YARA

Knowledge grows

Annual report 2016

Frontpage, small image: Barcelona Skyline. Yara's Nutriox provides clean, odor-free air in Barcelona and hundreds of cities and regions worldwide.

Frontpage, main image: Grocery shop at Farmer's Market, Downtown Los Angeles, USA. Agriculture is a cornerstone of our daily lives.

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.

www.yara.com

We make a difference

Our Mission

Responsibly feed the world and protect the planet

What we do and why we do it, our mission defines our company's purpose and role in the world. We believe knowledge grows and has the power to create positive global change.

We understand our customers and what motivates them. We understand that knowledge helps feed the world, creates profitable businesses, and protects the planet at a time when our population is expanding and our resources are increasingly challenged.

Our Vision

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

Our founders boldly faced the urgent challenges of their time. With collaboration and curiosity, they grew knowledge together that helped save the lives of millions of people.

Today, our vision is an expanding community, collaborating to protect our planet and support farmers. This collaborative community overcome cultural, environmental and economic barriers to create solutions that lead to a world free from hunger.

Our Values

Ambition

Performing above expectations, taking initiative and constantly working in line with Yara's ambitions and personal goals.

Curiosity

Asking bold, brave questions; curiosity is the lifeblood of our culture. It is curiosity that builds knowledge and it's the power of inquiry that led Yara's three remarkable founders to head off an impending famine in the early 20th century.

Collaboration

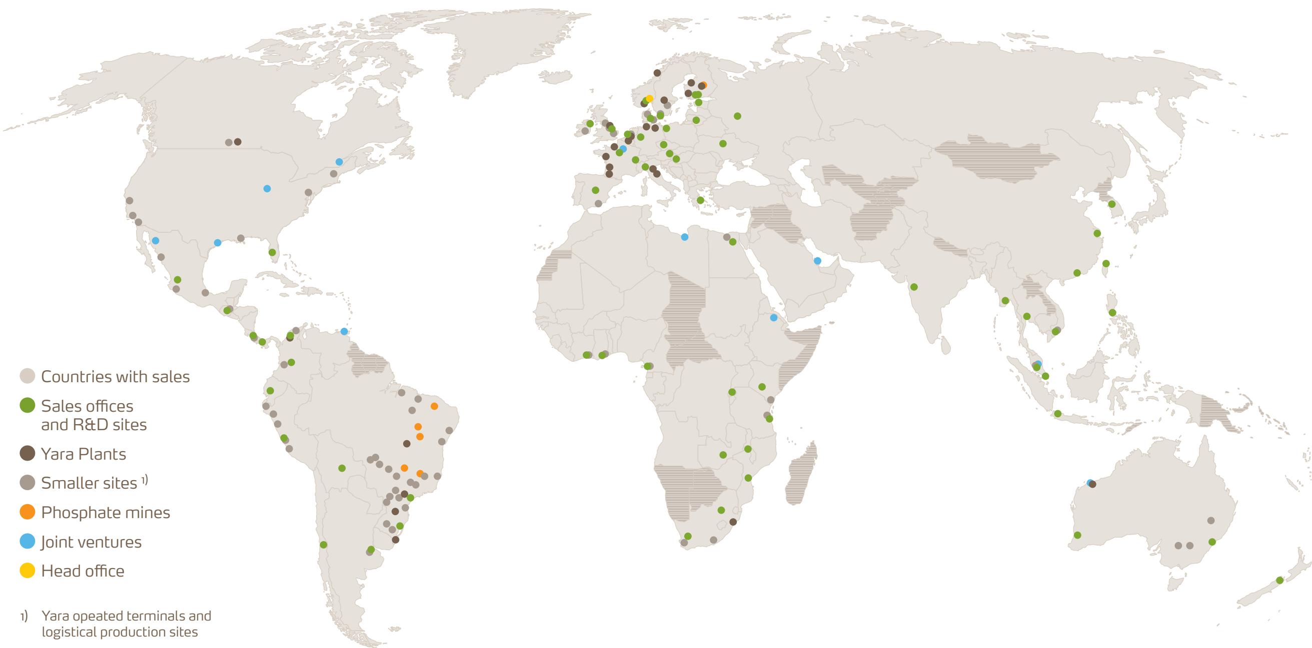
Working together with mutual respect. Partnership, and appreciation of all perspectives and approaches. The art of collaboration – both internally within Yara and externally with the rest of the world – amplifies our collective knowledge.

Accountability

Being reliable, taking responsibility and always having Yara's and society's interests in mind when faced with tough decisions. Through accountability trust is earned.

Where we are

As the industry's only global player, we have production facilities on six continents, operations in more than 60 countries – and sales to about 160 countries.



2016 numbers

Number of employees [1]

14,736

Globally

Total sales

36.1

Million tonnes

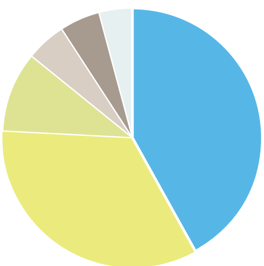
Revenues

95.2

NOK billion

Employees by region

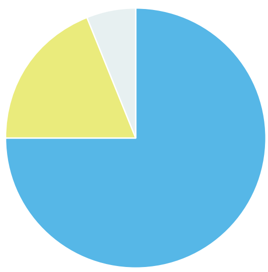
Share of employees



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

Sales by product

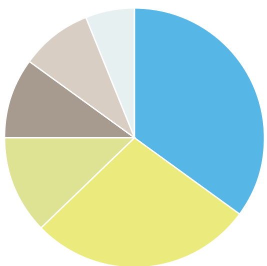
Share of sales volume (thousand tonnes)



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

Revenues by region

Share of revenues (NOK million)



Europe	33,184	35 %
Brazil	26,801	28 %
Latin-America	9,013	9 %
Africa	5,478	6 %
Asia & Oceania	9,834	10 %
North-America	10,935	12 %

[7] Includes permanent, temporary, interns and apprentices.

"Knowledge grows" summarizes Yara's brand essence. It conveys Yara's promise to our stakeholders and is the glue that binds together Yara's strategy, culture, and brand positioning.

Our Brand is the cumulative result of close to 15,000 global employees listening and applying customer knowledge each and every day.

Knowledge Grows...

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

...the value we deliver
Through a relentless commitment to our brand, strategy and values, we are able to consistently provide our customers with innovation, quality, reliability and optimized performance.

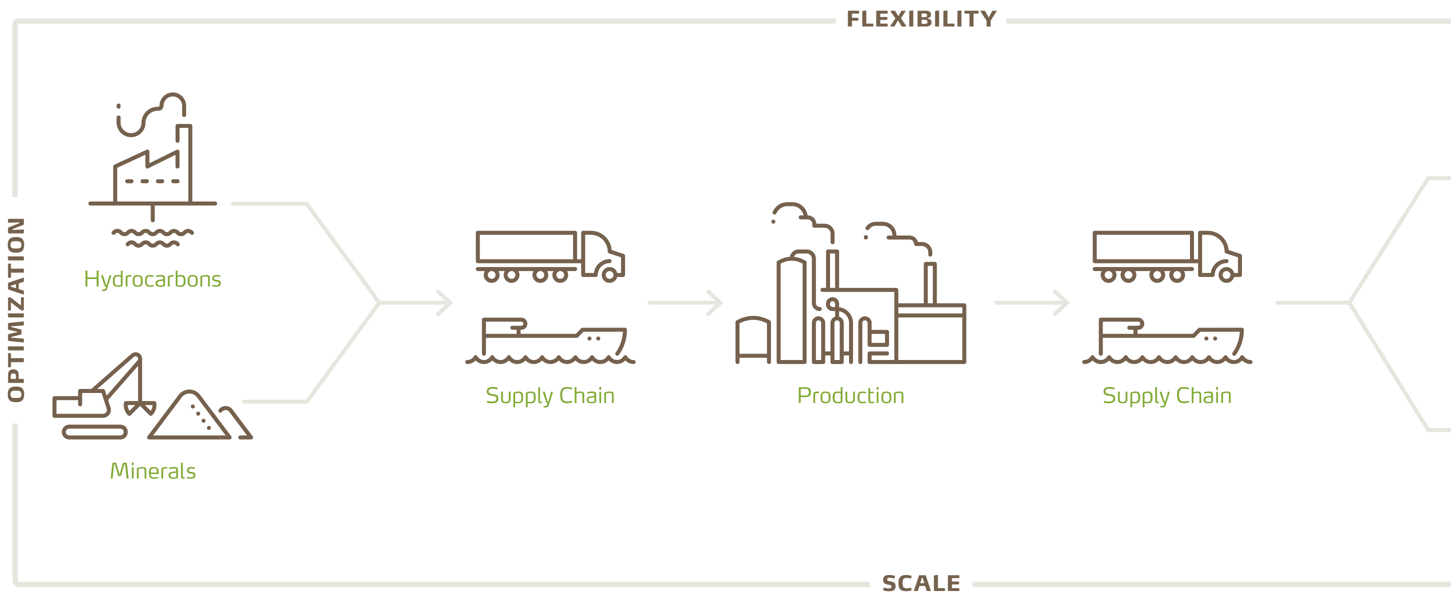
The capability to responsibly feed the world and protect the planet.

Financial report 2016
Content

Leveraging scale and knowledge

Yara has defined a mission that states our purpose, why we exist. Our strategy details how we deliver on our mission and how we contribute to achieving our vision.

Our Business model



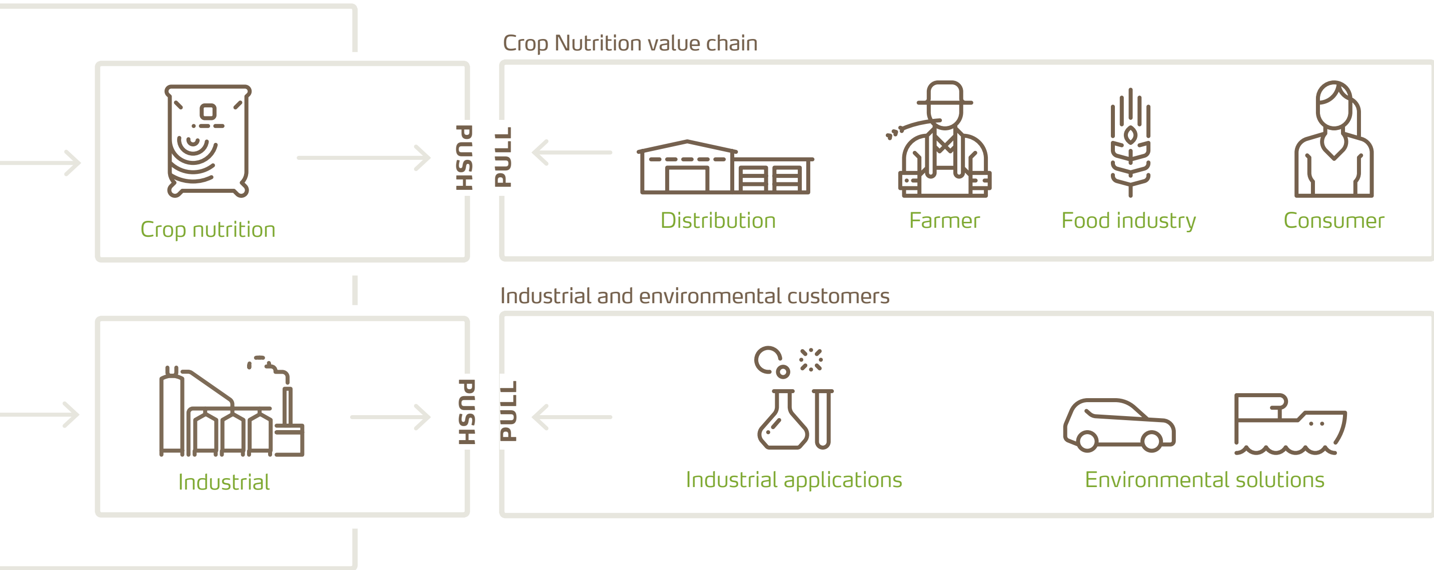
Our strategy

Yara believes that by offering a positive value proposition to our customers, we can deliver attractive returns to our shareholders while creating value for society.

Yara's business model is uniquely positioned to address some of the major global challenges of our time, particularly within food and resource scarcity, and climate change. The world's need for food and clean air are long- term drivers for our business. Yara has developed solutions which, in addition to delivering better productivity and quality, also contribute to sustainable farming through lowering carbon emissions and optimizing water usage. At the same time, our environmental product offerings contribute to the reduction of harmful emissions to the air. Our ability to translate global challenges into value-creating business opportunities is the reason we exist, and the foundation of our strategy.

Yara's integrated business model delivers scale advantages, extensive flexibility and value chain presence to create a platform for business expansion and margin improvements within both crop nutrition and industrial products.

The Industrial segment contributes to stabilizing margins through the commodity cycle. For Yara Crop Nutrition, the value chain extends beyond the farmer, through partnerships with the food industry in response to consumer trends. The value we create through this integrated business model sustains our global presence and differentiation, and strengthens our competitive edge.



Our competetive edge comes from four sources

Knowledge Margin
Knowledge gathered over a century helps farmers and industrial customers improve their profits, and enables us to produce and distribute our products as safely and cost efficiently as possible.

Competitive Raw Material Cost
Our sourcing team takes advantage of our scale and buys gas and other raw materials at the lowest possible price. We pursue acquisition opportunities providing access to low-cost resources.

Global Optimization and Scale
Our production scale allows us to reduce costs and optimize raw material efficiency. We leverage our scale to achieve efficient logistics and high production asset utilization.

Operational Excellence
Yara is the world's largest operator of fertilizer plants. We apply global processes, knowledge and best practice to ensure our productivity system and production technologies are second to none.

How we performed 2016

		2016	2015
Financial performance			
Revenue and other Income	NOK million	97,170	111,897
Operating income	NOK million	8,771	14,104
EBITDA [1]	NOK million	15,563	21,361
Net income after non-controlling interests	NOK million	6,360	8,083
Investments [2]	NOK million	13,856	11,316
Debt/Equity ratio [3]		0.17	0.16
Cash flow from operations	NOK million	14,084	14,631
CROGI [4]	%	9.5	14.0
ROCE [5]	%	7.5	12.9
Earnings per share [6]	NOK	23.25	29.38
Total Equity	NOK million	76,770	75,727
Share price on OSE	NOK at year-end	340	383
Social performance			
Employees	Number at year-end	14,736 [7]	12,883
TRI rates [8]	Per million hours worked	2.5	3.4
Environmental performance			
GHG emissions [9]	Million tonnes CO_2 eq.	12.4	12.3
Energy use [9]	Petajoules	273	261

1) EBITDA: Earnings before Interest, Tax, Depreciation and Amortization.
2) Investment in property, plant and equipment, long-term securities, intangibles, long-term advances and investments in non-consolidated investees.
3) Net interest-bearing debt divided by shareholders' equity plus non-controlling interests.
4) CROGI: Cash Return on Gross Investment (12 month rolling average).
5) ROCE: Return On Capital Employed (12 month rolling average).
6) Yara currently has no share-based compensation program that results in a dilutive effect on earnings per share.
7) Includes permanent, temporary, interns and apprentices.
8) TRI: Number of Total Recordable Injuries per million hours worked, contractors included.
9) Including JV Pilbara and JV Lifeco.

Highlights

Growing in India
We entered into an agreement to acquire the Tata Chemicals' Babrala urea plant and distribution business in Uttar Pradesh for USD 400 million. This acquisition represents a significant 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 significant potential to improve agricultural productivity. The plant has an annual production of 0.7 million tonnes ammonia and 1.2 million tonnes urea. We are expecting to close the deal in 2017.

Investing in Brazil
We decided to invest approximately BRL 1 billion (USD 275 million) in expanding and modernizing our Rio Grande plant. 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 0.8 million tonnes annual fertilizer production and blending capacity, and provide customers with increased access to Yara's premium products, thereby reducing reliance on finished fertilizer imports.

Improving our operations
The Yara Improvement Program is the most significant corporate improvement program in Yara's history. Our aim is to make Yara fit for the future & positioned for sustainable growth by delivering at least USD 500 million EBITDA in cost and operational improvements within 2020, in addition to other cash effects and added value through the enhancement of our sales & marketing activities.

The program represents the collective results and best practices of a set of internal improvement initiatives, spanning the entire company, that were developed in response to changing market conditions calling for increased cost efficiency and continuous improvement.

Through this initiative, we will strengthen our industry-leading positions in our Production, Crop Nutrition and Industrial segments, which in turn will further strengthen our integrated business model. The program is organized into a set of concrete projects established to deliver improvements across the company. The improvement program is established and already delivering improvements.

Divesting CO_2 Business
On 1 June 2016 we completed the sale of our European CO_2 business and the remaining 34% stake in the Yara Praxair Holding AS joint venture for more than EUR 300 million to US-based Praxair Inc.

Digital tools and services
We reached an agreement with the Bulgarian company MicroAccount and acquired a Farm Management System business in Bulgaria and Romania. By combining Yara's extensive crop nutrition knowledge with a broad portfolio of digital farm management tools and services, we will have a unique platform from which to support our customers.

Company overview 2016

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 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, 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 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 NO_X and SO_X emissions. Last October the International Maritime Organization decided to implement a global cap on SO_X emissions from vessels, which was a great step towards a more environmentally friendly shipping industry.

"This is how we create our future".

Svein Tore Holsether
President and CEO

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 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 it never happens 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 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 across the company and deliver at least USD 500 million EBITDA in annual 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 food grown on the same agricultural land as 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.

Earnings per share

23.25

NOK

Production

+2.7%

Production increased to 27.0 million tonnes in 2016

Total deliveries

+1.4%

Total deliveries increased to 36,184 million tonnes in 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 suffer 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" which 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. Global agriculture will be a key driver, particularly in Africa and India, due to the 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 Sustainable Development Goals at the core of our business strategy.

Combating CO_2-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 than it would be if Yara products were used.

Yara was founded on innovation, and we keep innovating. Our patented catalyst cuts Yara's and our customers' 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 Ambition, Curiosity, Collaboration and Accountability. 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

Segment introduction

Yara's long-term strategy rests on a unique business model and global presence, giving us a strong position for profitable growth. The business model provides scale advantages, extensive flexibility and global optimization to create a platform for business expansion and margin improvements along three main avenues: commodity products, value added crop solutions, and industrial products. Three operating segments supported by a global supply chain function cover the value chain, from raw materials to a complete offering of products, solutions, technologies and knowledge:

Production

Crop Nutrition

Industrial

Supply Chain

Crop Nutrition provides worldwide sales, marketing and distribution of a complete range of crop nutrition products and programs.

Industrial develops and markets environmental solutions and essential products for industrial applications.

Production runs large-scale production of nitrogen-based products and phosphate mines, the starting point for our crop nutrition and industrial solutions.

Supply Chain is a global function responsible for optimization of energy, raw materials and third party sourcing, as well as logistics and customer service centers.

Crop Nutrition

Crop Nutrition offers the industry's most comprehensive sustainable crop nutrition solutions, supporting farmer profitability through knowledge, quality and productivity. Our aim is to be the farmer's preferred crop nutrition partner, and deliver knowledge and sustainable solutions, in addition to products.

"The acquisition of Tata Chemicals' urea plant and distribution business in India represents a significant step in our growth strategy"

Terje Knutsen

EVP Crop Nutrition: Terje Knutsen

Q: What were the main investments in 2016?

A: The single largest investment was the acquisition of Greenbelt Fertilizer, a leading distributor in Zambia, Mozambique and Malawi, of approximately NOK 404 million. In Brazil, we acquired the fertilizer assets of Adubos Sudoeste at their Catalão site in the state of Goias. In Ghana we acquired a newly built terminal located close to the Tema port and in Latin America we are currently in the construction phase of new facilities in Cartagena and Buga (both in Colombia) as well as Masagua (Guatemala).

Q: Which areas of innovation are prioritized?

A: Our solutions should be sustainable, incorporating precision farming or farm management systems into our offering and responding to the environmental challenges faced by farmers. To succeed, we need to be at the forefront of innovation and R&D. We therefore aim to provide innovative solutions that maximize agricultural productivity and quality, while optimizing the use of resources, like water and nutrients.

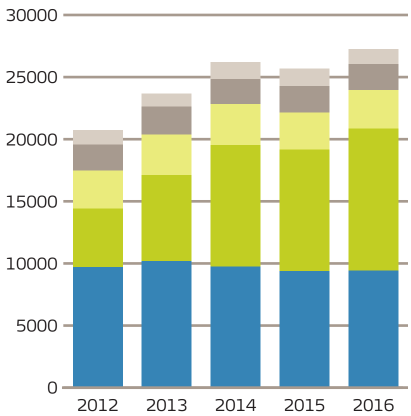
Q: What were the main achievements in 2016?

A: I am very pleased with the significant growth we had in premium product sales. In Brazil the premium product deliveries increased by 0.7 million tonnes, more than 60% up from 2015. This growth was strongly supported by targeted crop specific nutrition programs, underlining the value of our offering and crop knowledge. Another main achievement was the agreement to acquire Tata Chemicals' urea plant and distribution business in India. This acquisition represents a significant step in our growth strategy, creating an integrated position in the world's second largest fertilizer market and a platform for accelerated growth in the offering of a complete solution to Indian farmers.

Fertilizer volume by region

Thousand tonnes, 2012–2016

Europe · Latin America · North America · Asia · Africa



2016 highlights

We continued to strengthen our position as the leading supplier of crop nutrition solutions:

- Increased market presence in Africa and Brazil.
- Built and expanded a number of terminals and blending units.
- Expanded our digital offering by acquiring the Bulgarian company MicroAccount delivering Farm Management Systems.

- Total fertilizer deliveries amounted to 27.2 million tonnes in 2016, a 2.7% increase from 2015.
- Deliveries of own produced NPK compounds increased by 13%.
- Deliveries of CN increased by 11%.
- EBITDA: NOK 5,470 million
- Investments: NOK 1,462 million
- Sales offices in 57 countries
- Sales to about 160 countries
- Employees: 4,117*

* As per 31 December 2016

Industrial

Industrial adds value and stability to Yara's integrated business model by holding a market-leading position in nitrogen applications for industrial use and environmental solutions. Yara develops and offers innovative products and solutions based on our experience in nitrogen chemicals to make life safer, healthier and easier.

"While demand for Adblue has pushed our delivery system to the limit, our commercial and logistic teams have done their utmost to ensure that products arrive on time."

Yves Bonte

Head of Industrial: Yves Bonte

Q: What were the main investments/divestments in 2016?

A: The environmental solutions business is growing rapidly. In 2016, Yara upgraded its European manufacturing facilities of Adblue reagent to meet rising global demand. We also expanded our terminal and logistics network in North America, Brazil and Europe to better serve the automotive and stationary markets. Yara is also investing in our Technical Ammonium Nitrate (TAN) production, upgrading our plant in Sweden and constructing a new plant in Australia. Yara sold its European CO_2 business to Praxair.

Q: Which areas of innovation were prioritized?

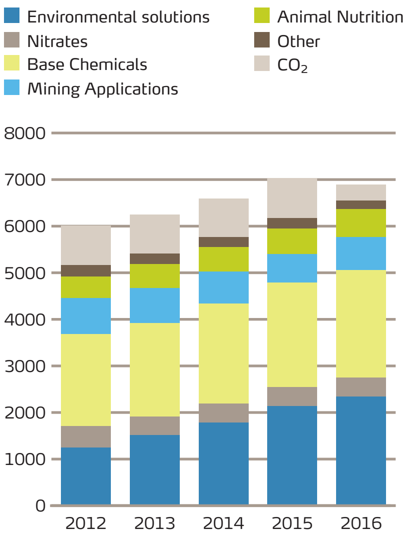
A: We have expanded our range of NO_x and SO_x abatement technology to different industry segments. Calcium nitrate solutions are being developed for concrete mixtures and biogas applications.

Q: What were the main achievements in 2016?

A: The Industrial segment continued to grow through a combination of improved products, innovation, application development and geographical expansion. After the divestment of the European CO_2 business the segment was restructured into five business units: Base Chemicals, Environmental Solutions, Industrial Nitrates, Animal Nutrition and Mining Applications, to better enable our customer-focused growth strategy. The market responded positively to the Industrial Nitrates broader product offering and total solutions concept. While demand for Adblue has pushed our delivery system to the limit, our commercial and logistic teams have done their utmost to ensure that products arrive on time. We successfully integrated the acquired Evodor AB business and complemented our Nutriox product offering for waste water treatment with vapor phase and oxidizer treatment technologies.

Industrial sales

Thousand tonnes, 2012–2016



2016 highlights

- We reinforced our position as a leader in industrial nitrogen applications and air pollution abatement solutions.
- We expanded our NO_x and SO_x emission control business both for land based and marine applications by further integrating acquired technology companies.
- We significantly expanded our terminal and logistics network in North America and Brazil to better and more efficiently serve the automotive NO_x abatement markets with respectively DEF (Diesel Exhaust Fluid) and Arla 32 reagent.
- Increased deliveries of air pollution abatement products by 10%.
- Achieved strong growth parameters for Nutriox business (waste water treatment) and increasing demand for related services and monitoring technologies.
- We upgraded our animal nutrition production assets in Durban to better serve our customers with high quality animal feed products.
- EBITDA: NOK 2,916 million.
- Sales to more than 120 countries.
- Employees: 568*

* As per 31 December 2016

Production

The Production segment in Yara is the world leading producer of ammonia, nitrates, calcium nitrate, NPKs, global number two in ammonia and a growing portfolio of phosphates, providing the foundation for Yara's crop nutrition and industrial solutions. We combine safety, reliability and productivity by focusing on solid operations in all our sites.

"I am particularly happy with a record low number of safety incidents, with several plants achieving zero incidents and our new acquisitions having shown great improvements."

Petter Østbø

EVP Production: Petter Østbø

Q: What were the main investments in 2016?

A: The three largest investments were the continued development of our Freeport ammonia plant and terminal as well as the expansion of the Porsgrunn NPK plant and the development of the Salitre mine in Brazil. Other notable investments include the Urea upgrade project in Sluiskil, the new nitric acid plant in Köping, the finalization of the Pilbara TAN plant and the expansion in Uusikaupunki.

Q: Which areas of innovation are prioritized?

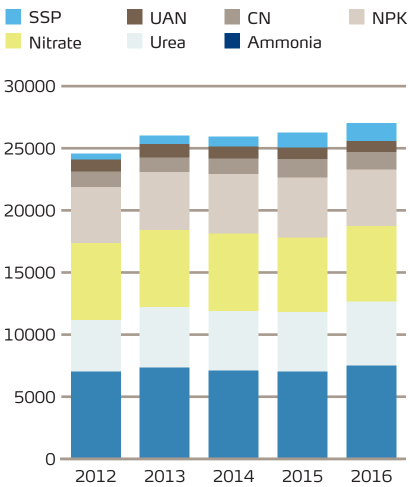
A: We have a dual focus. One is to upgrade our assets to a modern standard including lowering energy consumption and their environmental footprints, and increasing raw material flexibility. The other is to develop and apply technologies of the future with the long-term ambition of having zero emissions and low Capital Expenditure and Operating expenses.

Q: What were the main achievements in 2016?

A: I am particularly happy with a record low number of safety incidents, with several plants achieving zero incidents and our new acquisitions having shown great improvements. We have also taken great strides to improve productivity and safety through the piloting and implementation of our productivity system, which is part of the Yara Improvement Program. We had an all-time high production record and multiple reliability records which is testimony to the hard work done in our plants every day.

Production volumes 1)

Thousand tonnes, 2012–2016



1) Including Yara share of production in equity-accounted investees

2016 highlights:

- Good improvement in safety with the segment's lowest TRI rate (total recordable injuries) so far
- New Production strategy developed, and implementation begun with the Yara Productivity System (YPS) and Better Cheaper Faster construction initiatives as main contributors to Yara's Improvement Program
- High investment activity in several of our European sites to increase the capacity of value-added fertilizer production
- In Brazil, construction started on the expansion project that will double Rio Grande's annual fertilizer production and blending capacity
- Opening of the Yara Pilbara Nitrates TAN plant in Australia, a joint venture with Orica
- Agreement to acquire the Babrala ammonia/urea plant and distribution business from Tata Chemicals in India, closing expected 2H 2017
- Annual production records in ammonia, urea and nitrates
- Total production ended at 27 million tonnes
- Ammonia production increased by 7%
- Finished fertilizer and industrial products increased by 1%
- EBITDA: NOK 6,681 million
- Employees: 6,200

Supply Chain

Supply Chain is a global function generating value by realizing the benefits of Yara's knowledge and scale in procurement and capturing the benefits of our integrated business model through the global optimization process, efficient supply chain operations and IT platforms.

"We believe significant bottom-line impact can be achieved by shaping a procurement function with stronger strategic focus, increased cross-functional collaboration and capability build-up."

Tove Andersen

EVP Supply Chain: Tove Andersen

Q: What were the main achievements in 2016?

A: In 2016, we launched an ambitious initiative to significantly strengthen Yara's procurement function. We identified major improvement potential based on a comprehensive analysis and established a new organization whose aim it is to realize this potential. A project to standardize IT systems to increase efficiency and improve customer satisfaction reached critical implementation milestones. Yara's IT organization was changed, giving a clearer business line involvement and ownership of core applications. In addition, significant cost improvement potential related to core IT solutions were identified, and targeted initiatives to realize this potential were also initiated.

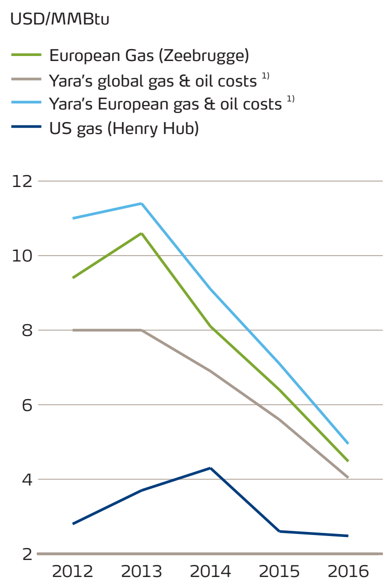
Q: What are the main deliveries planned for 2017?

A: In 2017, the procurement project will be one of our key focus areas. We believe significant bottom-line impact can be achieved by shaping a procurement function with stronger strategic focus, increased cross-functional collaboration and capability build-up. In addition, we will complete the ongoing project to harmonize the core IT systems related to supply chain. Sourcing initiatives within IT will also be executed with ambitious savings to be realized.

Q: What are Supply Chain's main contributions to Yara?

A: Supply Chain is responsible for Yara's procurement, IT and supply chain operations. As the top industrial buyer of natural gas in Europe, and potash globally, Yara can source these raw materials competitively and thereby contribute further to improving the company's competitive edge. Supply Chain optimizes Yara's integrated business model, planning material flows between segments and locations and arranging maritime transport, constantly reviewing what products should be produced, and to where they should be distributed. Through integrated and efficient IT platforms, the basis for cost-optimal operations and fulfillment of customer's needs are supported.

Supply Chain



2016 highlights

- Purchases of natural gas: 293 million MMBtu *)
- Purchases of potassium : 3,418 kilotonnes (in MOP equivalents)
- Purchases of phosphate rock: 969 kilotonnes (in 70 BPL equivalents)
- Sourcing and trade of ammonia: 3,864 kilotonnes
- Employees: 992**)

*) Including Yara's share in non-consolidated investees
**) As per December 31, 2016

Report of the Board of Directors

Higher sales and production volumes

In 2016 Yara delivered higher sales and production volumes, but earnings declined due to lower fertilizer prices. Yara's safety incident rate continued to improve in 2016, but the positive development was overshadowed by a fatality in April at our Barranca site in Costa Rica. This tragic incident underlines the need for continued focus and further improvement to safety practices.

Yara's after-tax measure for return on capital, CROGI, was 9.5% for 2016, down from 14.0% in 2015 and below Yara's target of minimum 10% average over the business cycle. Margins were significantly lower compared with 2015, due to both lower commodity upgrading margins and lower premiums for nitrates and NPKs. Fertilizer deliveries were 27.2 million tonnes, up 3% compared with 2015 mainly driven by higher deliveries in Brazil. Adjusted for the divestment of the CO_2 business in second quarter 2016, Industrial deliveries were up 6% compared with 2015. Yara's CROGI was also impacted by a higher than normal level of on-going expansion investments which are not yet complete and therefore not generating income. Yara's 2016 CROGI excluding plant under construction was 10.6%."

Significant progress was made during 2016 in delivering on Yara's strategic objectives, including both plant expansions, new-build project and acquisitions, as well as the CO_2 business divestment, where a sale represented the greatest value creation for Yara's owners.

Performance overview

Operational performance

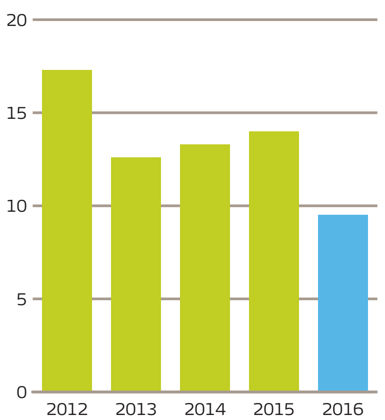
Yara's Safe by Choice initiative started in 2013 has resulted in improved safety performance, with a Total Recordable Injury (TRI) rate of 2.5 per million hours worked in 2016, down from 3.4 in 2015 (4.2 on a comparable basis [1]) and 3.9 in 2014.

Yara's ammonia production increased 7%, while finished fertilizer production increased by 1% compared with 2015, setting annual production records for ammonia, urea and nitrates. Adjusted for portfolio changes, production was up 5% and 3% respectively, with urea, nitrates and SSP-based fertilizer representing the main increases within finished fertilizer. For both ammonia and finished fertilizers the improvement resulted from less turnaround activity and improved reliability.

Yara's fertilizer deliveries were up 3% compared with 2015, mainly reflecting higher deliveries in Brazil. In Europe, fertilizer deliveries were in line with last year, but Yara-produced products were 2% higher than a year earlier. Yara's Brazil deliveries were 14% higher than a year ago, in line with the total

CROGI

Percent, 12 month rolling average



1) Including the recent OFD and Galvani acquisitions (formally included in Yara TRI from 1 January 2016)

market growth. Around half of the increase in Yara deliveries came from premium products. Yara deliveries in the rest of Latin America were in line with 2015. Adjusted for the divestment of the CO_2 business in second quarter 2016, Industrial deliveries were up 6% compared with 2015, mainly driven by higher deliveries of AdBlue and TAN.

Yara's average realized urea and nitrate fertilizer prices decreased around 25%, while compound NPK prices decreased 10% compared with 2015. Total 2016 Industrial margins were up compared with 2015, but with a mixed picture for the different product groups.

Yara's average European gas cost was 30% lower than in 2015 on a USD per MMBtu basis, while Yara's average gas cost outside Europe decreased 19%, reflecting ammonia-linked gas contracts for Yara's ammonia assets on Trinidad. Lower energy cost offset only around one third of the negative price effects during 2016.

Operating segments

The Crop Nutrition segment saw a 3% increase in fertilizer sales volumes. The Industrial segment delivered a 2% reduction in sales volumes, but adjusted for the divestment of the CO_2 business in second quarter 2016, Industrial deliveries were up 6%. The Production segment saw a 7% increase in ammonia production, and a 1% increase in finished fertilizer production.

Financial performance

Market conditions

Demand for fertilizer and industrial nitrogen products remained strong overall in 2016, but urea prices remained supply-driven, reflecting strong capacity growth particularly from North Africa and the US. However, urea prices increased in the second half of the year, driven by higher production costs in China, including higher coal prices. Chinese urea exports reached 8.9 million tonnes for the year, down from 13.8 million tonnes in 2015. By the end of 2015, the highest-cost producers in China set a price floor around USD 250 per tonne fob China.

Urea is the largest traded nitrogen fertilizer and sets the global nitrogen commodity price, but Yara sells most of its production as more differentiated nitrate and NPK fertilizer as well as industrial applications. For the year as a whole, nitrate premiums and NPK compound premiums above blend values remained strong and in line with recent years' average premiums.

Consolidated results

Yara delivered satisfactory financial results in 2016, with net income after non-controlling interests at NOK 6,360 million, a 21% decrease from 2015, mainly reflecting lower fertilizer prices. Earnings per share were NOK 23.25 in 2016, compared with NOK 29.38 in 2015. Operating income was NOK 8,771 million, down from NOK 14,104 million in 2015, while EBITDA was NOK 15,563 million, compared with NOK 21,361 million in 2015. Revenue was NOK 95.2 billion in 2016, down from 108 billion in 2015.

Cash flow and financial position

Net cash from operating activities was NOK 14,084 million, compared with NOK 14,631 million in 2015. Lower operating margins were almost fully offset by an operating capital release which reflected lower prices and inventory volumes. Net cash used for investing activities in 2016 was NOK 10,604 million, reflecting planned maintenance and productivity investments in addition to growth projects and divestments.

Yara's financial position remained strong in 2016, with the debt/equity ratio ending at 0.17, compared with 0.16 in 2015, as cash from operating activities was sufficient to fund maintenance and growth investments, as well as cash returns to shareholder. Net interest-bearing debt at year-end was NOK 12,802 million, while total assets were NOK 120,505 million. Total equity attributable to shareholders of the parent company as of 31 December 2016 amounted to NOK 74,444 million. At the end of 2016 Yara had NOK 3,751 million in cash and cash equivalents, and NOK 13,482 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

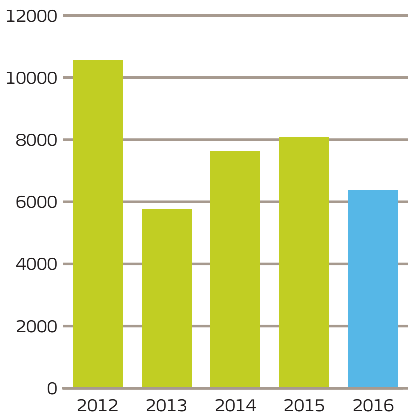
In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the group's financial performance during 2016 and financial position on 31 December 2016. According to section 3–3 of the Norwegian Accounting Act, we confirm that the consolidated financial statements and the financial statements of the parent company have been prepared based on the going concern assumption, and that it is appropriate to make that assumption.

Operating segments

The Crop Nutrition segment delivered an EBITDA of NOK 5,470 million and a CROGI of 15.7% in 2016. EBITDA and CROGI were both lower primarily due to lower nitrate premiums in Europe.

Net income after non-controlling interests

NOK millions



The Industrial segment delivered an EBITDA of NOK 2,916 million and a CROGI of 55.5% in 2016. EBITDA and CROGI increased compared with 2015, reflecting both the sale of the CO_2 business and an underlying volume and margin improvement.

The Production segment delivered an EBITDA of NOK 6,681 million and a CROGI of 5.6% in 2016. Both EBITDA and CROGI declined, reflecting significantly lower fertilizer prices, only partly offset by increased production and lower energy costs.

Yara International ASA

The parent company Yara International ASA is a holding company, with financial activities and with corporate functions. Yara International ASA had a net income of NOK 1,897 million in 2016, down from NOK 9,580 million in 2015, after dividends and group relief from subsidiaries of NOK 1,638 million (NOK 11,534 million in 2015). The net foreign currency translation gain was NOK 747 million compared with a loss of NOK 1,442 million in 2015.

Sustainable strategy

Yara is an integrated crop nutrition company with an industrial portfolio. Yara is headquartered in Oslo, Norway and is listed on the Oslo Stock Exchange. Yara's knowledge, products and solutions grow customers' businesses profitably and responsibly, while protecting the earth's resources, food and environment.

In 2016, Yara launched its updated Vision, Mission and Values, following an internal strategy process to adjust and align the company strategic direction to a future business environment. The Mission is to 'Responsibly feed the world and protect the planet'. The Vision statement holds a vision which goes beyond the company: 'A collaborative society; a world without hunger; a planet respected.'

Competitive edge

Yara has identified four key drivers of its competitive edge. In our industry, knowledge is a unique competitive advantage to Yara, where also knowledge sharing through partnerships, extension services to farmers, policy influencing and customer or vendor training are examples.

- **Global optimization and scale**
  Our significant manufacturing capacity of both commodity and value-added nitrogen products provide the necessary scale and infrastructure to sustain our global distribution and marketing network, which includes more than 200 terminals, warehouses, blending plants and bagging facilities, located in more than 60 countries.

- **Knowledge margin**
  Yara's diverse staff represents expertize 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 into 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.

- **Competitive raw material cost**
  Yara is the largest industrial buyer of natural gas in Europe, the world's second largest buyer of potash and third largest buyer of phosphates. Increased exposure to low cost gas remains a key priority. In addition, Yara is seeking to increase our vertical integration on scarce raw materials such as apatite phosphate rock and sulphate of potash.

- **Operational excellence**
  Yara's production system counts more than 20 production sites and more than 200 terminals, which give support to Yara's aim of being a reliable supplier to our customers. Through benchmarking and sharing of best practices, Yara works continuously to improve raw material efficiency, implementing effective supply chains while maintaining a strong fixed cost discipline.

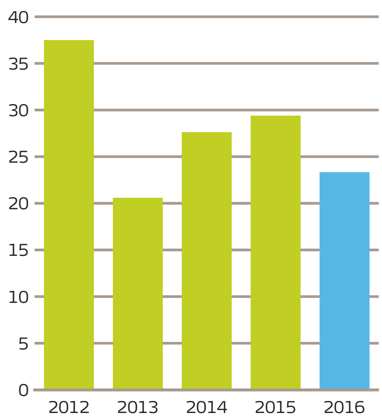
Yara has established a corporate program to drive and coordinate existing and new improvement initiatives within all four sources of competitive edge. The Yara Improvement program will deliver at least USD 500 million of annual EBITDA improvement within 2020, of which an estimated USD 150 million will be realized in 2017.

Growth

Yara continued to execute its strategy of profitable growth in 2016 with upgrade and brownfield expansion investment in Brazil, strengthening our deliveries to advanced farmers by acquiring digital farm management system capacity and taking a significant step into the Indian market. The portfolio mix was fine-tuned through selling the CO_2 business as well as the stake in the Yara Praxair Holding AS joint venture.

Earnings per share

NOK



Profitable growth

We believe growth is key to sustain and grow competitive edge and create further shareholder value, and growth within both production and in distribution has been a key pillar in Yara's strategy.

Since 2004, Yara has consistently executed this growth strategy, reinforcing its position as the world's leading producer and provider of crop nutrition and industrial nitrogen solutions.

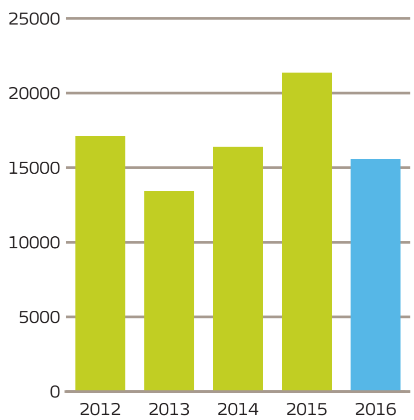
Yara has defined strategic priorities and follows a structured approach to managing a balanced growth portfolio consisting of bolt-on acquisitions, expansions and reconfigurations at existing sites, as well as greenfield projects when advantageous conditions are in place. Timing is essential in creating value from acquisitions, and Yara combines a continuous search for projects with patience and discipline in execution. Through 2016, Yara maintained a strong focus on successful implementation of greenfield and brownfield expansion projects.

Growth initiatives

Yara's growth initiatives are divided into four main categories; growing premium products sales and supply, grow commodity scale, industrial sales and supply and securing P and K supplies.

EBITDA

NOK millions



On premium products, in 2016, Yara completed the Uusikaupunki, Finland, expansion and continued the investments into Porsgrunn, Norway and Sluiskil, Netherland, both to be completed in 2017. An expansion and improvement investment into Rio Grande, Brazil was announced, expected to be completed in 2020.

Commodity scale is being added through the Freeport, USA, ammonia JV, and the Brabala, India urea asset being acquired from Tata. Both projects will be delivered in 2017. The Brabala acquisition will serve a captive market and provide scale to accelerate our premium product position in the area. In 2016, the final two ammonia/LPG vessels were delivered, completing an order of five Yara owned vessels which provide Yara with improved efficiency, flexibility and profitability in its ammonia supply and trade operations.

P and K supply is being developed in the Salitre, Brazil project (P) in the Galvani JV, as well as in Dallol, Ethiopia (K). The Salitre mining facility is expected to start producing in 2017, while the final investment decision is yet to be made for Dallol.

Company positioning

Yara believes 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. Through our knowledge, products and solutions Yara is well positioned to address some of the major global challenges of our time, particularly within food, environment and resources, which also represent business opportunities.

Creating shared value

By leveraging our industrial expertise, we have innovated new technologies and upgraded our production processes, thereby greatly reducing greenhouse gas (GHG) and other emissions inn our own production, as well as for our customers, while optimizing energy use efficiency.

By employing our agronomic knowledge, we have developed comprehensive crop nutrition solutions that improve agricultural productivity, also supporting farmer profitability. Increasing productivity contributes to improving food security, while reducing pressure to convert forests and wetlands into farmland – a main source of GHG emissions.

At the same time we have developed solutions that improve resource use efficiency, in particular by reducing the amounts of fertilizer and water needed to sustain productivity and profitability. We engage to reduce the carbon footprints of agricultural produce, leveraging our combined internal expertise from low-emission crop nutrition products, through life-cycle analysis capacity to precision farming tools and deep understanding of crop specific nutritional needs.

Creating shared value from existing operations and emerging opportunities allows Yara to have an impact on global issues while also strengthening our competitiveness. This capacity is utilized in partnerships and through sharing knowledge. Throughout Asia and Africa, Yara reaches more than 400,000 smallholder farmers directly every year, providing advice on how to maximize return on investment in fertilizer application.

The company strategy is well positioned to respond to global trends, based on the UN Sustainable Development Goals (SDG) and understanding Yara's material topics for the long term strategy analysis.

People development

Yara's people processes are closely linked to Yara's overall strategy. When in 2016 the company's vision, mission and values were revised, a redefinition of Yara's people strategy followed. The new people framework connects our people and organizational priorities together.

Going forward, HR in Yara is working on strengthening our performance culture through professional performance management processes, improving the leadership development and reinforcing the talent management. Yara is committed to foster diversity and open dialogue.

The goal is attracting, developing and retaining people in accordance with Yara's needs, making leadership a competitive advantage, driving a high-performance culture, being a catalyst for change and delivering operational excellence. Suitable systems and analytics will support reaching the goals. These topics are being addressed by the ongoing Human Capital Management project.

The identified key areas for improvements are processes within recruitment and people development as well as the optimization of systems and tools.

In order to drive improvements to processes and systems, and develop Yara's position as an attractive and motivating workplace, it is important to get an honest input and ideas from all Yara employees. Akey enabler for this is the global "Yara Voice" survey where all employees have the opportunity to voice their opinion on Yara as a work place. In parallel a safety survey will be conducted. Yara is committed to use the feedback from these surveys to identify and implement improvements to make Yara a better and safer place to work.

At Yara, we firmly believe that a balanced gender diversity will help drive high performance throughout the organization. For all Yara sites, guidance is applicable regarding equal and fair treatment including wages, based on Yara's Code of Conduct. Reporting in accordance with Norwegian legislation, the 2016 average base salary for staff employed in Norway was NOK 693,100 for women and NOK 692,154 for men, while other remuneration was on average NOK 38,224 for women and NOK 32,978 for men.

At the end of 2016, females represented 20% of Yara's global permanent workforce and held 14% of the 166 medium and senior management positions. Yara has initiated a number of activities on at corporate and operating segment level to increase gender diversity and ensure inclusion, aiming to materially increase the percentage of women in key positions over time.

At the end of 2016, Yara had 14,736 employees worldwide, of which 13,398 were employed on a permanent basis. Yara's global sick leave rate was 3.3% in 2016, with 3.1% in Norway.

Innovation initiatives

The updated mission, vision and values, including curiosity, reinforced Yara's commitment to innovation, reflecting the new company ambition under the leadership of our CEO.

As a consequence, Yara's innovation efforts were reorganized to accomplish a dual purpose; i.e. moving research and development capabilities closer to the business for swift implementation of production and customer centric innovation outcome, as well as giving innovation a more strategic and long term focus in the company.

This focus on innovation led to the creation of a new Corporate Innovation (CI) function led by EVP, Corporate Innovation, Pierre Herben. The objective of Corporate Innovation is to expand the Scope of innovation to a longer time and strategic horizon. The initial focus includes exploration of the significance of circular economy and new green production technologies. The CI function brings together competencies in life sciences, technology scouting, innovation management, open innovation and patenting. It also contributes to defining how Yara shall position itself regarding climate change. The team works on an analysis of GHG emissions from our operations and on carbon footprint calculations for our products.

In 2016 Yara's Innovation and R&D expenditure was NOK 312 million.

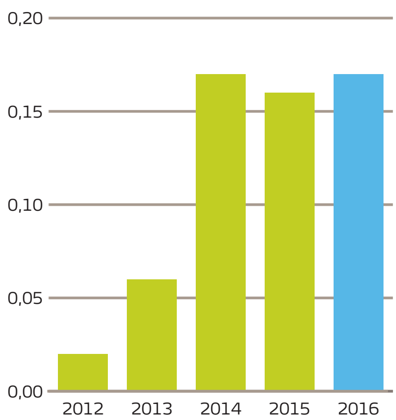
Corporate innovation

In 2016, Yara continued its efforts to strengthen and rejuvenate its patent portfolio with the filing of 21 new and distinct patent applications. At the end of 2016, Yara had over 1,100 granted patents and pending patent applications, which is comparable in size to Yara's portfolio at the end of 2015 notwithstanding the divestment to Praxair of over 130 granted patents and patent applications related to Yara's CO_2 business. Yara does not foresee material effects on its operations or financial results arising from the expiration of any patents in its current portfolio.

Yara started the erection of a demonstration plant, addressing novel small scale intensified nitrate production technology (ANS) due to come into operation in 2018. In addition, Yara expanded its long term Technology platform, addressing the

Debt/equity ratio

Percent



challenge of a decarbonized economy and breakthrough process technology, namely the "Plant of the Future".

