



Knowledge grows

# Yara's GRI Report 2016



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# CEO Message

## Positioned for further growth and fit for the future

*“The best way to predict the future is to create it,” Abraham Lincoln once said. While we cannot predict the future, we have created a mission to responsibly feed the world, and protect the planet.*

### Responding to tougher times

The next few years ahead of us will become more difficult than those behind us. In 2016, the fertilizer industry was confronted with oversupply and falling margins. We cannot influence global production and pricing, however we can influence how we run our own operations. Our response to tougher times is the Yara Improvement Program. This is the largest company-wide improvement program in Yara’s history, positioning Yara for further growth and making us fit for the future.

### Creating tomorrow’s business

In a world of emerging protectionism, isolation and fear, we find consolation in our company vision of creating a collaborative society; a world without hunger; a planet respected. We contribute to realizing this vision by exploring methods for better and more efficient fertilizer production and by increasing our agronomic support to farmers globally, and, most importantly, through agricultural intensification. At Yara, the farmer and the yield is always at the center of what we do. Our innovation and research and development units find new and better ways to combine application rates, and our growing force of agronomists are out in the fields, meeting farmers, learning their needs and supporting them with our solutions.

For instance in the United States and Brazil, both key countries for citrus farming, our agronomists play an instrumental role in supporting local citrus farmers to use integrated crop management systems to strengthen their defense against diseases that threaten not only their yield, but their very livelihood. Just like we humans need healthy, nutritious diets, citrus trees are also in need of a balanced input of nutrients, provided at the right time and in the right amount. At Yara, we help farmers grow a healthy yield.

Through expanding our industrial solutions to new markets, our environmental solutions help shipowners and industries across the world to reduce their NOx and SOx emissions. Last October the International Maritime Organization decided to implement a global cap on SOx emissions from vessels, which was a great step towards a more environmentally friendly shipping industry.

### Safety in Yara

No operation or task is more important than making sure we always secure a safe work environment. When we fail – the consequences can be devastating. In 2016, we had one fatal accident. We lost a 26 year old contractor working for us in Costa Rica, leaving behind his wife Melissa and their daughter Amanda. To us, this is not only tragic, it is also totally unacceptable. Everyone in Yara – our employees and contractors alike – should return safely to their loved ones after an ended shift. This is why we have thoroughly analyzed all the 119 Total Recordable Injuries (TRIs) that occurred in 2016, to understand why they happened and how to prevent them from ever happening again. There is a father, a mother or a or a friend behind each and every number in our TRI rating. We continue our relentless work towards our ambition of zero accidents and I am glad to see our TRI rate is moving in the right direction, to a company-wide 2.5 in 2016. We fully believe every accident can be prevented and every time we experience a near miss, we work to understand why it happened to ensure they won’t happen again or develop into a future injury.

### Making the right decisions

Ethics & Compliance is Yara’s license to operate. Our successes can only be celebrated when they are achieved in the right way, and the way we do business defines us as a company. We focus on making the right decisions, and speak up when situations fail to meet our high standards. For instance our colleagues across the world have proactively combated facilitation payments wherever we have come across them, showing that zero tolerance to this practice is possible.

### Yara Improvement Program

Safety goes hand-in-hand with reliability and operational efficiency. In the Yara Improvement Program we are looking into how we can run a better business. We will realize contributions from the entire company and deliver at least USD 500 million EBITDA in cost and operational efficiency improvements by 2020. This is how we create the future of Yara, to return to Abraham Lincoln.



We will change the way we work, and we will succeed by involving our employees and the unions, through transparency and open and honest dialogue. We lean on our globally integrated business model and our operational segments. Based on our company values, ambition, curiosity, collaboration, and accountability, Yara will remain successful and come out of the current negative cycle as a stronger, more competitive company. Looking further down the road, we know there will be an increasing demand for more food that is grown on the same agricultural land as we use today.

## Investments and projects in 2016

In 2016, our Production segment produced 7% more ammonia and 1% more finished products, due to improved operational reliability and fewer maintenance stops. Additionally, we committed more than NOK 2.5 billion in new investments in our plant at Rio Grande in Brazil, to help serve a growing Brazilian agricultural market. We have seen a significant increase in demand for our premium products in Brazil, growing more than 60% from 2015 through 2016.

On a different continent, we also took historic steps, signing the agreement to acquire Tata Chemical's fertilizer plant in Babrala, India. The plant is located in the middle of the Indian agriculture belt and the acquisition represents another substantial step in our growth strategy, creating an integrated position in the world's second-largest fertilizer market. India has strong population growth and increasing living standards, and we see great potential to improve agricultural productivity in the country, creating a larger market footprint for Yara and enabling increased premium product sales. We seek to formally close the deal during 2017.

## Building a future business platform

Three decades ago, the Brundtland Commission defined sustainable development as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs". Today we are failing the "Brundtland test". Now is the time for the business sector to step up and take greater responsibility. The United Nation's 17 Sustainable Development Goals provide a common roadmap for sustainable business.

Why is this so important to Yara? First, we need to take a look at the bigger picture. More than 800 million people go to bed hungry every night. One in four children under the age of five suffers from stunting, which is often due to malnutrition during their first three years. And more than 150 million children are forced into child labor.

As a Commissioner in The Business & Sustainable Development Commission, I have taken part in developing the report "Better Business – Better World" that takes an in-depth look into areas where global business can contribute to create more inclusive societies.

We believe, that by contributing to solving some of the world's biggest challenges, we can create new business opportunities, increase our profitability and ensure long-term, sustainable growth for Yara. By changing the way we do business to embrace more sustainable and inclusive economic models, at least USD 12 trillion can be realized in new opportunities, according to the report. And global agriculture will be a key driver, particularly in Africa and India, due to their large share of cropland and low levels of productivity. To Yara, this is about building a future business platform and this is why we have chosen to place the UN Development Goals at the core of our business strategy.

## Combating CO<sub>2</sub> emissions

Modern farming can contribute to solve two global challenges. With improved access to input, and agronomic knowledge, new technologies and better supply chains, there is a potential to produce more food on less land, ultimately eradicating hunger. At the same time we can protect our forests and reduce agriculture's impact on the climate. It is easy to forget that agriculture counts for 25% of global greenhouse gas emissions. Half of this through land use change. While science needs to progress the accuracy, for instance with regards to calculations of land use change, our preliminary estimate shows that emissions from grain production would be eight times higher without fertilizers than it would be if Yara products were used. Yara was founded on innovation, and we keep innovating. Our patented catalyst cuts greenhouse gas emissions with more than 23 million tonnes per year globally – the same amount of greenhouse gases the Norwegian Government is aiming to reduce by 2030.

## Outlook 2017

2017 will bring new opportunities and we will be ready when they emerge. Our dedicated workforce of close to 15,000 employees across all continents, believe we have a mission bigger than the company itself, and they have committed to live our values, and continue building our company through Accountability, Collaboration, Ambition and Curiosity. Their knowledge, capabilities and engagement truly shape the Yara of today – and that of tomorrow. Together, we can contribute to creating a future that is sustainable and inclusive – in the next five, fifteen and fifty years to come. This is how we create our future.



Svein Tore Holsether  
President and CEO Yara

# Company presentation

## About Yara

Yara's knowledge, products and solutions grow farmers', distributors' and industrial customers' businesses profitably and responsibly, while protecting the earth's resources, food and environment.

Our fertilizers, crop nutrition programs and technologies increase yields, improve product quality and reduce the environmental impact of agricultural practices. Our industrial and environmental solutions improve air quality by reducing emissions from industry and transportation, and serve as key ingredients in the production of a wide range of goods. We foster a culture that promotes the safety of our employees, contractors and societies.

Founded in 1905 to solve emerging famine in Europe, today Yara has a worldwide presence, with close to 15,000 employees and sales to about 160 countries.

## Our mission

*Responsibly feed the world and protect the planet*

## Our vision

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

## Our values

*Ambition*

*Curiosity*

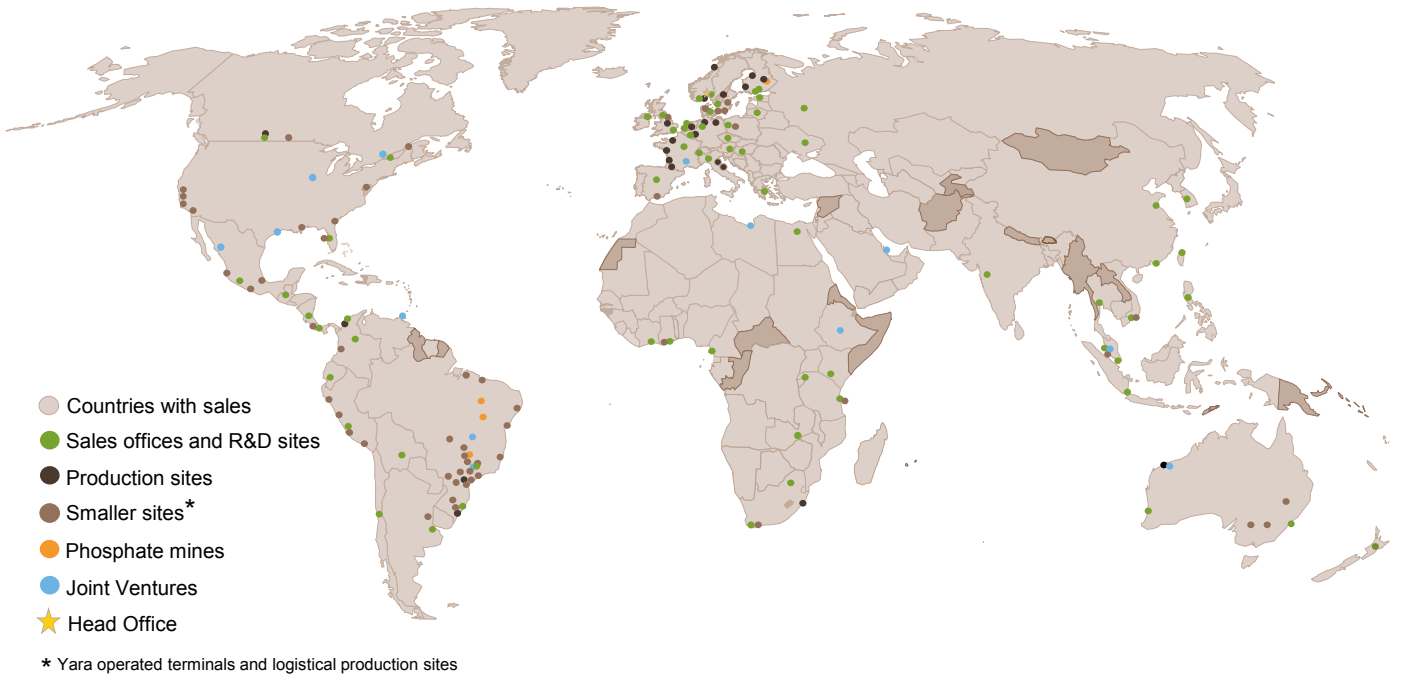
*Collaboration*

*Accountability*



# Worldwide Presence

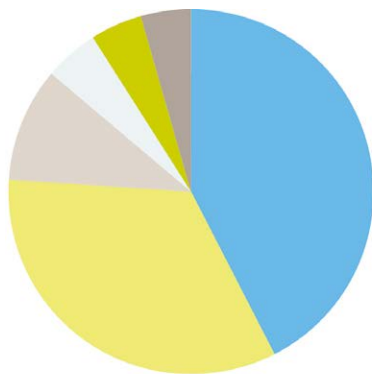
Yara has production facilities on six continents, operations in more than 60 countries – and sales to about 160 countries. We are headquartered in Oslo, Norway.



## Key figures

### Employees by region

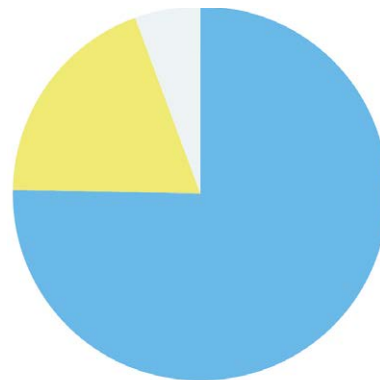
Share of employees



Europe	6,257	42 %
Brazil	4,951	34 %
Latin America ex Brazil	1,491	10 %
Africa	708	5 %
Asia & Oceania	677	5 %
North America	652	4 %

### Sales by product

thousand tonnes

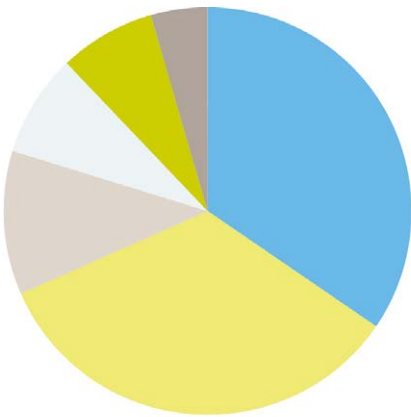


Fertilizer	27,249	75 %
Industrial products	6,892	19 %
Ammonia trade	2,043	6 %



## Fertilizer sales by region

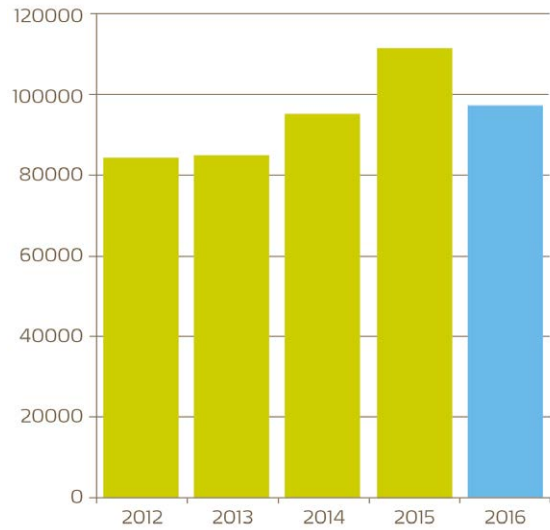
thousand tonnes



Europe	9,418	35	%
Brazil	9,213	34	%
North America	3,106	11	%
Latin America ex Brazil	2,217	8	%
Asia & Oceania	2,080	8	%
Africa	1,217	4	%

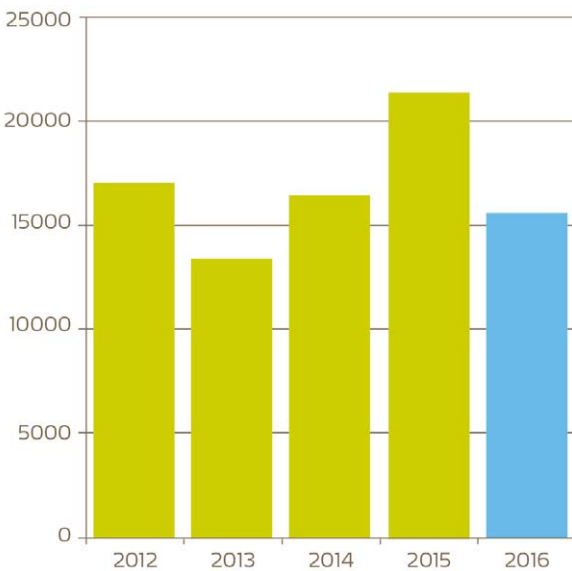
## Revenue and other income 2012-2016

NOK million



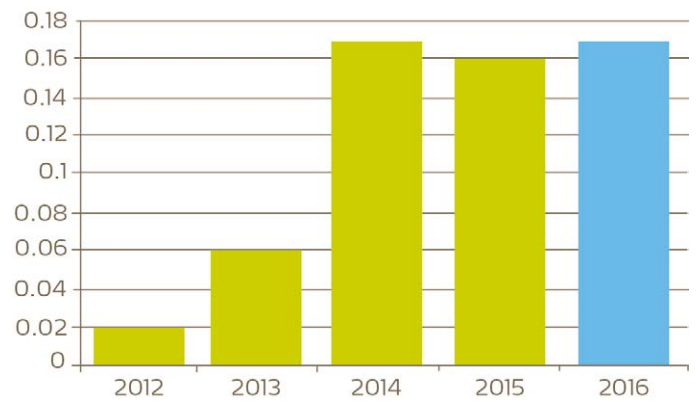
## EBITDA 2012- 2016

NOK million



## Debt/equity ratio 2012-2016

Percent



## Products And Services

*Our operations are based on efficient conversion of energy, natural minerals and nitrogen from the air into essential products for agriculture and industry. As the leading global provider of nitrogen fertilizers and industrial applications, we leverage our experience and knowledge to tailor solutions to local needs.*

### Crop nutrition

The aspiration of Yara's Crop Nutrition segment is to be the leading provider of sustainable crop nutrition solutions, supporting farmer profitability through knowledge, quality and productivity.

Our portfolio ranges from single-nutrient fertilizers to complex compounds and micronutrients for all kind of crops. Unlike most fertilizer companies, Yara offers a complete range of crop nutrition products. We can do this because we are a market leader and a crop nutrition expert.

Our fertilizers range from those based on the most widely needed nutrients - N, P and K - to those incorporating growth and quality enhancing nutrients, such as calcium and magnesium, to micronutrients that help prevent or cure deficiencies resulting from particular soil or crop conditions.

If crops lack any of these nutrients, yield and profitability are reduced. That's why Yara offers not only a product range that meets all crop nutrition needs, but also crop-specific advice and a number of services and fertilizer management tools.

### Industrial solutions

Yara's Industrial segment converts energy, natural minerals and nitrogen from the air into essential products for industrial applications and environmental solutions. As a leading urea and ammonia producer, Yara offers reliability through our control of the supply chain. This allows us to support our customers with the right solutions at the right time for their businesses. We understand and interact with our industrial clients to adapt applications that meet their needs and help them reach their full business potential.

Industrial chemicals include urea, ammonia, nitrates, calcium nitrate and nitric acid. For the mining industry, Yara delivers technical ammonium nitrate, which is a raw material for explosives.

Also serving the world's farmers is Yara's product range of animal nutrition: high-quality feed phosphates, feed grade urea and feed acidifiers.

Being Yara's fastest growing business unit, the Environmental Solutions delivers several solutions to the market. Yara is the leading provider of Adblue, also called DEF in the US and Brazilian markets. This catalyst fluid reacts with harmful NO<sub>x</sub> emissions in diesel engines' exhaust, cleansing the emissions. Yara NoxCare is a complete portfolio of technology, reagents, after-treatment processes and services for nitrogen oxide emissions abatement, delivered to industrial plants. Environmental solutions also delivers to the maritime sector, water utilities and wastewater treatment plants.

For a full account of products and services, please refer to our [Products & Service web page](#).

## Our Value Chain

*Yara's value chain starts with mining operations and sourcing of raw materials and extends to distribution of crop nutrition and industrial solutions to customers worldwide. Our business model and unique worldwide presence provides scale advantages, operational flexibility and global optimization.*

### Raw materials

Ammonia is the basis for all nitrogen fertilizers. It is produced by reacting nitrogen from the air with hydrogen, which is most often harvested from natural gas. Roughly 2/3 of the natural gas consumed to produce ammonia is used as feedstock, while the remainder is used as energy for process heat. Other crop nutrients, first and foremost phosphate and potash, are mined and transformed into products that can be taken up by plants.

