millions	2022	2021
Defined benefit obligation at 1 January	(2,206)	(2,476)
Current service cost	(37)	(46)
Interest cost	(31)	(25)
Experience adjustments	(34)	15
Effect of changes in financial assumptions	469	86
Effect of changes in demographic assumptions	(12)	4
Past service cost	–	6
Benefits paid	91	89
Transfer of obligation (in)/out	(6)	(1)
Foreign currency translation on foreign plans	166	139
Other[1]	(16)	4
Defined benefit obligation at 31 December	(1,614)	(2,206)

[1] Other changes includes the initial recognition of a defined benefit liability of USD 18 million following a revised assessment for a pension plan in Switzerland, which has previously been accounted for as a defined contribution plan. 2021: There was a change in valuation method for attributing benefits to periods of service, for one of the pension plans in France. There was also an impact from reversal of the minimum funding liability for the UK pension plan.

Development of plan assets

USD millions	2022	2021
Fair value of plan assets at 1 January	2,064	2,048
Interest income from plan assets	27	21
Administration cost on plan assets	(2)	(2)
Return on plan assets (excluding the calculated interest income)	(261)	117
Employer contributions	21	69
Employees' contributions	2	3
Benefits paid	(79)	(76)
Transfer of plan assets in/(out)	6	1
Other[1]	15	–
Foreign currency translation on foreign plans	(159)	(117)
Fair value of plan assets at 31 December	1,635	2,064

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 2024, 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 be required to increase the capital buffer of the pension fund.

The pension funds have the legal form of foundations, independently governed by their Board of Directors or Board of Trustees. It is the 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 diversification of investments in order to keep market volatility risk at a desired level. An exception is the pension fund of Yara in Finland, which has invested almost 1/2 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	2022	2022	2021	2021
Cash and cash equivalents	16	1%	20	1%
Shares	320	20%	553	27%
Other equity instruments	51	3%	48	2%
High yield debt instruments	94	6%	90	4%
Investment grade debt instruments	577	35%	794	38%
Properties	61	4%	104	5%
Other quoted plan assets[1]	331	20%	302	15%
Total investments quoted in active markets	1,450	89%	1,913	93%
Shares and other equity instruments	150	9%	109	5%
Other plan assets[2]	34	2%	41	2%
Total unquoted investments	184	11%	151	7%
Total plan assets	1,635		2,064	

[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 2023 are USD 30 million (including benefits to be paid for unfunded plans). The contributions paid in 2022 were USD 33 million.

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2022
Finland	14
The Netherlands	15
Great Britain	12
Norway	11
Total[1]	13

[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 %)	2022	2021
Finland	3.8	0.8
The Netherlands	3.7	1.0
Great Britain	4.8	2.0
Norway	3.2	1.9
Total[1]	3.9	1.4

[1] Weighted average.

Expected salary increase (in %)	2022	2021
Finland	2.6	2.2
The Netherlands	2.9	2.5
Great Britain	3.2	3.3
Norway	3.4	2.4
Total[1]	3.0	2.6

[1] Weighted average.

Expected pension indexation (in %)	2022	2021
Finland	2.4	1.6
The Netherlands	2.1	1.8
Great Britain	2.8	2.9
Norway	3.3	1.0
Total[1]	2.3	1.8

[1] Weighted average.

The following table presents indicators of life expectancy of the mortality tables applied for valuation of the obligations, by showing expected longevity of a current employee aged 45 today from the date he or she reaches age 65, and the expected longevity of a current retiree aged 65.

Expected longevity (in years)	Current employee	Current retiree
Finland	25.9	23.4
The Netherlands	24.8	22.8
Great Britain	23.9	22.9
Norway	25.4	23.6

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	2022	2021
Actual valuation	(1,614)	(2,206)
Discount rate +0.5%	(1,522)	(2,050)
Discount rate -0.5%	(1,717)	(2,383)
Expected rate of salary increase +0.5%	(1,624)	(2,224)
Expected rate of salary increase -0.5%	(1,605)	(2,189)
Expected rate of pension increase +0.5%	(1,694)	(2,337)
Expected rate of pension increase -0.5%	(1,543)	(2,091)
Expected longevity +1 year	(1,669)	(2,291)
Expected longevity -1 year	(1,560)	(2,123)

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	2022	2021
Trade payables	6.3	2,334	3,024
Payroll and value-added taxes		214	164
Total		2,549	3,188

Trade payables are non-interest bearing and have an average term of 60 days. Payroll and value-added taxes are mainly settled bimonthly or on a quarterly basis.

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 in 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.

2022

USD millions	Environmental	Restructuring	Legal claims	Decommission	Other	Total
Balance at 1 January 2022	78	19	33	176	52	357
Additional provision in the year	10	6	14	–	53	83
Interest expense on liability and effect of change in discount rate	–	–	2	(43)	–	(41)
Unused provision	(1)	(3)	(4)	(1)	(14)	(41)
Utilization of provision	(6)	(5)	(3)	(6)	(23)	(25)
Companies purchased/sold	(1)	–	–	–	–	(1)
Currency translation effects	(2)	(1)	1	(4)	(3)	(9)
Balance at 31 December 2022	78	16	43	121	65	323

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

Provisions presented in the consolidated statement of financial position

USD millions	2022	2021
Current liabilities	92	74
Non-current liabilities	231	283
Total	323	357

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 of defining 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 cleanup 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 judgement and involve an inherent risk of significant adjustments. The costs of these decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and can vary considerably depending on the assumed removal complexity. Moreover, changes in the discount rate and currency exchange rates may impact the estimates significantly. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of judgement. Most significant decommissioning provisions relate to contractual obligations for operations on leased land, the main ones being plants in Australia and France. The decrease in decommission provisions during 2022 is mainly due to increased discount rates in Australia and changes in AUD/USD currency rates.

Other provisions

Other include onerous contracts, warranties and various other provisions.

Contingencies

Sanctions

Yara has certain long-term supply agreements where sourcing has, to date, been stopped or terminated as a result of the political and economic import restrictions and sanctions that have been imposed against Russia and certain Russian entities and individuals. Yara, together with its advisors, is constantly reviewing the scope of the sanctions to ensure that the Group operates in accordance with relevant government regulation and contractual commitments. As the sanction regulations are complex and the assessments of the related impact on each business partner depend on several judgements, there is uncertainty when drawing conclusions. The suppliers' assessments of the sanction regulation and the related impact on contractual commitments may therefore differ from Yara's conclusions, which could subject Yara to potential claims.

Yara has received contractual demands from suppliers that are linked to Russian sanctioned individuals. For each of these demands, Yara has considered if it is probable that they will require outflow of resources. Based on available information and legal advice, Yara has not made material provisions for these demands. It is not possible to provide a reliable estimate of the potential exposure as these demands are not detailed with amounts and have not been sufficiently stipulated.

Legal contingencies

Following Yara Fertiliser India Pvt Ltd.'s acquisition of Tata Chemical Ltd.'s urea business, stamp duty is 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. The authority has assessed stamp duty on the lease at approximately USD 31 million (based on exchange rates as of December 2022). 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. The State of Uttar Pradesh has filed its response to the Petition filed by Yara Fertiliser India Pvt Ltd. No date has yet been scheduled for substantial hearing of the petition. It may take five years or more 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 party 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 cleanup 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 80 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 conducting a preliminary inquiry into possible infringements of the Spanish Competition Act. As such, Yara is not under any formal investigation and no employees are formally suspected in the case which is still being preliminary assessed by the CNMC.

Tax contingencies

In relation to an ongoing tax dispute and to safeguard their taxation rights, the Dutch tax authorities issued in 2018 a new tax assessment for business restructuring ("exit tax assessment"). The tax assessment would increase the tax cost with USD 500 million, plus USD 200 million in accumulated interest. It is Yara's position that the tax assessment is unreasonable and unfounded, and no provision has been made for the exit tax claim. The tax authorities' principal claim is significantly lower and Yara has considered that claim separately from the exit tax assessment. Yara expects that the exit tax assessment will not trigger any immediate payment and that tax payments will be deferred until the case has been fully resolved or the tax assessment has been withdrawn.

Several subsidiaries are engaged in legal and administrative proceedings related to various disputed tax matters where the probability of cash outflow is not considered probable. A majority of these contingencies are related to taxes in Brazil, with an estimated maximum exposure of approximately USD 77 million. Tax contingencies outside Brazil and excluding the above-mentioned exit tax assessment in the Netherlands have an estimated maximum exposure of approximately USD 99 million.

A subsidiary received in 2022 a notification of potential changes to historic tax assessments combined with a request for more information. Yara disagrees with the basis for the notification which has a potential tax exposure of approximately USD 50 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 84 million are not recognized in the financial statements.

At year-end 2022, Yara has an income tax provision of USD 45 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 6 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 Joint operations.

The noncancellable future obligations at 31 December 2022 (undiscounted amounts)

USD millions	Total
2023	698
2024	405
2025	202
2026	197
2027	183
Thereafter	654
Total	2,340

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 2022.

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	2022	2021
Amount of secured debt	9	22
Assets used as security for debt		
Machinery and equipment, etc.	2	3
Buildings and structural plant	15	23
Total	17	26
Assets used as security for non-financial liabilities		
Buildings and structural plant	17	39
Total	17	39
Guarantees (off-balance sheet)		
Contingency for sales under government and finance schemes	139	103
Parent company guarantees	103	175
Bank guarantees	75	64
Total	317	342

Off-balance sheet exposures consist mainly of guarantees related to commercial contract obligations (bid bonds, performance guarantees), payment guarantees related to environmental obligations, and mandatory public guarantees related to receivable VAT. These guarantees are issued on behalf of Yara International ASA and its subsidiaries. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations.

