



Yara Integrated Report 2020

Knowledge grows

Growing a climate positive food future



Growing a climate positive food future

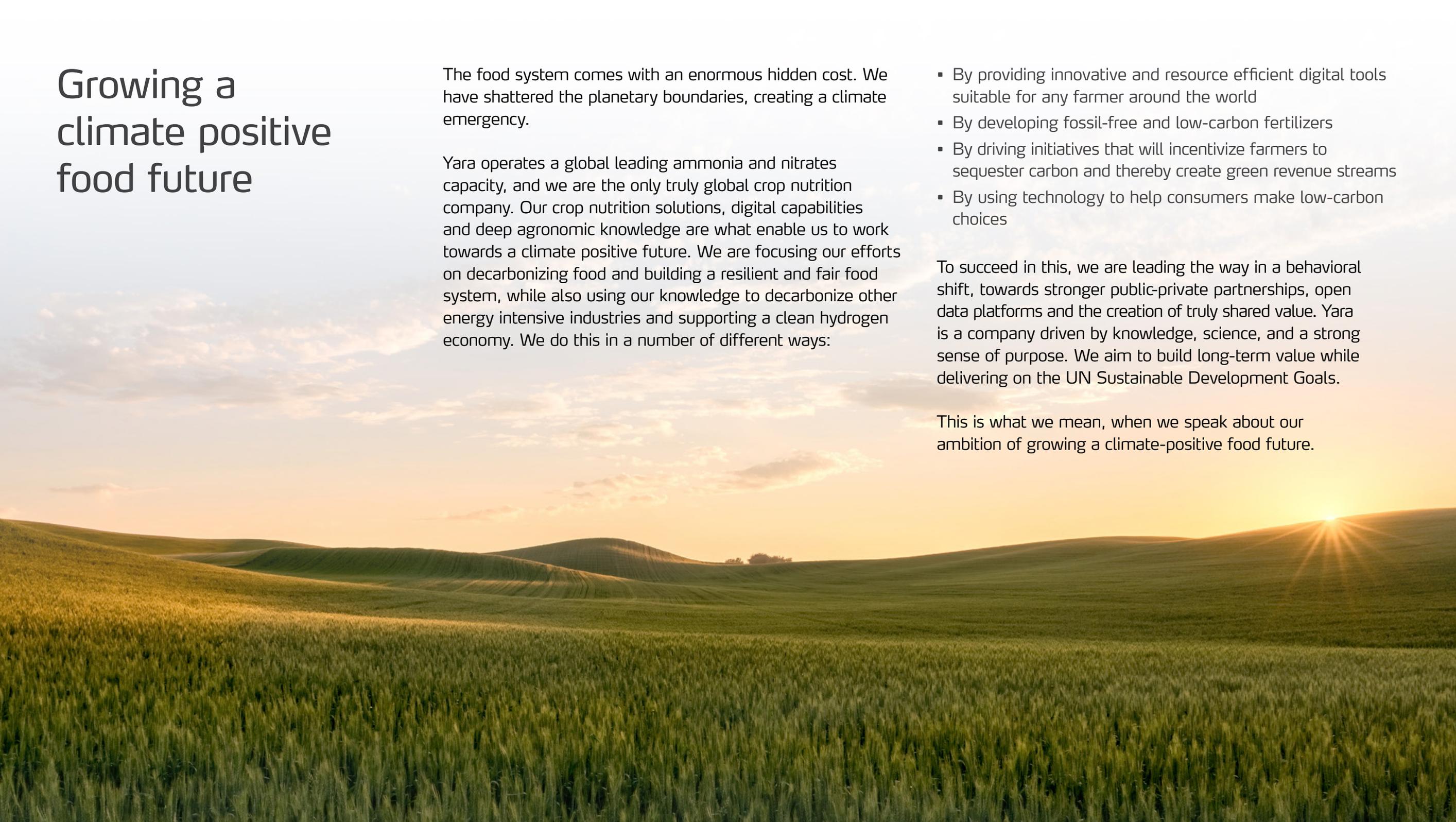
The food system comes with an enormous hidden cost. We have shattered the planetary boundaries, creating a climate emergency.

Yara operates a global leading ammonia and nitrates capacity, and we are the only truly global crop nutrition company. Our crop nutrition solutions, digital capabilities and deep agronomic knowledge are what enable us to work towards a climate positive future. We are focusing our efforts on decarbonizing food and building a resilient and fair food system, while also using our knowledge to decarbonize other energy intensive industries and supporting a clean hydrogen economy. We do this in a number of different ways:

- By providing innovative and resource efficient digital tools suitable for any farmer around the world
- By developing fossil-free and low-carbon fertilizers
- By driving initiatives that will incentivize farmers to sequester carbon and thereby create green revenue streams
- By using technology to help consumers make low-carbon choices

To succeed in this, we are leading the way in a behavioral shift, towards stronger public-private partnerships, open data platforms and the creation of truly shared value. Yara is a company driven by knowledge, science, and a strong sense of purpose. We aim to build long-term value while delivering on the UN Sustainable Development Goals.

This is what we mean, when we speak about our ambition of growing a climate-positive food future.



Key figures

About Yara

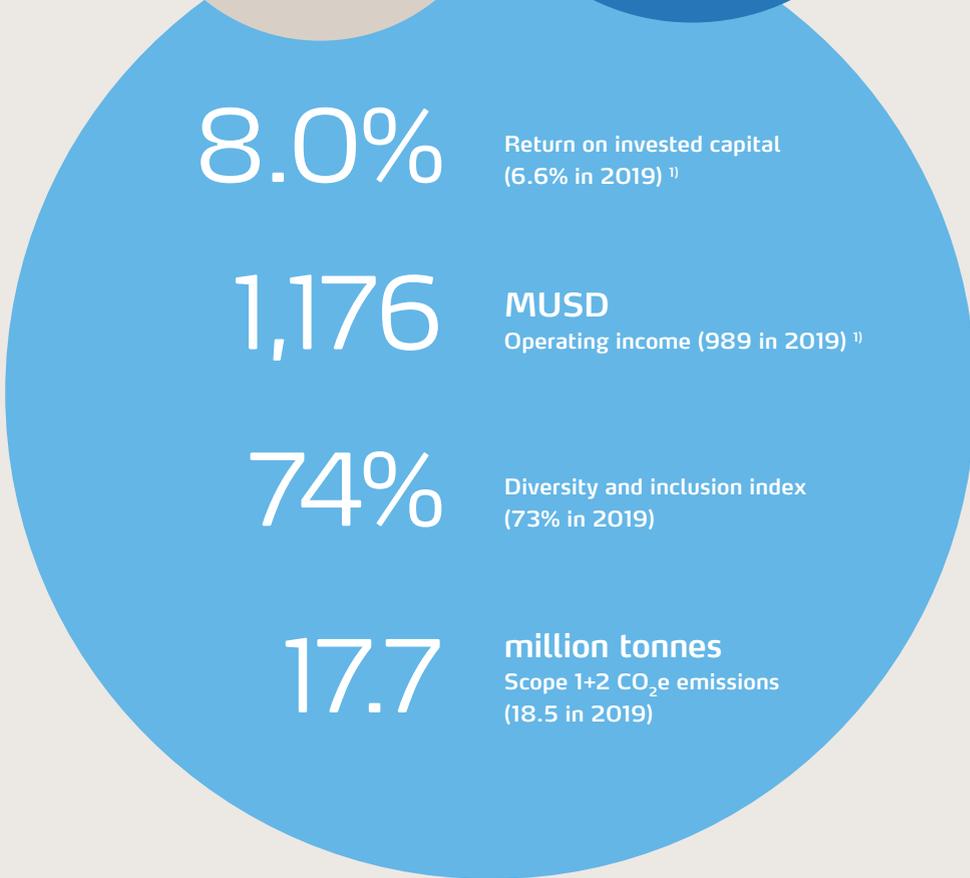
Yara grows knowledge to responsibly feed the world and protect the planet. Supporting our vision of a world without hunger and a planet respected, we pursue a strategy of sustainable value growth, promoting climate-friendly crop nutrition and zero-emission energy solutions. Yara's ambition is focused on growing a climate positive food future that creates value for our customers, shareholders and society at large and delivers a more sustainable food value chain.

To achieve our ambition, we have taken the lead in developing digital farming tools for precision farming, and work closely with partners throughout the food value chain to improve the efficiency and sustainability of food production. Through our focus on clean ammonia production, we aim to enable the hydrogen economy, driving a green transition of shipping, fertilizer production and other energy intensive industries.

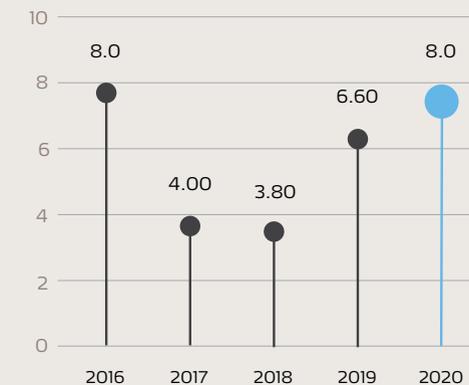
Founded in 1905 to solve the emerging famine in Europe, Yara has established a unique position as the industry's only global crop nutrition company. We operate an integrated business model with around 17,000 employees and operations in over 60 countries, with a proven track record of strong returns. In 2020, Yara reported revenues of USD 11.6 billion.



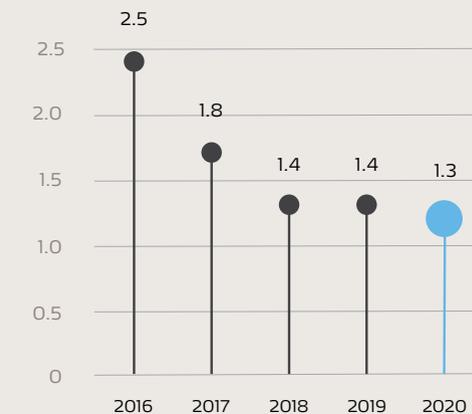
SHORTCUT
Go to the Financial Statements for 2020 here



ROIC (Percent)



TRI



		2020	2019
Prosperity performance			
Revenue and other Income	USD million	11,728	12,936
Operating income ¹⁾	USD million	1,176	989
EBITDA ^{1) 2)}	USD million	2,223	2,095
Net income attributable to shareholders of the parent	USD million	691	599
Investments ³⁾	USD million	933	1,134
Debt/Equity ratio ^{1) 4)}		0.36	0.42
Net cash flow from operations	USD million	2,047	1,907
Basic earnings per share ⁵⁾	USD	2.58	2.2
People performance			
Engagement rate	Percent	79	73
TRI rates ⁶⁾	Per million hours worked	1.3	1.4
Planet performance			
GHG intensity ⁷⁾	GHG/tonne produced	3.0	3.0
Energy use ⁷⁾	Petajoules	279	285

1) See [page 249](#) for definitions, explanations and reconciliations of alternative Performance Measures (APMs).

2) EBITDA, as defined by Yara, includes operating income, interest income, other financial income and share of net income in equity-accounted investees. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees.

3) Investment in property, plant and equipment, long-term securities, intangibles, long-term advances and investments in non-consolidated investees.

4) Net interest-bearing debt divided by shareholders' equity plus non-controlling interests.

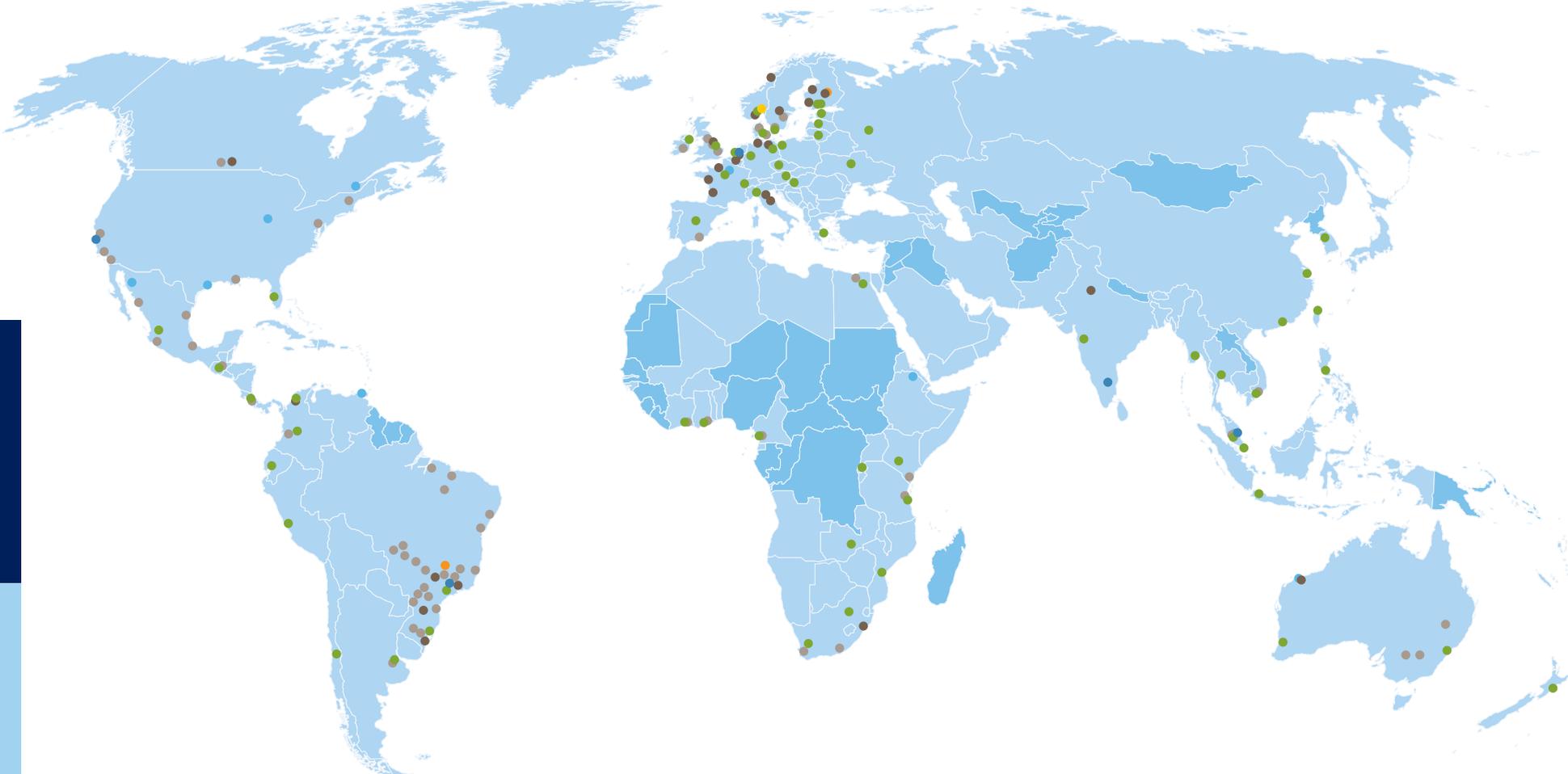
5) Yara currently has no share-based compensation program that results in a dilutive effect on earnings per share.

6) TRI: Number of Total Recordable Injuries per million hours worked, contractors included.

7) The GHG intensity indicator covers scope 1, 2 and parts of scope 3 emissions from suppliers, but does not represent a complete carbon footprint. Measured against tonnes nitrogen in Yara's products.

Global presence

Yara is the industry's most global player. We combine production of premium products with a farmer-centric approach, turning a century of agronomic knowledge into value for millions of farmers around the globe.



Yara-branded retail outlets around the world	
10,800+	
Countries with operations	Countries with sales
60	160
Production plants	Terminals, warehouses, blending units and bagging facilities
28	200

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

1) More than 10,800 Yara-branded retail outlets around the world
 2) Yara operated terminals and logistical production sites

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About the report

This is Yara International ASA's 2020 Integrated Report. It represents Yara's first integrated report, building on the guiding principles set out in the International <IR> Framework from the International Report Council (IIRC). The report outlines Yara's business model and strategy, describes how we create value, and documents our People, Planet and Prosperity performance in 2020. Additional information on sustainability topics is available in the separate Sustainability report available on yara.com.

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



One of 12 leading companies in a review of 305 food- and agribusinesses



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



Won the Stockman award for best IR team amongst all Norwegian listed companies



Medium risk and number one of 56 Agri-Chemicals companies

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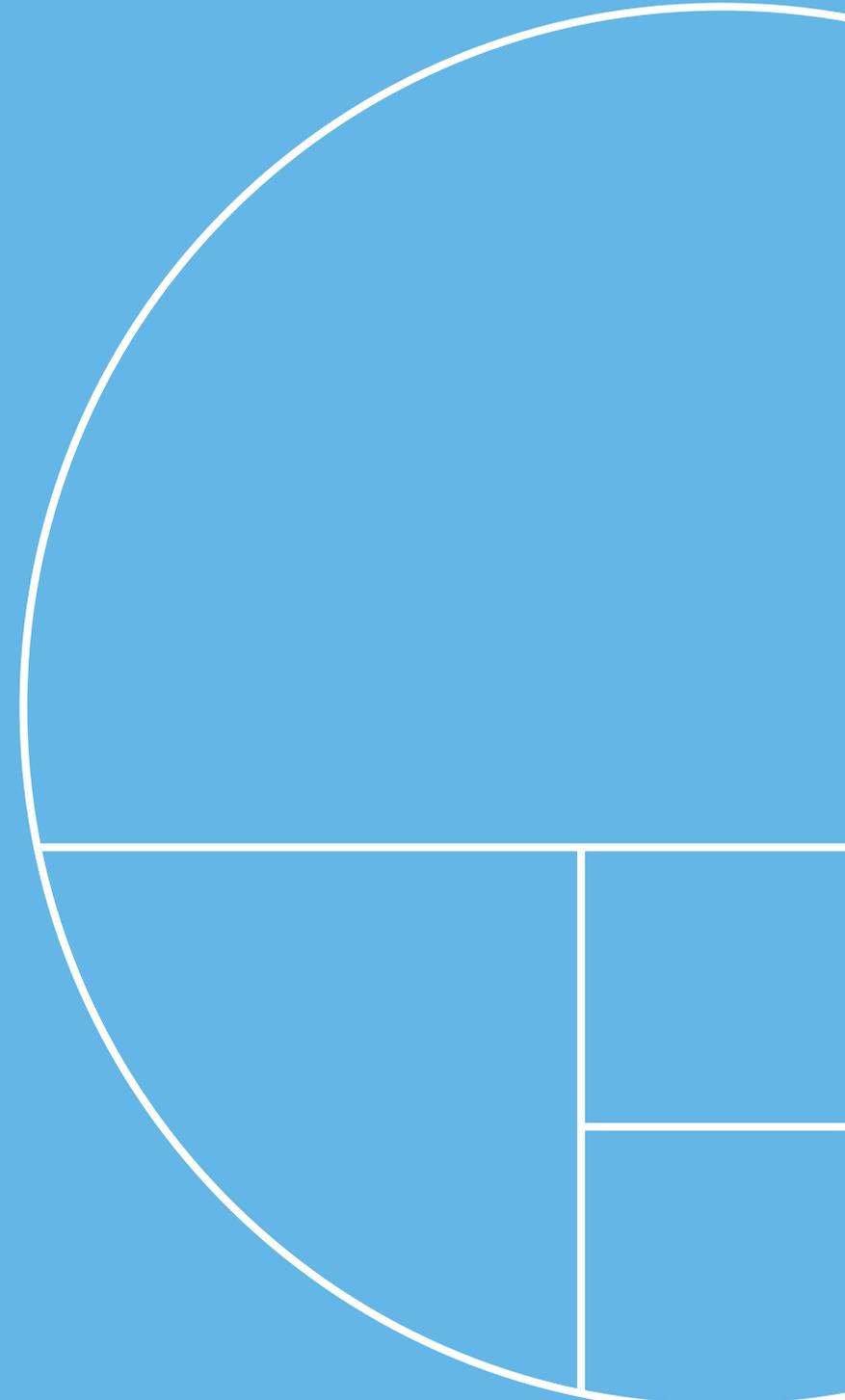
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Broadening our core

We are broadening our core as a leading food solutions company, based on driving sustainable performance. Utilizing our position as a global leading ammonia company, we will enable the hydrogen economy.



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CEO COMMENT

The true value of being purpose driven

Last year was truly extraordinary, and we had to tackle it through an exceptional effort. It has been said that a crisis shows what you're made of, that it shows your true colors. When faced with a seemingly impossible task, you can either back down and give up or you can roll up your sleeves and tackle it head on. In Yara, we did the latter, and that is why I was both proud and very satisfied when we closed the books on a year that will go down in history as an annus horribilis.

A triple responsibility

From the very start of the Covid crisis, we were clear on Yara having a triple responsibility; Firstly, to safeguard our employees and contractors. Secondly, to be a responsible business and behave according to government guidelines. And thirdly, to run our operations in a way that ensured that our business could continue to help feed the world, also in times of crisis – if not, we could have experienced a reduction of 50% in crop yield.

Thanks to the dedication and efforts by our more than 16,000 employees, we managed to keep our plants running and made sure our lifesaving products reached farmers at a crucial point in time. In my view, this shows the true value of being a purpose driven company. Working in such a company encourages all of us to go those many extra miles, to make sure we deliver.



“I was proud and very satisfied when we closed the books on a year that will go down in history as annus horribilis.”

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40,000
tonnes fertilizer
donated to aid 250,000 farmers
in East Africa during the pandemic



In Yara’s case, we know that our solutions contribute directly to solving some of the biggest challenges of our time. Our nitrate-based crop nutrition solutions not only increase the yield for the farmers but do so in the most resource efficient way. Our digital tools also make agronomic knowledge available to smallholder farmers – knowledge that earlier was reserved for only the largest commercial players – thereby contributing to fighting hunger and poverty. In short, our solutions lead to more food, reduced waste, increased livelihood in vulnerable communities and making carbon positive farming a reality.

Doing well by doing good

In Yara, we do well by doing good. We believe shareholder value creation is higher when the perspectives of people, planet and prosperity are combined, and in 2020 we improved our employee engagement and continued to reduce our GHG emissions. Our volumes of premium products are increasing and the results of our investments in digital solutions are showing exponential growth. Last year was also a year that once again demonstrated the strength of our integrated business model. By channeling products also to our Industrial Solutions units, we are able to optimize production streams and create added value.

With this in mind, it also feels rewarding to continue to deliver improved prosperity through improving capital returns for 10 consecutive quarters and improving our free cash flow by USD 1.4 billion compared to 2019 ¹⁾. This has enabled us to increase the level of dividend, even in such a challenging year as 2020 was, with total dividends and share buybacks committed or paid at NOK 52/share. Through our strong focus on capital allocation and

discipline, we are also able to invest in growth areas, such as green ammonia, utilizing our number one positions as ammonia producer, trader and transporter.

Food as a foundation for peace

Looking back, the pandemic revealed a broken food system, hitting hardest those that were already most vulnerable. It put food production and food supply front and center of the global discourse. Adding to this, the Nobel Peace Prize was awarded to the World Food Programme. It confirmed how food is the foundation for peace and stability, and why it is crucial to build a fair and resilient food system.

It is especially encouraging for us in Yara to see the celebration of WFP’s great work, as we have joined forces both in the fields and on global arenas to bring about systemic change. When I spoke with WFP Executive Director David Beasley in April last year, asking him how Yara could contribute in the pandemic, he was crystal clear: “Make sure you get your product out to the farmer”. If not, the health crisis could be followed by a hunger catastrophe “of biblical proportions,” as he put it.

A month later, we established Action Africa, supported by the WFP – a relief program to reach 250,000 farmers in the most vulnerable parts of East Africa with 40,000 tonnes of donated premium fertilizers to provide food for 1 million people for a year.

Through this, we have also managed to create a digital platform, reaching 2 million smallholder farmers with agronomic support and advice.

1) Net cash provided by operating activities minus net cash used in investing activities in Consolidated statement of cash flows.

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Our widened responsibility

A company cannot be evaluated solely on financial results in an isolated period. More important is the long-term value creation, and it is our firm belief that there is no contradiction between purpose and profit. In fact, having a clear purpose and operating in a sustainable way, is a pre-requisite for sustaining profit.

The past years, and in particular last year, it has become evident that the boundaries for a company’s responsibility expands way beyond what has been the norm under the “business as usual”- model that dominated for many decades. This is something we have embraced in Yara. In addition to centering our business model around the UN Sustainable Development Goals, we have also introduced global standards and benefits for our employees, to bridge the gap between the safety net we have in some countries and the complete lack of safety net in other countries.

That is why we, for example, introduced an income security policy, guaranteeing all employees and full-time contractors up to three months’ pay in this challenging crisis. Another example, is a new global minimum standard for parental leave, covering 6 months full pay for primary caregiver and 1-month full pay for secondary caregiver. A third example is our work on diversity and inclusion, which includes a specific project related to black talent.

Ten years ago, many of these efforts related to diversity and inclusion, would most likely only see the cost element of these measures. But today, it is obvious that this makes sense also from a pure business point of

view. We must make use of all the talent in the company, from all backgrounds, to be able to solve the challenges ahead. Safe and satisfied employees with a significant degree of autonomy leads to satisfied customers, which in turn leads to satisfied shareholders. It’s as simple as that.

I urge every one of our stakeholders – be it investor or regulator – to study our comprehensive Sustainability Report, to learn more about how we have integrated these aspects into our business.

Low carbon opportunities

Yara operates in an environment that is affected by strong external forces and megatrends. A wave of new regulatory and political initiatives aimed at addressing climate change are coming. However, the climate emergency is wider than only GHG emissions, as more scrutiny is also being put on biodiversity, water usage and soil health. Another strong force for change is consumer demand, combined with strong actions taken from food companies, which the past years have launched targets for climate-neutrality.

With great shifts come great risks and great opportunities, and we have the strategy both to mitigate these risks while acting on the opportunities. Going forward we have two very clear strategic priorities: Accelerating operational excellence and expanding our reach and offering.

A key word for us, will be decarbonization. Yara is dedicated to working for a carbon free future, and this will materialize in several ways; through technology



and digital tools, we are able to accelerate carbon positive farming, by making agriculture more resource efficient, productive and environmentally friendly; through dedicated partnerships, we are introducing full transparency in the food value chain and thereby creating green revenue streams for the farmers and finally enabling carbon labelling of food, to let consumers make carbon positive choices; through our ammonia expertise and global infrastructure, we will drive the commercialization of green ammonia and open the gateway to a clean hydrogen economy.

Despite an extremely challenging 2020, there is now a unique opportunity worldwide to rebuild the world economy. Making it more inclusive, more sustainable and more resilient.

Yara has the dedication and roadmap to play our part.

Svein Tore Holsether
President and CEO

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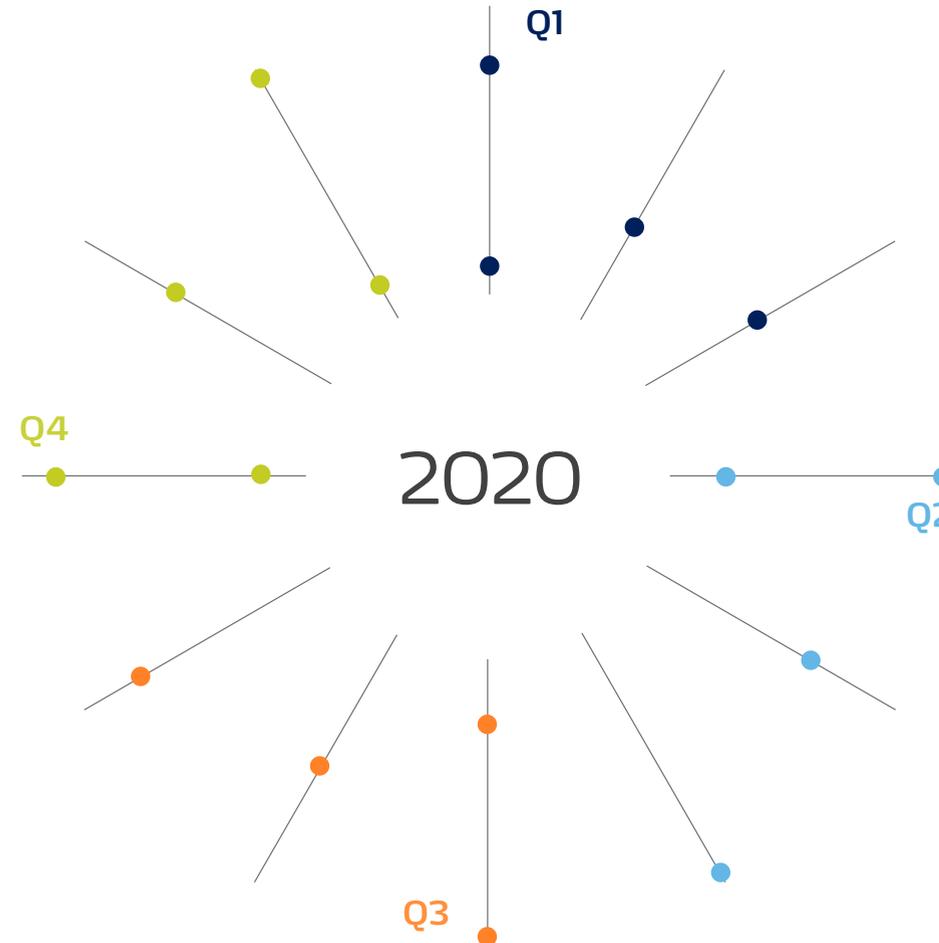
Highlights

Q4

- Commitment letter for setting Science Based Target on GHG emissions
- Total NOK 52 per share cash returns paid and proposed for 2020
- Taking steps to enable the hydrogen economy, establishing Yara Clean Ammonia ¹⁾
- 8.0% ROIC, up from 6.6% a year earlier
- ESG Seminar with strategy update

Q3

- Record NPK deliveries
- USD 2.5 billion free cash flow rolling four quarters ²⁾
- Yara receives top score for ESG in annual reporting
- Yara initiates share buy-back
- Completion of Qafco transaction



Q1

- Sustaining operations through Covid-19 is a top priority
- Turnarounds, improvement and project activity optimized to reduce risk
- Decision to develop “Industrial Holding” within Yara
- Yara and IBM launched an open collaboration for farm and field data to advance sustainable food production

Q2

- Action Africa strengthens food security in East Africa during COVID-19
- Yara moves to regional organizational structure
- COVID-19 response: Paid sick leave and guaranteed full pay for three months in case of temporary layoffs

1) The ambition was launched in December 2020, while the business unit was established in February 2021.

2) Net cash provided by operating activities minus net cash used in investing activities in cash flow statement Q3 report.