Production R&D

All technical R&D was organized under the Production Segment from June 2016. Production R&D is executed by the Yara Technology Centre (YTC).

YTC is responsible for the "Plant of the Future" concept, which is a long term part of the internal improvement program for the Production segment. YTC is in addition providing support and doing projects for all segments.

The main focus areas in 2016 were to define the Plant of the Future concept; major contributions to the ANS demo plant project and construction; increased phosphate rock flexibility; new product development like the water soluble NPK, Yara Rega; development of new methods for reduction of emissions to air/water.

In 2016 a new bioreactor pilot plant was built, and YTC now operates five pilot plants.

Crop nutrition R&D

Crop Nutrition R&D combines all elements of the crop approach; deep crop knowledge, optimized fertilizer products and tools and services to deliver nutrients and water in the most efficient way. This enables Yara to be the leading provider of sustainable crop nutrition solutions supporting farmers profitability.

The focus is on Yara's global crops; grassland, wheat & barley, maize, potato, coffee & cocoa and banana. The objective is to further develop a deep understanding of crop specific nutritional needs under local conditions as well as the value added to the farmer profits. Based on business requirements, new products are developed, existing products are improved and performance and benchmarking tests are conducted.

To commercialize our knowledge via tools and services is essential. It has been proven that via Yara tools, nutrients and water can be used more efficiently. This is an area of rapid development, driven by economy and the requirement to reduce the environmental footprint of agriculture.

Existing Yara tools like the N-Sensor and N-Tester are further improved to significantly increase the market penetration. We are developing the Yara Water Solution, to accurately manage combined water and fertilizer needs under water-scarce conditions. Key elements from this platform will be commercialized in key markets during 2017.

Yara has an ongoing development of a cloud based Crop Management System, organized under the farmer engagement portal MyYara. Synergies are explored in a partnership initiative with Bayer CropScience by combining sensor technology and knowledge.

Commitments and collaboration

Yara is committed to doing business responsibly. The commitment is expressed by being a signatory to the UN Global Compact (UNGC), embracing and implementing its principles covering the areas of human rights, labor rights, environment and anti-corruption. Yara has also been granted membership to the Global Compact LEAD, and Yara holds a position in its Steering Committee. LEAD was launched in 2011 to provide knowledge and inspiration on advanced aspects of corporate sustainability, and to provide leadership for global issue platforms.

Through 2016, prior engagements were continued including the SAGCOT agricultural growth corridor of Tanzania, the Patient Procurement Platform partnership with World Food Program and other partners, where Yara aims to support 1.5 million smallholder farmers; a partnership which was recently renamed 'Farm to Market'.

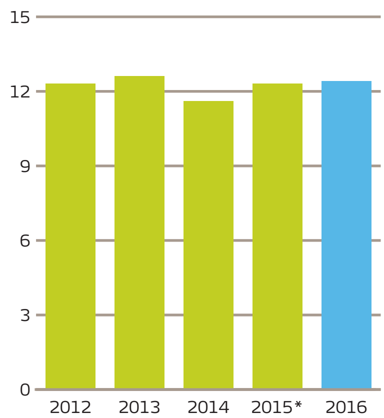
Yara also connected to the Colombian peace process, voicing support for the country's strong ambitions on restoring land into productive use and leveraging agriculture as a means of improving livelihoods. Yara has in the last 2 years launched investments of more than USD 100 million in Colombia, increasing capacity to support productivity and prosperity in the Colombian agriculture and countryside. A third of the investment was earmarked the Valle del Cauca region, one of the areas most heavily affected by the conflict and with a great potential for sustainable agricultural growth.

Yara has supported the UN process of establishing the Sustainable Development Goals (SDG) and was represented at the climate negotiations in Marrakech, COP22. In 2016, Yara followed up the SDGs by co-hosting an event in Oslo, Norway, alongside civil society, private and public sector partners. Yara's CEO Svein Tore Holsether also joined the Business & Sustainable Development Commission (BSDC), which has identified business opportunities worth USD 12 trillion in meeting the SDGs.

In 2016, Yara's CEO Svein Tore Holsether was elected as member of

GHG emissions

Million tons of CO_2 equivalents



*) Cartagena and Galvani plants included 2015 onwards

the Executive Committee of the World Business Council for Sustainable Development (WBCSD), reflecting both Yara's and the CEO's commitment to promote the sustainable development goals.

Sustainability performance

Based on an understanding of which topics are of material importance both to Yara and society, Yara will report upon the company's performance. Key topics are covered in the Report of the Board of Directors. In addition Yara Corporate Management issues a more extensive reporting according to GRI standard G4 on yara.com.

Material sustainability topics

Yara conducted a thorough process to identify and prioritize our material sustainability topics for our 2015 reporting. This was followed up in 2016, based on the updated vision, mission and values.

The complete process and outcome is described in the GRI reporting. The main outcome is a reconfirmation of Yara's emphasis on conducting its business responsibly; the shared value capacity of Yara on agricultural productivity and protecting the planet; shareholder value; and a continued focus on Yara's competitive edges.

Climate and energy

Climate change, energy, resources and the environment are seen as topics of material importance to Yara, which are also significant to society.

Yara has a leading position in its industry on greenhouse gas (GHG) emission abatement technologies and climate smart agriculture, providing competitive edge in a society dedicated to reducing emissions. This position is reinforced through innovation and R&D processes, including Yara's participation in a Norwegian government-led project on full scale carbon capture and storage (CCS). Provided commercially acceptable terms, Yara will offer capture of additional CO_2 volumes from its Norwegian-based ammonia plant.

Production of mineral fertilizers contributes to GHG emissions. Yara has made outstanding improvements in this area, reducing emissions of the potent GHG nitrous oxide (N_2O) from its nitric acid plants by 90% through developing and utilizing its own catalyst technology. By continuous improvement of energy efficiency and good N_2O catalysts performance, the GHG emissions from Yara production is cut in half. This technology is instrumental to Yara's offering of low-carbon fertilizers. Using Yara's proven low-carbon fertilizers and best farming practices, the carbon footprint from crop production can be significantly reduced, while maintaining yields.

Yara's total GHG emissions from production plants was 12.4 million tonnes of CO_2 equivalents in 2016. This represents a slight increase from the previous year, which is due to a higher production volume, but the emisions per unit were reduced.

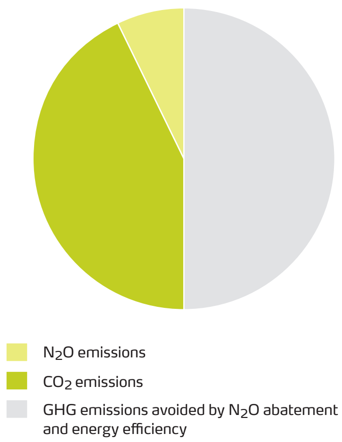
Natural gas is Yara's main raw material and also represents the largest variable cost. Affordable access to natural gas is a competitive advantage, and improving energy efficiency contributes significantly to reducing costs. In 2016, Yara's total energy consumption in production was 273 million GJ. About 90% of the energy is consumed in ammonia production. In recent years, most of Yara's ammonia plants have been technically upgraded to improve energy efficiency. Energy management is a significant part of the plants' environmental management systems. A number of energy saving projects have been implemented. Several of Yara's ammonia plants now rank among the top 10% on energy efficiency in the industry. Benchmarking carried out by the International Fertilizer Association (IFA) confirms that Yara plants on average perform better than the world industry average.

Regional differences in climate change and energy policy implementation may pose risks if regulatory actions do not ensure fair competition. Yara engages at an international level to share knowledge and discuss how the global society can address these complex global challenges.

Approximately half of the GHG emissions from agriculture are generated by land use change, such as deforestation caused by farmland expansion. Yara believes that increasing

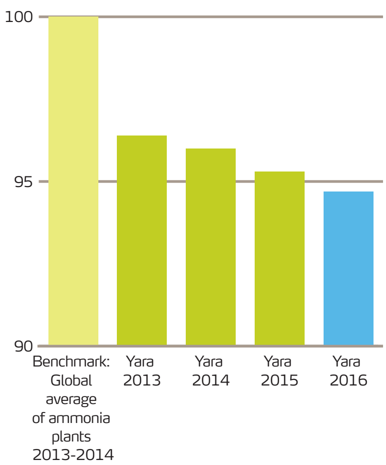
GHG emissions avoided

Percent



Energy intensity per unit in ammonia production

Percent



demand for food can be met on existing acreage, which would dramatically reduce GHG emissions associated with the growing of food. Yara is positioned to help realizing higher yields, which is crucial to achieving this, especially in developing economies.

Environmental stewardship

Environmental concerns are relevant to Yara both with respect to own emissions to air, water and soil, as well as resource consumption and waste; both also indirectly in terms of impact from the use of our products and environmental solutions provided.

Yara welcomes the concept of circular economy. Yara is actively engaged and researching opportunities for how we as a company can contribute to and benefit from a more circular economy. Optimizing production processes is an ongoing effort. Smart set up of industrial production may optimize resource use across different industries. Sharing knowledge and delivering tools to help farmers avoid nutrient losses from the field is the point where Yara may have the biggest impact. Nutrients appearing as waste through or at the end of the cycle can be assessed for re-use either directly or by processing. Across Yara's global operations, numerous cases exist where we are already utilizing the circular economy thinking.

Yara also offers a range of environmental solutions to reduce pollution, including abatement of nitrogen oxide (NO_X), odor control for the toxic gas hydrogen sulfide (H_2S), water treatment and corrosion prevention. Total NO_X abatement by Yara customers is today above 1 million tonnes per annum, compared to 8,000 tonnes of NO_X emission per annum from Yara's own production plants. Yara's environmental solutions business continues to grow, also through expansion into new market segments and geographies.

Water is crucial for agriculture, and improved water use management is urgently needed in large parts of the world. Agriculture currently consumes about 70% of all fresh water withdrawals globally. Through agronomic research, Yara has identified a fundamental and close relationship between crop nutrition and crop water consumption, and sees a potential in exploring new knowledge and innovative technologies to advance water use efficiency through technology and optimized crop nutrition. One forum chosen as a knowledge sharing platform for water management is the United Nations' CEO Water Mandate initiative, which Yara joined in 2014.

At an operational level Yara continues to apply management system certification for all its major production sites and also for many of its supply chain and commercial units. At year-end 2016, certified quality, environmental, energy or health & safety management systems were in place at 20 out of 27 major production sites. Furthermore, we continue to work with our business partners and customers to pursue higher levels of performance and commitment to downstream safety, product security and product quality through our Product Stewardship program, using independent bodies to assure our processes according to either the Fertilizers Europe Product Stewardship program or the IFA (International Fertilizer Industry Association) Protect & Sustain Initiative. In addition to all European Yara units, 15 non-European units had the Product Stewardship certification in place.

Yara has a number of facilities that have been operated for long periods of time or have been closed. These facilities may require remediation or generate liabilities under the laws of the jurisdictions in which the facilities are located. Yara examines such impacts where they are apparent, and executes remediation or containment procedures in coordination with the appropriate authorities. For 2017 and beyond, accumulated provisions of NOK 323 million have been made for environmental clean-up, restoration or other liabilities in several locations.

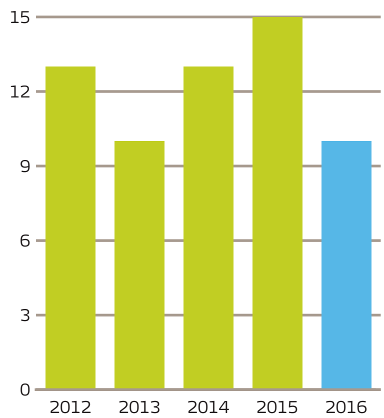
Yara is dedicated to collaboration, working with other stakeholders to promote safe, sustainable, efficient and profitable solutions, thus creating shared value while also improving Yara's competitive position.

Health and safety

Safety has been identified as an aspect of material importance to Yara and is a top priority. A safe business forms the cornerstone of our license to operate, and this is communicated through our Safety Policy and Safety Principles. In all areas where Yara operates, these principles and practices are extended to Yara employees, to contactors on our sites, to transport partners and to customers through our Product Stewardship program. Our ambition is to achieve an injury-free environment, through management commitment and engagement of employees and contractors. While this is a tough ambition in a dynamic global business, we believe that our systems, colleagues and partners can make it happen, through consistent use of safety tools with a high level of applied quality.

Dividends

NOK per share [1)]



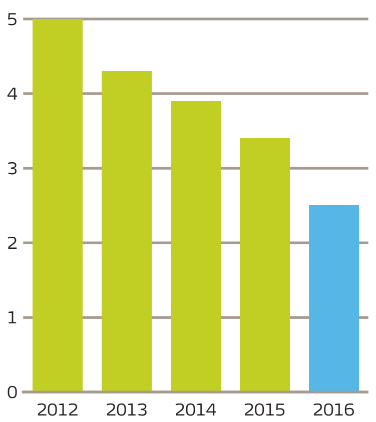
1) 2016 proposal subject to AGM approval

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. There has been a steady decline in Yara’s total recordable incident rate (TRI - including lost days from work, medical treatment and restricted work) both for employees and contractors. In 2013 Yara had a combined TRI of 4.3, which has constantly improved year by year thereafter, reaching a level of 2.5 in 2016. The 2016 numbers also include the recently acquired OFD and Galvani operations. We recognize the occupational and process risks inherent in our business, but are also confident that our dedicated and committed approach to safety will continue delivering sustainable improvements.

Unfortunately Yara suffered one major accident in 2016. In Costa Rica, a subcontractor was conducting maintenance work at a blending tower. When connecting a welding machine to an extension cord, he received an electrical shock which turned out to be fatal. 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.

TRI rate

Total Recordable Injuries per million working hours for employees and contractors



Business ethics

At Yara, ethical and compliant practices are materially important topics and are core to responsibly feeding the world and protecting the planet.

Ethics and compliance risks are integrated and operationalized in Yara’s Compliance Program. The Program is structured around 15 elements, covering everything from culture and tone at the top through training, communications, whistleblowing, investigations, due diligence and much more. The key document for Yara’s ethics and compliance activities is our Code of Conduct. This is updated regularly, with the latest edition launched in January 2017.

Compliance is embedded in Yara’s steering systems including the Integrity Due Diligence process for business partners, identifying potential issues including environmental, human rights or corruption issues. Compliance is also an integrated part of Yara’s ‘Capital Value Process’ which governs all significant investments and transactions.

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.

Yara's e- learning program on ethics and compliance is mandatory for all new employees, and covers various topics including anti-corruption and human rights. It is currently being refreshed, with a new version being launched in mid-2017. In addition, Yara's Ethics and Compliance Department has a face-to-face role based dilemma training program called "Share it!". The number of employees trained in face-to-face sessions during 2016 was over 2,300 globally.

Yara has a number of well-established channels for raising matters with Ethics & Compliance. This includes several channels for reporting possible breaches of Yara’s policies and procedures including the Code of Conduct.

In 2016 Yara received 179 notifications through its ethics channels. These were handled in accordance with Yara’s Reporting and Investigation Procedure for Ethics & Compliance Matters. Roughly 40% of notifications came through Yara’s external whistleblowing hotline, with 34% raised directly with Ethics & Compliance team members and 25% via e-mail ‘ethics@yara.com’. Topics raised included various areas of our Code of Conduct and ranged from our people and our workplace through to combating fraud, anti-corruption and working with our business partners. At the time of writing, 159 of the 179 matters raised have been closed.

Governance review

Proactive and transparent corporate governance is crucial for aligning the interests of shareholders, management, employees, and other stakeholders. The Board of Directors believes that good corporate governance drives sustainable business conduct and long-term value creation. Yara’s Board is committed to upholding high standards for ethical conduct across the organization, and has zero tolerance for unethical behavior and violations of Yara’s Code of Conduct.

Corporate governance

Principles and practice

The Board of Directors and Executive Management of Yara International ASA review the corporate governance principles annually, reporting in accor-

dance with the Norwegian Accounting Act § 3–3b and the Norwegian Code of Practice for Corporate Governance, most recently updated 30 October 2014. The Code contains stricter requirements than mandated by Norwegian law.
» See corporate governance / page 32

Board and Management

Yara's Board of Directors held 13 meetings in 2016. The Board consists of five shareholder-elected members and three employee-elected members. The shareholder-elected members all have extensive line management experience from international companies. Three of the eight Board members are women.

Yara has decided not to constitute a corporate assembly. Consequently, the Board of Directors is directly accountable to the General Meeting and the shareholders. The Board has two subcommittees; an HR Committee and an Audit Committee.

The following changes were made to Yara's Executive Management structure during the first half of 2016:

- A new "Production" segment was established, comprising the former Upstream segment and also Yara's mining activities, headed by Petter Østbø, formerly head of Yara's Gas and Industrial Applications business line. Gerd Löbbert stepped down as Head of Upstream and left the company.
- A new "Supply Chain" function was established, comprising the former Supply & Trade segment and also Yara's IT function, headed by Tove Andersen, formerly head of Yara's Supply Chain Europe unit.
- Alvin Rosvoll, formerly head of Yara's Supply & Trade segment took up the new position as Senior VP for Partner Operations, with responsibility for securing Yara's interests in its largest joint ventures.
- The Downstream segment was re-named "Crop Nutrition", and continued to be headed by Terje Knutsen.
- Lair Hanzen, formerly head of Yara's Downstream unit in Brazil, took up the new position of Senior VP for Yara Brazil, with responsibility for the entire Yara portfolio in Brazil, including the Galvani joint venture and all strategic projects in the country.
- Kristine Ryssdal, previously Vice President Legal in Statoil ASA, took up the position as General Counsel. Trygve Faksvaag stepped down as Chief Legal Officer, but continued working in Yara's Legal department.
- Lene Trollnes, previously EVP HR & Integration in Sapa AS, took up the new position as Chief HR, Corporate Communications and Branding Officer. Bente Slaatten stepped down as Chief Communication and Branding Officer and left the company, and Kaija Korolainen stepped down as Chief HR Officer and left the company.
- Terje Tollefsen joined the Yara Executive Management group as Chief Strategy & Business Development officer, effective 1 June. Tollefsen was formerly Head of Strategy & Business Development, reporting to the Yara CEO.
- Pierre Herben joined the Yara Executive Management group as Chief Technology Officer, effective 1 June. Herben was formerly Chief Technology Officer, reporting to the Yara CEO.

Risk management

Yara's Board of Directors and Executive Management conduct risk assessments relating to various dimensions and aspects of operations, to verify that adequate risk management systems are in place. Yara's global reach and the nature of its operations present a complex risk picture. Strategic and operational risk include political developments and financial conditions as well as compliance-related risks, including a risk of failure to comply with all applicable international standards and local legislation on issues such as human rights, labor rights and corruption.

Compliance risk management is done through training and education of employees, a central and regional Ethics and Compliance function, and a range of channels for dialogue on dilemmas, which include access to anonymous whistleblowing, available in 50 languages.

Yara has developed a Code of Conduct for business partners that takes into account internationally recognized and endorsed standards in key areas such as human rights, business ethics and labor conditions. Also incorporated in Yara's steering system is the Integrity Due Diligence (IDD) process for business partners, identifying potential issues including environmental, human rights or corruption issues.

Principal risks

Several global trends such as population growth, resource scarcity and climate change, can be expected to affect Yara's business. At the same time, these challenges offer a range of business opportunities where Yara is well positioned to develop and offer products and solutions that meet new market demands. The development of low carbon footprint fertilizer products and applications and solutions for water-scarce agriculture are key examples of Yara's response to such global challenges.

Yara's most significant market risk is linked to the margin between nitrogen fertilizer prices and natural gas prices. Although there is a positive long-term correlation between these prices, margins are influenced by the supply/demand balance for food relative to energy.

Yara's total risk exposure is analyzed, evaluated and summarized regularly at both segment and corporate level.

Risk evaluations are integrated in all business activities, both at corporate and business unit level, improving Yara's ability to monitor and mitigate risk, and identify new business opportunities.

The Board oversees the risk management process and carries out biannual reviews of the company's most important areas of exposure and internal control arrangements. Reference is made to page 40 in this Financial Report for a more comprehensive description of Yara's risk management.

Future prospects

Market prospects

Market developments

The Board of Directors believes the long-term fundamentals of fertilizer demand are strong, as a growing and increasingly prosperous world population continues to drive demand, and land available for agriculture becomes scarcer. More efficient and balanced fertilizer use globally is a crucial element for achieving sustainable improvement in agricultural productivity.

However, there is significant potential for price volatility in agricultural commodity markets, where supply is limited and customers have a low sensitivity to price changes. Weather-related setbacks in agricultural production could further increase fertilizer demand, while a significant drop in agricultural prices, e.g. in the event of improved harvest prospects, could lead to a temporary slow-down in fertilizer deliveries. However, substantial harvest increases are required merely to avoid a future decline in inventories.

Developing the markets

Despite a fourth consecutive strong grain harvest globally, the US Department of Agriculture projects a stable stocks-to-use ratio, as consumption continues to grow. The global farm margin outlook and incentives for fertilizer application remains supportive overall, and while grain prices are lower, prices for other key crops like sugar, coffee, oils and dairy products are higher than a year ago.

Achieving more efficient and balanced fertilizer use globally will require a change of fertilizer product and application practices in many markets, which is likely to lead to a further increase in differentiation and tailoring of fertilizers and related technologies. However, the extent to which individual markets will embrace and achieve such efficiency improvements is likely to vary strongly, depending on the degree of deregulation and competition in their agricultural sectors.

Operational prospects

Industry developments

Global nitrogen markets were supply-driven during 2016, with strong capacity growth particularly from North Africa and the US, triggering a reduction in Chinese exports following several consecutive years of growth. For 2017, additional capacity outside China looks set to exceed demand growth, implying a further reduction in Chinese exports. Given the significant Chinese curtailments in place today, current export prices for prilled urea fob China (USD 230-250 per tonne) are believed to represent a break-even level for Chinese swing producers. In Europe, a weaker Euro has improved the relative competitiveness of domestic fertilizer manufacturers, and increased global LNG export capacity is expected to keep gas prices at similar level to 2015.

Developing the company

Taking advantage of its global distribution presence, differentiated product portfolio and increasing innovation efforts, Yara will continue to both promote and create profitable business opportunities from the needed increased emphasis on efficient fertilizer and industrial applications. Yara aims to achieve this through production and distribution growth, technology and competence development.

Financial prospects

Capital management

Yara aims to maintain a long-term mid-investment grade rating level, i.e. BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. This implies that the company should normally operate with a net debt below two times EBITDA, and that larger acquisitions would normally be accompanied by new equity issuance.

Investment intentions

Yara's growth ambitions require significant investments, through expansion of existing operations, new builds and acquisitions. The Board of Directors underlines that Yara's growth focus shall be combined with strict valuation and capital discipline, targeting opportunities where Yara has the best relative synergies, at the right time of the cycle.

Yara expects to invest approximately NOK 18 billion during 2017 based on its current committed maintenance and improvement plans, in addition to announced growth investments. The investment level required to maintain current Yara production capacity and productivity is estimated to be approximately NOK 6 billion per year. Most of the remaining NOK 12 billion is linked to volume and margin improvement projects:

- The construction of a world scale ammonia plant in Freeport, Texas together with BASF with planned completion end 2017; Yara's share of the 2017 investment is NOK 1.4 billion
- NOK 2 billion is planned to be invested in brownfield expansions in Yara's NPK plants in Norway and Finland, in its Sluiskil urea plant (Netherlands) and in its

TAN plant in Köping, Sweden
- In Brazil, Yara plans to invest NOK 1.5 billion in its Salitre greenfield phosphate mining and processing project (2018 completion), and NOK 1.3 billion in expanding and modernizing its Rio Grande fertilizer production and blending operations (2020 completion)
- A frame of NOK 1.7 billion is set aside for productivity and efficiency improvement projects in Yara's production plants, as part of the Yara Improvement Program

Improvement program

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives. The Yara Improvement program will deliver at least USD 500 million of annual EBITDA improvement within 2020, of which an estimated USD 150 million will be realized in 2017. The most significant components of the program are:
- Yara Productivity System: improve safety, customer responsiveness, reliability, cost, productivity and quality at production sites, as well assessment and integration of acquired assets
- Procurement Excellence: realize sustainable, incremental savings based on advanced category management and collaborative procurement
- Improve quality, cost and speed of asset construction through standard specifications, by challenging requirements and focus on execution strategy
- Working Capital management improvement
- IT Optimization: improve project execution and cost position of basic IT services while increasing customer and business orientation
- Support function efficiency and quality: standardize processes in the supply chain and finance functions, to improve customer service and efficiency
- Sales & Marketing enhancement: improve commercial activities in the Crop Nutrition and Industrial segments through more focused, efficient and effective processes for sales & marketing channels

Approximately 30% of the improvement will come from production volumes, 15% from consumption factor improvements, 30% from variable unit cost reduction and 25% from fixed cost reduction. In addition, the program will deliver sustained capex improvements in the magnitude of USD 100 million, and one-off working capital reductions of at least USD 125 million. Enabling these improvements will require one-off costs of USD 80 million and investments of USD 500 million over the period up to 2020.

Dividends and buy-backs

Yara's objective is to pay out an average 40-45% of net income in the form of dividends and share buy-backs. Within this objective, a minimum 30% of net income shall be paid in the form of dividends, while share buy-backs make up the balance and are deployed with greater flexibility.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 10 per share for 2016, which would represent 43% of net income after non-controlling interests. Including share redemptions paid during 2016, the total cash return to shareholders would represent 48% of net income. An above-target dividend is proposed due to Yara's strong financial position. However, the Board believes Yara's long-term policy of distributing 40-45% of net income remains appropriate, given Yara's expected pipeline of future growth opportunities and the current market outlook.

If the company over time does not identify sufficient profitable investment opportunities, the Board will consider exceeding the targeted cash distribution to shareholders.

Combined with the 2016 result for Yara International ASA and other effects, the proposed dividend results in a net decrease in equity of NOK 1,237 million.

Yara executes share buy-back programs as an integral part of its shareholder return policy. The Board intends to propose to the Annual General Meeting a new buy-back program along the lines of the existing one.

The Board of Directors of Yara International ASA
Oslo, 23 March 2017

Leif Teksum Chairperson	Maria Moræus Hanssen Vice chair	John Thuestad Board member	Hilde Bakken Board member
Geir O. Sundbø Board member	Geir Isaksen Board member	Rune Bratteberg Board member	Kjersti Aass Board member

Svein Tore Holsether
President and CEO

Governance and risk management

Board of Directors 2016


	Leif Teksum (1952)	Maria Moræus Hanssen (1965)
Position	Chairperson of the Board since 2014, Chairperson of the Compensation Committee	Vice Chairman and Chairman of the Audit Committee
Elected by/year	Shareholders, 2014	Shareholders, 2015
Position	Professional board member and independent advisor	CEO, ENGIE E&P International SA
Education	Master's degree (siviløkonom) in Business and Economics from NHH, Bergen, Norway	Master's degree in Petroleum Engineering from the Norwegian University of Science and Technology (NTNU), Master's degree in Petroleum Economics from IFP School (Paris).
Experience	Since August 2014 Mr. Teksum has worked as a professional board member in various companies and since 2015 he has also been a partner and an independent advisor in Vest Corporate Advisors AS, a small corporate "boutique" located in Bergen, Norway. Mr. Teksum retired from DNB Bank ASA in August 2014. From 1991 until his retirement he held various positions in the DNB Group Management being responsible for large corporate clients and all international banking activities, the bank's Investment Banking area, the Asset Management area as well as the IT and Procurement activities.	Mrs. Moræus Hanssen joined ENGIE in 2014, first as the Managing Director for its Norwegian E&P affiliate, since October 2015 as CEO for the international E&P company. Prior to that Mrs. Moræus Hanssen spent five years as an Investment Director with Aker ASA. Before joining Aker ASA, she held various management roles in Norsk Hydro Oil and Energy as subsequently Statoil ASA, among these Head of Field Development NCS, Offshore Installation Manager Troll B and EVP Gas Supply and Transportation.
Other assignments	- Austevoll Seafood ASA – Member of the Board of Directors - EVRY AS – Member of the Board of Directors - Member of the Board of Directors in several family owned companies - Vest Corporate Advisor AS – Partner	
Board meetings attendance	12	11
Compensation Committee attendance	7	-
Audit Committee attendance	-	5
Shares owned at year-end 2016	1,500	-


	Geir Isaksen (1954)	Geir O. Sundbø (1963)
Position	Member of the Board	Member of the Board Member of the Compensation Committee
Elected by/year	Shareholders, 2013	Employees, 2010
Position	CEO of Norwegian State Railways (NSB) since 2011	Deputy Chairman and Treasurer of the local union chapter (Herøya Arbeiderforening) in Herøya Industripark Porsgrunn and Senior Shop Steward of Yara Porsgrunn.
Education	Dr. Scient. in Agricultural Economics	Skilled Chemical Process operator
Experience	From 1996 to 2011, Mr. Isaksen was CEO of Cermaq ASA (before 2002 Statkorn Holding ASA). During this period he led a comprehensive restructuring process and IPO of the business and contributed to significant growth in Norway and abroad. From 1995 to 1996 Geir Isaksen was CEO of Statkorn AS, and prior to this he has held director positions in the Norwegian agriculture organizations' Brussels office and Gartnerhallen, a food wholesale and distribution company.	Mr. Sundbø has been a Yara (Hydro) employee since 1987. He has been actively engaged in union matters in the Porsgrunn plant since 1989. He is Deputy Chairman and Treasurer of the local union chapter (Herøya Arbeiderforening) in Herøya Industripark Porsgrunn and Senior Shop Steward of Yara Porsgrunn. Sundbø is Chairman of the European Works Council (EWC) of Yara.
Other assignments		Chairman of the Audit Committee in the National Trade Union of Industry & Energy of Norway since 2013; Member of the Executive Committee of IndustriCluster Grenland (ICG).
Board meetings attendance	12	12
Compensation Committee attendance	1 (left Committee in March 2016)	6 (Committee Member since March 2016)
Audit Committee attendance	-	-
Shares owned at year-end 2016	84	173

	
Hilde Bakken (1966)	**John Thuestad (1960)**
Member of the Board Member of the Compensation Committee	Member of the Board Member of the Audit Committee
Shareholders, 2014	Shareholders, 2014
EVP Power Generation, Statkraft	EVP Sapa Extrusion Europe
Master's degree in Petroleum Engineering from the Norwegian University of Science and Technology (NTNU)	Master's degree in Metallurgy from NTNU, Trondheim, Norway; MBA from Carnegie Mellon University, Pittsburgh, USA.
Mrs. Bakken has held various leadership roles in Statkraft within market and power production areas since 2000. Since 2010, Bakken has been part of Statkraft Executive management, from 2010 to 2013 as Chief of Staff and since 2013 she has been responsible for Statkraft's power generation activities in ten countries. She is also responsible for further development of Statkraft's hydropower concessions in North-West Europe. Before joining Statkraft, she was employed in Norsk Hydro and Conoco where she has held various management and engineering positions in operations and field development on the Norwegian continental shelf.	Mr. Thuestad has led Sapa Extrusions Europe since 2013. From 2012 to 2013 he led Sapa Profiles with production plants in Europe, North America and China. From 2009 to 2012 he led Alcoa Global Primary Products with 40 locations in Australia, Latin America, Europe and North America. Thuestad has previously been the CEO of Elkem AS and Elkem Aluminium AS. Prior to that, Thuestad was Managing Director of Norzink AS and Fundo AS. Thuestad has served as Board member/Chairman of Tyssefaldene AS 1997-2000, Board member of Borregaard AS 2005-2007, Statkraft/Groener AS 2000-2003 and as Officer of Alcoa Inc 2010 - 2011.
Board member Oslo Energy Forum	Member of the Executive Committee of the European Aluminium Association.
12	12
7	-
-	6
500	1,200

	
Rune Bratteberg (1960)	**Kjersti Aass (1982)**
Member of the Board Member of the Audit Committee	Member of the Board
Employees, 2012	Employees, 2016
Head of Chemical Compliance	Business Improvement Manager, Environmental Solutions, Yara
Degree in Information Technology Degree in Nordic Languages and History	Master of Science degree in Entrepreneurship – Industrial Economics and Technology Management, after Civil and Environmental Engineering studies, at Norwegian University of Science and Technology (NTNU) in Trondheim
Mr. Bratteberg has been a Yara (Hydro) employee since 1986. He has held different IT and HESQ leadership positions within Hydro and Yara, from 2001 to 2009 as CIO. Bratteberg has been a member of the Chemical Industry Advisory Board to SAP AG 2004-2009, and Chairman of the Board at the Scandinavian School of Brussels 2009-2011.	Ms. Aass has been a Yara employee since 2013 where she started in the position Manager Global Initiatives in Strategy and Business Development before moving into her current role in the Industrial segment in 2016. Ms. Aass has been on the Board of Tekna – The Norwegian Society of Graduate Technical and Scientific Professional – in Yara since 2013. Prior to working for Yara, she worked for Médecins Sans Frontières (Doctors without Borders) in Afghanistan and Ethiopia, and as a Project Management consultant for Holte Consulting on a wide variety of projects within different industries, including telecom and construction.
10	7 (Elected in May 2016)
-	-
4	-
201	62

Executive Management 2016

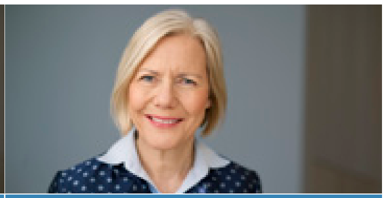


	Svein Tore Holsether (1972)	Torgeir Kvidal (1965)	Terje Knutsen (1962)
Position:	President and Chief Executive Officer	EVP, Chief Financial Officer	EVP, Crop Nutrition
Year of appointment:	2015	2012	2015
Employed:	2015	1991	1987
Education:	BSc degree, specializing in Finance & Management from the University of Utah, USA.	Master's degree (Siviløkonom) from the Norwegian School of Economics (NHH) in Bergen, Norway.	Master's degree (Siviløkonom) from the Norwegian School of Economics (NHH) in Bergen, Norway.
Experience:	Previously Mr. Holsether held the position as President and CEO of Sapa AS. Prior to this he was EVP M&A Orkla 2010-2011, Business Area President Sapa Asia & Middle East 2010, CFO Sapa AB 2007-2010, CFO Orkla Specialty Materials 2006-2007, CFO Elkem ASA 2005-2006, CFO Elkem ASA North American Division 2003-2005, and various positions within the Elkem group including Vice President Group Control, Group Controller, Group Financial Analyst 1997-2003	Mr. Kvidal has held several positions in the company, including President and Chief Executive Officer 2014-2015 (interim), Chief Financial Officer 2012-14, Senior VP Head of Supply & Trade 2011-12, Head of Investor Relations 2006-11, CFO Industrial 2005-06, Head of Business Unit CO_2/ Industrial Central Europe 2000-05, VP Finance Hydrogas 1997-99 and Corporate Controller Hydro Agri 1993-97. He was employed by Hydro in 1991 as a trainee.	Mr. Knutsen has served as EVP Crop Nutrition since May 2015. His previous positions in the company include Business Unit Manager North and East Europe 2012-15, Business Unit Manager Asia 2006-12, VP Downstream Marketing 2005-06, VP Yara Specialties 2001-05, VP and Country Manager Spain and Portugal 1998-2001. In addition, he has held a number of financial controller, commercial and management positions since joining the company in 1987 as a trainee.
Shares owned at year-end 2016:	17,218	8,413	4,380



	Pierre Herben (1963)	Lair Hanzen (1967)	Tove Andersen (1970)
Position:	EVP, Corporate Innovation	EVP, Yara Brazil	EVP, Supply Chain
Year of appointment:	2016	2016	2016
Employed:	2010	1996	1997
Education:	Master's degree in Bio-Engineering from the Catholic University of Louvain, Belgium.	MBA in International Business from the Argentinial Belgrano University and a MBA in Strategic Business Administration from the Brazilian Lutheran University (ULBRA).	Master's degree in Business Administration from BI Norwegian Business School and a Master's degree in physics and mathematics from the Norwegian University of Science and Technology (NTNU).
Experience:	He served as VP R&D and Innovation 2010-2016. Prior to joining Yara Mr Herben was Vice President Product and Application development at LyondellBasell Industries 2007-2010. Before this he held a series of R&D, commercial and management positions at Basell 2000-2006, Montell 1995-2000, and Shell Research 1990-1995 - all of which eventually merged into LyondellBasell Industries in 2007.	Mr. Hanzen has held several positions in the company. He was Manager Downstream/ President Yara Brazil 2013-2016, Chief Financial Officer Upstream 2009-2013, VP and President Yara Brazil 2006-2009, Chief Financial Officer Yara Brazil 2000-2006, Chief Financial Officer Yara Argentina 1996-2000. Prior to joining Yara through the acquisition of Adubos Trevo, Lair held several management positions in fertilizer companies and other sectors.	Ms. Andersen has previously held several positions in the company. She was VP Supply Chain Europe 2014-2016, VP Marketing and New Business 2011-2013, Country Manager Yara UK/ Ireland 2006-2011, Director Specialities and Retail Marketing 2005-2006, Director Business Development and Alliances 2003-2005, Manager, Business Development, Finance and Analysis Hydro Agri 2000-2003, Business Facilitator 1999-2000. She was employed by Hydro in 1997 as a trainee.
Shares owned at year-end 2016:	3,610	7,797	3,035

		
Yves Bonte (1961)	Alvin Rosvoll (1957)	Petter Østbø (1979)
EVP, Industrial	EVP, Partner Operations	EVP, Production
2010	2016	2016
2010	1981	2010
M.Sc. in Civil Engineering from the University of Leuven in Belgium; post-graduate degree in Business Management.	M.Sc. in Chemical Engineering from the Norwegian University of Science and Technology (NTNU).	Master´s degree in Finance from the Norwegian School of Economics and Business Administration (NHH, Siviløkonom). One-year qualification in history at the University of Bergen (Grunnfag).
Mr. Bonte worked for the chemical company LyondellBasell and its predecessors for 17 years, serving as Senior VP Polypropylene Business based in Germany and the Netherlands, 2007- 09; Senior VP Sales & Marketing for Asia, Middle East/Africa and Latin America based in Hong Kong, 2002-06; Head of Strategic Marketing, 2000-01; several marketing, supply chain and manufacturing positions, 1992-99. Prior to this he worked five years for Exxon Chemical in Brussels.	Mr. Rosvoll has held several positions in the company, including EVP Supply & Trade, Business Unit Manager North and East Europe, Commercial Director in the Downstream Segment and Deputy President Yara Industrial Gases. In addition, he has held a number of commercial and management positions since joining the company in 1981.	Mr. Østbø has previously held several positions in the company. VP Business Line Gas and Industrial Applications 2015-2016, VP Nitrates & CO_2 business units 2014-2015, VP Industrial Nitrates Business Unit 2013-2014, and VP Product Management & Optimization 2010-2013. Before joining Yara, Mr. Østbø worked at McKinsey & Company, 2003-2010.
12,026	4,928	5,009

		
Terje M. Tollefsen (1963)	Lene Trollnes (1968)	Kristine Ryssdal (1960)
EVP, Corporate Strategy & Business Development	EVP, HR, Communications & Brand	EVP, General Counsel
2016	2016	2016
1989	2016	2016
Bachelor of Business Administration degree from the Isenberg School of Management, UMass Amherst, USA.	Bachelor degree in Management Sciences and a Master's degree in Organizational Psychology from the University of Manchester Institute of Science & Technology.	Master of Laws degree from the London School of Economics, in addition to a Law degree from the University of Oslo.
His previous positions in the company include: Senior VP Head of Strategy and Business Development 2010 - 2016, Business Unit Manager/President China 2005 - 2010, CFO Business Unit Asia 2002 - 2004. Before a two-year tenure (2000-2002) as Deputy Managing Director at a medium-sized, Oslo-based IT consultancy, Mr Tollefsen held several commercial and management positions at Norsk Hydro, including Managing Director of Norsk Hydro (Hydro Agri) Indochina.	Before joining Yara, Mrs Trollnes held the position of EVP HR & Integration at Sapa 2013-2016. Prior to this she led the integration between Sapa and Hydro (2012-2013), and held several HR and management positions at Norsk Hydro between 1992-2013, including Senior VP HR, HSE & CSR Hydro Primary Metal 2010-2013, Senior VP HR & Organization HSE & CSR Hydro Extruded Products 2008-2010, and Senior VP HR & Organization Hydro Aluminum Products 2006-2008.	Before joining Yara, Mrs Ryssdal held the position of Vice President Legal at Statoil 2012-2016. Prior to this, Ryssdal was Senior Vice President and Chief Legal Officer of Renewable Energy Corporation ASA 2008-2012, Senior Advisor Commercial & Legal Affairs at Norsk Hydro / Statoil Hydro 2006-2008, Legal Counsel at Norsk Hydro 1998-2006, and Attorney at the Attorney General's office 1987-1998.
5,004	4,746	1,233

Corporate governance

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

Yara's Board of Directors promotes and supports open and clear communication of the company's key governance and decision processes. Yara has chosen to comply with the Norwegian Code of Practice for Corporate Governance, last updated 30 October 2014. The Code contains stricter requirements than mandated by Norwegian law.

Yara's compliance with the Code is detailed in this report and section numbers refer to the Code's articles. In the view of the Yara Board of Directors, Yara complies with all of the 15 sections of the code of practice.

1. Implementation and reporting of corporate governance

Yara complies with the recommendations of the Norwegian Code of Practice for Corporate Governance. Yara believes good corporate governance drives value creation and promotes sustainable business conduct. Yara is committed to transparency and accountability, with adherence to international agreements and national legislation where it operates.

» yara.com / Vision and strategy
» yara.com / Corporate governance
» yara.com / Sustainability commitment and policy

2. Business

Yara is an integrated crop nutrition company with an industrial portfolio. Yara is headquartered in Oslo, Norway and is listed on the Oslo Stock Exchange. Yara's knowledge, products and solutions grow customers' businesses profitably and responsibly, while protecting the earth's resources, food and environment.

The scope of Yara's business is defined in its Articles of Association, published in full on the company's website. More details on Yara's objectives and strategies are presented in the Report of the Board of Directors.

» yara.com / Articles of association
» Report of the Board of Directors / page 14

3. Equity and dividends

Yara targets a BBB credit rating from Standard & Poor's and Baa2 rating Moody's. Based on Yara's scalable business model and strong track record of value-creating acquisitions, the Board believes that more than half of Yara's earnings should be reinvested in the company. Yara's objective is to pay on average 40-45% of net income to shareholders in the form of dividends and share buy-backs. Within this objective, a minimum 30% of net income shall be paid in the form of dividends, while share buy-backs make up the balance and are deployed with greater flexibility.

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

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

» Report of the Board of Directors / page 14
» The Yara Share / page 55

4. Equal treatment of shareholders and transactions with close associates

All Yara shareholders have equal rights and the company has one class of shares. Transactions involving the company's own shares, such as the share buy-back program, are normally executed via the stock exchange, or at prevailing stock exchange prices if carried out in any other way. Shares redeemed from the Norwegian State are also priced at market value.

In 2016 there were no significant transactions between the company and closely related parties, except for ordinary commercial transactions with subsidiaries and non-consolidated investees.

In addition to the mandatory regulations in the Norwegian Public Limited Companies Act (§§ 3–8 and 3–9), Yara uses IFRS rules to define related parties. The members of the Board of Directors and Management are required to disclose all entities that would be considered to be "related parties" under applicable laws and regulations. Transactions with such entities are subject to specific disclosure and approval requirements.
» Note 37 to the consolidated financial statements "Related parties" / page 131

5. Freely negotiable shares

The company places no restrictions on the transferability of shares. There are no restrictions on the purchase or sale of shares by directors and executives, as long as insider regulations are adhered to. Yara's Long-Term Incentive Plan mandates the use of a portion of the funds received by management for the purchase of Yara shares, restricting the sale of such shares for three years following such purchase.
» Note 37 to the consolidated financial statements "Related parties" / page 131

6. General meetings

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

The Annual General Meeting elects the Nomination Committee and shareholders' representatives to the Board of Directors, and approves the annual accounts, the report of the Board of Directors and any proposed dividend payment. In accordance with Norwegian legislation, shareholders consider and vote on the appointment of the external auditor based on the Board's proposal, and approve the remuneration to be paid to the external auditor.

The Board, the CEO and CFO are present at the Annual General Meeting, along with the Nomination Committee and the Company Auditor. An independent qualified person chairs the meeting. The minutes of the Annual General Meeting are published on the Yara website.

All shareholders are entitled to submit items to the Annual General Meeting agenda, to meet, speak and vote. In accordance with Norwegian corporate law, shareholders registered in the Norwegian Central Securities Depository (Verdipapirsentralen) can vote in person or by proxy, or electronically in advance on each agenda item and candidate put forward in the Annual General Meeting.

The Annual General Meeting notice and other relevant documents, including the proposal of the Nomination Committee, are made available on Yara's website no later than three weeks in advance of the meeting. The meeting notice is sent to all shareholders individually, or to their depository banks, at least three weeks in advance of the meeting. The meeting notice includes information regarding shareholders' rights and guidelines for registering and voting at the meeting.
» yara.com / Corporate governance / General meetings
» The Yara share / page 55

7. Nomination Committee

Yara's Articles of Association state that the company shall have a Nomination Committee consisting of four members elected by the Annual General Meeting, and that the Annual General Meeting approves the procedure for the Nomination Committee. The Nomination Committee nominates the shareholders' representatives to the Board of Directors, including presenting relevant information about the candidates and an evaluation of their independence, and proposes the remuneration of the Directors to the Annual General Meeting. The Nomination committee also recommends to the Board which members it should elect as Chairperson and Vice Chair. Members of the Nomination Committee are elected for two-year terms.

The Yara International ASA Nomination Committee consists of the following members, all of whom are independent of the Board and Management:
- Tom Knoff, Chair (Independent advisor)
- Thorunn Kathrine Bakke (Deputy Director General, Norwegian Ministry of Industry, Trade and Fisheries)
- Anne Carine Tanum (Chair of the boards of DNB ASA and DNB Bank ASA)
- Ann Kristin Brautaset (Deputy Director Equities, Folketrygdfondet)

According to the Nomination Committee procedure, there shall be a rotation among the committee members. The contact details of the Chairperson of the Nomination Committee are available on Yara's website, and shareholders with proposals for new Board members are asked to send those to the Chairperson.

The Nomination Committee held six meetings in 2016. The members of the Nomination Committee received remuneration in 2016 of NOK 5,600 per meeting prior to the Annual General Meeting and thereafter NOK 5,700 per meeting.

» yara.com / Nomination Committee procedure

8. Corporate assembly and Board of Directors: Composition and independence

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

Yara's Board of Directors consists of eight members, with five shareholder-elected Board members including the chairperson elected for two-year terms by the Annual General Meeting. The remaining three Board members are employee-elected, typically for two-year terms. Three of the Directors are women. The Board elects both its Chairperson and the Vice Chair based on a recommendation from the Nomination Committee.

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

All Board members are encouraged to own shares in the company. The shareholder-elected Board members Leif Teksum, Hilde Bakken, Geir Isaksen and John Thuestad owned 1,500, 500, 84, and 1,200 shares respectively at year end. The three employee-elected board members Kjersti Aass, Rune Bratteberg and Geir Sundbø owned respectively 62, 201 and 173 shares at year end.

» yara.com / Corporate governance
» Board of Directors / page 14
» Note 37 to the consolidated financial statements "Related parties" / page 131

9. The work of the Board of Directors

The Board's work follows an annual plan which is evaluated and approved at or before the start of the calendar year. The Board conducts an annual evaluation of its qualifications, experience and performance, which is presented to the Nomination Committee.

The Board has established written instructions for its work and the work of the Audit Committee, HR Committee and Executive Management.

The Board elects a Chairperson and a Vice Chair based on a recommendation from the Nomination committee. In the case of the Chairperson's absence, meetings will be chaired by the Vice Chair. If the Chairperson is or has been personally involved in matters of material significance to the Company, any Board review of such matters will be chaired by another member of the Board.

The Board of Directors held 13 meetings in 2016. One board member was absent from two meetings, one board member was absent from one meeting, while the remaining board members attended all meetings in 2016.

HR Committee

Yara's HR Committee reviews the performance of, and proposes terms and compensation for, the CEO to the Board of Directors. The committee also reviews and proposes guidelines for executive remuneration and material employment matters, and also advises the CEO on other HR matters. The HR Committee consists of three members elected by the Board, from its own members. The committee held six meetings in 2016, which were all attended by all members.

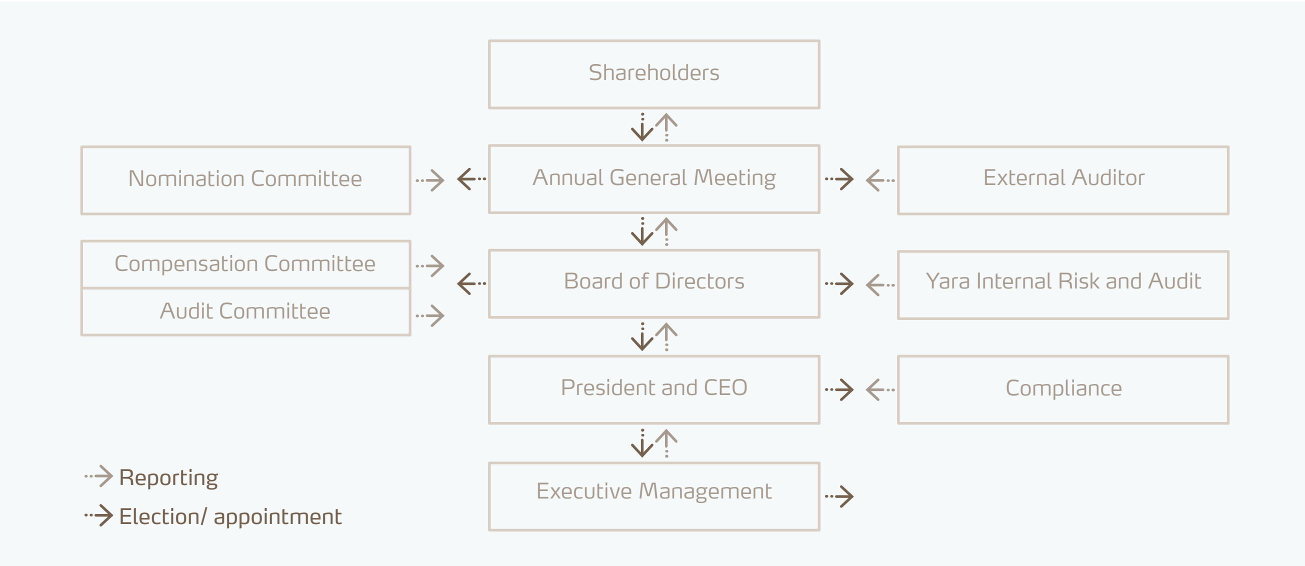
Audit Committee

Yara's Audit Committee assists the Board of Directors in assessing the integrity of the company's financial statements, financial reporting processes and internal controls, risk management and performance of the external auditor. The Audit Committee further evaluates plans and internal audits performed by the Internal Risk and Audit department within the areas of financial reporting and control.