Guarantees related to pension liabilities are included to the extent such guarantees exceed the gross liability included in the consolidated statement of financial position.

Further, 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 issued to public authorities covering tax and VAT liabilities are also 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 24 March 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 2022 and 31 December 2021. Yara's liquidity surplus, kept as short-term bank deposits, increased during 2022 as higher selling prices more than offset increased production costs and lower deliveries.

Funding risk

The capital structure of the Group consists of interest-bearing debt as disclosed in note 5.3 Interest-bearing debt, cash and cash equivalents as disclosed in note 3.4 Cash and cash equivalents plus equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in note 5.1 Share information and statement of changes in equity.

To secure access to capital markets at attractive terms and remain financially solid, Yara aims to maintain a mid-investment grade credit rating from the leading agencies, Standard & Poor's (current rating BBB) and Moody's (current rating Baa2).

Yara does not have specific debt ratio targets and the only financial covenant refers to the debt-to-equity ratio, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests. In most restrictive agreements, the ratio is below 1.4. At the end of 2022, the ratio was 0.37 compared with 0.55 at the end of 2021. 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.

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 gradually reduced from around USD 2,700 million at the start of the year to around USD 2,100 million at the end of the year (2021: 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). 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	2022	2021
A 10% weakening[1)] of the US dollar at the reporting date would have increased/(decreased) net income by	132	185
A 10% weakening[1)] of the euro at the reporting date would have increased/(decreased) net income by	(229)	(215)

1) Against functional currencies.

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments in the balance sheet as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income. The analysis was performed on the same basis for 2021. 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	2022	2021
A 10% weakening[1)] of the Norwegian krone at the reporting date would have increased/(decreased) other comprehensive income by	(69)	(143)
A 10% weakening[1)] of the Canadian dollar at the reporting date would have increased/(decreased) other comprehensive income by	(107)	(111)
A 10% weakening[1)] of the Brazilian real at the reporting date would have increased/(decreased) other comprehensive income by	(79)	(6)
A 10% weakening[1)] of the euro at the reporting date would have increased/(decreased) other comprehensive income by	(187)	(115)

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 2021.

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 2022		Carrying amounts 2021	
USD millions, except percentages	Notes	Maturity	Denominated amounts 2022	Fixed interest rate	Basis for exposure hedged	Receive fixed interest payments	Pay floating interest rates[1)2)]	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
SEK (Coupon STIBOR + 1.00%)	5.3	2022	–					–	–	–	50
NOK (Coupon NIBOR + 0.64%)	5.3	2026	130					–	117	–	130
Fixed interest rate bonds											
SEK (Coupon 1.10%)	5.3	2022	–	1.10%	–	1.10%	USD LIBOR 3M + margin	–	–	–	89
NOK (Coupon 3.00%)	5.3, 6.2	2024	68	3.00%	68	3.00%	USD LIBOR 3M + margin	–	59	–	68
NOK (Coupon 2.45%)	5.3, 6.2	2024	113	2.45%	113	2.45%	USD LIBOR 3M + margin	–	98	–	113
USD (Coupon 3.80%)	5.3, 6.2	2026	500	3.80%	–			499	–	499	–
NOK (Coupon 2.41%)	5.3	2026	113	2.41%	113	2.41%	USD LIBOR 3M + margin	–	96	–	113
NOK (Coupon 2.90%)	5.3, 6.2	2027	113	2.90%	113	2.90%	USD LIBOR 3M + margin	–	94	–	112
USD (Coupon 4.75%)	5.3, 6.2	2028	1,000	4.75%	–			998	–	997	–
USD (Coupon 3.15%)	5.3	2030	750	3.15%	–			747	–	746	–
USD (Coupon 7.38%)	5.3	2032	600	7.38%	–	4.13%	SOFR + margin	–	594	–	–
Total unsecured debenture bonds			3,389		409			2,245	1,058	2,243	817

1) Through a combination of interest rate swaps and cross-currency swaps.
2) Margin varies from contract to contract within the range from 0.26 to 1.44 percent.

Interest rate profile of the Group's interest-bearing financial instruments

USD millions	Notes	2022	2021
Outstanding long-term interest-bearing debt (including current portion)	5.3	3,651	3,565
Portion of bonds with fixed interest rate	5.3	2,245	2,243
Outstanding long-term interest-bearing debt (including current portion) less portion of bonds with fixed interest rate		1,406	1,322

Sensitivity

USD millions	2022	2021
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) net income by	(1)	(5)
An increase of 100 basis points in NOK interest rates at the reporting date would have increased/(decreased) net income by	1	1

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 2021. 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 and USD LIBOR (collectively 'IBOR') interest rate benchmarks subject to the ongoing interest rate benchmark reform. For NIBOR rates there are thus far no indicated cessation dates, but the USD LIBOR tenors will cease to be published by the end of June 2023. The process to include fallback language in the applicable agreements is ongoing and will be completed during the first half of 2023. Yara will also continue to monitor the transition to new benchmark rates carefully, in particular the emergence and adoption of alternative term rates. As at year-end, Yara's exposure to IBOR interest rate benchmarks was as shown in the table below.

Financial contracts with an IBOR benchmark reference as at 31 December 2022

		Denominated amounts	
USD millions	Notes	USD LIBOR	NOK NIBOR
Bonds			
Pay interest	5.3	–	(117)
Receive interest		–	–
Bank loans			
Pay interest	5.3	(287)	–
Receive interest		–	–
Interest rate swaps			
Pay interest	6.2, 6.3	–	(366)
Receive interest		–	–
Cross-currency swaps			
Pay interest	6.3	(484)	–
Receive interest	6.3	–	484
Total exposure to IBOR rates		(771)	–

In order to ensure compliance, Yara's Finance, Treasury & Insurance function has completed various actions 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 81.3 million (2021: USD 67.5 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 2022

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	(157)	(171)	(154)	(13)	(5)	–	–	–
Long-term interest-bearing debt[1)]	(3,651)	(4,707)	–	(87)	(116)	(526)	(1,310)	(2,668)
Accrued interest expense	(13)	(13)	–	(13)	–	–	–	–
Trade payables	(2,334)	(2,334)	(10)	(2,313)	(12)	–	–	–
Payroll and value added taxes	(189)	(189)	(1)	(166)	(21)	–	–	–
Other short-term liabilities	(53)	(53)	–	(42)	(11)	–	–	–
Other long-term liabilities	(12)	(12)	–	–	–	(8)	(1)	(4)
Derivative financial instruments								
Freestanding financial derivatives	(113)							
Outflow		(1,903)	–	(922)	(74)	(281)	(484)	(145)
Inflow		1,764	–	906	71	238	420	132
Commodity derivatives	4							
Outflow		(3)	–	(2)	(1)	–	–	–
Inflow		7	–	–	–	7	–	–
Hedge designated derivatives	(22)							
Outflow		(300)	–	(23)	(28)	(43)	(91)	(116)
Inflow		281	–	12	22	35	88	124
Total	(6,539)	(7,632)	(165)	(2,662)	(175)	(577)	(1,377)	(2,677)

1) Includes current portion of long-term interest-bearing debt amounting to USD 54 million.

See note 4.5 Leases for contractual maturities of lease liabilities.

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.

Derivative instruments

USD millions	Notes	2022	2021
Total fair value of derivatives			
Forward foreign exchange contracts	6.3	(19)	(9)
Cross-currency swaps	6.3	(104)	(52)
Interest rate swaps designated for hedging	6.3	(22)	(2)
Other interest rate swaps	6.3	2	–
Embedded commodity derivatives	6.3	12	(92)
Balance 31 December		(132)	(154)
Derivatives presented in the statement of financial position			
Other non-current financial assets	4.6	18	6
Other current financial assets	3.3	6	7
Other non-current financial liabilities	6.3	(127)	(36)
Other current financial liabilities	6.3	(28)	(132)
Balance 31 December		(132)	(154)

Outstanding committed forward foreign exchange contracts at 31 December

USD millions	2022	2021
Forward foreign exchange contracts, notional amount	1,521	971

All outstanding forward foreign exchange contracts at 31 December 2022 have maturity in 2023, except non-deliverable forward contracts totaling USD 35 million that mature in 2024. 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 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 1,000 million and NOK 1,000 million fixed rate bond debt from 2017. A hedging relation for SEK 800 million of the bond debt was discontinued upon maturity in 2022.

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.

In November 2022, Yara designated a long-term USD 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 (SOFR) of the USD 600 million fixed rate bond debt from 2022.