See also Suppliers below

### Manufacturing

Yara pioneered the production of nitrogen fertilizer a century ago and today controls 26 major production sites worldwide, most of them in Europe, which represents our largest market. We also have significant production in North and Latin America, and joint ventures in Australia, Trinidad and Qatar adding to our global production capacity. Along with securing access to low-cost natural gas, we put great emphasis on perfecting our production processes to maximize energy efficiency and minimize greenhouse gas emissions.

### Marketing, shipping and storage

Yara's products and solutions are marketed and sold to about 160 countries. With our global marketing, distribution and storage network, we ensure reliable product deliveries and knowledge transfer worldwide.



While our fertilizers are mainly sold to growers through local agents and wholesalers, our industrial solutions are largely distributed directly to our customers.

## Application

Our products are used in agriculture and industrial applications worldwide. Employing our global network and expertise in precision farming, we deliver knowledge and solutions to improve agricultural productivity and farming profitability. For our industrial and environmental solutions, we aim to be a total solutions provider to deliver a complete package of products, technology and knowledge to help our customers achieve success and reduce their environmental footprint.

## Suppliers

*A large part of Yara's overall costs are variable and related to sourcing. We source a wide variety of goods and services from more than 20,000 suppliers worldwide. Close to 80% of Yara's operating expenses are related to purchases of raw materials, energy costs and freight expenses. In 2016, such purchases amounted to NOK 69 billion.*

Sourcing of natural gas and nutrients constitute the most important element of our purchases and operating expenses.

## Natural gas

Natural gas is produced in many regions across the world. Yara sources natural gas, and in a few cases other forms of hydrocarbons, for production of nitrogen fertilizers and industrial products. The largest suppliers are: Statoil, Gazprom, ENI, NGC (Trinidad), Apache and Shell.

## Phosphate

Phosphorus (P) occurs in natural geological deposits of phosphate rock, which is mined from the earth's crust. The largest deposits of phosphate rock are located in North Africa, China, India, the United States, Brazil, Australia and Russia. Yara sources P to produce granular and feed phosphates and NPK fertilizers. The largest suppliers are: OCP, Phosagro, Mosaic, ICL, Vale, Galvani (60%), Eurochem, Foskor and Yara Siilinjärvi (100% Yara owned mine).

## Potash

Potassium salts, or potash (K), are mined from naturally occurring ore bodies that were formed as seawater evaporated. Only 12 countries mine potash; in 2002, six of those countries (Canada, Russia, Belarus, Germany, Israel and Jordan) produced nearly 90% of the world's aggregate production of approximately 24 million tonnes,

measured as  $K_2O$ . Yara sources K for NPK fertilizers mainly from nine suppliers: BPC, Uralkali, K+S, ICL, PCS, Canpotex, SQM, Kemira and Tessenderlo.

## Other

Yara sources ten additional crop nutrients. All ten are sourced in smaller volumes and with a combined volume below that of potash.

For more on how we manage our relationships with suppliers, please refer to Ethics and compliance, p. 32.

## Workforce

*As a global company operating in more than 60 countries, Yara has a highly diverse workforce.*

*We see this diversity as a strength. Our aim is to secure the best talents we can in all our markets and create a global talent pool of people of diverse nationalities, backgrounds and cultures.*

At the end of 2016, Yara had 13,398 permanent employees worldwide, an increase of 515 (4%) compared to the previous year. The largest increase of permanent workforce was in Brazil (increased by 398), mainly due to a reclassification from seasonal/third party/union contractors to permanent employees.

The decrease in non-permanent workforce is due to the change of reporting methodology and excluding the contractors and the consultants from the non-temporary figures. In December 2016, 2,593 consultants and contractors were delivering services for Yara. The biggest share of them was in Europe (1,472) followed by Galvani (452) and Yara Brazil (365).

In 2016, Yara's presence in Africa has increased due to the acquisition of Greenbelt Fertilizers expanding Yara's activities in Zambia, Mozambique and Malawi.

The figures in this section include all employees in Galvani, Brazil (Yara's ownership share is 60%). The employees of Yara Marine Technologies AS (Yara ownership share 63.3%) are included in the total number of employees but not in the remaining indicators in the Labour Practices. The reason is that the business was not integrated into Yara's HR system in 2016.

The table below does not include Lifeco employees. Lifeco, Yara's equity-accounted investee, had 1,035 permanent employees at the end of 2016 – 1,017 males and 18 females. Out of the 1,017 male employees, there are 109 international assignees, mainly Indians, Filipinos and Bangladeshis. The company has one male temporary employee.

The chemical industry is historically a male dominated industry. In Yara, the share of female employees among permanent employees has remained around 20% over the past few years.

**Table: Yara's workforce**

Employment type	Gender	Africa	Asia and Oceania	Brazil	Europe	Latin America	North America	Grand Total
Permanent	Female	79	157	713	1,253	341	100	2,643
	Male	411	479	3,757	4,657	947	504	10,755
<b>Permanent Total</b>		<b>490</b>	<b>636</b>	<b>4,470</b>	<b>5,910</b>	<b>1,288</b>	<b>604</b>	<b>13,398</b>
Non-permanent	Female	20	16	130	105	81	16	368
	Male	198	25	351	242	122	32	970
<b>Non-permanent Total</b>		<b>218</b>	<b>41</b>	<b>481</b>	<b>347</b>	<b>203</b>	<b>48</b>	<b>1,338</b>
<b>Grand Total</b>		<b>708</b>	<b>677</b>	<b>4,951</b>	<b>6,257</b>	<b>1,491</b>	<b>652</b>	<b>14,736</b>

Yara values its good relationship with employees and their organizations and engages with them on a regular basis. In 2016, about 74% of Yara employees were covered by collective bargaining agreements.

**Table: Percentage of employees covered by collective bargaining agreements**

Proportion of employees covered by collective bargaining Percent	2016	2015
Africa	22.2	15.8
Asia & Oceania	17.8	18.5
Brazil	99.9	100.0
Europe	83.7	78.5
Latin America	6.5	16.6
North America	33.1	35.3
<b>Yara</b>	<b>74,0</b>	<b>71,8</b>

## Key Impacts, Risks and Opportunities

*Yara runs large-scale production activities and uses significant amounts of energy and resources. At the same time, our products and knowledge allow us to contribute to solving some of the most pressing global challenges of our time, as we pinpoint in our vision: Responsibly feed the world and protect the planet.*

Yara's most material risks are covered in the risk chapter of the annual report, while opportunities also rising from the sustainability topics are covered in the Report of the Board of Directors.

Please refer to Yara Annual Report 2016, available at our [Investor Relations web site](#).

### Short term impacts

#### Environment

The production processes for N fertilizers and chemicals are energy-intensive, with most of the energy being derived from natural gas. Use of energy and emission of greenhouse gases (GHG) during ammonia and nitric acid production represent a major environmental impact related to Yara's activities. Our large chemical manufacturing sites are classified as industrial activities with potential major accident hazards. The plants are, however, not considered to represent a risk to the local environment, except if a major accident should occur.

Yara is dedicated to excellent performance in terms of environmental impact. Our operations are covered by global, regional and local energy and greenhouse gas regulations, and we enforce a strict control regime over our processes, based on the ISO 14001 standard. By developing a novel N<sub>2</sub>O catalyst technology and implementing it in the nitric acid plants, we have managed to cut the company's GHG emissions in half. We continuously invest in our production plants to improve reliability and energy efficiency.

Use of nitrogen fertilizers represents both a substantial part of the energy consumption and the potential environmental impact of farming. We support the FAO's goal of sustainably increasing agricultural productivity and the concept of sustainable intensification. This is defined as helping growers produce more crops on the same land with less environmental impact. To this end, we promote best farming practices such as balanced fertilization and precision farming.

For more on our management of environmental issues, please refer to p. 25.

#### 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 harmful to health. Such a working environment presents various potential occupational health and safety risks to employees and contractors working on site. While Yara's raw materials are often dangerous chemicals, the final fertilizers typically are not classified as hazardous, and the occupational health and safety risks for end users are minor.

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

For more on our management of health and safety issues, please refer to Health and Safety, p. 30, and Product Stewardship, p. 34.

#### Social and economic impacts

It is estimated that half the proteins consumed by humans originate from fertilizers. Enabling global food security is a main result of our industry. As fertilizers boost farm productivity, purchasing Yara's products is a profitable investment for commercial farmers. Nonetheless, agriculture and the use of fertilizers carry potential risks to social and economic development at a local level. Farmers risk soil mining if the fertilizer products used are not of the right type, applied in the appropriate way and in the volumes needed. Correct quality, labelling and application is decisive in increasing yields and avoiding crop failure. Challenges on market and soil conditions can deprive farmers from returns on their investments in fertilizer and impact their profitability.

Yara subscribes to the approach of sustainable agriculture to mitigate the social and economic risks related to fertilizer use. This approach is based on three pillars:

- **Profitable production: The economic dimension**  
Agriculture must provide sufficient financial reward to farmers, enable them to make a decent living, encourage production and conservation of the environment.
- **Protected Environment: The environmental dimension**  
Agriculture shall minimize the use of non-renewable resources, replenish tapped resources, protect and enhance the environment and natural resources.
- **Prosperous communities: The societal dimension**  
Agriculture shall contribute to thriving and viable local communities, to economic and social development, including the provision of healthy food.



Our main approaches to supporting farmer profitability are knowledge sharing and providing wholistic solutions. This is done according to local conditions. In Europe, we provide expert advice and precision farming tools, supporting the farmers in optimizing – and often reducing – the fertilizer consumption while increasing yields. In developing economies, we engage with farmers face to face, explaining how to use the right products in an optimal way. We also engage in partnerships to improve access to markets and finance. This helps foster a positive, enabling framework for agricultural development.

### Long term trends: strategic risks and opportunities

Yara is positioned as a leading company in our industry regarding environmental stewardship and low GHG emissions. The increasing societal and political emphasis on improved sustainability performance of value chains should prove to be supportive for Yara's competitive position.

Economic and population growth drives demand for food as well as feed, fibre and biofuel. This supports long-term growth in demand for fertilizers, which represent our largest market. Yara actively pursues opportunities to improve the company's competitive advantage through building market and stakeholder interest in low carbon footprint and climate smart agriculture. This is done by providing farmers crop and location specific advice to increase efficiency and optimize land use, building internal capacity on measuring and calculating carbon footprints, doing life cycle assessments and working with external stakeholders to embed such methodologies into tools available for farmers and the food industry. In addition, our Crop Nutrition concept offers a large portfolio of differentiated fertilizer products which typically have a higher use efficiency than most of the commodity fertilizers. While regulatory risk on fertilizer application is present to a certain extent, we consider this to be a modest risk. Lower fertilizer use is associated with reduced productivity in agriculture, which in most cases is an undesired development.

The fertilizer market is a global one. Therefore, looking at the regional and local perspective, there are risks involved if regulatory actions add costs for only parts of the industry. The EU has through its Emission Trading System (ETS) regulated industry emissions, including the fertilizer industry. As just above half of Yara's ammonia capacity is covered by the ETS, this constitutes a risk relative to global competitiveness.

Environmental Solutions is one of Yara's fastest growing business units and a part of the Industrial business segment. Backed by a century of experience in nitrogen applications for industry, Environmental Solutions leverages our knowledge of nitrogen chemicals to offer complete solutions for abatement of nitrogen oxides (NO<sub>x</sub>)

and hydrogen sulfide (H<sub>2</sub>S), and for water treatment. We also provide scrubber technology for reducing SO<sub>x</sub> emissions to the maritime sector. We help our clients meet increasingly stringent standards around the world. Yara's environmental solutions are already cleaning NO<sub>x</sub> emissions equal to the total emissions in France.

## Significant Changes In 2016

*Key business initiatives in 2016 included expansions in Africa and India, and modernization of Yara's largest plant in Brazil. Meanwhile, Yara decided to sell its CO<sub>2</sub> business in Europe.*

In April 2016, Yara acquired Greenbelt Fertilizers, a leading distributor of fertilizers in Zambia, Malawi and Mozambique. This is a fast-growing agricultural region with low but increasing fertilizer application rates. Since it was founded in 2004, Greenbelt has become a leading fertilizer distributor in Zambia, Malawi and Mozambique, with three blending units, three warehouses and sales of 80,000 tonnes.

In April 2016, Yara also announced that it will invest approximately BRL 1 billion (USD 275 million) in expanding and modernizing its Rio Grande plant, which is strategically located in southern Brazil, a key region in the country's growing agricultural industry. Set for completion in 2020, the investment will create one of the biggest and most modern fertilizer sites in the Americas. The expansion project will double the site's current 800,000 tonnes annual fertilizer production and blending capacity. It will also improve health, environment, safety and quality performance, including substantially lower emissions than required by legislation.

Furthermore in April, Yara signed the transaction documents for the sale of its European CO<sub>2</sub> business and its remaining 34% stake in the Yara Praxair Holding AS joint venture to U.S.-based Praxair Inc.

In August 2016, Yara entered into an agreement to acquire the Tata Chemicals Ltd (TCL) Babrala urea plant and distribution business in Uttar Pradesh, India. The plant has an annual production of 0.7 million tonnes ammonia and 1.2 million tonnes urea. It was commissioned in 1994, and is the most energy efficient plant in India, with energy efficiency on par with Yara's best plants. The agreement is subject to regulatory approvals, a process expected to take 9-12 months after which closing of the transaction can take place.

*For further details on key business initiatives in 2016, please see Note 5 in the Annual Report 2016, and the Growth section of the Board's report.*

Yara Annual Report 2016 is available at our [Investor Relations web site](#).

# Materiality

## Defining Materiality

*Yara conducted a thorough process to identify and prioritize our material sustainability topics for our 2015 reporting. Aligned with the 2016 process of renewing Yara's Vision, Mission and Values, the materiality matrix was also processed and updated.*

### 2015 foundation

The 2015 process for defining our material sustainability topics and reporting content was initiated and led by Yara's Head of Sustainability Management, supported by Harvard-professor Robert Eccles. Using the Sustainability Accounting Standards Board (SASB) standards for chemicals and mining industries as a starting point, we asked key people from our four business segments and the expert organization to determine material issues in a survey.

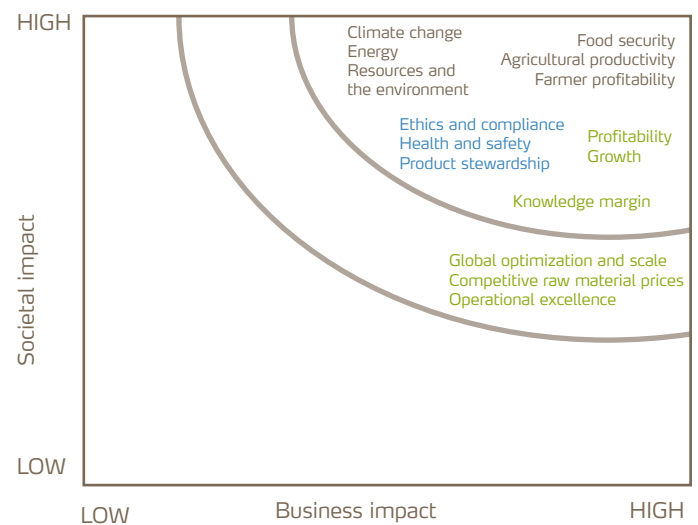
The outcome of the survey was then discussed in a series of workshops and in-depth interviews with senior representatives from each segment and key corporate units. The workshops and interviews also covered stakeholder views. External stakeholders were not directly involved in the materiality process, but rather represented through internal knowledge of the ongoing stakeholder dialogue and large multi-stakeholder tools such as the UN Sustainability Goals (SDGs) and UN Global Compact principles. The concluding materiality matrix and list of material issues were forwarded to the management group for discussion and approval.

### 2016 review process

The follow-up process in 2016 involved key representatives from each business segment and key corporate units, who reviewed the materiality matrix presented in 2015 and assessed the business relevance of the SDGs. The process led to an increased transparency of the materiality matrix by improving the terminology. Also, the materiality matrix now integrates, both financial and non-financial material topics. This way, the materiality matrix is more representative across all stakeholder groups including shareholders.

Yara Management approved the revised the materiality matrix in March 2017.

## Our Material Topics



This report covers material topics related to Yara's sustainability work and performance, as listed and presented below. Material topics related to the company's financial performance and competitiveness are accounted for in Yara's Annual Report 2016.

### Profitability and growth

Profitability is materially important per se for any business. Growth is the foundation of maintaining or improving the company's competitiveness.

### Food security

The increased demand for food drives Yara's markets. By reaching out to smallholder farmers with our products and knowledge, we support local food production and inclusive growth. We are committed to developing the agricultural sector, including on the African continent where we have a strong and long-standing presence.

### Agricultural productivity

Sustainable intensification of agriculture is needed to provide food for a growing world population. Developing knowledge, tools and solutions for improved farming practices is part of Yara's core business, supporting increased yields and better quality crops, with less waste and environmental impacts.

## Farmer profitability

Sustainable business success for Yara depends on farmers' profitability. In 2016, Yara launched its renewed Crop Nutrition strategy, making it farmer centric. The aspiration is to be the leading provider of sustainable crop nutrition solutions, supporting farmer profitability through knowledge, quality and productivity.

## Climate change

Climate change is a major global challenge and a serious threat to agricultural productivity in many regions around the world. Yara has a leading position in its industry on greenhouse gas emissions and solutions for climate smart agriculture, adding to our competitive edge in a society dedicated to curbing emissions. Regional differences in emission regulations may however raise risks if regulatory actions do not ensure fair competition.

## Energy

Energy is fundamental to societal development and wellbeing, with energy use also being a significant source of GHG emissions. Energy, mostly in the form of natural gas, is Yara's main raw material for nitrogen fertilizers and also the main cost. Affordable access to natural gas is a competitive advantage, and improving energy efficiency is a contribution to reduced costs for Yara and resource efficiency for society at large.

## Resources and the environment

Arable land, nutrients and water are resources of limited supply, which must be carefully managed. Continued land use change leads to substantial GHG emissions. Yara works continuously to achieve more efficient resource use with main emphasis on land use, energy, nutrients and water. Also, we are actively researching opportunities for contributing to and benefitting from a more circular economy.

## Knowledge margin

Yara's diverse staff represents expertise with deep insights and analytic capacity, which is one of the key drivers for the leading positioning in our industry. Innovation is recognized as a strategic capability, leading Yara to dedicate resources to protecting and advancing our knowledge margin. The combined knowledge differentiates Yara in a wide range of aspects, including agronomy, sustainable agriculture, market insights, process safety and efficiency, product stewardship and environmental solutions.

## Ethics and compliance

Success can only be celebrated when it is achieved in the right way. Our manner of conducting business defines who we are as a company. Through consistent integrity, fair treatment of people and partners, and respecting universal rights, we create trust both internally and externally.

## Health and safety

Safety is a key priority in Yara. We value our employees, who represent a knowledgeable and diverse workforce, and every employee has a right to a safe working environment. A safe and healthy workplace is good for business. We believe that all accidents are preventable. Our goal is zero injuries.