The Committee conducts an annual evaluation according to its mandate. Yara's Audit Committee consists of three members of the Board, of whom two are shareholder-elected and one is employee-elected. The Chairman of the Board is not a member of the Audit Committee. The Audit Committee held six meetings in 2016. One members was absent from one meeting, one member was absent from two meetings, while the remaining member attended all meetings in 2016.

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

Yara corporate governance structure



10. Risk management

Yara's risk management and internal control activities are integrated with the corporate strategy and business planning processes, based on the principle that risk evaluation is an integral part of all business activities. While risk management is a centrally governed process, the responsibility for day-to-day risk management activities is placed with the business segments and expert organizations.

The Yara Board of Directors and Executive Management evaluate and define yearly risk appetite across key operational and strategic dimensions. The main objective for a more systematic and comprehensive assessment of risk appetite is to align boundaries for risk which will guide efficient resource allocation. Defining risk appetite is also a prerequisite for setting optimal risk tolerance with supporting controls.

The Board believes that expressing Yara's risk appetite within important areas of its business activity helps to convey to investors, customers and society at large how the company approaches and evaluates risk.

The Board carries out separate annual reviews of the company's most important risk exposures and internal control systems.

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

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

The external auditor provides a description of the main elements in the audit, including observations on Yara internal control related to the Financial Reporting process, to the Audit Committee.

Yara's internal control framework is based on the principles established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) integrated framework for internal control. The five framework components are: control environment, risk assessment, control activities, information and communication, and monitoring. The content of the different elements are described below.

Control Environment

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

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

Risk Assessment

The Corporate Risk Management unit is the key facilitator of the internal risk management system and shall assist management with implementing and maintaining an appropriate risk management framework to support identification, analysis, management and reporting of all types of risk. The unit further coordinates risk management activities within Yara and consolidates reporting on risks.

Control Activities

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

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

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

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

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

Monitoring

All bodies and functions described above monitor and perform judgments for any need of corrective actions related to financial and operational risk within their area of responsibility.

» **Risk management / page 40**
» **yara.com / Corporate Social Responsibility policy and Code of Conduct**
» **yara.com / Ethics handbook**

11. Remuneration of the Board of Directors

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

The remuneration of the Board of Directors reflects the Board's responsibility, expertise, time commitment and the complexity of the company's activities.

In 2016 the Chairperson of the Board of Directors received a fixed compensation of NOK 515,000 per annum prior to the Annual General Meeting, increasing to NOK 529,000 per annum thereafter. The Vice Chair received NOK 340,000 per annum prior to the Annual General Meeting, increasing to NOK 349,000 per annum after the Annual General Meeting. The other Board members received NOK 297,000 per annum prior to the Annual General Meeting and NOK 305,000 per annum thereafter. Board members resident outside Scandinavia received a meeting allowance of NOK 10,700 per meeting prior to the Annual General Meeting, increasing to NOK 11,000 per meeting after the Annual General Meeting.

The Chairperson of the Audit Committee received a fixed compensation in 2016 of NOK 152,000 per annum prior to the Annual General Meeting, increasing to NOK 156,000 per annum thereafter. The other Audit Committee members received NOK 88,000 per annum prior to the Annual General Meeting and NOK 90,500 per annum thereafter.

Members of the HR Committee received NOK 6,800 per meeting prior to the Annual General Meeting and NOK 7,000 per meeting thereafter.

The total compensation to Board members in 2016 is disclosed in note 37 in the consolidated financial statements.

» **Note 37 to the consolidated financial statements "Related parties" / page 131**

12. Remuneration of executive personnel

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

The Board of Directors prepares guidelines for the remuneration of executive personnel which are communicated to the Annual General Meeting. The guidelines to be presented at the Annual General Meeting 11 May 2017 will be made available as a separate document in the appendices to the notice, in addition to be being disclosed in note 37 in the consolidated financial statements.

Statement on remuneration to members of Executive management

In accordance with the Norwegian Public Limited Companies Act § 6-16 a, the Board of Directors prepares a separate statement related to the determination of salary and other benefits for the Executive Management. The statement will be presented to the Annual General Meeting for voting. The Ministry of Trade, Industry and Fisheries disclosed amended Guidelines for Remuneration of Executives in State Owned Companies with effect from 13 February 2015. Yara's remuneration principles applying to the Executive Management comply with these guidelines. Consequently the rules applying for membership in the company pension plan for salaries above 12G has been amended accordingly and the plan was closed for new members from 3 December 2015.

General Principle

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

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

Yara's remuneration of the Executive Management Group consists of the following elements: Base pay, an annual incentive bonus, a Long Term Incentive plan, a pension plans, death and disability coverage and other components such as car, phone expenses, etc. In addition, executives on expatriate contracts have various other costs covered by the company. The annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries forms the basis for the Yara Executive Management salary development. Members of Yara Executive Management do not receive separate remuneration for board membership in Yara subsidiaries.

Short Term Incentive bonus

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance at company and/or segment level. The specific performance components vary by unit and position and are set individually on an annual basis. The annual incentive bonus is not linked to the Yara share price, but is conditional on Yara's CROGI (Cash Return on Gross Investment) excluding special items reaching 7%, with progressively higher payout levels up to a maximum level when CROGI exceeds 13%. The annual incentive bonus pay-out is calculated according to the formula shown below. For Executives on Norwegian employment contracts, the maximum pay-out shall not exceed 50% of annual base salary. For Executives employed by Yara companies in other countries the bonus pay-out can exceed 50% depending on local market conditions.
CROGI multiplier x Individual relative performance multiplier x Target bonus = Bonus payout

Individual Relative Performance

The Individual Relative Performance is determined based on achievements of operational and organizational key performance indicators (KPIs) and an overall performance evaluation. The KPIs are established based on quantified targets set up in the business plan for the actual year and reflect the role and responsibility of each position covering the following areas:

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

Promotion of Yara's Mission, Vision and Values and contribution to Yara overall is subject to discretionary evaluation.

Target Bonus

The Target Bonus is a percentage of base salary. The percentage is set according to position level and content and comparison with the market. The target bonuses for Executives on Norwegian employment contract are between 28% and 40% with maximum bonus pay capped at 50% of annual base salary according to what is explained above. For Executives employed by Yara companies in other countries the target bonus can deviate from the above depending on local market conditions.

Long Term Incentive plan

To increase the alignment between Executive and Shareholder interests and to ensure retention of key talent in the company, a Long Term Incentive plan has been approved by the Board. This program provides a cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after grant. The acquired shares are locked in for a period of three years after the purchase. After this period executives are free to keep or sell the shares at their discretion. The annual grant is jointly conditional on Yara's CROGI (Cash Return on Gross Investment) excluding special items reaching an average of 7% over the past three years and Yara's Net Result excluding currency gain/loss being positive for the last three years as a whole. Yara CEO can in any case decide that Long Term Incentive shall not be granted in a given year and Yara Board of Directors can decide that Long Term Incentive shall not be granted to the CEO. The amount granted is linked to the individual position and shall not exceed 30% of annual base salary.

Benefit Plans

All new pension plans in Yara should be defined contribution (DC) plans. For all new hires and internal recruits to Yara Executive Management on Norwegian employment contracts, future contributions to the pension plan is limited to a salary of 12 times Norwegian Social Security Base Amount (12G).

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

For Executives on Norwegian employment contracts, Yara has a company set upper limit for retirement at age 70 from 1 July 2016 with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for Executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1 January 2015, the plan was closed for new members and ceased for employees below age 50. A DC pension plan was established to compensate members for the shortfall.

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

Other

Executive Management members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares to a value of NOK 7,500 alternatively NOK 13,500 with a tax-exempt discount of NOK 1,500 in both cases. This comes in addition to the Long Term Incentive plan.

New members of Yara Executives on Norwegian Contracts entered into after March 2015, are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the Executive receives during the Severance Pay period will be deducted from the Severance Pay.

For information on salary and other benefits earned in 2016 see note 37 in the consolidated financial statements. For additional information about existing pension plans see note 26 in the consolidated financial statements.

» Note 37 to the consolidated financial statements "Related parties" / page 131
» Note 26 to the consolidated financial statements "Employee retirement plans and other similar obligations" / page 110

13. Information and communication

Communication with the financial markets is based on the principles of openness and equal treatment of all shareholders. In order to insure that the same information is available to everyone at the same time, Yara's main communication channel is Yara's website (www.yara.com).

Although Yara holds regular meetings for analysts, investors, journalists and employees, all material new information is first published to the stock exchange and Yara's web pages. Yara will provide a consistent level of information regardless of whether the news is positive or negative.

Yara's website (www.yara.com) contains an updated financial calendar, financial reports and other investor-related information. Yara's Board of Directors receives regular updates from the Executive Management detailing the manner in which the company is perceived by the financial markets.

Yara does not give guidance on financial results, meaning that Yara will not provide own specific numeric estimates for future prices, volumes or results. However, Yara provides sensitivities that can be used to calculate the financial effects of changes in market prices and currency exchange rates. Wherever possible, Yara will also refer to sources of relevant publicly available information. However, referred sources do not necessarily represent Yara's own point of view.

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

» yara.com / Investor relations

14. Take-overs

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

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

15. External audit

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

The external auditor shall also:

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

The use of the external group auditor for advisory services, tax services and other services outside the ordinary audit scope shall be pre-approved by the Chief Accounting Officer if the total fee for the legal or reporting unit exceeds NOK 100,000. The external group auditor is responsible for reporting such services to the Audit Committee and to perform an ongoing assessment of independence.

The external auditor participates in the meetings of the Audit Committee that approve financial statements. In addition, the external auditor meets with the Board, without Yara Executive Management being present, at least once per year. Norwegian laws and regulations stipulate the type of non-audit services that external auditors can perform for Yara. Remuneration to Yara's external auditor is disclosed in note 38 to the consolidated financial statements.

The Board of Directors of Yara International ASA
Oslo, 23 March 2017

Leif Teksum Chairperson	Maria Moræus Hanssen Vice chair	John Thuestad Board member	Hilde Bakken Board member
Geir O. Sundbø Board member	Geir Isaksen Board member	Rune Bratteberg Board member	Kjersti Aass Board member

Svein Tore Holsether
President and CEO

Risk management

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

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

Risk responsibilities

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

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

Understanding and managing risk is an integral part of all our business activities. The operating segments and expert organizations are the risk owners and regularly perform risk assessments based on established procedures to identify, assess and manage the risks that affect their business and analyze how these risks influence performance.

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

Framework and procedures

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

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

The materiality of each risk factor is determined by assessing the likelihood and consequence. In this appraisal, a combination of qualitative and quantitative risk assessment techniques is deployed. Risks are evaluated to determine whether the level is acceptable or unacceptable and to prioritize those that have the greatest potential impact on our performance.

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

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

Risk appetite

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

Health and safety
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.

Ethics and compliance
We are committed to upholding high standards for ethical conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for unethical behavior and violation of our Code of Conduct.

Strategic governance
We are dedicated to maintaining an effective and efficient governance structure with appropriate control of key risks and have a low risk appetite for entering into joint ventures without adequate control.

Growth
We believe in profitable risk taking, in terms of pursuing investments and operations in selected growth markets given a sound understanding and mitigation of controllable risk.

Market dynamics
We optimize our business model by accepting exposure to volatility in global commodity fertilizer market prices for own produced products. We have a lower risk appetite for open positions on third party products.

Energy sourcing
Securing access to, and stable supplies of, favorably priced natural gas is imperative to our operations and competitiveness. In regions with a competitive gas market, we will have a high risk appetite for spot gas contracts, while we generally seek to secure gas supply through long-term contracts in regions with a less competitive gas market.

Dry raw material sourcing
Securing key raw materials for our fertilizer production is crucial for our operations. The demand for raw materials is covered by our own production as well as sourcing from third parties. Yara has a low risk appetite and seeks opportunities to increase production of specialty phosphate (P) and potash (K). On raw materials considered to be commodity P and K we seek to have long-term contractual agreements with key suppliers.

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

Tax
Within the framework of tax laws and regulations we optimize our tax cost in the same way as other costs. Yara has a low risk appetite for pursuing tax solutions without existence of commercial purpose and is committed to a transparent management of tax.

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

Risk factors

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

The Executive Management currently considers the following risk areas and factors to be the most relevant to Yara's business.

Strategic risks

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

Strategic risks	Factor	Mitigation
Market dynamics – Nitrogen commodity fertilizer prices	A large part of our business consists of sales of fertilizer products used in agriculture. While a growing world population, economic growth and changing dietary patterns are driving overall demand for food and fertilizer, swings in agricultural prices along with changes in global and regional fertilizer production capacity could significantly impact our profitability.	Yara's business model, with a mix of own produced (OPP) and Third Party Products marketed by our global Crop Nutrition organization, offers flexibility to adjust to supply and demand fluctuations. We increasingly focus on expanding sales of differentiated products where pricing and demand will be less volatile. Yara focuses also on developing farmer centric solutions that integrate knowledge, digital tools and services with our product portfolio to further differentiate our offering to the farmer. Yara also conducts global optimization with risk reduction in mind, e.g. prioritizing a global presence, counter-seasonality and market flexibility in addition to short-term profitability. Third Party Products exposure limits have been established and are closely monitored for the most Third Party Products intensive countries.
Market dynamics – natural gas prices	Due to natural gas being a key raw material in the production of nitrogen-based chemicals and fertilizer products, the pricing and availability of natural gas across regions is a strategic factor for Yara. Securing access to and stable supplies of favorably priced natural gas is imperative to our operations and competitiveness.	Yara's risk exposure towards energy sourcing is minimized through global purchasing activities, based on our energy strategy. Executing this strategy, we are continuously monitoring options for additional and alternative sources of favorably priced natural gas in existing and new areas of production. All our European gas contracts are hub-based contracts, and we are well positioned to cover the risk of spot exposure. We have the operational flexibility to reduce gas purchases and import ammonia for fertilizer production if gas prices peak, and we benefit from a natural hedge in the high correlation between nitrogen fertilizer prices and global energy prices. Recent events have made European nitrogen producers more competitive since gas prices have dropped significantly.
Raw materials availability	Yara is sourcing from third parties a wide range of raw materials for fertilizer production, not at least phosphate and potash (P&K). Terminations, material change or failure of delivery in these arrangements can have a negative impact on Yara's operations.	With respect to raw materials, as one of the world's largest buyer of phosphate and potash, we benefit from scale advantages in sourcing. To mitigate the risk of failure in sourcing of these key raw materials, Yara aims for long-term relationships with a wide network of suppliers, continuously aiming to optimize the company's phosphate balance. Yara currently evaluates several options for increasing the company's degree of self-sufficiency in specialty P and K through vertical integration.

Strategic risks	Factor	Mitigation
Regulatory framework on production/ application of nitrogen fertilizer	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.	Yara is having continuous discussions and participate on various arenas for providing a thorough review of 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 is also having continuous discussions with the EU on the future CO_2 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.
Investments and integration	Yara has an ambition to grow profitably, both organically and through step growth initiatives. The profitability of future growth initiatives relies on long-term price assumptions and future operational performance. Integration of new companies poses a risk of not being able to capture operational and financial synergies.	Yara has a well-defined capital value process for project identification, feasibility and verification at specific decision gates. A comprehensive, annual Strategy Development Process has been created. This includes key knowledge updates, such as energy and global pricing, as well as strategic assessments of specific opportunities or concerns. The integration of new businesses is managed and monitored based on accumulated learning from several large, successful business integrations completed during recent years.
Political risk	Our investments and operations may be affected as a result of changes in political leadership, policies and regulations as well as political and social instability in a country or a region. Such changes could represent threats as well as opportunities for Yara.	Country and currency credit limits are defined, to ensure that the company's exposure is controlled. These measures are also used to assess the risk profile of new projects, as part of the capital expenditure approval process.

Operational risks

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

Operational risks	Factor	Mitigation
Production reliability	Production unreliability and irregularities may result in lost volumes and contribution. Increased plant reliability, however, is a key driver of organic growth in our production system.	We actively seek to increase plant reliability and minimize irregularities prioritized basen on plant profitability by developing and implementing company-wide technical and operational standards along with best practices for maintenance and turnarounds, and through continuous investments in process safety. Specific critical equipment design and operations are given special attention. Employees undergo extensive training and risk awareness programs, and process safety and efficiency are subject to frequent and regular audits. Yara's company-wide Improvement Program will significantly improve cost and operational efficiency by 2020.
Human capital	Yara's ability to compete effectively and meet market demands depends heavily on the competence, experience and performance of its employees. Qualified, diverse and skilled staff is essential for Yara's business to be successful.	Yara's People and organization framework focuses on mitigating the risks through; Deliver; ▪ Building insights through analytics and services ▪ Providing effective and efficient HR services & processes across Yara Acquire; ▪ Brand, attract, recruit and retain talent ▪ Drive talent management for existing and future needs ▪ Drive diversity for future success Develop; ▪ Foster a learning organization to improve our leadership and competence development at all levels ▪ We facilitate mobility and thereby individual and organizational development through cross segment/staff functions moves Empower; ▪ Foster Performance Management and drive a high performance culture ▪ We involve and engage our employees and give them the power to act ▪ We embrace our values and secure open and transparent dialogues

Operational risks	Factor	Mitigation
Supply chain	We face internal and external risks, in the Production, Industrial and Crop Nutrition part of the supply chain. Bottlenecks and inefficiencies in the planning, procurement, transport, handling or delivery of products may affect our ability to honor our commitments and could negatively impact our performance.	Internal supply chain risks are within our direct control and provide better opportunities for mitigation than external. Contingency plans to meet unexpected events are in place. A new company-wide supply chain model is established, which provides streamlined processes and systems to strengthen our competitive edge.
Cyber Risk / Information Security; Production Environment	Unauthorized remote access to digital industrial control systems may have potential impact that reaches from an undesired plant shutdown, up to critical conditions causing significant HESQ, financial and reputational damage.	Mitigating the risk of cyber-incidents in the physical product manufacturing & handling, the Production segment in cooperation with Yara IT maintain countermeasure governance and drive cyber-security implementation and maintenance. The Supply Chain segment has started to implement a version of the mitigating approach implemented earlier in the Production segment
Cyber Risk / Information Security; Office Environment	Unauthorized access to confidential or strictly confidential data, unintended changes and/or unavailability of business critical data can negatively impact our internal processes as well as lead to severe financial and reputational damage.	Yara IT is continuously working with all information and application owners across Yara to identify and clarify business requirements for confidentiality, integrity and availability of our system- and information assets, including our handling of personal data. These requirements will also be reflected in the ongoing sourcing process with our main vendors (End user services and Hosting), to make sure that the contracted security services are relevant and aligned to business requirements.

Financial risks

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

Financial risks	Factor	Mitigation
Financing risk	Refinancing of maturing loans or establishment of new financing may be difficult or costly to arrange. Adverse financial market conditions could lead to higher funding costs and postponement of projects.	Yara's strategy for mitigating financing risk is to maintain a solid financial position with a strong credit rating. This is achieved by flexibility in capital expenditures. Yara reduces the refinancing risk by basing its long-term funding on a variety of sources to avoid dependency on individual markets; and by timing the maturity dates of large facilities to avoid them falling due at the same time. Committed liquidity reserves are maintained to meet unforeseen costs. Yara has access to sufficient funding and borrowing facilities to meet currently foreseeable requirements, combined with a cash position that covers short-term needs.
Credit risk	Credit risk represents exposure to potential losses deriving from nonperformance of counterparties.	Credit risk is monitored and managed by the business units and expert organizations on the basis of standard Yara policy, procedures and regular reporting. Yara has a well-established system for credit management, with defined exposure limits at customer, financial institution and country level. A number of instruments, such as credit insurance, letters of credit and bank guarantees, are deployed to mitigate credit risk. Yara's geographically diversified portfolio reduces the overall credit risk of the group.

Financial risks	Factor	Mitigation
Currency risk	As the fertilizer business is essentially a US dollar business, prices of Yara's most important products and raw materials are either directly denominated or determined in US dollars. In markets outside the USA, local prices will generally adjust to fluctuations in the US dollar exchange rate, with a certain time lag.	Yara keeps a major part of its debt in US dollars in order to reduce overall economic currency exposure. Yara also utilizes derivative instruments to manage foreign currency exchange rate risks. A well-established system for currency risk management is in place, with defined currency exposure limits and standardized exposure measurement tools. Yara's geographically diversified portfolio reduces the company's overall currency risk.
Interest rate risk	Interest rates on different currencies vary dependent on the economy and political actions, which will influence Yara's funding cost over time. However, the overall exposure of our business to interest rate fluctuations is considered low.	Interest rate risk is managed on an assessment of the financial markets and macroeconomic development, in relation to the expected impact an interest change will have on Yara's financial performance. As a risk mitigation measure, Yara keeps part of the long-term debt portfolio in fixed interest rate agreements. Yara also utilizes derivative instruments to manage interest rate risks.

HESQ risks

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

HESQ risks	Factor	Mitigation
Health and safety	Yara's production sites are large industrial plants, and many of Yara's raw materials, intermediates and products are classified as substances dangerous to the health. Such a working environment contains various potential occupational health and safety risks to employees and contractors working on site. While Yara's raw materials are often dangerous chemicals, the final fertilizers typically are not classified as hazardous, and the occupational health and safety risk at the use phase is minor.	Yara has a strict requirement on reporting of incidents, accidents and injuries, and works continuously to improve safety practices and safety culture by systematically enforcing strict operating procedures and developing employee and contractor competence. Yara's ambition is zero injuries and the company continues to set challenging KPI targets for occupational safety. Focus is based on actions that will further develop the safety culture in Yara with the aim to reduce exposure through greater responsibility for self and others. Our Safe by Choice is the umbrella for all safety activities with the aim to develop strong safety leadership, to drive operational discipline, and to train and encourage staff to always act and react in accordance with our safety standards. The competence and the discipline of each employee to follow our safety standards promote risk awareness at work and in private life. Yara's production sites are covered by environmental permits and they operate in accordance with strict procedures and management controls to prevent major process safety related accidents.
Personnel security risk	Yara's global activity may be exposed to threats from; criminals, terrorists, activists, local population, competitors and States which could harm our operations and activity, and pose security risks to our personnel, the environment we work in, our assets and our reputation.	We continuously assess and manage regional and local threats to our personnel. Yara's Head of Security is in charge of developing and maintaining corporate guidelines on security, and a method for assessing security risks, in addition to initiating appropriate mitigation actions in response to potential threats.

HESQ risks	Factor	Mitigation
Natural disasters	Yara's production and logistics operations could be directly or indirectly affected by natural disasters.	We have implemented specific precautionary measures for operations located in areas more likely to be affected by extreme weather conditions and natural disasters. Significant efforts are also put into crisis management training and scenario planning, to minimize potential threats to security, health and operational assets.

Compliance risks

We are committed to upholding high standards for ethical conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for unethical behavior and violation of our Code of Conduct.

Compliance risks	Factor	Mitigation
Anti-corruption risk	We have zero tolerance for corruption and unethical behavior of all employees, vendors, service providers, agents and other intermediaries.	Our zero tolerance stance on anti-corruption has been systematically implemented and communicated throughout our organization and to business partners. Yara's Ethics and Compliance Department coordinates and oversees the company's ethics and compliance work, including policy development, training, advisory services, internal investigations and reporting. An Integrity Due Diligence process is defined to map risks related to business partners on various topics, including Corruption, Human Rights and Labor Rights. Our, whistleblowing channels allows employees, consultants and third parties to raise concerns anonymously.
Ethics risk	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.	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.

Financial Review

Financial performance

Yara delivered weaker results in 2016. Net income after non-controlling interests was NOK 6,360 million, representing a 21% decrease from 2015. Corresponding earnings per share were NOK 23.25 compared with NOK 29.38 in 2015. EBITDA excluding special items was NOK 14,449 million, 24% lower than in 2015. The lower results reflect lower fertilizer prices. The Yara Improvement Program delivered NOK 215 million of EBITDA improvements in 2016, explained mainly by procurement savings.

Financial highlights

NOK millions, except where indicated otherwise	2016	2015	2014	2013	2012
Revenue and other income	97,170	111,897	95,343	85,092	84,509
Operating income	8,771	14,104	10,305	8,074	11,159
Share net income equity-accounted investees	(348)	(310)	786	1,076	1,964
EBITDA	15,563	21,361	16,407	13,399	16,970
EBITDA excl. special items	14,449	18,920	16,544	13,834	16,850
Net income after non-controlling interests	6,360	8,083	7,625	5,759	10,552
Earnings per share [1]	23.25	29.38	27.59	20.67	37.31
Earnings per share excl.currency [1]	22.82	36.07	29.33	23.20	35.85
Earnings per share excl.currency and special items [1]	20.70	31.48	30.66	24.95	35.34
Average number of shares outstanding (millions)	273.50	275.11	276.39	278.65	282.82
CROGI (12-month rolling average)	9.5%	14.0%	13.3%	12.6%	17.3%
ROCE (12-month rolling average)	7.5 %	12.9 %	13.3 %	12.6 %	19.3 %

1) NOK per share. Yara currently has no share-based compensation programs that result in a dilutive effect on earnings per share.

Key statistics

Average prices	2016	2015	2014	2013	2012
Urea prilled (fob Black Sea)	199	272	318	341	407
CAN (cif Germany)	199	270	329	315	337
Ammonia (fob Black Sea)	236	387	496	477	545
DAP (fob US Gulf)	347	459	473	443	536
Phosphate rock (fob Morocco)	111	124	118	143	182
European gas (Zeebrugge)	4.5	6.4	8.1	10.6	9.4
US gas (Henry Hub)	2.5	2.6	4.4	3.7	2.8
Yara's gas & oil cost (weighted average) [1]	4.1	5.5	6.9	8.0	8.0
Yara's European gas & oil cost (weighted average) [1]	5.0	7.1	9.1	11.4	11.0
USD/NOK currency rate	8.40	8.06	6.30	5.87	5.81
Production (Thousand tonnes) [1]					
Ammonia	7,504	7,035	7,096	7,360	7,035
Finished fertilizer and industrial products, excl. bulk blends	19,497	19,224	18,827	18,649	17,521
Total	27,001	26,259	25,924	26,009	24,555
Sales (Thousand tonnes)					
Ammonia Trade	2,043	2,103	2,041	2,203	2,566
Fertilizer	27,249	26,544	26,317	23,668	20,748
Industrial products [2]	6,892	7,030	6,593	6,255	6,008
Total	36,184	35,676	34,951	32,127	29,322

1) Including Yara share of production in equity-accounted investees.

2) Including feed phosphates and CO_2 as from 2014 reporting. 2012 and 2013 figures have been restated accordingly.

Variance analysis

NOK millions	2016
EBITDA 2016	15,563
EBITDA 2015	21,361
Variance EBITDA	(5,797)
Volume	1,041
Price/Margin	(9,829)
Energy costs	3,543
Special items	(1,327)
Currency translation	1,203
Other	(428)
Total variance explained	(5,797)

Volume development

Total deliveries of Yara-produced fertilizer including blends increased 8% compared to 2015, mainly driven by higher deliveries in Brazil.

In Europe, deliveries were in line with 2015 but Yara-produced products were 2% higher than a year earlier.

Yara's Brazil deliveries were 14% higher than a year ago, in line with the total market growth. Around half of the increase in Yara deliveries came from premium products.

Adjusted for the divestment of the CO_2 business in second quarter 2016, Industrial deliveries were up 6% compared with 2015 mainly driven by higher deliveries of AdBlue and TAN.

Ammonia production was up 7% while finished fertilizer production increased by 1% compared with 2015, setting annual production records for ammonia, urea and nitrates. Adjusted for portfolio changes, production was up 5% and 3%, respectively, with urea, nitrates and SSP-based fertilizer representing the main increases within finished fertilizer. For both ammonia and finished fertilizers the improvement resulted from less turnaround activity and improved reliability.

Margin development

Margins were significantly lower compared with 2015, due to both lower commodity upgrading margins and lower premiums for nitrates and NPKs. Industrial margins were up compared with 2015, but with a mixed picture for the different product groups.

Yara's average realized urea and nitrate fertilizer prices decreased around 25% while compound NPK prices decreased around 10% compared to 2015. Yara's average European gas cost was 30% lower than in 2015 on a USD per MMBtu basis, while Yara's average gas costs outside Europe decreased 19%, reflecting ammonia-linked gas contracts for Yara's ammonia assets on Trinidad. Total full year impact of lower energy costs offset only around one third of the negative price effects during 2016.

Other items

Special items for 2016 were a net positive NOK 1,115 million, mainly reflecting the NOK 1,552 million gain from divesting the European CO_2 business in the second quarter. Net special items in 2015 were a positive NOK 2,441 million reflecting the gain from divesting GrowHow UK partially offset by the write-down of the Lifeco asset.

The US dollar appreciated 4% versus Norwegian krone compared with 2015, explaining the majority of the NOK 1,203 million positive currency translation effect in Yara's results.

The "Other" variance mainly reflects higher fixed costs compared with a year ago, reflecting growth-related activities.

Financial Items

Yara bases its long-term funding on diversified sources of capital to avoid dependency on individual markets. As the fertilizer business is essentially a US dollar business, with both revenues and raw material costs denominated or determined in US dollars, Yara keeps a major part of its debt in US dollars in order to reduce overall currency exposure. At year-end 2016, 92% of Yara's long-term debt was US dollar denominated or US dollar exposed through currency derivatives. USD 1,000 million of Yara's long-term debt carried fixed interest rate at an average interest cost of 6.1%. Net financial expense in 2016 was NOK 61 million compared with NOK 3,150 million previous year. The variance is primarily explained by a foreign currency translation gain of NOK 115 million in 2016 compared with a loss of NOK 2,463 million in 2015.

Interest expense was NOK 185 million lower than a year earlier as the effect of an average gross debt level around NOK 1,700 million higher was more than offset by an increase in capitalized interest related to expansion projects.

Tax

2016 current and deferred taxes were NOK 2,041 million, representing approximately 24% of income before tax.

Net interest-bearing debt

As a supplement to the consolidated statement of cash flows, the table below highlights the key factors behind the development in net interest-bearing debt. At the end of 2016, net interest-bearing debt was NOK 12,802 million, NOK 934 million higher compared to year-end 2015. Cash earnings, release of working capital and the sale of the CO_2 business were offset by payment of dividends and investments.

Investment activity level was high in 2016, reflecting both planned maintenance and productivity investments as well as growth projects.

Net operating capital at the end of 2016 was NOK 15,705 million, a decrease of NOK 4,133 million from 31 December 2015. The decrease was due to lower values of inventory and receivables.

Dividends and cash received from equity-accounted investees were NOK 358 million, down from NOK 807 million in 2015. Foreign currency translation effects include currency impact from appreciation of the US dollar towards the Norwegian krone.

Yara's Annual General Meeting approved a dividend for 2015 of NOK 15.00 per share, giving a total dividend of NOK 4,108 million payable in 2016. Share buybacks and redemption of shares amounted to NOK 346 million in 2016. 53% of 2015 net income after non-controlling interests was returned to Yara's shareholders as dividends and share buybacks.

The debt/equity ratio at the end of 2016, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.17 compared to 0.16 at the end of 2015.

Net income from equity-accounted investees

NOK millions	2016	2015	2014	2013	2012
Qafco	(459)	544	678	960	1,368
GrowHow UK Ltd	-	136	232	143	437
Lifeco	(10)	(1,091)	(189)	(58)	(196)
Tringen [1]	-	-	-	-	250
Other [1]	121	102	64	31	104
Total	(348)	(309)	786	1,076	1,964

1) Tringen and Pilbara Nitrates are from 2014 classified as "Joint operations" in line with IFRS 11, and is not any longer included as equity-accounted investee. 2013 figures have been restated accordingly.

Financial items

NOK millions	2016	2015	2014	2013	2012
Interest income from customers	529	444	314	182	124
Interest income, other	161	135	170	225	266
Dividends and net gain/(loss) on securities	36	26	66	7	14
Interest income and other financial income	725	605	550	414	404
Interest expense	(713)	(898)	(756)	(724)	(762)
Net interest expense on net pension liability	(66)	(82)	(69)	(87)	(64)
Net foreign currency translation gain/(loss)	115	(2,463)	(698)	(949)	596
Other	(122)	(312)	(84)	(92)	(115)
Interest expense and foreign currency translation gain/(loss)	(786)	(3,754)	(1,606)	(1,852)	(344)
Net financial income/(expense)	(61)	(3,150)	(1,056)	(1,439)	60

Net interest-bearing debt

NOK millions	2016
Net interest-bearing debt at beginning of period	(11,868)
Cash earnings [1)]	10,437
Dividends received from equity-accounted investees	358
Net operating capital change	3,945
Investments (net)	(13,450)
Sale of CO_2 business	2,846
Share buy-back/redemption of shares	(346)
Yara dividend	(4,108)
Foreign currency translation gain/(loss)	115
Other [2)]	(731)
of which foreign currency translation adjustment	(769)
Net interest-bearing debt at end of period	(12,802)

1) Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.
2) The currency effect included in «Other» is an adjustment from the currency gain/loss in the income statement to the currency impact on net interest bearing debt. The adjustment is mainly explained by applied hedge accounting for net investments in USD, the translation effect when consolidating net interest-bearing debt to the presentation currency NOK and internal currency positions that are not related to net interest-bearing debt.

Definitions and variance analysis

Several of Yara's purchase and sales contracts for commodities are, or have embedded terms and conditions which under IFRS are, accounted for as derivatives. The derivative elements of these contracts are presented under "Commodity-based derivatives gain/ (loss)" in the condensed consolidated interim statement of income, and are referenced in the variance analysis (see below) as "Special items".

In the segment information, "other and eliminations" consists mainly of cross-segment eliminations, in addition to Yara's headquarter costs. Profits on sales from Production to Crop Nutrition and Industrial are not recognized in the consolidated Yara condensed consolidated interim statement of income before the products are sold to external customers. These internal profits are eliminated in "Other and eliminations". Changes in "Other and eliminations" EBITDA therefore usually reflect changes in Production-sourced stock (volumes) held by Crop Nutrition and Industrial, but can also be affected by changes in Production margins on products sold to Crop Nutrition and Industrial, as transfer prices move in line with arms-length market prices. With all other variables held constant, higher stocks would result in a higher (negative) elimination effect in Yara's results, as would higher Production margins. Over time these effects tend to even out, to the extent that stock levels and margins normalize.

In the discussion of historical operating results, Yara refers to certain non-GAAP financial measures including operating income, EBITDA and CROGI. Yara's management makes regular use of these measures to evaluate the performance, both in absolute terms and comparatively from period to period. Yara manages long-term debt and taxes on a group basis. Therefore, net income is discussed only for the Group as a whole.

Operating income include all activities which normally are to be considered as "operating", Share of net income in equity-accounted investees is however not included.

EBITDA is presented because Yara believe that it is frequently used by securities analysts, investors and other interested parties as a measure of a company's operating performance and debt servicing ability. It assists in comparing performance on a consistent basis without regard to depreciation and amortization, which can vary significantly depending on accounting methods or non-operating factors, and provides a more complete and comprehensive analysis of our operating performance relative to other companies. EBITDA, as defined by Yara, includes operating income, interest income, other financial income and share of net income in equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies. EBITDA should not be considered as an alternative to operating income and income before tax as an indicator of the company's operations in accordance with generally accepted accounting principles. Nor is EBITDA an alternative to cash flow from operating activities in accordance with generally accepted accounting principles.

Yara management uses CROGI (Cash Return On Gross Investment) to measure financial performance of Yara's segments as well as the whole of the business. CROGI is defined as gross cash flow, divided by average gross investment and is calculated on a 12-month rolling basis. "Gross cash flow" is defined as EBITDA less total tax expense, excluding tax on net foreign currency translation gain/ loss. On Yara level, actual tax expense is used for the calculation while a standardized tax rate of 25% is used on segment level. "Gross Investment" is defined as total assets (exclusive of deferred tax assets, cash and cash equivalents, other liquid assets and fair value adjustment recognized in equity) plus accumulated depreciation and amortization, less all short-term interest-free liabilities, except deferred tax liabilities. On segment level, cash and other liquid assets are not excluded from "Gross Investment".

ROCE (Return on capital employed) is presented as an additional performance measure to CROGI to simplify benchmarking with other companies. ROCE is defined as EBIT minus tax (less tax on net foreign currency translation gain/loss) divided by average capital employed and is calculated on a 12-month rolling average basis. Capital employed is defined as total assets adjusted for cash and cash equivalents, other liquid assets, deferred tax assets, fair value adjustment recognized in equity minus other current liabilities.

In order to track underlying business developments from period to period, Yara's management also uses a variance analysis methodology, developed within the Company ("Variance Analysis"), that involves the extraction of financial information from the accounting system, as well as statistical and other data from internal management information systems. Management considers the estimates produced by the Variance Analysis, and the identification of trends based on such analysis, sufficiently precise to provide useful data to monitor our business. However, these estimates should be understood to be less than an exact quantification of the changes and trends indicated by such analysis.

The variance analysis presented in Yara quarterly and annual financial reports is prepared on a Yara EBITDA basis including net income from equity-accounted investees. The volume, margin and other variances presented therefore include effects generated by performance in equity-accounted investees.

Yara defines "special items" as material items in the results which are not regarded as part of underlying business performance for the period. These comprise restructuring-related items, contract derivatives, impairments and other items which are not primarily related to the period in which they are recognized, subject to a minimum value of NOK 30 million per item within a 12month period. "Contract derivatives" are commodity-based "Contract derivatives" are commodity-based derivatives gains or losses (see above) which are not the result of active exposure or position management by Yara. Net interest bearing debt is defined by Yara as cash and cash equivalents and other liquid assets, reduced for bank loans, other short-term interest bearing debt and long-term interest bearing debt, including current portion.

The debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests.

Earnings per share excluding currency and special items represent net income after non-controlling interests, excluding foreign currency translation gain/loss and special items after tax, divided by average number of shares outstanding in the period.

Reconciliations of alternative performance measures are provided on page 163.

Special items

	EBITDA effect		Operating income effect	
NOK millions	2016	2015	2016	2015
OFD integration costs	-	(101)	-	(101)
Termination of distribution agreements	-	(154)	-	(154)
Asset impairment	-	-	-	(80)
Total Crop Nutrition	-	(255)	-	(336)
Gain on sale of CO_2 business	1,332	-	1,332	-
Total Industrial	1,332	-	1,332	-
Asset impairment write-down	-	-	(477)	(1,368)
Contract derivatives	58	221	58	221
Gain on swap of mineral rights	44	-	44	-
Gain on sale of CO_2 business	220	-	220	-
Sale of GrowHow UK	-	3,199	-	3,199
Costs related to flooding Ravenna plant	-	(39)	-	(39)
Impairment Lifeco Plant	-	(929)	-	(36)
Tertre insurance settlement	-	55	-	55
Sale of energy efficiency certificates in Italy	-	189	-	189
Environmental provisions	(130)	-	(130)	-
Qafco items	(350)	-	-	-
Total Production	(158)	2,696	(285)	2,220
Legal settlements	(60)	-	(60)	-
Total Other	(60)	-	(60)	-
Total Yara	1,114	2,441	988	1,884

Production volumes [1)]

Thousand tonnes	2016	2015	2014	2013	2012
Ammonia	7,504	7,035	7,096	7,360	7,035
of which equity-accounted investees	1033	1280	1410	1488	1278
Urea	5,167	4,762	4,790	4,841	4,121
of which equity-accounted investees	1,536	1,593	1,440	1,616	1,142
Nitrate	6,044	5,997	6,252	6,224	6,217
of which equity-accounted investees	-	199	389	361	375
NPK	4,578	4,850	4,755	4,646	4,490
of which equity-accounted investees	-	83	216	181	257
CN	1,379	1,477	1,287	1,199	1,253
UAN	909	925	934	1,081	953
SSP-based fertilizer	1,419	1,212	810	659	486
Total production [1)]	27,001	26,259	25,924	26,009	24,555

1) Including Yara share of production in equity-accounted investees. Tringen is from 2014 classified as "Joint operations" in line with IFRS 11, and is not any longer included as equity-accounted investee. 2010 to 2013 figures have been restated accordingly.

Purchase of raw materials

Thousand tonnes	2016	2015	2014	2013	2012
Phosphate rock (in 70 BPL equivalents)	969	997	1,040	1,059	972
Potassium (in MOP equivalents)	3,418	3,303	3,218	2,039	1,801

For a description of the key global fertilizer products, see the Yara Fertilizer Industry Handbook:
http://www.yara.com/investor relations/report presentations/index.aspx

Total deliveries

Thousand tonnes	2016	2015	2014	2013	2012
Ammonia	2,773	2,859	2,859	3,050	3398
of which industrial products [1)]	669	699	715	669	683
Urea	6,699	6,692	6,908	6,741	5994
of which fertilizer	4,674	4,852	5,298	5,494	4699
of which Yara-produced fertilizer	2,117	1,755	1,997	1,923	2070
of which Yara-produced industrial products [2)]	1,521	1,433	1,241	1,123	1046
of which equity-accounted investees	1,796	2,153	2,471	3,100	1975
Nitrate	6,455	6,247	6,249	6,489	6383
of which fertilizer	5,691	5,594	5,542	5,699	5543
of which Yara-produced fertilizer	5,334	5,112	5,100	5,243	5144
of which Yara-produced industrial products	629	489	570	649	710
NPK	10,404	9,486	9,925	8,183	6605
of which Yara-produced compounds	5,043	4,479	4,386	4,391	4233
of which Yara-produced blends	5,083	4,600	5,139	3,546	2004
CN	1,502	1,396	1,380	1,323	1271
of which fertilizer	1,132	1,038	1,002	987	898
of which Yara-produced fertilizer	1,114	1,021	975	971	862
of which Yara-produced industrial products	355	326	349	309	344
UAN	1,356	1,295	1,332	1,290	1222
of which Yara-produced fertilizer	1,115	1,043	1,200	1,196	1165
SSP	954	961	314	181	92
of which Yara-produced fertilizer	826	832	105	85	58
DAP/MAP	832	888	777	377	483
MOP/SOP	1,253	1,222	989	596	309
Other products	3,065	3,479	4,533	4,079	3656
of which industrial products [3)]	891	1,151	3,184	3,214	2817
Total deliveries [3)]	36,184	35,676	34,951	32,127	29322

1) 82% ammonia equivalents.
2) 46% urea equivalents.
3) Including feed phosphates and CO_2 as from 2014 reporting. 2010 to 2013 figures have been restated accordingly.

Fertilizer deliveries by regions

Thousand tonnes	2016	2015	2014	2013	2012
Europe	9,418	9,381	9,755	10,199	9,706
Brazil	9,213	8,403	8,302	5,840	3,688
Latin America	2,217	2,208	9,864	6,900	4,720
North America	3,106	3,007	3,320	3,265	3,038
Asia	2,080	2,125	2,011	2,279	2,124
Africa	1,217	1,420	1,368	1,026	1,160
Total	27,249	26,544	26,317	23,668	20,748

The Yara share

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

We are committed to serving all our shareholders and potential investors by providing consistent, open and prompt disclosure of relevant information. Our policy is equal treatment of all stakeholders, including analysts, banks, institutional investors and private shareholders. All information that may be important and relevant for Norwegian and international markets is provided in the form of releases to the Oslo Stock Exchange (OSE), media and financial newswires. Yara presents quarterly results as live webcasts and at its headquarters at Drammensveien 131 in Oslo, Norway. In addition, Yara holds regular meetings with investors both in Europe and overseas.

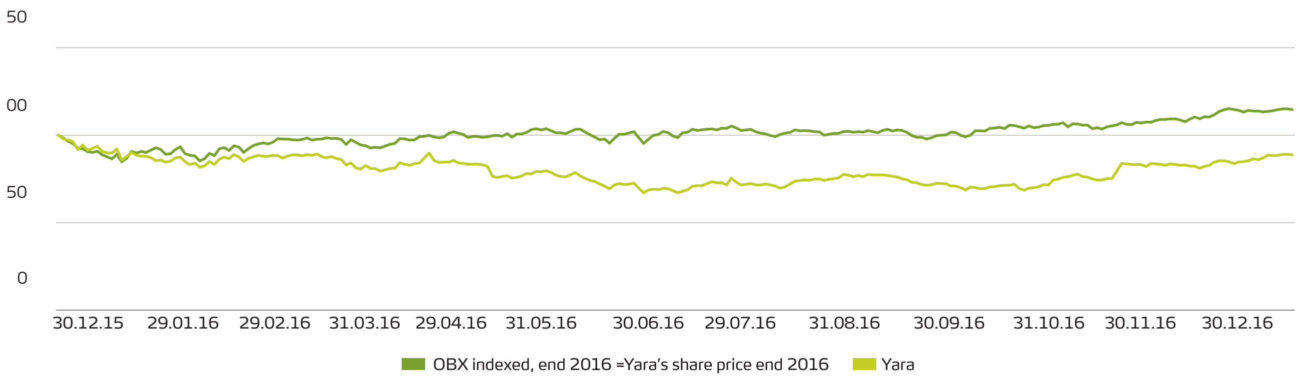
Share performance and distribution

In 2016 a total of 594 million Yara shares were traded, of which 173 million were traded on the OSE at a value of NOK 53 billion, making Yara the sixth most traded company on the OSE. The average daily trading volume for Yara shares on the OSE during 2016 was 684,750.

The highest closing price during the year was NOK 374.8 and the lowest was NOK 257.10. The year-end closing price was NOK 340, representing an 11% decrease from the 2015 year-end closing price. Yara's market value as of 31 December 2016 was NOK 92.9 billion, making Yara the fourth-largest company quoted on the Oslo Stock Exchange.

At year-end 2016 Yara had 33,129 shareholders. Non-Norwegian investors owned 45.4% of the total stock, of which 19.8% was from the United States and 7.4% from the United Kingdom. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 36.21% of the shares. Norwegian private ownership of Yara shares was 18.4% at the end of 2016.

Yara share & OBX performance



Common share data

	Q1	Q2	Q3	Q4	2016	2015
Basic earnings per share	10.22	11.23	3.00	(1.22)	23.25	29.38
Average number of shares outstanding 1)	274,053,369	273,514,770	273,217,830	273,217,830	273,499,403	275,114,375
Period end number of shares outstanding 1)	273,893,369	273,217,830	273,217,830	273,217,830	273,217,830	274,173,369
Average daily trading volume 2)	719,974	782,342	554,547	690,907	684,750	712,835
Average closing share price	337	300	279	305	305	391
Closing share price (end of period)	311	264	266	340	340	383
Closing share price high	375	344	297	341	383	443
Market capitalization (end of period NOK billion)	85.4	72.1	72.6	92.9	92.9	105.3
Dividend per share					10.00 3)	15.00

1) Excluding own shares.
2) Only trades on OSE.
3) Proposed.

ADR performance and voting rights

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

On 31 December 2016, the ADR was quoted at USD 39.28, an 8% decrease for the year. To find a recent price quote for Yara ADRs please go to www.adr.com. The ticker symbol is YARIY.

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

Cash distribution policy

Yara's objective is to pay out an average 40–45% of net income in the form of dividends and share buybacks. Within this objective, a minimum 30% of net income is to be paid in the form of dividends, while share buybacks make up the balance and are deployed with greater flexibility. The dividend pertaining to a fiscal year will be declared at Yara's Annual General Meeting in the following year.

In 2016 Yara paid out NOK 4,454 million in dividends and share buybacks, representing approximately 53% of net income in 2015. Dividends accounted for NOK 4,108 million, representing 49% of 2015 net income, while share buybacks amounted to NOK 346 million, representing 4% of 2015 net income.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 10 per share for 2016, which represents 43% of net income after non-controlling interests, totaling a payment of NOK2,732 million based on outstanding shares at the date this financial statement was authorized for issue.

The Yara Annual General Meeting on 10 May 2016 authorized Yara's Board to buy back up to 5% of total shares (13,660,891 shares) before the 2017 Yara Annual General Meeting, at a purchase price not less than NOK 10 and not more than NOK 1,000. A precondition for the program was that an agreement was entered into with the Norwegian State where the State committed to sell a proportional share of its holdings to leave the State's ownership (36.21%) unchanged.