The organization

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

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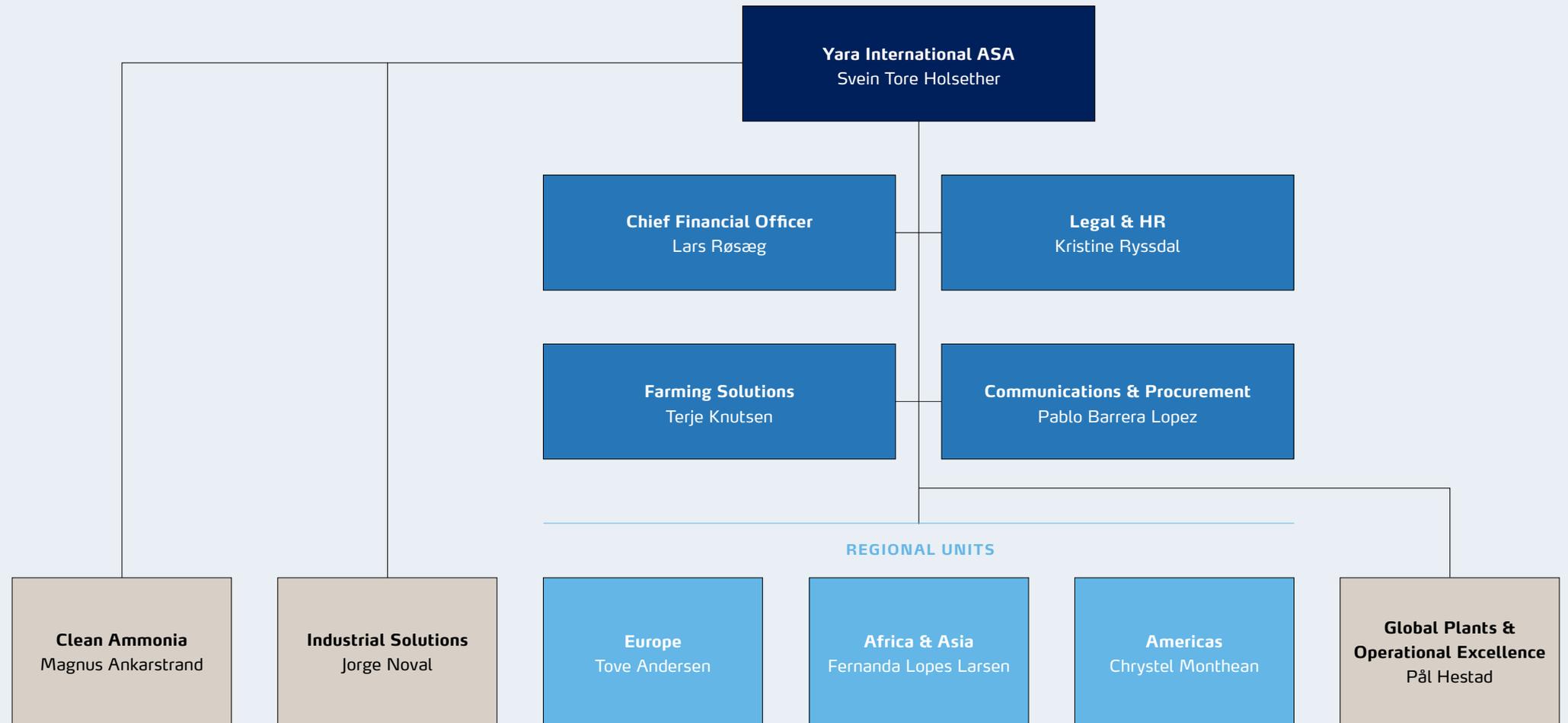
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Regional units

Our three regional units Europe, Americas and Africa & Asia, operate in a fully integrated setup, comprising production, supply chain and commercial operations, producing and delivering Yara's existing fertilizer solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

	 Europe Tove Andersen EVP, Europe	 Americas Chrystal Monthean EVP, Americas	 Africa & Asia Fernanda Lopes Larsen EVP, Africa & Asia
Deliveries	10,116 thousand tonnes	14,108 thousand tonnes	4,821 thousand tonnes
EBITDA	477 USD million	563 USD million	162 USD million
Employees	3,380	6,665	1,797

From field to fork

Our business model combines production, sales and marketing in one, global system. It enables us to deliver premium products, share knowledge and develop innovative solutions to farmers, distributors and food value chains worldwide.

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“Although still early days, the results so far have been very promising for all partners – the farmer, Nestlé and Yara”

CASE

Partnering for people, planet and prosperity

In a new farm-level pilot project, Nestlé and Yara are collaborating to improve sustainability, productivity, and profitability in dairy farming.

A 2019 Food and Land Use Coalition report concluded that the food system destroys more value than it creates, due to hidden costs related to health, environment, food waste and rural welfare.

If we don't compensate farmers for the increased costs related to producing in a more sustainable way, we are asking the farmer to pay the price for climate change.

However, agriculture is becoming increasingly integrated into the food value chain. Input providers are joining forces, farms are growing in scale and professionalism, the food industry is moving upstream, conscious consumers are putting pressure on the food and agriculture industry to achieve new levels of sustainability, and the food companies are increasingly vocal about their ambitions of climate-neutrality.

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“We started with one trial plot, but after seeing the results, we chose to expand this practice to all plots”

Saul-Alexánder Trujillo – Genesis farm

Working with the world’s largest buyer of milk

A case in point is Yara’s pilot project in Colombia with global food company Nestlé. By collaborating from soil to supermarket, sustainability in dairy production is improved, farmer profitability increased, and consumer demands for sustainable dairy products met.

As the world’s largest buyer of milk, Nestlé has led the effort to improve sustainability in the dairy supply chain for a long time, and this pilot project with Yara is one of many projects to foster agripreneurship and reduce the environmental impact of dairy farming.

For the project, four farms in the regions César and Caquetá in Colombia were selected. The farms “Génesis” and “Panorama” produced milk with intensive grazing and the farms “El Rosario” and “Nido de Amor” produced milk with traditional grazing.

The farmers have valuable local expertise and knowledge of the challenges facing tropical dairy production. Yara’s agronomists supported them with premium crop nutrition products, agronomic knowledge, and digital tools for precision farming.

“The purpose of the project is to demonstrate the improved sustainability, productivity and profitability that is possible with an integrated solution that includes best practice crop

nutrition, knowledge transfer and tech innovation,” says Food Chain Specialist in Yara, Estefania Chaves Chaves, who has worked closely with the trial farmers.

Promising results

“Although still early days, the results so far have been very promising for all partners – the farmer, Nestlé and Yara,” Estefania continues.

By increasing grass yields and quality, the cows became healthier and milk quantities and farmer profitability increased.

“Before, I was giving vitamins and concentrates to the cows, but I was neglecting the soil. When I fertilize the soil correctly, my cows don’t need extra vitamins. It also led to a decrease in diseases, and thus in use of medicines,” says one of the pilot farmers, Carlos Rodríguez Padilla, at El Rosario farm.

Pilot farmer Saul-Alexánder Trujillo of the Genesis farm agrees on the importance of healthy soil and grass. “Strong forage crops have helped our cows reach their full genetic potential”, Trujillo says.

“Fertilizing optimally has contributed to multiplying our dairy production. We started with one trial plot, but after seeing the results, we chose to expand this practice to all plots,” Trujillo says.

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“Through our combined technical expertise, and by working with farmers for farmers, this partnership has proven that there are solutions that enable the sustainable intensification of milk production in a tropical environment,” says Pascal Chapot, Group Head of Sustainable Agriculture Development at Nestlé.

Sustainable profits

Even more impressive are the environmental results. After 9 months, the two intensive grazing farms reduced the CO₂ emissions per litre milk by 21%. The traditional grazing farms reduced their CO₂ emissions per litre milk by 5%.

By growing the production using sustainable solutions, farmer income increases, while the environmental impact of food production is reduced, and consumer demands are met. Yara can play an important role in an increasingly integrated food value chain, providing sustainable solutions to create value for the farmers, food companies and the planet.

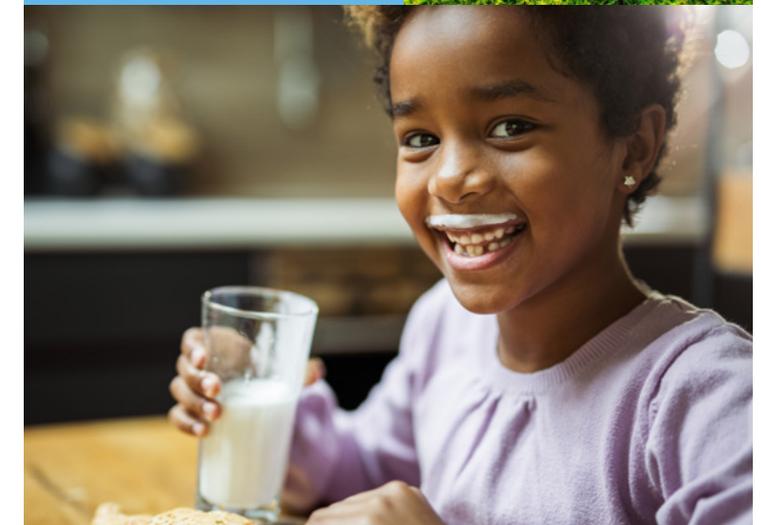
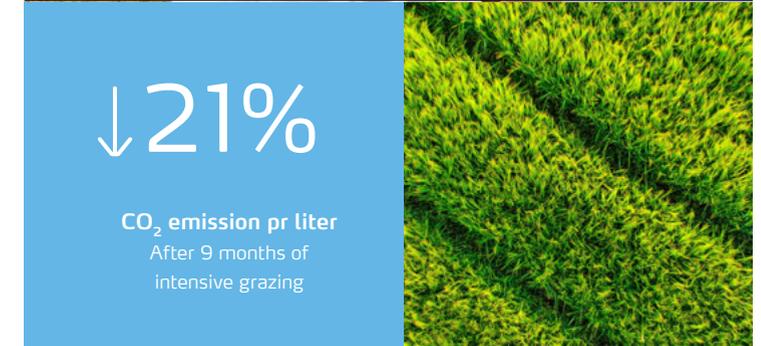
“Nestlé and Yara share the ambition of making farming more sustainable environmentally, socially and economically. It starts with the field and the farmer: Together we can create a more sustainable food system, and it is natural that we join forces in the field to support farmers to make the change towards new, sustainable practices,” says Chrystel Monthean, EVP Yara Americas.

“The Colombia pilot underlines the value of collaboration in the interest of farmers, the consumers, society and ultimately the planet. We strongly believe in the need to leverage partnerships to solve supply chain challenges in the food industry,” says Robert M. Erhard, Sustainable Agriculture Development – Global Lead Dairy at Nestlé.

“The goal in 2021 is to spread the message about these best practices and their successes to all Nestlé farmers in the region, and ultimately, to lay the foundations of sustainable dairy production in all of Colombia,” concludes Estefania Chaves Chaves.



Estefania Chaves Chaves
Yara Food Chain Specialist



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MEGATRENDS

The world is changing fast

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

[» See how the megatrends are disrupting business as usual](#)

 <p>Climate change</p> <p>Changing climatic patterns are set to impact agricultural production throughout the world, mainly impeding plant growth. Across most sectors, there are increasing pressure and expectations for climate actions and reduction of greenhouse gas emissions.</p>	 <p>Water stress</p> <p>Water is crucial for plant growth. There is no substitute. Agriculture is a huge consumer of water, and lack thereof is a major stress factor in crop production. Climate change disrupts precipitation patterns, while extensive irrigation taps aquifers and reduces water quality through salination.</p>	 <p>Soil degradation</p> <p>Roughly one third of the world's soil is degraded, and soil erosion, biodiversity loss and pollution are high on the list of causes. Farming without adequate replenishment of nutrients adds to the problem. Best farming practices, however, focus on soil health, carbon capture and regenerative agriculture.</p>	 <p>Food industry integration</p> <p>Agriculture and the food value chain is becoming increasingly integrated. Input providers are joining forces, farms are growing in scale and professionalism, the food industry is moving upstream, and the whole industry is under pressure to achieve new levels of sustainability.</p>
<p>>20%</p> <p>of global greenhouse gas emission stem from agriculture, forestry and land use change</p>	 <p>Dietary shifts</p> <p>Conscious consumers, particularly in high income countries, are increasingly driving diets towards healthier and sustainable choices, and more plant-based nutrition. Globally, however, the trend towards higher calorie and animal protein intakes continues.</p>	 <p>Circular economy</p> <p>Resource scarcity, growing sustainability awareness and increased consumer pressure is creating a push towards a circular economy. It creates a push for recycling of nutrients in agriculture and food value chains, as well as for organic fertilizers.</p>	 <p>Digitalization</p> <p>Digital innovation and technological transformation are fundamentally changing strategies and practices in decision making, fertilizer application, farm automation and traceability. It has started to impact the entire food value chain.</p>

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MEGATRENDS

What the changes mean to us

Megatrends and industry developments are disrupting business as usual.

1

Climate emergency and political response

A wave of new regulatory and political initiatives addressing climate change is reaching shore. The 'EU Green Deal' positions Europe as a front-runner in the global food and industry transformation. It aims to reduce nutrient losses by half and expand organic farming to include a quarter of all farmland.

2

Decarbonizing food from field to fork

Consumer demand is driving food companies to concrete actions. The traceability of food products, their origin and environmental and carbon footprint, are key issues for consumers. The food value chain needs to provide healthier and more sustainable food. Leading food companies have moved the decarbonizing of food to the top of the agenda. We can help them meet expectations by providing sustainable food solutions.

3

The 4th agricultural revolution is digital

The next agricultural revolution has started, enabled by digital tools, big data and artificial intelligence to support farming best practices. Digital tools currently have a relatively small impact on the profitability of farms, but our studies have identified the potential for 3-7% yield increase and up to 14% nitrogen fertilizer savings.

4

Commoditization and slower demand

China's 'Zero Growth' strategy aims to stop further growth of nitrogen consumption after 2020. We expect demand growth in Latin America, Brazil, and Africa, but capacity additions have created an over-supply. Overall, we expect the global demand growth in the next 10 years to slow down.

5

Alternatives to natural gas are approaching

We expect natural gas to remain our main feedstock in the coming years. Nevertheless, decarbonized alternatives will likely challenge fossil fuel over time. Players are looking into alternative energy carriers to decarbonize hard-to-abate sectors. In the shipping industry, green hydrogen and ammonia is regarded as the most promising zero-emissions fuel.

[» Learn about our strategic responses](#)

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Our strategy

We entered this decade with an updated strategy and the overarching goal of becoming a leading partner for farmers and food companies.

Yara is broadening its business model



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

This development is reflected and emphasized in our latest strategy update, which we conducted in 2020. Essentially, our ambition is to be a leading partner to farmers and food companies by providing sustainable solutions to help them thrive and meet their goals and commitments. We will continue to improve our fertilizer production and competitive edge – what we have – but we are increasingly aiming to expand this core - tapping into the opportunities emerging in our business environment – how we can contribute.

Strategic priorities

The outcome of the 2020 update was also a more streamlined strategy as we distilled our previous three strategic priorities down to two pillars.

These two strategic pillars represent equally sized value creation potential and form the foundation for our strategic responses:

- » [1. Accelerate operational excellence](#)
- » [2. Expand our commercial reach and offerings](#)

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STRATEGIC PRIORITIES

Accelerate operational excellence

We are embarking on a significant change journey, requiring shifts in mindset and behavior as well as efficiency.

Operational excellence is paramount to unlock the potential of our strategy. It ensures a robust financial position as we expand our reach and offering and develop new business models. Our approach to operational excellence is multidimensional and covers our culture and people as well as the efficiency and footprint of our operations.

Culture and people

Our strategy will lead us into new territory. To succeed with new customers, new business models, new partners, and new solutions, we will invest in a culture of entrepreneurship and continuous improvement. Employee engagement, leadership, cultural evolution, diversity and inclusion, and dynamic upskilling are all topics of high priority. Our responsible business conduct remains integral, safeguarding health, safety, ethics, and the environment.

Efficient operations

Efficient operations form the very backbone of our business. Our work in this field is centered around the Yara Improvement Program 2.0. A number of initiatives have been rolled out since 2015, and while the overall effect on volumes and energy efficiency have yet to reach its full potential, we are seeing value creation from several of these initiatives, not least the digital production program and from production optimization. Going forward, the largest contributions are expected to come from improved reliability and plant steering.

Holistic performance management

We will manage and measure our value creation along the three axes People, Planet and Prosperity, taking a holistic approach to our performance management to integrate sustainability. As an early mover in mitigating

USD 500 million in improvements have been realized since the launch of the first Yara Improvement Program in 2015.



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“Our ambition is to become climate neutral by 2050, and we have initiated several projects that will reduce the emissions by another 10-15% from today’s level.”

GHG emissions, we are well positioned to meet the EU Commission target of 55% reduction by 2030 compared to 1990 levels. Our ambition is to become climate neutral by 2050, and we have initiated several projects that will reduce the emissions by another 10-15% from today’s level. With the required public co-funding and regulatory framework in place, we have an ambition to reduce our scope 1 & 2 emissions by 30% in 2030. A pathway for scope 3 emissions will be defined through the process of establishing a Sectoral Decarbonization Approach for our industry.

We have also adapted our governance structure to drive holistic thinking and will move forward with a strategic review of our asset base and stricter prioritization of activities.



Our priorities 2021

Improve the reliability of our production plants

Develop change management activities to support cultural change

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STRATEGIC PRIORITIES

Expand our reach and offering

We will continue to operate with commercial excellence across markets every day, while broadening our core and enabling a hydrogen economy.

To reach our ambitions, we will build on our core as a leading food solutions company to expand our reach and offering. Developing new commercial offerings and business models will be decisive to evolve our revenue base.

New commercial offerings

Yara Farming Solutions and our regional units will explore four concrete avenues to expand our reach and offerings:

1. New revenue models

Our combination of knowledge, digital tools and crop nutrition enable us to pursue new revenue models to unlock potential for higher margins and decouple our products from global commodity prices. New models can include outcome-based business models, new pricing models, such as subscriptions or charge per hectare, or establishing low-carbon, organic and organo-mineral offerings which we do not have today.

2. Selling services

We will commercialize and monetize Yara's knowledge through digitally enabled services, primarily subscription based. Our goal is to gain access to recurring revenue streams that have yet to be captured. Sustainability services along with digital agronomy services and farm-to-fork connectivity services are among the services that can be commercialized this way.

3. New geographies or segments

We will target new geographies and segments to leverage new revenue models and services. This will include stepping up in regions where we have a broader presence as well as entering new markets, such as organic farming, which is particularly prominent in Europe.

4. Channel transformation

New digital platforms can shift sales to higher-margin channels and enable new digital integration with retailers. Farmer surveys conducted during the Covid-19 pandemic suggest an increasing desire to buy inputs online. We will explore both direct-to-farm online business platforms and direct-to-retailer online platforms.

New business opportunities

Yara's founders were entrepreneurs who took great risk when faced with a significant business opportunity. In their spirit we want to explore two business opportunities with fundamentally different value drivers.

We have an ambition to generate an incremental USD 300–600 million EBITDA from new business models by 2025.

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1. Clean carbon marketplace

Our portfolio, global footprint and knowledge about climate-smart farming represent a great starting point to set up a carbon business. By reducing emissions and sequestering carbon at farms, we can create new revenue streams from carbon credits— an opportunity that will also reward farmers for climate-smart practices. We launched a carbon venture team to run a pilot in 2020 and aim to generate the first credits in 2021, with a rapid scaling perspective.

2. Clean ammonia

The drive for a clean hydrogen and ammonia-based economy has quickly gained momentum. Clean ammonia is regarded as the most promising zero-emissions alternative to fossil fuels by the shipping industry, which is likely to be the first sector to use ammonia at scale. We are well positioned to become the credible clean ammonia champion by leveraging our strengths in production, logistics and trading. By running initial green ammonia production pilots in Pilbara (Australia), Sluiskil (the Netherlands) and Porsgrunn (Norway) we will build knowledge and support market development.

Focused growth

We need scale to lead the development of more sustainable food production, to be a relevant commercial partner, and to be a discussion partner for key stakeholders. Successful implementation of our strategy also requires growth. To this end, our growth agenda sets three priorities. Firstly, we will seek growth to strengthen our Farming Solutions offering, such as in digital technology and reach, and in recycled and organic nutrients. Secondly, we will consider value-adding assets, such as NPK and high-value products. And finally, we will seek scale in markets of strategic importance.

Disruptive innovation in adjacent sectors

We believe that the strategic value of doing venture investments is high. If done right, they can create measurable value for Yara and our shareholders. We will direct venture investments into clearly defined themes such as climate smart crop solutions, decarbonization of fertilizer production, farm connectivity and new revenue models in agriculture.



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Strategic goals

People



YARA KPI	2025 Target	Measure
Strive towards zero accidents	<1.0	TRI
Engagement index	Top quartile	Index
Diversity and inclusion index	Top quartile	Index
Female senior managers	>35%	%

Planet



YARA KPI	2025 Target	Measure
Energy efficiency	32.7 ^{1) 2)}	GJ/t NH ₃
GHG emissions, intensity	2.7	t CO ₂ e /t N
GHG emissions, scope 1+2	-30 ²⁾	% CO ₂ e
Hectares under management	150	MHa
Carbon marketplace	TBD	

Prosperity



YARA KPI	2025 Target	Measure
Ammonia production ¹⁾	8.9	Mt
Finished fertilizer production ¹⁾	23.9	Mt
Premium generated ²⁾	TBD	
Revenues from new business models ²⁾	1.5	BUSD
Revenues from online sales ²⁾	1.2	BUSD
Working capital	92	Days
Capital return (ROIC)	>10	%
Fixed costs ¹⁾	2,314	MUSD
Capex	1200	MUSD
Net debt / EBITDA	1.5 – 2.0	Ratio
MSCI rating	A	Score
Sustainalytics rating	Med	Score

1) Energy efficiency target is for 2023.
2) GHG absolute emissions scope 1+2 target is for 2030 from a 2019 baseline.

1) YIP target for 2023.
2) Documentation for the KPIs that were launched at the ESG seminar in December 2020 is ongoing.

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Strategic risks

Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

Exposure to global nitrogen price dynamics

We optimize our business model by seeking exposure to fertilizer market prices for own produced products.

Exposure to new business areas outside current core operation

Yara invest funds in a defined set of new business areas to mitigate risk in core business and to develop new revenue streams. The company is willing

to be exposed to uncertainty around future revenue generation, but the annual resources employed are considered moderate and reviewed on an annual basis.

Cost curve position in production portfolio

Yara seeks investments in new production capacity which strengthens Yara's position on the cost curve compared to peers, and that have a good strategic fit (value-added assets and assets the enable to expand our offering). Investments in current production portfolio are prioritized based on cost competitiveness and strategic fit of the assets.

Exposure to natural gas price markets
Securing access to, and stable supply of, favorably priced natural gas is imperative to our operations and competi-

tiveness. In regions with efficient gas markets, we will seek exposure to spot market prices unless exceptional market circumstances clearly give reason for deviation. In regions without efficient gas markets, Yara seeks to enter into longer term contracts if favorable gas prices are obtainable.

Information and cyber security exposure
Yara has a low appetite for risk exposure to cyber incidents in the office and production environment. Yara seeks high level of protection to mitigate exposure to safety, environmental and reliability issues in our production sites, in addition to leakage of confidential data, legal and regulatory compliance violations, insider threat from dismissed employees or contractors and loss or malicious modification of business-critical data.

Risk factors

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.

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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, fluctuations in agricultural prices along with changes in global and regional fertilizer production capacity could significantly impact our profitability	Yara's business model, with a mix of Own Produced Products and Third-Party Products marketed by our global commercial organization, offers flexibility to adjust to supply and demand fluctuations. We increasingly focus on expanding sales of differentiated products where pricing and demand is less volatile. Yara invests in developing farmer centric solutions that integrate knowledge, digital tools and services with our product portfolio to further differentiate our 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. In some of our plants we have the operational flexibility to reduce gas purchases and import ammonia for fertilizer production if gas prices peak, and we benefit from a natural hedge in the correlation between nitrogen fertilizer prices and global energy prices.
Raw materials availability	Yara is sourcing a wide range of raw materials for fertilizer production from third parties, e.g. phosphate and potash (P&K). Terminations, material change, political/sanction risk 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 raw material balance. Yara currently evaluates several options for increasing the company's degree of self-sufficiency.
Investments and integration	Yara has an ambition to grow profitably, through broadening our core business model and enabling a hydrogen economy, while driving a sustainable performance. The profitability of future strategic initiatives relies on long-term price assumptions and future operational and financial performance. Investments in new business areas and integration of new companies poses a risk of not being able to capture operational and financial benefits and synergies.	Yara has a well-defined capital value process that ensure projects are properly evaluated, verified and sufficiently mature at specific decision gates. A comprehensive, annual strategy update process secure a review of ongoing initiatives and potential gaps in delivering on our long term strategy. This includes updates of key information such as energy and global pricing, as well as strategic assessments of specific opportunities or concerns. The integration of new businesses is managed and monitored based on accumulated learning from several large business integrations completed during recent years. Yara maintains a conservative investment approach, through strong focus on capital discipline.

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Strategic risks	Factor	Mitigation
Political risks	Our investments and operations may be affected as a result of changes in political leadership, policies and regulations as well as political and social instability in a country or a region. Such changes could represent threats as well as opportunities for Yara.	Yara has established an effective system involving key expert functions globally for monitoring and reporting of political related risks. Yara utilizes, in addition to internal resources, external sources for monitoring and reporting of matters that may impact the company. Further, Yara's Integrity Due Dilligence (IDD) screens all business partners, and on a risk-basis business partners are selected for additional due diligence. Business partner and transactions are continuously monitoring through screening against sanctions and compliance databases.
Information and Cyber Security	<p>New and increasingly sophisticated computer viruses and new digital crime models combined with the significantly increased internet exposure of our computerized industrial control systems may result in safety and reliability risks at any of our production and product handling sites.</p> <p>Leakage of confidential data, legal and regulatory compliance violations loss or malicious modification of business-critical data can negatively impact any and all of our business processes.</p>	In the process of addressing risks of cyber-incidents, Yara is actively focusing on to ensuring proactive monitoring of threats, vulnerabilities and effectiveness of security controls for high value assets throughout the company and raising awareness of cyber risks and threats for our employees globally.

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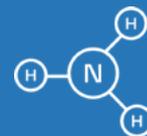
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The most promising clean energy shipping fuel

- IMO has set a target to halve GHG emissions by 2050 and reduce carbon intensity of international shipping by 40% by 2030
- Shipping majors, class society and consultants are pointing towards ammonia as the most promising clean fuel candidate

PROPERTIES



Liquid H2

Temperature - 253°
Energy density 2.00

Liquid NH3

Temperature - 33°
Energy density 3.75

CASE

Clean Ammonia opportunities

Yara is uniquely positioned to enable the hydrogen economy. We are the largest global trader of ammonia – which can efficiently transport hydrogen as energy to markets.

Hydrogen is strongly positioned as a key solution for decarbonizing the energy systems of the future. But hydrogen is challenging to store and transport. This is where ammonia comes in as the easiest way of transporting and storing hydrogen.

“I am pleased that we have announced the next steps to enable the hydrogen economy, establishing a new global unit – Yara Clean Ammonia – to capture growth opportunities within carbon-free food solutions, shipping fuel and other clean ammonia applications, leveraging Yara’s unique existing positions within ammonia production, trade and shipping,” said the CEO and President Svein Tore Holsether.

Yara is a leading global ammonia producer, and we operate a global platform for trade and storage with a market share above 20%. Yara can enable clean energy utilization based on hydrogen through its ammonia trading, distribution and storage.

Yara has teamed up with several clean energy companies to enable production of green ammonia. This will lead to production of carbon free fertilizers. In addition, it will serve as clean fuel for the shipping industry and enable decarbonization of other energy intensive industries.

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Managing outcomes and value creation

Sustainability is embedded in our strategic priorities and actions. Simply put, our approach is to minimize any negative impacts from our activities while maximizing our contribution to feeding the world responsibly. While improvements are always ongoing, we believe that the bottom line is a solid net positive

	Sourcing	Production	Transportation
Impacts	<p>We use natural gas, electricity and minerals to make our fertilizers. The majority of our raw materials comes from non-renewable sources.</p> <ul style="list-style-type: none"> 239,061,933 MMBtu natural gas/hydrocarbons 2.0 mill tonnes phosphate 	<p>Fertilizer production is energy-intensive and causes emissions to air and water. The water we withdraw is mostly returned unpolluted.</p> <ul style="list-style-type: none"> 16.6 m tonnes CO₂e 8,300 tonnes NO_x 913 mill tonnes water withdrawal 	<p>Transportation of fertilizer causes emissions to air and water, and involves risks of incidents and spills.</p> <ul style="list-style-type: none"> 2.6 mill tonnes CO₂e
Response	<ul style="list-style-type: none"> Circular economy Decarbonize Resource optimization 	<ul style="list-style-type: none"> Energy and catalyst optimization Decarbonization program Water analysis ongoing 	<ul style="list-style-type: none"> Product stewardship Ammonia as energy carrier Zero-emission shipping vessel (Yara Birkeland)
Value creation	<ul style="list-style-type: none"> Yara Nature brand launched based on circular nutrients Three green ammonia pilots and one full-scale project Industrial symbiosis initiatives 	<ul style="list-style-type: none"> About 17,000 jobs created Raising industry standards for energy efficiency 	<ul style="list-style-type: none"> Reliable deliveries of crop nutrition, supporting farmers worldwide

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	Fertilizer application	Natural environment	Food consumption
Impacts	<p>Nutrient losses from denitrification, volatilization or leaching, can cause GHG emissions and eutrophication of waterways.</p> <ul style="list-style-type: none"> 42.3 million tonnes CO₂e 	<p>Agriculture uses 70% of mankind's fresh water withdrawals, uses 1/3 of the land and is the main driver of deforestation. Nutrient imbalance is a driver for soil degradation.</p>	<p>Dietary changes drive food demand, while about 1/3 of the food is lost or wasted.</p>
Response	<ul style="list-style-type: none"> Precision farming tools R&D on field emissions Yara Water Solution Nitrate strategy 	<ul style="list-style-type: none"> Balanced crop nutrition Soil testing and analytical services 	<ul style="list-style-type: none"> Micronutrients supporting health R&D for improved crop quality
Value creation	<ul style="list-style-type: none"> Yara's sensor tools and crop nutrition solutions improve farm performance 	<ul style="list-style-type: none"> Reduced deforestation from agricultural intensification, sparing GHG emissions of roughly 590 billion tonnes CO₂e 	<ul style="list-style-type: none"> 262 million people fed by the use of our crop nutrition solutions

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Engaging with our key stakeholders

We engage with a wide range of stakeholders both globally and locally. Engaging and keeping good relations with stakeholders is integral in our transformation to become the Crop Nutrition Company for the Future.

Agriculture is often perceived as a major contributor to several of the biggest global challenges of our time. Our view is that agriculture also holds the solutions to many of them, and our strategy is designed to enable such solutions.

We engage extensively in institutional stakeholder processes related to sustainable food solutions at the global level. Locally, we focus on understanding and responding to farmers' needs and managing community impacts. By gathering insights locally, we enable development of better products and practices.