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 2022 or 2021. 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 2022, Yara has designated in total USD 815 million (2021: 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 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 2022

Amounts in USD millions	Currency	Hedge rates	Carrying amount of the hedged item[1] Assets	Carrying amount of the hedged item[1] Liabilities	Accumulated amount of hedge adjustment on the hedged item[4] Assets	Accumulated amount of hedge adjustment on the hedged item[4] 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		59	2	–	Long-term interest-bearing debt	Other long-term liabilities	2	(2)	–
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR		192	12	–	Long-term interest-bearing debt	Other long-term liabilities	10	(10)	–
- Fixed interest, NOK bonds (2021)	NOK	3M NIBOR		96	6	–	Long-term interest-bearing debt	Other long-term liabilities	6	(6)	–
- Fixed interest, USD bonds (2022)	USD	SOFR		594	2	–	Long-term interest-bearing debt	Other long-term liabilities	2	(2)	–
Net investment hedges											
Foreign exchange risk											
- Net equity in subsidiaries[2]	USD	Spot USDNOK	815	–	–	279	Retained earnings	Long-term interest-bearing debt[3]	(70)	70	–

[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 (8) 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 2021

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	–	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 (2) 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. YGV's portfolio currently consists of 13 investments, of which 10 are equity positions and 3 are fund positions. These investments are all direct investments where YGV does not have control or significant influence. Equity instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. The funding round in which YGV participated in is taken as the starting point. For investments held less than 12 months, these funding rounds are considered to be the approximate of fair value unless there have been any significant developments or events prior to the balance sheet date. For investments held for 12 months or longer, Yara International ASA applies valuation techniques considering both observable and unobservable inputs. YGV's portfolio of funds is valued based on capital balance and further drawdowns.

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

See note 5.5 Trade and other payables for information on trade and other payables. 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 is 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 Leases 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 2022		Derivatives		Receivables and deposits	Equity instruments		Financial liabilities		
USD millions	Notes	Fair value through P&L	Designated for hedging	Amortized cost	Fair value through P&L	FV through OCI (no recycling)	Amortized cost	FV through P&L	Total
Non-current assets									
Other non-current financial assets	4.6	18	–	20	26	28	–	–	93
Current assets									
Trade receivables	3.2	–	–	2,305	–	–	–	–	2,305
Other current financial assets	3.3	6	–	269	–	–	–	–	274
Cash and cash equivalents	3.4	–	–	1,010	–	–	–	–	1,010
Sum financial assets		24	–	3,603	26	28	–	–	3,682
Non-current liabilities									
Other non-current financial liabilities		(87)	(40)	–	–	–	(15)	(9)	(151)
Long-term interest-bearing debt	5.3	–	–	–	–	–	(3,597)	–	(3,597)
Long-term lease liabilities	4.5	–	–	–	–	–	(292)	–	(292)
Current liabilities									
Trade and other payables[1)]	5.5	–	–	–	–	–	(2,334)	–	(2,334)
Other current financial liabilities		(28)	–	–	–	–	(374)	(6)	(407)
Short-term interest-bearing debt	5.3	–	–	–	–	–	(157)	–	(157)
Current portion of long-term debt	5.3	–	–	–	–	–	(54)	–	(54)
Short-term lease liabilities	4.5	–	–	–	–	–	(118)	–	(118)
Sum financial liabilities		(115)	(40)	–	–	–	(6,941)	(15)	(7,110)
Total net balance		(91)	(40)	3,603	26	28	(6,941)	(15)	(3,429)
Fair value		(91)	(40)	3,603	26	28	(6,671)	(15)	
Unrecognized gain/(loss)		–	–	–	–	–	270	–	270

1) Excluding non-financial liabilities.

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 Interest-bearing debt 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 2022 refer to venture investments in addition to shares in fund investments. Equity instruments at FV through OCI as of year-end 2022 refer mainly to shares in Pohjolan Voima Oyj. No dividend was received in 2022 from any of the mentioned investments.

Carrying amounts and fair value per category

31 December 2021		Derivatives		Receivables and deposits	Equity instruments		Financial liabilities		
USD millions	Notes	Fair value through P&L	Designated for hedging	Amortized cost	Fair value through P&L	FV through OCI (no recycling)	Amortized cost	FV through P&L	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)
Long-term lease liabilities	4.5	–	–	–	–	–	(321)	–	(321)
Current liabilities									
Trade and other payables[1)]	5.5	–	–	–	–	–	(3,024)	–	(3,024)
Other current financial liabilities		(132)	–	–	–	–	(377)	(12)	(521)
Short-term interest-bearing debt	5.3	–	–	–	–	–	(337)	–	(337)
Current portion of long-term debt	5.3	–	–	–	–	–	(476)	–	(476)
Short-term lease liabilities	4.5	–	–	–	–	–	(104)	–	(104)
Sum financial liabilities		(154)	(13)	–	–	–	(7,748)	(27)	(7,942)
Total net balance		(142)	(12)	2,780	17	17	(7,748)	(27)	(5,115)
Fair value		(141)	(13)	2,780	17	17	(7,946)	(27)	
Unrecognized gain/(loss)		–	–	–	–	–	(198)	–	

1) Excluding non-financial liabilities.

Unrecognized gain on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 5.3 Interest-bearing debt for details. Equity instruments at FV through P&L as of year-end 2021 refer to venture investments, in addition to shares in fund investments. Equity instruments at FV through OCI as of year-end 2021 refer mainly to shares in Pohhjolan Voima Oyj. No dividend was received in 2021 from any of the mentioned investments.

Financial instruments at fair value

31 December 2022

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	–	–	54	54
Derivatives, net	–	(132)	–	(132)
Financial liabilities	–	(15)	–	(15)
Net total balance	–	(146)	54	(92)

There were no transfers between Level 1 and Level 2 in the period.

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)

Reconciliation of fair value instruments at Level 3 from opening to closing balance

USD millions	2022	2021
Balance at 1 January	(84)	(28)
Total gains or (losses):		
in income statement	116	(106)
in other comprehensive income	12	4
Payments made	–	33
Disposals/additions	12	15
Foreign currency translation	(1)	(1)
Balance at 31 December	54	(84)

Sensitivity of fair value measurement of financial instruments at Level 3 at 31 December 2022

	Effect on P&L		Effect on OCI	
USD millions	Favorable	(Unfavorable)	Favorable	(Unfavorable)
Equity instruments (20% increase/(decrease) in electricity price)	–	–	8	(8)
Total	–	–	8	(8)

The favorable and unfavorable effects on equity instruments at FVOCI refer to fair value of a limited number of long-term strategic investments in equity shares of which Yara has med an election at initial recognition to present subsequent changes in fair value in OCI. 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.

As of 31 December 2022, YGV's portfolio consists of ten equity instruments, of which eight are valued at cost as the proxy for their fair value, and two investments have been held for more than 12 months and are subject to updated valuation assessment in accordance with Yara's policy. For one of these investments, Yara recognized a loss of USD 3 million in the consolidated statement of income, and the second investment is expected to be revalued at a new funding round primo 2023. Accordingly, sensitivities with favorable and unfavorable effects are not presented for these equity instruments.

Gains and losses from financial instruments recognized in the consolidated statement of income and consolidated statement of other comprehensive income

2022

		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)	Amortized cost	Fair value through P&L	Total
Consolidated statement of income	6.1, 6.2	6	(20)	(2)	–	–	2	(15)
Consolidated statement of comprehensive income[1]	6.2	–	(8)	–	13	(81)	–	(76)
Total		39	(28)	(2)	13	(81)	2	(91)

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

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)	Amortized 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 Income taxes for specification of taxes.

7 Business initiatives

7.1 Business initiatives

Yara Clean Ammonia

On 4 May 2022 Yara International ASA ("Yara") announced that it is evaluating a potential initial public offering ("IPO") of its Yara Clean Ammonia business ("YCA") on the Oslo Stock Exchange. Consistent with Yara's ownership approach, the evaluation of a potential future listing is focused on attracting minority investors. It reflects Yara's strategic ambition to enable the hydrogen economy where clean ammonia will play a crucial role within zero-emission shipping fuels, power generation, green fertilizer production and other industrial applications.

YCA was established as a separate segment and business unit in February 2021 to focus on clean ammonia, i.e., green and blue ammonia. A potential IPO would raise capital to accelerate the growth of YCA, visualize the value of the business better and support increased management focus - for both YCA and Yara. In connection with the internal reorganization and transfer of Yara's Clean Ammonia business to a wholly owned subsidiary of Yara, a demerger and subsequent triangular merger was completed on 24 August 2022.

7.2 Disposal of investments

Disposal of Salitre

The sale of Yara's Salitre phosphate mining project in Brazil to Eurochem was completed on 22 February 2022.

The assets and liabilities of the Salitre mining project were 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.

Upon signing of the agreement, the recoverable value of the Salitre assets was determined to be lower than their carrying amount, and the total impairment charge in 2021 was USD 337 million. The charge continued to be sensitive to USD/BRL currency development up until close of the transaction on 22 February 2022. The impairment in 2022 was USD 10 million, recognized on the line Impairment loss in the Statement of Income. The settlement of the transaction led to a loss of USD 10 million. The amount is presented in the Statement of Income as Other operating expenses.

At completion, Yara received a cash consideration of USD 452 million. Net cash proceeds after deducting for cash in the business that is disposed is USD 440 million and is presented on the line Cash flows from losing control of subsidiaries or other businesses in the consolidated statement of cash flows in 2022.

All amounts are included in the Americas segment.

The major classes of assets and liabilities held-for-sale at 31 December 2021 were 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

As of 31 December 2022, the amount recognized as held-for-sale is immaterial and is related to investments in Americas and Global Plants & Operational Excellence segments.

8 Other disclosures

8.1 Related parties

The Norwegian State
At 31 December 2022, 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 15,643,152 shares, representing 6.14 percent of the total number of shares issued.

Yara Pension fund
One of Yara International ASA's pension plans is arranged through Yara's pension fund in Norway "Yara Pensjonskasse". This plan has been closed for new members since July 2006. During 2022, Yara has contributed to the pension fund through deductions from premium fund and premium paid by the sponsoring companies Yara International ASA and Yara Norge AS.