Shareholding distribution

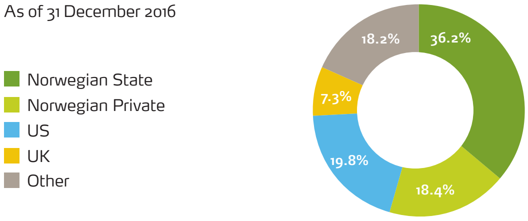
As of 31 December 2016

Ownership structure

No. of shares	No of sharehholders	% of share capital
1-100	19,935	0.25
101-1,000	10,538	1.26
1,001-10,000	1,876	2.09
10,001-100,000	521	6.22
100,001-1,000,000	231	24.65
above 1,000,000	28	65.52

Shareholding distribution

As of 31 December 2016



Shareholding distribution [1)]

As of 31 December 2016

Ownership structure

Name	Holding (%)
Ministry of Trade, Industry and Fisheries	36.2%
Norwegian National Insurance Scheme fund	5.9%
Fidelity Management & Research Company	2.4%
Sprucegrove Investment Management, Ltd.	2.2%
Templeton Investment Counsel, L.L.C.	1.9%
Allianz Global Investors GmbH	1.6%
BlackRock Institutional Trust Company, N.A.	1.6%
Nordea Funds Oy	1.6%
The Vanguard Group, Inc.	1.4%
KLP Forsikring	1.3%
LSV Asset Management	1.2%
SAFE Investment Company Limited	1.2%
Storebrand Kapitalforvaltning AS	1.1%
Polaris Capital Management, LLC	1.0%
State Street Global Advisors (US)	1.0%

1) This shareholder list is delivered by Nasdaq and VPS through their service Nominee ID. The list is made by analyzing information provided by registered shareholders on request from Yara International. Neither Nasdaq nor VPS guarantee that the information is complete. For a list of the largest registered shareholders as of 31 December 2016, see note 13 on page 154 in this annual report.

2016 Annual General Meeting

The Yara Annual General Meeting will take place at 17:00 (CEST) Thursday 11 May 2017, at Yara headquarters in Drammensveien 131, Oslo. Shareholders who wish to attend the Annual General Meeting are asked to inform Yara's registrar by 12:00 CEST on Wednesday 10 May 2017.

Shareholders may also register electronically on the Yara webpage www.yara.com/register or at the Norwegian Central Securities Depository investor services site at www.vps.no.

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

Analyst coverage

32 financial analysts provide market updates and estimates for Yara's financial results, of whom 22 are located outside Norway.

Rating

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

Change of address

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

Registrar information

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

Share facts

Symbol: YAR
Listing: Oslo Stock Exchange (OSE)

Yara's registrar in Norway
DNB ASA
Verdipapirservice
Dronning Eufemias gate 30
N-0021 Oslo
Phone: +47 23 26 80 21
Fax: +47 22 48 11 71
www.dnb.no

Yara's ADR depositary bank
JPMorgan is the depositary bank for Yara ADRs:
JPMorgan Chase Bank N.A.
1 Chase Manhattan Plaza, Floor 21
New York
NY 10005
USA
Phone (US): 800-990-1135
Phone (outside US): +1 651-453-2128
E-mail: jpmorgan.adr@wellsfargo.com
www.adr.com

2016 Dividend schedule

Ex-dividend date	12 May 2017
Payment date	23 May 2017

2017 Release dates

First quarter	26 April 2017
Second quarter	18 July 2017
Third quarter	19 October 2017
Fourth quarter	08 February 2018

Outlook, risks and opportunities

Our industry and operations are influenced by global megatrends as well as local and regional developments. We continuously evaluate the risk and opportunity landscape, based both on our own expertise and experience, and external considerations.

In the 2016 Global Risk report from the World Economic Forum (WEF), a number of global risks identified are directly related to our business, including water and food crises, climate change and greater incidence of extreme weather conditions. We see business opportunities arising from these challenges and will continue to address them through our global engagement and development of innovative solutions, including those linked to Climate-Smart Agriculture and Emissions to Air.

Market outlook

Yara serves two major market segments: The agricultural market in which we are the leading supplier of nitrogen-based crop nutrition, and the industrial market where our main offerings are environmental solutions, technical ammonium nitrate and chemicals. Building on our business model and competitive edge, we see significant growth opportunities in both market segments.

Agricultural solutions

Global demand for agricultural products is driven mainly by a growing world population and economic growth. Stronger purchasing power leads to dietary changes and higher consumption of meat, requiring larger quantities of feed grain, which again drives the demand for mineral fertilizers.

In its February 2016 'Agricultural Projections to 2025', the United States Department of Agriculture (USDA) identifies long-term increases in the consumption, trade and prices of agricultural products. An anticipated global economic growth averaging 3.1% annually over the coming decade will support worldwide demand for food. The USDA expects prices for major crops to remain relatively low in the near term, due to global production increases in recent years, then pick up again in the longer term. The food price index of the Food and Agriculture Organization of the United Nations (FAO) for 2016 was on average 1.5% down on 2015, with a 10% drop for cereals The potential for land expansion is limited for cereals, and production growth will mostly be driven by yield increases. Apart from input prices, resource constraints such as land degradation, water scarcity and environmental considerations, also present limitations to production growth. There are both upside and downside risks for the global cereal market, with adverse weather being a major upside risk for cereal prices.

During 2016 the global market for the three main plant nutrients remained supply-driven and production curtailments were needed to balance the market. In coming years the continued need for increased agricultural productivity is expected to drive demand growth, and the prospects for high quality plant nutrition programs are good. The International Fertilizer Industry Association (IFA), in its 2016 assessment 'Fertilizer Outlook 2015/16–2020/21', sees moderate growth in global fertilizer demand towards 2010/21. The highest growth rates are found in Eastern Europe, Asia excluding China, Latin America and Africa – while China's N and P fertilizer demand has plateaued. World fertilizer consumption is expected to reach 199 million tonnes of nutrients in 2020/21 (compared with an estimated 181 million tonnes in 2015/16), of which nitrogen constitutes 117 million tonnes.

The nitrogen (N) market is expected to remain supply driven in the short to medium term, with export costs from China being the main price setter in the global market. The export cost from China is a function of coal prices, high quality anthracite coal in particular, but also natural gas prices, transport costs and trade policy measures. Tighter market conditions in China, as well as increased environmental restrictions, raising Chinese nitrogen pricing above costs, remain an upside risk. Capacity investments outside China, in North America in particular, will reduce dependency on Chinese exports, but substantial quantities will most likely still be required.

In the phosphate (P) market, demand has been negatively affected by relatively low crop prices, resulting in declining phosphate prices. As is the case in the nitrogen market, China is a main swing supplier also for phosphates, and export cost from China is an important factor in setting global prices. But phosphate production is more consolidated than nitrogen, and volume over price strategies by the largest producers are important in this market. The potash (K) market has been affected by similar negative demand factors as phosphates, and global capacity continues to increase. Prices dropped from 2015 to 2016, but stabilized towards the end of the year. Pricing will remain dependent on the production levels of the main producers.

Industrial solutions

Economic growth is also the main driver of demand for Yara's industrial products. Urbanization and a growing middle class drives demand for several chemicals where nitrogen is an important intermediate, as well as technical ammonium nitrate used for civil explosives industry. Increasing focus on clean air drives demand for abatement technology of NO_X and SO_X in the maritime and landbased industry, as well as for reagent for NO_X abatement in the transport, industrial, power and maritime sectors.

The three nitrogen building blocks ammonia, urea and nitric acid, are used for a wide range of applications. Uncertain economic conditions and volatility have influenced business confidence and the operations of our customers in recent years, putting industrial markets under pressure. Nitrogen producers are also facing a projected ammonia and urea capacity increase worldwide. However, Yara's growing geographical footprint, differentiated solutions and broad customer portfolio creates business stability across economic cycles.

Automotive and construction are key drivers for Yara's process chemicals business. In general, process chemicals demand follows GDP developments and, as the global economy gets slowly back on track, the nitrogen based chemical market is expected to improve in the medium term.

The industrial nitrates business with applications in waste water treatment and concrete admixtures expect further market growth as civilization and urbanization lead to an increasing share of the population living in cities looking for better and healthier living circumstances.

Environmental solutions constitute a legislation-driven business that has become a sizable market and is expected to grow in the years to come. The Industrial Emission Directive (IED) in Europe, MATS and CAIR in North America, and China's most recent five-year plans aim to reduce current emission limits and require several new industry segments to comply with NO_X limits. The confirmation in October 2016 by the International Maritime Organization (IMO) to implement a 0.5% Sulphur cap in 2020 will require the maritime sector to seek SO_X abatement measures. Combining NO_X and SO_X abatement technologies with reduction agents and related services, we expect to gain a unique position in the environmental market. Yara continues to have a strong reagent leadership position in Europe. Our ambition is to become a global emission to air abatement company by further enlarging our portfolio of offerings.

Nitrogen fertilizer industry outlook

The nitrogen fertilizer industry is highly competitive, with a large number of producers. Market prices are influenced by several factors, not least the supply situation, which again is closely connected to production capacity and costs.

World capacity additions are expected to come mainly in commodities. The main recent supply additions have come in China, Saudi Arabia and North Africa. In China, coal-based urea capacity is being added. However, China remains a high-cost producer, and is expected to remain the global swing producer in the near future. Several new projects announced are uncertain, on timing and production volume. Even if capacity growth were to exceed consumption growth, the strong dependency on nitrogen export from China will remain.

China, development of energy prices, and cost of capital will remain important drivers for global nitrogen pricing in the longer term. Due to lower natural gas prices in North America, there has been considerable investment in nitrogen capacity in this region. Regions where investments are planned, but where timing and volume are more unclear, are Sub-Saharan Africa, the former Soviet Union, Latin America and Iran.

Company outlook

Yara supplies commodity fertilizer as well as value-added products. World demand for premium products is increasing and we expect this market segment, where we benefit from our crop nutrition knowledge, to grow further. Over the past years value-added products and solutions have constituted an increasing share of Yara's total fertilizer deliveries, now making up more than 50% of the total. Yara's ambition is to further increase the value-added share of total sales, with our portfolio driven towards greater product differentiation and less reliance on commodity swings. Our innovation focus, including activities within the growing fertigation segment, supports this development.

Yara will continue to execute its growth strategy and is well on the way to reaching its medium-term goal of increasing overall sales volumes of own produced fertilizer from the 2010 level of 24.5 million tonnes. Several projects generating organic growth are in the pipeline; others under consideration. In addition to investments of NOK 5–6 billion a year in maintenance and reliability upgrades of our ongoing operations, Yara will continue to seek profitable growth opportunities, backed by a strong financial position. Safety is a top focus in all of our operations, to protect people and facilities from harm and to uphold and improve reliability and profitability.

In 2016 we continued to realize synergies from recent acquisitions, notably in Latin America, and improved global optimization. In addition to Latin America, we see profitable downstream growth opportunities in several markets, particularly in parts of Asia; as well as in Africa in the long term. For environmental solutions, we see sizable global opportunities as stronger policy regulations drive several markets, not least in Asia and the Americas.

Our innovation aims to reinforce our competitive edge, not least with regard to developing solutions to meet existing and emerging global challenges, including resource scarcity, climate change and food security.

Financial statements

Consolidated financial statements

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

Consolidated statement of income

NOK millions, except share information	Notes	2016	2015
Revenue		95,245	108,011
Other income	7	1,867	3,683
Commodity based derivatives gain/(loss)	33	58	203
Revenue and other income	6	97,170	111,897
Raw materials, energy costs and freight expenses		(68,644)	(79,941)
Change in inventories of own production		(962)	874
Payroll and related costs	8	(8,520)	(8,047)
Depreciation, amortization and impairment loss	9	(6,427)	(6,933)
Other operating expenses	8	(3,847)	(3,745)
Operating costs and expenses	6	(88,399)	(97,793)
Operating income	6	8,771	14,104
Share of net income in equity-accounted investees	16, 19	(348)	(310)
Interest income and other financial income	10	725	605
Earnings before interest expense and tax (EBIT)	6	9,149	14,398
Foreign currency translation gain/(loss)	10	115	(2,463)
Interest expense and other financial items	10	(901)	(1,291)
Income before tax		8,363	10,644
Income tax expense	11	(2,041)	(2,209)
Net income		6,322	8,435
Net income attributable to			
Shareholders of the parent	12	6,360	8,083
Non-controlling interests	25	(37)	351
Net income		6,322	8,435
Earnings per share [1]		23.25	29.38
Weighted average number of shares outstanding [2]	12	273,499,403	275,114,375

1) Yara currently has no share-based compensation that results in a dilutive effect on earnings per share.
2)Weighted average number of shares outstanding was reduced in the second, third and fourth quarter 2015 and the first and second quarter 2016 due to the share buyback program.

Consolidated statement of comprehensive income

NOK millions, except share information	Notes	2016	2015
Net income		6,322	8,435
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translating foreign operations	31	(1,320)	6,259
Available-for-sale financial assets - change in fair value	33	(19)	31
Cash flow hedges	32	-	18
Hedge of net investments	32	108	(796)
Share of other comprehensive income of equity-accounted investees, excluding remeasurements	16	45	64
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		(1,186)	5,577
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Remeasurements of the net defined benefit pension liability	26	(760)	577
Remeasurements of the net defined benefit pension liability for equity-accounted investees	16	-	11
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods		(760)	588
Reclassification adjustments of the period:			
- cash flow hedges	32	4	6
- exchange differences on foreign operations disposed of in the year	4	(22)	(341)
Net reclassification adjustment of the period		(18)	(335)
Total other comprehensive income, net of tax		(1,964)	5,830
Total comprehensive income		4,358	14,265
Total comprehensive income attributable to			
Shareholders of the parent		4,194	13,783
Non-controlling interests	25	165	481
Total		4,358	14,265

Consolidated statement of changes in equity

NOK millions	Share Capital [1]	Premium paid-in capital	Translation of foreign operations	Available for sale financial assets	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to shareholders of the parent	Non-controlling interests	Total equity
Balance at 31 December 2014	468	117	9,445	3	(145)	(804)	8,499	54,681	63,765	4,196	67,962
Net income	-	-	-	-	-	-	-	8,083	8,083	351	8,435
Other comprehensive income, net of tax	-	-	5,787	31	24	(796)	5,047	577	5,624	130	5,755
Share of other comprehensive income of equity-accounted investees	-	-	20	-	44	-	64	11	75	-	75
Total other comprehensive income, net of tax	-	-	5,807	31	69	(796)	5,111	588	5,700	130	5,830
Long-term incentive plan	-	-	-	-	-	-	-	(4)	(4)	-	(4)
Transactions with non-controlling interests	-	-	743	-	-	-	743	(325)	418	(2,893)	(2,475)
Treasury shares	(2)	-	-	-	-	-	-	(362)	(364)	-	(364)
Redeemed shares, Norwegian State [2]	(1)	-	-	-	-	-	-	(127)	(127)	-	(127)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	298	298
Dividends distributed	-	-	-	-	-	-	-	(3,581)	(3,581)	(246)	(3,827)
Balance at 31 December 2015	466	117	15,996	34	(76)	(1,600)	14,353	58,954	73,890	1,837	75,727
Net income	-	-	-	-	-	-	-	6,360	6,360	(37)	6,322
Other comprehensive income, net of tax	-	-	(1,544)	(19)	4	108	(1,451)	(760)	(2,211)	202	(2,009)
Share of other comprehensive income of equity-accounted investees	-	-	1	-	44	-	44	-	45	-	45
Total other comprehensive income, net of tax	-	-	(1,543)	(19)	48	108	(1,406)	(760)	(2,166)	202	(1,964)
Long term incentive plan	-	-	-	-	-	-	-	(3)	(3)	-	(3)
Transactions with non-controlling interests	-	-	-	-	-	-	-	1	1	(11)	(10)
Step-up of tax base in Australia [4]	-	-	-	-	-	-	-	814	814	-	814
Treasury shares	-	-	-	-	-	-	-	(93)	(93)	-	(93)
Redeemed shares, Norwegian State [3]	(1)	-	-	-	-	-	-	(251)	(252)	-	(252)
Share capital increase in subsidiary, non-controlling interest	-	-	-	-	-	-	-	-	-	340	340
Dividends distributed	-	-	-	-	-	-	-	(4,106)	(4,106)	(5)	(4,111)
Balance at 31 December 2016	464	117	14,452	14	(28)	(1,492)	12,947	60,916	74,444	2,326	76,770

1) Par value 1.70.
2) As approved by General Meeting 11 May 2015.
3) As approved by General Meeting 10 May 2016.
4) See note 11.

Consolidated statement of financial position

NOK millions	Notes	31 Dec 2016	31 Dec 2015
Assets			
Non-current assets			
Deferred tax assets	11	2,585	2,950
Intangible assets	13	9,183	9,583
Property, plant and equipment	14	59,739	52,424
Equity-accounted investees	16	9,190	9,769
Other non-current assets	18	3,242	2,956
Total non-current assets		83,938	77,681
Current assets			
Inventories	20	17,580	19,948
Trade receivables	21	10,332	12,098
Prepaid expenses and other current assets	22	4,813	4,383
Cash and cash equivalents	23	3,751	3,220
Non-current assets or disposal group classified as held-for-sale	15	92	1,533
Total current assets		36,567	41,182
Total assets		120,505	118,863

Consolidated statement of financial position

NOK millions, except for number of shares	Notes	31 Dec 2016	31 Dec 2015
Equity and liabilities			
Equity			
Share capital reduced for treasury stock	24	464	466
Premium paid-in capital		117	117
Total paid-in capital		582	583
Other reserves		12,947	14,353
Retained earnings		60,916	58,954
Total equity attributable to shareholders of the parent		74,444	73,890
Non-controlling interests	25	2,326	1,837
Total equity		76,770	75,727
Non-current liabilities			
Employee benefits	26	4,071	3,751
Deferred tax liabilities	11	4,396	5,392
Other long-term liabilities		1,404	1,448
Long-term provisions	27	834	773
Long-term interest-bearing debt	28	13,992	9,354
Total non-current liabilities		24,698	20,718
Current liabilities			
Trade and other payables	29	14,762	14,674
Current tax liabilities	11	530	693
Short-term provisions	27	323	325
Other short-term liabilities		859	875
Bank loans and other interest-bearing short-term debt	30	2,323	3,635
Current portion of long-term debt	28	240	2,102
Liability associated with disposal group classified as held-for-sale		-	115
Total current liabilities		19,037	22,418
Total equity and liabilities		120,505	118,863
Number of shares outstanding [1]		273,217,830	274,173,369

1) Number of shares outstanding was reduced in the second, third and fourth quarter 2015 and first and second quarter 2016 due to the share buy-back program.

The Board of Directors of Yara International ASA
Oslo, 23 March 2017

Leif Teksum
Chairperson

Maria Moræus Hanssen
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Geir O. Sundbø
Board member

Geir Isaksen
Board member

Rune Bratteberg
Board member

Kjersti Aass
Board member

Svein Tore Holsether
President and CEO

Consolidated statement of cash flows

NOK millions	Notes	2016	2015
Operating activities			
Operating Income		8,771	14,104
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation, amortization and impairment loss	9	6,427	6,933
Write down inventory and trade receivables		156	265
Tax paid [1]		(2,736)	(3,380)
Dividend from equity-accounted investees	16	358	807
Interest and bank charges received/(paid) [2]		(486)	(681)
(Gain)/loss on disposal and divestments	4	(1,559)	(3,280)
Other		(97)	(60)
Working capital changes that provided/(used) cash			
Trade receivables		1,572	256
Inventories		2,596	(1,520)
Prepaid expenses and other current assets [2]		228	2,131
Trade payables		(379)	(200)
Other interest free liabilities		(767)	(744)
Net cash provided by operating activities		14,084	14,631
Investing activities			
Purchases of property, plant and equipment	14	(12,873)	(9,631)
Net cash outflow on acquisition of subsidiary	5	(480)	(1,406)
Purchases of other long-term investments	13	(286)	(904)
Net sales/(purchases) of short-term investments		-	(132)
Proceeds from sales of property, plant and equipment		62	138
Net cash flow on divested assets	4	2,846	4,794
Proceeds from sales of other long-term investments	3	127	254
Net cash used in investing activities		(10,604)	(6,888)
Financing activities			
Loan proceeds		5,466	19
Principal payments		(4,328)	(1,479)
Purchase of treasury shares		(93)	(364)
Redeemed shares Norwegian State		(252)	(127)
Dividend	24	(4,108)	(3,581)
Transactions with non-controlling interests	25	-	(2,825)
Other cash transfers (to)/from non-controlling interest	25	327	54
Net cash used in financing activities		(2,989)	(8,304)
Foreign currency effects on cash and cash equivalents		39	189
Net increase/(decrease) in cash and cash equivalents		531	(371)
Cash and cash equivalents at 1 January		3,220	3,591
Cash and cash equivalents at 31 December	23	3,751	3,220
Bank deposits not available for the use of other group companies	23	256	436

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by Qafco, but refunded by Yara. Tax paid to Qatar was NOK 301 million in 2016 (NOK 334 million in 2015).
2) Reclassification between interest and bank charges received/(paid) and prepaid expenses and other current assets for 2015 of NOK 641 million.

Accounting policies

General

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Drammensveien 131, Oslo, Norway.

The consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. The principal activities of the Group are described in note 6 Segment information, note 16 Associated companies and joint ventures, and note 17 Joint operations.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union (EU) and effective as of 31 December 2016. Yara also provide additional disclosures in accordance with requirements in the Norwegian Accounting Act.

Basis of preparation

The consolidated financial statements have been prepared under the historical cost convention; modified to include revaluation to fair value of available-for-sale financial assets, derivative financial instruments, contingent consideration and defined benefit plan assets.

The consolidated financial statements are presented in the Norwegian krone (NOK), which is also the functional currency of Yara International ASA. All values are rounded to the nearest million (NOK million), except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more elements of control. Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. Specifically, income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners of Yara International ASA and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra group transactions, balances, income and expenses are eliminated in full on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Profit or losses from transactions with associated companies and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint ventures that is not related to the Group. When a group entity transacts with a joint operation in which a group entity is a joint operator, such as a sale or contribution of assets, the Group is considered to be conducting the transaction with the other parties to the joint operation. Gains and losses resulting from the transaction are recognized in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation. When a group entity enters into a transaction with a joint operation in which it is a joint operator, such as purchase of assets, it does not recognize its share of the gain and losses until it resells those assets to a third party.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control, are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

New and revised standards - adopted

In the current year, the Group has applied the following amendments to IFRSs that are effective for an accounting period beginning after 1 January 2016 and which are relevant for Yara:

- Amendments to IAS 1 Presentation of Financial Statements
  These amendments are part of IASB's Disclosure Initiative and include narrow-focus improvements in the areas of materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, and presentation of items of other comprehensive income (OCI) arising from equity-accounted investments. The amendments clarify rather than significantly change existing IAS 1 requirements.
- Amendments to IFRS 11 Joint Arrangements
  These amendments state that for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations, the relevant principles in IFRS 3 and other relevant standards should be applied.
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
  These amendments clarify that revenue-based methods cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets.
- Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
  These amendments clarify that changing from one disposal through sale or distribution to owners or vice versa would not be considered a new plan of disposal. Rather it is a continuation of the original plan and no interruption of the application of the requirements in IFRS 5.
- Amendments to IFRS 7 Financial Instruments: Disclosures
  An amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. Another amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.

- Amendment to IAS 19 Employee Benefits
  The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

The application of the above amendments has not resulted in any material impact on the financial performance or the financial position of Yara, nor to the disclosures in the Group's consolidated financial statements.

New and revised standards – not yet effective
At the date of authorization of these consolidated financial statements, the following Standards, amendments to Standards, and interpretations applicable to Yara have been issued, but were not yet effective.

Amendments to IAS 7 Statement of Cash Flows (issued 2016)
The amendments require companies to provide information about changes in their financing liabilities to help investors to evaluate changes in liabilities arising from financing activities. The amendments are part of the IASB's Disclosure Initiative—a portfolio of projects aimed at improving the effectiveness of disclosures in financial reports. Yara will implement the amendments from the effective date 1 January 2017. No significant impacts to the consolidated financial statements are expected.

Amendments to IAS 12 Income Taxes (issued 2016)
The amendments clarify the accounting for deferred tax assets for unrealized losses on debt instruments measured at fair value. Yara will implement the amendments from the effective date 1 January 2017. No significant impacts to the consolidated financial statements are expected.

Annual Improvements to IFRS Standards 2014-2016: IFRS 12 Disclosure of Interests in Other Entities (issued 2016)
The amendments clarify the scope of the disclosure requirements in IFRS 12 by specifying that the disclosure requirements in IFRS 12, other than those in paragraphs B10–B16, apply to interests that are classified as held-for-sale or discontinued operations. Yara will implement the amendments from the effective date 1 January 2017. No significant impacts to the consolidated financial statements are expected.

IFRIC Interpretation 22—Foreign Currency Transactions and Advance Consideration (issued 2016)
IFRIC 22 clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Yara will implement it from the effective date 1 January 2018, but does not expect it to have significant impact on the consolidated financial statements.

IFRS 9 Financial Instruments (issued 2014)
IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments; Recognition and measurement, and sets out the requirements for recognizing and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. Yara will implement the Standard from its effective date 1 January 2018.

Classification determines how financial assets and financial liabilities are accounted for in financial statements and, in particular, how they are measured on an ongoing basis. IFRS 9 introduces a logical approach for the classification of financial assets driven by cash flow characteristics and the business model in which an asset is held. This single, principle-based approach reduces the number of categories of financial assets to financial assets measured at amortized cost and financial assets measured at fair value. However, the standard introduces a "fair value through other comprehensive income" measurement category for certain simple debt instruments. Yara will implement these classification changes from the effective date of the standard.

IFRS 9 introduces a new, expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognized, and it lowers the threshold for recognition of full lifetime expected losses. For Yara this change will mainly relate to trade receivables. These are essentially without a significant financing component, and preliminary calculations do not indicate a material transition effect for Yara nor changed amounts of recognized losses in the future. However, impairment losses may be recognized at an earlier stage going forward as a credit event no longer will be necessary for recognizing an impairment loss. Furthermore, the impact of initial application of IFRS 9 will also be affected by the specific business and economic conditions which cannot fully be anticipated prior to the transition date.

IFRS 9 also introduces a reformed model for hedge accounting with enhanced disclosures about risk management activity. The changes represent increased flexibility in hedge accounting as it allows entities to hedge one or more risk components of non-financial contracts. Yara has not yet concluded whether or not to apply these new possibilities, but the effects to the consolidated financial statements are expected to be limited.

IFRS 15 Revenue from contracts with customers (issued 2014)
IFRS 15 will from its effective date 1 January 2018 replace the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction contracts, and the related interpretations when it becomes effective.

The objective of the standard is to establish a new set of principles that shall be applied to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. In order to operationalize these principles, the standard introduces a five step model to be applied;

1. Identify customer contracts
2. Identify performance obligations in the contracts
3. Determine the transaction price
4. Allocate the transaction price
5. Recognize revenue when a performance obligation is satisfied

Yara expects to use the cumulative effect implementation approach and only apply IFRS 15 from the date of initial application 1 January 2018. Please find a description of the nature of Yara's revenue streams in note 6 Segment information.

When selling fertilizer and industrial products, Yara arranges delivery of the goods to the customer's location. The use of incoterms varies between regions, markets and customers. According to the existing guidance under IAS 18, Yara currently does not account for freight provided in the sale of goods as an additional service. Revenue is recognized when the risk and rewards are transferred to the customer, which is normally at the point of final delivery, on the basis that some risks and rewards are retained during shipping. Under IFRS 15, Yara still considers shipping and handling activities that occur before customers take control of the goods to be part of fulfilling the sale of the goods. However, when the Group uses incoterms which transfer the responsibility for the goods to the customer before the freight service is delivered, Yara acknowledges that these freight services under IFRS 15 normally will qualify as distinct services which shall be accounted for as separate performance obligations. This means that Yara must allocate consideration to these freight services based on stand-alone selling prices, and recognize the corresponding revenue over time as the freight service is performed. However, since goods are typically sold ex-warehouse and the majority of deliveries to the customer's location are done within days, the timing effects in the consolidated financial statements are expected to be limited.

In some markets Yara also offers equipment and services to store or handle product. These additional goods and services are provided separately or they are bundled with the sale of product, or with each other. Compared with fertilizer and industrial products, external revenues derived from such sales have historically been very limited. Consequently, the IFRS 15 impact to these revenues is not material at the initial date of applying the standard. However, Yara's farmer-centric approach and strategy to increase its "knowledge margin" are expected to increase such sales going forward. As this will lead to a larger degree of integration of both new and existing Yara deliveries into solutions, representing multiple element transactions with customers, Yara expects to identify an increasing number of additional distinct products and services which qualify as performance obligations which have to be accounted for separately.

Yara must under IFRS 15 disclose more comprehensive information about the company's contracts with customers, including information which enables users of the financial statements to understand the relationship between the disclosure of disaggregated revenue and revenue information that is disclosed for each reportable segment. Furthermore, freight services which qualify as separate performance obligations should be presented as a separate category in the disclosure of revenue information.

IFRS 16 Leases (issued 2016)

IFRS 16 was issued in January 2016 and applies to annual periods beginning after 1 January 2019. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. IFRS 16 will replace IAS 17 Leases and related interpretations from its effective date.

The standard provides a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset has a low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset, and a lease liability representing its obligation to make lease payments.

Yara will implement IFRS 16 from its effective date 1 January 2019, and is currently assessing the effects of implementing the Standard. The expected implementation method and impact on the consolidated financial statements are not yet determined. However, IFRS 16 will have an isolated negative effect on Alternative Performance Measures using total assets as a variable, including return on capital employed (ROCE). On the contrary, a positive impact on EBITDA is expected since the costs will be presented as depreciations and interest expense in the income statement, rather than operating lease expense. For cash return on gross investment (CROGI) there will be a positive effect on gross cash flow, but a negative effect on gross investments. Please see note 36 for more information about the Group's operating and financial lease commitments.

Foreign currency translation

Group companies

The individual financial statements of a subsidiary are prepared in the subsidiary's functional currency. This is normally the currency of the country where the subsidiary is located. In preparing the consolidated financial statements, the financial statements of foreign operations are translated using the exchange rates at year-end for statement of financial position items and monthly average exchange rates for statement of income items. Translation gains and losses, including effects of exchange rate changes on transactions designated as hedges of net foreign investments, are included in other comprehensive income as a separate component. The translation difference derived from each foreign subsidiary, associated company or jointly controlled entity, is reversed through the statement of income as part of the gain or loss arising from the divestment or liquidation of such a foreign operation.

Transactions and balances

In individual companies, transactions in currencies other than the entity's functional currency are recorded at the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All foreign currency translations are recognized in the income statement with the exception of foreign currency translations on foreign currency borrowings that provide a hedge against a net investment in a foreign entity, or monetary items that are regarded as a part of the net investments. These foreign currency translations are recognized as a separate component of other comprehensive income until the disposal of the net investment or settlement of the monetary item. Then they are recognized in the consolidated statement of income. Tax charges and credits attributable to foreign currency translations on those borrowings are also recognized in other comprehensive income.

Foreign exchange hedges

To hedge the Group's currency exposure, Yara enters into currency-based derivative financial instruments. The Group's accounting policies for such contracts are explained below under Financial Instruments.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquire. Acquisition-related costs are recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed, with limited exceptions, are recognized at their fair value.

If the business combination is achieved in stages, the acquisition date fair value of Yara's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

For each business combination, Yara measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Changes in the fair value of a contingent consideration that arise from additional information obtained within one year from the acquisition date about facts and circumstances that existed at the acquisition date, are adjusted retrospectively with corresponding adjustments against goodwill.

Any contingent consideration to be transferred by Yara will be recognized at fair value at the acquisition date. Contingent considerations are classified as assets or liabilities and are measured at fair value with change in fair value recognized either in profit or loss or as a change in other comprehensive income. Contingent consideration not within the scope of IAS 39 is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not re-measured. Subsequent settlement is accounted for within equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items where the accounting is incomplete. Those provisional amounts are adjusted, or additional assets or liabilities are recognized, within the next twelve months from the acquisition date to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units (CGUs) that are expected to benefit from the combination.

CGUs to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. Any impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU, and then to the CGUs other assets on a pro rata basis of the carrying amounts. An impairment loss recognized for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

The Group's accounting policy for goodwill arising on the acquisition of an associate or joint arrangements is described under associated companies and joint arrangements below.

Assets held-for-sale

Non-current assets and disposal groups are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group), and its sale is highly probable. When the sale is highly probable the management is committed to the sale and the sale is expected to be completed within one year.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held-for-sale when the criteria described above are met. The Group discontinues the use of the equity method in relation to the portion that is classified as held-for-sale.

Non-current assets (and disposal groups) classified as held-for-sale are measured at the lower of their carrying amount and fair value less costs to sell.

Fair value measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date. The Group does not hold significant non-financial assets or liabilities that are required to be measured at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the most advantageous market for the asset or liability in the absence of a principal market. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured at the balance sheet date or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent this is available. Where level 1 inputs are not available, the Group may engage external qualified valuation experts to perform the valuation.

Assets and liabilities acquired through business combinations are normally categorized in level 3 of the fair value hierarchy. The Group applies generally accepted valuation techniques for the relevant asset or liability. The discount factor used is entity specific, including various risk factors.

Revenue recognition

Please find a description of the nature of the Group's external revenues in note 6 Segment information.

Sale of goods

Revenue from the sale of products, including products sold in international commodity markets, is recognized when all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold
- The amount of revenue can be measured reliably
- It is probable that the economic benefits associated with the transaction will flow to the Group
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for products provided in the normal course of business, net of discounts and sales related taxes.

Contracts with larger customers often include sales incentives. Volume discounts are the dominant sales incentives used by Yara. Volume discounts are normally triggered when pre-defined volume thresholds are met. The discounts may have prospective or retrospective effect. Volume discounts with retrospective effect are systematically accrued based on discounts expected to be taken. The discounts are then recognized as reduction of revenue based on the best estimate of the amounts potentially due to the customer. If the discount cannot be reliably estimated, revenue is reduced by the maximum potential rebate.

The products are normally sold with standard warranties which provide protection to the customers that the product have the agreed-upon specifications. Consequently, product warranty are limited to quality issues on delivered product. These standard warranties are accounted for using IAS 37 Provisions, contingent Liabilities and Contingent Assets. The Group does not have any other significant obligations for returns or refunds.

In arrangements where Yara acts as an agent, such as commission sales, only the net commission fee is recognized as revenue.

Sale of equipment and services

In some markets the Group deliver equipment and services to store and handle products. To the extent these deliveries represent multiple element arrangements, they are analyzed into the separately identifiable components for revenue recognition. Revenue from sale of equipment is recognized upon delivery to the customer. Revenue from services is recognized by reference to the stage of completion of the contract. Compared to the sale of goods, revenue derived from sale of equipment and services is very limited.

Government grants

Government grants are recognized in the consolidated financial statement when the Group has reasonable assurance that it will comply with conditions attached to them and the grants will be received. Government grants that compensate the Group for expenses are recognized in the statement of income as the expenses are incurred. Government grants that compensate the Group for the cost of an asset are deducted in the carrying amount of the asset, and recognized in the statement of income on a systematic basis over the useful life of the asset as a reduction to depreciation expense.

Dividends received

Dividends from investments are recognized in the statement of income when the Group has a right to receive the dividends.

Interest income

Interest income is recognized in the statement of income as it is accrued, based on the effective interest method.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year.

Deferred tax

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for by using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits, and any unused tax losses, and are recognized to the extent these can be utilized against probable taxable profits. Such assets and liabilities are not recognized if the temporary difference arises from goodwill, or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests, are only recognized to the extent that there is probable that sufficient taxable profits are expected to reverse in the foreseeable future to utilize the benefits of the temporary differences.

Current and deferred tax for the period

Current and deferred tax are recognized as expense or income in the statement of income, except when they relate to items recognized in other comprehensive income. If the tax relate to items recognized in other comprehensive income, the tax is also recognized as other comprehensive income. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of Yara's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Research and development expenditures

Expenditure on research activities is expensed in the period in which it is incurred. An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, an only if, all of the following have been demonstrated;

- The technical feasibility of completing the intangible asset so that it will be available for use or sale
- The intention to complete the intangible asset and use or sell it
- The ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Its ability to measure reliably the expenditure attributable to the intangible asset during its development

Where no internally-generated intangible asset can be recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Exploration and evaluation expenditure

Yara incurs costs related to evaluation and exploration of phosphate and potash mining projects. Expenditures to acquire mineral interests and to carry out activities within pre-feasibility and definitive feasibility studies, are capitalized as exploration and evaluation expenditure within intangible assets until the projects has reached the development phase. If, following evaluation, the exploratory mine has not found proved reserves, the previously capitalized costs are evaluated for de-recognition or tested for impairment.

Capitalized exploration and evaluation expenditures, including expenditures to acquire mineral interests, related to mines that find proven reserves, are transferred from Exploration expenditure (Intangible assets) to Assets under construction (Property, plant and equipment) when the project reaches the development phase.

Property, plant and equipment

Measurement

Property, plant and equipment (PP&E) is recognized at cost when there are probable future economic benefits and the cost can be measured reliably. The carrying value of PP&E is comprised of the historical cost less accumulated depreciation and any impairment loss. If a legal or constructive obligation exists to decommission property, plant and equipment, the carrying value of the assets is increased with the discounted value of the obligation when it arises. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Depreciation of an asset begins when it is available for use, which is defined to be when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Any decommissioning asset is depreciated over the useful life of the respective PP&E.

PP&E are depreciated on a straight-line basis over their expected useful life. Individual parts of PP&E with different useful lives are accounted for and depreciated separately. Expected useful lives and residual values are, unless immaterial, re-assessed annually. An asset's carrying amount is written down to its recoverable amount if the assets carrying amount is higher. Gain or loss due to sale or retirement of PP&E is calculated as the difference between sales proceeds and carrying value, and is recognized in the statement of income.

Repair and maintenance

Expenses in connection with periodic maintenance on property, plant and equipment are recognized as assets and depreciated on a systematic basis until the next periodic maintenance, provided the criteria for capitalizing such items have been met. Major replacements and renewals are capitalized and depreciated separately based on their specific useful lives, and any replaced assets are derecognized. All other repair and maintenance costs are expensed as incurred.

Stripping costs

Stripping costs (removal of mine waste materials) in the production phase of existing mines are capitalized as a component of existing tangible mine assets when the activity gives improved access to ore. Stripping activity assets are depreciated on a straight-line basis over the useful lives of the underlying mine assets.

Associated companies and joint arrangements

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence normally exists when the Group controls between 20% and 50% of the voting rights. Yara currently has one investment with ownership less than 20% which is classified as an associate. Please see note 16 for more information.

A joint arrangement is an arrangement of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. The classification depends upon rights and obligations of the parties to the arrangement. In a joint operation the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. In a joint venture the parties have rights to the net assets of the arrangement.

Investments in associates and joint ventures

The share of results, assets and liabilities of associated companies and joint ventures are incorporated into the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognized at cost and adjusted thereafter for the post-acquisition change in the Groups share of net assets of the investee. The profit or loss of the Group includes its share of the profit or loss of the investee, and the other comprehensive income of the Group includes its share of other comprehensive income of the investee.

Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment.

The equity-accounted investees are tested for impairment if indications of loss in value are identified. An impairment loss is recognized if the recoverable amount, estimated as the higher of fair value less costs to sell or value in use, is below the carrying value.

Accounting policies of equity-accounted investees are changed where necessary to ensure consistency with the policies adopted by the Group.

Investments in joint operations

The Group recognizes in relation to its interests in a joint operation:

- Its assets, including its share of assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation and;
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for these assets, liabilities, revenues and expenses in accordance with the applicable IFRSs.

Inventory

Inventories are stated at the lower of cost, using the first-in first-out method ("FIFO"), and net realizable value. The cost of inventories comprise all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition, including direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory. Yara is using the standard costing method for cost measurement which take into account normal levels of materials and supplies, labour, efficiency and capacity utilization. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and other selling costs.

Impairment of non-current assets other than goodwill

Non-current assets other than goodwill are tested for impairment annually, or whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Indications that could trigger an impairment test include for instance:

- Significant underperformance relative to historical or projected future results
- Significant changes in the Group's use of the assets or the strategy for the overall business
- Significant negative industry or economic trends

An impairment loss is recognized to the extent that the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

Previously recognized impairment losses, except for goodwill, are reversed if the assumptions for impairment are no longer present. Impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment had been recognized.

Own shares

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

Dividends paid

Dividends are recognized as a liability in the period that they are declared by the Annual General Meeting.

Employee benefits

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan. The amount is an estimation of future benefits that the employees have earned in return for their service in current and prior periods. The benefit is discounted to determine its present value, and the fair value of the plan assets is deducted. The discount rate is the yield at the balance sheet date on high quality corporate bonds or government bonds where no market for high quality corporate bonds exists. If the bond has a different maturity from the obligation, the discount rate is adjusted. Qualified actuaries using the projected credit unit method perform the calculations.

Past service costs arising from the amendment of plan benefits, are recognized immediately in profit or loss. Remeasurement gains and losses are recognized as retained earnings through other comprehensive income in the period they occur, and will not be reclassified to profit or loss in subsequent periods.

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the statement of income when employees have rendered services entitling them to the contributions. Prepaid contributions are recognized as an asset to the extent that a cash refund or deduction in future payments is available.

Other long-term benefits

The Group's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

Share-based compensation

Yara's long-term incentive program for Yara Management and top executives provides a fixed cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after grant. The acquired shares are locked in for a period of three years after the purchase. Yara purchases the shares on behalf of the employees. The original purchase amount is recorded as reduction in equity and the recognition of costs takes place during the vesting period, see note 37. If an executive does not meet the vesting conditions the net proceeds must be returned to Yara and will be recognized directly against equity.

The Group may also give employees the option to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this option.

Provisions

A provision is recognized when the Group has a present obligation (legal or constructive) following a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows.

Restructuring

A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring, and has raised a valid expectation that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Onerous contracts

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract where the unavoidable costs of meeting the obligations under it exceeds the economic benefits expected to be received from the contract.

Decommissioning

Decommissioning refers to the process of dismantling and removing of equipment and site restoration when a site is closed down. A liability is recognized as soon as a decommissioning obligation arises. The obligation can be legal or constructive, and is accounted for based on a best estimate discounted to the present value. The unwinding charge of the discounted provision is recognized in the income statement as financial expense. If an obligation arises during construction or due to new legal requirements, the cost estimate of decommissioning is capitalized and depreciated over the useful life of the asset. If an obligation arises as a result of day-to-day operations where the asset has been used to produce inventory, the cost is expensed as incurred.

Environmental provisions

When a probable environmental obligation arises as a result of a past event, and the cost can be reliably measured, a provision is recognized.

Emission rights

Due to EU regulations in regard to greenhouse gas emissions, Yara receives annual emissions rights. These emission rights can be used to settle the Group's obligation that arises as a result of actual emissions. Granted emission rights received in a period are initially recognized at nominal value (nil value). Purchased emission rights are initially recognized at cost (purchase price) within intangible assets. A provision is recognized when the level of emissions exceeds the level of allowances granted. If Yara's emissions are less than the emission rights allocated to its operations, these may be sold in the market. Gains are recognized if and when such transactions occur.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the Group becomes part to the contractual obligations of the instrument.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and monetary items which are due in less than three months.

Other liquid assets

Other liquid assets comprises bank deposits and all other monetary items which are due between three and twelve months.

Trade receivables and other short-term receivables

Trade receivables and other short-term receivables are measured at initial recognition at fair value and subsequently measured at amortized cost using the effective interest method. Short-term receivables, which are due within three months, are normally not discounted.

Available-for-sale financial assets

Available-for-sale financial assets are initially recognized at fair value. Subsequently, such assets are recognized at fair value, with gains and losses arising from changes in fair value recognized in the statement of comprehensive income, until the asset is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognized in equity is included in the consolidated statement of income for the period.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exits if one or more events after the initial recognition of the asset (an incurred "loss event"), have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Trade payables and other short-term liabilities

Trade payables are initially measured at fair value and are subsequently measured at amortized cost. Short-term payables, which are due within three months, are normally not discounted.

Interest-bearing borrowings

Interest-bearing borrowings are recognized initially at fair value less direct transaction costs. Subsequent to initial recognition, interest-bearing borrowings are measured at amortized cost using the effective interest method.

Derivative financial instruments

The Group uses derivative financial instruments to hedge exposure against currency risk, interest rate risk and commodity price risk arising in operating, financing and investment activities. These derivatives are initially recognized at fair value on the date a derivative contract is entered into, and are subsequently re-measured to their fair value at each balance sheet date.

On a running basis, the Group enters into sale and purchase transactions for physical gas, ammonia and other commodities. The majority of these transactions relate to the Group's expected sale, purchase or usage requirements, and are measured at cost according to the own use exemption in IAS 39. However, some transactions falls within the scope of IAS 39 as they can be settled net and do not qualify for the own use exemption. These are accounted for as derivatives at fair value under IAS 39 in the statement of financial position. Gains and losses arising from changes in fair value on these derivatives, and that do not qualify for hedge accounting, are recognized in the consolidated statement of income.

Fair value on derivatives is measured based on quoted market prices when these are available. When quoted prices from active markets are not available, the Group estimates fair value by using valuation models that make maximum use of observable market data. The resulting change in fair value is recognized immediately in the statement of income. If the derivative is designated and effective as a hedging instrument, the timing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship.

A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the derivative is more than 12 months, and as a current asset or a current liability if the remaining maturity of the derivative is less than 12 months.

Embedded derivatives

Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract and the host contract is not measured at fair value with changes in fair value recognized in the consolidated statement of income.

Hedge accounting

The Group designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges), hedges of foreign currency risk of recognized assets or liabilities (cash flow hedges), or hedges of net investments in foreign operations.

- Cash flow hedges
  Changes in fair value of financial instruments used as hedging instruments in cash flow hedges are recognized in equity until the hedged transactions are recognized. Any ineffective part of a hedge is recognized in the statement of income.
- Fair value hedges
  Changes in fair value of financial instruments designated as fair value hedges are recognized in the consolidated statement of income. The carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.
- Hedge of net investment
  Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income. Any ineffective part of a hedge is recognized in the consolidated statement of income.

Hedge accounting ceases when the hedging instrument expires, is sold, terminated or exercised. Hedge accounting also ceases if the hedge relationship for some reason no longer fulfill the requirements for hedge accounting.

Leasing

Property, plant and equipment which is leased on conditions which substantially transfer all the economic risks and rewards to Yara (finance lease) are accounted for as property, plant and equipment at the present value of minimum lease payments or fair value if this is lower. The corresponding finance lease liabilities are included in long-term debt. Property, plant and equipment are depreciated over the estimated useful lives of the assets. The related liabilities are reduced by the amount of lease payments less the effective interest expense.

Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease terms.

Eu-directive 83/349

Yara GmbH & Co. KG with legal seat in Dülmen/Germany and its directly and indirectly owned subsidiaries are included in the consolidated financial statement of Yara International ASA as defined by sec. 291 HGB (German commercial code). For the purpose of sec. 264b HGB, Yara GmbH & Co. KG makes use of the relief to not disclose any independent financial statement and notes.

Notes to the accounts

Note 1 Key sources of estimation uncertainty, judgments and assumptions

General

The preparation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the use of Yara's accounting policies requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are considered to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and the underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The accounting policies applied by Yara in which judgments, estimates and assumptions may significantly differ from actual results are discussed below.

Key sources of estimation uncertainty

Impairment of assets

Property, plant and equipment

Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions where Yara carries out its business. Significant and prolonged adverse market conditions related for example to increases in natural gas cost and/or lower market prices for products sold could lead to temporary or permanent closures of production facilities. Such closures will be considered as an impairment indicator and an impairment test will be carried out. The outcome of such impairment tests may be that significant impairment losses are recognized in the statement of income. A reduction to the expected useful life of the assets can also lead to periods with higher depreciation expense going forward. Yara has carried out impairment tests for certain production facilities during 2016, mainly due to uncertain economic conditions in local markets. None of these facilities were temporarily or permanently closed at the end of 2016. Already recognized impairments have been evaluated for reversals. Total impairment write-down recognized on property, plant and equipment in 2016 was NOK 404 million. The carrying amount of property, plant and equipment at 31 December 2016 is NOK 59,739 million. See note 14 and 19 for further details.

Equity-accounted investees

Yara has a number of associated entities and joint ventures. These are recognized in the financial statements based on the equity method. In addition to being influenced by changes in market conditions, for example increases in natural gas costs and/or lower market prices for products sold, the carrying value will to some degree be subject to partner risk and political risk in the area where it operates. Yara carries out impairment testing if and when there are impairment indicators. No impairment write-down was recognized on equity-accounted investees in 2016. The total carrying value of equity-accounted investees at 31 December 2016 is NOK 9,190 million. See note 16 for more information.

Goodwill and other intangible assets

Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying value of goodwill and other intangible assets at 31 December 2016 is NOK 7,001 million and NOK 2,182 million, respectively. Yara recognized impairment of goodwill and other intangible assets of NOK 169 million in 2016, of which NOK 140 million was related to Yara Dallol. Details of recognized goodwill are provided in note 13 and the impairment information, including sensitivity disclosures, is provided in note 19. Other intangible assets mainly comprises evaluation and exploration assets, licenses, customer relationships, software, patent and trademarks either identified as part of the purchase price allocation of new business combinations or internally developed. See note 13 and 19 for further details.

Inventory

Yara has significant carrying amounts related to inventory recognized in the consolidated statement of financial position. As some of Yara's products are traded in markets where there are limited observable market references available, estimates and assumptions are required in determining net realizable value. Management has used its best estimates in setting net realizable value for inventory. The carrying amount of inventory at 31 December 2016 is NOK 17,580 million and write-down at year-end is NOK 139 million. See note 20 for more information.

Tax assets and liabilities

Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether these assets should be recognized, also taking into consideration that stronger evidence for utilization is required for entities with a history of recent tax losses. The carrying amounts of deferred tax assets and deferred tax liabilities are NOK 2,585 million and NOK 4,396 million, respectively, at 31 December 2016. The amount of unrecognized deferred tax assets is NOK 2,054 million, of which NOK 1,287 million is related to unused tax losses in Brazil. Further information about deferred tax is provided in note 11. Yara's operations in Brazil also generate sales related tax credits. Recognition of these assets are based on Management assumptions related to future operating results and timing of utilization. Yara has recognized NOK 955 million of such tax credits that are classified as non-current assets.

Pension liabilities

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate and other key assumptions are determined locally for each individual pension plan, based on the economic environment in which the plan is established. Assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year. The carrying amount of the net pension liabilities at 31 December 2016 is NOK 3,656 million. The gross pension liabilities have a carrying value of NOK 16,905 million at the same date. Detailed information, including sensitivity disclosures, is provided in note 26.