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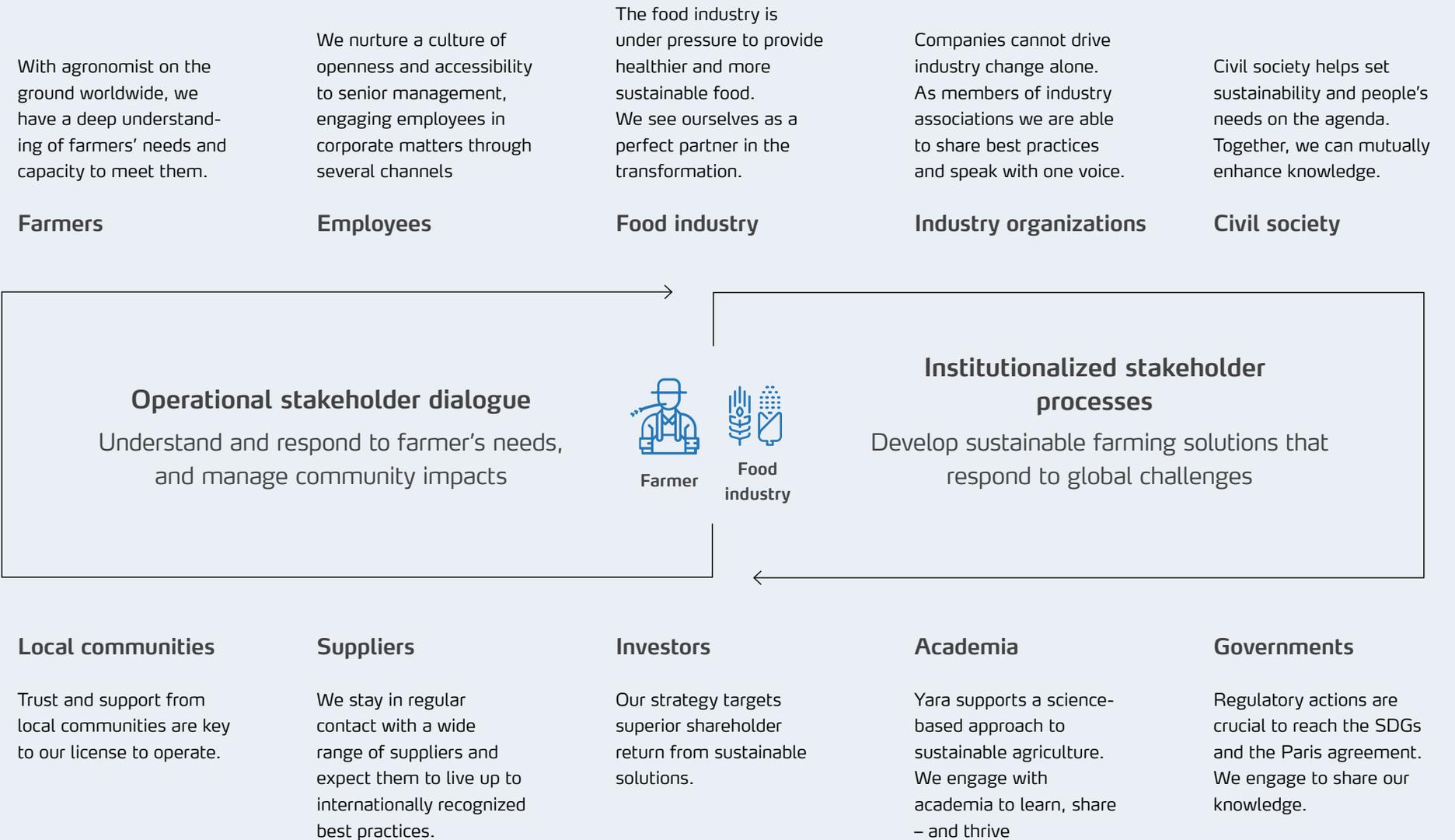
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ENGAGING WITH OUR STAKEHOLDERS

Corporate stakeholder dialogue

Commitments and endorsements

Yara is a UN Global Compact (UNGC) signatory and has endorsed the UNGC initiatives Caring for Climate, CEO Water Mandate and Call to Action: Anti-Corruption as well as the Food and Agriculture Business Principles (FABs), which we initiated and helped develop.

We also support the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, and the core conventions of the International Labor Organization (ILO). Yara is also a member of Transparency International.

Memberships and associations

Yara is a member of the World Business Council for Sustainable Development (WBCSD). Svein Tore Holsether, CEO and President of Yara, is a member of WBCSD's Executive Committee, as well as the Chair of WBCSD's Food and Nature Board. In 2020, Yara seconded WBCSD's work on the Covid-19 response and developing a Sectoral Decarbonization Approach for the nitrogen fertilizer sector.

Yara is a Strategic Partner of the World Economic Forum (WEF) and in 2020, took part at the WEF's International Business Council, CEO Climate Leaders and at WEF's Sustainable Development Impact Summit.

Yara is a member of the International Fertilizer Association (IFA) and Fertilizers Europe. Yara is also part of the European Industrial Gases Association (EIGA), European Chemical Industry Council (CEFIC) and the International Federation of Industrial Energy Consumers (IFIIEC), where Yara currently holds the Presidency.

Yara is a member of the Business for Nature Coalition, to reduce climate and environmental impacts. Yara is also a member of the One Planet Business for Biodiversity (OP2B), and a founding member of the Cool Farm Alliance which has published the online GHG farm calculator Cool Farm Tool.

Engaging on the emerging topic of circular economy, Yara is a partner of the Ellen MacArthur Foundation Food Initiative (EMFFI). Ellen MacArthur Foundation also supports the Nutrient Upcycling Alliance (NUA), launched by Yara and Veolia.

Yara is a partner of the African Green Revolution Forum and supports its work on youth entrepreneurship through Generation Africa. Yara is one of six partners committed to the Farm to Market Alliance, a global public-private consortium seeking to transform food value chains in emerging markets.

Yara is a member of the Federation of Norwegian Industries which is part of the overall Confederation of Norwegian Enterprise (NHO).

Stakeholder procedure

In 2020, Yara established a new stakeholder procedure which mandates Yara Business Units to perform a stakeholder analysis, and to manage stakeholder relationships through the annual business cycle. Stakeholders' perspectives shall also inform our business planning process.

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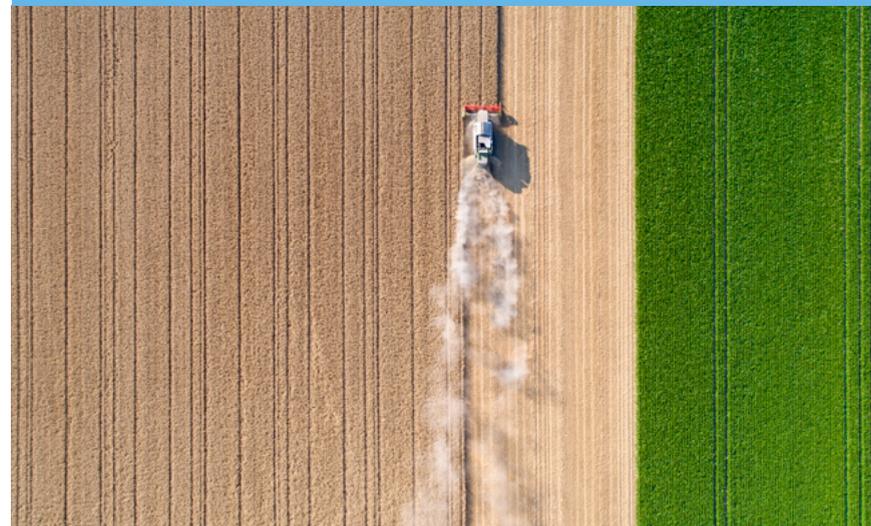
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Yara supported the eco-scheme for being in line with the European Commission's ambition of moving to a "smarter, simpler, fairer and more sustainable" Common Agricultural Policy.



ENGAGING WITH OUR STAKEHOLDERS

Stakeholder engagement in 2020

EU policies including Green Deal

In December 2019, the European Commission launched the EU Green Deal. We find that Yara has undertaken the right investments and organizational changes to optimize our contribution to this transformative agenda. On a particular note, we will contribute to the upscaling of precision farming.

Yara is committed to the CAP reform in the EU with the specific aim of embedding environmental aspects. Yara supported the eco-scheme for being in line with the European Commission's ambition of moving to a "smarter, simpler, fairer and more sustainable" CAP.

Yara's main approach is built on our balanced crop nutrition strategy, addressing productivity and environmental performance in tandem. Also, applying the right form of mineral fertilizers can reduce the ammonia emissions in Europe by more than 10%.

Yara also welcomes the initiatives in the CAP post 2020 to support and mainstream the use of Farming Sustainability Tools (FaST) and the development of Farm Advisory Services (FAS).

Food systems transformation

In 2020, Yara engaged in preparing the 2021 United Nations Food Systems Summit. We also participated in regional and global Food Systems Dialogues (FSDs) to discuss food systems policies and economics, science-based targets and pathways, the potential for innovation, and the inclusive approach required for a just transition.

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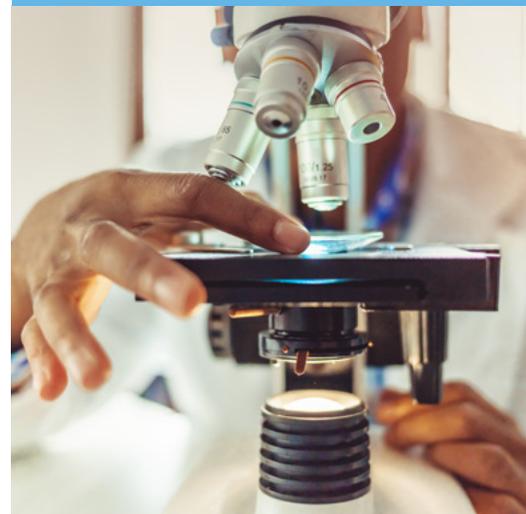
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In 2020, Yara signed a letter of commitment to the Science Based Targets initiative to develop company GHG targets



Yara recognizes the critical role of the next generation in the transition, and in 2020 continued to promote youth entrepreneurship at Generation Africa's GoGet-taz Agripreneur Prize awarded at the Africa Green Revolution Forum in September.

Climate Engagement

In 2020, Yara signed a letter of commitment to the Science Based Targets initiative to develop company GHG targets as well as help build a Sector Decarbonization Approach for the nitrogen fertilizer industry in line with the Paris agreement.

We continued to participate in the WBCSD Scaling Positive Agriculture working group, which in 2020 expanded its scope to include among other things biodiversity perspectives. We believe that better sustainability performance should be rewarded in the market. To this end, we participate and sponsor the True Cost of Food work in WBCSD.

Yara's CEO attended the CEO Climate Leaders group in Davos in January 2020, as well as virtual meetings through the year. The group agreed to take the lead on net zero commitments.

We also participate in discussions on Natural Climate Solutions through WBCSD and WEF. Thematically linked to regenerative growth, this links climate finance to solutions making nature a carbon sink. Through this workstream, Yara is also involved in the global update process of the GHG Protocol, preparing for how to incorporate such carbon sinks into reporting.

Regenerative agriculture and soil health

Yara is committed to an ambitious and integrated agenda to halt nature loss, which has tangible economic impacts. In 2020, we continued to work with partners such as OP2B to share knowledge on digital tools and crop nutrition solutions that improve soil health, nutrient use efficiency and support farmers and food companies in their transition to regenerative agricultural practices. We have also taken an active role in the Business for Nature Coalition, reflecting nature's critical role as the infrastructure supporting humanity.

Sustainability in the Nordics

Yara is part of the Nordic CEOs for a Sustainable Future, a group of 14 companies working to incorporate the UN sustainable development goals in their respective business strategies. The CEOs met virtually with the Norwegian and Icelandic Prime Ministers in July 2020.

Emphasizing Yara's focus on reducing emissions, Yara was main sponsor at the ZERO Conference in Oslo, the primary event of the Norwegian climate NGO ZERO, featuring digital farming tools that will improve the sustainability of farming.

The NHO (Confederation of Norwegian Enterprise) kicks off every year with their prominent Annual Conference in January, gathering leading decision makers from politics, business and NGOs. Yara, together with IBM, presented the opportunities in digital farming. Yara is also heading the Forum for Development, initiated by the Confederation of Norwegian Enterprise (NHO), consisting of business leaders together with the Ministries of Foreign Affairs and International Development.

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Materiality

Yara conducted its first materiality assessment in 2015, a process involving key representatives from our business segments, expert organization and management. This process used the Sustainability Accounting Standards Board's (SASB) standards for chemicals and mining industries as its starting point.

The current update captures the strategy and risk updates of 2020. **Value creation** is the starting point for presenting which topics we regard as material for our ability to realize our strategy, short, medium and long-term. Materiality has been defined according to four main areas: megatrends, key value drivers, company capabilities and position, and license to operate.

Megatrends

Megatrends constitute both risks and opportunities. They have been prioritized according to their relevance to Yara's business model, and also company ability to interact with such megatrends. [The megatrends are described on p. 17](#), and are consistent with the 2019 report.

Three of the material megatrends are of a biophysical nature and are to some extent interlinked; climate change, soil degradation and water stress. Four megatrends are of a socioeconomic nature; food industry integration, dietary shifts, circular economy and digitalization.



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Key value drivers

The key value drivers represent external topics with material influence on Yara’s value creation:

COVID-19: The outbreak of the global pandemic has had significant socioeconomic impacts on societies worldwide.

Nitrogen fertilizer prices: Changes in global and regional fertilizer production and capacity impact fertilizer prices and our profitability.

Natural gas prices: Hydrocarbons, mostly natural gas, are Yara’s main raw material and our main cost. Affordable access to natural gas is therefore a competitive advantage, and energy price fluctuations impact Yara’s costs.

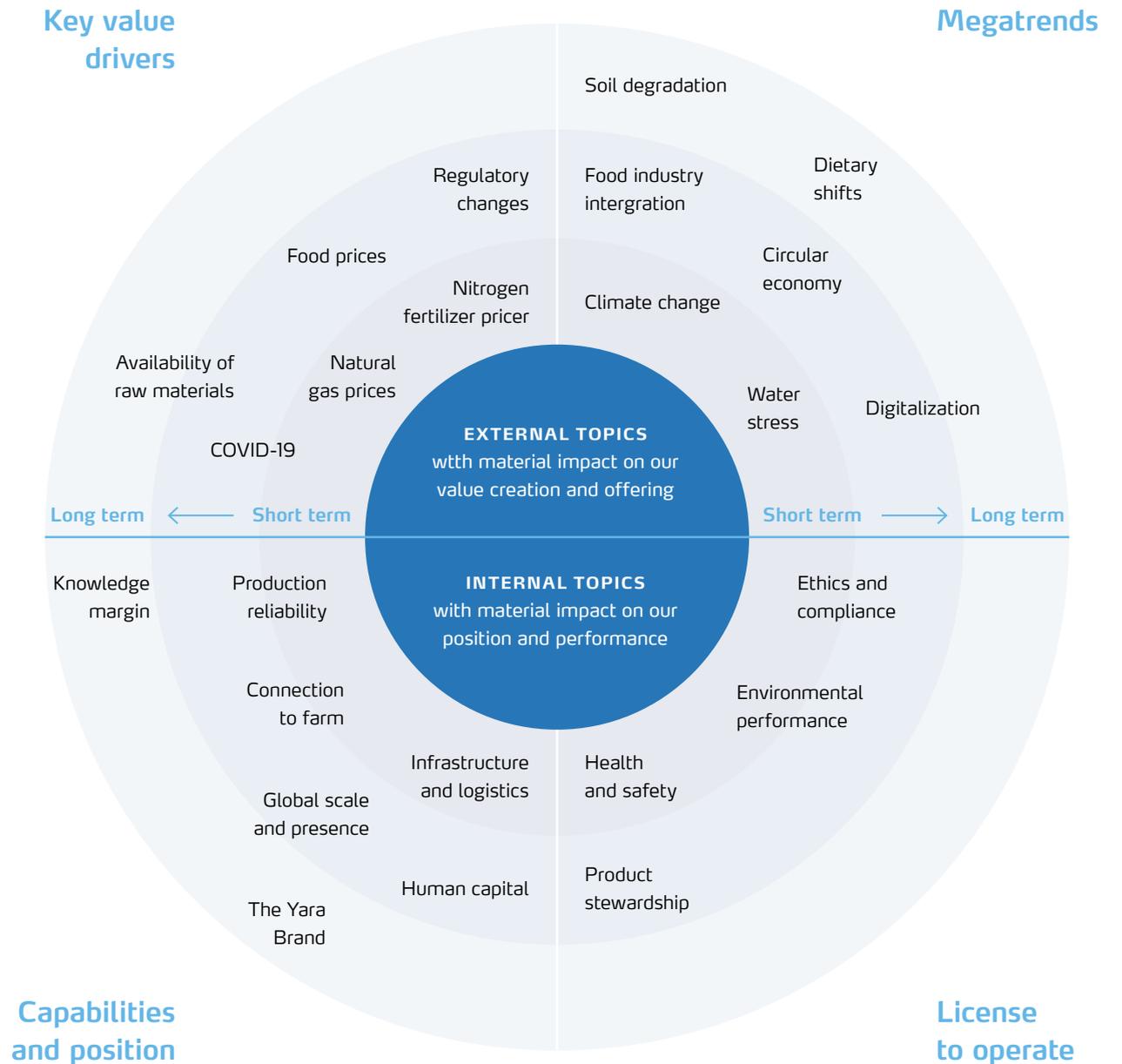
Availability of raw materials: Our fertilizer production plants depend on consistent supplies of raw materials, most notably phosphate and potash.

Food prices: Increasing food prices can support higher investments in agriculture and sustainable crop nutrition solutions.

Regulatory changes: Political drive for climate-smart agriculture can strengthen demand for our crop nutrition solutions.

Company capabilities and position

These topics represent Yara’s internal topics which significantly influences strategy choices, risks and opportunities.



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Knowledge margin: Yara's deep understanding of crop nutrition, farmers and industrial markets allows us to sell highly profitable premium products and solutions that also benefit society.

Production reliability: Increased plant reliability is a key driver of organic growth in our production system.

Global scale and presence: We operate across six continents, in various commercial segments, and in 28 production sites. Our global distribution network allows us to optimize product flows and plant inputs across geographies and adjust production volumes to match market conditions.

Infrastructure and logistics: Yara operates 200 infrastructure points across the world, and has 10,800 Yara-branded retail outlets worldwide – providing an unmatched market reach.

Human capital: We have a passionate workforce. This enables the company to take on new tasks, drive profitability, optimize productivity, and propel innovative thinking. In our markets, digital technology is making rapid progress, a trend in which Yara actively engages based on our knowledge and a diverse, talented workforce.

The Yara Brand: Our brand represents our values and the company personality. Embodying our knowledge, quality, vision, mission and values, the brand represents the trust we earn from partners, customers and suppliers.

Connection to Farmers: We sell to more than 20 million farms and we have almost 15 million ha under management through our digital platforms. This uniquely positions us to drive the development of the food system in a way that works with, not against, the farmer.

License to operate

Health and safety: We value our employees, and safety is therefore a key priority at Yara. Our employees represent a knowledgeable and diverse workforce, and every one of them has the right to a safe working environment. A safe and healthy workplace is good for business. We believe that all accidents are preventable, and our goal is zero injuries.

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

Environmental performance: Yara expects increased awareness of sustainable agricultural practices and an increasing pressure on sustainability from governments and regulators globally. Soil degradation, water stress, biodiversity loss and nutrient pollution are issues which will impact Yara's operations and value chain.

Ethics and compliance: With operations in more than 60 countries and sales to about 160 countries, Yara is exposed to different cultures, traditions, labor conditions and threats. We are dedicated to responsible business conduct throughout our own operations and value chain. This means respecting recognized labor and human rights and having safeguards in place for combating corruption, and respecting laws and regulations. Responsible business conduct is crucial in earning the trust of our stakeholders and key to our success.

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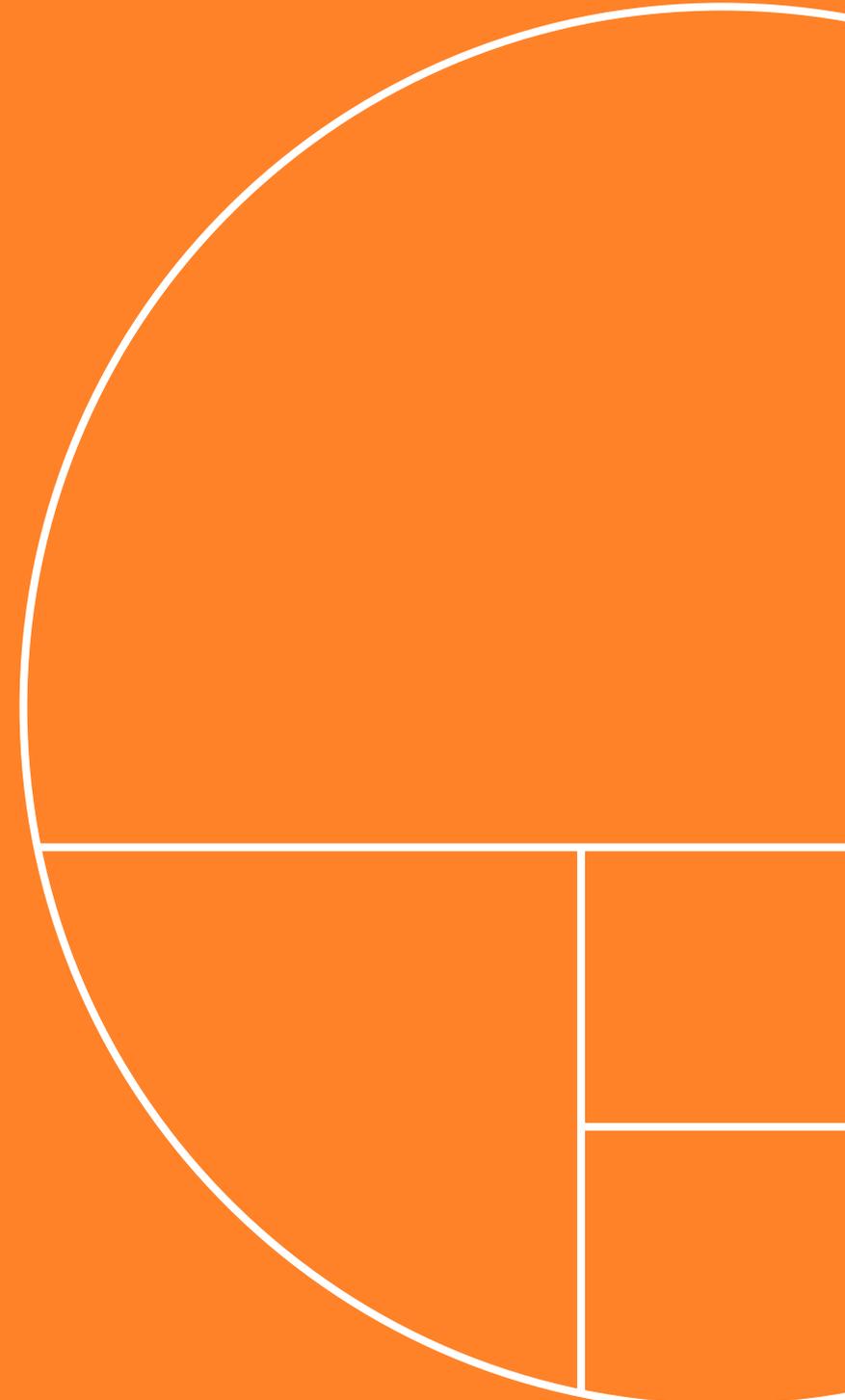
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Responsible performance

In 2020, Yara committed to reporting in accordance with the Stakeholder Capitalism white paper, issued by the World Economic Forum (WEF). With the Covid-19 pandemic as backdrop, underlying economic and social inequalities and a mounting climate crisis, the white paper argues to mobilize all to work together and seize this historic opportunity to rebalance our world for the benefit of all.

Yara has implemented a balanced scorecard against which we measure company performance. Indicators have been adopted in accordance with the Stakeholder Capitalism logic under the chapters, People, Planet and Prosperity.



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People

Our people and their knowledge are our greatest assets, and the result of our knowledge is clear:

Every day our agronomists deliver the best recommendations and solutions to our farmers, giving valuable technical advice on how to produce efficiently and profitably in a sustainable way.



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CASE

Women in Agronomy

After a survey uncovered challenges for female agronomists, the project “Women in Agronomy” was launched as part of Yara’s Diversity & Inclusion agenda. The program connects emerging female talents with more experienced female colleagues, with the goal of attracting, developing and retaining more women in agronomy.

At Yara, we believe that knowledge grows. When it comes to crops, we mean that quite literally. As such, our many agronomists on the ground are vital to Yara’s success.

Uncovering the problem

A global survey among Yara agronomists uncovered a female representation of only 14% out of 800+ employees. It also found that female Yara agronomists frequently face challenges, both internally and when meeting customers and distributors. Although regional differences exist, the results show that breaking traditional stereotypes in the field is a challenge for our female agronomists globally.

Yara is committed to gender equality as one important aspect of the diversity and inclusion agenda and decided to take immediate action. The pilot version of the new “Women in Agronomy” program has so far gathered 60 women across all regions. Through mentoring, networking and visibility channels, the program connects emerging female talents with more experienced female colleagues, building trust and confidence.

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Rejane Souza is Yara’s Vice President Crop Knowledge and Agronomy, and one of the initiators behind the program. “We are truly committed to building a more diverse workplace in Yara, regardless of whether you work at our HQ, a production plant or in the field supporting farmers. The aim of the program is to help our people to grow as agronomists and develop future leaders. I’m very inspired by the participants’ engagement and I’m confident a good ‘harvest’ is to come, at the end of this first ‘season,’” Souza says.

Building on the lessons from the pilot, the goal is to expand the network, reaching more female agronomists later this year.

A more diverse and inclusive workplace

Agronomist Jamie Schechinger joined Yara in 2020. She participates in the pilot and has learnt the value of sharing experiences. “Everyone comes from different backgrounds and has different experiences. What unites us is that we all chose agronomy. This program has helped me see how the growth of one can benefit the whole group if we share our learnings and grow together. This program has highlighted not only how women can work together in a male-dominated industry, but also how women and men can work together to create a more inclusive work environment”.

Diversity & inclusion is anchored in our business strategy. Besides our ambition to have 35% women in senior leadership positions by 2025, we aim for more diversity in Yara in all its forms and for having an inclusive work environment in which employees feel safe to be themselves. With the Women in Agronomy program, we are a small step closer to delivering on our strategy.



“The aim of the program is to help our people to grow as agronomists and develop future leaders. I’m very inspired by the participants’ engagement and I’m confident a good ‘harvest’ is to come, at the end of this first ‘season’.”

Rejane Souza
VP Crop Knowledge and Agronomy

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Most of Yara's material topics involve a social dimension: caring for people safeguards and improves the business.

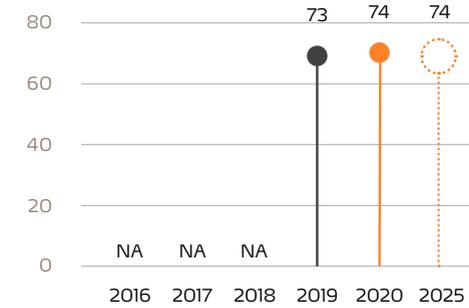
Successful implementation of our value adding strategy depends on our knowledge and access to human capital, measured as diversity and engagement scores.

Safety is a top priority, and we set ourselves a high goal from an already industry-leading level, based on our belief that all accidents are preventable.

Diversity and inclusion index

2025 target: Top quartile

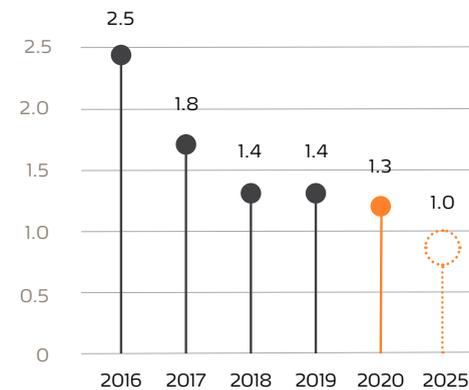
The Diversity and Inclusion index is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks. The threshold for being in the top quartile was at 74% in 2020.



Strive towards zero accidents

2025 target: <1.0

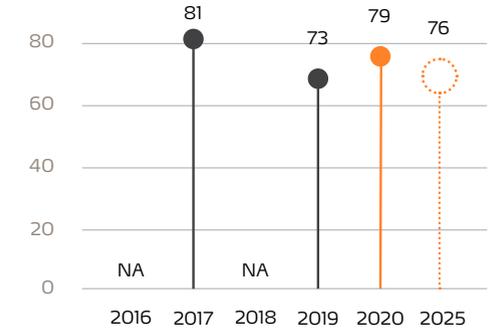
Total recordable injuries (TRI) is the sum of loss time injuries (LTI), restricted work cases (RWI) and medical treatment cases (MTC). The TRI rate is calculated as the TRI per million hours worked for employees and contractors combined. We believe every accident is preventable and work accordingly.



Engagement index

2025 target: Top quartile

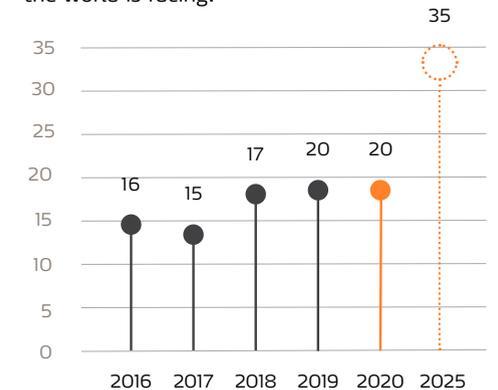
Employee engagement is measured through surveys done by an external third party, providing a data-driven analysis against international benchmarks. The KPI was updated from previously being >80% to being in the top quartile. This threshold was at 76% in 2020.



Female senior managers

2025 target: >35%

Female senior managers is measured as % of the top positions defined in Yara's position level system. The 2020 KPI was 20%, while the previous 2025 KPI of 25% has been strengthened to 35%. The KPI is defined based on our strong belief that diversity is a key enabler to solving the difficult challenges the world is facing.



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Performance indicators

Gender pay gap

Yara analyzes gender pay levels correcting for factors such as responsibility in position, education and experience. Yara performed a follow-up gender equal pay gap study in 2020, expanding the number of countries included from six to 16, covering over 5,000 employees. The range of this study is focused on non-tariff contract employees, as the tariff schedules provide strong protection against bias due to gender. The gaps were reported ranging from 0% in Finland to 14% in Colombia. Yara has the ambition to close the gender equal pay gaps before 2025. A weighted average pay-gap for the 16 countries included was 3.96%. The gap on a like for like basis for the original six countries has closed from 5.5% to 4.8% since 2018.

Employee turnover

The rate is calculated as number of permanent staff terminations in the period divided by the starting permanent employee headcount. The global figure incorporates substantial variability, as each labor market has different characteristics. For 2020, Yara regions had the following turnover rates: Brazil, 15%; rest of Latin America, 12%; Asia & Oceania, 9%; Europe, 8%; North America, 7%; Africa, 8%

Sick leave rate

The rate is calculated as the percentage of Yara employees' sick leave hours against the total number of working hours.

	2020	2019	2018	2017	2016	Unit of measure
Gender pay gap	4.0	4.9	5.5 ¹⁾	n.a.	n.a.	%
Employee turnover rate	10.4	14.4	11.4	17.3	10.5	%
Sick leave rates	3.4	3.2	3.4	2.8	3.3	%
Environmental grievances from local communities	140	135	165	165	252	Number
Non-compliance with laws and regulations in the social and economic area	235,000	257,000	81,000	400,000	170,000	USD
Number of face-to-face risked based anti-corruption trainings	3,042	2,699	3,985	3,737	2,642	Headcount
Employees completion of Ethics e-learning	93%	86%	83%	n.a.	n.a.	%
Reported fraud & corruption incidents	35	57	51	46	50	Number
Reported dis-crimination and harassment cases	49	76	119	109	22	Number

¹⁾ 2018 figure was calculated in 2020 based on historic data.

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Grievances from local communities

Number of environmental grievance cases registered from neighbors of our infrastructure or production facilities.

Non-compliance

The sum of registered fines in Yara for issues other than environmental breaches.

Number of face-to-face risked based Ethics trainings

The Ethics and Compliance training program is delivered by the dedicated regional compliance managers. Training content is targeted at the participants based on a risk assessment considering factors such as function, role, seniority and location.

Employees' completion of Ethics e-learning

The mandatory e-learning includes all topics covered by the Code of Conduct. All new hires with access to a PC are expected to complete the e-learning within 3 months. The purpose is to prevent corruption and human rights abuses and to promote a culture in which these matters are difficult to perpetrate. This is measured as the percentage of employees with access to the learning platform, who at year-end have completed the e-learning. In 2020, 93% of employees who had access to the learning platform completed the e-learning.

