

Guidelines for remuneration of executives in Yara

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

The statement is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 5-6 (3) the statement will be presented to the Annual General Meeting (AGM) for advisory vote except for the parts regarding share-based remuneration (Long-Term Incentive Plan and Voluntary Share Purchase Program) which will be presented to the AGM for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015. Yara's remuneration principles applying to the Executive Management comply with these guidelines. For executives employed by Yara companies in other countries remuneration may deviate from the guidelines depending on local market conditions.

General Principle

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

- Are attractive to recruit and retain executives;
- Are responsible as well as competitive;
- Reward the executives' performance, measured as their contribution to the overall success of Yara;
- Support the creation of sustainable shareholder value.

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

Base Salary

Base Salary is reviewed once a year as per 1st June along with the Annual Salary Review for all employees in Yara. The annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries form the basis for the Executive Management salary development.

Short-Term Incentive Plan

The Short-Term Incentive Plan represents performance-driven variable compensation components based on financial and non-financial performance at company and/or segment/organizational level. The specific performance components vary by unit and position and are set on an annual basis. The annual incentive bonus is not linked to the Yara share price but requires Yara Net Income excluding special items exceeding zero.

The annual incentive bonus payout is calculated according to the formula shown below:

Bonus Payout = Base Salary x Target Bonus percent x Yara Financial Performance Multiplier x Individual Performance Multiplier

Target Bonus

The Target Bonus is a percentage of Base Salary and should reflect the expected bonus in a normal year. The percentage is set according to position responsibility and comparison with the market. The Target Bonuses for executives on Norwegian employment contracts are between 28% and 40%. For executives employed by Yara companies in other countries the Target Bonus may deviate from the above depending on local market conditions.

Yara Financial Performance Multiplier

Bonus pay varies with Yara financial performance within a range. For 2018 the financial performance was measured by Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA). From 2019 this measure has been replaced by Return on Invested Capital (ROIC) in line with Yara's financial reporting.

The multiplier is minimum 25%, provided that Yara Net Income exceeding zero and maximum 125%. The annual target for ROIC is approved by Yara International ASA Board of Directors.

Individual Performance Multiplier

The Individual Performance Multiplier is based on the overall performance evaluation of the employee. The performance evaluation considers the results of operational and organizational Key Performance Indicators (KPIs), the promotion of Yara's Mission, Vision and Values, and demonstrated behaviors. The KPIs cover the following areas:

- Safety & Compliance;
- Achievement of production and sales volumes;
- Cost efficiency and Profitability;
- Achievement on specific projects

The Individual Performance Modifier can be in the range from 0% to a maximum of 200%. On the average across the company, the individual multiplier should be 100%.

Bonus Payout

For executives on Norwegian employment contracts the maximum Bonus Payout is capped at 50% of Annual Base Salary. For executives employed by Yara companies in other countries the Bonus Payout may exceed 50% depending on local market conditions.

Long-Term Incentive Plan

The main purpose of the Long-Term Incentive Plan (LTIP) is to create an alignment between executives and shareholder interests and to ensure retention of key talent in the company. The program provides a cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after the grant, and to retain the shares for 3 years. After the lock up-period, executives are free to keep or sell the shares at their discretion. Executives who resign from Yara have to 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 annual grant is jointly conditional on Yara's ROIC excluding special items reaching a defined average target over the past three years and Yara's Net Result excluding currency gain/loss being positive over the last three years. Yara's CEO can in any case decide that LTIP shall not be granted in a given year and Yara's Board of Directors can decide that LTIP shall not be granted to the CEO. The amount granted is linked to the individual position responsibility and shall not exceed 30% of annual base salary.

Benefit Plans

Company paid Pension Plans

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

Yara has a DC Pension Plan covering salary in excess of 12G applicable for employees on Norwegian employment contracts. From December 2015 this plan was closed for new members. For internal recruits to the Executive Management who are members of the plan at commencement, future contribution to the plan stops and they become deferred members of the plan. Current members of the Executive Management at 3 December 2015 remain active members of the plan with future contributions.

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

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

Personal Insurance Schemes

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

Other compensation elements

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

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

Voluntary Share Purchase Program

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