Critical judgements in applying accounting policies

Assessment of influence and control and classification of joint arrangements

Management has used judgment in relation to the classification of Yara Freeport LLC DBA Texas Ammonia as and classified it as a joint operation. The unit is constructing an ammonia plant in the US. The company is owned 68% by Yara but controlled jointly with the other owner. The reason for the classification as a joint operation is that the partners have equal number of board representatives and relevant activities that significantly affect the return on the investment requires the approval of representatives from both partners. The same judgment have been made for the 55% owned Yara Pilbara Nitrates and the 49% owned Tringen, also on the basis of required consensus when making relevant decisions. See note 17 for further details on joint operations.

Step-up of tax base in Australia

The step-up of the tax base for various assets as part of the transaction with the non-controlling interest in Yara Pilbara Holding (Pilbara) in 2015 was finally submitted in 2016. The calculation resulted in a NOK 814 million positive adjustment to Yara's net deferred tax position. Management has used judgements related to the allocation of the purchase price to various tax assets. The transaction is considered an equity transaction by the Management since it was triggered by a transaction with the non-controlling interest, also classified as an equity transaction. See note 11 for more information.

Divestments

Management has determined that the sale of Yara's European CO_2 business in 2016, including the associate Yara Praxair, and the sale of the associate GrowHow UK in 2015 do not qualify as discontinued operations on the basis that neither of these represented a separate major line of business or a geographical area of operations for Yara. See note 4 for more information.

Note 2 Composition of the group

The consolidated financial statement of Yara comprises 156 legal companies that are controlled by Yara. The material subsidiaries are disclosed in the table below, including the main parent(s). This list also includes major holding companies.

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Argentina S.A.	100.0%	Argentina	Yara Holdings Spain S.A.U.
Yara Australia Pty Ltd.	100.0%	Australia	Yara Technology B.V.
Yara Nipro Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Pilbara Fertilisers Pty Ltd.	100.0%	Australia	Yara Pilbara Holdings Ltd.
Yara Pilbara Holdings Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd. (51%) and Chemical Holdings Pty Ltd. (49%)
Chemical Holdings Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Barbados Inc.	100.0%	Barbados	Fertilizer Holdings AS
Yara Belgium S.A.	100.0%	Belgium	Yara Nederland B.V.
Yara S.A.	100.0%	Belgium	Yara Belgium S.A.
Yara Tertre S.A.	100.0%	Belgium	Yara Belgium S.A.
Yara Trinidad Ltd.	100.0%	Bermuda	Yara Caribbean Ltd.
Yara Agrofertil S.A. Indústria e Comércio de Fertilizantes	100.0%	Brazil	Yara Brasil Fertilizantes S.A.
Galvani Industria, Comercio e Servicos S.A.	60.0%	Brazil	YARA Agrofértil S.A. Indústria e Comércio de Fertilizantes
Yara Brasil Fertilizantes S.A.	100.0%	Brazil	Yara South America Investments B.V.
Yara Belle Plaine Inc.	100.0%	Canada	Yara Canada Holding Inc.
Yara Canada Holding Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Canada Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Trading (Shanghai) Co. Ltd.	100.0%	China	Yara Asia Pte Ltd.
Yara Colombia S.A.	98.0%	Colombia	OFD Holding S. de R.L. (50.4%) and Yara International ASA (47.6%)
Yara Costa Rica S. de R.L.	87.5%	Costa Rica	Yara Iberian S.A.U.
Yara Danmark Gødning A/S	100.0%	Denmark	Yara Chemical Holding Danmark A/S
Yara Chemical Holding Danmark A/S	100.0%	Denmark	Fertilizer Holdings AS
Yara Phosphates Oy	100.0%	Finland	Yara Suomi Oy
Yara Suomi Oy	100.0%	Finland	Yara Nederland B.V.
Yara France SAS	100.0%	France	Yara Nederland B.V.
Yara Besitz GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Beteiligungs GmbH	100.0%	Germany	Yara Nederland B.V.
Yara Brunsbüttel GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Environmental Technologies GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara GmbH & Co. KG	100.0%	Germany	Yara Investments Germany S.E.

Table continues >>

>> Table continued

Subsidiaries	Ownership	Registered office	Main parent(s)
Yara Industrial GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Investment GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Ghana Ltd.	100.0%	Ghana	Yara Nederland B.V.
Yara Hellas S.A.	100.0%	Greece	Yara Nederland B.V.
Yara Guatemala S.A.	100.0%	Guatemala	Yara International ASA
Yara Hungaria Gyarto es Kereskedelmi KFT	100.0%	Hungary	Yara Suomi Oy
P.T. Yara Indonesia	100.0%	Indonesia	Yara Asia Pte Ltd.
Yara Insurance Dac	100.0%	Ireland	Fertilizer Holdings AS
Yara Italia S.p.A.	100.0%	Italy	Yara Investment GmbH (72.3%) and Yara Nederland B.V. (27.7%)
Yara East Africa Ltd.	100.0%	Kenya	Yara Overseas Ltd.
Yara International (Malaysia) Sdn. Bhd.	70.0%	Malaysia	Yara Asia Pte Ltd.
Yara México S. de R.L. de C.V.	99.9%	Mexico	OFD Holding S. de R.L. (70.7%) and Yara Nederland B.V. (29.2%)
Fertilizer Holdings AS	100.0%	Norway	Yara International ASA
Yara Marine Technologies AS	63.3%	Norway	Marine Global Holding AS
Marine Global Holding AS	63.3%	Norway	Fertilizer Holdings AS
OFD Holding S. de R.L.	100.0%	Norway	Fertilizer Holdings AS
Yara AS	100.0%	Norway	Fertilizer Holdings AS
Yara Norge AS	100.0%	Norway	Yara International ASA
Yara LPG Shipping AS	100.0%	Norway	Fertilizer Holdings AS
Yara Peru S.R.L.	100.0%	Peru	OFD Holding S. de R.L.
Yara Fertilizers Philippines Inc.	100.0%	Philippines	Yara Asia Pte Ltd.
Yara Poland Sp.zo.o	100.0%	Poland	Yara Nederland B.V.
Yara Asia Pte Ltd.	100.0%	Singapore	Yara International ASA
Yara Animal Nutrition South Africa (Pty) Ltd.	100.0%	South Africa	Yara Phosphates Oy
Yara Africa Fertilizers (Pty) Ltd.	100.0%	South Africa	Yara Nederland B.V.
Yara Holdings Spain S.A.U.	100.0%	Spain	Yara Nederland B.V.
Yara Iberian S.A.U.	100.0%	Spain	Yara Holdings Spain S.A.U.
Yara AB	100.0%	Sweden	Yara Holding Sverige AB
Yara Holding Sverige AB	100.0%	Sweden	Fertilizer Holdings AS
Yara Switzerland Ltd.	100.0%	Switzerland	Yara Nederland B.V.
Yara Tanzania Ltd.	100.0%	Tanzania	Fertilizer Holdings AS
Yara Thailand Ltd.	100.0%	Thailand	Yara Asia Pte Ltd.
Yara Dallol B.V.	51.8%	The Netherlands	Yara Nederland B.V.
Yara Benelux B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Finance Coöperatief W.A.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Finance Netherlands B.V.	100.0%	The Netherlands	Yara Finance Coöperatief W.A.
Yara Holding Netherlands B.V.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Industrial B.V.	100.0%	The Netherlands	Yara Holding Netherlands B.V.
Yara Investments Germany B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Nederland B.V.	100.0%	The Netherlands	Yara Holding Netherlands B.V.
Yara Sluiskil B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara South America Investments B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Technology B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Vlaardingen B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Caribbean Ltd.	100.0%	Trinidad and Tobago	Yara Barbados Inc.
Yara Overseas Ltd.	100.0%	United Kingdom	Yara UK Ltd.
Yara UK Ltd.	100.0%	United Kingdom	Fertilizer Holdings AS
Yara North America Inc.	100.0%	United States	Yara International ASA
Freeport Ammonia LLC	100.0%	United States	Yara North America Inc.
Yara West Sacramento Terminal LLC	100.0%	United States	Yara North America Inc.
Yara Fertilizer Zambia Ltd.	100.0%	Zambia	Yara Nederland B.V.

Note 3 Business combinations

Business combinations 2016

On 1 April 2016, Yara acquired Greenbelt Fertilizers for a consideration of NOK 404 million. Greenbelt Fertilizers is a distributor of fertilizers in Zambia, Malawi and Mozambique and owns three blending plants and three warehouses. The main reason for the acquisition is to further improve Yara's downstream position within a fast-growing agricultural region. The acquired business is included in the Crop Nutrition segment.

Consideration

NOK millions	Greenbelt 1 April	Other transactions
Cash transferred	360	120
Deferred consideration and earn out [1]	44	8
Total considerations	404	128

1) The earn out agreement for Greenbelt is limited to USD 6 million.

Acquisition-related costs amounting to NOK 3 million for the Greenbelt acquisition have been excluded from the consideration transferred and have been recognized as an expense in the current year, within 'Other operating expenses' in the consolidated statement of income.

Identifiable assets acquired and liabilities recognized at the date of acquisition (fair value)

NOK millions	Greenbelt 1 April	Other transactions
Assets		
Customer relationships, part of intangible assets	23	-
Other, part of intangible assets	31	-
Property, plant and equipment	95	63
Inventories	171	-
Trade receivables	276	-
Prepaid expenses and other current assets	9	-
Cash and cash equivalents	4	-
Total assets	609	63
Liabilities		
Trade and other payables	69	-
Other short-term liabilities	174	-
Total liabilities	243	-
Total identifiable net assets at fair value	367	63

The receivables acquired in the business combination have a gross contractual amount equal to their fair value.

The initial accounting for the acquisitions have only been provisionally determined at the end of the reporting period. The tax values are impacted by the transaction.

For the Greenbelt acquisition goodwill of NOK 37 million arose due to future economic benefits from the assembled workforce. It also reflects a willingness to pay for operational benefits in raw material sourcing and increased sale of premium offering products. For other transactions a goodwill of NOK 65 million was recognized. Total impact of the acquisitions on the total assets of the Group was NOK 646 million for Greenbelt and NOK 128 million for other transactions.

The net cash outflow on acquisitions of Greenbelt and other transactions was NOK 356 million and NOK 120 million respectively. Net cash outflow is presented as part of "Cash outflow on business combinations" in the consolidated statement of cash flows.

In 2016 Yara recognized revenues of NOK 406 million (of which NOK 85 million was internal) and a negative EBITDA of NOK 25 million related to Greenbelt. Net income before tax was negative NOK 71 million. Yara has reported a consolidated income before tax of NOK 8,363 million. If the combination had taken place at the beginning of the year, Yara's 'pro-forma' YTD consolidated income before tax would have been NOK 8,360 million.

In determining the 'pro-forma' net income before tax the following adjustments have been made:
- calculated depreciation of intangible assets acquired on the basis of fair values arising in the initial accounting for the business combination rather than the carrying amounts recognized in the pre-acquisition financial statements.
- calculated reduced interest income on funds used for acquiring the business combination.

Business combinations 2015

In December 2015, Yara acquired the assets of West Sacramento Nitrogen Operations (USA) from Agrium for a purchase price of NOK 239 million, mainly allocated to property, plant and equipment. The site is used as an import terminal for finished products and complements Yara's terminals in San Diego, Stockton and Port Hueneme.

The business combinations completed in 2015 are regarded non-material both individually and combined, therefore no detailed information is disclosed. Yara paid significant deferred and contingent considerations in 2015 related to business combinations in 2014. These cash flows are presented in the table below.

Considerations paid during 2015

NOK millions	Galvani 1 December 2014	OFD 1 October 2014	Other 2015
Cash transferred	-	-	260
Deferred and contingent considerations paid	1,091	58	-
Cash and cash equivalent balances acquired	-	-	(3)
Total considerations paid	1,091	58	257

Note 4 Divestments

Divestments 2016

On 1 June 2016, Yara completed the sale of its European CO_2 business, including sale of its 34% stake in Yara Praxair Holding AS. The CO_2 business has been classified as a disposal group held-for-sale since fourth quarter 2015.

Yara's European CO_2 business sold approximately 800 thousand metric tonnes of liquid CO_2 and 60 thousand metric tonnes of dry ice, delivering an EBITDA of EUR 19.5 million and revenues of EUR 112 million primarily from the food and beverage industry. The business operates five CO_2 liquefaction plants, three CO_2 ships, seven ship terminals and six dry ice production facilities. The equity-accounted investee, Yara Praxair Holding, operating in Scandinavia and formed in 2007, had an EBITDA of EUR 36 million and revenues of EUR 141 million in 2015 (100% basis).

The sale also includes an agreement for Yara to supply Praxair with raw CO_2 gas and continue to operate three of the CO_2 liquefaction units which are integrated within Yara's fertilizer plants.

The CO_2 business is part of Yara's Industrial segment but the transaction also includes certain assets reported in the Production segment.

Carrying values of derecognized assets and liabilities at the date of closing

NOK millions	Production	Industrial	Total
Assets			
Intangible assets	-	52	52
Property, plant and equipment	92	819	911
Equity-accounted investees	-	231	231
Inventories	6	21	27
Trade receivables	-	192	192
Prepaid expenses and other current assets	-	4	4
Cash and cash equivalents	-	3	3
Total assets	98	1,321	1,419
Liabilities			
Long-term provisions	-	27	27
Deferred tax liabilities	-	5	5
Trade and other payables	-	47	47
Bank loans and other interest-bearing short term debt	-	1	1
Other short-term liabilities	-	19	19
Total liabilities	-	99	99

Assets and liabilities were presented as a disposal group held-for-sale since 2015.

Gain on divestment

NOK millions	Production	Industrial	Total
CO_2 business	220	677	896
Yara Praxair Holding AS	-	655	655
Net gain on divested assets	220	1,332	1,552

A currency translation gain on foreign operations of NOK 22 million has been reclassified from other comprehensive income to the statement of income on disposal. The reported net gain also includes transaction related costs of NOK 16 million.

Net cash flow on divested assets

NOK millions	Total
Cash received sale of CO_2 business	1,996
Cash received sale of Yara Praxair Holding AS	853
Cash transferred	(3)
Net cash flow on divested assets	2,846

Divestments 2015

On 31 July 2015, Yara sold its 50% stake in GrowHow UK Group Limited to CF Industries. Yara and CF Industries have each owned 50% of GrowHow UK since 2007 and 2010 respectively. GrowHow UK has two production sites in Ince and Billingham with a total production capacity of approximately 0.8 million tonnes of ammonia, 1.1 million tonnes of ammonium nitrate and 0.5 million tonnes of compound NPK. With limited export possibilities, GrowHow UK primarily serves the UK fertilizer market. The investment in GrowHow UK was accounted for based on the equity method.

The table below presents the impact of GrowHow UK on the various financial statements of Yara:

NOK millions	2015
Statement of income	
Other income	3.199
Share of net income in equity-accounted investees	131
Statement of other comprehensive income	
Exchange differences on foreign operations disposed of in the year	(312)
Exchange differences on translation of foreign operations	180
Remeasurements of the net defined benefit pension liability for equity-accounted investees	11
Statement of cash flows	
Proceeds from sales of other long-term investments	4.794

Note 5 Other business initiatives

Other business initiatives 2016

On 10 August 2016, Yara entered into an agreement to acquire the Tata Chemicals Ltd ("TCL") Babrala urea plant and distribution business in Uttar Pradesh, India, for INR 26,696 million (USD 400 million) on a debt and cash free basis, including normalized net working capital. The plant has an annual production of 0.7 million tonnes ammonia and 1.2 million tonnes urea, and generated revenues and EBITDA of respectively USD 350 million and USD 35 million in the fiscal year ended 31 March 2016. The plant 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 will be subject to regulatory approvals and sanctioning by the relevant courts in India, a process which is expected to take 9-12 months after which closing of the transaction can take place.

On 11 April 2016, Yara 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, and provide customers with increased access to Yara's premium products, thereby reducing reliance on finished fertilizer imports. It will also improve health, environment, safety and quality performance, including substantially lower emissions than required by legislation. The scope includes new warehouses, new acidulation and granulation lines, fully automated blending and bagging equipment for small (50 kg) and big (1 tonne) bags, a boiler for steam production, a wastewater treatment plant and rest areas for truck drivers.

Other business initiatives 2015

In 2015, Yara acquired an additional 49% interest in Yara Pilbara Holding (Pilbara) and reduced its ownership in Yara Dallol (Dallol) from 69% to 51.8%. See note 25 for more information

Yara announced on 29 July 2015 that it will be investing USD 263 million in Sluiskil, Netherlands, to increase granulation capacity enabling increased production of granular urea with sulphur, and nitrates. The new granulator will have an annual capacity of 660,000 tonnes of urea with sulphur. In parallel with increasing urea production, Sluiskil will reduce UAN production by approximately 230,000 tonnes per annum, freeing up nitric acid capacity enabling 130,000 tonnes per annum of additional CAN production. The new plant will be based on technology developed by Yara. Completion is expected in second half 2017.

On 19 February 2015, Yara announced that it has agreed with BASF to build a world scale ammonia plant in Texas. The ammonia plant is owned 68% by Yara and 32% by BASF. The plant will have a capacity of about 750,000 metric tonnes per year. Each party will off-take ammonia from the plant in accordance with its equity share. Total capital investment for the plant is estimated to USD 600 million. The feedstock contracts have take-or-pay clauses, partly supported by guarantees from Yara and BASF. The total take-or-pay commitment on Yara's share is USD 488 million (undiscounted). In addition, Yara is building an ammonia tank at the BASF terminal bringing Yara's total investments to USD 490 million. BASF will upgrade its current terminal and pipeline assets. The plant is expected to be completed by the end of 2017. Yara is managing the construction of the plant, while BASF will operate the plant and the export terminal. The entity is classified as a joint operation and Yara accounts for the assets, liabilities, revenues and expenses relating to its 68% interest in the investment.

Note 6 Segment information

The operating segments presented are the key components of Yara's business. These segments are managed and monitored as separate and strategic businesses, and are evaluated on a regular basis by Yara's senior management. Financial and operational information are prepared for each segment, and the information disclosed is basically the same as used by Yara's senior management to assess performance and allocate resources.

Crop Nutrition

The Crop Nutrition segment consists of Yara's worldwide marketing organization and global distribution network for fertilizer products and agronomic solutions. With a global network of sales offices, terminals and warehouses, Crop Nutrition is represented in 57 countries and sells to approximately 160 countries. The segment also includes smaller production facilities for products which are primarily marketed in the region where they are located.

The Crop Nutrition segment sells a comprehensive portfolio of nitrogen-based fertilizer including ammonia, urea, urea ammonium nitrate (UAN), calcium ammonium nitrate (CAN), ammonium nitrate (AN), calcium nitrate (CN), and compound fertilizer (NPK) which contains all of the three major plant nutrients: nitrogen (N), phosphorus (P) and potassium (K). The segment also sells phosphate- and potash-based fertilizers, which to a large extent are sourced from third parties. In some markets the segment also delivers equipment and services to store or handle products.

Fertilizer products are mainly sold spot to distributors based on ordinary purchase orders and frame agreements. In some cases the products are also sold directly to farmers, to co-operatives, or as spot sales without frame agreements. The composition of customers and products sold differs between local and regional markets, and the off-take of product varies through the fertilizer seasons in the different markets.

The major part of volume sold is purchased from the Production segment based on arm's length pricing. Consequently, the Crop Nutrition segment mainly generates margins through distribution, management of working capital, and sales and marketing activities, rather than manufacturing of product. The segment therefore has a high capital turnover, a relatively low EBITDA margin compared with revenues, and a low ratio of property, plant and equipment to total assets compared to a production-oriented fertilizer operation.

Industrial

The Industrial segment sells urea, ammonia, phosphate, nitric acid, technical ammonium nitrate (TAN) and calcium nitrate (CN) for industrial applications within base chemicals, mining applications, animal nutrition, environmental solutions and industrial nitrates. These products are based on Yara's core production outputs, and the majority of volume sold is purchased from the production segment based on arm's length pricing. The customers are mainly large, industrial companies which use the products in their own production processes. In addition, the segment also sells products to distributors and other customers. The customer contracts are to a large extent medium to long term contracts which specify minimum purchase/maximum delivery. However, product is also sold spot based on ordinary purchase orders. In some markets the segment also delivers equipment and services to store or handle products.

The Industrial segment offers a growing portfolio of environmental solutions, technology and services, including a total solution of reagents, technology and service for NO_X abatement for industrial plants and transport on both land and sea. The main external revenues within this area are derived from the product AdBlue/Air1, a high specification urea-based reagent used by heavy-duty diesel vehicles to reduce nitrogen oxide emission. Together with sales of nitrogen chemicals to the European process industry and the global industrial explosives industry, environmental solutions represent the segment's main markets.

Production

The Production segment comprises Yara's manufacturing plants producing ammonia, fertilizer and industrial products. In addition, Yara's mining operations are reported within the Production segment. About 80 percent of the sales in the segment are group internal sales. The segment's external sales mainly relate to Yara's global trade and shipping of ammonia, but also some fertilizer sales since for instance Galvani is reported as one single operation within the segment.

The Production segment holds ownership interests in several associates and joint arrangements. The investments in Trinidad Nitrogen Company Ltd, Yara Pilbara Nitrates Pty Ltd and Yara Freeport LLC DBA Texas Ammonia are classified as joint operations, for which Yara consolidates its share of assets, liabilities, revenues and expenses. The investments in joint ventures and associates are accounted for using the equity method of accounting. Please find additional information about the accounting for joint arrangements and associates in the accounting policies section and separate notes.

The Production segment's operating results are strongly linked to its production margins, which are primarily driven market prices for ammonia, urea, phosphoric acid, as well as energy and raw materials such as phosphate rock and potash. In addition, operating results can be strongly influenced by movements in currency exchange rates. Variations in the Production segment's operating results are comparable to other fertilizer producers, and typically results are less stable than those of Yara's Crop Nutrition and Industrial segments.

Consolidated financial segment information

Yara's steering model reflects management's focus on Alternative Performance Measures. EBITDA is considered an important measure of performance for the company's operating segments. Yara defines EBITDA as operating income plus interest income, other financial income and results from equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess value in associated companies and joint ventures. In addition the segments are measured on CROGI (Cash Return on Gross Investment) and ROCE (Return on Capital Employed). CROGI is defined as gross cash flow after tax divided by gross investment. ROCE is as an additional performance measure to CROGI to simplify benchmarking with other companies, and is defined as EBIT minus tax divided by average capital employed.

Inter-segment sales and transfers are based on the arm's-length principle reflecting prices as if sold or transferred to third parties. Results of activities considered incidental to Yara's main operations as well as revenues, expenses, liabilities and assets not originating in, or defined as part of, either the Production-, Crop Nutrition-, or Industrial segment, are reported separately as "Other and eliminations". These include interest income and expenses, foreign currency translation gains and losses, the net effect of pension plans, corporate overhead costs, and other costs not allocated to the operating segments. In addition, elimination of gains and losses related to transactions between the segments is reported as "other and eliminations".

Operating segment information, Consolidated statement of income

NOK millions, except percentages	Notes	2016	2015
External revenues and other income			
Crop Nutrition		72,677	80,198
Industrial		16,074	17,233
Production		8,472	14,383
Other and eliminations		(52)	82
Total		97,170	111,897
Internal revenues and other income			
Crop Nutrition		1,531	1,591
Industrial		108	113
Production		33,316	41,429
Other and eliminations		(34,954)	(43,132)
Total		-	-
Revenues and other income			
Crop Nutrition		74,207	81,789
Industrial		16,181	17,346
Production		41,788	55,812
Other and eliminations		(35,006)	(43,050)
Total		97,170	111,897
Operating expenses excl depreciation, amortization and impairment loss			
Crop Nutrition		(69,268)	(76,056)
Industrial		(13,341)	(15,968)
Production		(34,801)	(41,103)
Other and eliminations		35,438	42,267
Total		(81,972)	(90,860)
Depreciation, amortization and impairment loss			
Crop Nutrition		(821)	(760)
Industrial		(98)	(204)
Production		(5,390)	(5,867)
Other and eliminations		(118)	(102)
Total	9	(6,427)	(6,933)
Operating Income			
Crop Nutrition		4,118	4,973
Industrial		2,742	1,174
Production		1,597	8,842
Other and eliminations		314	(886)
Total		8,771	14,104
Share of net income in equity-accounted investees			
Crop Nutrition		30	26
Industrial		63	102
Production		(441)	(438)
Total	16	(348)	(310)
Interest income and other financial income			
Crop Nutrition		501	428
Industrial		11	6
Production		150	117
Other and eliminations		64	54
Total	10	725	605
EBITDA			
Crop Nutrition		5,470	6,188
Industrial		2,916	1,489
Production		6,681	14,414
Other and eliminations		496	(729)
Total		15,563	21,361

Operating segment information, Other

NOK millions	Notes	2016	2015
Reconciliation of EBITDA to Income before tax			
EBITDA		15,563	21,361
Depreciation and amortization [1]	9	(6,414)	(6,962)
Foreign currency translation gain/(loss)	10	115	(2,463)
Interest expense and other financial items	10	(901)	(1,291)
Income before tax		8,363	10,644
EBIT			
Crop Nutrition		4,649	5,428
Industrial		2,816	1,282
Production		1,306	8,521
Other and eliminations		377	(832)
Total		9,149	14,398
Investments [2]			
Crop Nutrition		1,462	1,455
Industrial		205	242
Production		12,017	9,519
Other and eliminations		173	101
Total		13,856	11,316

1) Including amortization and impairment of excess value in equity-accounted investees
2) Includes investments in property, plant and equipment, intangible assets, equity-accounted investees and other equity investments.

Operating segment information, Alternative Performance Measures

NOK millions, except percentages	Notes	2016	2015
Gross cash flow after tax [1]			
Crop Nutrition		4,315	4,837
Industrial		2,228	1,194
Production		6,245	12,174
Other and eliminations		697	323
Total		13,485	18,528
Gross investment [2]			
Crop Nutrition		27,428	27,710
Industrial		4,048	5,464
Production		110,954	100,661
Other and eliminations		(1,172)	(1,585)
Total		141,258	132,250
Cash Return on Gross Investment (CROGI)			
Crop Nutrition		15.7%	17.5%
Industrial [4]		55.0%	22.0%
Production		5.6%	12.1%
Total [3]		9.5%	14.0%

1) Defined as EBITDA less total tax expense, excluding tax on net foreign currency translation gain/(loss).
2) 12-month average.
3) Cash and other liquid assets are included in gross investments when calculating the CROGI for the segments, but not included for Total. In addition, actual Yara tax is used for calculating the Yara CROGI while a standardized tax rate of 25% is used for the segments. These two effects explain the higher CROGI for Yara in total than for the segments. See page 52 "Definitions and variance analysis" for more information.
4) 2016 includes gain on sale of the European CO_2 business.

Operating segment information, Alternative Performance Measures

NOK millions, except percentages	Notes	2016	2015
Earnings before interest, after tax			
Crop Nutrition		3,495	4,077
Industrial		2,128	987
Production		869	6,281
Other and eliminations		577	220
Total		7,069	11,565
Capital employed 1)			
Crop Nutrition		23,826	24,607
Industrial		3,436	4,009
Production		68,670	63,202
Other and eliminations		(1,829)	(2,094)
Total		94,103	89,723
Return on capital employed (ROCE)			
Crop Nutrition		14.7%	16.6%
Industrial 3)		61.9%	24.6%
Production		1.3%	9.9%
Total 2)		7.5 %	12.9%

1) Capital employed is defined as total assets adjusted for deferred tax assets minus other current liabilities, and is calculated on a 12-month rolling average basis.
2) Cash and other liquid assets are included in capital employed when calculating the ROCE for the segments, but not included for Total. In addition, actual Yara tax is used for calculating the Yara ROCE while a tax rate of 25% is used for the segments. These two effects explain the variance in ROCE between Yara segments. See page 52 "Definitions and variance analysis" for more information.
3) 2016 includes gain on sale of the European CO_2 business.

Operating segment information, Consolidated statement of financial position

NOK millions	Notes	2016	2015
Assets 1)			
Crop Nutrition		33,582	36,057
Industrial		4,760	6,509
Production		80,125	75,077
Other and eliminations		2,038	1,220
Total		120,505	118,863
Current assets 1)			
Crop Nutrition		23,284	26,373
Industrial		3,337	5,126
Production		11,733	12,638
Other and eliminations		(1,787)	(2,956)
Total		36,567	41,182
Non-current assets 1)			
Crop Nutrition		10,298	9,683
Industrial		1,423	1,383
Production		68,392	62,465
Other and eliminations		3,825	4,150
Total		83,938	77,681
Equity-accounted investees			
Crop Nutrition		355	357
Industrial		290	276
Production		8,545	9,136
Total	16	9,190	9,769

1) Assets excludes internal cash accounts and accounts receivable related to group relief.

Information about products and major customers

Revenues by product group

NOK millions		2016		2015
Ammonia		7,889		11,813
of which industrial products	2,465		3,435	
Urea		17,034		20,394
of which fertilizer	11,048		14,038	
of which Yara-produced fertilizer	5,289		5,490	
of which Yara-produced industrial products	4,679		5,058	
of which equity-accounted investees	3,850		5,695	
Nitrate		13,344		15,972
of which fertilizer	11,248		13,746	
of which Yara-produced fertilizer	10,447		12,415	
of which Yara-produced industrial products	1,740		1,721	
NPK		32,308		32,811
of which Yara-produced compounds	17,528		17,887	
of which Yara-produced blends	13,843		13,560	
CN		4,224		4,187
of which fertilizer	3,319		3,329	
of which Yara-produced fertilizer	3,265		3,271	
of which Yara-produced industrial products	873		796	
UAN		2,377		2,803
of which Yara-produced fertilizer	1,926		2,221	
DAP/MAP		3,314		3,827
MOP/SOP		3,381		3,841
SSP		1,844		1,840
Other products		9,530		10,523
of which industrial products	3,208		4,162	
Total sales		95,245		108,011

Yara serves a large number of customers. No revenues from transactions with any single customer amount to ten percent or more of Yara's total revenues.

Information about geographical areas

NOK millions	Revenues [1] 2016	Revenues [1] 2015	Non-current assets [2] 2016	Non-current assets [2] 2015	Investments [2] 2016	Investments [2] 2015
Belgium	1,457	1,662	1,623	1,733	392	236
Denmark	1,472	1,687	269	229	63	15
Finland	1,759	1,950	6,967	6,590	1,496	1,395
France	5,341	7,506	1,541	1,387	635	419
Germany	3,721	4,773	2,463	2,509	448	699
Great Britain	4,414	5,303	332	412	93	130
Italy	3,128	3,354	1,432	1,613	175	669
Spain	1,489	1,970	51	58	2	1
Sweden	2,067	2,189	1,498	1,213	495	500
The Netherlands	1,717	2,071	5,854	5,431	1,315	587
Other	3,715	4,134	251	95	7	5
Total EU	30,282	36,599	22,281	21,269	5,119	4,658
Norway	1,633	1,893	8,255	4,169	3,648	1,175
Other Europe	1,269	1,316	1,279	2,181	1	810
Total Europe	33,184	39,808	31,815	27,619	8,768	6,643
Africa	5,478	6,548	2,336	1,974	600	239
Asia	8,259	10,809	8,597	9,163	41	19
Australia and New Zealand	1,574	1,570	11,076	11,910	345	419
North America	10,935	13,267	13,904	12,781	1,850	2,240
Brazil	26,801	26,401	10,565	7,601	1,816	1,195
Other South and Central America	9,014	9,609	2,594	2,586	436	561
Total outside Europe	62,061	68,203	49,072	46,015	5,088	4,673
Total	95,245	108,011	80,887	73,634	13,856	11,316

1) Revenues are identified by customer location.
2) The identification of non-current assets and investments is based on location of operation. Excluded from non-current assets are financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts. Investments include the acquisition cost for property, plant and equipment, intangible assets, equity-accounted investees and other equity investments.

Note 7 Other income

NOK millions	Notes	2016	2015
Divestment of the European CO_2 business	4	1,552	-
Divestment of GrowHow UK	4	-	3,199
Sale of white certificates		107	205
Gain on swap of mineral rights		44	-
Insurance compensations		64	130
Other		100	148
Total		1,867	3,683

Note 8 Operating expense

NOK millions	Notes	2016	2015
Payroll and related costs			
Salaries		(6,625)	(6,263)
Social security costs		(1,161)	(1,075)
Social benefits		(70)	(67)
Net periodic pension cost	26	(664)	(643)
Total		(8,520)	(8,047)
Other operating expenses			
Selling and administrative expense		(1,823)	(1,927)
Rental of buildings etc. [1]		(275)	(257)
Travel expense		(441)	(421)
Gain /(loss) on trade receivables		(154)	(213)
Fees auditors, lawyers, consultants		(736)	(541)
Other expenses		(419)	(387)
Total		(3,847)	(3,745)
Research costs [2]		(312)	(161)

1) Expenses mainly relate to lease contracts for property and company cars.
2) Yara has focus on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. In 2016, Yara spent higher expenses on research mainly related to improvements in the efficiency of its production plants.

Note 9 Depreciation, amortization and impairment loss

NOK millions	Notes	2016	2015
Depreciation of property, plant and equipment	14	(5,109)	(4,663)
Impairment loss property, plant and equipment	14,19	(404)	(1,183)
Reversal of impairment loss property, plant and equipment	14,19	26	22
Total depreciation and impairment loss property, plant and equipment		(5,486)	(5,824)
Amortization of intangible assets	13	(771)	(800)
Impairment loss intangible assets	13,19	(169)	(308)
Total amortization and impairment loss intangible assets		(940)	(1,108)
Total depreciation, amortization and impairment loss		(6,427)	(6,933)

Note 10 Financial income and expense

NOK millions	Notes	2016	2015
Interest income on customer credits		529	444
Interest income, other		161	135
Dividends and net gain/(loss) on securities		36	26
Interest income and other financial income		725	605
Net foreign currency translation gain/(loss)	31	115	(2,463)
Interest expense		(1,071)	(1,001)
Capitalized interest		364	111
Net interest on net long-term employee benefit obligations	26	(66)	(82)
Reclassification adjustments cash flow hedge [1]	32,33	(6)	(7)
Other financial expense		(122)	(312)
Interest expense and other financial expense		(901)	(1,291)
Net financial income/(expense)		(61)	(3,150)

1) Interest rate swap designated as cash flow hedge transferred from equity.

Note 11 Income taxes

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

NOK millions	2016	2015
Consolidated statement of income		
Current taxes		
Current year	(1,798)	(2,879)
Prior years adjustment	149	83
Total	(1,649)	(2,796)
Deferred taxes		
Deferred tax income/(expense) recognized in the current year	157	1,519
Adjustments to deferred tax attributable to changes in tax rates and laws	(28)	(53)
(Write-downs)/reversal of previous write-downs of deferred tax assets	(521)	(879)
Total	(391)	587
Total tax income/(expense) recognized in statement of consolidated income	(2,041)	(2,209)
Other comprehensive income		
Current tax		
Hedge of net investment	(36)	294
Intercompany currency effect on debt treated as part of net investment	(105)	130
Total current tax	(141)	425
Deferred tax		
Pensions	197	(138)
Available-for-sale financial assets	5	(7)
Cash flow hedges	-	(7)
Total	201	(152)
Transfers to profit and loss		
Cash flow hedges	(1)	(1)
Total	(1)	(1)
Total tax income/(expense) recognized directly in other comprehensive income	59	272
Total tax income/(expense) recognized in comprehensive income	(1,982)	(1,938)

Taxable income differs from net income before tax as reported in the income statement because it excludes items of income or expense that are taxable or deductible in future years (temporary differences). It also excludes items that are never taxable or deductible (permanent differences).
The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

NOK millions, except percentages	2016		2015	
Income before tax		8,363		10,644
Expected income taxes at statutory tax rate [1]	25.0 %	(2,091)	27.0 %	(2,874)
Tax law changes	0.1 %	(11)	0.7%	(79)
Foreign tax rate differences	(5.8 %)	483	(7.9 %)	845
Unused tax losses and tax offsets not recognized as deferred tax assets	7.1 %	(593)	6.5 %	(689)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(2.4 %)	202	(0.4 %)	39
Non-deductible expenses	1.3 %	(111)	0.9 %	(93)
Share of net income equity-accounted investees	1.1 %	(94)	0.9 %	(92)
Tax free income sale of subsidiaries and associates [2]	(3.2 %)	271	(8.1 %)	864
Tax free income miscellaneous	(1.5 %)	122	(2.0 %)	209
Prior year assessment	(1.8 %)	149	(0.8 %)	82
Withholding tax	0.8 %	(68)	2.1 %	(222)
Other, net	3.6 %	(301)	1.9 %	(201)
Total income tax expense		(2,041)		(2,209)
Effective tax rate		24.4%		20.8%

1) Calculated as Norwegian nominal statutory tax rate of 25% (2015: 27%) applied to income before tax.
2) Tax free income from sale of European CO_2 Business in 2016 and sale of GrowHow UK in 2015. See Note 4 Divestments for more information.

Specification of deferred tax assets/(liabilities)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

2016

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Changes in tax rate	Recognized in other comprehensive income	Transfer	Acquisitions/ disposals	Foreign currency translation	Closing balance
Non-current items									
Intangible assets	(323)	105	-	(10)	-	-	5	(12)	(235)
Property, plant and equipment	(3,885)	16	-	22	-	-	439	(38)	(3,446)
Pensions	726	(87)	-	(6)	197	-	-	(59)	770
Equity securities available-for-sale	(12)	-	-	-	5	-	-	1	(6)
Other non-current assets	(1,918)	341	-	44	-	-	367	7	(1,160)
Other non-current liabilities and accruals	888	(152)	(1)	(28)	-	-	(46)	5	666
Total	(4,525)	223	(1)	22	201	-	766	(98)	(3,411)
Current items									
Inventory valuation	244	(176)	-	11	-	-	9	10	97
Accrued expenses	284	(67)	-	(16)	-	-	47	18	266
Assets classified as held-for-sale	(51)	45	-	2	-	-	-	5	-
Total	477	(199)	-	(3)	-	-	56	32	363
Tax loss carry forwards	3,011	134	-	(74)	-	-	(1)	220	3,289
Unused tax credits	1	-	-	-	-	-	-	-	1
Valuation allowance	(1,404)	(521)	-	26	-	-	1	(156)	(2,054)
Net deferred tax asset/(liability)	(2,442)	(363)	(1)	(28)	201	-	822	(2)	(1,812)

Step-up of the tax base in Australia

In fourth quarter 2015, Yara acquired the remaining 49% in Yara Pilbara Holding (Pilbara). This transaction made it possible for Yara to include Pilbara in Yara's Australian tax group and by that achieving a step-up of the tax base for various assets. The step-up was provisionally determined at year-end 2015. The calculations were finalized in fourth quarter 2016 and resulted in a NOK 814 million positive adjustment to Yara's net deferred tax position. This is presented as an equity transaction since it was triggered by a transaction with the non-controlling interest, also classified as an equity transaction.

2015

NOK millions	Opening balance	Charged to income	Reclassified from equity to profit or loss	Changes in tax rate	Recognized in other comprehensive income	Transfer	Acquisitions/ disposals [1]	Foreign currency translation	Closing balance
Non-current items									
Intangible assets	(846)	513	-	(4)	-	-	28	(14)	(323)
Property, plant and equipment	(4,343)	236	-	12	-	38	282	(110)	(3,885)
Pensions	820	27	-	(6)	(138)	-	-	24	726
Equity securities available-for-sale	(4)	-	-	-	(7)	-	-	(1)	(12)
Other non-current assets	(967)	(1,036)	-	89	-	8	-	(12)	(1,918)
Other non-current liabilities and accruals	471	415	(1)	(23)	(7)	-	-	32	888
Total	(4,869)	155	(1)	68	(152)	45	310	(81)	(4,525)
Current items									
Inventory valuation	178	87	-	(12)	-	4	1	(12)	244
Accrued expenses	247	66	-	(11)	-	-	-	(17)	284
Assets classified as held-for-sale	-	-	-	-	-	(49)	-	(3)	(51)
Total	425	153	-	(24)	-	(45)	1	(33)	477
Tax loss carry forwards	2,035	1,214	-	(98)	-	-	-	(140)	3,011
Unused tax credits	2	(2)	-	-	-	-	-	-	1
Valuation allowance	(559)	(879)	-	-	-	-	-	34	(1,404)
Net deferred tax asset/(liability)	(2,963)	641	(1)	(53)	(152)	-	311	(220)	(2,442)

1) Step-up of the tax values in Yara Pilbara and includes NOK 51 million of intangible assets and NOK 308 million for property, plant and equipment. It is related to the acquisition of the remaining 49% of Yara Pilbara.

Valuation allowance on deferred tax assets

NOK millions	2016	2015
Unrecognized deferred tax assets are attributable to the following		
Tax losses	1,671	927
Deductible temporary differences	383	478
Total	2,054	1,404

Unrecognized tax losses are mainly related to the tax loss carry forwards arising from the activities in Brazil. Utilization of the tax loss carry forwards in Brazil is without time limitation but restricted to 30% of taxable income each year. Unrecognized tax losses in Brazil is NOK 1,287 million (2015: NOK 754 million). The increase is due to a later expected utilization.

Specification of expiration of tax loss carry forwards

NOK millions	2016
2017	19
2018	76
2019	90
2020	89
2021	345
After 2021	130
Without expiration	10,319
Total tax loss carry forwards	11,068
Deferred tax effect of tax loss carry forwards	3,289
Valuation allowance on tax losses	(1,671)
Recognized in the statement of financial position	1,618

Yara's recognized tax losses carry forwards primarily relate to the business in Norway and Brazil, where tax losses are without expiration.

Deferred tax presented in the statement of financial position

NOK millions	2016	2015
Deferred tax assets	2,585	2,950
Deferred tax liabilities	(4,396)	(5,392)
Net deferred tax asset/(liability)	(1,812)	(2,442)

Undistributed earnings of foreign subsidiaries and in foreign associates and joint arrangements is amounting to approximately NOK 86 billion that for the main part can be distributed as tax-free dividends. For the expected part of dividend that cannot be distributed as tax-free income, a deferred tax liability of NOK 70 million is recognized.

Note 12 Earnings per share

NOK millions, except share information	2016	2015
Earnings		
Net income for the purposes of basic earnings per share (profit for the year attributable to the equity holders of Yara International ASA)	6,360	8,083
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	273,499,403	275,114,375
Earnings per share	23.25	29.38

The denominators for the purposes of calculating basic earnings per share have been adjusted for the buy-back of own shares and redemption of shares held by the Norwegian State, see note 24.

Note 13 Intangible assets

2016

NOK millions, except percentages	Goodwill	Exploration and evaluation assets [1]	Supplier contracts	Other intangibles [2]	Total
Cost					
Balance at 1 January	7,168	475	2,350	4,050	14,043
Addition at cost	-	8	-	263	271
Derecognition	-	-	(2,239)	(137)	(2,376)
Acquisition new companies	100	-	-	55	155
Transfer	-	(23)	-	48	25
Foreign currency translation	44	30	(105)	8	(23)
Balance at 31 December	7,312	490	6	4,286	12,095
Amortization and impairment					
Balance at 1 January	(152)	(267)	(1,918)	(2,124)	(4,460)
Amortization	-	-	(408)	(363)	(771)
Impairment loss [3]	(165)	-	-	(4)	(169)
Derecognition	-	-	2,239	124	2,363
Foreign currency translation	5	9	84	27	126
Balance at 31 December	(311)	(258)	(2)	(2,340)	(2,912)
Carrying value					
Balance at 1 January	7,016	208	433	1,926	9,583
Balance at 31 December	7,001	233	4	1,946	9,183
Useful life in years			5	3 - 15	
Amortization rate			20 %	5 - 35 %	

1) Exploration and evaluation assets are intangible assets under development, and are not amortized.
2) Other intangibles comprises mainly customer relationships in addition to patents/trademarks and software.
3) Impairment loss mainly related to the Dallol mining project. See note 19 for more information.

Assets used as security

No intangible assets were pledged as security in 2016 (2015: NOK 57 million). See note 35 for more information.

2015

NOK millions, except percentages	Goodwill	Exploration and evaluation assets [1]	Supplier contracts	Other intangibles [2]	Total
Cost					
Balance at 1 January	6,995	2,324	1,977	3,731	15,028
Addition at cost	-	418	-	247	665
Derecognition	-	-	-	(32)	(32)
Acquisition new companies	81	-	-	2	83
Transfer to assets held-for-sale	(32)	-	-	(51)	(83)
Other transfer [3]	(105)	(2,259)	-	60	(2,305)
Foreign currency translation	229	(8)	373	93	687
Balance at 31 December	7,168	475	2,350	4,050	14,043
Amortization and impairment					
Balance at 1 January	(101)	-	(1,200)	(1,718)	(3,020)
Amortization	-	-	(450)	(350)	(800)
Impairment loss [4]	(43)	(261)	-	(4)	(308)
Derecognition	-	-	-	31	31
Transfer to assets held-for-sale	-	-	-	33	33
Foreign currency translation	(7)	(5)	(267)	(116)	(396)
Balance at 31 December	(152)	(267)	(1,918)	(2,124)	(4,460)
Carrying value					
Balance at 1 January	6,894	2,324	777	2,014	12,008
Balance at 31 December	7,016	208	433	1,926	9,583
Useful life in years			5	3 - 15	
Amortization rate			20 %	5 - 35 %	

1) Exploration and evaluation assets are intangible assets under development, and are not amortized.
2) Other intangibles comprises mainly customer relationships in addition to patents/trademarks and software.
3) Includes transfer of carrying amounts from Dallol and Salitre projects previously classified as exploration and evaluation assets within intangible assets. These projects entered the development phase in 2015 and are now presented as assets under construction.
4) See note 19 for more information.

Note 14 Property, plant and equipment

2016

NOK millions, except percentages	Land	Machinery and equipment	Buildings	Asset under construction	Vessels [1)]	Other	Total
Cost							
Balance at 1 January	1,788	66,774	12,655	11,178	38	843	93,276
Addition at cost	4	2,060	513	10,365	268	54	13,263
Derecognition	(2)	(1,756)	(242)	(64)	(8)	(2)	(2,074)
Acquisition new companies	50	18	90	-	-	-	158
Transfers	(1)	1,563	1,234	(4,900)	2,030	16	(57)
Foreign currency translation	64	(1,792)	110	4	84	49	(1,482)
Balance at 31 December	1,903	66,868	14,360	16,582	2,412	960	103,085
Depreciation and impairment							
Balance at 1 January	(39)	(35,766)	(4,777)	(40)	(32)	(198)	(40,852)
Depreciation	-	(4,386)	(613)	-	(39)	(71)	(5,109)
Impairment loss [2)]	(12)	(260)	(67)	(65)	-	-	(404)
Reversed impairment	5	12	10	-	-	-	26
Derecognition	-	1,572	213	39	-	-	1,825
Transfers	-	7	(115)	-	-	-	(108)
Foreign currency translation	1	1,224	58	(3)	(1)	(4)	1,275
Balance at 31 December	(44)	(37,597)	(5,291)	(69)	(72)	(273)	(43,346)
Carrying value							
Balance at 1 January	1,749	31,007	7,878	11,138	6	646	52,424
Balance at 31 December	1,859	29,270 [3)]	9,069 [4)]	16,514	2,340	687	59,739
Useful life in years		4 - 20	20 - 50		20	5 - 10	
Depreciation rate		5 - 25 %	2 - 5 %		5 %	10 - 20 %	

1) During 2016, construction of five ammonia vessels was completed. Vessels are from 2016 shown as a separate asset category due to the materiality of the carrying amounts.
2) Impairments are mainly related to the Montoir and Trinidad plants. For more information, please see note 19 Impairment of non-current assets.
3) Includes net carrying value related to finance leases of NOK 136 million in 2016.
4) Includes net carrying value related to finance leases of NOK 117 million in 2016.

Assets used as security
Property, plant and equipment pledged as security was NOK 456 million in 2016 (2015: NOK 6,371 million). The main reason for the reduction in amounts pledged as security is due to the repayment of Yara Pilbara's term loan of USD 100 million in 2016. See note 28 and 35 for more information.

Government grants
Government grants related to assets have been recognized as deduction to the carrying value by reducing “Addition at cost” with NOK 39 million in 2016 (2015: NOK 12 million).

Borrowing costs
The amount of borrowing cost capitalized amounted to NOK 364 million in 2016 (2015: NOK 111 million). The average rate for the borrowing cost capitalized was 5.8% in 2016.

Compensations
Compensations from insurance companies related to property, plant and equipment recognized in the consolidated statement of income amounted to NOK 4 million in 2016 (2015: NOK 144 million).

2015

NOK millions, except percentages	Land	Machinery and equipment	Buildings	Asset under construction	Other	Total
Cost						
Balance at 1 January	1,895	60,393	12,383	5,149	1,054	80,874
Addition at cost	20	2,182	350	7,630	124	10,307
Derecognition	(20)	(1,747)	(81)	(7)	-	(1,855)
Acquisition new companies	15	196	72	-	11	295
Transfer to assets held-for-sale [1)]	(35)	(1,564)	(505)	(53)	(345)	(2,502)
Other transfer [2)]	(6)	4,093	224	(2,315)	104	2,100
Foreign currency translation	(82)	3,219	213	774	(67)	4,058
Balance at 31 December	1,788	66,774	12,655	11,178	881	93,276
Depreciation and impairment						
Balance at 1 January	(31)	(31,851)	(4,138)	(40)	(230)	(36,290)
Depreciation	-	(4,041)	(542)	-	(80)	(4,663)
Impairment loss	(30)	(898)	(255)	-	-	(1,183)
Reversed impairment	12	2	8	-	-	22
Derecognition	12	1,693	65	-	-	1,770
Transfer to assets held-for-sale [1)]	-	1,213	206	-	88	1,507
Other transfer	-	(2)	2	-	-	-
Foreign currency translation	(2)	(1,880)	(123)	-	(9)	(2,014)
Balance at 31 December	(39)	(35,766)	(4,777)	(40)	(230)	(40,852)
Carrying value						
Balance at 1 January	1,864	28,542	8,244	5,109	825	44,584
Balance at 31 December	1,749	31,007 [3)]	7,878 [4)]	11,138	652	52,424
Useful life in years		4 - 20	20 - 50		5 - 10	
Depreciation rate		5 - 25 %	2 - 5 %		10 - 20 %	

1) Transfer to assets held-for-sale consist mainly of the assets of the CO_2 business that was divested in 2016.
2) Includes transfer of carrying amounts from Dallol and Salitre projects previously classified as exploration and evaluation assets within intangible assets. These projects entered the development phase in 2015 and are now presented as assets under construction.
3) Includes net carrying value related to finance leases of NOK 164 million in 2015.
4) Includes net carrying value related to finance leases of NOK 120 million in 2015.