Reported fraud & corruption incidents

Through whistleblowing and other channels, Yara is alerted to a number of cases where employees or others suspect fraud or corruption. Yara encourages such

reporting. The figures represent the raw number of reported cases. Each case is investigated, and action is taken for all cases which are substantiated. Further details on substantiated cases is reported in the separate Sustainability report.

Reported discrimination and harassment incidents

Yara encourages all to raise any concern if there is suspicion of violations of regulatory requirements or Yara's Code of Conduct. For People cases, the figure provided represents the number of reported cases involving discrimination or harassment. Each case is investigated, and action is taken for all cases which are substantiated. Further details on substantiated cases is reported in the separate Sustainability report.

Human rights management

Human rights are not easily expressed in numeric terms and is reported from a management perspective. A more complete review is presented in the Sustainability report, available on the yara.com annual reporting section.

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

A global human rights risk assessment is updated annually and ranks the countries where Yara operates

in terms of human rights risk exposure. The 2020 risk assessment identified 18 high risk countries, up from 17 in 2019. The planned human rights impact assessment on selected operations in Brazil was postponed to 2021 due to COVID-19 restrictions. Findings from the human rights impact assessments conducted in India, Colombia and Philippines in 2019 show that contracted labor are at risk of negative human rights impacts, especially where manual labor is combined with heat exposure. Specific concerns relate to:

- Manual labor in hot working conditions
- Piece rate pay
- Living wage, working terms & conditions
- Freedom of association, grievance channels and right to remedy

The mitigating actions is a line and local management responsibility, while the Ethics and Compliance department monitors implementation and reports on progress.

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Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

Health, safety and security exposure

Securing safe and healthy working conditions is our highest priority. We aim to minimize the exposure to conditions that could negatively affect health, security and safety as low as practical possible. This includes to minimize the probability and consequences of process safety and product safety accidents negatively affecting people, environment, asset and the reputation of Yara.

Leadership and organizational competence exposure

We are developing a skilled organization with regards to leadership competencies in key strategic areas necessary to strengthen Yara's competitiveness in a changing business environment. To deliver on Yara's strategic goals and objectives, upskilling and reskilling employees are prioritized to meet competencies needed for the future.

Risk factors

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.

People risks	Factor	Mitigation
Human capital	Yara's ability to compete effectively and meet market demands depends heavily on the competence, engagement, enablement and performance of its employees. Qualified, diverse and motivated staff is essential for Yara's business to be successful.	Yara recognizes that People are the enabler for success and Passionate People is identified as one of our four unique strengths. There is ongoing work to develop the People strategy as a response to Yara's revised strategy. Yara regularly deploys global employee surveys to focus management initiatives on the employee engagement and enablement and the Diversity & Inclusion agenda. For 2020, Covid-specific questions are included in addition to a focus on employee wellbeing. Yara is committed to promote equal opportunities and to fight discrimination. Diversity & Inclusion is fully integrated in Yara's business strategy and drives equality and diversity through an engaged workforce. Diversity and Inclusion is further anchored in key human resource processes such as recruitment, succession planning, performance management and employee development.

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People 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 and hazardous 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, most 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 harm and the company continue to set challenging KPI targets for occupational and process safety. Our Safe by Choice is the umbrella for all HSE activities with the aim to reduce exposure to accidents, to develop strong HSE leadership, ensure safe workplaces and to drive operational discipline, and to train and encourage staff to always act and react in accordance with our safety standards.
Personnel security risk	Yara's global activity may be exposed to threats from; criminals, activists, local population, competitors, terrorists 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 and sites. HESQ Security department 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.
Employee misconduct	Failure to comply with the Code of Conduct and international standards will have a damaging effect on our brand and reputation. It can also negatively affect our relationship with current and future business partners, resulting in both legal sanctions and financial loss. In positive terms, demonstrating a commitment to ethical business conduct and social responsibility can be leveraged to create competitive edge and create value for business partners, employees and society at large.	We are committed to creating an equal opportunity workplace free from harassment, where hiring and development are based on achievements, qualifications, and skills of each individual. Ethical and compliant business conduct and reporting are set at high standards, reflecting Yara's commitments. Yara has developed its Compliance Program taking into account internationally recognized and endorsed standards in key areas such as people related risks.
Human rights risk	Yara's operations may impact human rights throughout our entire value chain. Through a mixture of ethical and legal obligations, risk of negative impact on human rights may affect Yara's reputation and standing as a responsible business.	Yara's human rights policy is set out in the Code of Conduct, and is integrated in the Compliance Program and key business processes, such as risk management and the capital value process. Yara follows the United Nations Guiding Principles on Business and Human Rights and aim to continuously improve our work in this area. Our annual global human rights risk assessment allows us to proactively monitor exposure to human rights risks wherever we operate, and guides us in prioritizing locations for human rights impact assessments.

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Planet

Global challenges are real and will not vanish on their own. Climate change is affecting our way of life. The world's population continues to increase. We have more mouths to feed, limited land to farm and less resources to draw upon.

At Yara, we believe in meeting these challenges head on. There is no trade-off between building a profitable business and solving global challenges. Environmental performance is a vital part of our license to operate.



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Atfarm map

Atfarm creates application charts for variable rate application of crop nutrition. The dots precisely indicate the required nitrogen quantity for each area of the field.

Atfarm facts:

- 100k users signed up
- Active in more than 15 markets
- 10 million registered hectares

CASE

Making digital farming simple

Yara's digital capabilities and innovations will be key to achieve our mission of responsibly feeding the world and protecting the planet. Based on input and insight from farmers, Yara's Atfarm will become the gold standard for sustainable nutrient management.

Atfarm is a digital tool developed by Yara to help farmers around the world effectively monitor the growth of their crops. By using satellite images, Atfarm creates application charts for variable rate application (VRA) of crop nutrition.

VRA is essential for best practice nutrient management. Conditions on any given farm will vary when it comes to sunlight, soil quality, terrain, and other factors. This means that the nutrient needs of the crops will vary accordingly.

To ensure the crop reaches its full potential and to avoid unnecessary costs for the farmers, nutrient leeching and runoffs, crop nutrition should be applied based on the specific crop needs.

Continuous development

Since its launch in 2018, more than 100.000 farmers have started their digital precision farming journeys. And since then, numerous

updates have been made to the tool, responding to input from farmers and Yara agronomists.

In fact, developing the product in iterations is a unique feature of Atfarm. A dedicated user research team across three continents brings new prototypes into the field with the farmers and brings the feedback directly to the developers. If they see a trend in the feedback, Yara is able to make changes to the tool quite quickly.

The biggest update to the Atfarm tool will come later this year, with new capabilities on weather spreading recommendations, sustainability, growth stage simulations, and pre-season crop nutrition planning among other things.

By making the complex simple and updated and tailored agronomic advice accessible to farmers all over the world, digital farming is the future of sustainable food production.

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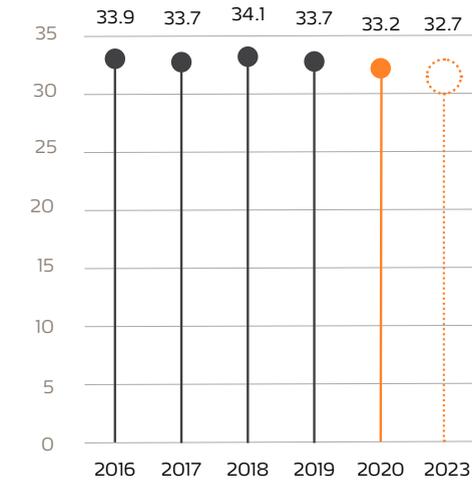
Planet performance

Environmental performance has been identified as a materially important part of Yara's license to operate. The corporate KPIs were updated through the 2020 strategy update, with four KPIs linked to the Planet performance area.

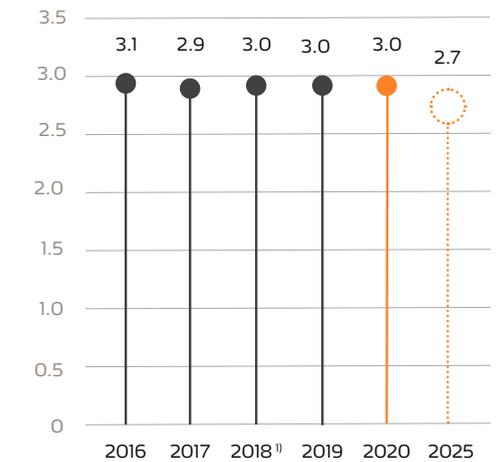
Further, nutrient losses from farmers' fields is an important externality in the value chain. Knowledge sharing, precision farming technology and proper fertilizer application management can reduce such risks – here reported as Ha under digital management.

Yara reports with full transparency on all environmental aspects of our operations. Whereas the most material indicators are reflected here, a complete account is found in the separate Sustainability Report report, published on yara.com alongside the annual reporting.

Energy efficiency
2023 target: 32.7 GJ/tonne ammonia

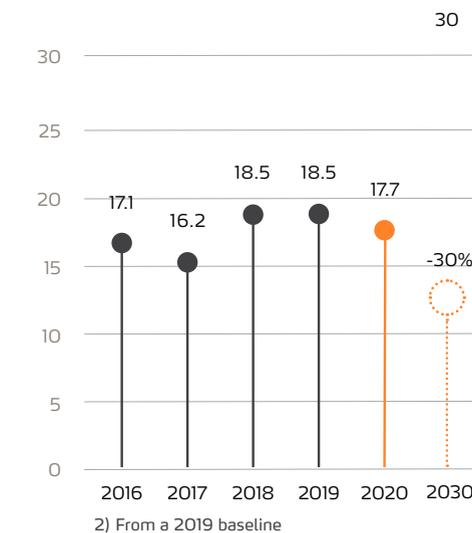


GHG intensity
2025 target: 2.7 t CO₂e /t N

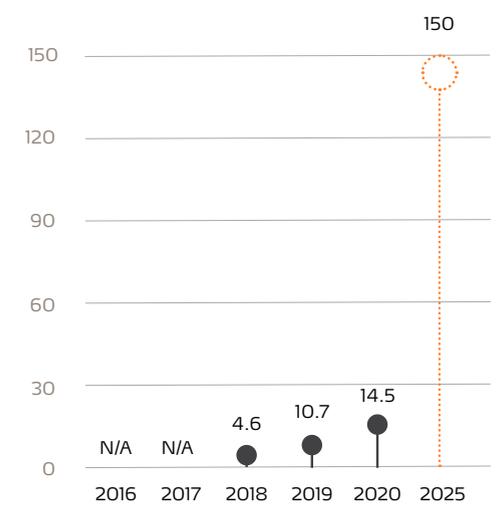


¹⁾ 2018 onwards, Scope 1 emissions from own generation of electricity has been included.

GHG emissions, Scope 1+2 (market based)
2030 target: -30% from a 2019 baseline



Hectares under management ¹⁾
2025 target: 150 million hectares



¹⁾ The indicator definition is being updated, meaning the historic figures and 2025 target are not fully aligned, ref. to indicator definition on p52.

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Corporate KPIs

Energy efficiency

Consumption of hydrocarbons, mostly natural gas, for the ammonia production process is both Yara’s main variable cost and driver of GHG emissions. Energy efficiency improvements come with a dual bottom line and climate benefit, and it is expressed as GJ consumed per tonne ammonia produced. The indicator cover 49% of the Tringen plant, while Cubatão and Babrala are out of scope. Data including these sites are available in the Sustainability report.

GHG intensity

The GHG intensity KPI is defined as tonnes emissions of CO₂e per tonne nitrogen in Yara’s own produced products. The CO₂e emissions include scope 1, scope 2 (electricity consumption) and emissions from production of Yara’s third-party ammonia consumption. Information on transportation and other scope 3 emissions is found in the Sustainability report. The KPI is to reduce the carbon intensity by >10% from 2018 to 2025. Our ambition is to become climate neutral by 2050.

GHG scope 1 + 2 emissions

On top of the intensity KPI, Yara in 2020 established an additional climate KPI; to reduce the absolute scope 1 + 2 emissions by 30% by 2030 from a 2019 baseline.

	2020	2019	2018	2017	2016	Unit of measure	
Planet indicators	Energy consumption	279	285	301	266	273	PJ
	Emissions to air: NO _x	8,300	8,500	9,400	7,800	7,600	tonnes NO ₂
	Emissions to air: SO _x	2,100	2,100	2,800	2,000	2,000	tonnes SO ₂
	Dust	2,800	2,500	3,900	3,400	4,200	tonnes
	Raw materials: Natural gas	239,061,933	249,258,646	245,429,308	219,982,380	227,708,686	MMBtu
	Raw materials: Phosphate	2,046,221 ²⁾	1,758,096	1,532,427	1,676,671	1,492,123	tonnes P2O5
	Raw materials: Potash	2,356,358	2,057,282	2,143,023	2,302,813	2,352,442	tonnes K2O
	Water withdrawal	906	947	913	783	851	million m ³
	Of which in water stressed areas	2%	2%	3%	4%	3%	%
	Sites in flood hazard areas	15	15	15 ¹⁾	11	11	# of sites
	Environmental provisions	76	77	75	48	37	USD million
	Fines and penalties for environmental breaches	340,500	229,000	300,000	146,000	115,000	USD
	Green revenues	43	38	n.a.	n.a.	n.a.	%
	Green investments	64	77	n.a.	n.a.	n.a.	%

1) Babrala and the three Cubatão sites included 2018 onwards

2) The scope of products covered has been expanded for the 2020 figure, which is therefore not directly comparable to previous years.

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Hectares under management

Knowledge transfer to farmers is a lever which can contribute to multiple benefits, including improved productivity, farmer income and environmental performance. Yara is establishing its digital farm services, and until 2020 the performance is reported as Hectares owned by farmers, who have registered them in our digital tool(s). The 2025 KPI is measured as millions of Ha under active management, which adds an activity qualifier to the indicator. As of Q1 2021 the reporting of the indicator will be updated in accordance with the new definition.

Performance indicators

Energy consumption

Consumption of hydrocarbons, mostly natural gas, is both the main feedstock and the main energy source supporting the ammonia production process.

Emissions to air

The main emissions to air from fertilizer plants and phosphate mines are nitrogen oxides, sulphur oxides, ammonia, fluorides, and dust. More details are available in the Sustainability report.

Raw materials consumption

Ammonia is produced from nitrogen from the air reacting with hydrogen, mostly harvested from natural gas. Yara also sources phosphorous and potash, e.g. for NPK fertilizers. Yara also owns and operates two phosphorous mines.

Water withdrawal

The total withdrawal figure is given here. In Yara's production, water is primarily used for cooling purposes. Thus, over 90% the water that Yara withdraws is returned to the water course.

Water withdrawal in water stressed areas

Yara's plants are located across several continents and operate under highly variable environments. Our sites have undergone an initial water risk screening using the WRI Aqueduct water risk atlas tool. The figure presents percentage of water withdrawals which occur in areas of high or extremely high baseline water stress. Further analysis is ongoing through 2021.

Sites in flood hazard areas

Our sites have undergone an initial water risk screening using the WRI Aqueduct water risk atlas tool. The figure presents the number of major sites which are located in areas at risk of flooding. Further analysis is ongoing through 2021.

Environmental provisions

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

Fines and penalties

Total sum of fines and other penalties for environmental breaches. If any severe cases over a materiality threshold of USD 5 million are identified, a description is available in the separate Sustainability report.

Green revenues

In preparation for the EU Taxonomy requirements for disclosures, Yara has engaged Cicero Green to assess the 'greenness' of our revenues. For ammonia and nitric acid plants, the EU Taxonomy GHG emissions thresholds have been utilized in the analysis. For remaining parts of the revenues, the Cicero Shades of Green methodology has been applied. The resulting figure is not an EU Taxonomy compliant disclosure.

Green investments

In preparation for the EU Taxonomy requirements for disclosures, Yara has engaged Cicero Green to assess the 'greenness' of our CAPEX. For ammonia and nitric acid plants, the EU Taxonomy GHG emissions thresholds have been utilized in the analysis. For remaining parts of the CAPEX, the Cicero Shades of Green methodology has been applied. The resulting figure is not an EU Taxonomy compliant disclosure.

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Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

Product portfolio exposure to regulatory changes

Yara has a low risk appetite for exposure to incompliance to regulatory requirements impacting the product portfolio in our value chain, and proactively seeks to reduce exposure to impact on operational, commercial, financial and security areas. Yara will proactively liaise with regulatory bodies in order to adapt and adhere to stricter regulations.

Environmental exposure from operations or products

Yara strives to be best in class compared to industry peers and is committed to explore and promote the highest standards of environmental responsibility and has a low risk appetite for causing damage to the environment as a result of our operations or products.

Risk factors

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.

Planet risks	Factor	Mitigation
Natural disasters	Yara's production and logistics operations and warehouses 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 safety for our operational assets.
Environmental risks and regulatory framework on production/ application of nitrogen fertilizer	Environmental, including climate, exposure create strategic risks for Yara's license to operate. There is an increasing trend of stricter governmental regulations impacting production, (e.g. Emission trading system in Europe and stricter limits of emissions to air and water across the world) and application of fertilizer related both to the environmental aspects and safety of handling and applying fertilizer. These regulations could have a substantial impact on Yara's earnings.	Yara continuously discuss and participate in various arenas to understand and influence existing and ongoing new regulations affecting our business. The risk is primarily mitigated by contact with governmental bodies to ensure that balanced information is available to reach optimal solutions. Yara continuously discuss with the EU regarding 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. On existing assets, Yara has established rigid management systems and policies to manage the environmental impacts of our operations and to reduce exposure. Moving forward, resources are allocated to develop new technologies and business models to meet the expected environmental and climate requirements.

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Planet risks	Factor	Mitigation
Climate risks	Climate change pose both up and downside risks for the company. Climate risks are related to our markets, operational risks linked to our assets, in addition to the supply chain/ infrastructure risks. Climate change leads to societal processes which may pose transition risks such as market preferences, legislation and technology. The European Green deal aims for the EU to be climate neutral by 2050, supported by additional regulatory actions such as the ETS. This transition to a climate-neutral society is both an urgent challenge and an opportunity, with a potential downside market risk and risk for stranded assets. The societal aspects are as much opportunities as risks.	Yara's investments into assets are evaluated against extreme weather events. Through stakeholder dialogues, Yara promotes low carbon solutions, life cycle perspectives and resource smart solutions. As a materially important topic, climate is one of the focus areas of Yara's business development and strategy processes, where we aim to provide knowledge-based solutions. Efforts include resource optimization and reducing carbon footprints in agriculture, green ammonia projects and digital solutions, which are well-suited to support EU ambitions for reduced emissions. Yara supports the continuation of the ETS system and its free allowances as the best approach to mitigate carbon leakage risk. Yara also advocates the possible introduction of more instruments, that should provide certainty for low-carbon investments of the company and would avoid market distortions.

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Prosperity

Yara has performed well during 2020 delivering improved capital returns, as lower gas prices, increased deliveries of premium products and a stronger US Dollar have offset weaker commodity prices and slightly higher underlying fixed cost.

Yara's industry fundamentals are robust, as the twin challenges of resource efficiency and environmental footprint require significant transformations within both agriculture and the hydrogen economy. Yara's leading food solutions and ammonia positions are well placed to both address and create business opportunities from these challenges.



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“I’m confident we can replicate the improvement we’ve seen in Trinidad and Tertre, enabling us to hit our 2023 improvement targets.”

Pål Hestad
EVP Yara Global Plants and Operational Excellence



+50,000
tons/year ammonia
production

CASE

Cracking the reliability code

For years Yara’s Tringen plant in Trinidad has struggled with recurring issues causing production losses. Now they’re turning it around with our targeted reliability program.

Since 2019 Tringen unit 1 has added around 50,000 tonnes/year of ammonia production ¹⁾ without any significant investment in infrastructure. This has been achieved through Yara’s targeted reliability program for underperforming units (RCIP), which builds on the Yara Productivity System (YPS).

RCIP pilots were recently completed at the plants in Tringen and Tertre (Belgium) with the full program now being rolled out to other plants including Pilbara, Cubatao and Ambes.

Both pilot plants have increased their Overall Equipment Effectiveness (OEE) by double digits since implementing the program, something EVP Yara Global Plants and Operational Excellence, Pål Hestad, believes can be repeated at other sites.

“There’s still significant potential to improve the reliability of our existing plants,” says Pål. “I’m confident we can replicate the improvement we’ve seen in Trinidad and Tertre, enabling us to hit our 2023 improvement targets.”

Fix it forever to stop forever fixing

The RCIP program helps plants eliminate complex recurring issues

¹⁾ This volume increase relates to the whole of Tringen 1, of which Yara has 49% ownership.

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YARA IMPROVEMENT PROGRAM (YIP)

Delivering on YIP 2.0 by 2023 through:

- More volumes from our existing plants by improving reliability
- Reduced spend on consumption factors, such as energy, through better reliability and new technology
- Reduced variable unit cost through scale, advanced category management, and collaboration
- Reduced fixed costs through standardization and scale benefits
- Improved commercial effects by more targeted offerings and channel development

through root cause problem solving, among other techniques.

One such issue at Tringen involved a critical fan, which occasionally failed and brought the plant down with it. Each time this occurred, plant operators would replace the fan and get the plant back online.

But while their quick action minimized downtime, it didn't solve the underlying issue. And the losses added up over time. Seeking a permanent solution, this issue was targeted with RCIP.

Rather than reacting and solving the symptom, the team at Tringen used root cause problem solving, and found a multi-barrier approach to eliminate the issue for good, including a design simplification, a change in the operational response to the fan and replacing an old cable.

These changes mean higher uptime and increased output at a time when favorable market conditions mean every extra ton will secure an attractive price.

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Yara's full-year 2020 EBITDA excluding special items was at the same level as the previous year, as lower prices were off-set by lower energy cost and improved product mix.

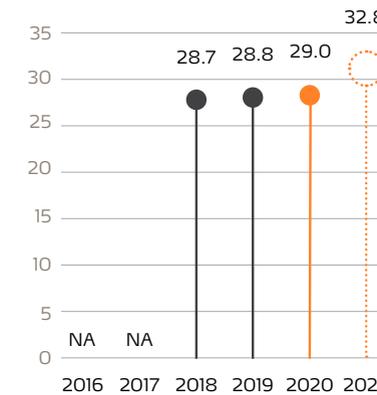
Delivering improved operations & superior profits

1) Production output measured on rolling 12 months, adjusted for major turnarounds and market optimization effects. Adjustments are done to better reflect the underlying production performance. Numbers exclude Qafco and Lifeco volumes. 2018 baseline includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects.

Production output ¹⁾

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

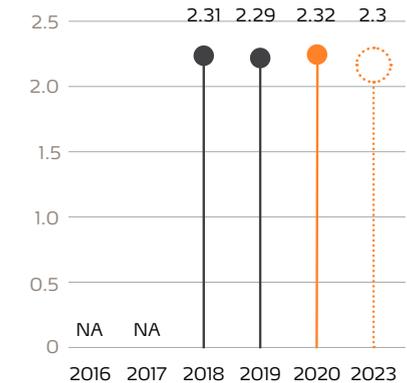
2023 target: 32.8 million tonnes



Fixed cost ²⁾

Fixed cost in billion USD. Total fixed cost adjusted for portfolio and currency effects

2023 target: < USD 2.3 billion



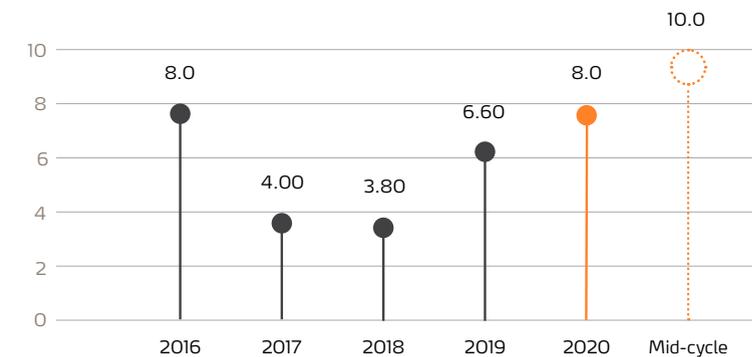
Creating sustainable returns

2) See [page 249](#) for definitions, explanations and reconciliations of alternative Performance Measures (APMs).

ROIC ²⁾

Return on invested capital reflect the value created for shareholders

Mid-cycle target: > 10%



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Yara’s full year 2020 EBITDA excluding special items ¹⁾ was in line with a year earlier as lower gas prices, increased deliveries of premium products and a stronger US Dollar were offset by weaker commodity prices and slightly higher underlying fixed cost.

Europe’s full year EBITDA excluding special items was 7% lower than a year earlier as lower feedstock costs for ammonia and natural gas were offset by lower realised prices.

Americas full year 2020 EBITDA excluding special items was 5% lower than a year earlier, as higher premium product deliveries and lower fixed costs were offset by lower upgrading margins on urea and phosphates.

Africa & Asia’s full year 2020 EBITDA excluding special items was 75% higher than a

ESG rating

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

MSCI

	2020	2019	2018	2017	2016
Score	BBB	BB	BBB	BBB	BBB

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

Disclaimer statement

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

Sustainalytics

	2020	2019	2018	2017	2016
Score	24.8 Medium	28.4 Medium	30.8 High	n/a n/a	n/a n/a

Sustainalytics risk ratings are shown as higher figures presenting higher residual ESG risks. Risk brackets are 0-10: Negligible, 10-20: Low, 20-30: Medium, 30-40: High, 40+: Severe. Yara is ranked as the top performer in the Agri-chemicals subindustry group.

year earlier reflecting increased deliveries of premium products and ramp-up of Pilbara TAN plant in Australia.

Global Plants & Operational Excellence (GPOE) full year 2020 EBITDA excluding special items was 7% lower than a year earlier mainly due to the QAFCO portfolio effect, as lower gas costs were otherwise offset by lower commodity prices and higher fixed costs.

Industrial Solutions’ full year 2020 EBITDA excluding special items was 13% higher than a year earlier reflecting improved commercial margins. Challenging market situation for Maritime throughout the year, while demand for industrial nitrogen was negatively impacted by Covid-19.

1) See [note 2.3](#) Segment information on [page 126-132](#) and special items on [page 65](#).

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Financial highlights ¹⁾

USD millions, except where indicated otherwise

	2020	2019	2018	2017	2016
Revenue and other income	11,728	12,936	13,054	11,400	11,597
Operating income	1,176	989	402	457	1,043
EBITDA ²⁾	2,223	2,095	1,523	1,348	1,854
EBITDA ²⁾ excl. special items	2,161	2,165	1,525	1,430	1,719
Net income attributable to shareholders of the parent	691	599	159	477	756
Basic earnings per share ³⁾	2.58	2.2	0.58	1.75	2.76
Basic earnings per share excl. foreign currency translation and special items ³⁾	3.08	3.09	1.68	1.83	2.44
Net cash provided by operating activities	2,047	1,907	756	791	1,676
Net cash provided by/(used in) investing activities	248	(1,044)	(2,000)	(1,338)	(1,267)
Net debt/equity ratio	0.36	0.42	0.43	0.25	0.17
Net debt/EBITDA excl. special items (last 12 months) ratio	1.36	1.72	2.49	1.66	0.86
Average number of shares outstanding (millions)	268.0	272.3	273.2	273.2	273.5
Return on invested capital (ROIC)	8.00%	6.60%	3.80%	4.00%	8.00%

1) See [page 249](#) for definitions, explanations and reconciliations of Alternative Performance Measures (APMs).

2) EBITDA 2018 and before not adjusted by IFRS 16

3) USD per share. Yara currently has no share-based compensation programs resulting in a dilutive effect on earnings per share.

Key statistics

USD millions, except where indicated otherwise

	2020	2019	2018	2017	2016
Ammonia	7,606	8,479	8,305	7,459	7,504
Finished fertilizer and industrial products, excl. bulk blends	21,048	22,060	21,887	20,203	19,497
Yara deliveries (thousand tonnes) ¹⁾					
Ammonia trade	1,966	2,527	2,478	n/a	n/a
Fertiliser	29,045	27,620	27,869	n/a	n/a
Industrial product	7,086	7,837	8,272	n/a	n/a
Total deliveries	38,097	37,983	38,619	n/a	n/a
Yara's Energy prices (USD per MMBtu)					
Global weighted average gas cost	3.8	4.7	6.2	5.0	5.0
European weighted average gas cost	3.6	5.4	8.3	6.1	6.1

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

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Market information

Average of publication prices		2020	2019	2018	2017	2016
Urea granular (fob Egypt)	USD per tonne	246	263	274	243	218
CAN (cif Germany)	USD per tonne	191	226	226	207	198
Ammonia (fob Black Sea)	USD per tonne	204	240	288	259	243
DAP (fob US Gulf)	USD per tonne	314	356	415	348	354
Phosphate rock (fob Morocco)	USD per tonne	80	91	89	91	112
European gas (TTF)	USD per MMBtu	3.0	4.8	7.9	5.6	4.5
US gas (Henry Hub)	USD per MMBtu	2.0	2.7	3.1	3.0	2.4
EUR/USD currency rate		1.1	1.1	1.2	1.1	1.1
USD/BRL currency rate		5.1	3.9	3.6	3.2	3.5

Improvement Program

Yara launched an extended improvement program at its Capital Markets day on June 26 2019, following solid improvements achieved in the previous three years. As part of this, Yara moved to reporting operational metrics on a rolling 12-months (L12M) basis to better reflect underlying performance.

On a rolling 12-month basis, underlying production of ammonia and finished fertilizers increased by 115 thousand tonnes compared to 2019, as improvements during the year were

partially offset by the closure of the Trinidad plant.

Improvement of Energy Efficiency compared to the previous year is mainly driven by the closure of Yara Trinidad.

Fixed Costs are slightly higher than 2019 but on track to achieve the 2023 ambition level of keeping nominal costs flat.

Net Operating Capital days have improved by two days compared to 2019, and remains a priority.

	2020	2019	2018
Production - ammonia (kt) ¹⁾	7,696	7,772	7,850
Production - finished products (kt) ¹⁾	21,258	21,067	20,870
Energy Efficiency (GJ/T) ²⁾	33.2	33.7	34.1
Fixed Costs (USD millions) ³⁾	2,322	2,291	2,314
Net operating capital (days) ³⁾	113	115	104

1) Production output measured on rolling 12 months, adjusted for major turnarounds and market optimization effects. Adjustments are done to better reflect the underlying production performance. Numbers exclude Qafco and Lifeco volumes. 2018 baseline includes growth and debottleneck projects already communicated, and is adjusted related to Galvani and Pardies portfolio effects.

2) Energy Efficiency (GJ/t) looks at the L12M total energy consumption per tonne ammonia produced.

3) For definitions of Fixed cost and Net operating capital days, refer to [page 253](#) in the APM section.

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Income tax

The tax cost for the year 2020 is USD 160 million, which is approximately 19% of income before tax. The tax rate in 2020 is positively impacted by a tax-exempt gain from the sale of Yara's 25% stake in QAFCO and by realized taxable losses when restructuring the corporate holding structure. The effective tax rate for 2019 was approximately 27%, which was negatively impacted by a non-recurring provision related to an ongoing tax dispute. See [note 2.8](#) to the Financial Statements for more information.