## Product stewardship

Ensuring that the right product with the right quality arrives safely to the farmer is fundamental to building trust. Through Product Stewardship principles and a dedicated Security function, Yara carries out extensive work to determine the best and safest way to transport, store and apply fertilizers and industrial products. Our work on monitoring and reviewing the quality and handling of all our products has been the foundation of industry standards.

## Competitive edges

The strong people dimension of Yara's competitive edge 'Knowledge margin' makes it a topic seen as significant for society. The remaining three sources of competitive edge for Yara are not seen as significant from a societal point of view. The topics of 'Global optimization and scale', 'Competitive raw material prices' and 'Operational excellence' are described in the report of the Board in the annual report.



## Material topics, GRI Aspects and Boundaries

The table below provides a value chain understanding of our material sustainability topics, and describes how they relate to the aspects defined in the GRI G4 reporting framework. Dark blue colored cells indicate relevance.

Topic	Raw materials	Manufacturing	Marketing, shipping and storage	Application
<b>Food security</b>				
GRI aspects: NA				
<b>Agricultural productivity</b>				
GRI aspects: Emissions; Product and service labelling				
<b>Farmer profitability</b>				
GRI aspects: Indirect economic impacts				
<b>Climate change</b>				
GRI aspects: Emissions				
<b>Energy</b>				
GRI aspects: Energy				
<b>Resources and the environment</b>				
GRI aspects: Materials, Emissions; Effluents and waste; Water; Compliance (Environmental)				
<b>Knowledge margin</b>				
GRI aspects: Employment; Training and education; Diversity and equal opportunity; Equal remuneration for women and men; Economic performance				
<b>Ethic and compliance</b>				
GRI aspects: Investment (Human rights); Non-discrimination; Freedom of association and collective bargaining; Child labor; Forced or compulsory labor; Assessment (Human rights); Supplier human rights assessment; Human rights grievance mechanisms; Supplier assessment for labor practices; Labor practice grievance mechanisms; Local communities; Public policy; Anti-corruption, Anti-competitive behaviour; Compliance (Society); Supplier assessment for impact on society; Grievance mechanisms for impact on society				
<b>Health and safety</b>				
GRI aspects: Occupational health and safety; Security practices				
<b>Product stewardship</b>				
GRI aspects: Customer health and safety; Product and service labelling; Compliance (Product responsibility); Security practices				

### Changes from previous reports

For the 2016 reporting, Yara has chosen to discontinue our reporting on three GRI indicators:

- G4-EN27: The environmental impacts and extent of impact mitigation is reported elsewhere, as part of the company presentation and disclosures on materiality assessment and environmental management approach.
- G4-EN30: The environmental impacts of transporting our products are primarily related to emissions of GHG and reported within the GRI aspect Emissions.
- G4-PR5: Results of surveys measuring customer satisfaction will in future reports be included in our disclosures on stakeholder engagement, in line with the GRI Standards.
- G4-EN16: The emissions factors were updated to use 2016 emission factors from the GaBi database for the generation and supply of electricity by national grids.
- G4-EN17: Not reported previously.

No significant restatements are provided in the report.

### Report boundaries

Consolidated data within this report covers the reporting year 2016, unless otherwise noted. Reporting boundaries mainly reflect IFRS accounting principles. For a full account of entities included in Yara's consolidated financial statements, please refer to the Annual Report 2016, note 2.

Readers should take note of the following changes and limitations to the scope and boundaries of the reporting:

- Environmental performance data covers Yara's major chemical production and mining sites.
- Joint ventures are included where Yara has operational responsibility according to IFRS 11 requirements. For the 2016 report this includes Yara's joint ventures in Trinidad and Pilbara, Australia.
- The JV Lifeco, Libya, no longer fulfils the IFRS 11 requirements, but data are provided to the extent available and commented upon in the indicators.

- Companies where Yara holds control (IFRS 10) are included, with Galvani, Brazil, being a significant change from 2014 as environmental figures are included for the 2015 reporting. From 2016 onwards, the TRI data includes Galvani, except the Serra do Salitre construction site which will be included as of January 2017. The Salitre site had a TRI of 2.5 in 2016. Historical Galvani data have not been recalculated into Yara data.
- Equity accounted investees are not reported. The significant EAI companies are listed in Note 16 to the Financial Report 2016.
- Environmental impacts from staff functions, wholesalers, agents and associated companies have not been included.
- Yara Marine Technologies is not integrated in our systems yet. Employees are included in the total headcount in G4-10, while more detailed information remains to be incorporated into Yara systems.
- HR and LA Indicator points were not reported for sites with less than five permanent employees. The HR data therefore covers 57 countries out of the 61 in which we operate.

## GRI Index

The GRI Index is published on the GRI Reporting web page on [yara.com/gri](http://yara.com/gri)

# Stakeholder engagement

## Our approach

*Yara has a wide range of stakeholders, and engages in dialogue and cooperation, locally and globally. The engagement relates to challenges relevant to our business, often linked to global issues. We engage directly with our stakeholders or indirectly through industry associations.*

Yara considers good relations with its large and varied group of stakeholders a benchmark of success. We engage with key stakeholders to build knowledge, develop relations, find solutions and invite to cooperation. Additionally, we engage in a number of networks and partnerships, and are a member of industry associations and other relevant organizations and initiatives.

Yara engages extensively in global dialogues related to major global challenges, with priority given to the interconnection of food security and climate change. Agriculture has often been perceived as an environmental problem, but our view – that it can also be part of the solution – is becoming increasingly widespread. Yara promotes resource efficiency, inducing green growth and sustainable agriculture, and we have a particular African engagement. We have entered into value chain business partnerships, promoting food security and sustainable agriculture.

Yara is committed to actively changing the benchmarks of the fertilizer industry – improving standards and performance. We take an active role in our industry associations and in relations with regional bodies and regulatory authorities. The most prominent industry bodies are the International Fertilizer Industry Association (IFA) and Fertilizers Europe (FE). Yara is a corporate member of both.

## Key stakeholder groups

### Employees

Yara has 14,736 employees (year-end 2016) worldwide and operations in more than 60 countries, representing great diversity and knowledge. Yara strives for a corporate culture of openness and accessibility to senior management, and employees are engaged in corporate matters through a number of channels and surveys including the recently launched “Yara Voice”.

### Customers

Yara has a wide range of customers worldwide, including all those who use our products, as well as distributors and agents. We engage with our customers in various ways in different markets, such as through farmer meetings, digital platforms and satisfaction surveys. Yara spends significant resources on providing concise and useful information material and total solutions tailored to the customers’ needs.

### Investors

Yara engages continuously with its owners through investor relations, based on the principles of openness and equal treatment of all shareholders.

Yara stays in regular contact with a wide range of suppliers, ranging from global suppliers of raw materials and technology to local service providers. Our engagement with suppliers corresponds with our commitment to Product Stewardship, and to make sure suppliers and partners comply with the principles defined in our Business Partner Code of Conduct, covering HESQ standards and ethical guidelines.

### Influencers

Yara has a global presence, and we are positioned to contribute to the global agenda in issues corresponding to our core business, at the same time contributing to the countries and communities in which we operate. We cooperate with a variety of agencies and organizations, as well as with a number of national authorities and international or regional bodies, to present our products, solutions and knowledge.



## Commitments and endorsements

Yara is a UN Global Compact (UNGC) signatory; committed to the ten principles covering human rights, labor rights, environment and anti-corruption. We have also endorsed the UNGC Caring for Climate initiative, the CEO Water Mandate and the Call to Action: Anti-Corruption. Furthermore, Yara is a founding participant of the voluntary Food and Agriculture Business Principles (FABs).

We are committed to international standards by supporting the UN Global Compact, the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights, the International Bill of Human Rights, the core conventions of the International Labor Organization (ILO) and the OECD Conventions on Combating Bribery. Our approach, the precautionary principle, is defined in Yara's Health, Environment, Safety and Quality Policy.

To read the full policy, please refer to [our Yara HESQ Policy web page](#).

## Memberships and associations

Yara is a corporate member of the two leading fertilizer industry associations, the International Fertilizer Industry Association (IFA), and Fertilizers Europe, as well as the Fertilizer Institute (TFI). Yara is also part of the European Industrial Gases Association (EIGA) and the European Chemical Industry Council (CEFIC).

In 2016, Yara's CEO Svein Tore Holsether joined the Business and Sustainable Development Commission (BSDC) and was elected member of the World Business Council for Sustainable Development (WBCSD) Executive Committee. Yara is also among the selected UN Global Compact LEAD companies, and in 2016 held a position in the LEAD Steering Committee.

Yara is an active member of the Private Sector Mechanism of the UN Committee of World Food Security (CFS). Yara has also signed up to the Global Alliance for Climate Smart Agriculture (GACSA). Through IFA, Yara is part of the International Agri-Food Network (IAFN) at the CFS, the Business & Industry Major Group to the UN and the Global Business Alliance in New York and the multi-stakeholder coalition Farming First. Yara is an associated member of the Zinc Nutrient Initiative and a regular partner of the Water Footprint Network. Yara remains engaged with the Business and Industry Advisory Committee to the OECD (BIAC) on specific issues relevant to its industry.

Yara is an Industry Partner of the World Economic Forum (WEF) and is part of the New Vision for Agriculture and the related Grow Africa and Grow Asia partnerships, and the World Business Council on Sustainable Development (WBCSD). In 2016, Yara also joined the Tropical Forest Alliance.

## Key concerns raised in 2016

No significant concerns were raised at the corporate level in 2016. At a local level, concerns have been raised from local communities adjacent to production facilities, primarily with regards to noise and dust.

For Yara's plants in Pilbara, Australia, one civil society organization has raised concerns about the potential for damages to ancient aboriginal rock art in the vicinity. The concern involves the total impact of industries in the area. Yara contributes to a public program which monitors the rock art.

Yara strives to minimize the environmental impact of the operations, and complies with laws, rules and regulations in the countries and communities in which we operate. Yara communicates promptly, completely and accurately with local communities and encourage an active and open dialogue to meet their concerns.

## Stakeholder engagement in 2016

Yara continued to build our business engagements in 2016, focusing on areas and global challenges to which we are positioned to be part of the solution.

Participating at several major global events and UN meetings in 2016, we actively engaged in dialogue on how to promote the UN Sustainable Development Goals, addressing topics such as climate smart agriculture, sustainable intensification and agriculture as the engine for inclusive economic growth and an enabling support for peace.

### Global engagement

Yara co-organized a side event on rural development during the World Economic Forum (WEF) Annual Meeting in Davos in January 2016. Yara's CEO Svein Tore Holsether and colleagues participated in the meeting, which remains an important arena for engaging world leaders in collaborative activities focused on improving the state of the world. The 2016 meeting also offered a chance for Holsether to meet with (then) Secretary General of the UN, Ban Ki-moon.

Yara's CEO was invited to speak at the Creating Shared Value Leadership Summit in May. The event highlighted Yara's commitment and business case for creating shared value, a concept that also received notable attention during the UN General Assembly in September. Participating in this high-level session, Holsether and colleagues attended a number of side events and engaging in dialogue with government officials and business leaders. One important event was the Shared Value Changemakers breakfast where Yara's Africa strategy was presented.

In 2016 Yara also sponsored the Chatham House Food Conference, an important gathering for a small group of stakeholders to openly discuss the food agenda. Yara spoke on agriculture's role in achieving a sustainable development at the event.

## UN Sustainable Development Goals

Yara participated actively in the process leading to the UN Sustainable Development Goals (SDGs), which provide the world with a 15-year plan to end extreme poverty, fight inequality and injustice, and protect the planet. We are committed to help meet the goals, and took an active role in promoting the goals through 2016. Yara was the official private sector respondent for Norway at the UN High Level Political Forum in July, and spoke on the role of partnerships in achieving the SDGs at the SDG Business Forum, which was hosted by the UN and UN Global Compact, the International Chamber of Commerce, and the Global Business Alliance for 2030.

In October, Yara participated in a Committee of World Food Security (CFS) meeting in Rome to support country-efforts to achieve the SDGs. Here we promoted the role of agricultural development and partnerships in two side events. Furthermore, Yara assisted in launching the SDGs on the agenda in Scandinavia, co-hosting an event in Norway with the Ministry of Foreign Affairs, the Confederation of Norwegian Enterprise (NHO) and the NGO ForUM. In Sweden, Yara's CEO gave a presentation on the business opportunities in adopting the SDGs during the Financial Forum event hosted by a leading business newspaper.

## UN Global Compact

Support of the SDGs is also a key element of Yara's engagement in the UN Global Compact (UNGC) initiative. Being a part of the select group of companies in the UNGC LEAD, Yara in 2016 participated in the LEAD Symposium, held a position in the LEAD Steering Committee and contributed to the UNGC 2020 Strategy. In 2016, we also shared our practices and lessons learned on climate adaption with UNGC Caring for Climate, to which we are committed. A case study of Yara on climate adaption was later released in the Caring for Climate Business Forum in Paris in December, and published by the UN.

## Climate-smart agriculture

Yara continues to promote the concept of climate-smart agriculture (CSA). We were among the first companies to join the Global Alliance for Climate-Smart Agriculture in 2014, and hold a seat in its Strategic Committee. In 2016 we participated in the 2nd GACSA Annual Forum, which brought together a multi-faceted group of stakeholders to exchange best practices from country case studies and opportunities for climate finance and investments in climate-smart agriculture. We continued our advocacy for climate-smart agriculture at the COP22 in Marrakech, in which our Head of Sustainability Management spoke at a high-level meeting hosted by the UN, UNEP and UN Global Compact.

## Africa

Yara sees great potential for African agriculture, and throughout our history we have been a dedicated partner in dialogue and partnerships aiming to spur development and inclusive growth.

Access to credit, knowledge, input, infrastructure and well-functioning markets will help farmers raise yields and improve their livelihoods. To achieve this, farming needs to be considered a viable business, and stakeholders need to cooperate.

In 2016 Yara helped organize the 26th World Economic Forum on Africa (WEF Africa) event in Rwanda. Under the theme Connecting Africa's Resources through Digital Transformation, regional and global leaders convened to discuss catalysts that can drive radical structural transformation, strengthen public-private collaboration on key global challenges and explore big ideas that can deliver shared prosperity in the region.

The African Green Revolution Forum (AGRF) took place in Nairobi, Kenya in September. Yara is a strategic partner to the AGRF, which brought together more than 1500 delegates from 40 countries. Yara's CEO was a key speaker at the opening of the forum, setting the agenda on how better policies and investments in agriculture can help realize the vision of the SDGs.

Dr. Kanayo F. Nwanze, President of the Rome-based International Fund for Agricultural Development, was awarded the inaugural Africa Food Prize at the AGRF. This was the first Africa Food Prize, a prize which began as the Yara Prize in 2005 and has been awarded to extraordinary African women and men every year since. It was moved to Africa and renamed the Africa Food Prize in April 2016. Yara remains a keen supporter of this prestigious award, which honors outstanding efforts to transform African agriculture.

The Nordic-African Business Summit was held in Oslo, Norway in October, gathering policy-makers, influencers and NGOs under the theme Investing in Africa's Growing Cities. Yara's CEO joined the CEO panel and shared his thoughts on how growing cities are affecting Yara's business.

In 2016 Harvard Business School drafted a case study about Yara's Africa Strategy, which was presented in New York in September. In its October 2016 issue, the Harvard Business Review highlighted Yara as an example of creating shared value.

## Colombia

Yara has built a strong presence in Latin America and engages in areas where we can contribute to agricultural productivity and growth, more climate-smart solutions and the development of agriculture as a vehicle for rural development.

In 2016 this also included engaging in the process for a lasting peace in Colombia. Yara's CEO Svein Tore Holsether met with Colombia's President Santos during the UN high-level week in September to talk about the peace process and how agricultural productivity, land set-aside and the private sector can support the process.

Yara committed to take a lead role in engaging other private sector companies to support the peace process. Later, Holsether spoke at a session on investments and was invited to a breakfast event at Buckingham Palace with Santos, ministers and selected CEOs during the president's visit to London.

The peace process in Colombia was also the center of attention in Oslo, where Yara's Head of Crop Nutrition sat in the panel at a high-level event on peace, climate change, and forests in Colombia. Hosted by the Norwegian Ministry of Climate and Environment and attended by two Colombian ministers, the event addressed solutions for combining the peace process, forest protection and agricultural development.

## European Union

Yara's history, R&D activities and manufacturing base are strongly rooted in Europe, which is a center of continuous and important developments in environmental and agricultural policies and law. We interact with a wide range of stakeholders in Europe and are registered in the EU Transparency Register. We primarily engage with EU institutions via business associations, not least Fertilizer Europe. In 2016 we participated in different Fertilizer Europe events such as World Fertilizer Day, the launch of the Cool Farm Tool and an event on the EU emissions trading system.

We also participated in the public policy exchange on the concept of circular economy.

## Coffee and cocoa

Yara has established a Coffee & Cocoa innovation platform and partners with key stakeholders in the coffee and cocoa value chains to apply innovation, research and knowledge in ways that can make the two sectors sustainable. Yara is represented on the Consultative Board of the World Cocoa Economy, which is an advisory capacity to the International Cocoa Council (ICCO). In 2016 we participated in a number of major cocoa events, including the ICCO World Cocoa Conference, where we shared our knowledge on soil fertility and fertilization improvements.

The coffee sector provides a livelihood for 25 million smallholder farmers and their families. Thus, it has significant potential to contribute to achieving the SDGs. Based on the public-private partnership Vision 2020, the coffee industry aims to harness this potential. Yara has made a significant contribution to Vision 2020 and participated in a workshop in 2016 aiming to establish concrete goals and targets for sustainable development of the sector. Furthermore, we held presentations on the carbon footprint improvements in coffee production at large events in Tanzania and Brazil, and submitted a joint project proposal to reduce the carbon footprint of coffee cultivation in Costa Rica together with the Costa Rican coffee institute ICAFE and the German Federal Enterprise for International Cooperation (GIZ).

# Governance

## Governing bodies

The President and CEO constitutes a formal corporate body, according to Norwegian corporate law. The CEO is responsible for day-to-day management of the company. In Yara, the division of functions and responsibilities has been defined in greater detail in the Rules of Procedures established by the board, who helps set the corporate governance direction. Yara has written a set of directives that help regulate the performance of management and business processes. This documentation and structure, Yara's Steering System, was revamped in 2011.

The President and CEO appoints management to assist in his or her stewardship duties delegated by the board and in day-to-day management, including the organization and operation of the company. The President and CEO determines the instructions for management after prior discussion with the board. The instructions for management and the function descriptions and authorizations issued to each member of management reflect a joint obligation for these members to safeguard the overall interests of Yara and to protect Yara's financial position.

Yara strives to improve diversity in both corporate management as well as board composition. During 2016, Yara's Executive Management Team consisted of twelve members. Three were female and three were non-Norwegians (Belgian, Brazilian). Five members were between 30 and 50 years old. The rest of the group were above 50 years old.

Yara does not have a corporate assembly, and the shareholders' representatives on the Board of Directors are therefore elected directly at the Annual General Meeting. The board's internal rules of procedure establish in more detail the board's role in relation to managing the company and the other corporate bodies. The President and CEO's authority and responsibilities are defined to allow the board to concentrate on the company's strategy and organization. The board's work follows an annual plan, and it conducts an evaluation every year of its work and procedures.