Note 15 Non-current assets and disposal groups held-for-sale

NOK millions	Notes	2016	2015
Non-current assets and disposal group held-for-sale	4	92	1,533
Liabilities directly associated with disposal group held-for-sale	4	-	115
Net assets held-for-sale	4	92	1,418

The change from 2015 to 2016 is due to the divestment of Yara's European CO_2 business in June 2016. Please see note 4 for more information.

Note 16 Associated companies and joint ventures

2016

NOK millions	Balance at 1 January	Investments/ (sale, and assets held-for-sale), net and long-term loans	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity-accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	9,016	298 [1]	(449)	-	(449) [2]	(298)	44	(177)	8,433
Lifeco	10	-	(10)	-	(10)	-	-	-	-
Other	743	1	98	12	111	(59)	1	(40)	757
Total	9,769	299	(360)	12	(348)	(358)	45	(216)	9,190

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by Qafco, but refunded by Yara.
2) Yara's share of impairment charges is NOK 284 million. See note 19 for more information.

2015

NOK millions	Balance at 1 January	Investments/ (sale, and assets held-for-sale), net and long-term loans	Yara's share of net income/ (loss)	Amortization, depreciation and write-down	Total share of net income in equity-accounted investees	Dividends/ Repayment of capital	Posted directly in equity	Foreign currency translation and other	Balance at 31 December
Qafco	7,436	374 [1]	549	-	549	(757)	44	1,370	9,016
GrowHow UK [2]	1,583	(1,792)	131	-	131	(129)	11	195	-
Lifeco	1,017	-	(1,091)	-	(1,091) [3]	-	-	84	10
Yara Praxair Holding [4]	172	(231)	46	-	46	-	-	14	-
Other	726	(2)	84	(29)	55	(42)	6	1	743
Total	10,934	(1,652)	(281)	(29)	(310)	(928)	61	1,664	9,769

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by Qafco, but refunded by Yara.
2) Yara sold its 50% stake in GrowHow UK Group Limited to CF Industries. See note 4 for more information.
3) Yara made an impairment write-down of its investment of NOK 893 million.
4) On 1 June 2016, Yara completed the sale of its European CO_2 business, including sale of its 34% stake in Yara Praxair Holding AS. See note 4 for more information.

Due to it being impractical to obtain financial reports at the same reporting date as Yara uses, there is for some of the associated companies and joint ventures a lag of 1-3 months for the numbers included.

Ownership, sales and receivables/(payables)

NOK millions, except percentages	Place of incorporation and operation	Percentage owned by Yara 2016 [1]	Sales from Investees to Yara Group [2]		Yara's current receivables/ (payables) net with investees	
			2016	2015	2016	2015
GrowHow UK	Great Britain	0.0 %	-	(942)	-	-
Lifeco	Libya	50.0 %	(700)	(1,046)	71	94
Yara Praxair Holding	Norway	0.0 %	-	(4)	-	(8)
Other			(129)	(129)	(9)	(12)
Total			(829)	(2,120)	62	73

1) Equals voting rights.
2) Included in raw materials, energy cost and freight expenses.

Business in equity-accounted investees

Qafco

Yara is the owner of 25% of Qatar Fertiliser Company (S.A.Q.), ("Qafco"), the owner and operator of a fertilizer complex in Mesaieed in Qatar. The remaining 75% of Qafco is owned by Industries Qatar, a Doha Stock Market listed company, owned 51% by Qatar Petroleum, and the rest is shared between various Qatari funds and by general public. Qafco operates six ammonia plants and six urea plants. Qafco 5 and Qafco 6, the two newest ammonia and urea trains, commenced production during 2012. Total production capacity is approximately 3.5 and 5.6 million tonnes of ammonia and urea, respectively. Yara is, buying a significant amount of Urea produced by Qafco from Muntajat, a Qatari company coordinating sales and marketing of chemical products produced in Qatar. Qafco has 70% ownership in Gulf Formaldehyde Company, which produces and sells Urea Formaldehyde Concentrate, mainly used in the urea production process. In addition, Qafco owns 60% of Qatar Melamine Company, which owns a melamine plant located at the Qafco site, and with a capacity of 60,000 tonnes per year. Qafco is operating and providing marketing services for this plant.

Lifeco

Yara owns 50% in Libyan Norwegian Fertilizer Company ("Lifeco"), while Libya's National Oil Corporation (NOC) and the Libyan Investment Authority (LIA) each hold a 25% stake. Lifeco owns and operates two urea and two ammonia plants with nominal capacity of approximately 900,000 tonnes of urea and 150,000 tonnes of merchant ammonia per year. More than 90% of the ammonia and urea from Lifeco is exported, and Yara is Lifeco's exclusive global export product distributor. During 2015, Yara made an impairment write-down of its investment in Lifeco of NOK 893 million and impaired receivables against the same company of NOK 36 million. The impairments were triggered by the worsening security outlook in Libya, as Yara saw a high likelihood of a further deterioration of Lifeco's operating ability. The plant did operate throughout all of 2016, but with operating losses and at less than 50% load due to highly insufficient gas supply. Yara is evaluating the security of the operation of the plants on an on-going basis in cooperation with the management and the other partners, with a view to protect the safety of the employees as well as the assets.

Yara Praxair Holding

Yara Praxair Holding was sold 1 June 2016, when Yara completed the sale of its European CO_2 business. The investment has been classified as disposal group held-for-sale since the end of 2015. See note 4 for more information.

Financial information

The following table sets forth summarized unaudited financial information of Yara's associated companies and joint ventures based on a 100% combined basis. Yara's share of these investments, which is also specified above, is accounted for using the equity method. Qafco, Lifeco and others are all classified as associated companies.

Financial position

NOK millions (unaudited, 100% basis)	31 December 2016			31 December 2015		
	Qafco	Lifeco	Others	Qafco	Lifeco	Others
Cash and cash equivalents	6,213	748	376	6,505	952	384
Current Assets excluding cash and cash equivalents	3,355	847	1,788	3,872	942	1,860
Non-current assets	32,238	152	1,473	37,119	298	2,533
Current liabilities	(7,340)	(1,897)	(1,279)	(2,890)	(2,172)	(1,658)
Non-current liabilities	(774)	-	(360)	(6,150)	-	(809)
Non controlling interest	(426)	-	(32)	(1,117)	-	(25)
Net assets	33,266	(151)	1,966	37,339	20	2,285
% Share of Yara	25 %	50 %		25 %	50 %	
Yara's share of total equity	8,316	(76)	728	9,335	10	965
Reclassified to asset held-for-sale	-	-	-	-	-	(230)
Tax effect of Qafco [1]	117	-	-	(319)	-	-
Losses not recognized by Yara [2]	-	76	-	-	-	-
Goodwill and fair value adjustment	-	-	29	-	-	8
Yara's share of total equity (carrying amount)	8,433	-	757	9,016	10	743

1) Tax effect is tax on profit attributable to Yara from Qafco. The tax is paid by Qafco, but refunded by Yara.
2) Losses in excess of Yara's interest in Lifeco.

Income statement

NOK millions (unaudited, 100% basis)	2016 Qafco	2016 Lifeco	2016 Others	2015 Qafco	2015 Lifeco	2015 GrowHow UK	2015 Others
Total operating revenues	10,991	741	4,215	14,576	-	2,818	6,658
Interest income	-	1	18	-	-	62	39
Depreciation, amortization & impairment loss	(4,368)	(210)	(67)	(2,393)	(2,013)	(196)	(236)
Operating income	(2,738)	(157)	238	3,155	(485)	370	445
Interest expense	(293)	-	(12)	(315)	-	(89)	(55)
Income tax expense	-	-	(30)	-	-	(67)	(127)
Minority interest	644	-	(17)	43	-	-	(15)
Net income	(2,262)	(165)	183	3,217	(2,199)	277	237
% Share of Yara	25 %	50 %		25 %	50 %	50 %	
Yara's share of net income	(566)	(83)		804	(1,100)	139	-
Tax effect of Qafco [1]	117	-	-	(374)	-	-	-
Losses not recognized by Yara [2]	-	73	-	-	-	-	-
Currency translation effects [3]	(1)	-		119	8	(7)	-
Yara's share of net income (as per books)	(449)	(10)	111	549	(1,091)	131	101
Net other comprehensive income that may be reclassified to profit and loss account in subsequent period	175	-	2	184	-	-	45
Net other comprehensive income that will not be reclassified to profit and loss account in subsequent period	-	-	-	-	-	-	(1)
Total other comprehensive income, net of tax	175	-	2	184	-	-	44
Total Comprehensive income	(2,087)	(19)	186	3,401	(2,199)	277	281

1) Tax effect is tax on profit attributable to Yara from Qafco. The tax is paid by Qafco, but refunded by Yara.
2) Losses in excess of Yara's interest in Lifeco.
3) Certain financial information from equity-accounted investees is only collected once per year and translated at the average rate for the year. Deviations towards figures reported and translated on a monthly basis can occur.

Note 17 Joint operations

Yara has three investments that are classified as joint operations:

Yara Pilbara Nitrates

Yara and Orica are constructing a technical ammonium nitrate (TAN) plant next to Yara's existing ammonia plant in the Pilbara region of Australia. The construction is close to completion and the TAN plant is expected to commence commercial operations in first half 2017. The plant will have an annual production capacity of about 330.000 metric tonnes of TAN and will primarily supply the mining operations in the region. The company is 55% owned by Yara and 45% by Orica.

Trinidad Nitrogen Company Ltd. (Tringen)

Tringen owns an ammonia complex consisting of two separate ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition, Yara provides marketing support through sales agency agreements. The two plants have an annual production capacity of about 1 million metric tonnes of ammonia which is mainly exported to other markets. Yara has a 49% ownership stake in Tringen, the remaining 51% of Tringen is owned by National Enterprises Limited, which is a publicly listed Company, in which the Government of the Republic of Trinidad and Tobago has majority shareholding.

Yara Freeport LLC DBA Texas Ammonia

Yara and the BASF Group are constructing an ammonia plant at BASF's site in Freeport, Texas, US. The construction is managed by Yara in partnership with Kellogg Brown & Root LLC (KBR). BASF manages construction of the necessary site infrastructure and will operate the plant. The plant is 65% complete and is expected to commence commercial operations in late 2017. The plant will have an annual production capacity of about 750.000 metric tonnes of ammonia and each party will off-take ammonia from the plant in accordance with their ownership share. The company is 68% owned by Yara and 32% by BASF.

The following table shows the effect of consolidating joint operations according to IFRS 11 on Yara's financial statements. Yara Pilbara Nitrates is consolidated 55%, Tringen 49%, and Yara Freeport 68% (according to ownership share). The table is based on unaudited financial information of Yara's joint operations based on their IFRS financial statements.

Financial position

	31 Dec 2016				31 Dec 2015			
NOK millions (unaudited)	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations
Assets								
Deferred tax assets	-	-	-	-	38	-	-	38
Intangible assets	5	-	-	5	3	-	-	3
Property, plant and equipment	3,925	645	2,041	6,611	3,938	705	825	5,467
Other non-current assets	-	1	-	1	-	2	-	2
Total non-current assets	3,931	645	2,041	6,617	3,978	706	825	5,509
Inventories	21	98	-	119	-	143	-	143
External trade receivables	-	-	-	-	2	-	-	2
Internal trade receivables	-	71	-	71	-	41	-	41
Prepaid expenses and other current assets	16	143	12	171	15	140	4	159
Cash and cash equivalents	39	59	11	110	21	2	187	211
Total current assets	76	371	23	470	38	326	191	554
Total assets	4,007	1,016	2,064	7,087	4,016	1,032	1,016	6,064
Total equity	668	453	1,797	2,918	921	465	745	2,131
Liabilities								
Employee benefits	-	105	-	105	-	126	-	126
Deferred tax liabilities	26	58	17	100	-	63	5	68
Other long-term liabilities	-	-	156	156	(12)	-	72	60
Long-term provisions	131	-	-	131	158	-	-	158
Internal long-term interest bearing debt	3,167	-	-	3,167	2,907	-	-	2,907
Total non-current liabilities	3,324	268	184	3,776	3,054	189	77	3,319
External trade and other payables	5	111	83	199	31	155	184	371
Internal trade and other payables	9	15	10	34	11	20	10	41
Bank loans and other short-term interest-bearing debt	-	169	-	169	-	202	-	202
Total current liabilities	15	296	94	404	42	378	194	614
Total equity and liabilities	4,007	1,016	2,064	7,087	4,016	1,032	1,016	6,064

Income statement

	2016				2015			
NOK millions (unaudited)	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations	Yara Pilbara Nitrates	Tringen	Yara Freeport LLC DBA Texas Ammonia	Yara's share of consolidated Joint Operations
Revenue and other income	-	898	-	898	-	1,276	-	1,276
Operating costs and expenses	(159)	(778)	(26)	(963)	(53)	(993)	(9)	(1,055)
Operating income/(loss)	(159)	121	(26)	(64)	(53)	283	(9)	221
Earnings before interest expense and tax (EBIT)	(159)	121	(26)	(64)	(53)	284	(9)	222
Income before tax	(165)	112	35	(17)	(39)	274	5	240
Income tax expense	(61)	(37)	(12)	(110)	12	(93)	(5)	(85)
Non-controlling interests	-	-	-	-	6	-	-	6
Net income	(225)	75	23	(128)	(21)	181	-	161

Note 18 Other non-current assets

NOK millions	Notes	2016	2015
Prepayments for long-term employee obligations	25	415	780
Equity investments available-for-sale	31	182	223
Interest rate swap designated as hedging instrument	31	2	70
Prepayment for property, plant and equipment [1]		736	389
Long-term loans and receivables [1] [2]		1,907	1,494
Total		3,242	2,956

1) A reclassification of NOK 389 million between long-term loans and receivables to payment for property, plant and equipment has been made to the 2015 figures.
2) Long-term loans and receivables are mainly related to tax and VAT credits. Tax credits in Brazil amounts to NOK 955 million (2015: NOK 689 million).

Note 19 Impairment on non-current assets

Recognized impairment loss

NOK millions	2016	2015
Asset class		
Goodwill	165	43
Other intangible assets	4	265
Property, plant and equipment	404	1,183
Equity-accounted investees [1]	284	909
Total impairment of non-current assets	857	2,400
Reversal of impairment of non-current assets	(26)	(22)
Net impairment loss	830	2,378

1) Presented as part of "Share of net income in equity-accounted investees" in the consolidated statement of income.

NOK millions	2016	2015
Segment split		
Production	752	2,273
Crop Nutrition	77	104
Industrial	-	1
Other	-	-
Net impairment loss	830	2,378

Impairment charges in 2016

The goodwill impairment charge in 2016 is NOK 165 million, of which NOK 140 million is related to Yara Dallol's sulphate of potash (SOP) mine project under development in the Dallol region in Ethiopia. Higher estimated capital expenditures following the completion of the technical test work and reduced SOP price forecasts in the short to medium term have resulted in the impairment charge.

The impairment write-down of property, plant and equipment in 2016 is NOK 404 million, of which NOK 136 million is related to the Montoir plant (France) and NOK 116 million is related to the Trinidad plant. The impairments are mainly caused by a further reduction in sales prices. The Montoir plant is one of Yara's smallest fertilizer plants, with an annual production capacity of approximately 300,000 tonnes nitrate and 300,000 tonnes NPK. In addition to small scale, the plant has limited export opportunities and is exposed to lower profitability in its home market. The Trinidad plant is one of Yara's smallest ammonia plants, with an annual production capacity of approximately 270,000 tonnes ammonia. Plant profitability is impacted by frequent gas supply curtailments and lower energy efficiency than Yara's average. The recoverable amount for these two Production plants is NOK 245 million, including normalized working capital, and the after-tax discount rates used for the testing for Montoir and Trinidad are 6.7% and 9.6%, respectively.

Other impairments of property plant and equipment comprise a number of smaller amounts with none exceeding NOK 50 million.

Yara's equity-accounted investee Qafco reports impairments in 2016, mainly related its melamine plant investment. Yara's 25% share of the impairments is NOK 284 million, which is reported within the line "share of net income in equity-accounted investees" in the income statement. The melamine impairment is mainly due to lower expected sales prices of melamine. Yara has no recognized goodwill or other fair value adjustments on its investment in Qafco. More information about this associate is provided in note 16.

Impairment charges in 2015

Total impairment loss on other intangible assets in 2015 was NOK 265 million, of which NOK 166 million was related to the halted mining project in Sokli, Finland, and NOK 95 million was related to the Mine Arnaud phosphate project in Quebec, Canada, where Yara decided to limit its participation in further development of the project.

The impairment loss on property, plant and equipment in 2015 was NOK 1,183 million, of which NOK 544 million was related to the Montoir plant (France), NOK 414 million was related to Yara's Trinidad plant and NOK 112 million was related to the Pardies plant (France). These impairments were mainly caused by lower sales prices.

Total impairment loss on Yara's equity-accounted investees was NOK 909 million in 2015, of which NOK 893 million was related to Lifeco (Libya) following a worsening security outlook in Libya and an assessment of Lifeco's operating ability.

Impairment testing

The mandatory impairment testing of cash generating units (CGUs) with allocated goodwill or assets with indefinite useful life are carried out during fourth quarter each year. Yara has also performed testing of other CGUs with impairment indicators. The recoverable amounts have been determined based on "value-in-use". Key assumptions used in the calculation are generally:
- EBITDA
- Growth rates
- Capital expenditures
- Discount rate

EBITDA

EBITDA represents the operating margin before depreciation and amortization and is estimated based on the expected future development for Yara's existing businesses and their main markets. Committed operational efficiency programs are taken into consideration. Changes in the outcome of these initiatives may affect future estimated EBITDA margin. EBITDA for the first year is based on the latest approved business plan for the CGU. The two most important assumptions in the corporate business plan are the expected agricultural commodity prices and the global urea supply/demand balance. Yara utilizes available internal and external information when setting business plan assumptions. For the following four years, management projections are applied based on available forecasts for volumes, sales prices, energy and other cost components, with the exception of some Crop Nutrition units where an estimated annual growth rate is applied.

Growth rates

Yara uses a steady growth rate normally not exceeding 2.0% (including inflation) for periods that are not based on management projections. The steady growth rate period starts after year five at the latest. Yara also prepares cash flow projections for the Production plants after year five, using long-term commodity and energy forecasts as supporting documentation to the terminal-year cash flow. The growth rates used are estimated not to exceed the growth rates for the products, industry or countries in which the units operate.

Capital expenditure

To the best of management's judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

Discount rate

Discount rates represent the current market assessment of the risks specific to each cash generating unit. The discount rates are estimated based on the weighted average cost of capital for the industry. Industry characteristics are factored in by using segment beta. Beta is calculated as an average beta of BBB rated peer companies within each segment group of the industry. Discount rates are adjusted to reflect both the country risk and the degree of the particular CGU's exposure to the country risk. Cost of debt element is derived from the actual cost of debt for the peer companies in the same country where discount rate is calculated. Discount rates are determined in the same currency as cash flows and reflect only those risks for the CGU which have not been included in the cash flow.

Cash generating units with goodwill

Goodwill acquired through business combinations have been allocated for impairment testing to these CGUs, presented together with the applicable discount rates used in the impairment testing:

	Goodwill		Discount rate pre tax	
NOK millions, except percentages	2016	2015	2016	2015
Production				
Belle Plaine (Canada)	2,248	2,231	8.9%	9.3%
Pilbara Ammonia (Australia)	953	974	8.7%	10.3%
Finland	717	756	7.8%	8.3%
Galvani (Brazil)	506	424	15.1%	15.1%
Ammonia trade (Switzerland)	476	486	8.6%	10.3%
Yara Dallol (Ethiopia)	4	147	16.1%	15.5%
Other Production [1]	53	56		
Total Production	4,957	5,074		
Crop Nutrition				
Crop Nutrition segment allocation	714	729	10.6%	10.4%
Brazil	435	310	15.0%	17.0%
Belle Plaine (Canada)	126	125	8.4%	9.6%
Latin America	135	132	13.9%	14.8%
Other Crop Nutrition [1]	328	322		
Total Crop Nutrition	1,738	1,618		
Industrial				
Environmental Solutions Maritime [2]	147	152	8.7%	9.4%
Environmental Solutions Stationary [2]	71	78	8.3%	9.4%
Other Industrial [1]	89	94		
Total Industrial	307	324		
Total	7,001	7,016		

1) Goodwill presented within "Other" per segment are allocated to various cash generating units, but presented together due to materiality.
2) Environmental Solutions have been split in two separate cash generating units during 2016.

Further information about cash generating units with allocated goodwill:

Production and Crop Nutrition Belle Plaine

Goodwill in relation to the Saskferco (now Yara Belle Plaine) acquisition in 2008 was allocated to two CGUs; Production Belle Plaine and Crop Nutrition Canada. The Production site has one ammonia plant, one nitric acid plant and one urea granulation plant. It produces an average of 3,000 tonnes of urea, 700 tonnes of UAN and 1,900 tonnes of ammonia per day. The majority of the ammonia produced is used in the production of UAN and granular urea, however some products are sold for agricultural purposes during peak ammonia seasons. The change in carrying value of goodwill is fully explained by currency translation effects (CAD/NOK).

Production Pilbara Ammonia

Yara increased its ownership in Yara Pilbara Holdings from 34% to a controlling stake of 51% in 2012. The remaining 49% stake was acquired in 2015. This entity owns 100% of Yara Pilbara Fertilisers, a company that owns and operates an ammonia plant located in Western Australia with an annual production capability of approximately 850,000 metric tonnes. The change in carrying value of goodwill is fully explained by currency translation effects (USD/NOK).

Production Finland

Goodwill in relation to the Kemira GrowHow acquisition in 2007 was allocated to five CGUs, of which Production Finland was the largest (rest is included in Other Crop Nutrition and Other Industrial in the table above). Production Finland has several production sites. The Siilinjärvi site produces mainly fertilizers and phosphoric acid, but also other industrial chemicals. It consists of several plants in addition to a mine. Uusikaupunki has three nitric acid plants as well as two fertilizer plants producing for the Finnish market and for export. Kokkola produces mainly potassium sulfate for the Mediterranean and Chinese markets and feed phosphates for markets worldwide. The change in carrying value of goodwill is fully explained by currency translation effects (EUR/NOK).

Production Galvani

Yara acquired a controlling 60% stake in Galvani in 2014. This company is engaged in phosphate mining, production of Single Super Phosphate (SSP) and distribution of fertilizers in Brazil. Total SSP production is approximately 1 million tonnes per year through the industrial complex of Paulinia and Luis Eduardo Magalhaes. Both sites source phosphate rock from two own mines, Lagamar and Angico dos Dias, and the leased mine Irece. Galvani also owns licenses for two new greenfield phosphate mine projects in Brazil. The change in carrying value of goodwill is fully explained by currency translation effects (BRL/NOK).

Production Ammonia trade and Crop Nutrition Fertilizer trade

Goodwill in relation to the Balderton transaction in 2010 was allocated to two CGUs and is fully integrated in Yara's global supply and trade operation in ammonia and fertilizer products. The goodwill in relation to fertilizer trade and supply is tested on Crop Nutrition segment level since the organization is serving all business units within the segment. Ammonia trade is tested as a separate CGU within the Production segment. The change in carrying value of goodwill is fully explained by currency translation effects (USD/NOK).

Production Yara Dallol

Yara increased its ownership in Yara Dallol (former Ethiopotash) to a controlling position in 2012. The company is developing a potash resource in Dallol in the Danakil Depression of Ethiopia. In February 2015, Yara announced that an independent study identified an annual production of 600,000 metric tonnes sulfate of potash (SOP) over 23 years from the reserves. During 2016, Yara recognized a goodwill impairment charge of NOK 140 million. The carrying value of goodwill is also impacted by currency translation effects (USD/NOK).

Crop Nutrition Brazil

Goodwill allocated to Crop Nutrition Brazil is mainly related to the acquisition of Bunge Fertilizers in 2013. The CGU is involved in SSP production, blending and distribution through 21 locations, delivering approximately 8.4 million tonnes of fertilizers and covering one fourth of the Brazilian market demand. The change in carrying value of goodwill is fully explained by currency translation effects (BRL/NOK).

Crop Nutrition Latin America

OFD was acquired in 2014 with production facilities in Cartagena, Colombia, and distribution companies across Latin America. Business unit Crop Nutrition Latin America comprise 17 blending units with a capacity of 1.5 million tonnes and distribution network that includes Mexico, Guatemala, Costa Rica, Panama, Colombia, Ecuador, Peru, Bolivia, Chile and Argentina. The production facility in Cartagena has one ammonia, three nitric acid plants, one NPK plant, three ammonium nitrate solution units and one calcium nitrate plant. The change in carrying value of goodwill is fully explained by currency translation effects.

Industrial Environmental Solutions Maritime

Goodwill allocated to this Industrial unit comprises the 2014 acquisitions of H+H Umwelt- und Industrietechnik and Green Tech Marine. The CGU markets urea and ammonia-based reagents as well as a broad technology portfolio for the reduction of air pollution from commercial ships. The change in carrying value of goodwill is fully explained by currency translation effects.

Industrial Environmental Solutions Stationary

Goodwill allocated to this Industrial unit comprises the 2014 acquisition of the flue gas cleaning division of Strabag and the 2011 acquisition of Yara Miljø (former Petromiljø) . The CGU markets urea and ammonia-based reagents as well as a broad technology portfolio for the reduction of air pollution from industrial plants. The change in carrying value of goodwill is fully explained by currency translation effects.

Sensitivity to changes in assumptions

Sensitivity calculations are done for all CGUs that are tested for impairment. As a basis for the sensitivity assessment, Yara uses the following assumption changes:

- An increase of discount rate of 1.0% points (after tax)
- A reduction to management projected EBITDA of 10% each year, in the period year one to five
- A reduction of nominal growth after year five of 1% point.

A combined change of all three assumptions would lead to total impairment write-down of approximately NOK 4 billion, of which NOK 1.9 billion is related to Yara's production plants in Finland and NOK 1.3 billion is related to Yara Pilbara Nitrates (TAN plant under construction). Remaining sensitivity is mainly related to other fertilizer plants in Europe. An isolated adjustment to the discount rate, EBITDA and nominal growth would give a loss of approximately NOK 1.5 billion, NOK 600 million and NOK 950 million, respectively. The total carrying value of the CGUs that are sensitive to impairment is approximately NOK 16.5 billion, with a current headroom of approximately NOK 1.3 billion. The carrying value includes non-current assets and necessary working capital.

In addition to the sensitivity information provided above, Yara regards its investment in the Yara Dallol (Ethiopia) mining development project with a total carrying value of NOK 1.7 billion to be sensitive to impairment. The cash inflow for this project starts several years in to the future and there are multiple uncertainties related to the project's profitability, mineability of the reserves, financing, required infrastructure and necessary governmental permits. Any negative development to these uncertainties could trigger a decision to stop the project and a resulting impairment loss.

Future potential reversals of impairment

Yara has over time recognized impairment losses on several cash generating units. These impairments will be reversed, fully or partly, when and if the situation improves and the recoverable value is determined to be higher than the carrying amount. The increased carrying amount cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior periods.

The table below provides an overview of the main CGUs with impairments, presented with the maximum amount of potential reversals calculated at 31 December 2016 and the key conditions for such reversals to materialize.

NOK millions	Asset class	Key conditions for reversals	Amount
Montoir plant (France)	Property, plant and equipment	Fertilizer price increase	574
Trinidad plant (Trinidad & Tobago)	Property, plant and equipment	Ammonia price increase and stable gas supply	457
Pardies plant (France)	Property, plant and equipment	Technical ammonium nitrate price increase	178
Sokli mining project (Finland)	Intangible assets	Resumed project development activities	162
Lifeco (Libya)	Equity-accounted investee (associate)	Improved political situation in Libya, stable gas supply and urea price increase	885
Qafco (Qatar)	Equity-accounted investee (associate)	Melamin price increase	284

Note 20 Inventories

NOK millions	2016	2015
Finished goods	9,377	11,425
Work in progress	536	637
Raw materials	7,667	7,885
Total	17,580	19,948
Write-down		
Balance at 1 January	(152)	(92)
New write-downs recognized during the year	(262)	(122)
Write-downs reversed due to product sold	173	41
Write-downs reversed, other	87	29
Foreign currency translation	14	(8)
Balance at 31 December	(139)	(152)

No inventories were pledged as security at the end of 2016 (2015: NOK 164 million). See note 34 for more information.

Note 21 Trade receivables

NOK millions	Notes	2016	2015
Trade receivables		11,133	12,809
Allowance for impairment loss		(801)	(711)
Total	31	10,332	12,098

Movement in allowance for impairment loss

NOK millions	2016	2015
Balance at 1 January	(711)	(514)
Impairment losses recognized on receivables	(177)	(262)
Amounts written off during the year as uncollectible	33	40
Impairment losses reversed	92	31
Foreign currency translation	(36)	13
Other changes	(3)	(19)
Balance at 31 December	(801)	(711)

Aging analysis of trade receivables at 31 December

Gross trade receivables

NOK millions	Total	Not past due gross trade receivables	Past due gross trade receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2016	11,133	8,901	737	414	161	920
2015	12,809	10,710	834	337	137	791

Net trade receivables

NOK millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2016	10,332	8,890	731	395	121	194
2015	12,098	10,696	833	329	118	123

Impairment of trade receivables

NOK millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2016	(801)	(11)	(6)	(18)	(40)	(725)
2015	(711)	(14)	(1)	(8)	(19)	(668)

Note 22 Prepaid expenses and other current assets

NOK millions	2016	2015
VAT and sales related taxes	1,184	1,263
Foreign exchange contracts	19	133
Commodity derivatives and embedded derivatives	16	-
Prepaid income taxes	1,374	729
Prepaid expenses	1,191	1,263
Other current assets	1,028	995
Total	4,813	4,383

Note 23 Cash, cash equivalents and other liquid assets

NOK millions	Notes	2016	2015
Cash and cash equivalents	33	3,751	3,220
Other liquid assets	33	2	3

External bank deposits that are not available for use by the group at 31 December 2016 have a carrying value of NOK 256 million (2015: NOK 436 million), manly related to a technical reserve in Yara Insurance required by the regulators and cash held by equity-accounted investees and joint operations. More information about bank deposits and dividend resolutions in subsidiaries with significant non-controlling interests is provided in note 25.

Other liquid assets comprise of bank deposits with maturity between three months and one year.

The average interest rate for liquid assets is approximately 3.0 % as of 31 December 2016 (2015: 4.5 %).

Yara minimizes the counterparty exposure by keeping its cash deposits in various Nordic and international banks with established limits for exposure towards each institution.

Note 24 Share information

On 10 May 2016, the Annual General Meeting approved a share buy-back program, authorizing the Board of Directors for a period of 12 months to let the Company acquire up to 5% of total shares in the open market and from the Norwegian State. The purchase price shall not be less than NOK 10 nor more than NOK 1,000. Shares acquired shall be subsequently cancelled.

Yara's largest shareholder, the Norwegian State, has committed to sell a proportionate part of its shares, leaving the State's ownership unchanged at 36.21%. The compensation to the State will be equal to the average price paid in the market for the buy-back of shares, plus interest at NIBOR +1%, calculated from the date of the acquisition of the corresponding shares.

Yara has not purchased own shares under the 2016 buy-back program.

During 2016, Yara purchased 280,000 shares for a total consideration of NOK 93.5 million under the 2015 share buy-back program. Shares were cancelled and shares held by the Norwegian State were redeemed on a pro rata basis.

During 2015, Yara purchased 910,000 shares for a total consideration of NOK 363.8 million under the 2015 share buy-back program. Shares were cancelled and shares held by the Norwegian State were redeemed on a pro rata basis.

Dividend proposed for 2016 is NOK 10.00 per share, amounting to NOK 2,732 million. Dividend approved for 2015 and paid out in 2016 was NOK 4,108 million.

During 2016, Yara received NOK 2.5 million of unclaimed dividends that have expired.

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

	Ordinary shares	Own shares
Total at 31 December 2014	276,227,775	(730,000)
Redeemed shares Norwegian State [1]	(414,406)	
Shares cancelled [1]	(730,000)	730,000
Treasury shares - share buy-back program [1]		(910,000)
Total at 31 December 2015	275,083,369	(910,000)
Treasury shares - share buy-back program [1]		(280,000)
Redeemed shares Norwegian State [2]	(675,539)	
Shares cancelled [2]	(1,190,000)	1,190,000
Total at 31 December 2016	273,217,830	-

1) As approved by General Meeting 11 May 2015
2) As approved by General Meeting 10 May 2016

Note 25 Non-controlling interests

Summarized financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below.

2016

NOK millions	Total at 1 January	Share of profit	Dividend distributed	Additions	Disposals	Share capital increase	Companies acquired	Foreign currency translation	Total at 31 December
Galvani Industria, Comercio e Servicos S.A.	1,245	(15)	(2)	-	-	187	-	238	1,652
Yara Dallol B.V.	394	11	-	-	-	153	-	(5)	553
Other	197	(33)	(3)	-	(11)	-	-	(31)	120
Total	1,837	(37)	(5)	-	(11)	340	-	202	2,326

2015

NOK millions	Total at 1 January	Share of profit	Dividend distributed	Additions	Disposals	Share capital increase	Companies acquired	Foreign currency translation	Total at 31 December
Yara Pilbara Holdings Ltd [1]	2,570	412	(235)	-	(3,057)	-	-	310	-
Galvani Industria, Comercio e Servicos S.A.	1,181	(10)	-	-	-	298	(2)	(222)	1,245
Yara Dallol B.V.	166	(8)	-	203	-	-	-	33	394
Other	279	(43)	(11)	-	(36)	-	-	9	197
Total	4,196	351	(246)	203	(3,094)	298	(2)	130	1,837

1) Including Yara Pilbara Fertilisers Pty Ltd.

In 2015, Yara acquired the 49% non-controlling interest in Yara Pilbara Holding (Pilbara) for NOK 3,068 million in cash. This transaction made it possible for Yara to include Pilbara in Yara's Australian tax group and by that achieve a step-up of various tax assets that was not finally determined until 2016. More information about this tax effect is provided in note 11.

Also in 2015, Yara reduced its ownership in Yara Dallol (Dallol) from 69% to 51.8% for a total consideration of NOK 308 million in cash.

Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests [1] 2016	Percentage non-controlling interests [1] 2015
Galvani Industria, Comercio e Servicos S.A.	Brazil	40.00 %	40.00 %
Yara Dallol B.V. [2]	The Netherlands	48.24 %	48.24 %

1) Equals voting rights.
2) Place of operations is Ethiopia.

Restrictions and other information related to significant non-controlling interests

The shareholders in Yara Dallol have agreed that no dividends shall be distributed from the company before the start of production. After that, the company shall pay out as much as permitted by applicable law and possible restrictions in future financing agreements. At 31 December 2016, Yara Dallol held NOK 13 million in cash and cash equivalents. Yara has the overall management and control of the project development while the non-controlling interest is provided with minority protective rights.

A dividend resolution by Galvani requires the approval by 75% of the voting shares, providing the non-controlling interest with a protective right. At 31 December 2016, Galvani held NOK 257 million in cash and cash equivalents. The budget and business plan for the mining development projects require consent from at least one board member representing the non-controlling interest while approval of the budget and business plan for the ongoing business is controlled by Yara. The non-controlling interest is also provided with other protective rights.

Financial position for companies with significant non-controlling interests

	2016		2015	
NOK millions	Yara Dallol	Galvani	Yara Dallol	Galvani
Current assets	75	1,385	46	1,756
Non-current assets	1,676	5,439	1,588	3,571
Current liabilities	(97)	(1,453)	(116)	(1,613)
Non-current liabilities	(210)	(1,243)	(289)	(603)
Equity attributable to shareholders of the parent	(889)	(2,476)	(835)	(1,866)
Non-controlling interests	(553)	(1,652)	(394)	(1,245)

Income statement for companies with significant non-controlling interests

	2016		2015	
NOK millions	Yara Dallol	Galvani	Yara Dallol	Galvani
Total operating revenues and other income	-	1,922	-	1,765
Expenses	(98)	(1,964)	(38)	(1,790)
Net income/(loss)	(98)	(43)	(37)	(26)
Net income attributable to shareholders of the parent [1]	(109)	(28)	(29)	(16)
Net income attributable to non-controlling interests	11	(15)	(8)	(10)
Net income/(loss)	(98)	(43)	(37)	(26)
Other comprehensive income attributable to shareholders of the parent	(13)	356	146	(333)
Other comprehensive income attributable to non-controlling interests	(5)	238	33	(222)
Other comprehensive income/(loss) for the year	(18)	594	179	(555)
Total comprehensive income attributable to shareholders of the parent [1]	(122)	328	117	(349)
Total comprehensive income attributable to non-controlling interests	6	223	25	(232)
Total comprehensive income/(loss) for the year	(116)	551	142	(581)
Net cash inflow/(outflow) from operating activities	(91)	104	(70)	83
Net cash inflow/(outflow) from investing activities	(265)	(1,013)	(135)	(568)
Net cash inflow/(outflow) from financing activities	327	265	220	457
Net cash inflow/(outflow)	(28)	(645)	14	(28)

1) Yara Dallol 2016 includes an impairment charge on goodwill of NOK 140 million that is related to majority share only.

Note 26 Employee retirement plans and other similar obligations

The Group companies provide various retirement plans in accordance with local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and average or final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds. By definition, both investment risk and actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the Group companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

Long-term employee benefit obligations recognized in the statement of financial position

NOK millions	Notes	2016	2015
Defined benefit plans		(3,966)	(3,622)
Prepayments for defined benefit plans		414	779
Net liability for defined benefit plans		(3,552)	(2,842)
Termination benefits		(19)	(31)
Prepayments for other long term employee obligations		1	1
Other long-term employee benefits		(85)	(99)
Net long-term employee benefit obligations recognized in Statement of financial position		(3,656)	(2,971)
Of which classified as Prepayments for long-term employee obligations	18	415	780
Of which classified as Long-term employee benefit obligations		(4,071)	(3,751)

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

NOK millions	Notes	2016	2015
Defined benefit plans		(379)	(416)
Defined contribution plans		(226)	(173)
Multi-employer plans		(72)	(65)
Termination benefits		(30)	(19)
Other long-term employee benefits		(24)	(52)
Net expenses recognized in statement of income		(731)	(725)
Of which classified as Payroll and related costs	8	(664)	(643)
Of which classified as Interest expense and other financial items	10	(66)	(82)

Defined benefit plans

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 at that time received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further pension obligations in Norway include certain unfunded pension arrangements as well as early retirement schemes. These plans were closed for new members from 1 August 2015. Retirement age is flexible from age 62 to age 67.

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

Employees of Yara's Dutch subsidiaries hired before 1 August 2014 are members of a funded Defined Benefit pension plan. Employees born before 1950 and who were in service before 2006 are entitled to a pension scheme based on final salary at the age of retirement. The other employees are members of an Average Pay scheme. Retirement age is 67. The funded Defined Benefit pension plan has been closed for new members from 1 August 2014. New hires are enrolled in a Defined Contribution pension plan from the same date.

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

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

The pension plan in Great Britain is funded and provides retirement benefits based on final salary. Normal retirement age is 62 except for some contracts with retirement age of 65.

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

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

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad and South Africa with a total of NOK 80 million (2015: NOK 87 million).

Defined benefit obligations and plan assets by origin

	2016		2015	
NOK millions	Obligations	Assets	Obligations	Assets
Finland	(2,864)	2,712	(2,678)	3,034
The Netherlands	(5,114)	4,553	(5,087)	4,575
Other Eurozone	(1,937)	600	(1,835)	494
Great Britain	(3,670)	3,133	(3,870)	3,504
Norway	(2,354)	1,770	(2,261)	1,731
Other	(861)	481	(944)	495
Total	(16,801)	13,249	(16,675)	13,833

Valuation of defined benefit obligations

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on high quality corporate bonds, or government bonds where no deep market exists for high quality corporate bonds. The discount rate is adjusted by extrapolation if necessary, to take into account differences in maturities.

The following financial assumptions have been applied for the valuation of liabilities

Discount rate (in %)	2016	2015
Finland	1.5	2.4
The Netherlands	1.8	2.1
Great Britain	2.7	3.7
Norway	2.5	2.5
Total [1]	2.1	2.7

1) Weighted average.

Expected salary increase (in %)	2016	2015
Finland	2.3	2.3
The Netherlands	2.0	2.8
Great Britain	3.9	3.7
Norway	2.4	2.4
Total [1]	2.8	2.9

1) Weighted average.

Expected pension indexation (in %)	2016	2015
Finland	1.5	1.5
The Netherlands	1.2	1.4
Great Britain	3.1	3.0
Norway	0.4	0.2
Total [1]	1.7	1.7

1) Weighted average.

The following table presents indicators of life expectancy of the mortality tables applied for valuation of the obligations, by showing expected longevity of a current employee aged 45 today from the date he or she reaches age 65, and the expected longevity of a current retiree aged 65.

Expected longevity (in years)	Expected longevity of current employee	Expected longevity of current retiree
Finland	25.9	23.4
The Netherlands	24.9	22.6
Great Britain	25.4	23.3
Norway	24.9	22.6

Actuarial valuations provided the following results

NOK millions	2016	2015
Present value of fully or partially funded liabilities for defined benefit plans	(14,719)	(14,552)
Present value of unfunded liabilities for defined benefit plans	(1,959)	(2,005)
Present value of liabilities for defined benefit plans	(16,678)	(16,557)
Fair value of plan assets	13,249	13,833
Social security tax liability on defined benefit plans	(123)	(118)
Net liability recognized for defined benefit plans	(3,552)	(2,842)

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2016
Finland	16
The Netherlands	19
Great Britain	17
Norway	14
Total [1]	16

1) Weighted average.

Pension cost recognized in statement of income

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

The following items have been recognized in the statement of income

NOK millions	2016	2015
Current service cost	(324)	(303)
Contribution by employees	29	28
Past service cost [1]	(26)	(29)
Settlements	10	(19)
Curtailment	6	-
Social security cost	(8)	(11)
Payroll and related costs	(313)	(334)
Interest expense on obligation	(414)	(398)
Interest income from plan assets	348	316
Net interest expense on the net obligation	(66)	(82)
Net pension cost recognized in statement of income	(379)	(416)

1) In 2016 a past service cost of NOK 26 million was recognized in the statement of income relating to the pension reform in Finland. The past service cost recognized in 2015 relates to certain plan amendments in Finland, UK and France.

NOK millions	2016	2015
Payroll and related costs		
Finland	(70)	(64)
The Netherlands	(107)	(104)
Great Britain	(19)	(28)
Norway	(49)	(74)
Net interest income/(expense) on the net obligation/asset		
Finland	8	(2)
The Netherlands	(9)	(11)
Great Britain	(12)	(19)
Norway	(10)	(9)

Sensitivity of assumptions

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. The table below indicates the sensitivity of the most significant assumptions applied to the defined benefit obligation (DBO), by showing the estimated result from a reasonable increase or decrease in any one of the key assumptions applied. Holding all other assumptions constant represents a limitation of the analysis, as some of the assumptions may be correlated. The methods used in preparing the analysis are consistent with previous years.

NOK millions	2016	2015
Actual valuation	(16,678)	(16,557)
Discount rate +0.5%	(15,431)	(15,349)
Discount rate -0.5%	(18,101)	(17,917)
Expected rate of salary increase +0.5%	(16,857)	(16,714)
Expected rate of salary increase -0.5%	(16,506)	(16,403)
Expected rate of pension increase +0.5%	(17,835)	(17,296)
Expected rate of pension increase -0.5%	(15,652)	(15,979)
Expected longevity +1 year	(17,344)	(17,101)
Expected longevity -1 year	(16,009)	(16,012)

Development of defined benefit obligations

NOK millions	2016	2015
Defined benefit obligation at 1 January	(16,557)	(15,794)
Current service cost	(308)	(291)
Interest cost	(414)	(398)
Experience adjustments	3	(53)
Effect of changes in financial assumptions	(1,325)	622
Effect of changes in demographic assumptions	8	(13)
Past service cost	(26)	(29)
Settlements	10	(19)
Curtailments	6	-
Benefits paid	646	662
Obligation transferred upon divestment of business [1]	44	-
Transfer of obligation (in)/out [2]	(90)	-
Foreign currency translation on foreign plans	1,325	(1,245)
Defined benefit obligation at 31 December	(16,678)	(16,557)

1) Related to divestment of CO_2 business.
2) Mainly related to reclassification from defined contribution plan of certain pension liabilities in Belgium (NOK 119 million), which is partly offset by the reclassification of a defined benefit plan in Norway upon conversion into a defined contribution plan (NOK 22 million).

Development of plan assets

NOK millions	2016	2015
Fair value of plan assets at 1 January	13,833	12,538
Interest income from plan assets	348	316
Administration cost on plan assets	(16)	(12)
Return on plan assets (excluding the calculated interest income)	398	253
Employer contributions	251	275
Employees' contributions	29	28
Benefits paid	(542)	(563)
Plan assets transferred upon divestment of business [1]	(7)	-
Transfer of plan assets in/(out) [2]	102	-
Foreign currency translation on foreign plans	(1,147)	998
Fair value of plan assets at 31 December	13,249	13,833

1) Related to divestment of CO_2 business.
2) Mainly related to reclassification from defined contribution plan of certain pension liabilities in Belgium (NOK 109 million).

The actual return on plan assets in 2016 was a positive NOK 730 million (2015: Positive NOK 557 million).

Depending on local regulations, Yara may be required to ensure a certain funding level of the pension plans. In the UK Yara is paying an annual contribution until 2018 in order to make good a funding deficit determined in the actuarial valuation of 2014. In The Netherlands, an agreement is in place in which Yara will need to ensure a minimum level of funding by making additional contribution to the fund. On the other hand, Yara will be able to recover parts of the contribution, paid to the fund in case the funding ratio reaches a certain level. In Norway, Yara may be required to increase the capital buffer of the pension fund.

The pension funds have the legal form of foundations, independently governed by their Board of Directors or Board of Trustees. It is the responsibility of the Board to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension plans.

Yara's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension funds ensure diversement of investments in order to keep market volatility risk at a desired level. An exception is the pension fund of Yara in Finland, which has invested about 1/3 of the fair value of plan assets into shares of non-listed Pohjolan Voima Oy, a company producing electricity and heat for its shareholders on an at cost-basis. The Boards of the pension funds are targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

At the end of the year, the plan assets were invested as follows

NOK millions, except percentages	2016	2016	2015	2015
Cash and cash equivalents	190	1 %	318	2 %
Shares	4,037	30 %	3,994	29 %
Other equity instruments	128	1 %	58	-
High yield debt instruments	608	5 %	226	2 %
Investment grade debt instruments	5,376	41 %	6,363	46 %
Properties	531	4 %	529	4 %
Interest rate swap derivatives	1	-	4	-
Other plan assets [1]	1,259	10 %	1,018	7 %
Total investments quoted in active markets	12,131	92 %	12,510	90 %
Shares and other equity instruments	931	7 %	1,143	8 %
Other and unquoted plan assets [2]	187	1 %	180	1 %
Total unquoted investments	1,118	8 %	1,323	10 %
Total plan assets	13,249		13,833	

1) Other plan assets include insurance policies, hybrid funds and other fund investments.
2) Other unquoted plan assets is mainly a loan to Yara Suomi Oy.

Contributions expected to be paid to the defined benefit plans for 2017 are NOK 624 million (including benefits to be paid for unfunded plans). The contributions paid in 2016 were NOK 356 million. The increase is mainly due to NOK 272 additional contribution required for the pension plan in the Netherlands in order to ensure sufficient funding ratio.

Remeasurement gains/(losses) recognized in other comprehensive income

NOK millions	2016	2015
Remeasurement gains/(losses) on obligation for defined benefit plans	(1,328)	557
Remeasurement gains/(losses) on plan assets for defined benefit plans	403	253
(Increase)/decrease in social security tax liability on remeasurement gains/(losses) for defined benefit plans (Norway only)	(6)	(56)
Net remeasurement gains/(losses) for defined benefit plans	(930)	754
Change in deferred tax related to remeasurement gains/(losses) for defined benefit plans [1]	170	(177)
Remeasurement gains/(losses) recognized from Equity-accounted Investees (net of tax)	-	11
Total remeasurement gains/(losses) recognized in other comprehensive income	(760)	588

1) 2016 includes impact from reduction of tax percentage in UK, Norway, France and Italy (2015: France, Norway and UK).

Remeasurement gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in demographic and financial assumptions when measuring the present value of pension liabilities at year-end with revised assumptions.

Remeasurement gains and losses are permanently recognized directly in retained earnings in the period in which they occur. The cumulative amount of remeasurement losses recognized in other comprehensive income is NOK 3,460 million (2015: NOK 2,700 million).