Net interest-bearing debt

As a supplement to the consolidated statement of cash flows ([page 116](#)), this table highlights the key factors behind the development in net interest-bearing debt. Net interest-bearing debt at the end of 2020 was USD 2,930 million, down from USD 3,725 million at the end of 2019. The cash earnings, positive change in net operating capital and proceeds from sale of equity accounted investee more than offset net investments, dividends, buy backs and new leases. Net investments for the year 2020 amounted at USD 752 million, including USD 769 million of capital expenditures, partly offset by cash inflows from investments of USD 17 million. Growth investments include USD 155 million related to Rio Grande and Salitre projects in Brazil. Of the remaining investments, the majority was regular maintenance investments in Yara's production system. The proceeds from the sale of equity-accounted investees had a positive cash effect of USD 1,000 million. During 2020, Yara paid out dividends and purchased own shares for a total of USD 1,235 million. The debt/equity ratio at the end of 2020, calculated as net

interest-bearing debt divided by shareholders' equity plus non-controlling interests, was 0.36 compared with 0.42 at the end of 2019. At the end of 2020, the net debt/EBITDA excl. Special items (last 12 months) ratio is 1.4, down from 1.7 at the end of 2019

Net interest-bearing debt

USD millions	2020
Net interest-bearing debt at beginning of period, including IFRS 16 implementation effect	(3,725)
Cash earnings ¹⁾	1,653
Dividends received from equity-accounted investees	9
Net operating capital change	265
Investments (net)	(752)
Proceeds from sale of equity-accounted investee	1,000
Yara dividend and buy-backs	(1,235)
New leases ²⁾	(117)
Other, including foreign currency translation gain/(loss)	(29)
Net interest-bearing debt at end of period	(2,930)

1) Operating income plus depreciation and amortization, minus tax paid, net gain/(loss) on disposals, net interest expense and bank charges.

2) New lease arrangements in scope for IFRS 16 increase the net interest-bearing debt without having an immediate cash impact

Variance analysis

USD millions	2020
EBITDA 2020	2,223
EBITDA 2019	2,095
Reported EBITDA variance	128
Special items variance (see page 65 for details)	132
EBITDA variance ex special items	(4)
Volume/Mix	123
Price/Margin excluding energy	(362)
Energy price	269
Currency translation	98
Other	(132)
Total variance explained	(4)

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Financial items

Full-year net financial expense was USD 95 million higher than a year earlier. The variance is primarily explained by a higher net foreign currency translation loss this year, especially during first quarter. Interest expense for the full year was USD 22 million lower than a year earlier, driven by lower gross interest-bearing debt and reflecting that interest on taxes for prior periods was included in the amount reported last year. The foreign currency translation loss this year of USD 243 million comprised a loss of USD 86 million on the US dollar denominated debt positions and a loss of USD 157 million on internal positions in other currencies. A year earlier, the US dollar debt positions and the internal positions contributed almost equally to the reported net loss.

Liquidity

At the end of 2020 Yara had USD 1,363 million in cash and cash equivalents, and USD 2,270 million in undrawn committed bank facilities. We consider the company's cash and financial position to be strong.

Board conclusion

In the opinion of the Board of Directors, the consolidated financial statements provide a true and fair view of the group's financial performance during 2020 and financial position on 31 December 2020. 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.

Financial items

USD million	2020	2019	2018	2017	2016
Interest income	61	74	78	75	82
Dividends and net gain/(loss) on securities	1	2	3	2	4
Interest income and other financial income	62	76	81	77	87
Interest expense	(135)	(157)	(127)	(57)	(85)
Net interest expense on net pension liability	(5)	(9)	(7)	(8)	(8)
Net foreign currency translation gain/(loss)	(243)	(145)	(278)	99	14
Other	(25)	(15)	(19)	(17)	(15)
Interest expense and foreign currency translation gain/(loss)	(408)	(327)	(431)	17	(94)
Net financial income/(expense)	(346)	(251)	(350)	94	(7)

Production volumes

Thousand tonnes	2020	2019	2018	2017	2016
Ammonia	7,606	8,479	8,305	7,459	7,504
of which equity-accounted investees	181	1,000	1,039	1,061	1,033
Urea	5,175	6,419	6,327	5,257	5,167
of which equity-accounted investees	268	1,504	1,517	1,573	1,536
Nitrate	6,472	6,225	6,136	6,173	6,044
NPK	6,104	5,697	5,736	5,504	4,891
CN	1,640	1,543	1,623	1,511	1,379
UAN	959	974	835	931	909
SSP-based fertilizer	647	1,087	1,115	822	1,106
MAP	51	115	116	-	-
Total Finished Products ¹⁾	21,048	22,060	21,887	20,199	19,497

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Deliveries (detailed table)

Thousand tonnes	2020	2019	2018
Yara deliveries			
Ammonia trade	1,966	2,527	2,478
Fertiliser	29,045	27,620	27,869
Industrial Product	7,086	7,837	8,272
Total deliveries	38,097	37,983	38,619
Crop Nutrition deliveries			
Urea	6,042	5,909	5,970
Nitrate	5,775	5,412	5,425
NPK	10,574	9,943	10,360
of which Yara-produced compounds	6,140	5,618	5,501
of which blends	3,749	3,801	4,412
CN	1,433	1,237	1,239
UAN	1,405	1,287	1,182
DAP/MAP/SSP	1,014	1,096	1,321
MOP/SOP	1,473	1,326	1,164
Other products	1,328	1,411	1,209
Total Crop Nutrition deliveries	29,045	27,620	27,869
Europe deliveries			
Urea	1,009	796	860
Nitrate	4,334	4,057	4,128
NPK	2,769	2,714	2,673
of which Yara-produced compounds	2,632	2,555	2,500
CN	446	393	380
Other products	1,558	1,492	1,389
Total deliveries Europe	10,116	9,452	9,430

1) Pure product equivalents.

2) Including AN Solution.

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

Thousand tonnes	2020	2019	2018
Americas deliveries			
Urea	2,692	2,615	2,488
Nitrate	1,196	1,117	1,105
NPK	6,070	5,687	6,138
of which Yara-produced compounds	2,056	1,797	1,699
of which blends	3,376	3,441	4,057
CN	801	679	690
DAP/MAP/SSP	912	1,014	1,247
MOP/SOP	1,386	1,233	1,073
Other products	1,050	1,115	936
Total deliveries Americas	14,108	13,461	13,677
of which North America	3,316	3,254	3,026
of which Brazil	8,813	8,438	8,474
of which Latin America ex Brazil	1,979	1,769	2,177
Africa & Asia deliveries			
Urea	2,341	2,497	2,621
Nitrate	245	237	192
NPK	1,735	1,542	1,549
of which Yara-produced compounds	1,453	1,266	1,302
CN	186	166	168
Other products	314	264	232
Total deliveries Africa & Asia	4,821	4,707	4,762
of which Asia	3,652	3,525	3,743
of which Africa	1,169	1,182	1,019
Industrial Solutions deliveries			
Ammonia ¹⁾	543	625	699
Urea ¹⁾	1,577	1,792	2,321
Nitrate ²⁾	1,069	1,146	1,121
CN	348	434	412
Other products ³⁾	1,944	2,028	1,967
Water content in industrial ammonia and urea	1,605	1,811	1,752
Total Industrial Solutions deliveries	7,086	7,837	8,272

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Special items

USD million	Fixed cost effect		EBITDA effect		Operating income effect	
	2020	2019	2020	2019	2020	2019
Environmental provisions	1	(9)	1	(9)	1	(9)
Impairment of non-current assets	-	-	-	-	(25)	(27)
Scrapping of project development and provision for demolition	(1)	-	(6)	-	(5)	-
Additional bonus to employees	(4)	-	(4)	-	(4)	-
Total Europe	(4)	(9)	(9)	(9)	(34)	(36)
Environmental provisions	(4)	(2)	(4)	(2)	(4)	(2)
Impairment of non-current assets	-	-	-	-	(3)	(11)
Provision related to closure of plant	4	(24)	4	(24)	4	(26)
Additional bonus to employees	(7)	-	(7)	-	(7)	-
Total Americas	(7)	(26)	(7)	(26)	(10)	(39)
Impairment of non-current assets	-	-	-	-	(2)	(3)
Contract derivatives gain/(loss)	-	-	14	14	14	14
Damaged inventory	-	-	-	3	-	3
Additional bonus to employees	(2)	-	(2)	-	(2)	-
Total Africa & Asia	(2)	-	12	16	10	14
Contract derivatives gain/(loss)	-	-	-	(1)	-	(1)
Gain on sale of Qafco	-	-	97	-	97	-
Provision for fuel taxes	-	-	1	(32)	1	(32)
Additional bonus to employees	(2)	-	(2)	-	(2)	-
Total Global Plants & Operational Excellence	(2)	-	97	(33)	97	(33)
Impairment of non-current assets	-	-	-	-	-	(3)
Dismantling provision for closed site	-	(8)	-	(8)	-	(6)
Release of provision related to discontinuation of pilot plant	-	3	-	3	-	3
Additional bonus to employees	(2)	-	(2)	-	(2)	-
Total Industrial Solutions	(2)	(6)	(2)	(6)	(2)	(6)
Impairment of non-current assets	-	-	-	-	(15)	-
Action Africa	(20)	-	(20)	-	(20)	-
Portfolio management costs	(7)	(13)	(7)	(13)	(7)	(13)
Additional bonus to employees	(2)	-	(2)	-	(2)	-
Total Other and Eliminations	(28)	(13)	(28)	(13)	(44)	(13)
Total Yara	(44)	(53)	62	(70)	17	(113)

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Risk appetite

Risk appetite is broadly defined as the level of risk an entity deems acceptable in the pursuit of overall goals. Determined by the Board, these risk appetite statements set boundaries for strategic initiatives, guide resource allocation and aid decision-making within the company.

Bribery, corruption and competition law exposure

We are committed to upholding high standards for human rights, ethical and lawful conduct across the organization in relation to business partners, investors, regulatory authorities and society at large. We have zero tolerance for bribery, corruption and violation of competition law.

Phosphate rock sourcing exposure

Securing key raw materials for our fertilizer production is crucial for our production plants. The demand for raw materials is covered by our own pro-

duction as well as sourcing from third parties. Yara has a low risk appetite and seeks opportunities to diversify external supply options and increase production of phosphate rock.

JV ownership structure exposure – new entries

When entering into new JVs, Yara has a low risk appetite for minority equity positions and will only engage in JVs provided that agreements are commercially attractive, secure acceptable governance standards, policies and procedures, and financial control for Yara. Yara will only enter into new JVs where we are confident that we can bring Ethics & Compliance and HESQ standards to an acceptable level.

Production reliability exposure

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 jurisdiction compliance exposure
Within the framework of tax laws and regulations we optimize our tax cost in the same way as other costs. Yara does not pursue tax solutions without existence of commercial purpose and is committed to a transparent management of tax.

Long term credit rating downgrade exposure

Yara believes 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.

Exposure to non-USD currencies

We have a low risk appetite for expo-

sure related to financial risk not derived from the underlying business. Yara has a low to moderate risk appetite for economic currency exposure optimizing the cost of hedging with estimated currency movements. Limits for economic exposure are set per currency and on a country basis.

Risk factors

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.

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Prosperity risks	Factor	Mitigation
Corruption risk	Corruption appears in many forms throughout the world, usually in the form of “improper advantages”. With operations in over 60 countries Yara is exposed to countries, markets and counterparts with varying ethical standards and business conduct. Corruption poses both compliance and reputational risks to Yara and our business partners.	Our zero-tolerance stance on bribery and corruption is systematically implemented and communicated throughout our organization and to business partners through policy commitments, trainings and awareness raising. Yara’s Ethics and Compliance department coordinates and oversees the company’s work in this area through Yara’s Compliance Program. Yara’s Integrity Due Diligence process is defined to identify and mitigate risks related to business partners on various topics, including corruption, human rights and labor rights. Our whistle-blowing channels allow employees, consultants and third parties to raise concerns anonymously.
Production reliability	Production unreliability and irregularities may result in lost volumes and contribution. Increased plant reliability is a key driver of organic growth in our production system.	We actively seek to increase plant reliability and minimize irregularities by refining and implementing companywide technical and operational standards along with best practices for operations, maintenance and turnarounds, and through continuous investments in process safety. Employees undergo extensive training and risk awareness programs, and process safety and productivity are subject to frequent and regular audits. Yara’s company-wide Improvement Program focuses on improving cost, reliability and operational efficiency.
Supply chain disruptions	Yara’s ability to produce and supply markets with products can be impacted negatively by disruptions in our supply chain,	Yara has centralized functions as well as local operations, for management of in- and outbound supply chains securing raw materials to our production units and supply of products to the markets. Yara is operating globally and we have flexibility and measures built into our business model to adjust for potential irregularities.
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. 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 non-performance of counterparties.	Credit risk is monitored and managed by the business units and expert organizations on the basis of standard Yara policy, procedures and regular reporting. Yara has a well-established system for credit management, with defined exposure limits at customer, financial institution and country level. A number of instruments, such as credit insurance, letters of credit and bank guarantees, are deployed to mitigate credit risk. Yara’s geographically diversified portfolio reduces the overall credit risk of the group.

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Prosperity 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 depending 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.

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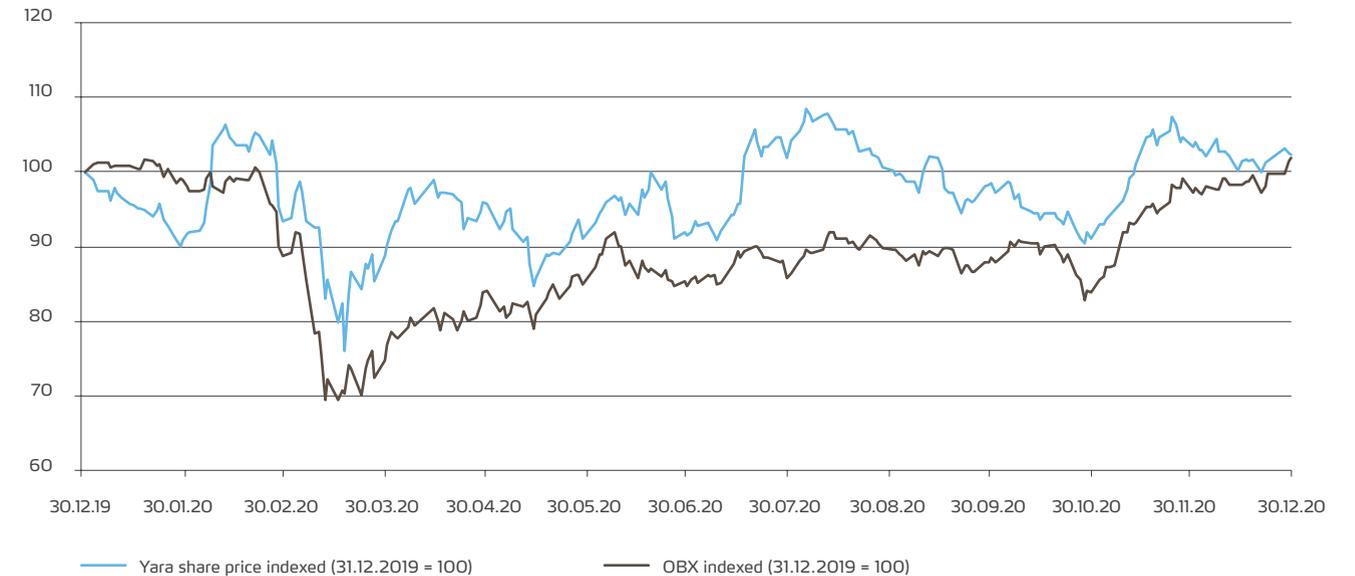
The Yara share

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.

Share performance and distribution

In 2020, 191 million shares were traded on the OSE at a value of NOK 64 billion. The average daily trading volume for Yara shares on the OSE during 2020 was 759,519. The highest closing price during the year was NOK 377.57 and the lowest was NOK 264.74. The year-end closing price was NOK



Common share data

	Q1	Q2	Q3	Q4	2020	2019
Basic earnings per share	(0.43)	0.84	0.27	0.73	2.58	2.2
Average number of shares outstanding ¹⁾	270,494,236	268,760,982	267,905,871	264,818,040	267,985,860	272,319,232
Period end number of shares outstanding ¹⁾	269,678,611	268,132,237	266,804,276	263,001,109	263,001,109	271,040,624
Average daily trading volume ²⁾	997,431	830,528	590,788	628,097	759,519	,580,521
Average closing share price	329	327	349	345	338	373
Closing share price (end of period)	314	318	343	356	356	365
Closing share price high	370	348	378	378	378	419
Market capitalization (end of period NOK billion)	85.5	85.3	91.9	95.5	95.5	99.5
Dividend per share ³⁾				18	38	15
Dividend yield ⁴⁾					10.7%	4.3%
Total shareholder return ⁵⁾					9.4%	10.0%

1) Excluding own shares

2) Only traded on OSE

3) Including 20 NOK per share proposed for 2020 and 18 NOK per share additional dividend paid 4Q 2020

4) Based on 31 December share price

5) Measured in US dollars

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356.00, representing a 2% increase from the 2019 year-end closing price. Yara’s 2020 total shareholder return (TSR) was 9.4% measured in US dollars, with dividends reinvested. Yara’s market value as of 31 December 2020 was NOK 93.6 billion.

At year-end 2020 Yara had 47,417 shareholders. Non-Norwegian investors owned 39.9% of the total stock, of which 16.3% were from the United States and 6.0% from the United Kingdom. The Norwegian State, through the Ministry of Trade and Industry, is the largest single owner with 36.2% of the shares. Norwegian private ownership of Yara shares was 23.9% at the end of 2020.

Shareholding distribution

(as of 31 December 2020)

Ownership structure:

No of shares	No of shareholders	% of share capital
1-100	24,838	0.3%
101-1,000	13,588	1.7%
1,001-10,000	2,609	2.9%
10,001-100,000	585	7.2%
100,001-1,000,000	189	22.4%
above 1,000,000	31	65.5%
Total	41,840	

Shareholding distribution ¹⁾

(as of 31 December 2020)

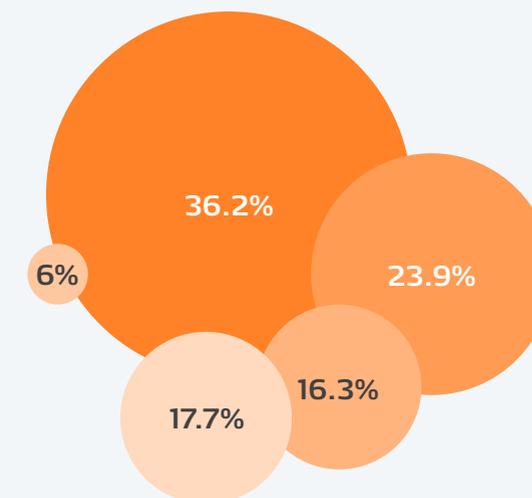
Ownership structure:

Name	Holding (%)
Ministry of Trade, Industry and Fisheries	36.2
Norwegian National Insurance Scheme fund	7.1
Sprucegrove Investment Management, Ltd.	2.8
The Vanguard Group, Inc.	2.0
BlackRock Institutional Trust Company, N.A.	1.9
Polaris Capital Management, LLC	1.7
Storebrand Kapitalforvaltning AS	1.4
DNB Asset Management AS	1.4
Tempelton Investment Council, L.L.C	1.3
KLP Forsikring	1.2
Fidelity Management & Research Company	1.2
State Street Global Advisors (US)	1.1
Arrowstreet Capital, Limited Partnership	1.1
Handelsbanken Asset Management	1.0
Nordea Funds Oy	1.0
Ruffer LLP	0.9
UBS Asset Management (UK) Ltd.	0.9
INVESCO Asset Management Limited	0.8
SAFE Investment Company Limited	0.8
Alfred Berg Kapitalforvaltning AS	0.7
Danske Invest Asset Management AS	0.6

1) This shareholder list is delivered by Nasdaq and VPS through their service Nominee ID. The list is made by analyzing information provided by registered shareholders on request from Yara International. Neither Nasdaq nor VPS guarantee that the information is complete. For a list of the largest registered shareholders as of 31 December 2020, see [note 11](#) on [page 235](#) in this Integrated Report.

Shareholding distribution¹

(as of 31 December 2020)



- Norwegian state
- Norwegian private
- US
- UK
- Other

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ADR performance and voting rights

Yara has a sponsored level 1 ADR (American Depository Receipt) program in the United States. The ADRs are not listed, but are bought and sold OTC, i.e. through any broker licensed to buy and sell US securities. The ADR ratio is two (2) ADRs to one (1) ordinary Yara share. On 31 December 2020, the ADR was quoted at USD 20.80, a 0.2% increase for the year. To find a recent price quote for Yara ADRs please go to www.adr.com. The ticker symbol is YARIY.

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

Cash distribution policy

Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.6. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as supplemental lever. The dividend pertaining to a fiscal year will be declared at Yara's Annual General Meeting in the following year.

In 2020 Yara paid USD 1,318 million in dividends and share buybacks ¹⁾ representing approximately 224% of net income in 2019. Dividends accounted for USD 926, representing approximately 157% of 2019 net income, while share buybacks ¹⁾ amounted to USD 392 million, representing approximately 67% of 2019 net income.

¹⁾ including the corresponding committed pro-rata redemption of shares from the Norwegian state to be paid after the 2021 Annual General Meeting.

Yara's Board will propose to the Annual General Meeting a dividend payment of NOK 20 per share for 2020, which represents approximately 90% of net income after non-controlling interests totaling a payment of USD 618 million based on outstanding shares at 31 December 2020 and the USDNOK exchange rate at 31 December 2020.

The Yara Annual General Meeting on 7 May 2020 authorized Yara's Board to buy back up to 5% of total shares (13,406,611 shares) before the 2021 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.

2021 Annual General Meeting

The Yara Annual General Meeting will take place at 17:00 (CEST) Thursday 6 May 2021. Information about how shareholders register for the Annual General Meeting will be published on www.yara.com no later than 21 days prior to the event, including information on how to register attendance or vote.

Analyst coverage

23 financial analysts provide market updates and estimates for Yara's financial results, of whom 12 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 and ADR depository bank
Contact details to Yara's registrar in Norway and ADR depository bank can be found on the company's website:

yara.com/investor-relations/share-and-debt-information/registrar-and-auditor/

2021 Dividend schedule

Ex-dividend date
7 May 2021

Payment date
19 May 2021

2021 Release dates

Q1: 23 April 2021
Q2: 16 July 2021
Q3: 20 October 2021
Q4: 8 February 2022

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TCFD REPORTING

External framework guidance

The following indexes provides readers' guidance on how Yara covers TCFD reporting, EU Guidelines on reporting climate-related information and WEF. Stakeholder Capitalism indicators

EU Guidelines and TCFD

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

AR: Yara Integrated Report 2020
SR: Sustainability Report

		Non-Financial Reporting Directive Requirements			
TCFD Recommended Disclosures	Business Model	Policies and Due Diligence Processes	Outcomes	Principal Risks and Their Management	Key Performance Indicators
Governance	a) Board's oversight			AR, Corp Gov	
	b) Management's role			AR, Corp Gov	
Strategy	a) Climate-related risks and opportunities	AR, Strategy		AR, Planet risks AR, Strategy	
	b) Impact of climate-related risks and opportunities	AR, Strategy			
	c) Resilience of the organization's strategy	AR, Strategy			
Risk management	a) Processes for identifying and assessing			AR, Risk management	
	b) Processes for managing			AR, Risk Management AR, Planet risks	
	c) Integration into overall risk management	AR, Strategy AR, Corp Gov		AR, Planet risks	
Metrics & Targets	a) Metrics used to assess				AR, Planet performance
	b) GHG emissions		AR, Planet performance		
	c) Targets		AR, Planet performance		

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TCFD recommended indicators for the chemical industry:

Metric	Reported where	Comment
Revenues/savings from investments in low-carbon alternatives	AR, Planet performance.	Revenues according to Cicero Shades of Green
Expenditures (OpEx) for low-carbon alternatives	n.a.	
Total energy consumed, broken down by source	SR, Planet performance	
Total fuel consumed—percentage from coal, natural gas, oil, and renewable sources	SR, Planet performance	
Total energy intensity	AR, Planet performance	Reported for ammonia
Percent of fresh water withdrawn in regions with high or extremely high baseline water stress	AR, Planet performance	
GHG emissions intensity from buildings and from new construction and redevelopment	n.a.	Not material to Yara
Area of buildings, plants or properties located in designated flood hazard areas	AR, Planet performance	
Investment (CapEx) in low-carbon alternatives	AR, Planet performance	

EU Guidelines on reporting climate-related information

Metric	Reported where	Comment
Scope 1 GHG	AR, Planet performance	
Scope 2 GHG emissions	SR, Planet performance	
Scope 3 GHG emissions	SR, Planet performance	
GHG absolute target	AR, Planet performance	
Energy consumption	AR, Planet performance	
Energy efficiency target	AR, Planet performance	
Renewable energy consumption	SR, Planet performance	
Assets exposed to physical climate risks	AR, Planet risks	Partial disclosure, analysis ongoing
EU Taxonomy disclosures	AR, Planet performance	Partial disclosure according to Cicero Shades of Green
Green Bond Ratio	0%	

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Stakeholder Capitalism metrics

At the CEO level, Yara has committed to implementing the Measuring Stakeholder Capitalism white paper in our reporting. Published by World Economic Forum in September 2020, the white paper was developed on basis of the Davos Manifesto 2020, a declaration on the universal purpose of companies. The process was supported by the International Business Council (IBC) of which Yara’s CEO is a member. Yara’s adoption of the People, Planet and Prosperity dimensions is a first step of implementation.

	Theme	Core metrics	Reported where	Comments
Principles of Governance	Governing purpose	Setting purpose	AR, inside cover	
	Quality of governing body	Governance body composition	AR, Board message	
	Stakeholder engagement	Material issues impacting stakeholders	AR, Stakeholders & Materiality	
	Ethical behavior	Anti-corruption	SR, Prosperity performance	
		Protected ethics advice and reporting mechanisms	SR, Codes, policies and key processes	
	Risk and opportunity oversight	Integrating risk and opportunity into business process	AR, Corp Gov , risks chapters for Strategy and Planet	
Planet	Climate change	Greenhouse gas (GHG) emissions	AR, Planet performance	
		TCFD implementation	Ref. above tables	
	Nature loss	Land use and ecological sensitivity	SR, Planet performance	
	Freshwater availability	Water consumption and withdrawal in water-stressed areas	AR, Planet performance	
People	Dignity and equality	Diversity and inclusion (%)	AR, People performance	
		Pay equality (%)	SR, People performance	
		Wage level (%)	n.a.	
		Risk for incidents of child, forced or compulsory labour	SR, How we work – Ethic & Compliance	
	Health and well-being	Health and safety (%)	SR, People performance	
	Skills for the future	Training provided (#, \$)	SR, People performance	
Prosperity	Employment and wealth generation	Absolute number and rate of employment	SR, People performance	
		Economic contribution	SR, Prosperity performance	
		Financial investment contribution	AR, Planet performance	Partial disclosure, Cicero Shades of Green
	Innovation of better products and services	Total R&D expenses (\$)	n.a.	
	Community and social vitality	Total tax paid	Separate Country-by-country tax report	Available on yara.com, annual reporting page

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Delivering on our commitment

Yara's Corporate Governance and company processes are set up to diligently oversee, control and manage the company's risks and opportunities. An open and active corporate governance is crucial for aligning the interests of shareholders, management, employees and other stakeholders.

Success can only be celebrated when it is achieved the right way, and our way of conducting business defines who we are as a company. HESQ and Ethics & Compliance make up our license to operate and are integrated in everything we do.

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Governance report



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GOVERNANCE REPORT

Corporate governance

An open and active 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 long-term value creation and promotes sustainable business conduct.

Yara is subject to corporate governance reporting requirements according to the Norwegian Accounting Act, section 3-3b, the Oslo Stock Exchange's Oslo Rulebook II – Issuer Rules, Chapter 4.5, and the Norwegian Code of Practice for Corporate Governance (the “Code”), freely available at www.lovddata.no, www.oslobors.no and www.nues.no, respectively.

This report follows the system used in the Code and forms part of the Report of the Board of Directors.

1. Implementation and reporting of corporate governance

Yara's Board of Directors promotes and supports open and clear communication of the company's key governance and decision processes. Yara's Board of Directors believes that good corporate governance drives long-term value creation and promotes sustainable business conduct. As set out in Yara's Code of Conduct, Yara is committed to transparency and accountability and adheres to international conventions and national legislation where it operates.

Yara complies with the recommendations of the Code with the exception of separate election of each candidate for the Board of Directors and the Nomination Committee. The justification for this deviation and the selected, alternative solution is provided in section 6 below.

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2. Business

Yara grows knowledge to responsibly feed the world and protect the planet, to fulfill its vision of a collaborative society, a world without hunger and a planet respected. To meet these commitments, we have taken the lead in developing sustainable food solutions, including premium crop nutrition products, digital farming tools and close collaboration with partners throughout the food value chain. In addition, we are committed to enabling the hydrogen economy and accelerating the green energy transition, by targeting green ammonia opportunities within shipping, agriculture and industrial applications.

We foster an open culture of diversity and inclusion that promotes the safety and integrity of our employees, contractors, business partners, and society at large.

Founded in 1905 to solve the emerging famine in Europe, Yara has a worldwide presence with about 17,000 employees and operations in over 60 countries. In 2020, Yara reported revenues of USD 11.6 billion. Yara is headquartered in Oslo, Norway, and is listed on the Oslo Stock Exchange.

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

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

The Articles of Association are published in full on the

company's website. More details on Yara's objectives, principal strategies and risk profiles are presented in the Introduction to the Integrated Report and in the Report of the Board of Directors. Yara's objectives, strategies and risk profiles are evaluated at least annually.

Yara provides information on corporate social responsibility in accordance with the Norwegian Accounting Act in the Board of Directors report. Yara has guidelines, principles, procedures and standards in place as referred to in the Accounting Act through its ethical program, and also reports in accordance with the Oslo Stock Exchange's guidance on the reporting of corporate responsibility.

More information about Yara's corporate values, ethical program and sustainability is available on the company's website.

3. Equity and dividends

Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder returns are distributed primarily as cash, with share buybacks as a supplemental lever.

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

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

4. Equal treatment of shareholders and transactions with close associates

Transactions involving the company's own shares, such as the share buy-back program, are executed via the stock exchange at prevailing stock exchange prices, with on-going disclosure via stock exchange releases and the company's own web pages. Share redemptions from the Norwegian State are carried out at the same price terms as for the buy-backs carried out via the stock exchange. Yara may execute buy-backs via external bank mandate subject to “safe harbor” exemptions.

In 2020, there were no significant transactions between the company and related parties, except for ordinary commercial transactions with subsidiaries and non-consolidated investees. These were all based on arm's length market terms.

For the company's related party transactions, the mandatory regulations in the Norwegian Public Limited

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Companies Act (“PLC”) (§§ 3-8 and 3-9) are supplemented by IFRS (International Financial Reporting Standards) standards. Thus, 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 IFRS regulation. Transactions with such entities are subject to specific disclosure and approval requirements.

5. Shares and negotiability

The Articles of Association place no restrictions on the transferability of Yara shares, and the shares are freely negotiable. There are no voting restrictions linked to the shares.

There are no restrictions on the purchase or sale of shares by the Board of Directors and the Executive Management as long as insider regulations are adhered

to. Yara’s Long-Term Incentive Plan requires the Executive Management to use the net amount after tax for the purchase of Yara shares, restricting the sale of such shares for three years following the purchase.

6. General meetings

In accordance with Yara’s Articles of Association and the PLC, the Yara Annual General Meeting ranks at the top of the corporate governance structure. Yara’s Articles of Association §10 require the Annual General Meeting to be held every year before the end of June.

In accordance with the PLC Chapter 5, the Annual General Meeting elects the shareholders’ representatives to the Board of Directors and approves the Financial Statements, the Report of the Board of Directors, and any dividend payment proposed by the Board of Directors. This Corporate Governance Report and the

The Guidelines for remuneration of executive personnel are presented to the Annual General Meeting in accordance with the PLC Chapter 5, see further information regarding the The Guidelines for remuneration of executive personnel in Section 12 below. In accordance with the PLC Chapter 7, the general meeting elects the company’s external auditor and approves the auditor’s remuneration. In accordance with Yara’s Articles of Association §7, the Annual General Meeting elects the Nomination Committee.