Equity-accounted investees
Transactions with equity-accounted investees are described in note 4.3.

Board of Directors
Members of the Board of Directors are elected for two-year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a Board Member has a material interest.

Executive Management
Executive Management remuneration is disclosed in the following table. The full "Yara Executive Remuneration Report 2022" can be found at www.yara.com, Annual report section.

Executive Management remuneration and Board of Directors compensation

USD thousands	Compensation earned in 2022	Compensation earned in 2021
Salary and short-term incentive	5,136	5,653
Pension	278	694
Benefits	512	387
Share Based Remuneration[1]	877	986
Total Executive Management	6,802	7,721
Fee to Board of Directors	506	545
Total[2]	7,308	8,266

1) See note 8.2 Share Based Remuneration for further information
2) See "Yara Executive Remuneration Report 2022" for further details

8.2 Share based remuneration

To support the alignment between executives and shareholder interests and to ensure retention of key talents in the company, an amount equal to 30 percent 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 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.

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
2022					
Deloitte Norway	846	590	24	–	1,460
Deloitte abroad	3,086	360	551	11	4,008
Total Deloitte	3,932	950	575	11	5,468
Others	492	8	60	45	605
Total	4,424	958	635	56	6,073
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

8.4 Composition of the group

The consolidated financial statement of Yara comprises 143 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 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 (20002) 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 Chile Fertilizantes Ltda.	100.0%	Chile	Yara Phosyn Ltd.
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 Industrial Colombia S.A.S.	99.4%	Colombia	Yara Colombia S.A.
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. Ltda.	99.4%	Ecuador	Yara Colombia S.A.
Yara Agri Trade Misr	51.0%	Egypt	Yara Trade Misr Ltd.
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

Table continues >

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara GmbH & Co. KG	100.0%	Germany	Yara Investments Germany SE
Yara Investment GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Investments Germany SE	100.0%	Germany	Yara Nederland B.V.
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%)
Fertilizer Holdings AS	100.0%	Norway	Yara International ASA
Yara Clean Ammonia Norge AS	100.0%	Norway	Yara Clean Ammonia AS
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	Yara Clean Ammonia Norge AS
Yara Fertilizers Philippines Inc.	100.0%	Philippines	Yara Asia Pte Ltd.
Yara Poland Sp. z o.o.	100.0%	Poland	Yara Nederland B.V.
Yara Rwanda Ltd.	100.0%	Rwanda	Yara Tanzania Ltd.
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.

Table continues >

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Marine Technologies AB	100.0%	Sweden	Yara Marine Technologies AS
Yara AB	100.0%	Sweden	Fertilizer Holdings AS
Yara Switzerland Ltd.	100.0%	Switzerland	Yara Nederland B.V.
Yara Clean Ammonia Switzerland SA	100.0%	Switzerland	Yara Clean Ammonia Norge AS
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
Yara UK Ltd.	100.0%	United Kingdom	Fertilizer Holdings AS
Agoro Carbon Alliance US, Inc.	100.0%	United States	Agronomic Technology Corp. (57.5%) and Yara North America Inc. (42.5%)
Agronomic Technology Corp.	100.0%	United States	Yara North America Inc.
Yara Clean Ammonia US Inc.	100.0%	United States	Yara Clean Ammonia Norge AS
Yara North America Inc.	100.0%	United States	Yara International ASA
Freeport Ammonia LLC	100.0%	United States	Yara North America Inc.
Yara West Sacramento Terminal LLC	100.0%	United States	Yara North America Inc.
Yara Vietnam Co. Ltd.	100.0%	Vietnam	Yara Asia Pte Ltd.
Yara Fertilizer Zambia Ltd.	100.0%	Zambia	Yara Nederland B.V.

8.5 Post balance sheet date events

Disposal of Yara Dallol B.V.
The Share Purchase Agreement with XLR Enterprises Limited to sell its ownership interest in the Dallol Mining project in Ethiopia as announced on 4 July 2022 was completed on 27 January 2023. Yara's full legal ownership interest in the project, together with all economic rights and all obligations and liabilities attaching or relating thereto, were transferred to XLR Enterprises at closing date. The accounting effect of the closing is immaterial.

Dividends
Yara's Board is proposing to the Annual General Meeting a dividend of NOK 55 per share for 2022.

Financial statements for Yara International ASA

Yara International ASA

Income statement

NOK millions	Notes	2022	2021
Revenues	4	3,307	2,830
Other income		–	1
Revenues and other income		3,307	2,831
Raw materials, energy costs and freight expenses		(28)	(21)
Change in inventories of own production		2	–
Payroll and related costs	2	(1,250)	(1,146)
Depreciation, amortization and impairment loss	3	(161)	(249)
Other operating expenses	4	(2,773)	(2,482)
Operating costs and expenses		(4,210)	(3,898)
Operating income		(903)	(1,067)
Financial income (expense), net	5	13,701	14,874
Income before tax		12,798	13,807
Income tax expense	6	(162)	32
Net income		12,636	13,839
Appropriation of net income and equity transfers			
Dividend proposed		14,010	7,642
Retained earnings		(1,374)	6,197
Total appropriation	11	12,636	13,839

Yara International ASA

Balance sheet

NOK millions	Notes	31 Dec 2022	31 Dec 2021
Assets			
Non-current assets			
Deferred tax assets	6	827	979
Intangible assets	3	397	455
Property, plant and equipment	3	72	76
Shares in subsidiaries	7	29,457	19,876
Intercompany receivables	13	41,063	37,207
Other non-current assets	1, 8	414	517
Total non-current assets		72,229	59,109
Current assets			
Inventories	8	35	29
Trade receivables		8	8
Intercompany receivables	13	17,975	19,710
Prepaid expenses and other current assets	10	1,099	809
Cash and cash equivalents		6,922	1,718
Total current assets		26,038	22,273
Total assets		98,267	81,382

NOK millions	Notes	31 Dec 2022	31 Dec 2021
Liabilities and shareholders' equity			
Equity			
Share capital reduced for treasury stock		433	433
Premium paid-in capital		117	117
Total paid-in capital		550	550
Retained earnings		11,097	15,137
Shareholders' equity	11	11,648	15,688
Non-current liabilities			
Employee benefits	1	1,114	1,080
Long-term interest-bearing debt	12	34,817	26,890
Other long-term liabilities	8	1,245	311
Total non-current liabilities		37,176	28,281

NOK millions	Notes	31 Dec 2022	31 Dec 2021
Current liabilities			
Trade and other payables		378	371
Bank loans and other interest-bearing short-term debt	8	1,651	2,183
Current portion of long-term debt	12	300	4,059
Dividends payable	11	14,010	7,642
Intercompany payables	13	32,037	22,535
Current income tax	6	14	14
Other current liabilities		1,053	609
Total current liabilities		49,443	37,413
Total liabilities and shareholders' equity		98,267	81,382

The Board of Directors Yara International ASA,
Sumaré 23 March 2023

Trond Berger Chair	Jannicke Hilland Vice Chair	Eva S. Aspvik Member of the Board
Rune A. Bratteberg Member of the Board	Tove Feld Member of the Board	Ragnhild F. Høimyr Member of the Board
Geir O. Sundbø Member of the Board	John Thuestad Member of the Board	Svein Tore Holsether President and CEO

Yara International ASA

Cash flow statement

NOK millions	Notes	2022	2021
Operating activities			
Net income/(loss) before taxes		12,798	13,807
Adjustments to reconcile net income/(loss) to net cash provided by operating activities			
Depreciation, amortization and impairment loss	3	161	249
Adjustment for dividends and group relief from subsidiaries	5	(15,956)	(17,016)
Adjustment for finance income and expense	5	855	403
Net foreign exchange loss (gain)	5	1,400	1,740
Tax received/(paid)	6	(25)	(17)
Group relief received		15,000	5,300
Dividend received	11	6,556	2,016
Interest paid		(2,174)	(1,115)
Interest received		1,187	509
Bank charges		(132)	85
Other		(27)	41
Change in working capital			
Trade receivables		–	(1)
Short-term intercompany receivables/payables	13	(4,102)	(3,403)
Prepaid expenses and other current assets		433	215
Trade payables		(16)	128
Other current liabilities		(436)	(645)
Net cash provided by operating activities		15,523	2,296

NOK millions	Notes	2022	2021
Investing activities			
Purchase of property, plant and equipment	3	(12)	(9)
Purchase of other long-term investments	3	(88)	(131)
Net cash from/(to) long-term intercompany loans	13	(1,436)	(138)
Outflows due to capital increase in subsidiary		225	–
Net cash used in investing activities		(1,311)	(278)
Financing activities			
Loan proceeds	12	5,498	3,801
Principal payments		(4,318)	(965)
Purchase of treasury stock	11	–	(3,143)
Dividend paid	11	(10,188)	(10,284)
Net cash used in financing activities		(9,008)	(10,591)
Foreign currency effects on cash and cash equivalents		–	22
Net increase/(decrease) in cash and cash equivalents		5,204	(8,552)
Cash and cash equivalents at 1 January		1,718	10,270
Cash and cash equivalents at 31 December		6,922	1,718

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 stems 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.

Software as a Service (SaaS) arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. They 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. Consequently, costs incurred to configure or customize, and the ongoing fees to obtain access to the cloud provider's application software, are recognized as operating expenses when the services are received. Licensed software hosted on-premises 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 certain defined criteria.