Note 27 Provisions and contingencies

2016

NOK millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2016	193	7	148	576	173	1,098
Additional provision in the year	169	14	62	37	48	306
Interest expense on liabilities	1	-	-	16	-	41
Unused provision	(9)	(1)	(29)	(71)	(76)	(185)
Utilization of provision	(27)	(7)	(25)	(13)	(21)	(92)
Companies purchased/(sold)	-	-	-	-	(3)	(3)
Currency translation effects	(5)	-	13	(9)	(7)	(8)
Balance at 31 December 2016	323	14	170	535	116	1,158

2015

NOK millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2015	165	19	178	548	162	1,072
Additional provision in the year	48	6	59	37	70	220
Interest expense on liabilities	1	-	1	17	-	19
Unused provision	(1)	(2)	(36)	(3)	(33)	(75)
Utilization of provision	(41)	(16)	(21)	(51)	(35)	(164)
Companies purchased/(sold)	18	-	-	-	-	18
Currency translation effects	3	-	(33)	28	9	8
Balance at 31 December 2015	193	7	148	576	173	1,098

Provisions presented in the consolidated statement of financial position

NOK millions	2016	2015
Current liabilities	323	325
Non-current liabilities	834	773
Total	1,158	1,098

Environmental
Yara's future cost for environmental clean-up depends on a number of uncertain factors, such as the extent and type of remediation required. Due to uncertainties inherent in the estimation process, it is possible that such estimates could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and product storage terminals. The amount of such future costs is not determinable due to the unknown timing and extent of corrective actions which may be required.

Yara's operations are subject to environmental laws and regulations. These laws and regulations are subject to changes, and such changes may require that the company makes investments and/or incur costs to meet more stringent emission standards or to take remedial actions related to e.g. soil contamination.

Restructuring
Restructuring mainly relates to closure or significant reorganization of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected.

Legal claims
Yara is party to a number of lawsuits in various jurisdictions arising out of the conduct of its business. None of these lawsuits, individually or in aggregate, are anticipated to have a material adverse effect on Yara.

Decommission
Provisions have been made where Yara has legal or constructive obligations for decommission as a result of past events.

Other
Other consists of onerous contracts and various provisions for constructive obligations as a result of past events.

Contingencies
Yara is involved in a number of legal proceedings during the normal course of its business. While acknowledging the uncertainties of litigation, Yara is of the opinion that based on the information currently available, these matters will be solved without any material adverse effect on Yara's consolidated results of operations, liquidity or financial position. In 2016, Yara settled disputes with suppliers that involved a total claim of USD 140 million that was disclosed as a contingent liability in the 2015 Annual report.

Several subsidiaries are engaged in judicial and administrative proceedings related to various disputed tax matters. The majority of these contingencies are related to indirect taxes in Brazil, amounting to approximately NOK 800 million including cases where the probability of cash outflow is considered remote. Such cases have varying risk of loss, and the final outcome is normally several years into the future. Yara follows the development on case-by-case basis, making provisions if and when cash outflow is assessed to be probable.

Note 28 Long-term debt

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2016	2016	2015
NOK (Coupon 8.80%)	-	-	-	1,007
NOK (Coupon NIBOR + 0.70%) 1)	1.9 %	2,200	2,197	2,197
NOK (Coupon 2.55%) 2)	2.6 %	700	700	705
NOK (Coupon 3.00%) 3)	3.0 %	600	601	604
USD (Coupon 7.88%) 4)	8.3 %	500	4,293	4,381
USD (Coupon 3.80%) 5)	3.9 %	500	4,282	-
Total unsecured debenture bonds			12,074	8,893
USD	2.1 %	120	1,034	1,099
BRL (Brazil)	17.7 %	222	588	60
MYR (Malaysia)	2.8 %	0.385	1	1
Total unsecured bank loans 1)			1,622	1,160
Lease obligation			260	290
Mortgage loans			246	1,093
Other long-term debt			30	19
Total			536	1,402
Outstanding long-term debt			14,232	11,456
Less: Current portion			(240)	(2,102)
Total			13,992	9,354

1) Repricing within a year.
2) Fixed interest rate until 2021. Subject to fair value hedge accounting, see note 32.
3) Fixed interest rate until 2024. Subject to fair value hedge accounting, see note 32.
4) Fixed interest rate until 2019.
5) Fixed interest rate until 2026.

The carrying values include issuance discount, capitalised issuance costs and fair value hedge accounting adjustments as indicated above (see also note 33 for further information about fair value of financial instruments).

At 31 December 2016, the fair value of the long-term debt, including the current portion, was NOK 14,467 million and the carrying value was NOK 14,232 million.

Yara builds its funding on a negative pledge structure with the basic funding ranging pari passu. Substantially all unsecured debenture bonds and unsecured bank loan agreements therefore contain provisions restricting the pledging of assets to secure future borrowings.

Of the long-term debt at the end of 2016, USD 500 million originated from Yara's June 2016 bond debt and USD 500 million from Yara's June 2009 bond issue, both in the US market according to 144A/Regulations. A further NOK 3,500 million originated from Yara's December 2014 bond issue in the Norwegian market. The latter has been converted to USD exposure through cross-currency swaps.

Yara's additional long-term funding was based on bank loans. Yara's term loan from the Nordic Investment Bank has been reduced to USD 105 million through scheduled downpayments and linear installments will continue until December 2023. A further minor portion of the long-term bank loans was borrowed in emerging markets.

During the year, Yara repaid NOK 1,000 million of its bond debt and a USD 100 million term loan in Yara Pilbara upon maturity in March and September respectively.

By year-end, Yara has an undrawn revolving credit facility totaling USD 1,250 million due 2020. In January 2017, Yara established a USD 150 million loan agreement with IFC with maturity in 2023. The first drawdown of the loan is expected in March 2017.

Of the fixed interest rate debenture bonds, NOK 1,300 million was exposed to floating interest rates through interest rate swaps.

Contractual payments on long-term debt, including current portion

NOK millions	Debentures	Bank Loans	Capital lease and other long-term loans	Total [1]
2017	-	189	50	240
2018	-	493	64	557
2019	6,491	279	63	6,833
2020	-	238	54	293
2021	700	164	56	920
Thereafter	4,883	257	249	5,390
Total	12,074 [2]	1,622	536	14,232

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

Note 29 Trade payables and other payables

NOK millions	2016	2015
Trade payables	9,621	9,826
Payroll and value added taxes	1,926	1,882
Prepayments from customers	2,585	2,382
Other liabilities	630	584
Total	14,762	14,674

Terms and conditions to the above financial liabilities:

Trade payables are mainly non-interest bearing and have an average term of 60 days. Payroll and value added taxes are mainly settled bimonthly or on quarterly basis. Other payables are non-interest bearing and normally settled within 12 months.

Note 30 Bank loans and other interest bearing short-term debt

NOK millions, except percentages	Notes	2016	2015
Bank loans and overdraft facilities		2,225	3,472
Other		98	163
Total	33	2,323	3,635
Weighted average interest rates [1]			
Bank loans and overdraft facilities		11.1%	6.9%
Other		0.0%	2.6%

1) Repricing minimum annually.

At 31 December 2016, Yara had unused short-term credit facilities with various banks totalling approximately NOK 2.7 billion.

Note 31 Risk management

Risk management policies

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara has established procedures for determining appropriate risk levels or limits for the main risks and for monitoring these risk exposures. Based on the overall evaluation of risk, Yara may use insurance policies, trade finance contracts, guarantees or derivative instruments such as forward contracts, options and swaps to reduce exposures.

Yara's business model and positions provide natural hedges to reduce business risks inherent in the market. The most important of these is the quality and efficiency of Yara's production facilities, which ensures its competitive position. Furthermore, Yara's geographical spread supports a diversified gas supply, reducing the impact of regional price changes, and a reduced exposure to the inherent seasonality of the fertilizer business. Yara's substantial sales of differentiated products, comprising specialty fertilizers and industrial products, also contribute to more stable margins for the business as a whole. Finally, a certain correlation between energy prices and fertilizer prices reduces the volatility in Yara's results.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2016 and 31 December 2015. Through recent years, strong cash flow has generated a liquidity surplus kept as short-term bank deposits. While the volume of such deposits has fluctuated throughout the year, the balance at year end 2016 was somewhat higher than at year end 2015.

Funding structure

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to secure long-term debt and to base the funding of Yara on diversified capital sources to avoid dependency on single markets.

The debt/equity ratio at the end of 2016 calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.17 compared with 0.16 at the end of 2015. The Yara Group is not subject to any externally imposed capital requirements.

Yara maintained the Baa2 rate from Moody's and the BBB rate from Standard & Poor's during 2016.

The financial structure of Yara gives Yara the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. minimum BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology.

Yara's Finance, Treasury & Insurance function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risks such as currency and interest rate risk, credit risk and liquidity risk. The Finance, Treasury & Insurance function reports regularly to the Group's management.

The Group may seek to reduce the exposure to such risks by using derivative financial instruments to hedge the inherent exposures. The use of financial derivatives is governed by the Group's policies approved by the Board of Directors, which provide written principles on currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity.

Currency risk

Prices of Yara's most important products are either directly denominated or determined in US dollars. In markets outside the US, local prices will generally adjust to fluctuations in the US dollar exchange rate, however with a certain time lag. Yara's raw materials costs, such as natural gas used in the production of ammonia, are either denominated in US dollars or highly correlated to changes in the US dollar exchange rate. In order to hedge Yara's long-term exposure to fluctuations in the US dollar exchange rate, Yara incurs most of its debt in US dollars. Throughout the year, the part of Yara's US dollar debt established to hedge future earnings was kept around USD 900 million (2015: USD 900 million). A certain portion of the total debt is kept in various local currencies in order to finance local currency exposed business positions.

Yara manages currency risks by adjusting the composition of the debt or liquidity portfolios to changes in Yara's overall risk exposure. Derivative instruments may also be used to manage currency risk related to forecast purchases and sales or to offset short-term liquidity needs in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

Sensitivity - profit or loss

NOK millions	2016	2015
A 10% weakening [1] of the US dollar at the reporting date would have increased/(decreased) profit or loss by	983	1,131
A 10% weakening [1] of the euro at the reporting date would have increased/(decreased) profit or loss by	(695)	(602)

1) Against the Norwegian krone and other functional currencies.

This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments in the balance sheet as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income, EBITDA or equity. The analysis was performed on the same basis for 2015.

A 10% weakening of the Norwegian kroner against the above currencies at 31 December would have had the equal but opposite effect to the amounts shown above.

Sensitivity - Other comprehensive income

NOK millions	2016	2015
A 10% weakening [1] of the US dollar at the reporting date would have increased/(decreased) other comprehensive income by	(2,555)	(2,191)
A 10% weakening [1] of the euro at the reporting date would have increased/(decreased) other comprehensive income by	(1,043)	(1,254)
A 10% weakening [1] of the Canadian dollar at the reporting date would have increased/(decreased) other comprehensive income by	(994)	(979)

1) Against the Norwegian krone and other functional currencies.

This analysis is done for illustrative purposes only, taking into consideration only the effect on equity in foreign operations as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on equity. The analysis was performed on the same basis for 2015.

Interest rate risk

Yara's exposure to changes in interest rates is mainly linked to fair value risk and cash flow risk from its debt portfolio as disclosed in note 28. Yara has chosen to retain a significant part of its debt at fixed interest rates.

Yara has kept the entire USD 500 million fixed interest bond issued in 2009 as well as the entire USD 500 million fixed interest bond issued in 2016 as fixed interest rate debt during 2016. Information about financial instruments designated as hedge instruments is presented in the derivative section below.

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

NOK millions, except percentages	2016	2015
Net interest-bearing debt at 31 December [1]	12,802	11,868
Fixed portion of bonds	8,576	4,381
Net interest-bearing debt/(deposits) less fixed portion of bonds	4,226	7,488

1) For definition of net interest-bearing debt, refer to page 51.

Sensitivity

NOK millions, except percentages	2016	2015
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) profit or loss by	(46)	(65)
An increase of 100 basis points in NOK interest rates at the reporting date would have increased/(decreased) profit or loss by	17	(7)

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet as at year-end. The analysis is performed on the same basis for 2015. A decrease of 100 basis points at the reporting date would have increased/decreased profit or loss with the same amounts.

Commodity price risk

A major portion of Yara's operating revenues is derived from the sale of ammonia, urea and other fertilizers that may generally be classified as commodities. Yara also purchases natural gas, electricity and other commodities. The prices of these commodities can be volatile and may create fluctuations in Yara's earnings.

To manage this risk, Yara's financial policy prioritizes maintaining a low debt/equity ratio and maintaining liquidity reserves. Periodically Yara utilizes derivative instruments to manage certain price risk exposures and also for some position taking within the limits established by the risk management policies. A limited number of ordinary sales and purchase contracts contain price links against other products that are regarded as embedded derivatives recognized at fair value. The reason for embedding other price links in these contracts is normally to secure a margin for Yara. Information about commodity derivatives is presented in the derivative section below. Besides that, there are no other financial instruments that are exposed to the commodity price risk.

Credit risk

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position and as disclosed in note 33.

Yara has a well-established system for credit management with established limits at both counterparty and country level. Yara's geographically diversified portfolio reduces the overall credit risk of the Group. Credit risk arising from the inability of the counterparty to meet the terms of Yara's financial instrument contracts is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations.

Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Yara also has agreed limits for credit exposure (collateral agreements) with most of its main banks. Due to Yara's geographical spread and significant number of customers there are no significant concentrations of credit risk. Therefore, Yara does not expect to incur material credit losses on its portfolio or on its financial instruments.

Yara may undertake a number of measures to reduce credit risk of particular receivables. Such measures include letters of credit, bank guarantees and credit insurance agreements. The effect of credit risk reduction from these measures is not considered to be material for the Group.

Funding and liquidity risk

The capital structure of the Group consists of debt, which includes the borrowings disclosed in notes 28 and 30, cash and cash equivalents and equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in notes 22, 23 and statement of changes in equity.

Main elements of the funding strategy are the establishment of a long-term debt base and the security and flexibility obtained by funding through diversified capital sources and avoidance of dependency on single institutions or markets. Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Included in notes 28 and 30 are overviews of undrawn facilities that the Group has at its disposal.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31 December 2016

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(2,323)	(2,443)	(167)	(2,152)	(125)	-	-	-
Long-term interest-bearing debt [1]	(14,232)	(16,998)	-	(371)	(454)	(1,398)	(8,870)	(5,904)
Accrued interest expense	(79)	(79)	-	(71)	(4)	(4)	-	-
Accounts payable	(9,621)	(9,696)	(8)	(9,411)	(268)	(3)	(4)	(1)
Payroll and value added taxes	(1,926)	(1,937)	(16)	(1,818)	(101)	-	(2)	-
Other short-term liabilities	(484)	(484)	-	(294)	(190)	-	-	-
Other long-term liabilities	(518)	(3,535)	(2)	(1)	(761)	(294)	(195)	(2,281)
Derivative financial instruments								
Freestanding financial derivatives	(638)							
Outflow		(6,165)	-	(1,692)	(46)	(74)	(3,463)	(890)
Inflow		5,396	-	1,563	34	54	2,999	746
Commodity derivatives	(230)							
Outflow		(246)	-	-	(1)	(32)	(213)	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	2							
Outflow		(230)	-	(14)	(17)	(29)	(108)	(62)
Inflow		233	-	-	36	36	108	54
Total	(30,049)	(36,184)	(193)	(14,261)	(1,897)	(1,744)	(9,748)	(8,338)

1) Includes current portion of long-term interest bearing debt amounting to NOK 240 million.

31 December 2015

NOK millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(3,635)	(3,822)	(288)	(2,806)	(729)	-	-	-
Long-term interest-bearing debt [1]	(11,456)	(13,311)	-	(1,330)	(1,299)	(664)	(8,878)	(2,076)
Accrued interest expense	(92)	(92)	-	(92)	-	-	-	-
Accounts payable	(9,826)	(9,782)	(112)	(9,618)	(43)	(3)	(4)	(1)
Payroll and value added taxes	(1,882)	(1,863)	(115)	(1,673)	(73)	-	(1)	-
Other short-term liabilities	(510)	(481)	(1)	(295)	(185)	-	-	-
Other long-term liabilities	(414)	(416)	-	-	(1)	(203)	(203)	(9)
Derivative financial instruments								
Freestanding financial derivatives	(544)							
Outflow		(9,174)	-	(4,584)	(20)	(85)	(2,841)	(1,644)
Inflow		8,494	-	4,615	34	54	2,384	1,407
Commodity derivatives	(294)							
Outflow		(294)	-	(1)	(6)	(21)	(199)	(67)
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	70							
Outflow		(285)	-	(42)	(14)	(23)	(98)	(107)
Inflow		357	-	88	36	36	108	90
Total	(28,583)	(30,669)	(516)	(15,738)	(2,300)	(909)	(9,732)	(2,407)

1) Includes current portion of long-term interest bearing debt amounting to NOK 2,102 million.

Derivative instruments

NOK millions	Notes	2016	2015
Total fair value of derivatives			
Forward foreign exchange contracts	33	(126)	65
Interest rate swaps	33	(512)	(609)
Interest rate swaps designated for hedging	33	2	70
Embedded derivatives in sales and purchase contracts	33	(230)	(294)
Balance at 31 December		(866)	(768)
Derivatives presented in the statement of financial position			
Non-current assets		2	70
Current assets		35	133
Non-current liabilities		(757)	(896)
Current liabilities		(146)	(74)
Balance at 31 December		(866)	(768)

Yara is committed to outstanding forward foreign exchange contracts as follows

NOK millions	2016	2015
Forward foreign exchange contracts, notional amount	2,726	8,027

All outstanding forward foreign exchange contracts at 31 December 2016 have maturity in 2017. Buy positions are mainly in Norwegian kroner against US dollars and US dollars towards Brazilian reals. Sell positions are in various operating currencies towards Norwegian kroner.

Note 32 Hedge accounting

Fair value hedges

NOK bond debt

Two long-term NOK interest swaps were designated as hedging instruments since 2011. The hedged risk was the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million bond debt from 2009. The swaps had different interest payment dates (semi-annually vs. annually), but identical interest basis and maturity as the hedged debt and were assessed to be highly effective. These swaps matured in 2016 upon maturity of the associated bonds.

In December 2014, Yara designated a portfolio of long-term NOK interest swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,300 million fixed rate bond debt from 2014. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective.

USD bond debt

There are no fair value hedges of USD debt outstanding at 31 December 2016.

NOK millions	2016	2015
NOK bond debt fair value hedge		
Change in fair value of the derivatives	17	8
Change in fair value of the bonds	(23)	(11)
Ineffectiveness	(5)	(2)
Total loss on fair value hedge included in the carrying amount of bond debt at year-end	(2)	(18)

Cash flow hedges

In 2007, Yara used treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly in equity and is proportionally reclassified into interest expense and deferred tax until 2019 when the bond expires.

During the second half of 2014 and the first half of 2015, Yara used treasury locks to hedge future cash flows of a planned bond issue. Throughout 2015, however, liquidity inflow from divestments and a revision of Yara's interest rate strategy led to a deferral of the planned bond issue and the criteria for hedge accounting were no longer present. The hedging relationship was therefore terminated during third quarter 2015 and a loss of NOK 100 million was recognized in the statement of income.

Effect booked in statement of income

NOK millions	2016	2015
Interest expense		
2009-bond cash flow hedge	6	5
2014 cash flow pre-hedge [1]	-	2
Total	6	7
Deferred tax	(1)	(1)
Net effect in statement of income	4	6

1) Discontinued in Q3 2015

Effects booked in statement of comprehensive income

NOK millions	2016	2015
Period gain/(loss)		
2014 cash flow pre-hedge	-	25
Total	-	25
Deferred tax	-	7
Net effect in statement of comprehensive income	-	18

Hedges of net investment

At 31 December 2016, the Group held in total USD 780 million (2015: USD 780 million) of debt designated as hedges of net investments in foreign entities. The hedges were assessed to be highly effective. At 31 December 2016, the hedges had a negative fair value of NOK 1,492 million recognized in other comprehensive income (2015: negative NOK 1,600 million). There is not recognized any ineffectiveness in 2016 or 2015.

Note 33 Financial instruments

Below is an overview of gains and losses from financial instruments recognized in the consolidated statement of income and consolidated statement of other comprehensive income, including amounts recognized on disposal of financial instruments:

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Available-for-sale financial assets	Financial liabilities at amortized cost	Contingent consideration at fair value	Total
2016							
Consolidated statement of income							
Commodity based derivatives gain/(loss)	31	58	-	-	-	-	58
Fair value change of contingent consideration		-	-	-	-	3	3
Interest income/(expense) and other financial income/(expense)	31	1	(10)	15	-	-	6
Foreign currency translation gain/(loss)	31	(833)	-	-	-	80	(753)
Consolidated statement of comprehensive income [2)]							
Available-for-sale investments - change in fair value		-	-	(24)	-	-	(24)
Hedge of net investments	32	-	-	-	144	-	144
Reclassification adjustments related to:							
- cash flow hedges [1)]	32	-	6	-	-	-	6
Total		(774)	(4)	(9)	144	83	(560)
2015							
Consolidated statement of income							
Commodity based derivatives gain/(loss)	31	203	-	-	-	-	203
Fair value change of contingent consideration		-	-	-	-	(72)	(72)
Interest income/(expense) and other financial income/(expense)	31	(99)	34	5	-	-	(60)
Foreign currency translation gain/(loss)	31	(102)	-	-	-	(142)	(244)
Consolidated statement of comprehensive income [2)]							
Available-for-sale investments - change in fair value		-	-	38	-	-	38
Hedge of net investments	32	-	-	-	(1,090)	-	(1,090)
Reclassification adjustments related to:							
- cash flow hedges [1)]	32	-	7	-	-	-	7
Total		2	41	43	(1,090)	(213)	(1,217)

1) Effects of foreign currency translation on other financial instruments than derivatives are not included in the overview.
2) Amounts are presented before tax.

Carrying amounts shown in the statement of financial position, presented together with fair value per category

31 December 2016

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Contingent consideration at fair value	Non-financial assets and liabilities	Total
Non-current assets									
Other non-current assets	18	-	2	2,642	182	-	-	415	3,242
Current assets									
Trade receivables	21	-	-	10,332	-	-	-	-	10,332
Prepaid expenses and other current assets	22	35	-	2,210	-	-	-	2,565	4,811
Other liquid assets	23	-	-	2	-	-	-	-	2
Cash and cash equivalents	23	-	-	3,751	-	-	-	-	3,751
Non-current liabilities									
Other long-term liabilities		(757)	-	-	-	(199)	(319)	(129)	(1,404)
Long-term interest-bearing debt	28	-	-	-	-	(13,992)	-	-	(13,992)
Current liabilities									
Trade and other payables	29	(146)	-	-	-	(11,858)	(173)	(2,586)	(14,762)
Other short-term liabilities		-	-	-	-	(79)	-	(781)	(859)
Bank loans and other interest-bearing debt	30	-	-	-	-	(2,323)	-	-	(2,323)
Current portion of long-term debt	28	-	-	-	-	(240)	-	-	(240)
Total		(868)	2	18,937	182	(28,691)	(492)	(514)	(11,444)
Fair value [1]		(868)	2	18,937	182	(28,447)	(492)		
Unrecognized gain/(loss)		-	-	-	-	(244)	-		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 28.

31 December 2015

NOK millions	Notes	Derivatives at fair value through profit and loss	Derivatives designated as hedging instruments	Loans and receivables	Available-for-sale financial assets	Financial liabilities at amortized cost	Contingent consideration at fair value	Non-financial assets and liabilities	Total
Non-current assets									
Other non-current assets	18	-	70	1,883	223	-	-	780	2,956
Current assets									
Trade receivables	21	-	-	12,098	-	-	-	-	12,098
Prepaid expenses and other current assets	22	133	-	2,256	-	-	-	1,992	4,380
Other liquid assets	23	-	-	3	-	-	-	-	3
Cash and cash equivalents	23	-	-	3,220	-	-	-	-	3,220
Non-current liabilities									
Other long-term liabilities		(896)	-	-	-	(109)	(305)	(138)	(1,448)
Long-term interest-bearing debt	28	-	-	-	-	(9,354)	-	-	(9,354)
Current liabilities									
Trade and other payables	29	(74)	-	-	-	(12,043)	(174)	(2,382)	(14,674)
Other short-term liabilities		-	-	-	-	(92)	-	(782)	(875)
Bank loans and other interest-bearing debt	30	-	-	-	-	(3,635)	-	-	(3,635)
Current portion of long-term debt	28	-	-	-	-	(2,102)	-	-	(2,102)
Total		(837)	70	19,460	223	(27,335)	(480)	(531)	(9,430)
Fair value [1]		(837)	70	19,460	223	(28,401)	(480)		
Unrecognized gain/(loss)		-	-	-	-	(586)	-		

1) Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See note 28.

Principles for estimating fair value

The following summarizes the major methods and assumptions used in estimating fair values of financial instruments reflected in the above table.

Equity securities available-for-sale

The fair value of investments in listed companies is based on year-end quoted market prices. Available-for-sale instruments that are not traded in active markets are measured based on recent market transactions and valuation techniques. An approach to maximize the use of market inputs which relies as little as possible on entity-specific inputs is used when measurements are based on valuation techniques.

Trade receivables and other receivables

Interest-free receivables are discounted if it has a material impact on fair value. The carrying amount has been reduced for impaired receivables and reflects a reasonable approximation of fair value.

Cash and cash equivalents

Fair value is assumed to be equal to the carrying amount.

Long-term interest-bearing debt and other long-term liabilities

Since there is no active market with quoted prices, we have used valuation techniques to estimate the fair value. Fair value for disclosure purposes is thus calculated based on the present value of future principal and interest cash flows. Cash flows have been estimated by using LIBOR with different maturities as a benchmark rate and adding a credit margin derived from recent transactions or other information available.

Trade payables and other short-term debt

Interest-free short-term payables are discounted if it has material impact on fair value. Fair value is assumed to be equal to the carrying amount.

Foreign exchange contracts and interest rate swaps

The fair value of foreign exchange contracts and interest rate swaps is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) if this has material impact on fair value.

Commodity derivatives and embedded derivatives

Certain of the Group's purchase and sales contracts constitute derivatives or contain embedded derivatives within the scope of IAS 39. Derivatives under IAS 39 are recognized at fair value in the statement of financial position with changes through the statement of income. The commodity derivative category constitutes derivatives with a range of different characteristics and comprises both commodity based financial contracts as well as non-financial purchase and sales contracts with maturity mainly from 3 months to 5 years.

The fair value of commodity contracts constitute the unrealized gains and losses represented by the present value of future gains and losses for which the price is fixed in advance of delivery. Fair value of the embedded derivatives is calculated as present value of the difference between the price of non-closely related commodity (embedded derivative) and a pricing model which in the best way reflects market price of the contract commodity. All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

Contingent consideration

Fair value of contingent considerations is calculated considering the present value of expected payment, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of financial performance, the amount to be paid under each scenario and the probability of each scenario.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method, at 31 December 2016. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2016

NOK millions	Level 1	Level 2	Level 3	Total
Equity securities available-for-sale	-	-	182	182
Foreign exchange contracts	-	19	-	19
Interest rate contracts designated as hedging instrument	-	2	-	2
Commodity derivatives and embedded derivatives	-	-	16	16
Total assets at fair value	-	21	198	219
Foreign exchange contracts	-	(145)	-	(145)
Interest rate derivative contracts	-	(512)	-	(512)
Commodity derivatives and embedded derivatives	-	-	(246)	(246)
Contingent consideration	-	-	(492)	(492)
Total liabilities at fair value	-	(657)	(738)	(1,395)

There were no transfers between Level 1 and Level 2 in the period.

The following table shows a reconciliation from the opening balances to the closing balances at 31 December 2016 for fair value measurements in Level 3 of the fair value hierarchy:

NOK millions	Equity securities available-for-sale	Derivatives - assets	Derivatives - liabilities	Contingent consideration	Total
Balance at 1 January	223	-	(294)	(480)	(551)
Total gains or (losses):					
– in income statement	15	16	42	83	156
– in other comprehensive income	(28)	-	-	-	(28)
Additions or (disposals)	(17)	-	-	-	(17)
Additions related to business combinations	-	-	-	(23)	(23)
Foreign currency translation	(11)	-	6	(72)	(77)
Balance at 31 December	182	16	(246)	(492)	(540)

The following table shows a reconciliation from the opening balances to the closing balances at 31 December 2015 for fair value measurements in Level 3 of the fair value hierarchy:

NOK millions	Equity securities available-for-sale	Derivatives - assets	Derivatives - liabilities	Contingent consideration	Total
Balance at 1 January	176	18	(448)	(1,320)	(1,575)
Total gains or (losses):					
– in income statement	-	(20)	221	(213)	(12)
– in other comprehensive income	38	-	-	-	38
Settlement	-	-	-	1,091	1,091
Foreign currency translation	9	2	(66)	(38)	(93)
Balance at 31 December	223	-	(294)	(480)	(551)

Although Yara believes that its estimates of fair value are appropriate, the use of different assumptions could lead to different measurements of fair value. For fair value measurements in Level 3 of the fair value hierarchy, changing one or more of the assumptions would have the following effects:

Sensitivity of fair value measurement for Level 3, financial instruments

	Effect on profit or loss		Effect on other comprehensive income	
NOK millions	Favorable	(Unfavorable)	Favorable	(Unfavorable)
Embedded derivative in energy contract (20% decrease/increase in ammonia price)	112	(149)	-	-
Unlisted equity securities (20% increase/decrease in electricity price)	-	-	38	(38)
Total	112	(149)	38	(38)

The favourable and unfavourable effects on the embedded derivative in the energy contract is calculated by increasing/ decreasing the input of ammonia prices by 20 percent for the whole contract period. All other variables remain constant.

The favourable and unfavourable effects on the fair value of the unlisted equity securities are calculated using the same model but with an increase/decrease of the forward electricity prices used in the model by 20 percent. All other variables remain constant.

The fair value of contingent consideration as of 31 December 2016 is NOK 492 million, of which NOK 472 million is related to arrangements with a stated maximum amount. Nominal value of the maximum amount related to these arrangements is NOK 547 million. Contingent consideration without a stated maximum amount has a fair value of NOK 20 million as of 31 December 2016 and the final amount depends on the net income after tax from an acquired business for the years 2017 and 2018.

Note 34 Secured debt and guarantees

NOK millions	2016	2015
Amount of secured debt	332	1,144
Assets used as security for debt		
Machinery and equipment, etc.	97	4,849
Buildings and structural plant	190	1,428
Inventories	-	164
Other (including land and shares)	170	298
Total	456	6,739
Assets used as security for non-financial liabilities		
Buildings and structural plant	186	-
Total	186	-
Guarantees (off-balance sheet)		
Contingency for discounted bills	4	13
Contingency for sales under government schemes [1]	717	801
Non-financial parent company guarantees	4,177	9,941
Non-financial bank guarantees	981	1,155
Total	5,880	11,909

1) 2015 restated to include the contingency for sales under government schemes.

The amount of secured debt has decreased with NOK 812 million during 2016 reflecting the repayment of the term loan in Yara Pilbara. The volume of assets pledged as security has decreased correspondingly.

Off-balance sheet guarantees consist mainly of commercial guarantees related to contract obligations (Bid Bonds, Performance Guarantees and Payment Guarantees) and various mandatory public guarantees (Customs Guarantees, Receivable VAT Guarantees). These guarantees are issued on behalf of Yara International ASA, its subsidiaries and equity-accounted investees. The guarantor could be required to perform in the event of a default of a commercial contract or non-compliance with public authority regulations.

Guarantees of debt issued on behalf of consolidated companies are not included since the drawings under such credit lines are included in the consolidated statement of financial position. The guarantee obligation under such guarantees is at any time limited to the amount drawn under the credit facility.

Guarantees related to pension liabilities are included to the extent such guarantees exceed the liability included in the consolidated statement of financial position.

Guarantees issued to public authorities covering tax and VAT liabilities are not included as these obligations are already included in the consolidated statement of financial position.

Total off-balance sheet guarantees decreased with NOK 6.029 million compared with 2015, mainly reflecting completion of construction projects and lower raw material prices.

Contingent liabilities related to the demerger from Norsk Hydro ASA

Yara is contingently liable for unfunded pension liabilities accrued prior to the consummation of the de-merger from Norsk Hydro ASA (Hydro) as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at demerger March 24, 2004 and have been reduced by payments thereafter.

Note 35 Contractual obligations and future investments

NOK millions	Investments 2017	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	9,293	2,145	11,438
Contract commitments for other future investments	3,367	-	3,367
Contract commitments for acquisition or own generated intangible assets	75	8	83
Total	12,735	2,153	14,888

Yara has publicly communicated committed growth investments of NOK 8.8 billion in the time period 2017-2018. These investments are related to projects in Brazil (Rio Grande and the Salitre mining project), Porsgrunn, Köping, Sluiskil, and the joint project with BASF to build an ammonia plant in Texas. Of this amount, NOK 7.9 billion is included in contractual commitments in the table above. Contractual commitments for other future investments are related to the Babrala acquisition which is pending approval in India.

Commitments related to equity-accounted investees

NOK millions	Investments 2017	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment:	1,222	-	1,222
Total	1,222	-	1,222

Figures in the table above are presented on a 100% basis. Yara's share of committed investments related to equity-accounted investees in 2016 is NOK 327 million. The commitments are mainly related to investments in Qafco.

Take-or-pay and Long-term contracts

Yara has entered into take-or-pay and long-term contracts providing for future payments to transportation capacity, raw materials and energy. Yara has marketing and off-take agreements with some of its equity-accounted investees, see note 16.

The noncancellable future obligations at 31 December 2016 (undiscounted amounts)

NOK millions	Total
2017	4,849
2018	2,979
2019	2,849
2020	2,083
2021	1,661
Thereafter	3,270
Total	17,691

The noncancellable future obligations are mainly related to gas and raw material contracts. The amounts are calculated based on minimum contracted quantities and minimum contracted prices according to each contract. Where price is defined by reference to an index or otherwise not fixed by contract, current prices are used to calculate noncancellable future obligations.

Yara did not need to pay any significant amount to fulfill take-or-pay clauses in 2016.

NOK millions	2017	2018	2019	2020	2021	Total
Sales commitments [1]	227	68	15	15	-	326

1) Sales commitments are mainly related to industrial products.

For further information regarding future obligations, see note 26 for future obligations related to pensions, note 27 for provisions and contingencies and 36 for future commitments related to lease arrangements.

Note 36 Operating and finance lease commitments

Operating lease

Operating leases for the right to use land, buildings, offices, machinery, equipment and vessels. Total minimum future rentals due under noncancellable operating leases are:

NOK millions	2016	2015
Within 1 year	1,060	1,424
2 - 5 years	2,038	2,113
After 5 years	1,247	1,151
Total	4,345	4,688

There are no restrictions imposed by lease arrangements, such as those concerning dividends and additional debt. For some of the contracts there are renewal options that Yara may exercise.

Operating lease expenses included in operating cost and expenses

NOK millions	2016	2015
Operating lease expenses	(1,858)	(1,900)

Operating lease expenses of NOK 1,583 million (2015: NOK 1,643 million) is included in raw materials, energy costs and freight expenses and the remaining is presented as part of other operating expenses in the consolidated statement of income.

Finance lease

Finance leases on buildings, offices, machinery and equipment. Total minimum future rentals due under noncancellable finance leases and their present values are:

	2016		2015	
NOK millions	Nominal value	Present value	Nominal value	Present value
Within 1 year	40	37	47	40
2 - 5 years	193	168	236	203
After 5 years	110	60	114	60
Total	343	265	397	303

There are no restrictions imposed by lease arrangements, such as those concerning dividends and additional debt. Renewal or purchase options clauses are common among Yara's finance lease agreements.

See note 14 for information regarding the carrying amount of finance lease assets.

Note 37 Related parties

The Norwegian State

At 31 December 2016, the Norwegian State owned 98,936,188 shares, representing 36.21% of the total number of shares issued. On the same date, the National Insurance Fund, Norway owned 16,245,892 shares, representing 5.95% of the total number of shares issued.

Equity-accounted investees

Transactions with equity-accounted investees are described in note 16.

Yara Pension fund

One of Yara International ASA's pension plans is arranged through Yara Pension Fund. This plan has been closed for new members since July 2006. During 2016, Yara has contributed to the pension fund through deductions from premium fund.

Board of directors

Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a Board Member has a material interest.

Board of Directors compensation 2016 and number of shares owned 31 December 2016

NOK thousands, except number of shares	Compensation earned in 2016	Number of shares
Leif Teksum, Chairperson [1]	573	1,500
Maria Moræus Hanssen [2]	620	-
Geir Isaksen [1]	309	84
Hilde Bakken [1]	351	500
John Gabriel Thuestad [2]	392	1,200
Rune Asle Bratteberg [2] [3]	392	201
Geir O. Sundbø [1] [3]	344	173
Kjersti Aass (from 10 May 2016) [3]	196	62
Guro Mauset (till 10 May 2016) [3]	106	225

1) Member of the HR Committee in 2016. Geir O. Sundbø replacing Geir Isaksen from 9 March 2016.
2) Member of the Audit Committee in 2016.
3) Interest-free loan of NOK 11.902 given through a trust in accordance with a Yara share purchase offer.

Compensation of Board of Directors was NOK 3,283 thousand in 2016 compared to NOK 3,161 thousand in 2015.
The Chairperson and the members of the Board have no agreements for further compensation due to termination or changes in the position.

Compensation 2016 and number of shares owned by the deputy Board Members at 31 December 2016

	Compensation earned in 2016	Number of shares
Per Rosenberg [1]	-	320
Kari Marie Nøstberg [1]	-	322
Inge Stabæk [1]	-	358
Toril Svendsen	-	-
Vidar Viskjer [1]	-	201

1) Interest-free loan of NOK 11.902 given through a trust in accordance with a Yara share purchase offer.

Yara Executive Management: Compensation and number of shares owned at 31 December 2016

NOK thousands, except number of shares	Salary 2)	Long term incentive plan 1)	Other benefits	Pension benefits	Bonus accrued 4)	Sum	Number of shares	Bonus paid 3)
Svein Tore Holsether	6,000	1,800	311	1,455	2,285	11,851	17,218	1,269
Torgeir Kvidal	3,162	731	516	976	756	6,141	8,413	1,541
Terje Knutsen	2,852	731	415	860	886	5,743	4,380	1,455
Yves Bonte	5,560	1,390	57	719	2,487	10,213	12,026	3,059
Alvin Rosvoll	2,733	670	256	1,069	748	5,475	4,928	1,230
Tove Andersen (from February 8, 2016)	2,610	741	195	202	838	4,586	3,035	604
Petter Østbø (from February 8, 2016)	2,754	767	252	137	1,156	5,066	5,009	681
Lair Hanzen (from February 8, 2016)	3,807	1,203	-	191	4,922	10,123	7,797	2,429
Kristine Ryssdal (from May 18, 2016)	1,697	580	127	84	773	3,261	1,233	-
Pierre Herben (from June 1, 2016)	1,597	556	31	169	546	2,899	3,610	-
Terje Morten Tollefsen (from June 1, 2016)	1,692	580	135	181	773	3,361	5,004	-
Lene Trollnes (from September 1, 2016)	967	580	2,067	45	773	4,432	4,746	-
Trygve Faksvaag (till May 17, 2016)	892	-	108	310		1,309	8,589	1,039
Gerd Löbbert (till February 8, 2016) 5)	516	-	8,253	66		8,835		1,852
Kaija Korolainen (till February 8, 2016) 5)	265	-	4,010	62		4,337		815
Bente Slaatten (till February 8, 2016) 5)	232	-	3,566	82		3,879		1,043

1) Fixed cash amount as part of Long Term Incentive plan (see description on page 134).
2) The base salaries of Yara Executive Management employed in Norway increased with 2.25% on weighted average. For Yara Executive Management member employed in Belgium, no increase was applied due to the salary moderation applicable in Belgium. For the Executive Management member employed in Brazil an increase of 2.7% was applied in addition of an inflation increase of 7.8%. The salary amounts for Yara Executive Management member employed in Belgium and Brazil are influenced by currency fluctuations of 3.43% (EUR) and 1.02% (BRL). The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.
3) Bonus earned in 2015, paid in 2016.
4) Estimated bonus (including holiday allowance) earned in 2016 to be paid in 2017.
5) Includes salary in the period they were part of Yara Management, performance related bonus paid in 2016 related to 2015, termination compensation according to what was disclosed in the Consolidated Financial Statements in 2015 and settlement of unused holidays etc.

Yara Executive Management: Compensation and number of shares owned at 31 December 2015

NOK thousands, except number of shares	Salary 2)	Long term incentive plan 1)	Other benefits	Pension benefits	Bonus accrued 5)	Sum	Number of shares	Bonus paid 3)
Svein Tore Holsether (from 9 September 2015)	1,869	1,800	6,057	438	1,421	11,585	10,393	-
Torgeir Kvidal (CEO till 9 September 2015) 4)	4,166	715	296	1,160	1,602	7,939	7,137	1,505
Gerd Löbbert	6,120	1,551	712	799	2,203	11,385	7,274	2,713
Egil Hogna (till 1 May 2015)	1,128	-	83	324	-	1,535	8,418	1,692
Terje Knutsen (from 1 May 2015)	1,896	667	238	426	1,003	4,230	3,054	-
Yves Bonte	5,642	1,429	374	731	3,306	11,482	9,959	2,636
Thor Giæver (till 9 September 2015) 4)	1,500	-	145	301	418	2,364	2,864	504
Trygve Faksvaag	2,413	482	342	614	1,042	4,893	7,907	985
Kaija Korolainen	2,543	513	226	588	804	4,674	1,651	805
Bente Slaatten	2,258	448	286	550	1,055	4,597	5,053	917
Alvin Rosvoll	2,700	684	371	879	1,208	5,842	5,775	1,370

1) Fixed cash amount as part of Long Term Incentive plan (see description on page 134).
2) The base salaries of Yara Executive Management employed in Norway increased with 2.6% on average with the exception of members employed in Belgium. For Yara Executive Management members employed in Belgium, an increase of 6.4% was applied. The salary amounts for Yara Executive Management members employed in Belgium are influenced by currency fluctuations. The development in base salary and actual paid salary may differ from one year to the next due to effects of the Norwegian holiday pay system, where a change in number of days holiday taken and/or annual holiday allowance impact salary paid.
3) Bonus earned in 2014, paid in 2015.
4) Torgeir Kvidal took on the position as acting CEO and Thor Giæver is acting CFO till 9 September 2015.
5) Estimated bonus (including holiday allowance) earned in 2015 to be paid in 2016.

Svein Tore Holsether's annual base salary is NOK 6,000,000 which is unchanged from 2015. On his own initiative he wanted no increase to be applied to his base salary for 2016.

Lair Hanzen has Short Term incentive bonus in line with market conditions for Brazil. His setup consists of one bonus scheme with 60% target bonus and an additional bonus scheme with 40% target bonus where a three years vesting period applies. The total bonus pay-out is not limited to 50% of annual base salary as for the other members of Yara Executive Management.

Pensions benefits and termination agreements

Yves Bonte and Pierre Herben are members of the Yara Belgium pension plan. This plan is a Defined Contribution (DC) plan and provides the members with a lump sum when they reach age 65. The employer contribution is calculated on the annual base salary and amounts to 4.79% up to the legal ceiling and 15% above that.

Lair Hanzen is member of the Yara Brazil pension plan which is a DC pension plan providing 6% employer contribution.

Other members of Yara Executive Management are included in Yara's plans for employees in Norway. Since 2006 Yara in Norway has been in process for transition from defined benefit pension plans to DC pension and to simplify the pension plans. This work was completed in 2015 and new hires are now enrolled in one DC pension plan covering salary up to 12 times Norwegian Social Security Base Amount (G). When former pension plans were closed, existing members have been offered transitional or compensation arrangements

Svein Tore Holsether is member of the following pension plans:

- A funded DC plan providing contribution equal to 7% of part of pensionable salary up to 7.1 times G plus 20% of salary between 7.1G and 12G
- An unfunded DC plan for salaries above 12G with contribution equal to 25% of pensionable salary in excess of 12G

Provided that he is employed by Yara at age 65 he will be entitled to an Age Limit Compensation. This provides a benefit equal to 65% of his annual base salary at that time until age 67. In case he would be entitled to Severance Pay or if it is mutually agreed between him Yara Board of Directors to continue the employment beyond age 65 he will not be entitled to the Age Limit Compensation.

Torgeir Kvidal is member of the following pension plans:

- A funded DC plan providing contribution equal to 7% of part of pensionable salary up to 7.1 times G plus 20% of salary between 7.1G and 12G
- An unfunded DC plan for salaries above 12G with contribution equal to 25% of pensionable salary in excess of 12G
- An unfunded DC plan providing individually calculated contribution rates compensating shortfall of early retirement plan from age 65 to 67

Terje Knutsen and Alvin Rosvoll are members of the following pension plans:

- A funded DC plan providing contribution equal to 4,5% of part of pensionable salary between 1G and to 7.1G and plus 8.5% of salary between 7.1G and 12G
- An unfunded DC plan for salaries above 12G with contribution equal to 25% of pensionable salary in excess of 12G
- An early retirement plan covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary. From 2006 accrual of pension in this plan has been limited to a salary of 12G

Tove Andersen, Petter Østbø and Terje Morten Tollefsen are members of the following pension plans:

- A funded DC plan providing contribution equal to 7% of part of pensionable salary up to 7.1 times G plus 20% of salary between 7.1G and 12G
- An unfunded DC plan providing individually calculated contribution rates compensating shortfall of early retirement plan from age 65 to 67

Lene Trollnes and Kristine Ryssdal are members of the following pension plan:

- A funded DC plan providing contribution equal to 7% of part of pensionable salary up to 7.1 times G plus 20% of salary between 7.1G and 12G

Statement on remuneration to members of Executive management

In accordance with the Norwegian Public Limited Companies Act § 6-16 a, the Board of Directors prepares a separate statement related to the determination of salary and other benefits for the Executive Management. The statement will be presented to the Annual General Meeting for voting. The Ministry of Trade, Industry and Fisheries disclosed amended Guidelines for Remuneration of Executives in State Owned Companies with effect from 13 February 2015. Yara's remuneration principles applying to the Executive Management comply with these guidelines. Consequently the rules applying for membership in the company pension plan for salaries above 12G has been amended accordingly and the plan was closed for new members from 3 December 2015.

General Principle

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

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

Yara's remuneration of the Executive Management Group consists of the following elements: Base pay, an annual incentive bonus, a Long Term Incentive plan, a pension plans, death and disability coverage and other components such as car, phone expenses, etc. In addition, executives on expatriate contracts have various other costs covered by the company. The annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries forms the basis for the Yara Executive Management salary development. Members of Yara Executive Management do not receive separate remuneration for board membership in Yara subsidiaries.

From 2017 the Long Term Incentive plan has been made conditional to Yara's financial performance. For Short Term Incentive Bonus 2017 the maximum level of payout is conditional on Yara's CROGI (Cash Return on Gross Investment) exceeding 13% (14,5% for 2016). For Executives employed by Yara companies in other countries remuneration can deviate from the guidelines depending on local market conditions. Apart from this, no other changes have been made to the guidelines for 2017 compared with 2016.

Short Term Incentive bonus

The annual incentive bonus represents performance-driven variable compensation components based on financial and non-financial performance at company and/or segment level. The specific performance components vary by unit and position and are set individually on an annual basis. The annual incentive bonus is not linked to the Yara share price, but is conditional on Yara's CROGI excluding special items reaching 7%, with progressively higher payout levels up to a maximum level when CROGI exceeds 13%. The annual incentive bonus pay-out is calculated according to the formula shown below. For Executives on Norwegian employment contracts, the maximum pay-out shall not exceed 50% of annual base salary. For Executives employed by Yara companies in other countries the bonus pay-out can exceed 50% depending on local market conditions.

CROGI multiplier x Individual relative performance multiplier x Target bonus = Bonus payout

Individual Relative Performance

The Individual Relative Performance is determined based on achievements of operational and organizational key performance indicators (KPIs) and an overall performance evaluation. The KPIs are established based on quantified targets set up in the business plan for the actual year and reflect the role and responsibility of each position covering the following areas:

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

Promotion of Yara's Mission, Vision and Values and contribution to Yara overall is subject to discretionary evaluation.

Target Bonus

The Target Bonus is a percentage of base salary. The percentage is set according to position level and content and comparison with the market. The target bonuses for Executives on Norwegian employment contract are between 28% and 40% with maximum bonus pay capped at 50% of annual base salary according to what is explained above. For Executives employed by Yara companies in other countries the target bonus can deviate from the above depending on local market conditions.

Long Term Incentive plan

To increase the alignment between Executive and Shareholder interests and to ensure retention of key talent in the company, a Long Term Incentive plan has been approved by the Board. This program provides a cash amount to eligible executives, who are required to invest the net amount after tax in Yara shares within a period of one month after grant. The acquired shares are locked in for a period of three years after the purchase. After this period executives are free to keep or sell the shares at their discretion. The annual grant is jointly conditional on Yara's CROGI (Cash Return on Gross Investment) excluding special items reaching an average of 7% over the past three years and Yara's Net Result excluding currency gain/loss being positive for the last three years as a whole. Yara CEO can in any case decide that Long Term Incentive shall not be granted in a given year and Yara Board of Directors can decide that Long Term Incentive shall not be granted to the CEO. The amount granted is linked to the individual position and shall not exceed 30% of annual base salary.

Benefit Plans

All new pension plans in Yara should be defined contribution (DC) plans. For all new hires and internal recruits to Yara Executive Management on Norwegian employment contracts, future contributions to the pension plan is limited to a salary of 12 times Norwegian Social Security Base Amount (12G).

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

For Executives on Norwegian employment contracts, Yara has a company set upper limit for retirement at age 70 from 1 July 2016 with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for Executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1 January 2015, the plan was closed for new members and ceased for employees below age 50. A DC pension plan was established to compensate members for the shortfall.

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

Others

Executive Management members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares to a value of NOK 7,500 alternatively NOK 13,500 with a tax-exempt discount of NOK 1,500 in both cases. This comes in addition to the Long Term Incentive plan.

New members of Yara Executives on Norwegian Contracts entered into after March 2015, are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the Executive receives during the Severance Pay period will be deducted from the Severance Pay. Salary and other benefits earned in 2016 are disclosed above. For additional information about existing pension plans see note 26.

Note 38 External audit remuneration

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the group by the appointed auditor.