The Chair of the Board and the CEO are present at the Annual General Meeting along with the leader of the Nomination Committee and the external auditor. All Board members and members of the Nomination Committee are encouraged to participate at the Annual General Meeting. The Annual General Meeting is required to elect an independent person to chair the

General Meetings in 2020

Yara’s Annual General Meeting (AGM) was held on 7 May 2020 at Yara’s offices in Oslo. In order to reduce Covid-19 risk and in accordance with government recommendations, the shareholders were urged to follow the AGM via live transmission and to exercise their shareholder rights by electronic advance voting or by authorizing the Chair of the Board, rather than attending the AGM physically. The shareholders were informed about this in the AGM notice.

A total of 160,173,900 shares, representing 58.8% of the share capital of the Company, were represented at the meeting. The Chair of the Board, Yara’s external auditor and the Chair of the Nomination Committee were physically present at the meeting,

as well as Yara’s CEO, CFO and General Counsel from the Yara Management Group (now Group Executive Board).

In addition to regular matters, the AGM approved a dividend for 2019 of NOK 15.00 per share, approved a reduction of Yara’s share capital from NOK 463,084,482.90 to NOK 455,824,802.90 related to the executed share buy-back program with subsequent changes to Yara’s Articles of Association §4 regarding share capital, and approved a new Power of attorney to the Board for acquisition of up to 5% (13,406,611 shares) of Yara’s share capital with a total face value of up to NOK 22,791,238.70 in the open market and from the Norwegian State. The AGM also elected six shareholder-elected Board members and four members of the Nomination Committee, all for a period of two years.

Yara also held an Extraordinary General Meeting at Yara’s offices in Oslo on 17 November 2020. Due to Covid-19 and in accordance with Norwegian temporary legislation in force at the time, which exempted companies from physical meeting requirements, the EGM was held as a digital meeting with no physical attendance for shareholders. A total of 156,566,380 shares, representing 58.39% of the share capital of the Company, were represented at the meeting. The Chair of the Board was physically present at the meeting, as well as Yara’s CEO, CFO and General Counsel from the Group Executive Board. The EGM approved an additional dividend of NOK 18.00 per share on the basis of the Company’s annual account for the financial year 2019 and divestment proceeds received during 2020.

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meeting. The minutes of the Annual General Meeting are published on the company's website.

All shareholders are entitled to submit items to the Annual General Meeting agenda, and to meet, speak and vote at the meeting. In accordance with Norwegian corporate law and Yara's Articles of Association §9, shareholders registered in the Norwegian Central Securities Depository ("Verdipapirsentralen") can vote in person or by proxy on each agenda item put forward in the Annual General Meeting. A form for the appointment of a proxy for voting is included in the Annual General Meeting notice, as well as information regarding the person nominated by the company to act as a proxy for shareholders who cannot attend the Annual General Meeting in person. Shareholders registered in the Norwegian Central Securities Depository can also vote electronically in advance on each agenda item put forward in the Annual General Meeting.

The Company has chosen to not follow the Code's recommendation to vote separately on each candidate nominated for election to the Board of Directors and Nomination Committee. This choice is based on the Nomination Committee's process being focused on the combined qualifications and experience of the proposed members of the Board of Directors and the Nomination Committee, and that the voting should therefore also be combined.

The Annual General Meeting notice is sent to all shareholders individually, or to their depository banks, at least 21 days in advance of the meeting. The meeting notice includes information regarding shareholders' rights and guidelines for registering and voting at the

meeting. In accordance with Yara's Articles of Association §9 the due date for shareholders to give notice of their intention to attend the Annual General Meeting shall be no more than five days prior to the Annual General Meeting.

7. Nomination Committee

Yara's Articles of Association §7 states that the company shall have a Nomination Committee consisting of four members elected by the Annual General Meeting, and that the Annual General Meeting approves the procedure for the Nomination Committee. The Nomination Committee nominates the shareholder-elected Board members, 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 contacts major shareholders, the Board of Directors and the CEO as part of its work on candidate proposals. The Nomination Committee also recommends which members the Board should elect as Chair and Deputy Chair.

The Nomination Committee nominates candidates to the Nomination Committee, hereunder the Chair of the Nomination Committee, and proposes remuneration of the Nomination Committee Members to the Annual General Meeting, including the rationale for its recommendations. Members of the Nomination Committee are elected for two-year terms. According to the Nomination Committee procedure, there should be a gradual rotation among the committee members.

The Nomination Committee consists of the following members, all of whom are independent of the Board and Executive Management:

Otto Søberg, Chair (CEO of Eksportkreditt Norge AS)

Thorunn Kathrine Bakke (Director, Norwegian Ministry of Industry, Trade and Fisheries)

Ottar Ertzeid (Group Executive Vice President DNB Markets)

Ann Kristin Brautaset (Deputy Director Equities at Folketrygdfondet (the Norwegian National Insurance Scheme fund))

The contact details of the Chair of the Nomination Committee are available on the company's website, and shareholders with proposals for new Board members are encouraged to send those to the Chair.

The Nomination Committee held 17 meetings in 2020. In 2020, the remuneration to the Chair of the Nomination Committee was NOK 8,200 per meeting prior to the Annual General Meeting and thereafter NOK 8,500 per meeting. The remuneration to the other members of the Nomination Committee was NOK 6,200 per meeting prior to the Annual General Meeting and thereafter NOK 6,400 per meeting.

8. Board of Directors: Composition and independence

In accordance with the PLC § 6-12 the Board of Directors has the overriding responsibility for the management of the company. The Board's role and responsibility is also to supervise the company's day-to-day management and the company's activities in general, cfr. PLC § 6-13. The responsibility for the day-to-day management has been delegated to the CEO as set out

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Yara's Board of Directors in 2020

Until the Annual General Meeting 7 May 2020 the Yara Board of Directors consisted of seven shareholder-elected members and four employee-elected members. Five of the shareholder-elected Board members were re-elected at the Annual General Meeting 2020 (Trond Berger, Kimberly Lein-Mathisen, Håkon Reistad Fure, Adele Bugge Norman Pran and John Thuestad), while two shareholder-elected Board members left the Board (Hilde Bakken and Geir Isaksen) and one new shareholder elected Board member was appointed (Birgitte Ringstad Vartdal).

In a separate process among Yara's employees, the employees elected Rune Bratteberg, Ragnhild Flesland Høimyr, Øystein Kostøl and Geir O. Sundbø as employee-elected Board members.

By the end of 2020 the Board members held the following shareholding in Yara International ASA:

Shareholder-elected Board members:

Trond Berger: 3,000
Kimberly Lein-Mathisen: 500
Håkon Reistad Fure: 22,500
Adele Bugge Norman Pran: 2,010
John Thuestad: 1,200
Birgitte Ringstad Vartdal: 2,500

Employee-elected Board members:

Rune Bratteberg: 367
Ragnhild Flesland Høimyr: 126
Øystein Kostøl: 208
Geir Sundbø: 339

in the Rules of Procedure for the CEO of Yara International ASA approved by the Board of Directors in accordance with PLC § 6-13 (2).

Pursuant to Yara's Articles of Association §6 the company's Board of Directors shall be composed of 3 to 11 members. The current Board of Directors consists of ten members. Six of these are shareholder-elected Board members (including the Chair) all elected by the Annual General Meeting for two-year terms based on the Nomination Committee's nomination. The remaining four Board members are elected by the employees in a separate process pursuant to PLC §§ 6-4 (3) and 6-5. In accordance with PLC § 6-35 (2) Yara and its employees have agreed not to have a corporate assembly, and the company is then required to include four employee elected members in the Board. Yara believes this solution with employee elected board members instead of a corporate assembly supports more direct communication between shareholders and management, increases accountability, and improves the speed and quality of the company's decision-making. Three (50%) of the shareholder-elected and one (25%) of the employee-elected Board members are women. The Board's gender composition is in accordance with the mandatory requirements set out in PLC § 6-11a.

The Board elects both its Chair and Deputy Chair among the Board members based on a recommendation from the company's Nomination Committee. The Board also appoints and dismisses, if applicable, the CEO of the company and determines the CEO's remuneration.

The shareholder-elected members of the Board are independent of the company's management, main

shareholders and material business contracts and do not have specific assignments for the company in addition to their duties as Board members. The same is valid for the employee representative Board members, other than their employment contracts. Members of the Executive Management are prohibited from being members of the Board. All Board members are encouraged to own shares in the company.

9. The work of the Board of Directors

The Board has established written instructions for its own work. These instructions are set out in the Rules of Procedure for the Board of Yara International ASA. The Board has also established an Annual Cycle which sets out all planned meeting dates, regular Board agenda items and procedures for Board document preparations. The Board Procedure and Annual Cycle are both evaluated by the Board on an annual basis.

The CEO reports monthly to the Board on operational and financial developments and results, as well as other material company and industry developments, including but not limited to sustainability topics.

Pursuant to Yara's Rules of Procedure for the Board and Yara's Code of Conduct, all Board members and members of Yara's management are committed to make the company aware of any material interest they may have in items to be considered by the Board. Neither a Board member nor the company CEO may participate in Board discussions or decisions of matters that are of such particular significance for him or her, or for any close associate of him or her, that the member must be deemed to have a special or prominent personal or financial interest in the matter. If the

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Chair is or has been personally involved in matters of material significance to the company, any Board review of such matters will be chaired by another member of the Board. In the case of the Chair's absence, Board meetings will be chaired by the Deputy Chair.

The Board of Directors has established an Audit and Sustainability Committee and an HR Committee. Both committees work as preparatory bodies for the Board and according to specific mandates approved by the Board.

The Board of Directors conducts an annual evaluation of its qualifications, experience and performance, which is also presented to the Nomination Committee.

HR Committee

The HR Committee reviews the performance of, and proposes terms and compensation for, the CEO to the Board of Directors. The committee also reviews and

proposes guidelines for executive remuneration and material employment matters, and advises the CEO 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 2020. All members attended all six meetings in 2020.

Board Audit and Sustainability Committee

The Board Audit and Sustainability Committee (BASC) assists the Board of Directors in supervision of the integrity of the Company's accounts, the process for financial and sustainability reporting and the internal control related to financial and sustainability reporting and risk management and performance of the external auditor. The BASC further evaluates the performance of the internal audit function related to areas within the mandate of BASC, ensuring sustainability governance processes provide an understanding of the company's significant stakeholders and materiality.

The BASC conducts an annual evaluation according to its mandate. The committee consists of three members of the Board and the committee has the independence and competence required by legislation. The Chair of the Board is not a member of BASC.

10. Risk management and internal control

Yara's risk management and internal control activities are integrated with the corporate strategy and business planning processes, based on the principle that risk evaluation is an integral part of all business activities. While risk management is a centrally governed process, the responsibility for day-to-day risk management activities is placed with the operating segments and corporate functions. The Yara Board of Directors and Executive Management evaluate and define yearly risk appetite across key strategic, financial, operational, compliance and HESQ dimensions. The main objective for a more systematic and comprehensive assessment of risk appetite is to align

Board activities in 2020

Yara's Board of Directors convened 12 times during 2020. Nine of the meetings were ordinary Board meetings and three of the meetings were extraordinary Board meetings. The ordinary Board meetings were run for approximately 5.5 hours save for a shorter audio meeting in July, and a full-day meeting (9 hours) in December. The extraordinary Board meetings were shorter meetings conducted either as a physical meeting or a conference call.

All Board members attended all Board meetings, however shareholder-elected Board member Birgitte Ringstad Vartdal and employee-elected Board members Ragnhild Flesland

Høimyr and Øystein Kostøl did not join the Board until after the Annual General Meeting in May 2020.

The Board's Annual Cycle sets out a list of regular Board agenda items which are discussed and/or approved by the Board at least annually. These items include the company's business plan, strategy and financial targets, dividend proposal, annual and mid-year reports from Yara Ethics and Compliance, Yara Internal Risk and Audit and Yara Health, Environmental, Safety and Quality, CEO remuneration and targets, succession planning, corporate governance review and approval, governance documents review and approval, approval of the company's Integrated Report and General Meeting papers, and Board self-evaluation.

In all Board meetings the CEO provides a thorough report on the company's operational and financial developments and results, and other material company and industry developments. Since April 2020 the Board has also received bi-weekly updates on the Covid-19 situation for the company. Other key Board agenda items in 2020 include the Board's approval and follow-up of the company's reorganization from a segment structure to a regional structure effective 1 June 2020, and the divestment of Yara's interests in Qafco and Lifeco. During 2020, several external speakers have also joined the Board meetings to present relevant topics to the Board.

A Board visit to one or more of Yara's sites and/or projects is usually conducted each year, but due to Covid-19 it has not been possible to arrange for such a visit in 2020.

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BASC activities in 2020

The Board Audit and Sustainability Committee (BASC) met 11 times in 2020, of which six ordinary meetings and five extraordinary meetings.

Håkon Fure was elected for the committee at the Annual General Meeting in May. All BASC members attended all BASC meetings.

The BASC, previously Audit Committee, changed its name and mandate in early 2020, in line with YARA's continuing focus on sustainability performance and related risks and controls. The extraordinary meetings in 2020 were dedicated to the sustainability agenda, including Yara's ESG seminar and sessions focusing on strengthening Yara's sustainability governance structure. Agenda items included sustainable business model development, findings from sustainability analyses provided by third parties and strategic responses, matters relating to EU Taxonomy thresholds, as well as Yara's ESG benchmark scores in the Carbon Disclosure Project, Ecovadis, Sustainalytics and MSCI.

In line with the BASC annual cycle, the ordinary meetings covered matters relating to the annual business plan, strategy and risk management, accounting, financial and non-financial reporting, including status on ICFR, tax, finance and treasury, improvement programs, compliance and ethics, legal proceedings, YIRA (Yara Internal Risk and Audit) audit plan and reporting, IT and cyber security and other compliance-related matters. The BASC has also met with the external auditor as part of the annual cycle, including approval of services, as well as separate executive meetings with the CEO and CFO.

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

The Board carries out separate annual reviews of the company's most important risk exposures and internal control systems. Risks are also considered by the Board in relation to the assessment of specific projects and ongoing operations.

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

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

The external auditor provides a description of the main elements in the audit to the BASC, including observations

on Yara internal control related to the Financial Reporting process.

Yara's internal control framework is based on the principles of the integrated framework for internal control established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The five framework components are:

- control environment
- risk assessment
- control activities
- information and communication
- and monitoring.

The content of the different elements are described below.

Control environment

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

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

Risk assessment

The Enterprise Risk Management unit is the key facilitator

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

Control activities

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

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

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

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

Information and communication

The Yara Steering System provides all employees with

an overview of the prevailing corporate policies and procedures. Yara's Accounting Manual describes corporate accounting policies and is continuously updated and revised for any changes related to IFRS and Yara's Accounting Policies.

Monitoring

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

11. Remuneration of the Board of Directors

The remuneration of the Board of Directors is proposed by the Nomination Committee and approved by the Annual General Meeting, and is not linked to the company's performance. Shareholder elected Board members are not granted share options.

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

In 2020, the remuneration to the Chair of the Board of Directors was NOK 646,000 per annum prior to the Annual General Meeting, increasing to NOK 669,000 per annum thereafter. The remuneration to the Vice Chair was NOK 386,000 per annum prior to the Annual General Meeting, increasing to NOK 400,000 per annum after the Annual General Meeting. The remuneration to the other Board members was NOK 340,000 per annum prior to the Annual General Meeting and NOK 352,000 per annum thereafter. Board members resident outside Scandinavia was entitled to a meeting allowance of NOK 23,000 per meeting prior

to the Annual General Meeting, increasing to NOK 30,000 per meeting after the Annual General Meeting.

The remuneration to the Chair of the BASC was NOK 174,000 per annum prior to the Annual General Meeting, increasing to NOK 180,000 per annum thereafter. The remuneration to the other BASC members was NOK 98,000 per annum prior to the Annual General Meeting and NOK 101,000 per annum thereafter.

The remuneration to the Chair of the HR Committee was NOK 7,900 per meeting prior to the Annual General Meeting, and NOK 90,000 per annum thereafter. The remuneration to the other HR Committee members was NOK 7,500 per meeting prior to the Annual General Meeting and NOK 70,000 per annum thereafter.

The total compensation to Board members in 2020 is disclosed in [Note 8.1](#) in the consolidated financial statements.

12. Remuneration of executive personnel
2021 Guidelines for remuneration of Group Executive Board and Board Members in Yara

Yara's guidelines for remuneration of Group Executive Board and Board members is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 6-16a (5) the statement will be presented to the Annual General Meeting (AGM) 2021 for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015 (State guidelines). Yara's remuneration principles applying to Yara CEO and the other members of the Group Executive Board comply with these guide-

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lines. Potential deviations will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting. The first report on remuneration will be reported at the Annual General Meeting 2022. For members of the Group Executive Board employed by Yara companies in other countries remuneration may deviate from the State guidelines depending on local market conditions. There is currently one member of Yara's Group Executive Board who is employed by a non-Norwegian Yara company.

Guidelines for remuneration of Board Members

The Chair and other Board members receive remuneration as Board members and members of Board Committees. The remuneration is determined by the General Meeting on the basis of recommendation from the Nomination Committee. Employee-elected Board members receive the same remuneration as shareholder-elected Board members. None of the shareholder elected Board members are employed by the Company.

None of the employee-elected Board members are executives. The employee-elected Board members receive salary, pension and other remuneration such as bonuses, share-based remuneration, car allowance, etc. in accordance with the Company's general terms for employment.

The Chair and other members of the Board have no agreements for compensation in the event of termination or changes in their positions as Board members.

Guidelines for remuneration of Group Executive Board

The Board of Directors determines the remuneration of

the President and CEO (CEO) and approves the general terms of the company's incentive plans for the Group Executive Board based on proposals from the HR Committee. The CEO determines the remuneration to the other members of the Group Executive Board.

Deviation from the guidelines

The Board of Directors may decide to deviate entirely or partly from the guidelines temporarily in individual cases provided that it has been regarded to be exceptional circumstances that make it necessary to deviate from the guidelines in order to safeguard the company's long - term interest, financial sustainability or ensure the company's viability. Potential deviations and the reason for this will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

General principles

The Board determines the total remuneration to the CEO and other members of the Group Executive Board on the basis of;

- A commitment to exercise moderation through responsible and not market leading remuneration;
- Incentivize management in line with maximizing long-term sustainable value creation to Yara's shareholders and other stakeholders;
- The need to offer competitive terms to secure the company's competitiveness in the labor market

Total remuneration for each member of the Group Executive Board, including all compensation elements, value of pension plan benefits and other benefits is compared to the relevant market on a regular basis. Pension

plans for the Group Executive Board are moderate and in accordance with the State Guidelines for all members of the Group Executive Board that have joined after 3 December 2015 as further described below in the section Company paid Pension Plans.

The total remuneration for the members of the Group Executive Board comprises the following elements, that will be explained in detail

- Base salary
- Share Based Remuneration
- Short-Term incentive plan
- Pension plan benefits
- Other compensation elements such as internet connection and company car

Base salary

Base Salary is reviewed once a year as per 1st June as part of the Annual Salary Review for all employees in Yara. In addition, salaries may be reviewed if scope of responsibility is materially changed. The development of basic salary for Executive Management is based on the following:

- Annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries
- Benchmark of Executive Management Salaries in peer companies

Yara CEO and the other members of the Group Executive Board voluntarily abstained from the annual salary adjustment in both 2019 and 2020. The Group Executive Board will for the third year running abstain from the annual salary adjustment as per 1st June 2021.

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Share Based Remuneration (SBR)

To support the alignment between executives and shareholder interests and to ensure retention of key talent in the company, an amount equal to 30% of the base salary for the CEO and 25% of the base salary for the other members of the Group Executive Board may be awarded by the Board on an annual basis. The net after tax amount must be invested in Yara shares within a period of one month after the grant and the shares must be retained for minimum 3 years. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period.

The grant of SBR is conditional on Yara's Net Result excluding special items and currency gain/loss being positive over the last three years. Yara's CEO can on a discretionary basis decide that SBR shall not be granted for a given year and Yara's Board of Directors can decide that SBR shall not be granted to the CEO for a given year. Such an assessment will amongst other factors be evaluated against Yara's performance towards its strategic targets of sustainable value creation, hereunder Performance Indicators linked to People, Planet and Prosperity.

In cases where members of the Group Executive Board are recruited in other countries than Norway the SBR percentage may deviate from what is mentioned above depending on local market conditions for remuneration.

In order to support alignment between members of the Group Executive Board and the shareholder interests it is furthermore expected that members of the Group

Executive Board that participate in the SBR program, every year as a minimum - in addition to the shares received as part of the SBR - invest in Yara shares an amount equaling the lowest amount received as net, after tax Short-Term Incentive payout for the preceding year or the net amount received as SBR for the relevant year. Such investments should be made until the shareholding amounts to two times the gross remuneration package, including pensions. Furthermore, it is also expected that members of the Group Executive Board do not sell any Yara shares as long as they are members of the Group Executive Board.

Short-term Incentive plan

To secure that the Short-Term Incentive Plan contributes to realizing Yara's strategy, its long-term value creation and capital allocation policy, the Short-Term Incentive Plan is based on Yara's strategic targets as presented at Yara's ESG Investor Seminar 7 December 2020, covering the dimensions of People, Planet and Prosperity.

The Short-Term Incentive Plan can have an outcome for the individual executive of 0% to 50% of base salary and is calculated as presented in the following paragraphs.

Company performance

(From 0% to 30% of Base Salary) in line with the strategic targets released at Yara's ESG Investor Seminar 7 December 2020 (goals included below)

Progress on strategic focus areas

(From 0% to 20% of Base Salary) in line with the strategic targets released at Yara's ESG Investor Seminar 7 December 2020 (goals included below)

If all stretched goals have been met and the planned actions have been taken during the year and with the desired result, this will give a Short-Term Incentive pay-out of 40% of the annual Base Salary for Yara CEO and 35% for the other members of the Group Executive Board. The total pay-out cannot exceed 50% of the annual Base Salary.

In cases where members of the Group Executive Board are recruited in other countries than Norway the percentages may deviate from what is mentioned above depending on local market conditions for remuneration.

Company performance

The table below shows the relation between Yara's long-term strategic targets and the Performance Indicators set to drive performance for 2021.

Method of measurement for Company Performance: The assessment of the performance score is based on a scale for each Indicator, where each Indicator may result in an outcome between 0% of base salary, a target of 24% of base salary for the CEO and 21% for the other members of the Group Executive Board, and a maximum of 30% of base salary. The weighted sum of the outcome of the factors represents the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values of each individual Indicator are not disclosed as part of this statement.

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Ambition for 2025	Performance indicators 2021
<p>People</p> <ul style="list-style-type: none"> ▪ No fatalities and TRI<1.0 ▪ Top quartile engagement index score ▪ Top quartile Diversity & Inclusion Index score ▪ >35% female leaders in senior management positions 	<p>People (25% of total company performance)</p> <ul style="list-style-type: none"> ▪ TRI rate development ▪ Process safety (PSI) ▪ Engagement index ▪ Diversity & Inclusion Index ▪ Share of female senior leaders ▪ Female/male external recruitment senior personnel
<p>Planet</p> <ul style="list-style-type: none"> ▪ 150 million hectares under management ▪ 10% lower GHG emissions in kg CO₂e/kg N produced ▪ Launching carbon marketplace ▪ 30% absolute reduction in Scope 1 and 2 by 2030 	<p>Planet (25% of total company performance)</p> <ul style="list-style-type: none"> ▪ Active hectares under management ▪ Greenhouse gas emissions intensity ▪ Energy efficiency
<p>Prosperity</p> <ul style="list-style-type: none"> ▪ 300-600 MUSD incremental EBITDA from new business models - USD 1.5 billion revenues from new business models - USD 1.2 billion revenues from online sales ▪ Delivering on YIP 2.0 by 2023: - Increased production: 1.3 mt ammonia and 2.8 mt finished products - Fixed cost flat at 2.34 BUSD, working capital reduced to 92 days ▪ ROIC > 10% mid cycle ▪ Premium products: volume and commercial margin growth 	<p>Prosperity and capital discipline (50% of total company performance)</p> <ul style="list-style-type: none"> ▪ Ammonia production volume ▪ Finished fertilizer production volume ▪ Premium generated ▪ Revenues from new business models ▪ Revenues from online sales ▪ EBITDA ▪ Fixed costs ▪ Working capital days ▪ ROIC ▪ Capital expenditure ▪ Progress projects on planned time/cost ▪ MSCI rating ▪ Net debt / EBITDA

Strategic focus areas

The following list of factors are set to drive performance for 2021:

- Scale the Farming Solutions organization
- Strategically develop Yara Clean Ammonia
- Improve plant reliability toolbox
- Strengthen change management and dynamic upskilling

Method of measurement for Strategic Focus Areas:

The assessment of the performance score is based on a scale for each factor, where each factor may result in an outcome between 0% of base salary, a target of 16% of base salary for the CEO and 14% for the other members of the Group Executive Board, and a maximum of 20% of base salary. The weighted sum of the outcome of the factors represent the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values and weight of each individual factor are not disclosed as part of this statement.

In the Board’s total short-term incentive plan performance evaluation, in addition to the performance towards the factors described above, the Board will put weight on how difficult it has been to achieve the results, changes in external non-controllable factors that were not anticipated at the beginning of the year and that the results have been achieved in accordance with Yara’s values and ethical principles.

Claw back of share based remuneration and short-term Incentive payments

Shares provided by the SBR and payments that have already been made from the Short- Term Incentive Plan are subject to claw back provisions covering both situations of misconduct and

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errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

Benefit Plans

Company paid pension plans

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

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

For employees on Norwegian employment contracts, the upper retirement age is 70 years with the possibility for flexible retirement from age 62 in the company paid DC plans. Yara has a defined benefit early retirement plan for executives on Norwegian employment contracts covering the period from age 65 to 67 with a defined benefit equal to 65% of final salary limited to 12G. From 1st January 2015, the plan was closed for new members and ceased for employees below age

50. A DC pension plan was established to compensate members for the shortfall. Executives who were previously members of other Defined Benefit Pension Plans being terminated or converted to DC plans might have cash allowances to compensate for the shortfall.

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

Personal Insurance schemes

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

Other compensation elements

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

In the event of an international assignment contract, the executive and family will be entitled to allowances and benefits in accordance with Yara’s Global Mobility Policy.

Members of Group Executive Board on Norwegian contracts are entitled to a severance pay equal to six months basic salary on certain conditions. The sev-

erance pay is calculated from the end of the notice period. Other income the executive receives during the severance pay period will be deducted from the severance pay. For members of the Group Executive Board employed by Yara companies in other countries severance pay may deviate from the above depending on local regulations.

Voluntary share purchase program

Group Executive Board members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares with a tax-exempt discount being within a threshold set by the Norwegian authorities. Yara offers the employees an interest-free loan with repayment of one year for the purchase of the shares. This plan comes in addition to the SBR.

Ad-hoc compensation elements

In extraordinary circumstances related to recruitment processes, sign-on bonus may be agreed. Any such compensation will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

13. Information and communications

Communication with financial markets is based on the principles of openness and equal treatment of all shareholders. Yara shall provide the public with accurate, comprehensive and timely information, to form a good basis for making decisions related to valuation and trade of the Yara share. The aim of providing such information is to reduce investors’ risk and the volatility of the Yara share, contributing to a pricing of the Yara

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share that reflects the company's underlying values and future prospects.

Yara's main communication channels are stock exchange releases, press releases and its own web pages (www.yara.com) in order to secure that the same information is made available to all audiences simultaneously. Although Yara holds regular meetings for analysts, investors, journalists and employees, all material new information is first published to the stock exchange and Yara's web pages. Yara will provide a consistent level of information regardless of whether the news is positive or negative.

Yara does not provide guidance on financial results. However, Yara may communicate guidance and/or targets for discrete activity areas. In addition, Yara provides sensitivities that can be used to calculate the financial effects of changes in market prices and currency exchange rates.

Yara spokespersons to financial markets (investors, analysts and financial media) are the Chief Executive Officer, the Chief Financial Officer, SVP Investor Relations, VP Corporate Communications and Investor Relations Officer(s) or others authorized by these. Questions from investors and financial analysts to other Yara personnel shall be referred to Investor Relations. All meetings with investors and financial analysts shall be arranged/coordinated by Investor Relations, and presentation materials for such meetings shall be prepared or approved by Investor Relations. Investor Relations shall normally accompany Yara managers in investor/analyst meetings.

Yara publishes quarterly financial results according to its financial calendar which is published annually on its web pages and to the Oslo Stock Exchange. Ahead of announcement of quarterly results, Yara has a "closed period" when contact with external analysts, investors and journalists is minimized. Yara will not comment upon own activities or market developments during this period, to minimize the risk of unequal information in the marketplace. The closed periods are from 16 January until the fourth-quarter results publication, from 1 April until the first-quarter results publication, from 1 July until the second-quarter results publication and from 1 October until the third-quarter results publication.

Yara shall comply with relevant regulations for companies listed on the Oslo Stock Exchange.

14. Take-overs

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

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

15. Auditor

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

The external auditor shall also:

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

The use of the external group auditor for advisory services, tax services and other services outside the ordinary audit scope shall be pre-approved by the BASC. Within defined limits, the CFO and the VP Accounting & Tax have been delegated authority to pre-approve services. The external group auditor is responsible for reporting such services to the BASC and to perform an ongoing assessment of independence. Norwegian laws and regulations stipulate the type of non-audit services that external auditors can perform for Yara.

The external auditor participates in the BASC meetings that approve financial statements. In addition, the external auditor meets with the Board at least once per year to review the company's internal control procedures, potential weaknesses identified and proposals for improvement. The external auditor and the Board meet at least once a year without Yara Executive Management being present.

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Group executive board

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



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[Tove Andersen](#) →



[Pablo Barrera Lopez](#) →



[Pål Hestad](#) →



[Terje Knutsen](#) →



[Fernanda Lopes Larsen](#) →



[Chrystel Monthean](#) →



[Kristine Ryssdal](#) →



[Lars Røsæg](#) →

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Svein Tore Holsether (1972)

POSITION	YEAR OF APPOINTMENT
President and Chief Executive Officer	2015

EMPLOYED
2015

EDUCATION
Bachelor’s degree, specializing in Finance & Management from the University of Utah, USA

EXPERIENCE
Mr. Holsether is passionate about promoting the Sustainable Development Goals in the global business arena. To contribute to a thriving future and drive inclusive growth, he is a member of the Executive Committee and Chair of the Food & Nature program for the World Business Council for Sustainable Development (WBCSD). He was a Commissioner of the Business and Sustainable Development Commission (BSDC), and also serves on the Executive Committee and Board of the International Fertilizer Association (IFA). Previously, Mr. Holsether has held a range of executive and senior position in large industrial companies, including in Orkla, Sapa and Elkem.

SHARES OWNED AT YEAR-END 2020 40,373

Tove Andersen (1970)

POSITION	YEAR OF APPOINTMENT
EVP, Europe	2020

EMPLOYED
1997

EDUCATION
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
Ms. Andersen has served as Executive Vice President Europe since June 2020. Ms. Andersen has previously held several positions in the company, including EVP Production 2018-2020, EVP Supply Chain 2016-2018, and VP Supply Chain Europe 2014-2016. Since being employed by Hydro as a trainee in 1997, she has held several positions throughout the company, including VP Marketing and New Business 2011-2013 and Country Manager Yara UK/ Ireland 2006-2011. Sustainability has been an integral part of her leadership agenda, and as EVP Production, Ms. Andersen had the global responsibility for Yara’s decarbonization activities.