The board of Yara consists of eight members, of whom five are elected by the shareholders, and three are elected by and among the employees.

At the year end, 24 of the top 166 management positions in Yara were filled by women. 5 Positions were vacant. 54 were held by Norwegians, 77 by other Europeans, four by North Americans, 21 by Latin Americans, four by Asians, and one by Africans. 39% of the position holders are 50 years old or above, 61% are aged between 30 and 50 years.

## Corporate functions

### Sustainability

Yara's sustainability work is led by the Head of Sustainability Management, reporting to the Executive Vice President Corporate Strategy & Business Development who is part of the Yara Management Team. The main responsibility for the sustainability function is to drive processes to ensure the company responds adequately to external expectations, as well as to work with the business and external stakeholders to leverage the company's performance on sustainability aspects as a competitive advantage.

### Corporate Human Resources (HR)

Yara's Corporate HR function is responsible for executing our People and Organization Framework, which was launched in 2016. The Corporate HR organization consist of three small central HR teams responsible for compensation & benefits, talent and leadership and HR operations. Furthermore, a network of local specialists supports the implementation of global policies and executes standard processes within their respective segments. The Corporate HR function is headed by the Executive Vice President of HR, Communications and Brand.

### Health, Environment, Safety and Quality

Yara's HESQ maximizes value creation for Yara by ensuring that the company operates to industry-leading standards related to health, occupational safety, process safety, environment, quality, product stewardship, security and emergency handling & preparedness. It is a prerequisite for achieving a sustainable operation as it takes care of all employees and stakeholders involved in the life cycle of our plants and our products.



## Ethics and Compliance Department

Yara's Ethics and Compliance Department coordinates and oversees the company's ethics and compliance work. The central department is supported by eight full-time Regional Compliance Managers who carry out the Ethics and Compliance training program across the world. The Chief Compliance Officer reports directly to the CEO.

## Chemical Compliance

Yara Chemical Compliance is a central function responsible for assisting other Yara units in achieving and maintaining compliance with chemical regulations worldwide. Yara Chemical Compliance reports to Yara HESQ.

## External assurance

Yara has decided to seek external assurance of its reporting to the GRI reporting framework. A third party, Deloitte AS, has conducted a review in accordance with international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" established by the International Auditing and Assurance Standards Board. This provides a limited level of assurance on the Yara – GRI Reporting 2016. Deloitte is independent from Yara. Deloitte also audits Yara's financial records. In addition to the auditor's report, Deloitte presents more detailed observations and recommendations based on the assurance work to Yara management.

The auditor's report is presented in the final section of this report.

## Report details

Yara has prepared this report in accordance with the GRI 'Core' option, as confirmed by the independent auditor Deloitte (see above).

Yara reports on an annual basis, and the reporting period covers the calendar year, unless otherwise specified in the individual responses to the GRI indicators. Our most recent previous GRI report was published in March 2016. Previous reports are available in the Sustainability section of our website [yara.com/sustainability](http://yara.com/sustainability)

The GRI Index will be published on the sustainability reporting web page: [yara.com/gri](http://yara.com/gri)

Any queries about Yara's sustainability performance or reporting can be directed to:

Bernhard Stormyr  
Head of Sustainability Management  
[bernhard.stormyr@yara.com](mailto:bernhard.stormyr@yara.com)

# Economic management approach

## Relevance

Our corporate strategy is based on profitable and sustainable growth, which is material to our long-term success as a listed company. We believe that by offering a positive value proposition to our customers over time, we can deliver attractive returns to our shareholders while at the same time creating value for society – creating shared value.

Responding to global challenges corresponds closely with Yara's core business, with our operations and offerings, and our business strategy. By leveraging our industrial expertise we have developed new technologies and upgraded our production processes, thereby greatly reducing greenhouse gas (GHG) and other emissions to air. Both through our farmer centric market model and by engaging in value chain partnerships, we reach out to smallholder farmers in several regions with our solutions and knowledge, assisting them in improving productivity and profitability, and contributing to inclusive growth.

*The following disclosures of management approach are related to the GRI aspects Economic performance and Indirect economic impacts.*

## Policies and commitments

Yara's ability to create shared value hinges on our economic performance and maintaining a sound financial capacity. We target a BBB credit rating from Standard & Poor's, and the Yara Board of Directors believes that more than half of Yara's earnings should be reinvested in the company. Our objective for returns to shareholders is to pay on average 40-45% of net income to shareholders in the form of dividends and share buybacks.

For a full account of our dividend policy and financial performance, please refer to Yara Annual Report 2016 available at [our Investor Relations website](#).

Yara is committed to serving all shareholders and potential investors with consistent, open and prompt disclosure of relevant information. Our policy is to provide equal treatment of all stakeholders, a group that includes banks, analysts and institutional investors in addition to shareholders and many others with an interest in the company.

Yara is committed to transparency and accountability, with adherence to international agreements and national legislation where it operates. We welcome initiatives to strengthen governance in resource-rich countries by improving openness as to how wealth from natural resources is generated and used. We produce a full country-by-country report in accordance with the new reporting requirements with effect from the financial year 2014 for extractive industries (including mining), as set forth in EU regulation 2013/34 and in the Norwegian Account Act.

For our 2016 country-by-country report, please refer to [our Investor Relations website](#).

## Responsibilities

Yara's Group Accounting is responsible for the preparation of the Financial Statement and to ensure that it is compliant with laws and regulations and in accordance with adopted accounting policies. Our procedures for financial accounting and reporting are described on our Accounting Manual, which is continuously updated and revised for any changes related to IFRS and Yara's Accounting Policies. Our Internal Control function regulates the governance structure for Internal Control over Financial Reporting (ICFR) as well as manages and controls the systematic risk related to financial reporting.

Responsibility for the transparency and accountability of our Financial Statements ultimately rests with the Yara Board of Directors. The Audit Committee, comprised of three Board members, assists the Board of Directors in assessing the integrity of the company's financial statements, financial reporting processes and internal controls, risk management and performance of the external auditor. The Audit Committee further evaluates plans and internal audits performed by the Internal Risk and Audit department within the areas of financial reporting and control.

## Training and awareness

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. Provision of training to key stakeholders such as CFOs, financial managers, accounting personnel in local units as well as Group Accounting is defined as a KPI in the steering system.

## Monitoring and follow-up

All bodies and functions involved in Yara's financial reporting monitor and perform judgments for any need of corrective actions related to financial and operational risk within their area of responsibility. The Audit Committee, which consists of three Board members, performs reviews of the quarterly and annual financial statements. The internal and external auditors participate in these meetings. The Board of Directors receives regular performance reports, ahead of our publicly available quarterly and annual 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. The Chief Internal Risk and Audit Executive reports functionally to the Board of Directors and administratively to the Chief Financial 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.

For more on financial reporting and risk management, please refer to Yara Annual Report 2016

All Yara employees are encouraged to raise questions or issues about company practices with line management or through alternative reporting channels, including our Ethics Hotline.

# Environmental management approach

## Relevance

Yara has a leading position in our industry in reducing greenhouse gas (GHG) emissions and environmental stewardship. While agriculture causes significant GHG emissions, it is also part of the solution to climate change and to meet the increasing global demand for food. We therefore put significant efforts into reducing the environmental footprint of our operations, while at the same time developing and delivering solutions and knowledge to achieve sustainable intensification of crop production worldwide.

## Climate change

Connecting the issues of food security and climate change is a key approach when responding to global environmental issues. A major global challenge is to create green growth in a low-carbon economy, with a reduced carbon footprint. Today, agriculture causes about one quarter of global greenhouse gas (GHG) emissions, with land use change originating from agricultural expansion being the main culprit. The manufacturing of mineral fertilizers contributes to GHG emissions, but they are also vital in limiting the need to expand farmland.

Yara's most significant initiative to reduce GHG emissions so far is the development and installation of N<sub>2</sub>O catalyst technology at its nitric acid plants. This technology removes about 90% of the N<sub>2</sub>O emissions in Yara's plants, and is also commercially available to third parties. Due to the significant reductions in GHG emissions from our catalyst technology, Yara can offer low-carbon nitrate fertilizers. Using our fertilizers and best farming practices, the carbon footprint from crop production can be significantly reduced while maintaining yields.

Yara has also made a business out of captured CO<sub>2</sub> emissions in several plants, selling the CO<sub>2</sub> for various uses. The Sluiskil plant in the Netherlands sells CO<sub>2</sub> to greenhouses. Yara's feed phosphate plant in Kokkola, Finland, turns its CO<sub>2</sub> emissions into products by delivering the gas to a company producing medical and technical gases.

Yara's European nitric acid and ammonia plants are covered by the European Trading System (EU ETS).

## Energy

Energy is a key element in modern farming and food processing. Volatile energy pricing and, in many areas, a lack of infrastructure affect the value chain of food production and distribution. This includes the production of nitrogen fertilizers, which is a highly energy intensive process and dependent on fossil fuels as both a raw material and an energy source. Improved efficiency can be achieved throughout the food value chain and the fertilizer industry can be a major contributor.

Yara is focusing on energy efficiency in our own production process and how optimum fertilizer application can support sustainability and green growth. In mineral fertilizer production, our focus is on optimizing the use of natural gas. Almost 90% of Yara's energy consumption takes place in ammonia production. In recent years, most of Yara's ammonia plants have been technically upgraded to improve energy efficiency. These efforts have paid off, and Yara's most efficient ammonia plants rank among the best quartile in the industry. Yara plants on average perform better than the world industry average, as confirmed by global benchmarking carried out by the International Fertilizer Industry Association (IFA).

## Resources and the environment

Mineral fertilizers are made from naturally occurring raw materials. In addition to air and natural gas, Yara uses rock phosphate and potassium salts extracted from mined rock, as well as ten other crop nutrients that are sourced in smaller volumes. Recycled materials as sources for nitrogen, potash or phosphate are not yet used as raw materials on a material scale, but Yara explores opportunities for recycling nutrients. Today, we consider our work to improve agricultural productivity and nutrient efficiency as our main contribution to better resource management. We have also helped develop methods to reduce emissions deriving from the use of mineral fertilizer, including runoff into waterways.

Water is crucial for agriculture, and improved water use management is imperative in large parts of the world. Yara has assessed the life cycle aspects of water usage by calculating the water footprint of fertilizers. According to the results, the impact of water use during manufacturing of fertilizer is minor compared to the use phase. Water is essential in the production process, but most of it is used for cooling and returned unpolluted. Discharges to water from Yara's production are mainly nitrogen and



phosphate. Control of emissions complies with each site's environmental permits, is monitored strictly and reported to the local environmental authorities.

Yara continues to investigate and quantify the effects of crop nutrition on water use efficiency through agronomic trials. Results show that nutrient supply should be adapted to the availability of water in order to maximize crop water productivity. We also develop and offer fertigation solutions, which combine irrigation and fertilizer application to help growers apply the right kinds of fertilizers, in the right amounts and at the right time, targeting the plant's root systems rather than the soil in general.

Several major economies have responded to harmful emissions by imposing stringent regulations, calling for abatement solutions. In particular, these include emission of harmful gases from industry and transportation, including nitrogen oxide NO<sub>x</sub>. Yara offers a range of environmental solutions to reduce the negative effects of pollution, including abatement of nitrogen oxide NO<sub>x</sub>, odor control connected to hydrogen sulphide H<sub>2</sub>S, water treatment, and corrosion prevention.

*The following disclosures of management approach relate to the GRI aspects Materials; Emissions; Effluents and waste; Water; Compliance (Environmental); and Environmental grievance mechanisms.*

## Policies and commitments

Yara's Mission statement is to "Responsibly feed the world and protect the planet." Our HESQ policy includes a clear commitment to promote sustainable agriculture and deliver environmental solutions contributing to global growth while addressing food security, resource efficiency and environmental protection. We will emphasize energy efficient operations and reduce the emissions and environmental impact of our processes and products.

Our commitments include:

### Climate Change

- We will continue to optimize N<sub>2</sub>O abatement at our nitric acid plants.
- We will link the carbon footprint of fertilizer production to that of agricultural products, to include all emissions and mitigation up to the harvested crop.

### Energy

- We will continue our efforts to improve energy efficiency at the ammonia plants by improving plant reliability.
- We will continuously improve our energy management systems at our production sites to drive energy efficiency.

## Resources and the environment

- We will target further reductions in our NO<sub>x</sub> emissions through renewal and optimization of specific DeNO<sub>x</sub> installations.
- We will continue our effort to implement product stewardship programs throughout our operations.
- We will further our position as a global market leader for emissions abatement for NO<sub>x</sub>, SO<sub>x</sub> and other relevant pollutants in selected markets and segments.
- We will continue our engagement on the water issue through R&D activities and active participation in the CEO Water Mandate and Water Footprint Network.
- We will work continuously to achieve our target of zero major process safety accidents.
- Based on our Circular Economy R&D platform, we are actively engaged and researching opportunities for how we can contribute to and benefit from a more circular economy – by avoiding waste, through industrial symbiosis and closing the cycle.

## Responsibilities

Yara's Board of Directors is informed about pertinent safety, health, environmental and product stewardship issues and will ensure that policies and steering documents are in place and actions are taken to achieve the goals. The Board receives regular performance reports.

The Head of HESQ has organizational responsibility for environmental reporting.

## Training and awareness

Management in each business area is responsible for educating, training and motivating employees to understand and comply with Yara's HESQ policy. Management systems have been set up to monitor and support this work throughout the organization.

## Monitoring and follow-up

Yara has a well-established process safety management system, including detailed technical standards and an extensive audit and inspection program. Systematic monitoring of environmental performance and process safety measures is in place, including process safety tools such as HAZOP (Hazard and Operability studies). Non-conformities to the technical standards are monitored and followed up in detail at management level. Productivity entails core KPIs for production plants' business plans. All production losses are reported, their root causes analyzed and corrective actions identified. This ensures continuous improvements of our productivity and use of energy and resources.

Yara aims for all manufacturing plants to be certified to the three widely recognized standards ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, and OHSAS 18001 Occupational Health and Safety Management Systems. We are also implementing product stewardship programs throughout our operations. Our operations in Europe all comply with the principles of the Fertilizers Europe Product Stewardship Program. Outside Europe, we are implementing the IFA Protect & Sustain product stewardship program set forth by the International Fertilizer Industry Association (IFA).

All Yara's large chemical manufacturing sites are classified as industrial activities with potential major accident hazards. Their activities are covered by local environmental permits, and they are required to operate in accordance with strict procedures and management controls to prevent major process safety related accidents. Yara's plants are not considered to represent a risk to the local environment, except if a major accident should occur.

We are audited on a regular basis by third parties to ensure compliance with these standards and programs.

The below table provides an overview of certifications for our major manufacturing plants:

Production plant	ISO 9001	ISO 14001	OHSAS 18001	Product Stewardship	Others
Australia Pilbara	In progress	In progress	In progress	In progress	
Belgium Tertre	x	x	x	x	
Brazil Ponta Grossa	-	-	-	-	
Brazil Rio Grande	x (partially)	x (partially)	x (partially)	x (partially)	
Brazil Paulinia	x (partially)	-	-	-	
Brazil Luis Eduardo Magalhaes	-	-	-	-	
Brazil Lagamar	-	-	-	-	
Brazil Angico dos Dias	-	-	-	-	
Canada Belle Plaine	In progress	In progress	In progress	x	
Colombia Cartagena	x	-	-	In progress	
Finland Kokkola	x	x	x	x	GMP +B2 (Feed safety)
Finland Siilinjärvi	x	x	x	x	
Finland Uusikaupunki	x	x	x	x	
France Ambès	x	x	x	x	ISO 50001
France Le Havre	x	x	x	x	ISO 50001
France Montoir	x	x	x	x	
France Pardies	x	x	x	x	
Germany Brunsbüttel	x	x	x	x	ISO 50001
Germany Rostock	x	x	x	x	ISO 50001
Italy Ferrara	x	x	In progress	x	ISO-FS 22000
Italy Ravenna	x	x	In progress	x	
Libya Marsa El Brega	-	-	-	-	
Netherlands Sluiskil	x	x	x	x	ISO-FS 22000
Norway Glomfjord	x	x	x	x	
Norway Porsgrunn	x	x	x	x	ISO 50001, ISO-FS 22000
Sweden Köping	x	x	x	x	ISO 50001
Trinidad	x	x	x	-	

# Human Resources management approach

## Relevance

Yara's mission, vision and values capture the essence of the company's purpose and provide direction and inspiration. Our values "Ambition", "Curiosity", "Collaboration" and "Accountability" are essential to improving the four areas that are critical to driving business outcomes; performance, engagement, retention and attraction.

In 2016, Yara launched a new People and Organization Framework as a people response to the revised business strategy. This framework sets a new direction for the Corporate HR Organization, bridging Yara's mission, vision and values, our HESQ policies and Ethics & Compliance, and our people systems and processes. The framework itself consists of five main elements: acquire talent, empower performance culture, develop employees and deliver effective and efficient HR services – all while making sure that we have organizational agility to respond efficiently to changes in our business environment.

## Policies and commitments

Yara is committed to promoting equal opportunities and fighting discrimination. A diversified employee base is a key success factor and means abundant opportunities to add value to our company. Our ambition is to increase the proportion of women in management positions and focus on gender diversity in key human resources processes like recruitment, talent management, employee development and succession planning.

The chemical industry has traditionally been male dominated. Despite the aspiration to have more diverse leadership teams in Yara, there are still too few women who occupy senior leadership positions. Yara has decided to address the gender diversity imbalance more assertively, as we believe in creating an equal opportunity workplace and that gender diversity can help drive a high performance organization. In 2016 all business segments defined their gender diversity ambitions for 2020, both for the overall population in the segment as well as for gender diversity in critical positions. Actions have been defined and progress is being followed-up on a quarterly basis. As well as gender diversity, Yara has taken measures to improve diversity related to visible differences such as age and ethnicity as well as fundamental differences such as religion, nationality, education or thinking styles.

The global HR policies in Yara are under revision in order to ensure that they offer the right balance for both the local and global business environment.

## Responsibilities

Yara has appointed a new Executive Vice President of HR, Communications and Brand. The EVP HR, Communications and Brand has organizational responsibility for overseeing and follow-up of labor practices and decent work. Previously, the HR organization followed a geographical structure and was supported by three global centers of expertise. It was reorganized in 2016 in order to better facilitate the implementation of the HR strategy, closer alignment with business priorities and efficient deployment of HR resources according to local needs. To sharpen business relevance, HR employees will report directly to the segment they serve, while still being a part of the global HR network.

## Training and awareness

The development of Yara employees is based on a performance management cycle and two formal conversations, one beginning the year and the second mid-year. These processes were reviewed in 2016 to allow for more continuous discussions on personal goals and development. The discussion in the beginning of the year now covers both goals and development, while the mid-year checkpoint will be about confirming/amending planned goals and development activities.

In 2016, all Yara employees had the opportunity to take part in the Performance Management and Talent Development processes, most of them using the HR Information System (HRIS) as the main tool. All major people processes are run globally, on all levels of the organization, and are supported by Yara's HRIS. Both managers and employees have access to HRIS through Manager Self Service (MSS) and Employee Self Service (ESS) respectively.