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 hold 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 are 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.

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 income statement together with any gains and losses arising from curtailments and settlements. Remeasurement gains and losses are recognized directly in retained earnings.ings.

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	2022	2021
Pension liabilities for defined benefit plans	(1,105)	(1,071)
Termination benefits and other long-term employee benefits	(9)	(9)
Surplus on funded defined benefit plan	372	476
Net long-term employee benefit obligations	(743)	(604)

Expenses for long-term employee benefit obligations recognized in the Income statement

NOK millions	2022	2021
Defined benefit plans	(39)	(37)
Defined contribution plans	(72)	(65)
Termination benefits and other long-term employee benefits	(10)	(8)
Net expenses recognized in the Income statement	(122)	(109)

Defined benefit plans, outlined

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 2022, 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 126. 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 2022 was NOK 111,477).

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 25.4 years after reaching the retirement age of 65, whereas an employee aged 65 today would on average be expected to live 23.6 years.

The following financial assumptions have been applied for the valuation of liabilities (in %):

In percentages	2022	2021
Discount rate	3.2	1.9
Expected rate of salary increases	3.4	2.4
Future rate of pension increases	3.3	1.0

Actuarial valuations provided the following results:

NOK millions	2022	2021
Present value of unfunded obligations	(969)	(939)
Present value of wholly or partly funded obligations	(815)	(761)
Total present value of obligations	(1,784)	(1,700)
Fair value of plan assets	1,187	1,238
Social security on defined benefit obligations	(137)	(132)
Total recognized liability for defined benefit plans	(733)	(595)

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2022
Funded plan	13.0
Unfunded plans	9.0

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	2022	2021
Current service cost	(23)	(22)
Administration cost	(2)	(2)
Social security cost	(6)	(5)
Payroll and related costs	(31)	(29)
Interest on obligation	(32)	(27)
Interest income from plan assets	23	20
Interest expense and other financial items	(8)	(7)
Total expense recognized in the Income statement	(39)	(37)

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	2022	2021
Actual valuation	(1,784)	(1,700)
Discount rate +0.5%	(1,692)	(1,613)
Discount rate -0.5%	(1,885)	(1,796)
Expected rate of salary increase +0.5%	(1,794)	(1,715)
Expected rate of salary increase -0.5%	(1,774)	(1,686)
Expected rate of pension increase +0.5%	(1,873)	(1,781)
Expected rate of pension increase -0.5%	(1,701)	(1,626)
Expected longevity +1 year	(1,846)	(1,761)
Expected longevity -1 year	(1,723)	(1,640)

Development of defined benefit obligations

NOK millions	2022	2021
Defined benefit obligation as of 1 January	(1,700)	(1,604)
Current service cost	(23)	(22)
Interest cost	(32)	(27)
Experience adjustments	(17)	(63)
Effect of changes in financial assumptions	(89)	(55)
Effect of changes in demographic assumptions	–	4
Benefits paid	74	67
Transfer of obligation (in)/out[1]	3	–
Defined benefit obligation as of 31 December	(1,784)	(1,700)

1) This is an obligation for two employees that are now employed by Yara Clean Ammonia Norge AS.

Development of plan assets

NOK millions	2022	2021
Fair value of plan assets as of 1 January	1,238	1,161
Interest income from plan assets	23	20
Administration cost	(2)	(2)
Return on plan assets (excluding calculated interest income)	(45)	76
Employer contributions	8	15
Benefits paid	(35)	(32)
Fair value of plan assets as of 31 December	1,187	1,238

Yara Pensjonskasse (the pension fund) is a separate legal entity, independently governed by its Board of Directors. It is the responsibility of the pension fund's Board of Directors to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension fund. If needed, Yara International ASA will be required to increase the capital buffer of the pension fund.

Yara International ASA's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension fund ensure 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	2022	2022	2021	2021
Cash and cash equivalents	13	1%	1	–
Shares	451	38%	491	40%
Other equity instruments	169	14%	136	11%
Investment grade debt instruments	532	45%	586	47%
Properties	23	2%	24	2%
Total plan assets	1,187	100%	1,238	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 2023 are NOK 47 million. The amount includes any premium to be paid to Yara Pensjonskasse and all benefits to be paid for unfunded plans.

NOK millions	2022	2021
Cumulative amount recognized directly in retained earnings pre-tax at 1 January	(222)	(172)
Remeasurement gains / (losses) on obligation for defined benefit plans	(106)	(114)
Remeasurement gains / (losses) on plan assets for defined benefit plans	(45)	76
Social security on remeasurement gains / (losses) recognized directly in equity this year	(4)	(11)
Cumulative amount recognized directly in retained earnings pre-tax at 31 December	(377)	(222)
Deferred tax related to remeasurement gains / (losses) recognized directly in retained earnings	83	49
Cumulative amount recognized directly in retained earnings after tax at 31 December	(294)	(173)

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 2022". 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 2022".

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 from Deloitte AS (Norway) for ordinary audit was NOK 5,748 thousand (2021: NOK 5,718 thousand), fee for assurance services NOK 5,370 thousand (2021: NOK 1,755 thousand), NOK 0 thousand for tax services (2021: NOK 42 thousand) and NOK 0 thousand for non-audit services (2021: NOK 19 thousand). Deloitte has re-invoiced Yara International ASA a fee of NOK 3,415 thousand for services executed by Deloitte companies abroad. Audit remuneration for the Group is disclosed in note 8.3 to the consolidated financial statement.

At 31 December 2022, the number of employees in Yara International ASA was 677 (2021: 635).

NOK millions	2022	2021
Payroll and related costs		
Salaries	(997)	(918)
Social security costs	(139)	(126)
Net periodic pension costs	(113)	(102)
Total	(1,250)	(1,146)

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2022. All permanent employees in Norway have been offered shares at market price paid by single purpose, interest free, employee loans with a 12-month repayment profile provided by the company. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The foundation has purchased 34,000 shares during 2022. In total 33,392 shares have been sold during 2022 to 607 persons, 39 persons were allotted 16 shares, 112 persons were allotted 32 shares and 456 persons were allotted 64 shares. As at 31 December 2022, the foundation owns 620 shares in Yara.

3 Intangible assets, property, plant and equipment

2022

NOK millions, except percentages and years	Intangible assets[1]	Property, plant and equipment[2]	Total
Cost			
Balance at 1 January	1,480	210	1,690
Addition at cost	88	12	1,000
Balance at 31 December	1,568	222	1,790
Depreciation, amortization and impairment loss			
Balance at 1 January	(1,026)	(134)	(1,160)
Depreciation and amortization	(145)	(16)	(161)
Balance at 31 December	(1,171)	(150)	(1,321)
Carrying value			
Balance at 1 January	455	76	531
Balance at 31 December	397	72	469
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 2022.

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.

4 Specification of items in the income statement

Sales to geographical areas[1]

	2022			2021		
NOK millions	External	Other Yara entities	Total	External	Other Yara entities	Total
Norway	1	134	135	–	99	99
European Union	20	2,751	2,770	2	2,359	2,361
Europe, outside European Union	2	29	31	15	23	38
Africa	–	25	25	–	24	24
Asia	–	86	86	–	77	77
North America	–	41	41	–	42	42
Latin America	–	199	199	–	172	172
Australia and New Zealand	–	20	20	–	18	18
Total	22	3,285	3,307	17	2,813	2,830

[1] Figures are based on customer location.

Other operating expenses

NOK millions	2022	2021
Selling and administrative expense	(2,217)	(1,972)
Rental and leasing[1]	(70)	(57)
Travel expense	(38)	(8)
Other	(448)	(445)
Total[2]	(2,773)	(2,482)
Of which research costs[3]	(605)	(625)

[1] Expenses mainly related to office and lease contracts for company cars.
[2] Of which relates to transactions with related parties NOK 1,112 million (2021: NOK 934 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	2022	2021
Dividends and group relief from subsidiaries	13	15,956	17,016
Interest income group companies	13	1,264	470
Other interest income		97	30
Interest expense group companies	13	(686)	(19)
Other interest expense		(1,378)	(954)
Interest expense defined pension liabilities	1	(32)	(27)
Return on pension plan assets	1	23	20
Net foreign exchange gain/(loss)		(1,400)	(1,740)
Other financial income/(expense)		(143)	77
Financial income/(expense), net		13,701	14,874

6 Income taxes

Specification of income tax expense

NOK millions	2022	2021
Current tax expense[1)]	(25)	(17)
Deferred tax income/(expense) recognized in the current year	(137)	49
Income tax income/(expense)	(162)	32

1) Withholding taxes, see specification in the table below.

Reconciliation from nominal statutory tax rate to effective tax rate

NOK millions	2022	2021
Income before taxes	12,798	13,807
Statutory tax rate	22%	22%
Expected income taxes at statutory tax rate	(2,816)	(3,038)
The tax effect of the following items:		
Dividends and group relief received from subsidiary with no tax effect	2,761	3,083
Withholding taxes	(25)	(17)
Prior years adjustment	–	–
Tax law changes	–	–
Non-deductible expenses	(69)	1
Other	(14)	3
Income tax income/(expense)	(162)	32
Effective tax rate	(1%)	–

Specification of deferred tax assets/(liabilities)

NOK millions	Opening balance	Charged to income	Charged from profit or loss to equity	Other	Closing balance
Non-current items					
Intangible assets	22	(7)	–	–	15
Property, plant and equipment	7	–	–	–	7
Pension liabilities	170	(4)	34	–	200
Other non-current assets	(806)	(493)	–	–	(1,299)
Other non-current liabilities and accruals	286	655	–	–	941
Total	(321)	152	34	–	(135)
Current items					
Accrued expenses	70	(267)	–	–	(197)
Total	70	(267)	–	–	(197)
Tax loss carry forwards	1,228	(20)	–	(49)	1,159
Net deferred tax asset/(liability)	979	(137)	34	(49)	827

Tax loss carry forwards are expected to be fully utilized by taxable interest income on group funding and taxable group contributions from Yara's operating companies in Norway.