SHARES OWNED AT YEAR-END 2020 12,723

Pablo Barrera Lopez (1985)

POSITION	YEAR OF APPOINTMENT
EVP, Yara Communications & Procurement	2020

EMPLOYED
2014

EDUCATION
Master’s degree in Finance from the Norwegian School of Economics and Business Administration (NHH).

EXPERIENCE
Mr. Barrera has served as Executive Vice President Communications & Procurement since January 2021. His previous positions in the company include: EVP Strategy & Communications 2020, EVP Supply Chain 2018-2020, Country Manager Yara Chile 2017-2018. Prior to joining Yara, Mr. Barrera worked at The Boston Consulting Group between 2009-2014. Mr. Barrera is passionate about promoting the sustainability agenda and has completed the leadership program from World Business Council for Sustainable Development and the Creating Shared Value class from Harvard Business School.

SHARES OWNED AT YEAR-END 2020 7,061

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Pål Hestad (1971)

POSITION	YEAR OF APPOINTMENT
EVP, Global Plants & Operational Excellence	2020

EMPLOYED
1995

EDUCATION
Master's degree in Industrial Electrochemistry from Norwegian University of Science and Technology (NTNU)

EXPERIENCE
Mr. Hestad has served as Executive Vice President Global Plants & Operational Excellence since June 2020. He has been a Yara employee since 1995. Since then, Mr. Hestad has held several positions at Yara's Glomfjord plant (Process Engineer, Operations Engineer, Productivity Engineer, Production Manager and Plant Manager). He has also held the positions of Head of Productivity (2003-2004), Regional Plant Manager, Germany (2010-2012), Regional Head of Production (2012-2018), and Senior Vice President Production, Northern Europe & Canada (2018-2020).

SHARES OWNED AT YEAR-END 2020 5,634

Terje Knutsen (1962)

POSITION	YEAR OF APPOINTMENT
EVP, Farming Solutions	2020

EMPLOYED
1987

EDUCATION
Master's degree (Siviløkonom) from the Norwegian School of Economics (NHH) in Bergen, Norway

EXPERIENCE
Terje Knutsen has been EVP Farming Solutions since June 2020. His previous positions in the company include EVP, Sales and Marketing 2018-2020, EVP Crop Nutrition 2015-18. In addition, he has held a number of financial controller, commercial and management positions since joining the company in 1987 as a trainee. Mr. Knutsen has spent the past three years leading the development of Yara's emerging sustainable food business, guiding the integration of digital farming solutions into the precision crop nutrition practice and overseeing the launch of Yara's Agoro Carbon Marketplace and Clean Ammonia units.

SHARES OWNED AT YEAR-END 2020 12,807

Fernanda Lopes Larsen (1974)

POSITION	YEAR OF APPOINTMENT
EVP, Africa & Asia	2020

EMPLOYED
2012

EDUCATION
Master's degree in Civil Engineering from Graz University of Technology, Austria and a specialization in Corporate Innovation from Stanford University, United States

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

SHARES OWNED AT YEAR-END 2020 1,955

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Chrystel Monthean (1967)

POSITION	YEAR OF APPOINTMENT
EVP, Americas	2020

EMPLOYED
1991

EDUCATION
Post-graduate degree in agronomy engineering from Ecole Nationale Ingenieurs Techniques Horticulture et Paysage, France and a Master's in International Business and Technology Transfer from Rouen Business School, France.

EXPERIENCE
Ms. Monthean has served as EVP Americas since October 2020. She has been a Yara employee since 1991. Her previous positions in the company include EVP Africa & Asia (June 2020), Manager, BU Latin America (2018-2020), Value Chain Director (2013- 2018), and Managing Director of Yara Vietnam (2007-2013). Prior to moving to Asia and Latin America, Ms. Monthean held roles in various commercial functions and countries in Europe.

SHARES OWNED AT YEAR-END 2020 1,899

Kristine Ryssdal (1960)

POSITION	YEAR OF APPOINTMENT
EVP, HR & General Counsel	2020

EMPLOYED
2016

EDUCATION
Master of Laws degree from the London School of Economics, in addition to a Law degree from the University of Oslo

EXPERIENCE
Ms. Ryssdal has served as EVP, HR & General Counsel since June 2020. Previously, she held the position of EVP General Counsel 2016-2020. Before joining Yara, Ms. Ryssdal held the position of Vice President Legal at Statoil 2012-2016. Prior to this, Ryssdal was Senior Vice President and Chief Legal Officer of Renewable Energy Corporation ASA 2008-2012, Senior Advisor Commercial & Legal Affairs at Norsk Hydro / Statoil Hydro 2006-2008, Legal Counsel at Norsk Hydro 1998-2006, and Attorney at the Attorney General's office 1987-1998. Sustainability is an integrated part of her leadership agenda as responsible for Ethics & Compliance and Diversity & Inclusion in the Group Executive Board. Ryssdal is also a member of the Executive Board of the Central Bank of Norway, supervising amongst others responsible investments of the Norwegian Oil Fund.

SHARES OWNED AT YEAR-END 2020 9,332

Lars Røsæg (1982)

POSITION	YEAR OF APPOINTMENT
EVP, Chief Financial Officer	2018

EMPLOYED
2017

EDUCATION
Degree ("Siviløkonom") from the Norwegian School of Economics (NHH), a four-year programme in economics and business administration

EXPERIENCE
Mr. Røsæg has served as Chief Financial Officer since November 2018. Prior to that he held the position of Vice President Global JVs & CEO Office. He has broad experience from senior finance and strategy positions at Sapa (2012-2017) and Orkla (2005-2012). Røsæg is a certified Diversity Manager in line with the requirements from Norsk Sertifisering AS.

SHARES OWNED AT YEAR-END 2020 6,254

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Trond Berger



Rune Bratteberg



Håkon Reistad Fure



Ragnhild F. Høimyr



Øystein J. Kostøl



Kimberly Lein-Mathisen



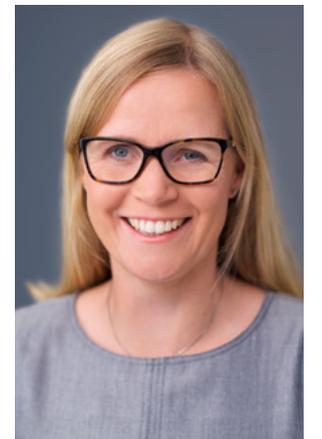
Adele B. Norman Pran



Geir O. Sundbø



John Thuestad



Birgitte R. Vartdal



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Trond Berger (1957)

POSITION

Chair of the Board
Chair of the HR Committee

ELECTED BY/YEAR

Shareholders, 2018

POSITION

CEO in Blommenholm Industrier since 2020
Investment Director at Blommenholm Industrier since 2019

EDUCATION

MA in Economics from the BI Norwegian School of Management and is a State-Authorized Public Accountant. Graduate of the Norwegian Armed Forces' Officer Candidate School (1977)

EXPERIENCE

Mr. Berger is CEO of Blommenholm Industrier. From 2019-2020, he was Investment director at Blommenholm Industrier. From 1999 to 2019, Mr. Berger served as Executive Vice President of Schibsted ASA, including as CFO with responsibility for Sustainability. Previous positions also include: Investment Director with Stormbull (1998), Executive Vice President (CFO) of Nycomed ASA and Executive Vice President, Strategy and Business Development at Nycomed Amersham (1997-98), and partner at Arthur Andersen (1981-92).

OTHER ASSIGNMENTS

Mr. Berger is also Chair of the Board of Bertil O Steen Holding and Arctic Asset Management, as well as member of the Board in Oslo House, Polaris Media, and Sayonara.

BOARD MEETINGS ATTENDANCE 12

HR COMMITTEE ATTENDANCE 4

AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 3

SHARES OWNED AT YEAR-END 2020 3,000

Rune Bratteberg (1960)

POSITION

Member of the Board
Member of the Audit and Sustainability Committee

ELECTED BY/YEAR

Employees, 2012

POSITION

Head of Product Stewardship and Compliance

EDUCATION

Degree in Information Technology and a Degree in Nordic Languages and History from University of Bergen

EXPERIENCE

Mr. Bratteberg has been a Yara (Hydro) employee since 1986. He has held different IT and HESQ leadership positions within Hydro and Yara, from 2001 to 2009 as CIO. Bratteberg has been a member of the Chemical Industry Advisory Board to SAP AG 2004-2009, and Chairman of the Board at the Scandinavian School of Brussels 2009-2011.

OTHER ASSIGNMENTS

BOARD MEETINGS ATTENDANCE 12

AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 9

SHARES OWNED AT YEAR-END 2020 367

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Håkon Reistad Fure (1987)

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

ELECTED BY/YEAR
Shareholders, 2019

POSITION
Chairman of Company One

EDUCATION
MSc in Finance from the Norwegian School of Management (Handelshøyskolen BI)

EXPERIENCE
In 2015 Mr .Fure joined the corporate assembly of Storebrand ASA and was subsequently elected a board member of Store-brand ASA in 2015 directly representing a group of shareholders. In 2016, Mr. Fure was elected to the board of Avida, where he also acted as CEO in 2018. In 2020 Mr. Fure joined MyBank as the Chairman of the Board. Previous experience in Equity Research at DNB Markets and Partner of Magni Partners.

OTHER ASSIGNMENTS
Chairman of the Board of MyBank ASA

BOARD MEETINGS ATTENDANCE 12
AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 6
SHARES OWNED AT YEAR-END 2020 22,500

Ragnhild Flestrand Høimyr (1987)

POSITION
Member of the Board

ELECTED BY/YEAR
Employees, 2020

POSITION
Production Manager CN & NPK2 at the Yara's Porsgrunn Plant

EDUCATION
Master of Science degree from the University South-Eastern Norway

EXPERIENCE
Ms. Høimyr has been a Yara employee since 2015, currently in the position of Production Manager CN & NPK2 at the Porsgrunn Plant. Previously, Ms. Høimyr held the position of Process Engineer NPK/CN area in Porsgrunn (2015-2019). She has served as member of the Telemark University College Board (2010-2012), and as Chairman of the Board of the Student Welfare Organization in Telemark (2012-2014).

OTHER ASSIGNMENTS

BOARD MEETINGS ATTENDANCE 8
SHARES OWNED AT YEAR-END 2020 126

Øystein J. Kostøl (1982)

POSITION
Member of the Board

ELECTED BY/YEAR
Employees, 2020

POSITION
Senior Innovation Manager, Yara Climate Neutral Solutions

EDUCATION
Master of Technology degree from NTNU (Trondheim, Norway) on Energy and Environment. Master's Thesis on environmental Life Cycle Assessment in process industry.

EXPERIENCE
Mr. Kostøl has been a Yara employee since 2012, currently in the position of Senior Innovation Manager in the Climate Neutrality department. Mr. Kostøl is project manager for full scale electrification of the ammonia production in Porsgrunn.

The first three years working for Yara, Mr. Kostøl was based in Ethiopia, working on the Dallol mining project. Successively, he worked as project manager in different Yara mining projects until 2017 when he started in the Innovation department, focusing on climate neutral solutions. Mr. Kostøl has previously worked in the Norwegian utility company Statkraft. He heads the labor union Tekna at Yara.

OTHER ASSIGNMENTS

BOARD MEETINGS ATTENDANCE 8
SHARES OWNED AT YEAR-END 2020 208

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Kimberly Lein-Mathisen (1972)

POSITION
Vice chair of the Board

ELECTED BY/YEAR
Shareholders, 2019

POSITION
General Manager of Microsoft Norge AS since 2016

EDUCATION
BS in engineering from the U. of Illinois, and MBA from Harvard Business School

EXPERIENCE
Kimberly Lein-Mathisen is the General Manager of Microsoft Norway. She is a passionate voice for how technology, sustainability, and diversity can lift Norway. She has 20+ years of experience in Branded Consumer Goods, Pharmaceuticals, Media, and Technology leading across geographies in North America, Europe and Asia. Her roles have included CEO of Orkla Home & Personal Care; Global VP & Alliance Leader, Eli Lilly; General Manager, Germany and Norway, Eli Lilly; Co-Founder Appear Networks; and Production Leader, Procter & Gamble. Kimberly has extensive board experience including Abelia, NHST (parent of Dagens Næringsliv), Meda AB, Borregaard, and Kappa Bioscience.

OTHER ASSIGNMENTS

BOARD MEETINGS ATTENDANCE 12
SHARES OWNED AT YEAR-END 2020 500

Adele Bugge Norman Pran (1970)

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

ELECTED BY/YEAR
Shareholders, 2019

POSITION
Professional Boardmember and management consultant

EDUCATION
Bachelor and Master's in law from the University of Oslo and Master in Auditing and Accounting. IB from United World College of the Atlantic

EXPERIENCE
Ms. Pran is a professional board member. She is Strategic Advisor to the Boards Impact Forum, working to accelerate climate action for sustainable businesses. Previously she has been in the Private Equity industry for 13 years. As a Partner of Herkules Capital Ms. Pran was in charge of the following business areas: Finance, Treasury, Investor Relations, Acquisitions and divestments, strategy and Business development, Legal, Compliance and ESG (2004-2016). Prior to Herkules Capital Ms. Pran was part of the Deals team in PWC (1999-2004).

Ms. Pran has previous experience from managing sustainability reporting and strategy in Herkules portfolio companies. Sustainability is a focus area in all boards she serves.

OTHER ASSIGNMENTS
Ms. Pran is currently on the board of ABG Sundal and Collier ASA, B2Holding ASA, Zalaris ASA, Motorgruppen AS, Løvenskiold Fossum AS and Hitec Vision ASA

BOARD MEETINGS ATTENDANCE 12
AUDIT & SUSTAINABILITY COMMITTEE ATTENDANCE 12
SHARES OWNED AT YEAR-END 2020 2,010

Geir O. Sundbø (1963)

POSITION
Member of the Board
Member of the HR Committee

ELECTED BY/YEAR
Employees, 2010

POSITION
Corporate employee representative of Yara International
Chairman of European Works Council (EWC) of Yara International

EDUCATION
Skilled Chemical Process operator.

EXPERIENCE
Mr. Sundbø has been a Yara (Hydro) employee since 1987
He has been actively engaged in union matters since 1989

OTHER ASSIGNMENTS

BOARD MEETINGS ATTENDANCE 12
HR COMMITTEE ATTENDANCE 6
SHARES OWNED AT YEAR-END 2020 339

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John Thuestad (1960)

POSITION

Member of the Board

ELECTED BY/YEAR

Shareholders, 2014

POSITION

Executive Vice President Bauxite & Alumina at Norsk Hydro ASA since 2018

EDUCATION

Master's degree in Metallurgy from NTNU, Trondheim, Norway; MBA from Carnegie Mellon University, Pittsburgh, USA

EXPERIENCE

Mr. Thuestad has been EVP of Norsk Hydro ASA and responsible for the Bauxite and Alumina Business Area since June 2018. Prior to this, Thuestad led Hydro Extruded Solutions, Europe. From 2013 to 2017, Thuestad held the position of EVP Sapa Extrusions Europe. 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.

OTHER ASSIGNMENTS

Member of the Executive committee of International Aluminium Institute (IAI)

BOARD MEETINGS ATTENDANCE 12

SHARES OWNED AT YEAR-END 2020 1,200

Birgitte Ringstad Vartdal (1977)

POSITION

Member of the Board
Member of the
HR Committee

ELECTED BY/YEAR

Shareholders, 2020

POSITION

Executive Vice President at Statkraft, Responsible for Statkraft's European Wind and Solar

EDUCATION

MSc in Engineering Mathematics from the Norwegian School of Science and Technology (NTNU) and a MSc in Financial Mathematics from Heriot-Watt University in Edinburgh

EXPERIENCE

Ms. Vartdal is EVP of Statkraft and responsible for Statkraft's European Wind and Solar. From 2016 to 2019 Vartdal served as CEO of Golden Ocean Group, and from 2010 to 2016 as CFO of Golden ocean Group. Previously she has held various management positions in Torvald Klaveness and worked for Hydro Energi.

OTHER ASSIGNMENTS

Ms. Vartdal is currently on the Board of Vartdal Fiskeriselskap AS, and serves on the Board of several Statkraft AS companies.

BOARD MEETINGS ATTENDANCE 7

HR COMMITTEE ATTENDANCE 4

SHARES OWNED AT YEAR-END 2020 2,500

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MESSAGE FROM THE BOARD OF DIRECTORS

Strategy execution driving improved returns

In 2020, the Board focused its work on responsibly handling the pandemic in the best interest of the company and its stakeholders, and on discussing Yara's strategic direction. Strategy execution and development included portfolio adjustments, reorganization, and the ESG investor seminar.

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Additionally, the company's integrated reporting has been matured, as evidenced by this report. This includes establishing a strengthened governance and a balanced scorecard approach. The Board also remained focused on supporting the administration in the significant transformation the company is undergoing.

Covid-19 response

Yara has a triple responsibility in the ongoing global pandemic: firstly, to safeguard its employees, contractors, partners, neighbors, and society at large, secondly, to be a responsible company and act in accordance with government guidelines, and thirdly, to keep operations running and help support the supply of food and other essential products to society. This means that the timing of turnarounds, improvement initiatives, and the project portfolio is being optimized to reduce the risk of prolonged outages.

Yara operates a Covid-19 Response Team, with reporting directly to the Yara CEO and with frequent updates to the Board of Directors. The team has representatives from all Yara's operational segments and corporate functions, and meets frequently to coordinate, support, and share best practices across Yara's global operations. Yara's operations have performed well so far during Covid-19, as have agricultural markets and supply chains overall.

A strategy for a sustainable future

As announced at Yara's ESG Investor Seminar in December 2020, Yara's strategy has three main focus areas: firstly, to develop and market sustainable food solutions, including premium crop nutrition products, digital farming tools, and close collaboration with partners throughout the food value chain, secondly, to enable the hydrogen economy and accelerating the green energy transition by targeting green ammonia opportunities within shipping, agriculture, and industrial applications, and thirdly, to drive sustainable performance, targeting a ROIC above 10% mid-cycle and reducing Scope 1 and Scope 2 emissions by 30% by 2030 compared with 2019.

In combination with a strong commitment to a clear capital allocation policy, Yara is well positioned to continue driving sustainable long-term value creation to its shareholders and other stakeholders.

The Company

Yara is an integrated food solutions company with an industrial portfolio. Headquartered in Oslo, Norway, Yara is listed on the Oslo Stock Exchange. Yara's knowledge, products, and solutions grow customers' businesses profitably and responsibly, while protecting the earth's resources, food, and environment. The company mission is to "Responsibly feed the world and protect the planet".

In 2020, Yara reorganized its activities from functional segments to regional segments, effective 1 June. The change empowered the organization and moved decisions closer to the customer, driving full bottom-line accountability in each market and enabling the organization to act swiftly in a more regionalized reality amid the pandemic.

As of the 1 June reorganization, Yara's business activities are now carried out within five operational segments: Europe, Americas, Africa & Asia, Global Plants & Operational Excellence, and Industrial Solutions.

The regional segments (Europe, Americas, and Africa & Asia) operate in a fully integrated setup, comprising production, supply chain, and commercial operations, producing and delivering Yara's existing fertilizer solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

The Global Plants & Operational Excellence segment operates Yara's largest and export-oriented production plants (Porsgrunn, Sluiskil) and has a key role in driving operational improvements, competence development, and technical project execution across Yara's production system. This segment also comprises Yara's global ammonia trade and shipping activity.

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

Yara has always worked on active portfolio management. Historically, it has been evidenced e.g. through the divestment of GrowHow UK and the CO₂ business. In 2020, Yara continued to develop its portfolio through divesting its Joint Venture positions in QAFCO and Lifeco. The divestments contributed to streamlining Yara's portfolio and reallocating capital and resources in line with our capital allocation policy.

Making sustainability a part of governance

In 2020, the Board updated the mandate and name of the audit committee, establishing the Board Audit and Sustainability Committee (BASC). This represents a recognition of the fact that People and Planet dimensions are key drivers for strategy and risk processes, and these two dimensions, together with Prosperity, comprise Yara's integrated performance management.

The People and Planet dimensions of sustainability are governed through Yara's steering system and defined in our HESQ Policy and Code of Conduct, both signed by the President and CEO. They are also integral to business review processes and performance management, anchored in the CFO function.

The HESQ Policy is maintained by the Corporate HESQ function, which oversees performance on health, safety, quality, security, and environment.

The Head of Corporate HESQ reports to EVP Global Plants & Operational Excellence, and presents reports to the full Board of Directors and Board's Audit and Sustainability Committee at least once per year. He has organizational responsibility for ensuring that appropriate health, safety, environment and security governance is in place throughout the company.

Within this framework, Yara's plants and units maintain close control of their own health and safety performance, local employee involvement, compliance with national legislation, and adherence to Yara's high technical and operational requirements. Corporate HESQ is auditing the units vis-à-vis their adherence to the requirements and standards.

The Ethics and Compliance function maintains and implements the Code of Conduct through an extensive Compliance Program. The Code of Conduct includes our anti-corruption policies and states a clear commitment to respecting internationally recognized human rights and labor rights throughout our own operations, as well as in our supply chain.

All new employees must complete an Ethics and Compliance e-learning course within three months of enrolling in Yara and thereafter every two years. Additional training for managers and employees is targeted according to risk assessments, and safeguards includes an anonymous whistle-blowing function.

Yara's Ethics and Compliance Department plays a key role in the management of all risks related to corruption, fraud, human rights, and business partner integrity. Ethics training of employees is among the KPIs followed by Yara's Board of Directors. The Chief Compliance Officer reports administratively to Yara's General Counsel, twice a year to the Board of Directors, quarterly to the Board Audit and Sustainability Committee, and monthly to the CEO (and on an ad hoc basis, as necessary) on matters relating to ethics and compliance, including human rights and corruption.

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Yara has a Compliance Committee, which is chaired by the CEO and attended by the members of Yara’s Executive Management. The Compliance Committee meets quarterly and acts as a focal point for matters related to ethics and compliance.

The sustainability governance function reports directly to the CFO. This function oversees sustainability reporting and benchmarking, as well as the implementation of external standards according to relevance and prioritization. 2020 focus areas include internalizing the recommendations of the Task Force of Climate Related Financial Disclosures (TCFD).

Integrated performance management

Yara integrates holistic measures of company performance into the way we manage our company. We have adopted the structure of the WEF Stakeholder Capitalism white-paper into our balanced scorecard, reporting according to the People, Planet and Prosperity dimensions.

The performance reporting on our balanced scorecard is found in the People, Planet and Prosperity performance chapters, while key developments and strategic considerations and actions are described here.

People

Caring for people is key to business success. Safety first is a Yara priority, and “Safe by Choice” is the name of Yara’s safety culture program that will make zero injuries a real possibility. Since its inauguration in 2013, the program has reduced the total recordable injuries (TRI) rate from 4.3 in 2013 to 1.3 in 2020.

Safety is not all about statistics – one severe injury or fatality is one too many. Yara has developed a program for the prevention of major incidents and a comprehensive process safety program. By reviewing, investigating, and sharing lessons learnt from incidents with high potential severity, we can establish effective improvement actions.

In 2019 and 2020, Yara developed operating standards on occupational health, covering both the physical and psycho-social work environment, in addition to a previously implemented standard on controlling chemical risk related to workers. Pilot workstreams and trainings on psycho-social risk assessment and wellbeing have been initiated during the COVID period and promoted for use throughout Yara.

Yara’s safety culture combined with a purpose-driven and engaged workforce, provides a strong foundation

for operational excellence and innovation. Diverse teams make better decisions than homogenous teams, and engaged employees perform better. We therefore prioritize Diversity & Inclusion (D&I) as an important part of the updated strategy.

In 2020, our regional and local D&I ambassador networks continued to raise awareness and build knowledge about minority groups and special D&I topics. Following the 2020 uproar over racial inequality worldwide, we fast-tracked our D&I work on the topic of race. The objective is to tackle racial bias and discrimination, the lack of ethnic diversity, and ensure equal opportunities with an initial focus on Black talent. We benchmark performance on employee engagement and D&I as reported in the performance section.

In 2020, we also strengthened the talent review and succession management process across the entire organization. Over 4600 employees were reviewed in the talent review cycle, and about 1200 employees were nominated as successors to positions or nomination pools. Diversity was in focus throughout this process, with age, tenure, nationality, and gender all being monitored.

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Our revised strategy has led us to novel territory with new customers, new business models, new partners, and new content. Our people represent our most important asset and we need to continuously invest in the development of our collective knowledge – both in terms of specialist competencies and management skills.

Yara has deployed an interactive e-learning platform, offering a single repository for all global e-learning programs and contains a wide range of training material. 2020 saw nearly every employee with access to the platform, counting about 14,500 having completed at least one course.

Going forward, knowledge will be a priority. Yara will invest in a Yara Academy with three focus areas: change management, diversity and inclusion, and dynamic upskilling.

Yara is committed to paying employees fairly, regardless of personal beliefs or any individual characteristics. Individual remuneration will vary based on specific factors such as country, employment market conditions, position content and position grade, performance, and competence. A 2017 comprehensive analysis of six countries identified a gender pay gap in Yara ranging from 2.1% in Norway to 16% in Colombia.

Yara performed a follow-up gender equal pay gap study in 2020, expanding the number of countries included

from 6 to 16. The range of these studies is focused on non-tariff contract employees, as the tariff schedules provide strong protection against bias due to gender.

In 2020 this study incorporated over 5,000 employees. The gaps were reported ranging from 0% in Finland to 14% in Colombia. A weighted average pay gap for the 16 countries included was 3.96%. The gap on a like for like basis for the original 6 countries has closed from 5.4% to 4.8% since the 2017 study.

On gender balance, in 2021, we will sharpen our focus on gender diversity among line managers at the top three levels in the company, currently 253 managers. We aim to introduce a practice in line with peer companies and benchmarkable with industry indices. In this subset of the broader group of senior management positions, 23.7% were women at the end of 2020.

People also covers the company's broader set of stakeholders, which are key to the company's success. The stakeholder dialogue and the Stakeholder Procedure is described in the Stakeholder section.

Planet

Yara takes a holistic approach to environmental protection, covering both sourcing of raw materials, our own production processes, logistics and the use of our products. Yara uses a precautionary approach to iden-

tify risks and take preventive measures to mitigate the potential harm to people and the environment.

In 2020, Yara took major steps forward in its strategic approach to protecting the planet. First, Yara Farming Solutions was tasked with enabling our regional units to expand our reach and offerings. This included exploring new revenue models such as low-carbon or outcome-based business, selling services with farm-to-fork connectivity and continued focus on digital platforms. The Agoro Carbon Alliance market marks a major example, in which Yara set up a structure to provide farmers with income based on carbon sequestration.

Second, Yara's CEO and President committed the company to setting Science Based Targets (SBT), ensuring that Yara's Climate Roadmap is aligned with the goals of the Paris agreement. In partnership with Nutrien and WBCSD, we are undertaking a Sectoral Decarbonization Approach (SDA) for the Nitrogen fertilizer sector in support of SBT.

Third, planned through 2020 and executed in February 2021, Yara launched Yara Clean Ammonia – a new global unit which will capture growth opportunities within carbon-free food solutions, shipping fuel, and other clean ammonia applications, leveraging Yara's unique existing positions within ammonia production, trade, and shipping.

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Yara Clean Ammonia took its first major step forward by partnering with Statkraft and Aker Horizons to establish Europe's first large-scale green ammonia project in Norway. The partners plan to electrify and decarbonize Yara's ammonia plant in Porsgrunn.

2020 also heralded the announcement of a green ammonia pilot collaboration with Ørsted, located in Yara's Sluiskil, Netherland site. This brings Yara's green ammonia portfolio to three pilot projects and one full-scale project.

Yara's work on circular economy progressed with a new product coming to the market, under the Yara Nature brand. Based on Yara's partnership with Veolia, the product is firstly targeted for piloting in the Spanish market.

Environmental protection is also a major part of Yara's license to operate, and we are using ISO certification to ensure we operate in accordance with best practice and work systematically to improve performance. In 2020, Yara achieved a global management system certificate for the three standards ISO 9001 (Quality management), ISO 14001 (Environmental management), and ISO 45001 (Occupational health and safety management).

Yara's operations are also certified according to Product Stewardship criteria, which are industry-specific. The principles of Product stewardship ensure that proper care is taken along the whole fertilizer value chain from product development and the purchase of raw materials, to production, storage, transport and distribution, and up to use at the farm.

All incidents and near misses are reported and followed up systematically.

Prosperity

Yara delivered improved returns and cash flow in 2020, with earnings before interest, tax, and depreciation (EBITDA) up 6% from a year earlier. Safety performance also improved, with a low and industry-leading 1.3 total recordable injuries (TRI) per 1 million working hours.

Yara's return on invested capital (ROIC) reached 8.0%, up from 6.6% in 2019. EBITDA excluding special items and deliveries were in line with a year earlier.

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 11,690 million in 2020, up from NOK 1,138 million negative in 2019, after dividends

and group relief from subsidiaries of NOK 11,105 million (NOK 900 million in 2019). The net foreign currency translation gain was NOK 999 million compared with a loss of NOK 613 million in 2019.

Country-by-country reporting

Yara's country-by-country report has been developed to comply with legal requirements as stated in the Norwegian Accounting Act §3-3d and the Norwegian Security Trading Act §5-5a, valid from 2014. The full country-by-country reporting can be found on the yara.com annual report section.

Corporate governance principles

The Board of Directors and Executive Management of Yara International ASA review the company's corporate governance annually and report on the company's corporate governance in accordance with the Norwegian Accounting Act § 3-3b and the Norwegian Code of Practice for Corporate Governance (the "Code"), most recently updated 17 October 2018. The Code contains stricter requirements than mandated by Norwegian law. The Board of Directors' Corporate Governance Report is included in this Integrated Report and forms part of the Report of the Board of Directors.

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Group Executive Board

The following changes were made to Yara's Group Executive Board as part of the company's move to a regional segment structure effective 1 June 2020:

Tove Andersen, previously EVP Production, took up the position of EVP Europe.

Chrystel Monthean, previously SVP Business Unit Latin America, took up the position of EVP Africa & Asia.

Lair Hanzen, previously EVP Brazil, took up the position of EVP Americas.

Pål Hestad, previously SVP Production North Europe, took up the position of EVP Global Plants & Operational Excellence.

Terje Knutsen, previously EVP Sales & Marketing, took up the position of EVP Farming Solutions.

Pablo Barrera Lopez, previously EVP Strategy & Supply Chain, took up the position of EVP Strategy & Communication.

Kristine Ryssdal, previously General Counsel, took up the position of EVP HR & General Counsel.

The following changes were made to Yara's Group Executive Board effective 1 October 2020:

Lair Hanzen was appointed Special Advisor to the President and CEO, reporting to Svein Tore Holsether.

Chrystel Monthean was appointed EVP Yara Americas.

Fernanda Lopes Larsen, previously SVP Indirect Procurement, was appointed EVP Yara Africa & Asia.

Future prospects

Yara's industry fundamentals are robust, as the twin challenges of resource efficiency and environmental footprint requires significant transformations within both agriculture and the hydrogen economy. Yara's leading food solutions and ammonia positions are well placed to both address and create business opportunities from these challenges.

Ensuring continuity in food production and related value chains remains a top priority for all countries. Yara's market environment is in a positive trend, with

increasing grain prices creating stronger planting and crop nutrition incentives for farmers. Nitrogen fertilizer markets are robust, with strengthening prices ahead of the Northern hemisphere planting season. Yara's industrial business has also picked up, following weaker demand in second quarter 2020.

Leveraging its global production and marketing presence, Yara is broadening its core as a leading food solutions company by developing and marketing premium crop nutrition products and digital farming tools in close collaboration with partners throughout the food value chain. Yara is also enabling the hydrogen economy by targeting green ammonia opportunities within shipping, agriculture, and industrial applications, and by driving sustainable performance, targeting a ROIC above 10% mid cycle and reducing Scope 1 and Scope 2 emissions by 30% by 2030 compared with 2019.