Yara's interactive learning platform, YaraLearning, offers a single repository for most global learning programs and provides employees and contractors with opportunities to develop their competencies. The platform is available to all employees and contractors with access to Yara's internal

systems. It contains a wide range of training material and tools, from over 150 different e-learning courses and videos to more traditional classroom training. The curriculum is continually developed and expanded based on the needs and priorities of the business, as identified through the performance management process.

Our goal is to equip Yara employees with the skills and competencies they need to be successful in their jobs, and to support the future success of the company.

In addition, Yara's operations conduct many local training activities; both mandatory training related to e.g. HESQ and leadership development activities adapted to local or regional needs.

## Monitoring and follow-up

Yara strives to maintain a good working environment by encouraging open and direct communication between employees and their supervisors. All employees are free to voice their problems and views on work-related issues without fear of retribution. The company believes that a full discussion can, in most cases, facilitate the resolution of misunderstandings and preserve good relations between management and employees.

People also deserve and have the right to receive feedback regularly, to support individual development and improvement. Yara's performance management and talent development processes are instrumental to maintaining an open and direct dialogue between employees and their supervisors. All global processes are supported by HRIS and monitored by collecting reports from the system. These reports, showing process status and completion rates, are followed up by both line management and by the HR organization. See indicator G4-LA11 for further information.

Employees who have work-related concerns, or feel that they have been treated unfairly, are encouraged to speak with their immediate supervisors. If the employee and supervisor are unable to resolve the issue, the employee is encouraged to go the next higher level of management or to HR. The company will make every effort to settle an employee's problem on a fair and equitable basis. Employees who use the resolution policy in good faith will not experience any retaliation.



# Health and Safety management approach

## Relevance

Yara has the ambition to lead and shape our industry by setting the standard for performance. We aim to minimize the exposure of workers and contractors to conditions that could negatively affect their health, security and safety. Securing safe and healthy working conditions is our highest priority. It is good for our employees and contractors, and it is good for business.

*The following disclosures of management approach are related to the GRI aspect Occupational health and safety, and Security practices.*

## Policies and commitments

Yara believes every accident is preventable, and we strive for zero injuries. This ambition is clearly anchored in our Health, Environment, Safety and Quality Policy. Safety is always a top priority, and we continue to set challenging KPI targets for occupational safety. Our focus is on actions that will further develop the safety culture in Yara with the aim to reduce exposure to hazards through safety leadership and greater responsibility for oneself and others.

Yara as a company is also committed to protect life and health, infrastructure and the environment we work in, information and reputation by understanding security risks and implement necessary mitigating measures through continuously improving processes in a preventive and proactive approach. Security is an obligation to our employees and a part of our license to operate. Security service providers are expected to comply with our Business Partner Code of Conduct.

## Responsibilities

Health and safety issues are matters for management as well as the workforce. Responsibility for these issues stretches from the boardroom to the factory floor. Yara's HESQ Team supports the organization by establishing goals and standards, and carries out internal audits to ensure that corporate policies are fulfilled. Management and Yara's Safety Committee review the work regularly, and the Board of Directors oversees decisions and performance.

Within this framework, Yara's plants and units maintain close control of their own health, environmental and safety performance, local employee involvement, compliance with

national legislation, and adherence to Yara's high technical and operational requirements.

Yara's HESQ team is also responsible for security within the three areas:

- **Physical Security:** protecting employees, equipment and information, restricting unauthorized access to facilities and protection against sabotage, intended damage and theft
- **Personnel Security:** protecting against people trying to exploit our employees for unauthorized or criminal purposes, including insider threat
- **Travel Security:** protecting and advising our business travellers, and provide guidance on how to behave in different cultural and security environments globally.

## Training and awareness

We continue to roll out our Safe by Choice initiative to instill a common safety culture and lead the company to safety excellence. The aim is to proactively create a safety culture in Yara where everyone takes responsibility to be 'Safe by Choice'. This means developing current practices and putting an increased focus on responsibility, so that employees take care of both themselves and their colleagues. Our Safety Principles have been aligned accordingly and a set of actions have been defined, focusing on the application of safety tools and methods, with a higher level of quality and consistency through competence development.

Yara's employees are regularly trained in the conduct of safe operations and response to emergencies. Contractors are subject to the same scrutiny as employees, and managers carry out regular safety walks around sites to ensure that standards remain high. Visible, safety-minded leaders are necessary to achieving the next level of safety performance.

A major, company-wide extensive safety survey carried out in 2015 found that the workforce is highly engaged on safety issues. The survey results showed clear improvements since the previous benchmark and indicate a positive safety culture, with particularly high scores in the area of managers, supervisors and employee participation. Development of functional and behavioral safety competences that support business and individual key performance indicators are being integrated into Yara's HR processes to ensure sustainable development.

## Monitoring and follow-up

Yara has strict requirements for reporting of incidents, accidents and injuries, and we work continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and by developing the competence and hazard understanding of the employees and our contractors.

Our process management system includes detailed technical standards and an extensive audit program. Non-conformities to the technical standards are monitored and followed up in detail by the central management. Lessons learned from accidents and incidents are shared between all our plants.

Important goals in 2016 include further devolvement of process safety indicators and performing extensive process safety audits at selected sites.

Yara has established a corporate security and emergency response function. Over the last year, a sustainable global security system has been established. This includes a standardized method for assessing security risks, developing steering system for security, providing support and advice to all business units globally and further improving company's emergency response practices.

# Ethics and compliance management approach

## Relevance

With operations in more than 60 countries and sales to about 160 countries, Yara is exposed to different cultures and traditions, to different labor conditions and threats where our people work and travel. We are dedicated to responsible business conduct throughout our operations and activities. This means respecting recognized labor and human rights, both in our operations and in our supply chain, and to protect life, health and infrastructure. Responsible business conduct is decisive to earn the trust of our stakeholders and key to our success.

*The following disclosures of management approach relate to the GRI aspects: Investment (Human rights); Non-discrimination; Freedom of association and collective bargaining; Child labor; Forced or compulsory labor; Assessment (Human rights); Supplier human rights assessment; Human rights grievance mechanisms; Supplier assessment for labor practices; Labor practice grievance mechanisms; Local communities; Public policy; Anti-corruption, Anti-competitive behavior; Compliance (Society); Supplier assessment for impact on society; Grievance mechanisms for impact on society; Supplier Environmental Assessment.*

## Policies and commitments

Yara's Code of Conduct states a clear commitment to respecting internationally recognized human rights throughout our own operations, as well as in our supply chain. We support the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the core conventions of the International Labor Organization (ILO). As a signatory to the United Nations Global Compact, we have been granted membership to the United Nations Global Compact LEAD. LEAD is an exclusive group of corporate sustainability leaders from across all regions and sectors that represent the cutting edge of the UN Global Compact. As such Yara is firmly committed to the ten core principles of UNGC divided into the four core themes of human rights, labor rights, environment and anti-corruption.

In addition, Yara has developed a Business Partner Code of Conduct that takes into account internationally recognized and endorsed standards in key areas such as international human rights, business ethics and labor conditions.

Yara expects its business partners to do the same and is committed to working only with partners that fulfill this requirement.

Yara recognizes and respects the right to freedom of association and the right to collective bargaining within national laws and regulations, and we expect our business partners to uphold the same rights. When operating in countries where these rights are limited through local legislation, we will seek to take mitigating action in accordance with local conditions and regulations.

## Responsibilities

Yara's Ethics and Compliance Department has organizational responsibility to provide a best in class ethics and compliance program. The department plays a key role in the management of all risks related to corruption, fraud and business partner integrity. Ethics training of employees is a KPI followed by Yara's Board of Directors, amongst other compliance activities.

## Training and awareness

Yara's Code of Conduct applies to all of Yara's employees, whether full-time, part-time, permanent or temporary. It also applies to the members of the Board of Directors. The document has been translated into 15 languages and has been distributed globally.

The Code of Conduct documents Yara's position on a range of topics, including corruption, hospitality, gifts and expenses, antitrust and human rights. It outlines the key principles of Yara's Ethics and Compliance Program, which includes:

- An internal Ethics Portal with clear, practical guidance for all Yara employees
- Interactive e-learning videos on a range of ethical topics that are mandatory for employees
- Yara's Ethics Hotline, available in over 50 languages, that allows employees to share their concerns confidentially
- An interactive, face-to-face training program
- Mandatory introduction videos for all new employees

The Ethics and Compliance training program is carried out by eight full-time Regional Compliance Managers across the world. During 2016, more than 2,300 people

received face-to-face training in ethics and compliance matters, including human rights as a distinct topic. All training sessions include information about accessibility of grievance mechanisms.

Yara employees are also required to study, observe and comply with the various guidelines laid down in Yara's Competition Compliance Manual. The manual is available for all employees and has been adapted to local law in seven jurisdictions and translated into seven languages. In addition to the mandatory e-learning, an interactive competition law training video is available for all employees in the Yara Learning portal.

If the self-assessment and declaration uncovers unacceptable risks, an In-Depth IDD may be required. Whether or not this is necessary will be agreed upon between the business unit and the Ethics and Compliance Department. Continued monitoring of Business Partners is also a part of the IDD process.

The IDD process and description of its use and steps is available to all employees on the Ethics and Compliance intranet pages. Complying with and understanding the IDD process is the responsibility of all employees.

## Monitoring and follow-up Reporting system

Yara has extensive reporting channels in place for anyone – internal or external – that wishes to make a complaint on any topic related to human and labor rights, anti-corruption, compliance or other potential company malpractice. This can be done anonymously if one so chooses, subject to local legislation. Our Ethics Hotline is available in 60 languages 24 hours a day, seven days a week. Our website and intranet feature an option to send complaints by email. Additionally there is the option to report issues through line management and most staff functions.

## Integrity Due Diligence

Our Integrity Due Diligence (IDD) process includes screening for possible violations in our business partners. It requires any new business partner to undergo an initial assessment, in which Yara employees must evaluate whether or not the new partner is exposed to any of the four risk criteria:

- Country risk
- Agents & Intermediaries
- Strategic importance
- Red flag list
- Public tenders

If one or more of them are present, the Business Partner must complete a self-assessment and declaration covering key business information and compliance across many business and risk areas. This includes:

- Company data
- Anti-corruption and integrity
- Assessment of suppliers and partners
- Human resources, human rights and labor rights
- Health and safety
- Environment
- Declaration



# Product Stewardship management approach

## Relevance

Yara constantly seeks to improve the quality of its products, operations and manufacturing processes, to eliminate waste and maximize efficiency, and to ensure that our products are properly handled. Product stewardship provides a systematic approach to monitoring and reviewing the quality of all our activities and products. It commits us to making sure customers and end-users get the right products, for the right purpose, with proper information about how to use them – thereby addressing concerns about the impact of modern farming.

*The following disclosures of management approach related to the GRI aspects Customer health and safety, Product and service labelling, and Compliance (Product responsibility).*

## Policies and commitments

All Yara products and services related to the supply of fertilizers and chemicals are regulated by national and international codes, and Yara is fully committed to compliance with such regulations worldwide.

Products in EU/EEA markets are in compliance with the European chemicals regulation REACH and the CLP regulation on classification and labelling of chemicals. Chemical compliance is also high on the agenda globally. A global Yara network is in place for chemical compliance, and a formal chemical compliance check is included in the purchasing and sales process.

Yara's operations in Europe are in compliance with the requirements of the Fertilizers Europe Product Stewardship Program. Outside Europe, Yara is implementing the IFA Protect & Sustain product stewardship program set forth by the International Fertilizer Industry Association (IFA).

Yara aims for all manufacturing plants to be certified to the three widely recognized standards ISO 9001 Quality Management Systems, ISO 14001 Environmental Management Systems, and OHSAS 18001 Occupational Health and Safety Management Systems. This process is nearing completion in all but the most recently acquired Yara plants. A number of units also have certifications to other standards in place, such as for energy management and food and feed safety systems.

Please see, Environmental management approach, p. 25, for the current status of certifications to the ISO and OHSAS standards.

## Responsibilities

The central corporate function Yara Chemical Compliance assists Yara Units in achieving compliance with all relevant chemical regulations. A global Yara network is in place for chemical compliance, and a formal chemical compliance check is included in purchasing and sales processes.

Yara's Product Classification and Regulation Department is responsible for producing and updating safety data sheets for every product.

Yara's Head of HESQ has company-wide responsibility for implementing product stewardship programs and ensuring certification of manufacturing plants to the relevant ISO and OHSAS standards.

## Training and awareness

The labelling of Yara products provides concise and relevant information for their safe and correct handling. In addition, we prepare and regularly update safety data sheets for every product. These data sheets are readily available for download on our local websites.

Yara's training and awareness programs cover a wide range of topics from how to drive safely and management training, to improving technical understanding of handling ammonia, nitric acid and safe transportation at sea.

## Monitoring and follow-up

The product stewardship program ensures that proper care is taken along the entire value chain, from product development and sourcing of raw materials, through production, storage and distribution, to sales, delivery and application. Assessment of health, safety, environmental and security impacts of products and services covers all life cycle stages.

Operations that have implemented the product stewardship program set forth by Fertilizers Europe or IFA are regularly audited by a third party to ensure compliance with the program. Similarly, third party audits are carried out on a regular basis in all plants with ISO and/or OHSAS

certifications to ensure that they comply with the standards and their basic principle of continuous improvement. In addition to third party audits, Yara monitors compliance through regular internal audits. Corrective actions are taken in due time for any non-conformities observed.

Yara engages with our customers in a number of ways, such as through customer satisfaction surveys, local customer services and social media platforms, and by arranging local farmer meetings. Yara's local agronomists work with re-sellers and scientists to test fertilizer under local conditions and help disseminate knowledge and gather feedback from growers. Additionally, our country websites feature contact forms for anyone who wants to raise questions or provide feedback.

# Economic performance

## Aspect: Economic performance

G4-EC1: Direct economic value generated and distributed

Direct economic value	2016	Report in Annual report	Line/Column name
<b>a) Revenues:</b>			
	97,170	Consolidated statement of income	Revenues
	725	Consolidated statement of income	Interests and other financial income
	358	Note 15	Dividend/repayment of capital from EAls
<b>Total Revenues</b>	<b>98,253</b>		
<b>Economic value distributed</b>			
<b>b) Operating costs:</b>			
	68,644	Consolidated statement of income	Raw materials, energy costs and freight expenses
	962	Consolidated statement of income	Change in inventories of own production
	3,847	Consolidated statement of income	Other operating costs
<b>Sum operating costs</b>	<b>73,453</b>		
<b>c) Employee wages and benefits</b>	<b>8,520</b>	Consolidated statement of income	Payroll and related costs
<b>d) Payments to providers of capital:</b>			
	1,071	Note 9	Interest expense
	-364	Note 9	Capitalized interests
	93	Statement of cash flow	Purchase of treasury shares
	252	Statement of cash flow	Redeemed shares Norwegian State
	4,108	Statement of cash flow	Dividend
<b>Sum payments to providers of capital</b>	<b>5,160</b>		
<b>e) Payments to government</b>	<b>2,736</b>	Statement of cash flow	Tax paid
<b>f) Donations, gifts and sponsoring</b>	<b>16</b>	N/A	Information reported in HFM form Z2, where only the total figure for charitable gifts and donations is shown; the prior form Z1 is not in use any more.
<b>Total economic value distributed</b>	<b>89,885</b>		
<b>Economic value retained</b>	<b>8,369</b>	Revenues - costs	

The EC1 figures are compiled according to guidance and definitions provided by GRI. Yara's financial statements in the annual report are compiled according to IFRS, ref. to page 67 in the annual report.

The geographical spread of Yara's revenues are reported in Note 6 in the financial statements of the annual report: [http://yara.com/investor\\_relations/latest\\_annual\\_report/](http://yara.com/investor_relations/latest_annual_report/)

## G4-EC2: Financial implications and other risks and opportunities for the organization's activities due to climate change

Risks which are seen as materially important to Yara are covered in the risk chapter of the annual report. For climate change, the following items apply. There are two risk factors covering climate related aspects:

### **Strategic risk: Regulatory framework**

There is an increasing trend of stricter governmental regulations impacting both production economics (Emission trading system in Europe) and application of fertilizer related both to the environmental aspects and safety related aspects of handling and applying fertilizer. These regulations could have a substantial impact on Yara's earnings.

*Mitigation:* Yara has regular discussions and participates in various arenas to review existing and ongoing new regulations aimed at nitrate based fertilizers. The risk is primarily mitigated by contact with governmental bodies to ensure that balanced information is available and to ensure influence to get solutions. Yara also has regular discussions with the EU on the future CO<sub>2</sub> emissions structure for the fertilizer industry, arguing that the European ammonia industry is the most efficient globally – which needs to be reflected when policies are made.

### **Compliance risk: Ethics**

Failure, real or perceived, to abide by our ethical principles and comply with international standards e.g. on labor relations, human rights and environmental footprint, will have a damaging effect on our brand and reputation. It can also negatively affect our relationship with current and future business partners, and both legal sanctions and financial loss can occur. In positive terms, demonstrating a commitment to good ethical conduct and awareness of environmental and social responsibility can be leveraged to create competitive edge and create value for business partners, employees and society at large.

*Mitigation:* Business conduct performance and reporting are set at high standards, reflecting Yara's commitments. Our reporting is based on the Global Reporting Initiative (GRI) G4 reporting framework and we submit a Communication on Progress (COP) to the UN Global Compact initiative on an annual basis. Social impact

assessments are obligatory parts of larger expansions and greenfield projects. Yara has developed a Business Partner Code of Conduct that takes into account internationally recognized and endorsed standards in key areas such as universal human and labor rights, and business ethics. The complete risk chapter is available in the annual report: [http://yara.com/investor\\_relations/latest\\_annual\\_report/](http://yara.com/investor_relations/latest_annual_report/)

## G4-EC3: Coverage of the organization's defined benefit plan obligations

Yara's benefit plan liabilities are described in Note 26 of the Financial statements in the annual report: [http://yara.com/investor\\_relations/latest\\_annual\\_report/](http://yara.com/investor_relations/latest_annual_report/)

Reference is also made to additional information in indicator G4-LA2.

## Aspect: Indirect economic impacts

### G4-EC8: Significant indirect economic impacts, including the extent of impacts

Yara's operations worldwide are engaged in, and support, a wide variety of community projects and local initiatives that benefit the general public. More significant, however, is Yara's business approach, which focuses on sharing its agronomic knowledge with farmers. Yara's mission is to help responsibly feed the world and protecting the planet.

Improving cropland productivity and increasing food production depends on the application of agronomic knowledge. Yara possesses extensive knowledge, which it shares with farmers as part of its crop nutrition solutions. In addition, Yara contributes to knowledge development and knowledge dissemination through several global initiatives and partnership projects, such as: The Farm to Market partnership launched in January 2016 by World Food Program, Rabobank, AGRA, Yara and other partners, Grow Africa, Grow Asia (both linked to the WEF New Vision of Agriculture) and the Southern Agricultural Growth Corridor of Tanzania (SAGCOT), founded by the Tanzanian Government, Yara and other partners in 2010.