In 2022, transfer of businesses from Yara International ASA to wholly owned subsidiaries were accounted for based on the continuity method. The difference between the considerations received, which were based on fair value, and the continuity values were recognized net after tax as reduction to shares in subsidiaries. The related tax impact of NOK 49 million is therefore presented in the column "Other" in the table above.

7 Shares in subsidiaries

Company name	Ownership[1]	Ownership by other group companies	Registered office	Functional currency	Total equity in the company 2022 functional currency millions	Net income/ (loss) 2022 in functional currency millions	Carrying value 2022 NOK millions	Carrying value 2021 NOK millions
Subsidiaries owned by Yara International ASA								
Fertilizer Holdings AS	100%	–	Norway	NOK	17,057	6,271	16,108	16,178
Yara Clean Ammonia AS	100%	–	Norway	USD	949	–	9,757	–
Yara Norge AS	100%	–	Norway	NOK	2,913	1,769	1,303	1,303
Yara Asia Pte. Ltd.	100%	–	Singapore	USD	805	77	1,114	1,114
Yara Colombia S.A.	70%	29%	Colombia	COP	923,051	323,318	763	763
Yara North America Inc.	100%	–	USA	USD	831	370	363	468
Yara Guatemala S.A.	100%	–	Guatemala	GTQ	202	77	24	24
Yara Lietuva, UAB	100%	–	Lithuania	EUR	1	(1)	23	23
Yara International Employment Co. AG	100%	–	Switzerland	EUR	2	1	1	1
Total							29,457	19,876

[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 in the consolidated financial statements.

In 2022, Yara International ASA transferred the ownership of certain businesses to wholly owned subsidiaries. The considerations received were based on fair value. As the transactions were part of an internal reorganization of the Group, they were accounted for based on the pooling of interest method. The difference between the consideration received and the carrying amount of the businesses were therefore recognized as reduction of the carrying amount of shares in subsidiaries net after tax. Carrying amount for 2022 was reduced with NOK 105 million for Yara North America Inc. (original carrying value NOK 468 million) and with NOK 70 million for Fertilizer Holdings AS (original carrying amount NOK 16,178 million). In addition, Yara International ASA transferred its Clean Ammonia business to a wholly owned subsidiary by way of a demerger and a subsequent triangular merger. Following the reorganization, Yara International ASA contributed all of its clean ammonia related investments and an intercompany loan to Yara Clean Ammonia AS as a contribution in kind, and increased its investment to NOK 9,757 million.

8 Specification of other balance sheet items

NOK millions	Notes	2022	2021
Other non-current assets			
Surplus on funded defined benefit plans	1	372	476
Long-term fair value derivative hedging instrument		–	2
Interest rate swap designated for hedging (external)		14	–
Other		28	38
Total		414	517
Inventories			
Finished goods		20	18
Raw materials		15	11
Total		35	29
Bank loans and other short-term interest-bearing debt			
External loans		–	1,103
Interest-bearing loans from group associates and joint arrangements	13	1,510	617
Bank overdraft		141	463
Total		1,651	2,183
Other long-term liabilities			
Long-term fair value hedging instruments		216	292
Long-term financial derivate instruments		1,029	19
Total		1,245	311

9 Guarantees

NOK millions	2022	2021
Guarantees (off-balance sheet)		
Guarantees for financial liabilities in subsidiaries	8,817	9,050
Guarantees for operational and public liabilities in subsidiaries	20,482	10,902
Total	29,299	19,952

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 to the consolidated financial statement.

Liquidity and funding 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	2022	2021
Fair value of derivatives		
Forward foreign exchange contracts (external)	(26)	(206)
Forward foreign exchange contracts (Yara Group internal)	999	11
Cross-currency swaps (external)	(1,016)	(293)
Interest rate swaps designated for hedging (external)	(216)	(14)
Balance at 31 December	(258)	(501)
Derivatives presented in the balance sheet		
Non-current assets	14	2
Current assets	1,040	15
Non-current liabilities	(1,245)	(311)
Current liabilities	(67)	(207)
Balance at 31 December	(258)	(501)

Forward foreign exchange contracts

Yara is committed to the following outstanding forward foreign exchange contracts.

NOK millions	2022	2021
Forward foreign exchange contracts (external), notional amount	7,753	1,353
Forward foreign exchange contracts (Yara Group internal), notional amount	10,681	3,425

All outstanding external forward foreign exchange contracts at 31 December 2022 have maturity in 2023, except non-deliverable forward contracts equivalent to NOK 348 million that mature in 2024. 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.

Credit risk

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.

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 fixed-to-floating interest 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 from 2017. A hedging relation for SEK 800 million of the bond debt was discontinued upon maturity in 2022.

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.

In November 2022, Yara designated a long-term USD 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 (SOFR) of the USD 600 million fixed rate bond debt from 2022.

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 2022 or 2021. 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 2022

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	–	580	19	–	Long-term interest-bearing debt	Other long-term liabilities	21	(21)	–
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	–	1,884	115	–	Long-term interest-bearing debt	Other long-term liabilities	99	(99)	–
- Fixed interest, NOK bonds (2021)	NOK	3M NIBOR	–	938	60	–	Long-term interest-bearing debt	Other long-term liabilities	57	(57)	–
- Fixed interest, USD bonds (2022)	USD	SOFR	–	5,839	22	–	Long-term interest-bearing debt	Other long-term liabilities	22	(2)	–

[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 2021

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.

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 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 2022, 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 2022. For further information on these issues see note 5.1 Equity and liabilities to the consolidated financial statement.

Shareholders holding 1 percent or more of the total 254,725,627 shares issued as of 31 December 2022 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	15,643,152	6.1%
State Street Bank[1]	10,249,148	4.0%
State Street Bank[1]	4,027,608	1.6%
Clearstream banking[1]	3,624,693	1.4%
JPMorgan Chase Bank[1]	3,273,435	1.3%
State Street Bank[1]	2,643,567	1.0%

1) Nominee accounts.

Shareholders' equity

NOK millions	Paid in capital	Retained earnings	Total shareholders' equity
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
Net income of the year	–	12,636	12,636
Dividend proposed	–	(14,010)	(14,010)
Actuarial gain/(loss)[1]	–	(121)	(121)
Additional dividend to proposed dividend for 2022[5]	–	(2,547)	(2,547)
Adjustment to proposed dividend previous years	–	3	3
Correction previous years	–	(2)	(2)
Balance 31 December 2022	550	11,097	11,648

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 Equity and liabilities to the consolidated financial statement for more information.
5) Additional dividend as approved in Extraordinary General Meeting 6 December 2022, NOK 10 per share.

12 Long-term interest-bearing debt

				Denominated amounts 2022		Carrying amounts	
NOK millions, except percentages and denominated amounts	Notes	Maturity	Weighted average interest rates	Currency millions	NOK millions	2022	2021
Unsecured debenture bonds in NOK (Coupon NIBOR + 0,750%)	6	2022	–	–	–	–	1,250
Unsecured debenture bonds in SEK (Coupon STIBOR + 1,000%)	6	2022	–	–	–	–	438
Unsecured debenture bonds in SEK (Coupon 1,100%)	6	2022	–	–	–	–	781
Unsecured debenture bonds in NOK (Coupon 3,000%)	6	2024	3.0%	600	600	580	602
Unsecured debenture bonds in NOK (Coupon 2,450%)	6	2024	2.5%	1,000	1,000	960	992
Unsecured debenture bonds in USD (Coupon 3,800%)	6	2026	3.9%	500	4,411	4,906	4,397
Unsecured debenture bonds in NOK (Coupon 2.410%)	6	2026	2.5%	1,000	1,000	938	996
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.640%)	6	2026	4.1%	1,150	1,150	1,148	1,148
Unsecured debenture bonds in NOK (Coupon 2,900%)	6	2027	2.9%	1,000	1,000	924	990
Unsecured debenture bonds in USD (Coupon 4,750%)	6	2028	4.8%	1,000	8,822	9,806	8,789
Unsecured debenture bonds in USD (Coupon 3,150%)	6	2030	3.2%	750	6,616	7,342	6,578
Unsecured debenture bonds in USD (Coupon 7,378%)	6	2032	7.5%	600	5,894	5,839	–
Unsecured bank loans in USD			5.6%	272	2,403	2,674	3,988
Outstanding long-term debt						35,116	30,949
Less: Current portion						(300)	(4,059)
Total						34,817	26,890

At 31 December 2022, the fair value of the long-term debt, including the current portion, is NOK 32,471 million and the carrying value is NOK 35,116 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	Other long-term debt	Total[1]
2023	–	300	–	300
2024	1,540	1,775	–	3,315
2025	–	300	–	300
2026	6,993	300	–	7,292
2027	924	–	–	924
Thereafter	22,986	–	–	22,986
Total	32,443	2,674	–	35,116