NOK thousands	Audit fee	Assurance services	Tax services	Other non-audit services	Total
2016					
Deloitte Norway	4,336	1,539	277	1,610	7,762
Deloitte abroad	27,892	1,092	2,675	480	32,140
Total Deloitte	32,228	2,631	2,952	2,090	39,901
Others	1,590	-	105	104	1,798
Total	33,817	2,631	3,057	2,195	41,700
2015					
Deloitte Norway	4,602	808	28	106	5,544
Deloitte abroad	33,244	460	1,788	781	36,273
Total Deloitte	37,846	1,268	1,816	887	41,817
Others	2,216	48	918	289	3,471
Total	40,062	1,316	2,734	1,176	45,288

Note 39 Post balance sheet events

Yara Board will propose to the Annual General Meeting a dividend of NOK 10 per share for 2016. The total dividend payment will be NOK 2,732 million based on current outstanding shares.

On 8 March 2017, Yara announced a plan to cease operations at its Pardies site in France. This plant has 85 employees and an annual production capacity of approximately 100,000 tonnes of technical ammonium nitrate. The non-current assets are fully written down as of 31 December 2016 after recognizing several impairment charges during the last years.

Financial statements

Financial statements for Yara International ASA

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

YARA INTERNATIONAL ASA

Income statement

NOK millions	Notes	2016	2015
Revenues	6	2,115	1,921
Other income		-	11
Revenues and other income		2,115	1,931
Raw materials, energy costs and freight expenses		(8)	(25)
Change in inventories of own production		(8)	6
Payroll and related costs	3	(794)	(685)
Depreciation and amortization	4,5	(52)	(34)
Other operating expenses	6	(1,489)	(1,665)
Operating costs and expenses		(2,351)	(2,402)
Operating income		(237)	(471)
Financial income (expense), net	7	2,418	9,986
Income before tax		2,181	9,515
Income tax expense	8	(285)	65
Net income		1,897	9,580
Appropriation of net income and equity transfers			
Dividend proposed		2,732	4,113
Retained earnings		(835)	5,466
Total appropriation	13	1,897	9,580

YARA INTERNATIONAL ASA

Balance sheet

NOK millions	Notes	31 DEC 2016	31 DEC 2015
ASSETS			
Non-current assets			
Deferred tax assets	8	697	1,000
Intangible assets	5	501	320
Property, plant and equipment	4	106	103
Shares in subsidiaries	9	19,401	19,426
Intercompany receivables	15	17,839	16,455
Other non-current assets	10	393	465
Total non-current assets		38,937	37,769
Current assets			
Inventories	10	17	25
Trade receivables		7	16
Intercompany receivables	15	8,367	20,856
Prepaid expenses and other current assets		443	665
Cash and cash equivalents		2,603	808
Total current assets		11,437	22,371
Total assets		50,374	60,140

YARA INTERNATIONAL ASA

Balance sheet

NOK millions	Notes	31 DEC 2016	31 DEC 2015
Liabilities and shareholders' equity			
Equity			
Share capital reduced for treasury stock		464	466
Premium paid-in capital		117	117
Total paid-in capital		582	583
Retained earnings		8,723	10,321
- Treasury shares		-	(362)
Shareholders' equity	13	9,305	10,542
Non-current liabilities			
Employee benefits	2	840	798
Long-term interest bearing debt	14	12,074	7,887
Other long-term liabilities		512	609
Total non-current liabilities		13,426	9,293
Current liabilities			
Trade ant other payables		159	162
Bank loans and other interest-bearing short-term debt	10	193	1,929
Current portion of long-term debt	14	-	1,007
Dividends payable	13	2,732	4,113
Intercompany payables	15	24,319	32,699
Current income tax	8	-	20
Other current liabilities		240	375
Total current liabilities		27,643	40,305
Total liabilities and shareholders' equity		50,374	60,140

The Board of Directors of Yara International ASA
Oslo, 23 March 2017

Leif Teksum
Chairperson

Maria Moræus Hanssen
Vice chair

John Thuestad
Board member

Hilde Bakken
Board member

Geir O. Sundbø
Board member

Geir Isaksen
Board member

Rune Bratteberg
Board member

Kjersti Aass
Board member

Svein Tore Holsether
President and CEO

YARA INTERNATIONAL ASA

Cash flow statement

NOK millions	Notes	2016	2015
Operating activities			
Operating Income		(237)	(471)
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation, amortization and impairment loss	4,5	52	34
Write-down inventory and trade receivables		(11)	11
Tax received/(paid)	8	(45)	(5)
Dividend received from subsidiary and associated companies		-	-
Group relief received		11,534	7,000
Interest and bank charges received/(paid) [1)]		10	(23)
Other		(29)	19
Change in working capital			
Trade receivables		16	(17)
Short term intercompany receivables/payables		(4,578)	(1,984)
Prepaid expenses and other current assets [1)]		762	119
Trade payables		(3)	(35)
Other current liabilities		(318)	(649)
Net cash (used in)/ provided by operating activities		7,154	3,997
Investing activities			
Acquisition of property, plant and equipment	4	(12)	(7)
Acquisition of other long-term investments	5	(221)	(144)
Net cash from/(to) long term intercompany loans	15	(1,955)	277
Proceeds from sales of long-term investments		1	88
Net cash (used in)/provided by investing activities		(2,187)	214
Financing activities			
Loan proceeds	14	4,057	-
Principal payments		(2,775)	(472)
Purchase of treasury stock	13	(93)	(364)
Redeemed shares Norwegian State	13	(252)	(127)
Dividend paid	13	(4,108)	(3,581)
Net cash used in financing activities		(3,173)	(4,545)
Net increase/(decrease) in cash and cash equivalents		1,795	(333)
Cash and cash equivalents at 1 January		808	1,141
Cash and cash equivalents at 31 December		2,603	808

1) Reclasseification between interest and bank charges received/(paid) and prepaid expenses and other current assets for 2015 of NOK 641 million.

Notes to the accounts

Note 1 Accounting policies

General
The financial statements for Yara International ASA have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). Financial statement preparation requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Yara International ASA primarily holds shares in subsidiaries and provides financing to entities in the Yara Group. Please note that the information in note 28 to the consolidated financial statements related to payments on long-term debt also applies to Yara International ASA. Revenue mainly stem from allocation of costs related to intragroup services provided.

The accompanying notes are an integral part of the financial statements.

Shares in subsidiaries
Shares in subsidiaries are presented according to the cost method. Dividends and Group reliefs are recognized in the income statement when these are proposed by the subsidiary. Group relief received is included in dividends. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Indications may be operating losses or adverse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is impaired. The impairment is reversed if the impairment situation is no longer present.

Foreign currency transactions
Realized and unrealized currency gains and losses on transactions, assets and liabilities, denominated in a currency other than the functional currency Norwegian kroner (NOK) of Yara International ASA, and that do not qualify for hedge accounting treatment, are included in net income.

Revenue
In all material respects, revenue stem from sale of intercompany services. These are recognized when the services are delivered based on intragroup allocation of costs.

Interest income is recognized in the income statement as it is accrued, based on the effective interest method.

Receivables
Trade receivables and short term intercompany receivables are recognized at nominal value, less the accrual for expected losses of receivables. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents
Cash and cash equivalents include cash, bank deposits and all other monetary instruments with a maturity of less than three months at the date of purchase.

The cash held by Yara International ASA reflects that most external bank deposits are channeled through the group treasury function. Consequently, the level of cash held should be seen in context with the intercompany receivables and payables.

Payables
Trade payables and short term intercompany payables are recognized at nominal value.

Financial assets and liabilities
Financial assets, other than derivatives, are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at amortized cost.

Cost of sales and other expenses
In principle, cost of sales and other expenses are recognized in the same period as the revenue to which they relate. If there is no clear connection between the expense and revenue, the apportionment is estimated. Other exceptions to the matching criteria are disclosed where appropriate.

Income taxes
Deferred income tax expense is calculated using the liability method in accordance with the preliminary Norwegian Accounting Standard on Income Taxes ("NRS Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year except for deferred tax related to items charged to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are adopted.

Intangible assets
Intangible assets acquired individually or as a group are recorded at fair value when acquired. Intangible assets are amortized on a straight-line basis over their useful life and tested for impairment whenever indications of impairment are present.

Research costs are expensed as incurred. Costs incurred in development of certain internally generated intangible assets, such as software, are expensed until all the recognition criteria are met. Qualifying costs incurred subsequently to meeting the recognition criteria are capitalized.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the assets useful life. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Inventories

Inventories are valued at the lower of cost, using the “first-in first-out method” (“FIFO”), and net realizable value. The cost of inventories comprise all costs incurred in bringing the inventories to their present location and condition, including direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory.

Leased assets

Leases that provide Yara with substantially all the rights and obligations of ownership are accounted for as finance leases. Finance leases are valued at the present value of minimum lease payments or fair value if this is lower, and is accounted for as Property, Plant and Equipment. The corresponding finance lease liabilities are included in long-term debt. Property, Plant and Equipment are subsequently depreciated over the estimated useful lives of the assets. The related liabilities are reduced by the amount of the lease payments less the effective interest expense.

Other leases are accounted for as operating leases with lease payments recognized as an expense over the lease term.

Forward currency contracts

Forward currency contracts are initially recognized in the balance sheet at fair value. Changes in fair value are recognized in the income statement.

Interest rate and foreign currency swaps

Interest income and expense relating to swaps that are not designated as hedge instruments are netted and recognized as income or expense over the life of the contract. Foreign currency swaps are translated into Norwegian kroner at the applicable exchange rate at the balance sheet date with the resulting unrealized currency translation gain or loss recorded in “Financial income (expense), net” in the income statement.

Shared-based compensation

Yara’s long term incentive program for Yara Management and top executives provides a fixed cash amount to the eligible top executive, who are required to invest the net amount after tax in Yara shares within a period of one month after the grant. The acquired shares are locked in for a period of three years after the purchase. Yara purchases the shares on behalf of the employees. If an executive does not meet the vesting conditions the net proceed must be returned to Yara. The costs for the long term incentive program is expensed in the year when the shares are granted. However, the costs are re-invoiced within the same year to Yara units globally as part of the shared cost model.

The Company also gives employees the possibility to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this option.

Employee retirement plans

Employee retirement plans are measured in accordance with IAS 19 Employee Benefits, as this is permitted by the Norwegian accounting standard on pensions (“NRS 6 Pensjonskostnader”). Past service cost is recognized immediately in the Statement of income together with any gains and losses arising from curtailments and settlements. Re-measurement gains and losses are recognized directly in retained earnings.

Note 2 Employee retirement plans and other similar obligations

Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension earnings of existing employees below the age of 55 in 2006 and all new employees.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenestepensjon").

Long-term employee benefit obligations recognized in the statement of financial position

NOK millions	2016	2015
Pension liabilities for defined benefit plans	(833)	(790)
Termination benefits and other long-term employee benefits	(7)	(7)
Surplus on funded defined benefit plans	329	349
Net long-term employee benefit obligations	(511)	(448)

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

NOK millions	2016	2015
Defined benefit plans	(40)	(57)
Defined contribution plans	(43)	(22)
Termination benefits and other long-term employee benefits	(8)	(6)
Net expenses recognized in statement of income	(91)	(85)

Defined benefit plans

Yara International ASA is the sponsor of Yara Pensjonskasse, a funded pension plan which also covers employees of its subsidiary Yara Norge AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to Yara Pensjonskasse from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. At the beginning of the year, 17 retirees were transferred from the subsidiary Yaraship Services AS. At 31 December 2016, the number of active participants in the funded defined benefit plan who were employed by Yara International ASA, was 3 and the number of retirees was 174. In addition, 310 current and previous employees of Yara International ASA have earned paid-up policies in the pension fund.

Yara International ASA participates in a multi-employer plan (AFP - "Avtalefestet pensjon") which entitles most of its employees the right to retire from the age of 62. Participating entities are required to pay an annual fee for each of its active employees. As the information required to account for this part of the plan as a defined benefit plan is not available from the plan administrator, it is accounted for as if it were a defined contribution plan. The provision for defined benefit plans includes however the calculated obligation to pay a percentage of benefits paid to its employees who have chosen early retirement under this plan. A further defined benefit obligation is recognized to account for a gratuity offered by Yara International ASA to its employees who retire with the AFP scheme.

Norwegian employees at position level of department manager or above are members of an unfunded early retirement plan. The plan covers the period from age 65 to 67 with a defined benefit equal to 65% of final salary. From 2006 accrual of pension in this plan has been limited to a salary of 12G (i.e. 12 times the Norwegian Social Security Base Amount, which from 1 May 2016 was NOK 92,576).

Effective 1 January 2015 Yara International ASA implemented changes to the early retirement schemes, both the AFP gratuity plan and the plan for early retirement from 65 to 67 for positions as department manager or above. The plans were closed for new members from 1 August 2015, and all employees below age 50 were transferred to new contribution-based plans which offer increased contribution rates compared to the ordinary defined contribution plan, as well as compensation contributions, where applicable. Employees aged 50 or above retained their rights from the old plans, however with the option to choose a transfer to the new contribution-based plans. As the plans were unfunded and Yara International ASA retains investment risk, the new contribution-based plans were accounted for as defined benefit plans at the end of 2015. Early 2016 the Financial Supervisory Authority of Norway accepted Yara's request to convert the new plan with increased contribution rates into a funded contribution plan, after which the plan was reclassified to a defined contribution plan.

All Norwegian employees with salary above 12G as of 3 December 2015 are members of an unfunded plan which requires Yara International ASA to contribute with an amount equal to 25% of pensionable salary in excess of 12G for each year of service, with the addition of annual return on the accumulated balance. The plan was closed to new members from 3 December 2015. As the plan is unfunded and investment risk is retained by Yara International ASA, the plan is included in the obligation for defined benefit plans.

Valuation of defined benefit obligations

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

It is the opinion of the management of Yara International ASA that there is a sufficiently deep market for high quality corporate bonds in Norway, which is therefore used as reference for determination of the discount rate. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2013 mortality table. According to K2013 a current female employee aged 45 today would be expected to live 25.8 years after reaching the retirement age of 65, whereas a female employee aged 65 today would on average be expected to live 24.1 years. Corresponding expectations for male employees are 22.6 years for current employees and 21.0 years for a male employee aged 65.

In percentages	2016	2015
Discount rate	2.5	2.5
Expected rate of salary increases	2.4	2.4
Future rate of pension increases	0.4	0.2

Actuarial valuations provided the following results:

NOK millions	2016	2015
Present value of unfunded obligations	(730)	(693)
Present value of wholly or partly funded obligations	(685)	(640)
Total present value of obligations	(1,415)	(1,333)
Fair value of plan assets	1,014	990
Social security on defined benefit obligations	(103)	(98)
Total recognized liability for defined benefit plans	(504)	(441)

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2016
Funded plan	13
Unfunded plans	14

Pension cost recognized in statement of income

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

The following items have been recognized in the statement of income:

NOK millions	2016	2015
Current service cost	(33)	(31)
Administration cost	(1)	(2)
Settlements [1]	8	(9)
Social security cost	(6)	(8)
Payroll and related costs	(32)	(50)
Interest on obligation	(33)	(30)
Interest income from plan assets	25	23
Interest expense and other financial items	(8)	(8)
Total expense recognized in income statement	(40)	(57)

1) A settlement loss of NOK 9 million was recognized in 2015 related to the changes in early retirement schemes. The settlement loss was partially reversed in 2016, as an unfunded defined benefit plan established in 2015 was converted into a defined contribution plan.

Sensitivity of assumptions

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation (DBO), by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	2016	2015
Actual valuation	(1,415)	(1,333)
Discount rate +0.5%	(1,328)	(1,246)
Discount rate -0.5%	(1,512)	(1,429)
Expected rate of salary increase +0.5%	(1,430)	(1,341)
Expected rate of salary increase -0.5%	(1,402)	(1,325)
Expected rate of pension increase +0.5%	(1,474)	(1,402)
Expected rate of pension increase -0.5%	(1,367)	(1,303)
Expected longevity +1 year	(1,454)	(1,369)
Expected longevity -1 year	(1,376)	(1,297)

Development of defined benefit obligations

NOK millions	2016	2015
Defined benefit obligation at 1 January	(1,333)	(1,275)
Current service cost	(33)	(31)
Interest cost	(33)	(30)
Experience adjustments	(43)	(49)
Effect of changes in financial assumptions	(29)	15
Settlements [1)]	8	(9)
Benefits paid	50	48
Transfer of 17 retirees from Yaraship Services AS	(17)	-
Reclassification to defined contribution plan	13	-
Defined benefit obligation at 31 December	(1,415)	(1,333)

1) A settlement loss of NOK 9 million was recognized in 2015 related to the changes in early retirement schemes. The settlement loss was partially reversed in 2016, as an unfunded defined benefit plan established in 2015 was converted into a defined contribution plan.

Development of plan assets

NOK millions	2016	2015
Fair value of plan assets at 1 January	990	948
Interest income from plan assets	25	23
Administration cost	(1)	(2)
Return on plan assets (excluding calculated interest income)	(8)	41
Transfer of 17 retirees from Yaraship Services AS	31	-
Benefits paid	(23)	(20)
Fair value of plan assets at 31 December	1,014	990

The actual return on plan assets in 2016 was a positive NOK 16 million (2015: positive NOK 62 million).

Yara Pensjonskasse (the pension fund) is a separate legal entity, independently governed by its Board of Directors. It is the responsibility of the pension fund Board of Directors to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension fund. If needed, Yara International ASA will be required to increase the capital buffer of the pension fund.

Yara International ASA's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension fund ensures diversement of investments in order to keep market volatility risk at a desired level. The pension fund Board of Directors is targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

At the end of the year, the plan assets were invested as follows:

NOK millions, except percentages	2016	2016	2015	2015
Cash and cash equivalents	15	1 %	34	3 %
Shares	365	36 %	393	40 %
Other equity instruments	68	7 %	33	3 %
High yield debt instruments	55	5 %	42	4 %
Investment grade debt instruments	487	48 %	464	47 %
Properties	22	2 %	21	2 %
Interest rate swap derivatives	1	-	2	-
Total plan assets	1,014	100 %	990	100 %

Yara Pensjonskasse (the pension fund) does not hold any investments that do not have a quoted market price in an active market. Nor does it hold any financial instruments issued by Yara Group companies.

Contributions expected to be paid by Yara International ASA to the defined benefit plans for 2017 are NOK 33 million. The amount includes any premium to be paid to Yara Pensjonskasse and all benefits to be paid for unfunded plans.

Remeasurement gains/(losses) recognized in retained earnings

NOK millions	2016	2015
Cumulative amount recognized directly in retained earnings pre tax at 1 January	(67)	(27)
Remeasurement gains/(losses) on obligation for defined benefit plans	(71)	(35)
Remeasurement gains/(losses) on plan assets for defined benefit plans	(8)	41
Social security on remeasurement gains/(losses) recognized directly in equity this year	(5)	(47)
Cumulative amount recognized directly in retained earnings pre tax at 31 December	(151)	(67)
Deferred tax related to remeasurement gains/(losses) recognized directly in retained earnings	36	17
Cumulative amount recognized directly in retained earnings after tax at 31 December	(115)	(50)

Note 3 Remunerations and other

Remuneration and direct ownership of shares of the chairperson and of the board of directors are disclosed in note 37 to the consolidated financial statement.

Remuneration to the President and Yara management, as well as number of shares owned and Long Term Incentive Plan, are disclosed in note 37 to the consolidated financial statements.

Partners and employees of Yara's independent auditors, Deloitte AS, own no shares in Yara International ASA, or in any of its subsidiaries. Yara International ASA's fee to Deloitte AS (Norway) for ordinary audit was NOK 3.515 thousand (2015: NOK 3.650 thousand), fee for assurance services NOK 1,264 thousand (2015: NOK 665 thousand), fee for tax services NOK 237 thousand (2015: no fee for tax services) and fee for non-audit services NOK 1,610 thousand (2015: NOK 46 thousand). Audit remuneration for the group is disclosed in note 38 to the consolidated financial statement.

At 31 December 2016 the number of employees in Yara International ASA was 503 (2015: 437)

NOK millions	2016	2015
Payroll and related costs		
Salaries	(622)	(580)
Social security costs	(88)	(75)
Net periodic pension costs	(83)	(78)
Internal invoicing of payroll related costs	-	48
Total	(794)	(685)

External commercial banks provide the Norwegian employees with a range of banking services, including unsecured personal loans at favorable rates of interest. Yara does not compensate the banks for these services. In connection with the replacement of transferred employee loans related to the demerger from Hydro, Yara provides a guarantee for all such loans as well as of new unsecured loans by the banks to the Norwegian employees. For most employees the amount guaranteed will not exceed NOK 100,000. At 31 December 2016, the aggregate balance of all the outstanding loans for which Yara are providing a guarantee is approximately NOK 0.5 million, and the number of loans are 7.

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2016. All permanent employees in Norway have been offered shares with a discount and given an interest-free loan with a 12-month repayment profile. In order to handle this arrangement in an efficient way, Yara has established a foundation for employees' shares in Yara. The foundation has purchased 34,200 shares during 2016. In total 35,256 shares have been sold during 2016 to 889 persons, 193 persons were allotted 24 shares and 696 persons were allotted 44 shares. At 31 December 2016, the foundation owned 34 shares in Yara.

Note 4 Property, plant and equipment

2016

NOK millions, except percentages and years	Property, plant and equipment
Cost	
Balance at 1 January	162
Addition at cost	12
Balance at 31 December	174
Depreciation	
Balance at 1 January	(58)
Depreciation	(9)
Balance at 31 December	(67)
Carrying value	
Balance at 1 January	103
Balance at 31 December	106
Useful life in years	4 - 50
Depreciation rate	2 - 25%

2015

NOK millions, except percentages and years	Property, plant and equipment
Cost	
Balance at 1 January	155
Addition at cost	7
Balance at 31 December	162
Depreciation	
Balance at 1 January	(50)
Depreciation	(8)
Balance at 31 December	(58)
Carrying value	
Balance at 1 January	105
Balance at 31 December	103
Useful life in years	4 - 50
Depreciation rate	2 - 25%

Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings.

There were no assets pledged as security at 31 December 2016 and 2015.

Note 5 Intangible assets

2016

NOK millions, except percentages and years	Intangible assets
Cost	
Balance at 1 January	540
Addition at cost	224
Balance at 31 December	764
Amortization	
Balance at 1 January	(220)
Amortization	(43)
Balance at 31 December	(263)
Carrying value	
Balance at 1 January	320
Balance at 31 December	501
Useful life in years	3 - 5
Amortization rate	20 - 35 %

2015

NOK millions, except percentages and years	Intangible assets
Cost	
Balance at 1 January	397
Addition at cost	144
Balance at 31 December	540
Amortization	
Balance at 1 January	(193)
Amortization	(26)
Balance at 31 December	(220)
Carrying value	
Balance at 1 January	204
Balance at 31 December	320
Useful life in years	3 - 5
Amortization rate	20 - 35 %

Intangible assets mainly consist of computer software systems and capitalized technology assets.

Note 6 Specification of items in the income statement

Revenue

Information about sales to geographical areas

NOK millions	2016			2015		
	External	Internal	Total	External	Internal	Total
Norway	9	88	97	2	95	97
European Union	23	1,689	1,712	36	1,568	1,604
Europe, outside European Union	-	4	4	-	4	4
Africa	-	22	22	-	15	15
Asia	7	27	34	7	23	30
North America	22	33	55	10	31	41
Latin America	7	163	170	10	103	113
Australia and New Zealand	-	20	20	-	16	16
Total	68	2,046	2,115	66	1,855	1,921

Other operating expenses

NOK millions	2016	2015
Selling and administrative expense	(1,205)	(1,389)
Rental and leasing [1]	(59)	(56)
Travel expense	(64)	(62)
Other	(161)	(158)
Total	(1,489)	(1,665)
Of which research costs [2]	(216)	(138)

1) Expenses mainly relate to lease contracts for property and company cars.
2) Yara has focus on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities. In 2016, Yara spent higher expenses on research mainly related to improvements in the efficiency of its production plants.

Note 7 Financial income and expense

NOK millions	Notes	2016	2015
Dividends and group relief from subsidiaries		1,638	11,534
Sale of associated companies		-	69
Interest income group companies	15	687	627
Other interest income		42	25
Interest expense group companies	15	(178)	(142)
Other interest expense		(552)	(457)
Interest expense defined pension liabilities	2	(33)	(30)
Return on pension plan assets	2	25	23
Net foreign currency translation gain/(loss)		747	(1,442)
Other financial income/(expense)		40	(221)
Financial income/(expense), net		2,418	9,986

Note 8 Income taxes

Specification of income tax expense

NOK millions	2016	2015
Current tax expense	36	(5)
Deferred tax income/(expense) recognized in the current year	(321)	70
Income tax expense	(285)	65

Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

NOK millions	2016	2015
Income before taxes	2,181	9,515
Expected income taxes at statutory tax rate, 25 %	(545)	(2,569)
Non-deductible expenses	(4)	(1)
Effect of valuation allowances	-	1
Loss and write-down shares, not tax deductible	5	17
Group relief received from subsidiary with no tax effect	250	2,700
Tax law changes	(27)	(78)
Other, net	37	(6)
Income tax expense	(285)	65

Reconciliation of current tax asset/(liability)

NOK millions	2016	2015
Balance at 1 January	(20)	(20)
Payments	45	5
Current tax expense	36	(5)
Balance at 31 December	61	(20)

Specification of deferred tax assets/(liabilities)

NOK millions	2016	2015
Non-current items		
Intangible assets	13	19
Pension liabilities	163	154
Property, plant & equipment	(3)	(3)
Other non-current assets	(723)	(923)
Other non-current liabilities and accruals	471	479
Total	(79)	(274)
Current items		
Inventory valuation	-	1
Accrued expenses	42	90
Total	42	91
Tax loss carry forwards	734	1,183
Net deferred tax assets	697	1,000
Change in deferred tax		
Balance at 1 January	1,000	929
Charge (credit) to equity for the year	19	2
Charge (credit) to profit or loss for the year	(321)	70
Balance at 31 December	697	1,000

Tax losses are expected to be fully utilized by taxable interest income on group funding and taxable group contributions from Yara's operating companies in Norway.

Note 9

Shares in subsidiaries

Company name	Ownership [1]	Ownership by other group companies	Registered office	Local currency	Total equity in the company 2016 local currency millions	Net income /(loss) in 2016 local currency millions	Carrying value 2016 NOK millions	Carrying value 2015 NOK millions
Subsidiaries owned by Yara International ASA								
Yara Guatemala S.A.	100.0%	-	Guatemala	GTQ	112	34	24	24
Yara Colombia S.A.	47.6%	50.4%	Colombia	COP	252,416	(65,519)	310	17
Hydro Agri Russland AS	100.0%	-	Norway	NOK	22	-	21	21
Yaraship Services AS	100.0%	-	Norway	NOK	24	4	1	1
Yara Costa Rica S. de RL.	0.001%	87.5%	Costa Rica	CRC	4,271	(3,047)	2	-
Yara Hellas S.A. [2]	-	-	-	-	-	-	-	21
Yara Norge AS	100.0%	-	Norway	NOK	2,559	947	1,303	1,303
Fertilizer Holdings AS	100.0%	-	Norway	NOK	26,494	4,776	16,156	16,453
Yara Rus Ltd.	100.0%	-	Russia	RUB	(72)	12	-	-
Yara North America Inc.	100.0%	-	USA	USD	367	27	468	468
Yara Asia Pte. Ltd.	100.0%	-	Singapore	USD	972	115	1,114	1,114
Yara International Employment Co. AG	100.0%	-	Switzerland	EUR	1	-	1	1
Profesionalistas AAL / Yara Servicions Op	10.0%	90.0%	Mexico	MXN	(4)	2	-	2
Total							19,401	19,426

1) Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports. See also note 2 to the consolidated financial statements.
2) In December 2016, shares in the subsidiary Yara Hellas S.A. were transferred from Yara International ASA to Yara Nederland B.V.

Note 10

Specification of balance sheet items

NOK millions	Notes	2016	2015
Other non-current assets			
Surplus on funded defined benefit plans	2	329	349
Long term loans, mortgage bonds and non-marketable shares 0-20%	12	21	12
Interest rate swap designated as hedging instrument		2	70
Other		41	34
Total		393	465
Inventories			
Raw materials		1	1
Work in progress		4	7
Finished goods		12	17
Total		17	25
Bank loans and other interest-bearing short-term debt			
External loans	14	165	1,619
Bank overdraft		28	309
Total		193	1,929

Note 11 Guarantees

NOK millions	2016	2015
Guarantees (off-balance sheet)		
Guarantees of debt in subsidiaries	4,335	3,220
Non-financial guarantees	5,546	11,831
Total	9,881	15,051

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payments or financial guarantees. See note 34 to the consolidated financial statements for further information about guarantees.

Note 12 Risk management and hedge accounting

Risk management in Yara and the use of derivative instruments are described in note 31 to the consolidated financial statement. The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the balance sheet.

Liquidity risk

Yara International ASA manages liquidity risk by continuously monitoring forecasted and actual cash flows. Non-current intercompany receivables are related to funding of subsidiaries and have a maturity profile matching the external debt maturities (see note 14 for details). Current intercompany receivables and payables mainly reflect intercompany current account balances and will fluctuate with fertilizer seasons. Committed liquidity reserves are maintained to meet unforeseen events.

Yara International ASA has the following derivative instruments outstanding at 31 December:

NOK millions	2016	2015
Fair value of derivatives		
Forward foreign exchange contracts (external)	(11)	(50)
Forward foreign exchange contracts (Yara Group internal)	(96)	(166)
Interest rate swaps designated for hedging (external)	2	70
Balance at 31 December	(105)	(146)
Derivatives presented in the balance sheet		
Non-current assets	2	70
Current liabilities	(107)	(216)
Balance at 31 December	(105)	(146)

Forward foreign exchange contracts

Yara is committed to outstanding forward foreign exchange contracts as follows:

NOK millions	2016	2015
Forward foreign exchange contracts (external), notional amount	1,499	4,556
Forward foreign exchange contracts (Yara Group internal), notional amount	7,026	7,129

All outstanding contracts at 31 December 2016 have maturity in 2017. External buy positions are mainly in US dollars towards Norwegian kroner. External sell positions are mainly in euro, Canadian dollars and other operating currencies towards Norwegian kroner.

Fair value hedges

NOK bond debt

Two long-term NOK interest swaps were designated as hedging instruments since 2011. The hedged risk was the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million bond debt from 2009. The swaps had different interest payment dates (semi-annually vs. annually), but identical interest basis and maturity as the hedged debt and were assessed to be highly effective. These swaps matured in 2016 upon maturity of the associated bonds.

In December 2014, Yara designated a portfolio of long-term NOK interest swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,300 million fixed rate bond debt from 2014. The swaps have different interest payment dates (quarterly vs. annually), but identical interest basis and maturity as the hedged debt and are assessed to be highly effective.

NOK millions	2016	2015
NOK bond debt fair value hedge		
Change in fair value of the derivatives	17	8
Change in fair value of the bonds	(23)	(11)
Ineffectiveness	(5)	(2)
Loss on fair value hedge included in the carrying amount of the fixed rate debt	(2)	(18)

Cash flow hedges

In 2007, Yara used treasury locks to hedge the future cash flows of a USD 300 million portion of the June 2009 bond issue. The loss on these contracts was recognized directly in equity and is proportionally reclassified into interest expense and deferred tax until 2019 when the bond expires.

During the second half of 2014 and the first half of 2015, Yara used treasury locks to hedge future cash flows of a planned bond issue. Throughout 2015, however, liquidity inflow from divestments and a revision of Yara's interest rate strategy led to a deferral of the planned bond issue and the criteria for hedge accounting were no longer present. The hedging relationship was therefore terminated during third quarter 2015 and a loss of NOK 100 million was recognized in the statement of income.

Interest expense

NOK millions	2016	2015
2009-bond cash flow hedge	6	5
2014 cash flow pre-hedge [1]	-	27
Total	6	32
Deferred tax	(1)	(8)
Net effect in statement of income	4	24

1) Discontinued in Q3 2015.

Note 13 Number of shares outstanding, shareholders, equity reconciliation etc.

Yara International ASA was established 10 November 2003. The company was established with a share capital of 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share. At 31 December 2016, the company has a share capital of 464,470,311 consisting of 273,217,830 ordinary shares at NOK 1.70 per share.

Yara did not own any own shares at 31 December 2016. For further information on these issues see note 24 to the consolidated financial statement.

Shareholders holding 1% or more of the total 273,217,830 shares issued as of 31 December 2016 are according to information in the Norwegian securities' registry system (Verdipapirsentralen):

Name	Number of shares	Holding (%)
Ministry of Trade, Industry and Fisheries	98,936,188	36.2%
Norwegian National Insurance Scheme fund	16,245,892	5.9%
Fidelity Management & Research Company	6,446,231	2.4%
Sprucegrove Investment Management, Ltd.	6,005,512	2.2%
Templeton Investment Counsel, L.L.C.	5,248,330	1.9%
Allianz Global Investors GmbH	4,422,236	1.6%
BlackRock Institutional Trust Company, N.A.	4,377,642	1.6%
Nordea Funds Oy	4,301,526	1.6%
The Vanguard Group, Inc.	3,716,989	1.4%
KLP Forsikring	3,674,843	1.3%
LSV Asset Management	3,372,720	1.2%
SAFE Investment Company Limited	3,283,215	1.2%
Storebrand Kapitalforvaltning AS	3,110,006	1.1%
Polaris Capital Management, LLC	2,776,400	1.0%
State Street Global Advisors (US)	2,687,156	1.0%
Silchester International Investors, L.L.P.	2,629,082	1.0%

Shareholders equity

NOK millions	Paid-in-capital	Retained earnings	Total shareholders equity
Balance 31 December 2014	586	4,987	5,573
Net income of the year	-	9,580	9,580
Dividend proposed	-	(4,113)	(4,113)
Cash flow hedges	-	24	24
Actuarial gain/(loss) [1]	-	(31)	(31)
Redeemed shares, Norwegian State [2]	(1)	(127)	(127)
Treasury shares [4]	(2)	(362)	(364)
Balance 31 December 2015	583	9,959	10,542
Net income of the year	-	1,897	1,897
Dividend proposed	-	(2,732)	(2,732)
Cash flow hedges	-	4	4
Actuarial gain/(loss) [1]	-	(65)	(65)
Adjustment to proposed dividend previous years	-	5	5
Redeemed shares, Norwegian State [3]	(1)	(251)	(252)
Treasury shares [4]	-	(93)	(93)
Balance 31 December 2016	582	8,724	9,305

1) Yara International ASA has decided to use the option in NRS 6A to adopt IAS19. For further information, see the accounting principles note 1.
2) As approved by General Meeting 11 May 2015.
3) As approved by General Meeting 10 May 2016.
4) See note 24 to the consolidated financial statement for more information.

Note 14 Long-term debt

NOK millions, except percentages and denominated amounts	Weighted average interest rates	Denominated amounts 2016	2016	2015
Unsecured debenture bonds in NOK (Coupon 8.80%)	-	-	-	1,007
Unsecured debenture bonds in NOK (Coupon NIBOR + 0.70%) 1)	1.9 %	2,200	2,197	2,197
Unsecured debenture bonds in NOK (Coupon 2.55%) 2)	2.6 %	700	700	705
Unsecured debenture bonds in NOK (Coupon 3.00%) 3)	3.0 %	600	601	604
Unsecured debenture bonds in USD (Coupon 7.88%) 4)	8.3 %	500	4,293	4,381
Unsecured debenture bonds in USD (Coupon 3.80%) 5)	3.9 %	500	4,282	-
Outstanding long-term debt			12,074	8,893
Less: Current portion			-	(1,007)
Total			12,074	7,887

1) Repricing within a year.
2) Fixed interest rate until 2021. Subject to fair value hedge accounting, see note 32 to the consolidated financial statements.
3) Fixed interest rate until 2024. Subject to fair value hedge accounting, see note 32 to the consolidated financial statements.
4) Fixed interest rate until 2019.
5) Fixed interest rate until 2026.

At 31 December 2016, the fair value of the long-term debt, was NOK 12,352 million and the carrying value was NOK 12,074 million. See note 28 to the consolidated financial statements for further information about long-term debt.

Payments on long-term debt fall due as follows:

NOK millions	Debentures	Total
2017	-	-
2018	-	-
2019	6,491	6,491
2020	-	-
2021	700	700
Thereafter	4,883	4,883
Total	12,074	12,074

Note 15 Transactions with related parties

Transactions with related parties are mainly associated with the group treasury function and rendering of group services by the employees of Yara International ASA.

NOK millions	Notes	2016	2015
Income statement			
Yara Belgium S.A.		1,186	1,088
Yara Brasil Fertilizantes S.A.		91	60
Yara Norge AS		87	94
Yara Suomi Oy		87	93
Other		594	520
Internal revenues	6	2,046	1,855
Yara Nederland B.V.		349	376
Yara Australia Pty Ltd.		89	28
Yara Holding Netherlands B.V.		73	53
Yara Colombia S.A.		18	12
Yara UK Ltd.		15	54
Other		142	105
Interest income group companies	7	687	627
Fertilizer Holdings AS		(48)	(75)
Yara Australia Pty Ltd.		(46)	(1)
Yara AS		(39)	(48)
Yara Asia Pte Ltd.		(9)	(1)
Other		(36)	(17)
Interest expense group companies	7	(178)	(142)
Non-current assets			
Yara Nederland B.V.		7,583	8,942
Yara Holding Netherlands B.V.		4,305	4,397
Yara AB		1,546	541
Yara Investments Germany SE		1,053	-
Yara Suomi Oy		999	767
Yara Colombia S.A.		689	704
Other		1,665	1,105
Intercompany receivables		17,839	16,455
Current assets			
Yara Norge AS		2,797	1,547
Yara Australia Pty Ltd.		1,754	4,981
Yara LPG Shipping AS		642	-
Fertilizer Holdings AS		-	10,000
Other		3,174	4,328
Intercompany receivables		8,367	20,856
Trinidad Nitrogen Company Ltd.		-	192
Other		-	7
ST Interest-bearing lending to Group associates and joint arrangements		-	199
Current liabilities			
Yara Belgium S.A.		(4,536)	(1,472)
Yara S.A.		(3,468)	(3,573)
Yara Asia Pte Ltd.		(2,529)	(3,924)
Yara Caribbean Ltd.		(2,200)	(2,165)
Yara Belle Plaine Inc.		(1,535)	(551)
Yara UK Limited		(1,501)	(873)
Yara Nederland B.V.		(1,477)	(2,772)
Yara GmbH & Co. KG		(1,260)	(1,127)
Fertilizer Holdings AS		-	(9,961)
Other		(5,813)	(6,281)
Intercompany payable		(24,319)	(32,699)
Trinidad Nitrogen Company Ltd.		(115)	-
Yara Freeport LLC DBA Texas Ammonia		(16)	(275)
Other		(34)	-
ST Interest-bearing loans from Group associates and joint arrangements		(165)	(275)

Remuneration to the Board of Directors and Yara Management are disclosed in note 37 to the consolidated financial statements. Yara International ASA has transactions with Yara Pensjonskasse (pension fund). See note 2 for more information.

Directors' responsibility statement
2016

WE CONFIRM TO THE BEST OF OUR KNOWLEDGE THAT:

- The consolidated financial statements for 2016 have been prepared in accordance with IFRS as adopted by the EU, as well as additional information requirements in accordance with the Norwegian Accounting Act, and that
- The financial statements for the parent company for 2016 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- The information presented in the financial statements gives a true and fair view of the Company's and Group's assets, liabilities, financial position and result for the period viewed in their entirety, and that
- The Board of Directors' report gives a true and fair view of the development, performance and financial position of the Company and Group, and includes a description of the principle risks and uncertainties.

The Board of Directors of Yara International ASA
Oslo, 23 March 2017

Leif Teksum Chairperson	Maria Moræus Hanssen Vice chair	John Thuestad Board member	Hilde Bakken Board member
Geir O. Sundbø Board member	Geir Isaksen Board member	Rune Bratteberg Board member	Kjersti Aass Board member

Svein Tore Holsether
President and CEO

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To the General Meeting of Yara International ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yara International ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December, 2016, and the income statement, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The financial statements of the group, which comprise the statement of financial position as at 31 December 2016, and statement of income, statement of comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in our audit are:

- Accounting for taxation in Brazil and Australia
- Impairment of non-current assets
- Elimination of internal profit on inventory

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Accounting for taxation in Brazil and Australia

Key audit matter	How the matter was addressed in the audit
The amount of unrecognized deferred tax assets is NOK 2,054 million, of which NOK 1,287 million is related to unused tax losses in Brazil. The group has recognized an amount of NOK 955 million in sales related tax credits related to the operations in Brazil. Furthermore, the group has recognized a positive adjustment to the group's net deferred tax position of NOK 814 million related to the step-up of the tax base for various assets as part of the transaction with the non-controlling interest in Yara Pilbara Holding in Australia. Judgement is used related to the allocation of the purchase price to the various assets. As detailed in note 1 and 11, management applies judgement to determine to what extent these tax assets and sales related tax credits qualify for recognition in the balance sheet. This involves judgement as to the likelihood of the realization of deferred tax assets and sales related tax credits. The expectation that the benefit of these tax assets and sales related tax credits will be realized is dependent on sufficient taxable profits in future periods and the ability to utilize the sales related tax credits.	• We evaluated relevant controls associated with accounting for deferred tax assets and sales related tax credits. • We challenged the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable profits to support the recognition of deferred tax assets. We evaluated the forecasted taxable profits and consistency of these forecasts with Yara Brazil's and Yara Pilbara's historical performance. • Based on our knowledge and experience of Yara Brazil's operations we evaluated the assumptions used to determine the utilization of sales related tax credits. • We involved Deloitte taxation specialists in Brazil and Australia with required local tax competence. • We used internal valuation specialists in assessing assumptions used and for testing the fair value allocation used for calculating the tax step up in Australia. • We considered the adequacy of the group's disclosures related to deferred taxes and sales related tax credits.

Impairment of non-current assets

Key audit matter	How the matter was addressed in the audit
As disclosed in note 1, 13 and 14, the group has recognized goodwill of NOK 7,001 million and property, plant and equipment of NOK 59,739 million. These non- current assets are assessed for impairment at the end of each reporting period if impairment indicators are identified. In addition, goodwill is assessed annually for impairment using a value-in-use basis. As disclosed in note 19, recoverability of the assets is dependent on assumptions about future commodity prices and discount rates and energy prices, as well as assumptions related to future production levels, capital expenditures and operating costs. In total, impairments amounting to NOK 573 million were recognized in the year ended 31 December 2016.	• We evaluated relevant controls associated with the impairment review process. • We challenged management's key assumptions used in the cash flow forecasts included within the impairment models. • We challenged specifically the urea- and ammonia prices, gas prices, assumed production levels, operating cost and discount rate assumptions, including consideration of the risk of management bias. We compared urea- and ammonia prices to third party publications. • We used internal valuation specialists in assessing assumptions used and testing the models. • We validated the mathematical accuracy of cash flow models and agreed relevant data to the latest production plans and approved budgets. • We considered the disclosures provided by the group in relation to its impairment reviews.

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Elimination of internal profit on inventory

Key audit matter	How the matter was addressed in the audit
The Crop Nutrition segment consists of Yara's worldwide marketing organization and global distribution network for fertilizer products. The Industrial segment sells urea, ammonia, phosphate, nitric acid, technical ammonium nitrate (TAN) and calcium nitrate (CN) for industrial applications within base chemicals, mining applications, animal nutrition, environmental solutions and industrial nitrates. As disclosed in note 6 a significant portion of the Crop Nutrition and Industrial segment sales volume are purchased from the Production segment. Internal profit on inventory held by the Crop Nutrition and Industrial segment at year-end is eliminated at group level. Calculation of the elimination is complex and involves manual processes. Any changes related to product flows, including volatility in commodity prices, increase the risk that internal profit is not correctly eliminated and may have a material impact on the net profit.	• We evaluated relevant controls associated with elimination of internal profit on inventory. • We tested the reconciliation of volumes in the calculation model used for preparing the basis for elimination against the inventory volumes reported in the consolidation system. • On a sample basis, we tested margins used for calculating the elimination of internal profit. • We validated the mathematical accuracy of the model used for calculating the internal profit

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
The board of Directors and the President and CEO (management) is responsible for the preparation and fair the financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting

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insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and the statements on Corporate Governance and Corporate Social Responsibility
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and in the statements on Corporate Governance and Corporate Responsibility and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation
Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, «Assurance Engagements Other than Audits or Reviews of Historical Financial Information», it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 23 March 2017
Deloitte AS

Aase Aa. Lundgaard
State Authorised Public Accountant (Norway)

Reconciliation of alternative performance measures

Reconciliation of operating income to EBITDA and gross cash flow

NOK millions		2016	2015
Operating income		8,771	14,104
Share of net income in equity-accounted investees		(348)	(310)
Interest income and other financial income		725	605
Earnings before interest expense and tax (EBIT)		9,149	14,398
Depreciation, amortization and impairment loss		6,427	6,933
Amortization of excess value in equity-accounted investees [1]		(12)	29
Earnings before interest, tax and depreciation/amortization (EBITDA)		15,563	21,361
Income tax less tax on net foreign currency translation gain/(loss)		(2,080)	(2,833)
Gross cash flow		13,483	18,528

1) Included in share of net income in equity-accounted investees.

Reconciliation of net income after non-controlling interests to gross cash flow

NOK millions		2016	2015
Net income attributable to shareholders of the parent		6,360	8,083
Non-controlling interests		(37)	351
Interest expense and foreign currency translation		786	3,754
Depreciation, amortization and impairment loss		6,427	6,933
Amortization of excess value in equity-accounted investees		(12)	29
Tax effect on foreign currency translation		(40)	(624)
Gross Cash Flow	A	13,483	18,528

Reconciliation of total assets to gross investments

12-months average

NOK millions		2016	2015
Total assets		118,556	114,559
Cash and cash equivalents		(4,814)	(4,430)
Other liquid assets		(2)	(82)
Deferred tax assets		(2,866)	(2,677)
Other current liabilities		(16,771)	(17,647)
Accumulated depreciation and amortization		46,995	42,422
Gross investment 12-months average	B	141,097	132,144
Cash Return on Gross Investment, CROGI	C=A/B	9.5 %	14.0 %

Reconciliation of EBIT to EBIT minus tax

NOK millions		2016	2015
Earnings before interest expense and tax (EBIT)		9,149	14,398
Income tax less tax on net foreign currency translation gain/(loss)		(2,080)	(2,833)
EBIT minus tax	D	7,069	11,565

Reconciliation of total assets to capital employed

12-months average

NOK millions		2016	2015
Total assets		118,556	114,559
Cash and cash equivalents		(4,814)	(4,430)
Other liquid assets		(2)	(82)
Deferred tax assets		(2,866)	(2,677)
Other current liabilities		(16,771)	(17,647)
Capital employed 12-months average	E	94,103	89,723
Return on capital employed, ROCE	F=D/E	7.5 %	12.9 %

Reconciliation of EBITDA to income before tax and non-controlling interests

NOK millions		31 Dec 2016	31 Dec 2015
EBITDA		15,563	21,361
Depreciation, amortization and impairment loss		(6,427)	(6,933)
Amortization of excess value in equity-accounted investees		12	(29)
Interest expense		(1,491)	(1,407)
Capitalized interest		364	111
Foreign currency translation gain/(loss)		115	(2,463)
Other financial income/expense, net		226	5
Income before tax and non-controlling interests		8,363	10,644

Reconciliation of operating income to EBITDA

NOK millions		31 Dec 2016	31 Dec 2015
Operating income		8,771	14,104
Share of net income in equity-accounted investees		(348)	(310)
Interest income		690	579
Dividends and net gain/(loss) on securities		36	26
EBIT		9,149	14,398
Depreciation, amortization and impairment loss [1]		6,414	6,962
EBITDA		15,563	21,361
Special items included in EBITDA		(1,114)	(2,441)
EBITDA, excluding special items		14,449	18,920

1) Including amortization of excess value in equity-accounted investees

Net operating capital

NOK millions		31 Dec 2016	31 Dec 2015
Trade receivables		10,332	12,098
Inventories		17,580	19,948
Trade payables		(12,206)	(12,208)
Net Operating capital		15,705	19,838

Net interest-bearing debt

NOK millions		31 Dec 2016	31 Dec 2015
Cash and cash equivalents		3,751	3,220
Other liquid assets [1]		2	3
Bank loans and other short-term interest-bearing debt		(2,323)	(3,635)
Current portion of long-term debt		(240)	(2,102)
Long-term interest-bearing debt		(13,992)	(9,354)
Net interest-bearing debt	G	(12,802)	(11,868)

1) Other liquid assets is included in "Prepaid expenses and other current assets" in statement of financial position.

Debt/equity ratio

NOK millions		31 Dec 2016	31 Dec 2015
Net interest-bearing debt	G	(12,802)	(11,868)
Total equity	H	(76,770)	(75,727)
Debt/equity ratio	I=G/H	0.17	0.16

Earnings per share

NOK millions, except earnings per share and number of shares		2016	2015
Weighted average number of shares outstanding	J	273,499,403	275,114,375
Net income	K	6,360	8,083
Net foreign currency translation gain/(loss)	L	115	(2,463)
Tax effect on foreign currency translation gain/(loss)	M	40	624
Non-controlling interest share of currency gain/(loss), net after tax	N	(36)	(30)
Special items within EBIT	O	639	991
Tax effect on special items	P	(70)	272
Special items within EBIT net of tax	Q=O+P	568	1,263
Non-controlling interest share of special items, net after tax	R	12	40
Earnings per share	S=K/J	23.25	29.38
Earnings per share excluding currency	T=(K-L-M-N)/J	22.82	36.18
Earnings per share excluding currency & special items	U=(K-L-M-N-Q-R)/J	20.70	31.44

WE SUPPORT

Yara has signed the United Nations Global Compact, embracing its principles. The UN GC is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labor, environment and anti-corruption.

Global Compact LEAD

Yara has been admitted to the UN Global Compact LEAD. The group of companies comprise a vanguard playing an essential role in shaping expectations of corporate sustainability as well as advancing broader UN goals and issues. LEAD was launched in 2011 to provide knowledge and inspiration on advanced aspects of corporate sustainability, and to provide leadership for global issue platforms.

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies.

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Knowledge grows

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