The expected outcome of the approach is increased income level for farmers, while properly managing environmental aspects through active knowledge sharing. While there are minor community investments taking place, Yara's main approach is to create shared value which is part of the business strategy.

Reference is also made to G4-EC1 and to G4-SO2

# Environmental performance

## Aspect: Materials

### G4-EN1: Materials used by weight or volume

Yara used approximately 7 million tonnes of purchased materials in 2016.

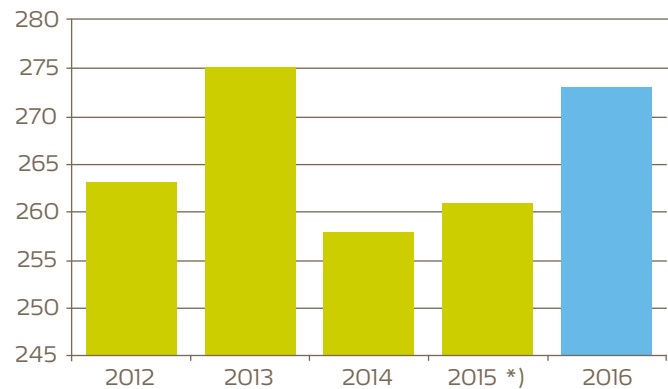
Main products are key fertilizer raw materials like ammonia, phosphate rock, potassium salts and dolomite, which represent the majority of the purchased volume.

Yara uses SI units in reporting.

## Aspect: Energy

### G4-EN3: Energy consumption within the organization

#### Energy consumption million GJ

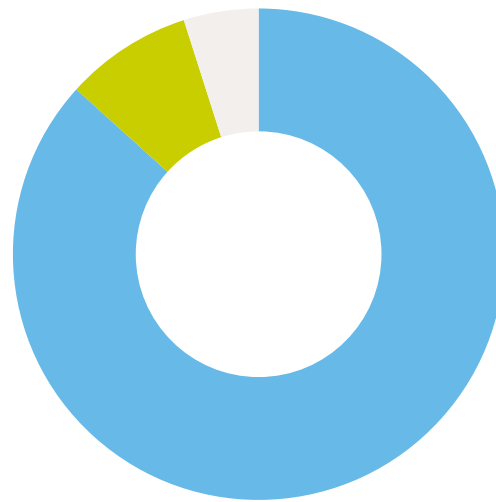


\*) Cartagena and Galvani plants included 2015 onwards

Yara's total energy consumption in production was 273 million GJ in 2016, compared to 261 million GJ in 2015. This includes use of fuels on site as well as purchased energy (mainly electricity).

The increase in gross consumption is due to higher production amounts. The relative energy efficiency continued to improve (see G4-EN5).

### Yara energy use is dominated by ammonia production



- Direct energy consumption in Ammonia production
- Direct energy consumption in other production
- Purchased energy (mainly electricity)

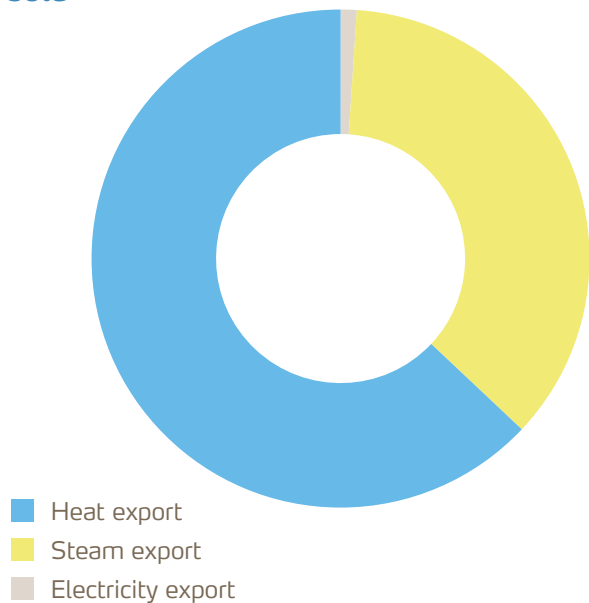
Almost 90% of the energy is consumed in the ammonia production, as a feed or fuel. The rest is used at the other production units and site infrastructure, mainly as steam or heat. Natural gas is the main fuel used in Yara. The share of natural gas of total fuel use was above 90%.

Renewable fuels are used in the Brazilian units, where wood chips are typical fuels. The share of wood chips of global total fuels however was only approximately 2% in 2016.

In 2016 Yara used about 3,700 GWh of electricity in the production.



## Energy export from Yara plants: 2.8 million GJ of surplus heat, steam and electricity sold



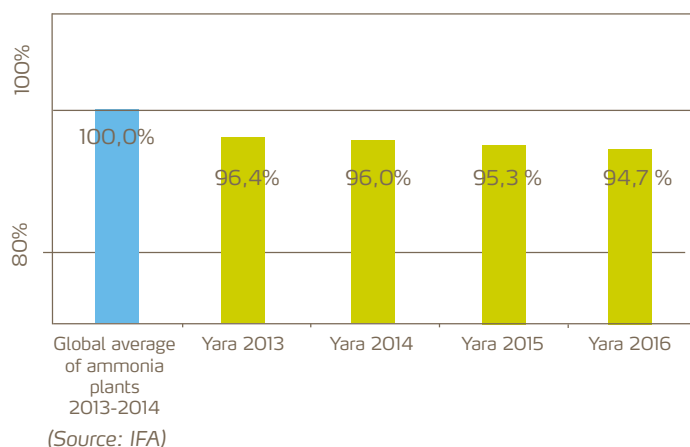
In 2016 Yara exported 2.8 million GJ of surplus heat, steam and electricity from its plants.

### G4-EN5: Energy intensity

Due to the dominant energy intensity of ammonia production, Yara's key energy intensity indicator is energy efficiency in ammonia production. Due to continuous investments to upgrade and optimize the plants' reliability and energy efficiency, Yara has reached a clear improvement in ammonia energy efficiency.

### Energy intensity in Yara ammonia production compared to global benchmark

Percentage of global average GJ/tonne NH<sub>3</sub>



Yara's most efficient ammonia plants rank among the best quartile in the industry, and on average Yara plants perform better than the world industry average, as confirmed by global benchmarking carried out by the International Fertilizer Association (IFA).

The energy intensity figure contains all energy used in ammonia production, both the production energy and the energy used during shutdown periods and startups. It also contains the use of electricity.

## Aspect: Water

### G4-EN8: Total water withdrawal by source

In 2016, Yara's total water withdrawal was 906 million m<sup>3</sup> (923 million m<sup>3</sup> in 2015).

The water sources were:

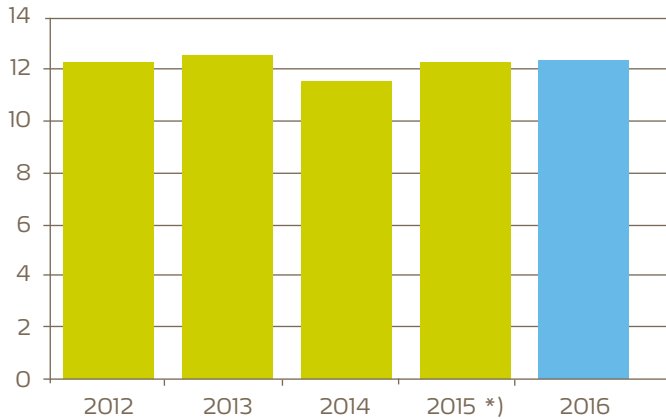
- 97% Surface water, including water from wetlands, rivers, lakes and ocean
- 2% Municipal water supplies
- 1% Groundwater

Water is used in Yara's production primarily for cooling purposes, and to a lesser extent, steam production. Thus, nearly all of the water withdrawn by Yara is returned to the water course unpolluted.

## Aspect: Emissions

### G4-EN15: Direct greenhouse gas (GHG) emissions (Scope 1) Greenhouse gas emissions

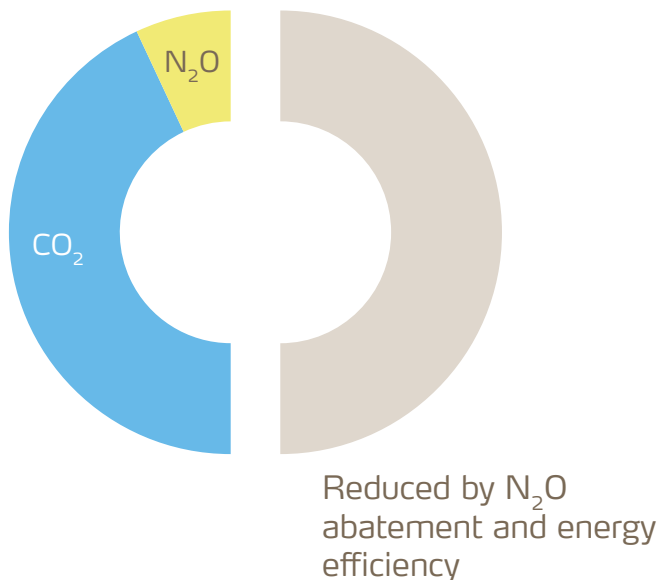
million tonnes of CO<sub>2</sub> equivalents



\*) Cartagena and Galvani plants included 2015 onwards

In 2016 Yara's GHG emissions totaled 12.4 million tonnes of CO<sub>2</sub> equivalents, compared to 12.3 million tonnes in 2015. The slight increase in GHG emissions is due to higher production volume than the previous year. By continuous improvement of energy efficiency and good performance of the N<sub>2</sub>O catalysts at the nitric acid plants, Yara has maintained a significant reduction compared with the starting point when the company was established in 2004. Greenhouse gas emissions from Yara production are half of what they would be without the use of N<sub>2</sub>O abatement.

### GHG emission from Yara production is half of that compared to levels without N<sub>2</sub>O abatement [in CO<sub>2</sub> equivalents]



Yara's European nitric acid and ammonia plants are covered by the European Union Emission Trading System (EU ETS). In 2016, Yara emitted from those plants a total of ca 9.45 million tonnes CO<sub>2</sub>e (notice: the figures are still undergoing the official ETS verification). At the same time Yara received in total 8.6 million EUAs (EU Allowance unit, one tonne of CO<sub>2</sub> under the EU ETS), creating a shortage of 850,000 tonnes CO<sub>2</sub>e for 2016.

Yara uses the principles given in the Operational guidelines for the ISO 14040 Life Cycle Assessment standards when assessing the potential impact of its emissions into the environment. The greenhouse gases relevant for Yara production plants are CO<sub>2</sub> from use of fuels and N<sub>2</sub>O from nitric acid production. These are calculated as CO<sub>2</sub> equivalents by the following factors according to the IPCC Fourth Assessment Report (AR4):

CO<sub>2</sub> to air: 1  
N<sub>2</sub>O to air: 298

The greenhouse gas emissions are consolidated according to the operational control approach. Joint ventures where Yara has operational control are included. Yara's share of production, energy or emissions in less than equity-accounted investees are not included.

### G4-EN16: Energy indirect greenhouse gas (GHG) emissions (Scope 2)

Yara has estimated the Scope 2 greenhouse gas emissions relevant to the company's purchased energy. The GHG emissions related to production and supply of purchased electricity was approximately 1.3 million tonnes of CO<sub>2</sub>e in 2016.

The calculation was based on energy supply emissions factors used in the Fertilizers Europe Carbon Footprint calculator. The Fertilizers Europe calculator was updated to use the latest emission factors available in the GaBi database in 2016.

### G4-EN17: Other indirect greenhouse gas (GHG) emissions (Scope 3)

Yara also estimated the Scope 3 greenhouse gas emissions relevant to fertilizers produced by Yara. The estimation covered production of fuels and raw materials for Yara production, upstream transport to Yara sites and downstream transport of Yara fertilizers to customers. Emissions related to the use of Yara fertilizer at the farm was also covered. Traded products or blended products based on third party components were not included, neither were any Industrial uses of Yara products. While Yara's own emissions (Scope 1) and supply of energy (Scope 2) represent approximately 21% and 2% of the total Scope 1-3 greenhouse gases, Scope 3 forms the major part of greenhouse gases.

Use at farm is the far most significant climate related phase of fertilizer life cycle. Above 50% of the total greenhouse gases are formed at the farm. Regardless of Yara's global supply chains, transport is only a minor contributor to the total GHGs.

**Table: Scope 1-3 GHG emission**

Scope	Category	Million tonne CO <sub>2</sub> eq	%
1	Yara production	12.4	21%
2	Purchased electricity	1.3	2%
3	Purchased fuels and raw materials Transport (upstream and downstream)	7.5	13%
		2.5	4%
	Use of fertilizer	35.7	60%
Total calculated Scope 1-3		59.5	

The estimates are based on the emission factors used in the Fertilizers Europe Carbon Footprint calculations. The same emission factors are used in the Cool Farm tool. The use phase includes calculations for formation of N<sub>2</sub>O from the use of nitrogen fertilizer, CO<sub>2</sub> from urea hydrolysis, and CO<sub>2</sub> from lime application via CAN fertilizers. The use phase emissions are calculated with the IPCC emission factors.

### G4-EN18: Greenhouse gas (GHG) emissions intensity

Yara maintains carbon footprint calculations for its main fertilizers produced in the Nordic and Central European plants. Yara uses the calculation tool specifically designed for the fertilizer sector. This allows easy visualization of fertilizers' impact into the Carbon Footprint of agricultural products. The carbon footprint for the different fertilizer grades from these production sites are verified by a third party. The carbon footprint values in kg CO<sub>2</sub>/kg product represent the maximum carbon footprint for the specific fertilizer product and production site.

**Table: Carbon Footprint of Yara fertilizer products**

Product Type	Production sites covered	kg CO <sub>2</sub> e/kg product max
AN (33.5% N)	Rostock, Germany Sluiskil, The Netherlands	1.19
CAN (27% N)	Rostock, Germany Sluiskil, The Netherlands	0.99
Urea (46% N) **)	Sluiskil, The Netherlands	1.52
UAN (30% N)**)	Rostock, Germany Sluiskil, The Netherlands	1.06
CN (15.5% N)	Glomfjord, Norway Porsgrunn, Norway	0.65
NPK *) (15% N -15% K <sub>2</sub> O -15% P <sub>2</sub> O <sub>5</sub> )	Glomfjord, Norway Porsgrunn, Norway Siilinjärvi, Finland Uusikaupunki, Finland	0.80

\*) Exact result of an NPK grade depends on the N-P-K ratio. \*\*) The Urea and UAN figures include CO<sub>2</sub> emissions from hydrolysis after application, but no other emissions from use of the product. \*\*\*) Data vintage covers the year 2013. For the Sluiskil plant, 2014 data is used.

The calculator tool estimates the carbon footprint (t CO<sub>2</sub> equivalents/t product) related to the production of a specific fertilizer product. All emissions with GWP (Global Warming Potential) are included. The calculator includes direct and indirect emissions from all materials directly related to the production of the particular fertilizer product, as delivered to the final product storage at the production site. Further, the calculator includes the estimated emissions from purchased energy and indirect emissions resulting from the production and transportation of raw materials. The calculation tool does not include any emissions released from the application of the fertilizers.

Web link: [The carbon footprint verification statement \(PDF, 0.294MB\)](#)

## G4-EN19: Reduction of greenhouse gas (GHG) emissions

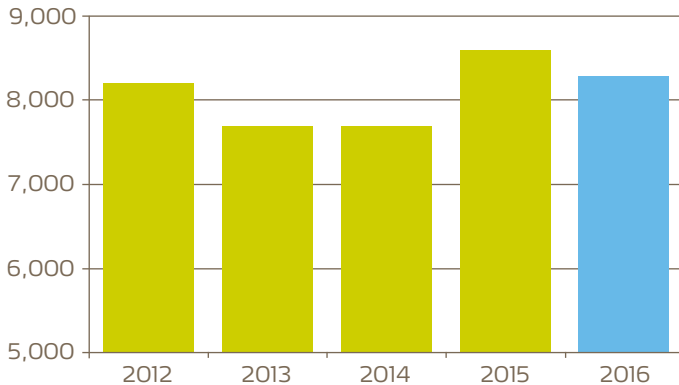
Yara's most significant initiative to reduce GHG emissions so far is the installation of N<sub>2</sub>O catalyst technology at its nitric acid plants. The catalysts remove about 90% of the N<sub>2</sub>O emissions in Yara's plants. Yara's catalyst technology is also commercially available to third parties. Catalysts have been installed at close to 60 plants so far.

Numerous optimizing activities are taking place at Yara plants to improve energy efficiency and reduce emissions. Investments in ammonia plants are contributing to improving energy efficiency. Yara has made a business out of captured CO<sub>2</sub> emissions in several plants, selling the CO<sub>2</sub> for various uses. The Sluiskil plant in the Netherlands sells CO<sub>2</sub> to greenhouses. Yara's feed phosphate plant in Kokkola, Finland, turns its CO<sub>2</sub> emissions into products by delivering the gas to a company producing medical and technical gases.

## G4-EN21: NO<sub>x</sub>, SO<sub>x</sub>, and other significant air emissions

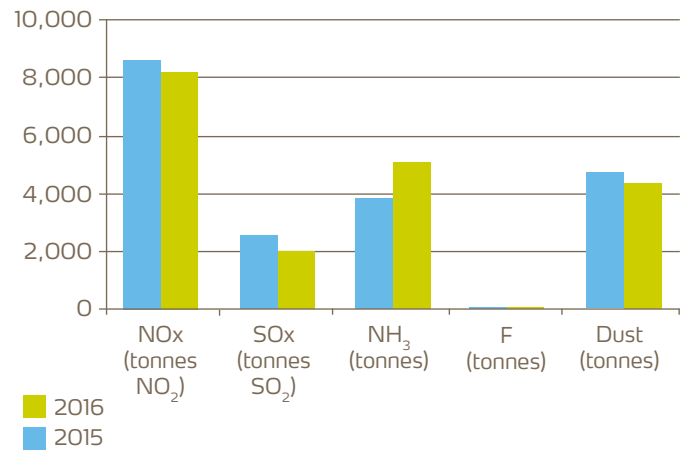
### NO<sub>x</sub> emissions to air

tonne NO<sub>2</sub>



Yara has successfully installed and revamped DeNO<sub>x</sub> units at the production sites to reduce the emission of NO<sub>x</sub>. Stability of the plants together with the DeNO<sub>x</sub> abatement have contributed to the reduction of NO<sub>x</sub>. The total NO<sub>x</sub> emissions from Yara plants in 2016 was 8,251 tonnes of NO<sub>2</sub>, compared to 8,640 tonnes in 2015.

## Emissions to air from Yara production



SO<sub>x</sub> emissions from Yara plants are mainly the result of sulphuric acid production. Yara's acquisition of the Galvani plants are thus reflected in the SO<sub>x</sub> emissions, which are currently on the level of 2,000 tonnes per year (2,022 tonnes SO<sub>2</sub> in 2016 and 2,615 tonnes in 2015). The level is however 40% lower than in 2010 (4,600 tonnes), thanks to the change of fuel used in the Brunsbüttel ammonia plant.