[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	2022	2021
Income statement			
Yara Belgium S.A.		2,220	1,787
Yara Brasil Fertilizantes S.A.		127	113
Yara Norge AS		110	97
Yara Sluiskil B.V.		91	86
Other		737	730
Internal revenues	4	3,285	2,813
Yara GmbH & Co. KG		334	267
Yara Asia Pte Ltd.		244	261
Yara Belgium S.A./N.V.		155	87
Yara Brasil Fertilizantes S.A.		51	20
Yara UK Ltd.		43	41
Yara Sluiskil B.V.		35	31
Yara Suomi Oy		28	35
Other		222	192
Other operating expenses	4	1,112	934
Fertilizer Holdings AS		8,629	12,000
Yara Asia Pte Ltd.		3,748	1,959
Yara Norge AS		2,600	3,000
Yara AS		800	–
Yara Colombia S.A.		121	–
Yara Guatemala S.A.		58	58
Dividends and group relief from subsidiaries	5	15,956	17,016

NOK millions	Notes	2022	2021
Yara AS		324	12
Yara Holding Netherlands B.V.		271	135
Yara Norge AS		193	65
Yara Sluiskil B.V.		68	55
Yara Suomi Oy		59	57
Yara Clean Ammonia Norge AS		55	–
Fertilizer Holdings AS		54	5
Yara AB		47	30
Yara Investments Germany SE		37	28
Other		156	83
Interest income group companies	5	1,264	470
Yara AS		(314)	(9)
Yara Canada Holding Inc.		(69)	(1)
Yara North America Inc.		(68)	–
Yara Asia Pte Ltd.		(35)	–
Yara Pilbara Fertilisers Pty Ltd.		(31)	–
Yara Switzerland Ltd.		(27)	–
Yara Nederland B.V.		(20)	–
Yara Norge AS		(15)	(1)
Other		(107)	(8)
Interest expense group companies	5	(686)	(19)

NOK millions	Notes	2022	2021
Non-current assets			
Yara Holding Netherlands B.V.		15,414	14,394
Yara Norge AS		5,403	4,847
Yara Sluiskil B.V.		4,799	4,564
Yara Suomi Oy		3,623	3,446
Yara Investments Germany SE		3,299	3,138
Yara Investment GmbH		1,755	1,669
Yara AB		1,566	1,589
Yara France SAS		1,470	1,398
Other		3,733	2,162
Intercompany receivables		41,063	37,207
Current assets			
Fertilizer Holdings AS		8,233	12,370
Yara Norge AS		3,122	3,049
Yara Clean Ammonia AS		2,164	–
Yara AS		800	–
Yara Italia S.p.A.		605	409
Yara AB		212	520
Yara Asia Pte Ltd.		11	1,969
Yara Switzerland Ltd.		–	1,179
Other		2,829	214
Intercompany receivables		17,975	19,710
Yara Pensjonskasse		1	7
Stiftelsen for ansattes aksjer i Yara		12	21
Other related parties receivables[1)]		13	28

NOK millions	Notes	2022	2021
Current liabilities			
Yara Nederland B.V.		(7,086)	(2,727)
Yara North America Inc.		(5,007)	(861)
Yara Pilbara Fertilisers Pty Ltd.		(2,821)	(1,021)
Yara GmbH & Co. KG		(2,511)	(3,389)
Yara Canada Holding Inc.		(1,882)	(1,569)
Yara Switzerland Ltd.		(1,798)	(4)
Yara Tertre S.A.		(1,602)	(2,409)
Yara Italia S.p.A.		(468)	(2,313)
Yara Norge AS		(1)	(1,459)
Other		(8,862)	(6,783)
Intercompany payables		(32,037)	(22,535)
Trinidad Nitrogen Company Ltd.		(1,142)	(467)
Yara Freeport LLC DBA Texas Ammonia		(367)	(147)
Yara Pilbara Nitrates Pty Ltd		(1)	(2)
Short term Interest-bearing loans from Group associates and joint arrangements		(1,510)	(617)

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 2022 calendar year and as of 31 December, 2022.

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 2022 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, 2022
- The integrated report 2022 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 2022 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,
Sumaré 23 March 2023

Trond Berger Chair	Jannicke Hilland Vice Chair	Eva S. Aspvik Member of the Board
Rune A. Bratteberg Member of the Board	Tove Feld Member of the Board	Ragnhild F. Høimyr Member of the Board
Geir O. Sundbø Member of the Board	John Thuestad 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 2022 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 Company presentation Board message Note 8.4	3–4 11–14 118–125 228–230
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.	Megatrends and Climate scenarios Our strategy Prosperity performance Board message Risk management	17–23 24–26 66–75 118–125 126–134
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	Our strategy Prosperity performance Board message	24–26 66–75 118–125
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 1 Note 6	126–134 147–151 209–224
Section 3-3a, 7th para, cfr. Section 4-5	Information regarding the going concern assumption.	Prosperity performance	75
Section 3-3a, 8th para	Proposal for the allocation of profit or settlement of loss.	The Yara share Board message	76–78 125
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	49–50 120–123

Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
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.	Managing impacts in our value chain Planet performance Board message	32–33 60–62 118–125
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	125
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	
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	90–108
Section 3-3c, 1st para	Report on social responsibility	How we create value Managing impacts in our value chain People performance Planet performance External framework guidance Board message Risk management	14 32–33 49–54 60–62 84–87 118–125 126–134
Section 3-3d	Report on payments to the authorities, etc. (country-by-country reporting)	See the separate Yara Country-by-Country Report 2022, available on Latest annual report page, yara.com	

	Content	Annual Report chapter reference	Page reference
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 fulfil requirements	People performance	52–54
Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act)			
Section 5	Accounting for due diligence in accordance with the OECD Guidelines for Multinational Enterprises	See Human Rights and Labor Practices section of the separate Yara Sustainability Report 2022, available on Latest annual report page, yara.com	

Auditor's report

Deloitte.

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Postboks 221 Sentrum
NO-0103 Oslo, Norway
Tel: +47 23 27 90 00
www.deloitte.no

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 2022, 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 2022, 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 2022, 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, 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.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

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 relevant laws and regulations in Norway 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 19 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 International ASA and Norsk Hydro ASA in total for more than 20 years.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

- Tax assets and liabilities
- Impairment of goodwill and property, plant and equipment

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Tax assets and liabilities

Key audit matter

As detailed in note 1.2 and 2.8, the Group has recognized deferred tax assets of USD 449 million. Total unrecognized deferred tax assets are USD 392 million, of which USD 213 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 1.2, 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 1.2 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 1.2, 4.1 and 4.2, the Group has recognized goodwill of USD 754 million and property, plant and equipment (PP&E) of USD 6.970 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, capital expenditures and impact from climate changes. Changes in these assumptions could have a significant impact on the value of goodwill and PP&E.

Net impairment losses of USD 35 million were recognized in the year ended 31 December 2022.

Due to the significant judgment involved in determining the assumptions used in the testing for impairment of good-will, 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, impact from climate changes 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.

Deloitte.

Other information

The Board of Directors and the President and CEO (management) are responsible for the information in the Board of Directors' report and 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 information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or 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 and 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.

- 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

As part of the audit of the financial statements of Yara International ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the integrated report, with the file name 213800WKOUWXWFJ5Z514-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the integrated report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the integrated report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities

Management is responsible for the preparation of the integrated report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities

Our responsibility, based on audit evidence obtained, is to express an opinion on whether, in all material respects, the financial statements included in the integrated report have been prepared in compliance with ESEF. We conduct our work in compliance 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 about whether the financial statements included in the integrated report have been prepared in compliance with the ESEF Regulation.

As part of our work, we have performed procedures to obtain an understanding of the Company's processes for preparing the financial statements in compliance with the ESEF Regulation. We examine whether the financial statements are presented in XHTML-format. We evaluate the completeness and accuracy of the iXBRL tagging of the consolidated financial statements and assess management's use of judgement. Our procedures include reconciliation of the iXBRL tagged data 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, 23 March 2023
Deloitte AS

Espen Johansen
State Authorised Public Accountant

(This document is signed electronically)

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
- Green bond ratio

Definitions and explanations for the use of these APMs are described herein, 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 understanding the Group's financial performance. It provides performance information covering all activities which normally are 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 reflect the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. Yara defines "special items" as items in the results which are not regarded as part of underlying business performance for the period. These comprise restructuring related items, contract derivatives, impairments and other items which are not primarily related to the period in which they are recognized, subject to a minimum value of USD 5 million per item within a 12-month period. "Contract derivatives" are commodity-based derivative gains or losses which are not the result of active exposure or position management by Yara. Together with impairments, these are defined as special items regardless of amount. For details on special items, see page 74 in chapter 2, Year in review, section Prosperity performance.

Reconciliation of operating income to EBITDA excluding special items

USD millions		2022	2021
Operating income		3,827	1,068
Share of net income in equity-accounted investees		25	23
Interest income and other financial income		108	64
Depreciation and amortization		964	984
Impairment loss		35	666
Earnings before interest, tax and depreciation/amortization (EBITDA)		4,959	2,804
Special items included in EBITDA[1]		(70)	87
EBITDA, excluding special items	A	4,889	2,891

[1] For details on special items, see page 74 in chapter 2, Year in review, section Prosperity performance.