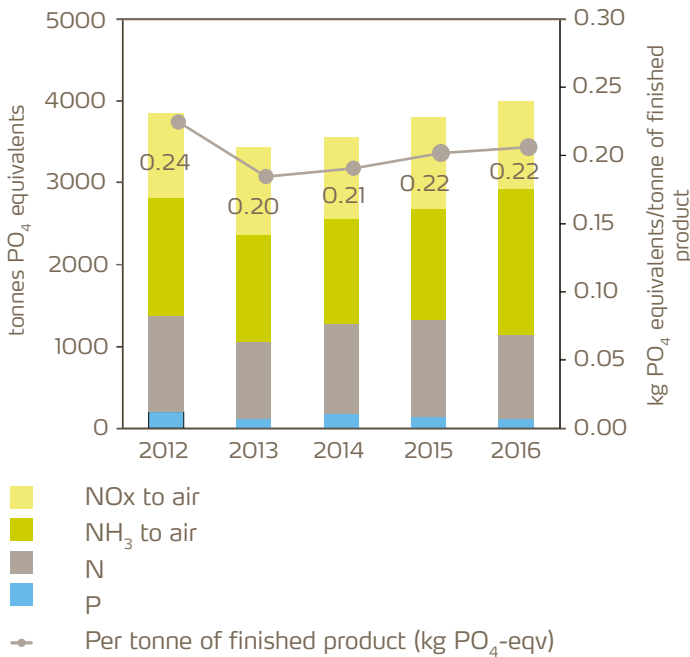
Approximately 4,400 tonnes of dust was emitted from Yara plants in 2016. The dust is either plant nutrients, raw material inerts, or salts.

Air emissions are measured, analyzed and registered according to national regulations. Yara uses the principles given in the operational guidelines for the ISO 14040 Life Cycle Assessment standards when assessing the potential impact of emissions into the environment. Emissions from Galvani and Cartagena plants are included in the figures from 2015 onwards. Earlier figures were not adjusted.

## Aspect: Effluents and Waste

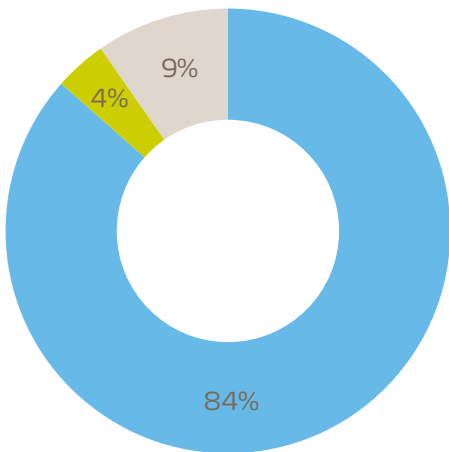
### G4-EN22: Total water discharge by quality and destination

#### Emissions contributing to eutrophication: Total 4,000 tonnes of PO<sub>4</sub> equivalents in 2016



Yara's emissions impacting eutrophication increased slightly, totaling 4,000 tonnes of PO<sub>4</sub>-equivalents compared to 3,800 tonnes in 2015. Relative pollutant discharge remained in the same level as previous year, 0.22 kg PO<sub>4</sub> eqv/tonne product.

#### 787 million m<sup>3</sup> of water was discharged from Yara plants, majority of that was cooling water



- Discharged to sea
- Discharged to a river
- Discharged to a lake

The total volume of water discharge was 787 million m<sup>3</sup> in 2016, compared to 800 million m<sup>3</sup> in 2015. A large part of this is returned unpolluted cooling water. 87% of the water volume was discharged into the sea, 4% into rivers and 9% into lakes.

#### Table: Discharges to water from Yara production

	Unit	2016	2015
Total volume of water discharge	million m <sup>3</sup>	787	800
N	tonnes	2,423	2,814
P	tonnes	40	47

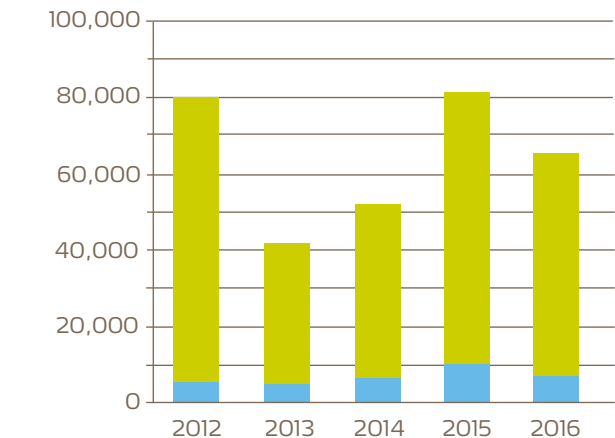
Yara uses the principles given in the Operational Guidelines for the ISO 14040 Life Cycle Assessment standards when assessing the potential impact of emissions to the environment. The main impact for water caused by nitrogen and phosphorus emissions is eutrophication. Thus, the water and air emission data is combined to characterize their eutrophication potential, given in tonnes of PO<sub>4</sub>-equivalents by using the following factors:

- N to water: 0.42
- P to water: 3.06
- NO<sub>x</sub> to air: 0.13
- NH<sub>3</sub> to air: 0.35

Emissions per production are calculated by using the total amount of finished products produced by the sites in the scope of the environmental report, including 50% of the equity-accounted plant in Libya. Yara's share of production, energy or emissions in less than equity-accounted investees are not included.

### G4-EN23: Total weight of waste by type and disposal method

#### Amount of generated waste, excl. apatite mining related wastes, gypsum and iron oxide tonnes

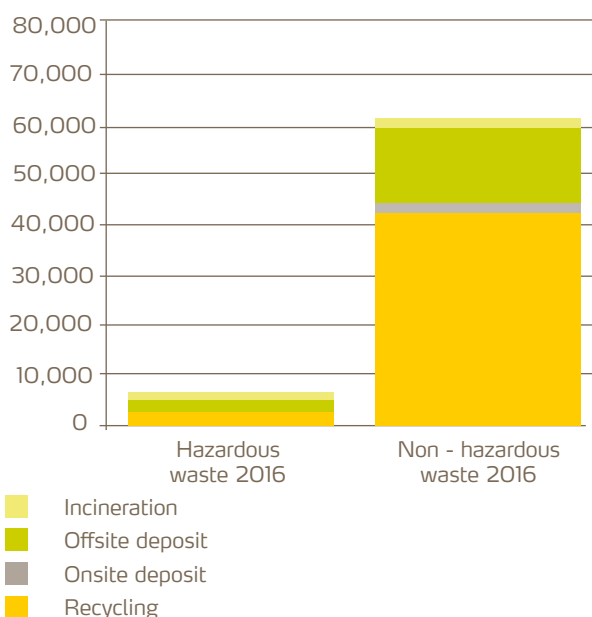


- Non hazardous waste
- Hazardous waste



Yara's operations generated about 61,400 tons of non-hazardous waste and 6,600 tons of hazardous waste in 2016. The majority (72%) of all non-hazardous waste and 40% of hazardous waste was recycled. Variations in the waste amounts as well as in the recycling rates are highly related to investment and maintenance activities at the sites.

### Waste by type and disposal method, excl. apatite mining related wastes and gypsum tonnes



### G4-EN24: Total number and volume of significant spills

There were six sites that registered accidental spills during 2016. None of these had an environmental, financial or reputational impact at a level considered to be significant.

### Aspect: Compliance

### G4-EN29: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

Twelve Yara sites reported permit breaches to local authorities in 2016. Their root causes have been investigated and corrective measures are ongoing to ensure further conformity. These were mainly due to breaches of air emission limits (mainly NOx) and discharges to water (exceeding of nutrient and TSS limits as well as two cases of accidental micronutrient discharges). In Yara Montoir, France, a long term action plan is ongoing to reach compliance with water discharge regulations and revised fertilizer storage regulations. A new sewage system was built up, and further water treatment options are under investigation.

Three Yara sites received fines from local authorities for environmental issues in 2016, the total sum remained under NOK 1 million. Two of the cases were caused by accidental air emissions, and the third one was about abnormal waste water quality during plant startup in 2015.

### Aspect: Supplier Environmental Assessment

### G4-EN32: Percentage of new suppliers that were screened using environmental criteria

Yara has an Integrity Due Diligence (IDD) framework implemented in all Yara companies. By reviewing potential and existing suppliers, and working with our suppliers to explain our standards, Yara manages the performance of its vendor base.

For more on the IDD framework, please refer to the Ethics and Compliance management approach section, p. 32.

In major technical projects, potential environmental impacts and hazards are identified in the early phase of the project. Based on this assessment, environmental and safety specifications for the design and construction are created. Throughout the project, suppliers' performance is followed up according to a project specific HES program, which also defines roles and responsibilities of each party. Yara continued to include this structure in its major technical projects, in addition to preparing complete specifications for bidding phase.

### Aspect: Environmental Grievance Mechanisms

### G4-EN34: Number of grievances about environmental impacts filed, addressed, and resolved through formal grievance mechanisms

Thirteen Yara sites received environmental grievances from stakeholders during 2016. A total of 252 environmental complaints and concerns were reported (compared to 132 in 2015). The increase is mainly due to improved reporting). They were all addressed and investigated, and over 90% of them were closed during the year. The cases were typically individual concerns raised by neighbors related to abnormal or sudden odor or dust.

# Labor practices and decent work

## Aspect: Employment

### G4-LA1: Total number and rates of new employee hires and employee turnover by age group, gender and region

Table: New hires and turnover by age, gender and region

New Hires/ Leaving Yara	Age Group	Africa	Asia	Brazil	Europe	Latin America	North America	Total
Female New Hire	Age above 50	1	4	2	14	1	2	24
	Age below 30	1	6	76	32	27	1	143
	Age between 30-50	9	15	65	65	35	9	198
Male New Hire	Age above 50	1	12	29	25	2	8	77
	Age below 30	14	45	267	112	45	5	488
	Age between 30-50	36	55	350	142	74	17	674
Total New Hire		62	137	789	390	184	42	1604
Female Leaving Yara	Age above 50	1	2	5	24	4	1	37
	Age below 30		7	52	4	15		78
	Age between 30-50	5	16	64	25	37	5	152
Male Leaving Yara	Age above 50	7	6	58	133	35	22	261
	Age below 30	2	25	195	13	45	3	283
	Age between 30-50	26	32	330	48	90	13	539
Total Leaving Yara		41	88	704	247	226	44	1350

### G4-LA2: Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation

The table below displays benefits provided to permanent employees and non-permanent employees, ranging from disability coverage, flexible working hours, health care facilities and life insurance. Benefits provided to permanent employees that are not provided to non-permanent employees differ based on country.

The percentages represent the share of countries providing the various benefits to the employees.

Some countries with major sites offer different benefits on different sites. For the below table, if one site answered “yes” while the other site answered “no” to the question, the answer per country is “yes”.

Other benefits provided to employees in certain countries are educational assistance, matched savings plan and paid matched vacation.

Table: Benefits for permanent and temporary employees

	Disability Coverage	Flexible Working hours	Healthcare Facilities/ subsidies	Life Insurance	Retirement/ pension plan	Stock ownership
Permanent employees	77.2%	56.1%	89.5%	64.9%	63.2%	7%
Temporary employees	45.6%	29.8%	50.9%	31.6%	29.8%	0

For a definition of significant locations of operations, please refer to the Report boundaries section of this report, p. 15.

### G4-LA3: Return to work and retention rates after parental leave, by gender

		Africa	Asia & Oceania	Brazil	Europe	Latin America	North America
How many female employees met the requirements of going out on parental leave (Meeting the requirements means being pregnant or adopting)	#	3	6	39	93	21	4
How many male employees met the requirements of going out on parental leave	#	21	10	148	244	45	12
How many female employees took parental leave	#	3	7	39	96	21	4
How many male employees took parental leave	#	19	10	148	160	45	6
How many female employees returned to work after parental leave ended	#	3	3	32	81	19	3
How many male employees returned to work after parental leave ended	#	20	10	148	156	45	6
How many of the female employees who returned to work after parental leave ended were still employed twelve months after their return to work	#	1	3	30	76	18	2
How many of the male employees who returned to work after parental leave ended were still employed twelve months after their return to work	#	10	9	143	161	39	6

## Aspect: Occupational Health and Safety

### G4-LA5: Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs

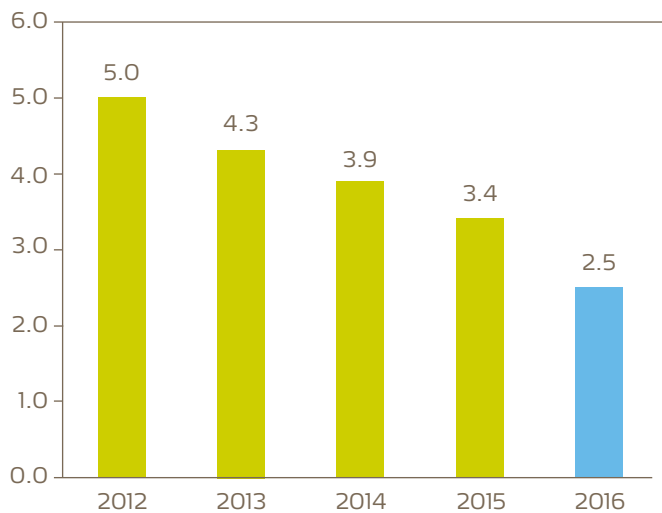
All production sites have a mandatory health and safety committee that covers all of the employees working on the site. At the smaller units and offices this activity is just in the starting phase.

41 of the reporting countries have a health and safety committee in place. 12,354 employees are covered by the mandate of the local health and safety committee, which, based on the number of permanent employees, equals 92.5%, up from 91.4%, in 2015.

## G4-LA6: Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender

Yara achieved a TRI rate of 2.5 (Total Recordable Injuries per million hours worked for employees and contractors combined), an outstanding reduction of 26% compared to 2015 and better than the target rate 3.3. The 2016 numbers also include the recently acquired ODF and Galvani units in Brazil and Colombia.

### Total Recordable Injury rate (Yara employees and contractors) per million hours worked



The TRI rate includes fatalities, lost-time injuries, restricted work cases (employees and contractors were able to be at work, but on restricted duties), and medical treatment cases.

Since mid-2013 Yara has been working to further improve safety performance, under its program “Safe by Choice”. The program aims to develop the safety culture of Yara’s growing global organization through both emotional, rational and sustainable organizational developments, and there has been a steady decline in Yara’s total recordable incident rate both for employees and contractors.

Table: Injuries and sickness rate

	Unit	2012	2013	2014	2015	2016*)
TRI rate employees	per million hours worked	3.5	3.3	3.1	2.9	2.2
TRI rate contractors	per million hours worked	8.5	6.3	5.6	4.6	3.0
TRI rate employees and contractors	per million hours worked	5.0	4.3	3.9	3.4	2.5
Sickness rate **)	%	3.6	4.0	NA	3.3	3.3

\*) ODF and Galvani units included in TRI rates 2016. Serra do Salitre construction site will only be included 2017 onwards. The combined TRI for Serra do Salitre employees and contractors was 2.5 in 2016.

\*\*) 2012-2013 sickness figures cover production sites only

Unfortunately Yara suffered one major accident in 2016. In Costa Rica, a subcontractor was conducting maintenance work at the blending tower. The accident occurred when he was connecting a welding machine with an extension cord. He received an electrical shock and unfortunately he did not resist. Root causes have been thoroughly investigated, and a number of corrective and preventive actions are being implemented. These include strict management follow-up of compliance with the recently updated corporate standard on Electrical Safety as well as improving on-site preparedness to give first aid in case of electrical shock.

Yara also has the target of zero major process safety accidents. During 2016 there were no such incidents classified as severity 1 due to economic loss, personal injuries or environmental impact.

Yara’s absence rate was 3.3% in 2016. This was the second year that absenteeism was calculated covering the whole company.

Yara decided not to report occupational disease cases in 2016 due to data uncertainty. Yara does not have corporate reporting standard for occupational diseases, thus there is variation in local definitions

## G4-LA8: Health and safety topics covered in formal agreements with trade unions

Health and safety topics are covered in all trade agreements between Yara and its unions.

Yara has set up a European Works Council to promote cooperation between management and European employee representatives, to meet the company's economic, social and environmental challenges. This agreement has been amended with a Safety Agreement, to share the same commitment to safety and to reach the goal of zero accidents. Safety principles such as application of site safety rules, joint health and safety committees, and employee participation and involvement are covered.

## Aspect: Training and education

### G4-LA9: Average hours of training per year per employee by gender, and by employee category

In 2016, Yara spent approximately NOK 67 million on external training, equating to about NOK 5,000 per permanent employee.

4,361 employees had individual development plans agreed with their managers in a development discussion and documented in the HR information system. Employees with non-digital development plans are not included in this number. Besides formal training activities, Yara emphasizes on-the-job learning activities and learning from others (coaching, shadowing, etc.).

Yara has an exhaustive e-Learning catalog (150+ modules). These activities, under the heading of YaraLearning, are available to all employees and contents are aligned with business and employee needs.

In addition to the investment made in external training listed above, Yara also launched globally customized internal training programs developed with the support of external partners; a mandatory Ethics Training Program for all employees, as well as project and people management courses available to the employees who have this as development actions in their development plans. Employees also benefit from local training initiatives fulfilling local needs.

### G4-LA10: Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings

Table: Percentage of countries with programs in place for managing career endings

Region	Percentage of countries that provide assistance programs	
	2016	2015
Africa	33.3%	12.5%
Asia & Oceania	30.8%	50.0%
Brazil	100.0%	100.0%
Europe	42.9%	47.6%
Latin America	10.0%	60.0%
North America	66.7%	100.0%
Yara	35.1%	49.1%

Table: Types of assistance offered

	Yara
Percentage of countries that offer assistance when transit to retirement	17.5%
Percentage of countries that offer outplacement services	14.0%
Percentage of countries that offer pre-retirement planning	14.0%
Percentage of countries that don't offer severance pay	68.4%
Percentage of countries that offer training for ones continuing professional career	12.3%

### G4-LA11: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category

In 2016, there were two global processes for performance and career development; the Performance Management Process and the Talent Development process (called the Performance & Development Discussions). In the Performance Management Process in December/January, performance from the past year is evaluated and goals are set for the coming year. Progress towards these goals are reviewed in the June to August period, when the Talent Development process takes place. The main purpose of the Performance & Development Discussions is to discuss and agree development areas related to the employee's current job and to future career ambitions, resulting in a 12-month development plan that is followed up throughout the year.

Employees that do not yet have access to the support tools in the HR Information System (HRIS) complete the processes on paper. The numbers in the tables below refer to employees with performance reviews and development plans in HRIS compared with the total number of permanent employees.



Table: Performance Plans

Gender	Africa	Asia and Oceania	Brazil	Europe	Latin America	North America	Grand Total
Female	75	144	596	1,113	301	80	2,309
Male	336	370	2,551	3,909	674	309	8,149
Grand Total	411	514	3,147	5,022	975	389	10,458
% of total	84 %	81 %	70 %	86 %	76 %	64 %	78 %

Table: Development plans

Gender	Africa	Asia	Brazil	Europe	Latin America	North America	Grand total
Female	48	34	183	444	211	61	981
Male	193	153	595	1,772	467	200	3,380
Grand total	241	187	778	2,216	678	261	4,361
% total	49 %	29 %	17 %	38 %	53 %	43 %	33 %

## Aspect: Diversity and equal opportunity

### G4-LA12: Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity

Yara strives to improve diversity in both corporate management as well as board composition. During 2016, Yara's Executive Management Team consisted of twelve members. Three were female and three were non-Norwegians (Belgian, Brazilian). Five members were between 30 and 50 years old. The rest of the group were above 50 years old.

Yara does not have a corporate assembly, and the shareholders' representatives on the Board of Directors are therefore elected directly at the Annual General Meeting.

The board of Yara consists of eight members, of whom five are elected by the shareholders, and three are elected by and among the employees. In 2016, three members were female.

At year-end, 24 of the top 166 management positions in Yara were filled by women. 5 positions were vacant. 54 were held by Norwegians, 77 by other Europeans, four by North Americans, 21 by Latin Americans, four by Asians, and one by an African. 39% of the position holders are 50 years old or above, 61% are aged between 30 and 50 years.

## Aspect: Equal remuneration for women and men

### G4-LA13: Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation

For all Yara sites, guidance is applicable regarding equal and fair treatment and wages and payment. Actual ratios are managed and monitored at local level. Reporting according to Norwegian legislation, the tables below represent the ratios in Norway in the local currency.

Table: Base salaries for women and men

Company structure	Base salary	Other remuneration
<b>Yara International ASA</b>	<b>944 019</b>	<b>70 310</b>
Women	799 444	59 479
Men	1 047 639	75 209
<b>Yara Norge AS</b>	<b>517 607</b>	<b>26 428</b>
Women	513 001	28 184
Men	518 559	26 428

<b>Total Norway</b>	<b>Base salary</b>	<b>Other remuneration</b>
Women	693 100	38 224
Men	692 154	32 978

## Aspect: Supplier assessment for labor practices

### G4-LA14: Percentage of new suppliers that were screened using labor practices criteria

Yara's Integrity Due Diligence Procedure requires the screening of all new suppliers against key risk factors and red flags, including red flags concerning labor practices and working conditions. If a risk is present, further research is required, including a self-declaration from the supplier concerning labor practices, inter alia.

### G4-LA15: Significant actual and potential negative impacts for labor practices in the supply chain and actions taken

Yara's Integrity Due Diligence Procedure requires the screening of all new suppliers against key risk factors and red flags, including red flags concerning labor practices and working conditions. Wherever a risk is present, further research is required, including a self-declaration from the supplier concerning labor practices, inter alia. Issues are analyzed according to this procedure and raised with the Ethics & Compliance Department in defined cases.

In 2016, in a Latin American country there was a report on one supplier about lack of adherence to labor rights. There was lack of protective equipment and suspected slave-like conditions. The contract was immediately terminated.

## Aspect: Labor practice grievance mechanisms

### G4-LA16: Number of grievances about labor practices filed, addressed, and resolved through formal grievance mechanisms

Yara's Ethics & Compliance Department received a total of 81 notifications that were classified as 'People' matters during the reporting period. All 81 of these notifications were addressed, and 73 resolved, during the reporting period. Two notifications received during the prior reporting period were resolved during the current reporting period.

In 2016, Yara HR dealt with a total of 561 Labor Grievance cases. 549 were in Brazil, six in Asia & Oceania, four in Latin America, one in Africa and one in Europe. Of the 561 cases, 153 were both reported and resolved in 2016. 260 cases were reported before 2016, but resolved during 2016.

In Brazil, most labor claims are related to one or more of the issues below:

65.15%: overtime  
48.44%: insalubrity  
9.63%: wage parity

In Brazil, it is quite common to raise claims against the employer. Labor courts are considered to be a place for negotiation between the employee and employer.

# Human rights performance

## Aspect: Investment

### G4-HR1: Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening

Compliance risks, including human rights, are an integrated part of Yara's Capital Value Process. The Capital Value Process includes all significant investments and transactions. The "Capital Value Process" refers to the steps that Yara must take when assessing the risks and benefits associated with - and when deciding whether to allocate resources for the development, execution and operation of - Capital Value Transactions. In the context of the Capital Value Process, the term "Capital Value Transactions" means transactions of any value involving:

- i. the acquisition of any interest in another company by Yara;
- ii. any other forms of investment activity in other companies on the part of Yara;
- iii. Yara's involvement in partnerships, alliances, joint ventures, consortia and other similar arrangements with other companies; and
- iv. any divestments or permanent site or plant closures including consequential dismantling and demolition.

### G4-HR2: Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained

Yara's Ethics and Compliance program encompasses the issue of human rights, and it is included as a separate topic in the ethics and compliance training program. Human rights are also included as a dedicated segment of the mandatory introduction videos for all new employees. During 2016 more than 2,300 employees received face to face training in ethics and compliance matters, including human rights as a distinct topic.

## Aspect: Non-discrimination

### G4-HR3: Total number of incidents of discrimination and corrective actions taken

Yara's Ethics & Compliance Department received a total of 81 notifications that were classified as 'People' matters during the reporting period. 22 were classified as harassment or discrimination, 20 of which were resolved within the reporting period. One is yet to be resolved.

The cases resolved within the reporting period had the following outcomes:

- 3 cases resulted in specific training to line managers on Ethics & Compliance policies.
- 1 case resulted in coaching a line manager on issues related to harassment.
- 13 cases were resolved by Human Resources and the management line through their own procedures.
- 1 employee was transferred to a different location.

## Aspect: Freedom of association and collective bargaining

### G4-HR4: Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights

Yara does not consider any of its operations to be at significant risk of violation of the right of employees to exercise freedom of association or collective bargaining. Yara recognizes and respects the right to freedom of association and the right to collective bargaining within national laws and regulations. When operating in countries where this right is limited through local legislation, we will seek to take mitigating action in accordance with local conditions and regulations.

Yara has implemented a Code of Conduct for Business Partners. Further, through Yara's Integrity Due Diligence process, suppliers are screened on a risk-basis for issues relating to anti-corruption, labor rights, human rights, health and safety and environment. All registered vendors in Yara are screened on a daily basis against a global database to identify potential issues such as sanctions.

## Aspect: Child labor

### G4-HR5: Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor

Yara does not consider its own operations to be at significant risk of child labor. Based on recommendations from the ILO, Yara does not allow children below the age of 15 to be employed in our operations. We will not allow children under the age of 18 to do work that jeopardizes their health, safety, or morals. In any scenario, the employment of a minor should never be to the detriment of the child's education, development, or overall well-being.

Yara identified minors working in the supply chain in a country in Asia. Corrective actions were taken in the form of verbal and written warnings, and immediate suspension of work for the identified minors. This was reported after the closing of 2016, so it is not represented in the statistics for Ethics & Compliance cases for the year, and it has not been formally closed.

In Brazil, the education system provides pupils starting at the age of 14 the opportunity to gain work experience as apprentices. These positions are regulated by law and are also applicable to Yara's operations in Brazil.

Yara has implemented a Code of Conduct for Business Partners. Further, through Yara's Integrity Due Diligence process, suppliers are screened on a risk-basis for issues relating to anti-corruption, labor rights, human rights, health and safety and environment. All registered vendors in Yara are screened on a daily basis against a global database to identify potential issues such as sanctions.

## Aspect: Forced or compulsory labor

### G4-HR6: Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor

Yara does not consider any of its own operations to be at significant risk of forced labor. Our Code of Conduct states that, "We will not use any form of forced labor in our operations in accordance with the definitions provided by the ILO. Yara believes a work relationship should be freely chosen and free from threats."

Yara has implemented a Code of Conduct for Business Partners. Further, through Yara's Integrity Due Diligence process, suppliers are screened on a risk-basis for issues relating to anti-corruption, labor rights, human rights, health and safety and environment. All registered vendors in Yara are screened on a daily basis against a global database to identify potential issues such as sanctions.

## Aspect: Security practices

### G4-HR7: Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations

Yara's own security personnel and security service providers working on Yara sites are covered by work induction training covering site safety and security practices. In addition, Yara Code of Conduct covering Yara's ethical policies and practices is available in 15 languages. It has been distributed as hard copies to 119 Yara locations around the world, with the purpose to reach every Yara employee. Reading and understanding the Code of Conduct is mandatory for every Yara employee, and guidance is available to solve any questions or concerns people may have.

Web link: [Ethics and Compliance Program](#)

For external security service providers, Yara has a Code of Conduct for Yara's Business Partners reinforcing the company's goal to continue to develop relationships with Business partners to share corporate values. All contracts, purchase orders, or agreements with Yara's business partners (suppliers, agents, JV Partners, Distributors, etc.) should refer to the Ethics Clause and Business Partner Code of Conduct.

## Aspect: Assessment

### G4-HR9: Total number and percentage of operations that have been subject to human rights reviews or impact assessments

Yara's risk assessment process aims to identify, evaluate and manage risk factors across all areas of the company. Risk assessments including human rights are mandatory for 100% of our operations: All expert functions; from Production down to plant level; Crop Nutrition down to country level; Industrial and Supply Chain down to Business Unit level.

## Aspect: Supplier human rights assessment

### G4-HR10: Percentage of new suppliers that were screened using human rights criteria

Yara's Integrity Due Diligence Procedure requires the screening of all new suppliers against key risk factors and red flags, including red flags concerning human rights criteria. If a risk is present, further research is required, including a self-declaration from the supplier concerning human rights criteria, inter alia.

### G4-HR11: Significant actual and potential negative human rights impacts in the supply chain and actions taken

Yara's Integrity Due Diligence Procedure requires the screening of all new suppliers against key risk factors and red flags, including red flags concerning human rights criteria. If a risk is present, further research is required, including a self-declaration from the supplier concerning human rights criteria, inter alia.

In 2016, there was a report on one supplier in a Latin American country about lack of adherence to labor rights. For further details, please refer to indicator G4-LA15, p. 50.

## Aspect: Human rights grievance mechanisms

### G4-HR12: Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanisms

Please refer to indicator G4-HR3, p. 51.



# Society performance

## Aspect: Local communities

### G4-S02: Operations with significant actual and potential negative impacts on local communities

#### Mining project in Brazil

In Brazil, Yara's JV Galvani is developing a phosphate mining project in Serra do Salitre, Minas Gerais. Covering 2,787.5 ha, this R\$ 2.2bn investment will provide 2,100 jobs during construction and 1,400 jobs during operation. The implementation phase was initiated in June 2015, and the first production is forecast at year end 2017. Annual capacity will be 1,200,000 tonnes phosphate concentrate and 950,000 tonnes granulated fertilizer.

The project analyzed social and environmental impacts during the planning phase. The official permits processes for the construction of the mine established safe levels of exposure.

The Environmental Impact Assessment concluded that adequate mitigating measures are in place for all potential environmental impacts, including emissions monitoring and control programs, wildlife monitoring, deforestation control and a degraded areas recovery program.

For the complementary remediation actions, more than 800 ha land was purchased and set aside for environmental protection, replanting of seedlings from natural species found on the project site and relocation of wildlife to protected areas. Endangered species were not identified on site, but are known to live in the region.

The main socioeconomic exposures are: noise, rising local expectations, job and income generation, traffic increase on highways, increased urbanization process. The mining project will have a preference for hiring staff in the local region, which will have both direct and indirect positive impacts.

Indirect socioeconomic impacts have also been identified, which are consequences of having a substantial economic operation being embedded into a modest size community. These involve the preparedness of local authorities, infrastructure capacity and human and economic development. Mitigating actions include, but are not limited to: Collaboration with a local NGO to develop

the local context on planning and supporting of education system, training of local labor, contingency plan for local public service capacity (hospital, school, sewage) and road repairs.

#### Mining project in Ethiopia

In Dallol, Ethiopia, a total number of 21 Yara Dallol BV direct employees and 154 contractor employees are affected due to downsizing and camp closure at the potash mining exploration site.

The closure was made as the exploration phase was finalized. Yara Dallol BV is currently going through discussions on final mining agreement and licenses, infrastructure development (power, road), foreign currency arrangement from the Ethiopian government and project financing, to continue to a final investment decision and subsequent construction phase.

The employees are informed that, provided suitability to future vacant positions, they may get priority in a next phase of the project.

## Aspect: Anti-corruption

### G4-S03: Total number and percentage of operations assessed for risks related to corruption and the significant risks identified

Yara's risk assessment process aims to identify, evaluate and manage risk factors across all areas of the company, including corruption risks. Risk assessment (which includes corruption) is mandatory for 100% of our operations: All expert functions; from Production down to plant level; Crop Nutrition down to country level; Industrial and Supply Chain down to Business Unit level.

### G4-S04: Communication and training on anti-corruption policies and procedures

Yara's video learning program on ethics and compliance is mandatory for all new employees, and covers various topics including anti-corruption policies and procedures. In addition to the mandatory training program for new employees, Yara's Ethics and Compliance Department has a face-to-face training program called "Share it!". This is a role-based dilemma training program conducted by Ethics and Compliance professionals.

The program encourages managers and employees to identify and reflect on ethical and compliance related issues with strong focus on anti-corruption, and aims to build a culture of open discussion about such matters. It also provides practical guidance on the Ethics and Compliance tools available, such as the Ethics Handbook and the Ethics Hotline. The number of employees trained in face-to-face sessions during 2016 in the organization's anti-corruption policies and procedures was over 2,300 globally.

Yara's standard terms and conditions include our policies related to anti-corruption. In addition, Yara has developed its Code of Conduct for Business Partners, which describes the standards that Yara expects of its business partners including anti-corruption. On a risk-basis, certain business partners are selected for additional due diligence work, including training and communications.

Yara's key governance bodies include the board of directors and executive management. All members of these bodies have confirmed receipt of Yara's Code of Conduct, which they are also instrumental in developing and maintaining. Yara's Board of Directors receives updates on the status of the compliance program twice yearly. These updates include dilemma training from Yara's Chief Compliance Officer. All individuals in these bodies have completed Yara's mandatory e-learning program and are included in compliance training programs.

#### **G4-S05: Confirmed incidents of corruption and actions taken**

In 2016 there were 50 reports to the Ethics Hotline regarding gifts, fraud, bribes and kickbacks. These cases were handled according to Yara's investigation procedures.

Of the 50 reports, 10 were not substantiated and 22 were resolved within the reporting period. The reports related to gifts, facilitation payments, fraud, theft and corruption.

In 2016 no public legal cases were brought against the organization or its employees.

### **Aspect: Public policy**

#### **G4-S06: Total value of political contributions by country and recipient/beneficiary**

In 2016 Yara did not make any political contributions, either financial or in-kind.

### **Aspect: Anti-competitive behavior**

#### **G4-S07: Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes**

Yara is actively defending two cases in South America regarding allegations that companies Yara acquired had previously participated in anti-competitive behavior. Both cases are pending in appeal courts.

### **Aspect: Compliance**

#### **G4-S08: Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations**

A labor tribunal in South America has issued a decision concerning labor regulations against Yara which includes a fine that has yet to be quantified. Yara's appeal is pending in the local Supreme Court.

In 2016, the Norwegian police finalized the investigation of a fatal accident which occurred in 2013 at a Norwegian plant. Yara was fined NOK 1.5 million based on non-compliance with the work environment act.

### **Aspect: Supplier assessment for impacts on society**

#### **G4-S09: Percentage of new suppliers that were screened using criteria for impacts on society**

Yara's Integrity Due Diligence Procedure requires the screening of all new suppliers against key risk factors and red flags, including red flags concerning societal impacts. If a risk is present, further research is required, including a self-declaration from the supplier concerning societal impacts, inter alia.

## G4-S010: Significant actual and potential negative impacts on society in the supply chain and actions taken

Yara's Integrity Due Diligence Procedure requires the screening of all new suppliers against key risk factors and red flags, including red flags concerning societal impacts. If a risk is present, further research is required, including a self-declaration from the supplier concerning societal impacts, inter alia.

Please refer to the indicator G4-LA15, p. 50.

## Aspect: Grievance mechanisms for impacts on society

G4-S011: Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms

Please refer to indicator G4-SO5, p. 55.

# Product responsibility performance

## Aspect: Customer Health and Safety

**G4-PR1: Percentage of significant product and service categories for which health and safety impacts are assessed for improvement**

Through the fertilizer product stewardship programs, international, regional and national chemical legislation and fertilizer and other sector specific legislation, assessment of health and safety impacts throughout the life cycle of products is required. This covers the whole of Yara's product range.

**G4-PR2: Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes**

In 2016, Yara recorded no incidents of non-compliance with regulations or voluntary codes concerning health and safety impacts of its products and services.

## Aspect: Product and Service Labeling

**G4-PR3: Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements**

In addition to information about nutrient content and the correct use of the fertilizers, products are classified and labeled according to the European CLP Regulation in EU/EEA markets. Globally, Yara classifies and labels its products following either the European CLP regulation or the local legislation, e.g. in North America the American OSHA and EPA standards. In line with changes in chemical legislation in many countries of the world, Yara also introduces classification and labeling of its products according to the UN Globally Harmonized System of Classification and Labeling of Chemicals. Additional local information requirements, such as local fertilizer regulations or food and feed regulations when relevant, are managed by local Yara units.

Safety data sheets for Yara products can be found on the Yara web page.

Web link: [Yara Safety Data Sheets](#)

These procedures cover all Yara's products as well as raw materials

## Aspect: Compliance

**G4-PR9: Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services**

In 2016 Yara was not subject to any significant fines for non-compliance with laws or regulations concerning the provision and use of products and services.

# Auditor's report

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To the management of Yara International ASA

### INDEPENDENT AUDITOR'S REPORT

#### Report on the Yara's GRI Report 2016

We have reviewed certain aspects of Yara's GRI Report 2016 ("the Report") presented on [www.yara.com](http://www.yara.com). The Report is the responsibility of and has been approved by the management of Yara International ASA ("Yara"). Our responsibility is to draw a conclusion based on our review.

We have based our work on the international standard ISAE 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board. The objective and scope of the engagement were agreed with the management of the Company and included those subject matters on which we have concluded below.

Based on an assessment of materiality and risks, our work included analytical procedures and interviews as well as a review on a sample basis of evidence supporting the subject matters. We have performed interviews with management individual resources responsible for the GRI reporting at corporate and at the subsidiary company Galvani (Brazil).

We believe that our work provides an appropriate basis for us to provide a conclusion with a limited level of assurance on the subject matters. In such an engagement, less assurance is obtained than would be the case had an audit-level engagement been performed.

#### Conclusions

Based on our review, nothing has come to our attention causing us not to believe that:

- Yara has applied procedures to identify, collect, compile and validate information for 2016 to be included in the Report, as described in the Report.
- Information presented for 2016 is consistent with data accumulated as a result of these procedures and appropriately presented in the Report.
- Yara has applied a reporting practice for its GRI Report aligned with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (version 4) reporting principles.
- The Report fulfils the Core "in accordance" criteria in the GRI G4 guidelines and appropriately provides information, or refers to information, on each of the reported standard and specific disclosures of the GRI G4 guidelines.

Oslo, 23 March 2017  
Deloitte AS



Aase Aa. Lundgaard  
State Authorised Public Accountant (Norway)



Frank Dahl  
Deloitte Sustainability