Special items per operating segment included in EBITDA

USD millions	2022	2021
Europe	(11)	(13)
Americas	(26)	15
Africa and Asia	106	(83)
Global Plants and Operational Excellence	(2)	4
Clean Ammonia	(1)	1
Industrial Solutions	6	(9)
Other and Eliminations	(2)	(2)
Total special items included in EBITDA[1]	70	(87)

[1] For details on special items, see page 74 in chapter 2, Year in review, section Prosperity performance.

EBITDA per operating segment, excluding special items

USD millions		2022	2021
Europe		1,237	677
Americas		1,878	975
Africa and Asia		554	331
Global Plants and Operational Excellence		398	566
Clean Ammonia		251	130
Industrial Solutions		636	297
Other and Eliminations		(63)	(86)
EBITDA, excluding special items[1)]	A	4,889	2,891

[1)] For details on special items, see page 74 in chapter 2, Year in review, section Prosperity performance.

Reconciliation of net income to EBITDA

USD millions	2022	2021
Net income	2,782	384
Income taxes	857	355
Interest expense and other financial items	260	164
Foreign currency translation (gain)/loss	61	251
Depreciation and amortization	964	984
Impairment loss	35	666
EBITDA	4,959	2,804

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		2022	2021
Operating income		3,827	1,068
Amortization and impairment of intangible assets		33	47
Interest income from external customers		81	58
Calculated tax cost (25% flat rate) on items above		(985)	(293)
Share of net income in equity-accounted investees		25	23
Net operating profit after tax (NOPAT)	B	2,981	903

Reconciliation of net income to net operating profit after tax

USD millions		2022	2021
Net income		2,782	384
Amortization and impairment of intangible assets		33	47
Interest income from external customers		81	58
Interest income and other financial income		(108)	(64)
Interest expense and other financial items		260	164
Foreign currency translation (gain)/loss		61	251
Income tax, added back		857	355
Calculated tax cost (25% flat rate)		(985)	(293)
Net operating profit after tax (NOPAT)	B	2,981	903

Reconciliation of invested capital and ROIC calculation

USD millions		2022	2021
Total current assets, as reported		8,620	7,698
Cash and cash equivalents, as reported		(1,010)	(394)
Normalized level of operating cash		200	200
Total current liabilities, as reported		(4,338)	(5,544)
Short-term interest-bearing debt, as reported		157	337
Current portion of long-term debt, as reported		54	476
Short-term lease liabilities, as reported		118	104
Property, plant and equipment, as reported		6,970	7,133
Right-of-use assets, as reported		403	421
Goodwill, as reported		754	789
Equity-accounted investees		143	117
Adjustment for 3-months/12-months average		(468)	27
Invested capital	C	11,602	11,363
Return on invested capital (ROIC)	D=B/C	25.7%	7.9%

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 micronutrients 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 sulfur content. The measurement includes estimates and simplified assumptions; however, it is considered to be of sufficient accuracy to assess the premium development over time. Market references applied are currently under revision.

Reconciliation of Premium generated

USD millions		2022	2021
Revenues[1] from premium NPKs and straight nitrates		7,956	5,318
Adjustments to revenues[2]		(666)	(615)
Adjusted revenues as basis for premium generated	E	7,290	4,703
Benchmark revenue for premium generated[3]	F	5,482	4,422
Calculated premium generated	G=E–F	1,808	280

1) IFRS revenues, ref. Note 2.1 Revenue from contracts with customers, page 151 in the financial statement part of Yara Integrated Report 2022.
2) Adjustments for logistical and bagging costs, incoterms, sulfur content, and homogenization of nutrient content (for nitrates).
3) Value of commodity fertilizers adjusted by nutrient content, secondary and micronutrients in NPK, cost of coloring and incoterms. The commodity prices are derived from the external publications Fertecon, Fertilizer Week, Profercy, The Market and FMB. Market references applied are currently under revision.

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.

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 74 in chapter 2, Year in review, section Prosperity performance), as well as items which relate to portfolio and structural changes. Previously the reported amounts were also adjusted for currency effects calculated by converting from local currency to reporting currency using baseline exchange rates as of 2018. With effect from fourth quarter 2022, Yara changed the exchange rates in this fixed cost definition and started adjusting for baseline exchange rates for each year instead of adjusting for baseline exchange rates as of 2018. The rationale for this change is the significant variation in the USD exchange rates over the last four years and the corresponding significant currency effects in this KPI over time. The change to using actual exchange rates of the year enables a better understanding of the fixed cost development for stakeholders.

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	2022	2021
Operating costs and expenses	20,224	15,540
Variable part of Raw materials, energy costs and freight expenses	(16,762)	(11,508)
Variable part of Other operating expenses	(64)	(37)
Depreciation and amortization	(964)	(984)
Impairment loss	(35)	(666)
Special items within fixed cost	(21)	(42)
Fixed cost	2,379	2,303

Reconciliation of Net operating capital days

USD millions		2022	2021
Trade receivables, as reported		2,305	2,138
Adjustment for VAT payables		(164)	(133)
Adjustment for 12-months average		257	(383)
Adjusted trade receivables (12-months average)	H	2,398	1,621
Revenue from contracts with customers		23,902	16,617
Interest income from external customers		78	54
Total revenue and interest income from customers	I	23,979	16,671
Credit days	J=(H/I)*365	36	35
Inventories, as reported		4,365	4,003
Adjustment for 12-months average		219	(1,202)
Inventories (12-months average)	K	4,584	2,801
Raw materials, energy costs and freight expenses		18,078	12,803
Change in inventories of own products		(725)	(668)
Fixed product costs and freight expenses external customers		(1,606)	(1,753)
Product variable costs	L	15,747	10,383
Inventory days	M=(K/L)*365	106	98
Trade and other payables, as reported		2,549	3,188
Adjustment for other payables		(214)	(164)
Adjustment for payables related to investments		(221)	(162)
Adjustment for 12-months average		733	(1,004)
Trade payables (12-months average)	N	2,846	1,857
Operating costs and expenses		20,224	15,540
Depreciation and amortization		(964)	(984)
Impairment loss		(35)	(666)
Other non-supplier related costs		(733)	(668)
Operating costs and expenses, adjusted	O	18,493	13,222
Payable days	P=(N/O)*365	56	51
Net operating capital days	Q=J+M–P	87	83

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 2022	31 Dec 2021
Cash and cash equivalents		1,010	394
Other liquid assets		1	2
Short-term interest-bearing debt		(157)	(337)
Current portion of long-term debt		(54)	(476)
Short-term lease liabilities		(118)	(104)
Long-term interest-bearing debt		(3,597)	(3,089)
Long-term lease liabilities		(292)	(321)
Net interest-bearing debt	R	(3,206)	(3,930)

Net debt/equity ratio

USD millions		31 Dec 2022	31 Dec 2021
Net interest-bearing debt	R	(3,206)	(3,930)
Total equity	S	(8,600)	(7,116)
Net debt/equity ratio	T=R/S	0.37	0.55

Net debt/EBITDA excluding special items ratio

USD millions		31 Dec 2022	31 Dec 2021
Net interest-bearing debt	R	(3,206)	(3,930)
EBITDA, excluding special items (last 12 months)	A	4,889	2,891
Net debt/EBITDA excluding special items ratio	U=(R)/A	0.66	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 reflects 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 represents 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		2022	2021
Weighted average number of shares outstanding	V	254,725,627	256,789,744
Net income attributable to shareholders of the parent	W	2,777	449
Foreign currency translation gain/(loss)	X	(61)	(251)
Tax effect on foreign currency translation gain/(loss)	Y	25	61
Non-controlling interest share of currency (gain)/loss, net after tax	Z	(3)	–
Special items within income before tax[1]	AA	37	(751)
Tax effect on special items	AB	(22)	91
Special items within income before tax, net after tax	AC=AA+AB	15	(659)
Non-controlling interest's share of special items, net after tax	AD	–	(84)
Net income excluding currency and special items	AE=W–X–Y+Z–AC–AC+AD	2,797	1,215
Basic earnings per share	AF=W/V	10.90	1.75
Basic earnings per share excluding currency and special items	AG=AE/V	10.98	4.73

[1] For details on special items, see page 74 in chapter 2, Year in review, section Prosperity performance.

Green bond ratio

Yara reports the Group's green bond ratio to show the extent to which its decarbonization efforts are underpinned by green financing, in accordance with the International Capital Market Association ("ICMA") 2021 Green Bond Principles and the Loan Market Association ("LMA") 2021 Green Loan Principles. Following the EU Guidelines on reporting climate-related information, the climate-related green bond ratio is calculated as the carrying amount of green bonds outstanding at year-end divided by a 5-year rolling average of total unsecured debenture bonds, refer to Yara's consolidated financial statements note 5.3 Interest-bearing debt on page 196. In November 2022, Yara announced the Group's first offering of Green Notes amounting to USD 600 million due 2032.

Reconciliation of green bond ratio

USD millions	31 Dec 2022
Carrying amount of green bonds outstanding	(594)
5-year rolling average of total unsecured debenture bonds	(2,719)
Green bond ratio	21.8%

Total unsecured debenture bonds[1)]

USD millions	31 Dec
2022	(3,302)
2021	(3,059)
2020	(2,940)
2019	(2,139)
2018	(2,905)
2017	(1,968)
Calculated 5-year rolling average of total unsecured debenture bonds	(2,719)

[1)] See note disclosures on Interest-bearing debt in Yara's consolidated financial statements for the respective periods


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