Yara's capital allocation policy is based on an overall objective to maintain a mid-investment grade credit rating, while at the same time providing investors with a potential for cyclical upside in dividends. Yara's targeted capital structure is a mid- to long-term net debt/EBITDA range of 1.5-2.0 and a net debt/equity ratio below 0.60. Subject to these requirements, Yara's ordinary dividend shall be 50% of net income. Shareholder

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returns are distributed primarily as cash, with share buybacks as a supplemental lever. Yara's improving cash flow from strategy execution, a robust outlook and high hurdle rate for new investments may lead to increased dividend capacity going forward.

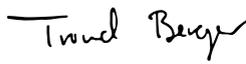
Yara has completed significant investments in recent years, through both expansion of existing operations, new builds, and acquisitions. The Board of Directors underlines that Yara's focus is on delivering its existing growth and improvement pipeline, and that future growth initiatives shall be evaluated with strict capital discipline.

Yara expects to invest approximately USD 1.3 billion during 2021 based on its current committed maintenance and improvement plans and announced growth investments. From 2022, total investments are capped at USD 1.2 billion per annum, including both maintenance and growth investments.

Yara's Board will propose to the Annual General Meeting a dividend of NOK 20 per share for the fiscal year of 2020.

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

The Board of Directors Yara Internationa
ASA, Oslo 00 March 2021

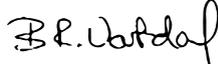

Trond Berger
Chair


Kimberly Lein-Mathisen
Vice Chair

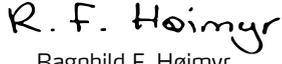

Håkon Reistad Fure
Member of the Board


Adele B. Norman Pran
Member of the Board

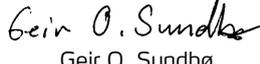

John Thuestad
Member of the Board


Birgitte R. Vartdal
Member of the Board


Rune Bratteberg
Member of the Board


Ragnhild F. Høimyr
Member of the Board


Øystein J. Kostøl
Member of the Board


Geir O. Sundbø
Member of the Board

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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 strategic targets and short-term goals.

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

Risk responsibilities

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. The Board oversees the risk management process and carries out annual reviews of the company's most important risk categories and internal control arrangements.

Yara's Executive Management is responsible for reviewing and operationalizing the defined risk appetite by maintaining an enterprise-wide system for risk management. The Executive Management 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 periodically in business review meetings.

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 to impact on our performance.

We implement mitigating strategies and pursue business opportunities to ensure that each risk is optimally managed. Risk mitigation plans are based on evaluations of the cost of control and potential impacts relative to the benefits of reducing the risk. 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 bi-monthly basis to reflect the current status of risks and action plans and is communicated to the Executive Management during bi-monthly business review meetings.

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Transparent performance

Yara is committed to transparent and diligent reporting of the company's performance. The consolidated accounts have been prepared in accordance with the EU-approved IFRS standards and pertaining interpretation standards applicable as of 31st December, 2020 and disclosure requirements that follow from the Norwegian Accounting Act as of 31st December, 2020.

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Consolidated statement of income

USD millions, except share information	Notes	2020	2019
Revenue from contracts with customers	2.1 , 2.3	11,591	12,858
Other income	2.2	137	78
Revenue and other income		11,728	12,936
Raw materials, energy costs and freight expenses	2.4	(7,819)	(9,317)
Change in inventories of own products		(201)	(17)
Payroll and related costs	2.5	(1,136)	(1,180)
Depreciation and amortization	4.1 , 4.2 , 4.5	(919)	(922)
Impairment loss	4.7	(46)	(43)
Expected and realized credit loss on trade receivables	3.2	(17)	(7)
Other operating expenses	2.6	(414)	(460)
Operating costs and expenses		(10,551)	(11,946)
Operating income		1,176	989
Share of net income in equity-accounted investees	4.3	20	65
Interest income and other financial income	2.7	62	76
Foreign exchange gain/(loss)	2.7 , 6.1	(243)	(145)
Interest expense and other financial items	2.7	(165)	(182)
Income before tax		850	803
Income tax expense	2.8	(160)	(214)
Net income		690	589

USD millions, except share information	Notes	2020	2019
Net income attributable to			
Shareholders of the parent		691	599
Non-controlling interests	5.2	-	(10)
Net income		690	589
Earnings per share ¹⁾		2.58	2.20
Weighted average number of shares outstanding ²⁾	5.1	267,985,860	272,319,232

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 2020 due to the share buyback program.

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Consolidated statement of comprehensive income

USD millions, except share information

	Notes	2020	2019
Net income		690	589
Other comprehensive income that may be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments		(56)	30
Hedge of net investments	2.8 , 6.2	22	(9)
Net other comprehensive income that may be reclassified to statement of income in subsequent periods, net of tax		(34)	20
Other comprehensive income that will not be reclassified to statement of income in subsequent periods (net of tax)			
Currency translation adjustments ¹⁾		28	(24)
Net gain/(loss) on equity instruments at fair value through other comprehensive income	6.3	(3)	(2)
Remeasurement gains/(losses) on defined benefit plans	2.8 , 5.4	(51)	(9)
Net other comprehensive income that will not be reclassified to statement of income in subsequent periods, net of tax		(26)	(35)
Reclassification adjustments of the period		(6)	1
Total other comprehensive income, net of tax		(66)	(14)
Total comprehensive income, net of tax		624	576
Total comprehensive income attributable to			
Shareholders of the parent		624	585
Non-controlling interests	5.2	-	(10)
Total		624	576

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

Consolidated statement of changes in equity

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	Notes	Share Capital ¹⁾	Premium paid-in capital	Currency translation adjustments	Fair value reserve of financial assets at FVOCI ⁴⁾	Cash flow hedges	Hedge of net investments	Total other reserves	Retained earnings	Attributable to shareholders of the parent	Non- controlling interests	Total equity
USD millions, except share information												
Balance at 31 December 2018		66	(49)	(1,319)	(2)	(3)	(199)	(1,523)	10,189	8,683	227	8,910
Net income		-	-	-	-	-	-	-	599	599	(10)	589
Other comprehensive income, net of tax		-	-	7	(2)	-	(9)	(4)	(9)	(14)	-	(14)
Total comprehensive income		-	-	7	(2)	-	(9)	(4)	589	585	(10)	575
Transactions with non-controlling interests	5.2	-	-	(54)	-	-	-	(54)	(97)	(151)	(137)	(288)
Treasury shares ²⁾	5.1	-	-	-	-	-	-	-	(83)	(83)	-	(83)
Dividends distributed	5.1	-	-	-	-	-	-	-	(203)	(203)	(2)	(205)
Balance at 31 December 2019		66	(49)	(1,367)	(4)	(2)	(209)	(1,582)	10,395	8,830	79	8,909
Net income		-	-	-	-	-	-	-	691	691	-	690
Other comprehensive income, net of tax		-	-	(35)	(3)	-	22	(16)	(51)	(67)	1	(66)
Total comprehensive income		-	-	(35)	(3)	-	22	(16)	640	624	-	624
Treasury shares ^{2) 3)}	5.1	(2)	-	-	-	-	-	-	(386)	(388)	-	(388)
Share capital increase in subsidiary, non-controlling interest	5.2	-	-	-	-	-	-	-	-	-	1	1
Dividends distributed	5.1	-	-	-	-	-	-	-	(925)	(925)	(1)	(926)
Balance at 31 December 2020		64	(49)	(1,402)	(7)	(2)	(187)	(1,599)	9,724	8,141	79	8,220

1) Par value 1.70.

2) As approved by General Meeting 7 May 2019.

3) As approved by General Meeting 7 May 2020.

4) See [note 6.3](#) Financial instruments.

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Consolidated statement of financial position

USD millions, except share information	Notes	31 Dec 2020	31 Dec 2019	USD millions, except share information	Notes	31 Dec 2020	31 Dec 2019
Assets				Equity and liabilities			
Non-current assets				Equity			
Deferred tax assets	2.8	485	484	Share capital reduced for treasury stock	5.1	64	66
Intangible assets	4.2	988	1,031	Premium paid-in capital		(49)	(49)
Property, plant and equipment	4.1	8,579	8,614	Total paid-in capital		15	17
Right-of-use assets	4.5	430	428	Other reserves		(1,599)	(1,582)
Associated companies and joint ventures	4.3	108	970	Retained earnings		9,724	10,395
Other non-current assets	4.6	380	414	Total equity attributable to shareholders of the parent		8,141	8,830
Total non-current assets	4.6	10,969	11,940	Non-controlling interests	5.2	79	79
Current assets				Total equity		8,220	8,909
Inventories	3.1	2,161	2,360	Non-current liabilities			
Trade receivables	3.2	1,478	1,564	Employee benefits	5.4	627	498
Prepaid expenses and other current assets	3.3	630	553	Deferred tax liabilities	2.8	388	416
Cash and cash equivalents	3.4	1,363	300	Other long-term liabilities	6.3	138	247
Non-current assets or disposal group classified as held-for-sale		5	9	Long-term provisions	5.6	361	303
Total current assets		5,637	4,785	Long-term interest-bearing debt	5.3	3,371	2,698
Total assets		16,605	16,725	Long-term lease liabilities	4.5	335	337
				Total non-current liabilities		5,220	4,499

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USD millions, except share information	Notes	31 Dec 2020	31 Dec 2019
Current liabilities			
Trade and other payables	5.5	1,880	1,614
Prepayments from customers	2.1	372	399
Current tax liabilities	2.8	156	140
Short-term provisions	5.6	75	72
Other short-term liabilities	6.3	95	101
Bank loans and other interest-bearing short-term debt	5.3	345	494
Current portion of long-term debt	5.3	132	398
Short-term lease liabilities	4.5	111	98
Total current liabilities	7.2	3,165	3,317
Total equity and liabilities		16,605	16,725
Number of shares outstanding ¹⁾		263,001,109	271,040,624

1) Number of shares outstanding was reduced in 2020 due to the share buy-back program.

The Board of Directors of Yara International ASA
Oslo, 25 March 2021

 Trond Berger Chairperson	 Kimberly Lein-Mathisen Vice chair	 Adele Bugge Norman Pran Board member
 John Thuestad Board member	 Rune Bratteberg Board member	 Birgitte Ringstad Vartdal Board member
 Ragnhild Flestrand Høimyr Board member	 Geir O. Sundbø Board member	 Håkon Reistad Fure Board member
 Øystein Kostøl Board member	 Svein Tore Holsether President and CEO	

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USD millions	Notes	2020	2019	USD millions, except share information	Notes	2020	2019
Operating activities				Investing activities			
Operating income		1,176	989	Purchases of property, plant and equipment	4.1	(739)	(1,066)
Adjustments to reconcile operating income to net cash provided by operating activities				Net cash outflow on business combinations		(13)	-
Depreciation and amortization	4.1, 4.2, 4.5	919	922	Purchases of other long-term investments	4.2	(17)	(30)
Impairment loss	4.7	46	43	Proceeds from sales of property, plant and equipment		11	13
Write down inventory and trade receivables		14	12	Net cash flow on divested assets		-	3
Income taxes paid		(264)	(135)	Proceeds from sales of equity-accounted investees and other non-current assets	4.3	1,006	37
Dividend from equity-accounted investees	4.3	9	166	Net cash provided by/(used in) investing activities		248	(1,044)
Interest and bank charges received/(paid) ¹⁾		(132)	(169)	Financing activities			
(Gain)/loss on disposal of non-current assets	4.1, 4.2	6	(33)	Loan proceeds ³⁾	5.3	780	538
Gain on sale of equity-accounted investees	4.3	(97)	-	Principal payments ³⁾	5.3	(650)	(920)
Other		(6)	(4)	Payments of lease liabilities	4.5	(122)	(108)
Working capital changes that provided/(used) cash				Purchase of treasury shares	5.1	(309)	(65)
Trade receivables		39	(5)	Dividends	5.1	(926)	(203)
Inventories		119	171	Other cash transfers (to)/from non-controlling interests	5.2	-	(1)
Prepaid expenses and other current assets ²⁾		161	(21)	Net cash used in financing activities		(1,228)	(758)
Trade and other payables		107	(54)	Foreign currency effects on cash and cash equivalents			
Other interest-free liabilities ²⁾		(51)	25			(2)	(7)
Net cash provided by operating activities		2,047	1,907	Net increase/(decrease) in cash and cash equivalents			
						1,064	98
				Cash and cash equivalents at 1 January			
						301	202
				Cash and cash equivalents at 31 December ⁴⁾			
				3.4		1,365	301
				Bank deposits not available for the use of other group companies			
				3.4		32	35

1) Including interest expenses on lease liabilities.

2) 2020 includes USD 103 million net cash inflow due to currency forward contracts and prior periods' collateral deposits with banks to keep credit exposure from derivatives within agreed limits.

3) Loan proceeds and principal payments related to short-term borrowings for which maturity is three months or less, are presented net.

4) Excluded expected credit loss provisions on bank deposits, which amounts to USD 2.5 million (2019: USD 0.9 million). See [note 3.4](#) for more information.

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Corporate information

Yara (the Group) consists of Yara International ASA and its subsidiaries. Yara International ASA is a public limited company incorporated in Norway. The Company's registered office is at Drammensveien 131, Oslo, Norway. The principal activities of the Group are described in [note 2.3](#) Segment information, [note 4.3](#) Associated companies and joint ventures, and [note 4.4](#) Joint operations.

These consolidated financial statements consist of the Group and the Group's interests in associated companies and jointly controlled entities. Information on the Group's structure is provided in [note 8.4](#) Composition of the Group. Information on other related party relationships of the Group is provided in [note 8.1](#) Related parties.

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and effective as of 31 December 2020. Yara also provides additional disclosures in accordance with requirements in the Norwegian Accounting Act.

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

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

Materiality judgments

These financial statements aim to provide useful financial information which meet the common information needs of its primary users. Materiality judgments are necessary to meet this objective, and Yara has made such judgments related to recognition, measurement, presentation and disclosures. With reference to the complete set of financial statements, information is considered material if omitting, misstating or obscuring it could reasonably be expected to influence decisions taken by primary users based on the information provided. The materiality judgments are reassessed at each reporting date and updated based on changed facts and Yara specific circumstances.

Yara's climate roadmap

Yara announced the Group's climate roadmap on the company's ESG-seminar 7 December 2020. In brief Yara has set an intensity KPI of 10% reduction in CO₂e per tonne N within 2025, a KPI on reduction of absolute emissions by 30% within 2030, and an ambition to be climate neutral within 2050. Yara has also announced its commitment to setting a Science Based Target (SBT), which is a process to confirm that climate targets are aligned with the goals of the

Paris agreement. In partnership with Nutrien and World Business Council for Sustainable Development (WBCSD), we are undertaking a Sectoral Decarbonization Approach (SDA) for the Nitrogen fertilizer sector in support of SBT. The goals of this climate roadmap have been considered when preparing these consolidated financial statements.

Basis of consolidation

The consolidated financial statements include Yara International ASA and entities controlled by Yara International ASA (its subsidiaries). Control is achieved when the Group has power over the investee, is exposed to, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. When the Group has less than a majority of the voting rights of an investee, it has power over the investee if the voting rights in practice are sufficient to unilaterally direct the relevant activities of the investee. The Group re-assesses if it controls an investee when facts and circumstances indicate that there are changes to one or more elements of control.

Consolidation of a subsidiary begins when the Group obtains control and ceases when the Group loses control. This means that income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is

attributed to the owners of Yara International ASA and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

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

Profit or losses from transactions with associates and joint ventures are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that is not related to the Group.

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

EU Directive 83/349

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

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Foreign currency translation

Group companies

The individual financial statements of a subsidiary are prepared in the subsidiary's functional currency. 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 recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All foreign currency translations are recognized in the statement of income except for 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. Such foreign currency translations are recognized as a separate component of other comprehensive income, including

tax charges and credits attributable to these borrowings and monetary items. When the net investment is disposed of, or the monetary item is settled, they are recognized in the consolidated statement of income.

Significant accounting policies

Accounting policies according to the list below are included in the relevant notes to the Consolidated Financial Statements:

Accounting Policies

Revenue recognition	2.1
Dividends received	2.7
Interest income	2.7
Income Taxes	2.8
Inventories	3.1
Trade receivables	3.2
Property, plant and equipment	4.1
Goodwill	4.2
Intangible assets	4.2
Research and development expenditures	4.2
Investments in associates and joint ventures	4.3
Investments in joint operations	4.4
Leases	4.5
Impairment of non-current assets other than goodwill	4.7
Own shares	5.1
Dividends paid	5.1
Employee benefit obligations	5.4
Provisions	5.6
Hedge accounting	6.2
Financial Instruments	6.3
Fair value measurement	6.3

New and revised accounting standards and interpretations

Adopted

The Group has applied the below amendments to IFRS that are effective for accounting periods beginning on or after 1 January 2020, and which are relevant for Yara. Yara has not identified significant impact to the Group's consolidated financial statements as a result of the mentioned amendments.

▪ **Amendments to IFRS 3**

- **Definition of a Business**

Amendments to IFRS 3 are issued to help entities determine whether an acquired set of activities and assets are a business or not. These amendments narrow and clarify the definition of a business, and permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. Yara apply them to transactions that are either business combinations or asset acquisitions.

▪ **Amendments to IAS 1 and IAS 8**

- **Definition of Material**

Amendments to IAS 1 and IAS 8 were issued to clarify the definition of material and how it should be applied by (a) including in the definition guidance that until now has featured elsewhere in IFRS standards; (b) improving the explanations accompanying the definition; and (c) ensuring that the definition of material is consistent across all IFRS standards.

▪ **Amendments to IFRS 9, IAS 39 and IFRS 7 - Interest rate benchmark reform**

Amendments to IFRS 9, IAS 39 and IFRS 7 were issued to respond to the effects of the interest rate benchmark reforms

on financial reporting. The amendments to IFRS 9 and IAS 39 provide temporary reliefs which enable hedge accounting to continue for affected hedges during the period of uncertainty before the interest rate benchmarks are amended as a result of the reforms. The amendments to IFRS 7 introduce new disclosure requirements. The amendments are applicable to Yara as the Group has fair value hedges exposed to the interest rate benchmarks NIBOR and STIBOR as well as net investment hedges exposed to USD LIBOR, ref. [note 6.2](#) Hedge accounting. Yara closely monitors the outcome of relevant interest rate benchmark reforms to determine the effects for Yara. Please see [note 6.1](#) Financial risks for more information on Yara's strategy to manage the risk exposure related to the interest rate benchmark reforms.

▪ **Amendments to IFRS 16**

- **Covid-19-Related Rent Concessions**

In May 2020, the IASB amended IFRS 16 Leases to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification. Yara was not granted any significant rent concessions during 2020 as a direct consequence of the Covid-19 pandemic.

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Not yet effective

The below amendments to IFRS applicable to Yara have been issued but were not yet effective on the balance sheet date. Yara will implement the changes from their effective date, subject to endorsement by the EU. At the date of the Board approval of these financial statements, Yara has not identified significant impact to Yara's consolidated financial statements as a result of amendments effective for 2021. Yara has not yet fully assessed the impact of changes which are effective from 2022 and beyond.

- **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform - Phase 2**

The amendments are effective for accounting periods beginning on or after 1 January 2021. They provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate. Yara closely monitors the outcome of relevant interest rate benchmark reforms to determine the effects for Yara. See [note 6.1](#) Financial risks for more information on Yara's strategy to manage the risk exposure related to the interest rate benchmark reforms.

- **Amendments to IFRS 3 – Reference to the Conceptual Framework**

The amendments are effective for annual periods beginning on or after 1 January 2022. They add an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent

Assets or IFRIC 21 Levies, if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

- **Amendments to IAS 16**

- **Proceeds before Intended Use**

The amendments are effective for annual periods beginning on or after 1 January 2022. They prohibit entities from deducting from the cost of an item of property, plant and equipment (PP&E), any proceeds of the sale of items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

- **Amendments to IAS 37**

- **Costs of Fulfilling a Contract**

The amendments are effective for annual periods beginning on or after 1 January 2022. They specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments are intended to provide clarity and help ensure consistent application of the standard.

- **IFRS 17 Insurance Contracts**

IFRS 17 will be effective for annual periods beginning on or after 1 January 2023. It covers recognition, measurement, presentation and disclosure for insurance contracts. Once effective, IFRS 17 will replace IFRS 4 Insurance contracts. Yara has not yet assessed implications of this new standard for the Group.

1 Key sources of estimation uncertainty, judgments and assumptions

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General

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

Key sources of estimation uncertainty

Impairment of assets

Property, plant and equipment
Yara has significant carrying amounts related to property, plant and equipment recognized in the consolidated statement of financial position. The value in use of some of these assets could be influenced by changes in market conditions in the regions where Yara carries out its business. Significant and pro-

longed 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 2020, mainly due to uncertain economic conditions in local markets. No facilities have been temporarily or permanently closed during 2020 due to inadverse market conditions. The wholly-owned ammonia plant in Point Lisas, Trinidad was closed in December 2019. Impairments recognized in prior periods have been evaluated for reversals. Total impairment recognized on property, plant and equipment in 2020 is USD 29 million. The carrying amount of property, plant and equipment at 31 December 2020 is USD 8,579 million. See [note 4.1](#) and [4.7](#) for further details.

Goodwill and other intangible assets
Determining whether goodwill and other intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which goodwill and other intangible assets have been allocated. The value in use calculation requires man-

agement to estimate the future cash flows expected to arise from the cash-generating unit and was a suitable discount rate in order to calculate present value. The carrying value of goodwill and other intangible assets at 31 December 2020 is USD 831 million and USD 157 million, respectively. Yara recognized impairment of goodwill and other intangible assets of USD 12 million and USD 3 million in 2020, respectively. Details of recognized goodwill are provided in [note 4.2](#) and the impairment information, including sensitivity disclosures, is provided in [note 4.7](#). Other intangible assets mainly comprises software, customer relationships and patent and trademarks either identified as part of the purchase price allocation of new business combinations or internally developed. See [note 4.2](#) and [4.7](#) for further details.

Tax assets and liabilities

Yara recognizes deferred tax assets if it is probable that sufficient taxable income will be available in the future against which the temporary differences and unused tax losses can be utilized. Management has considered future taxable income in assessing whether these assets should be recognized, taking into consideration that stronger evidence for utilization is required for entities with a history of recent tax losses. The carrying amounts of deferred tax assets and deferred tax liabilities at 31 December 2020 are USD 485 million and USD 388 million, respectively. The amount of unrecognized deferred tax assets is USD 312 million, of which USD

133 million is related to unused tax losses in Brazil. Further information about deferred tax is provided in [note 2.8](#).

Yara's operations in Brazil also generate tax credits. Recognition of these assets are based on Management assumptions related to future operating results and timing of utilization. Yara has recognized USD 125 million of such tax credits which are classified as non-current assets. Unrecognized amounts of the same credits i USD 19 million which reflects the challenges of utilizing all credits through ordinary operations. Further information is provided in [note 4.6](#).

Yara is engaged in a number of juridical and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to estimate the probability of cash outflow on a case-by case basis. The estimated maximum exposure on tax contingencies is approximately USD 190 million of which USD 105 million is related to tax cases in Brazil. The estimated maximum exposure of USD 190 million is excluding a separately disclosed case with the Dutch tax authorities. Further information is provided in [note 5.6](#).

Yara has operations in multiple countries, each with its own taxation regime. Management is required to make judgments, estimates and assumptions in relation to tax treatments. In certain cases, it may be unclear how tax law applies to a particular

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transaction or circumstance until the relevant taxation authority of court takes a decision in the future. Consequently, this may affect tax assets and liabilities. When assessing whether uncertainty over tax treatments exists, Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

Pension liabilities

The fair value of pension liabilities is calculated based on several actuarial and economic assumptions. Any changes in the assumptions used would affect the estimated pension obligation. Changes in the discount rate have the most significant impact. The discount rate and other key assumptions are determined locally for each individual pension plan, based on the economic environment in which the plan is established. Assumptions are normally reviewed annually when the actuarial calculation is carried out, unless there are significant changes during the year.

The carrying amount of the net pension and other long-term employee benefits liabilities at 31 December 2020 is USD 552 million. The gross pension and other long-term employee benefits liabilities have a carrying value of USD 2,536 million at the same date. Detailed information, including sensitivity disclosures, is provided in [note 5.4](#).

Covid-19

As a result of the outbreak of Covid-19 in 2020, all significant estimates and underlying assumptions to the accounting areas listed above have been reviewed in the light of this new situation. So far, Yara has not experienced any major disruption to its operations or experienced significant financial effects due to Covid-19. In addition to the accounting areas mentioned, Yara has also focused on estimates related to expected credit loss on trade receivables and on inventory valuation. Yara has not identified significant Covid-19 impact to these consolidated financial statements as of 31 December 2020.

Financial implications of climate change

Yara face significant risks and opportunities as a result of climate change and the governmental accelerated and decisive actions to reduce greenhouse gas (GHG) emissions and to create low-carbon and climate-resilient economies. These risks and opportunities are integrated in the Group's risk management

and strategy development processes, and risk mitigating actions and new business opportunities are currently being targeted and developed. Preparation of relevant scenario analyses is ongoing.

The risks of climate change for Yara's financial performance can be classified as transition risks or physical risks. Transition risks are risk to the Group that arise from the transition to a low-carbon and climate-resilient economy. Physical risks are risks to the Group that arise from the physical effects of climate change. These transition and physical risks can affect Yara in a multitude of ways and result in material adjustments to the carrying amounts of assets and liabilities. Significant judgment may be needed to estimate such adjustments including, but not limited to, future re-assessment of useful lives of tangible and intangible assets as well as assumptions used as basis for impairment testing of such assets.

As of year-end 2020, any future financial impact to Yara of climate risks and opportunities is highly uncertain.

The risks and opportunities of climate change reflected in these financial statements refers, in all material respects, to the European Green Deal, a set of policy initiatives by the European Commission with the overarching aim of making Europe climate neutral in

2050. These risks and opportunities have been included in the impairment testing of tangible assets in Europe which are sensitive for impairment, and no impairment is recognized. For more information, see [note 4.7](#) Impairment on non-current assets.

Critical judgments in applying accounting policies

Assessment of influence and control and classification of joint arrangements

Management has used judgment in relation to the classification of Yara Freeport LLC DBA Texas Ammonia and classified it as a joint operation. The unit constructed an ammonia plant in the US which opened in April 2018. The company is owned 68% by Yara but controlled jointly with the other owner. The company has been classified as a joint operation because the partners have equal number of board representatives and because relevant activities that significantly affect the return on the investment requires approval of representatives from both partners. The same judgment have been made for the 50% owned Yara Pilbara Nitrates and the 49% owned Tringen, also on the basis of required consensus when making relevant decisions. See [note 4.4](#) for further details on joint operations.

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2 Results for the year

2.1 Revenue from contracts with customers

Overview and accounting policies

A description of the nature of external revenues in the Yara Group can be found in [note 2.3](#) Segment information.

Under IFRS 15, Yara recognizes as revenue the agreed transaction price in a contract with a customer at the time when the Group transfers the control of a distinct product or service to the customer.

The nature of Yara's revenue recognition is categorized as follows:

- **Sale of fertilizer and chemical products**
Yara sells fertilizer and chemical products to customers worldwide. Ordinary purchase orders are normally the contracts with the customer which create enforceable rights and obligations. Revenue is recognized when control of the products is transferred to the customer. This is normally determined by the incoterm used in the sales transactions. The use of incoterms varies between regions, markets and customers, but products are typically sold ex-warehouse.

Contracts with larger customers often include sales incentives leading to variable consideration amounts. Volume discounts are the dominant sales incentives used by Yara. These discounts may have prospective or retrospective effect. Volume discounts with retrospective effect are systematically accrued and recognized as reduction of revenue based on the best estimate of the

amounts potentially due to the customer. If the discount cannot be reliably estimated, revenue is reduced by the maximum potential discount. Discount which qualify as material rights are accounted for as separate performance obligations.

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

The majority of sales in the Group have credit terms of less than 90 days. Normally customer contracts do not include a significant financing component.

Yara does not have significant incremental costs of obtaining or fulfilling contracts with customers which the Group expects to recover.

- **Freight/insurance services**

Yara arranges delivery to the customer's location using different incoterms. When the Group uses incoterms which transfer the responsibility for the goods to the customer before the freight/insurance service is delivered (C-incoterms), Yara normally considers the freight/insurance service to be a distinct service which shall be accounted

for as a separate performance obligation. This means that Yara allocates consideration to these freight/insurance services based on known or estimated standalone selling prices, and recognizes the corresponding revenue over time to the extent the freight/insurance service is performed. However, the timing effects are limited since the majority of deliveries to the customer's location are done within days. Shipping and handling activities that occur before customers take control of the goods are considered to be part of fulfilling the sale of the goods.

- **Other products and services**

Other products and services include a number of different offerings including equipment and services to store or handle product, and technology offerings in the Industrial Solutions segment business units, such as Environmental Solutions. Revenues from sale of equipment are recognized upon delivery to the customer. Revenues from sale of services are recognized over time as the service is performed. Revenues from technology offerings in Yara's Environmental Solutions Business are recognized over time using the percentage of completion method if they meet the criteria for over time recognition in IFRS 15. The percentage of completion method is an input method (based on costs incurred) and provides a faithful depiction of the transfer of these offerings since it is reasonably possible to estimate the stages of project completion on an ongoing basis. Offerings which represent multiple element arrangements are

analyzed to identify distinct goods or services that shall be accounted for as separate performance obligations.

Urea sales in India

Yara's India business manufactures and sells urea to dealers who sell to retailers who in turn sell to farmers. Yara sells urea under a pricing scheme policy (as applicable from time to time) issued by the Government of India (Gol). This policy aims to promote balanced nutrient application and sustained agricultural growth by making urea available to farmers across India at affordable prices on a timely basis.

The price at which Yara can sell urea to registered dealers under the pricing scheme policy (as applicable from time to time) is regulated, verified and determined by Gol. The price is generally less than the cost of production and Gol provides a compensation based on a pre-defined method considering the sales price set by Gol to be charged to registered dealers. The cost for natural gas, other variable cost (including cost of bags and freight) and fixed cost.

Control of goods transfers at the time the registered dealer receives the goods. The consideration received is based on the dealer's receipt of goods and constitutes of the fixed sales price to be paid by the registered dealer and the estimated compensation to be paid by Gol. As Yara has the inventory risk and controls the goods until they are delivered to the registered dealers. The compensation from Gol is presented as revenue in the consolidated statement of income.

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Disaggregation of external revenues by nature

USD millions	Fertilizer and chemical products	Freight/ insurance services	Other products and services	Total
2020				
Europe	2,783	102	39	2,924
Americas	4,401	154	7	4,562
Africa & Asia	1,803	33	9	1,845
Global Plants & Operational Excellence	436	60	26	522
Industrial Solutions	1,392	134	193	1,719
Other and Eliminations	5	-	14	19
Total	10,819	484	288	11,591
2019 Restated ¹⁾				
Europe	2,889	98	37	3,024
Americas	4,991	184	7	5,182
Africa & Asia	1,843	38	1	1,881
Global Plants & Operational Excellence	588	65	24	677
Industrial Solutions	1,556	136	390	2,083
Other and Eliminations	(2)	-	13	11
Total	11,864	520	473	12,858

1) The 2019 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Disaggregation of external revenues by product group

USD millions	2020	2019
Ammonia	748	953
Urea	2,420	2,713
Nitrate	1,726	1,862
NPK	3,816	4,139
CN	560	552
UAN	282	300
SSP	82	165
DAP/MAP	240	263
MOP/SOP	430	540
Other fertilizer and chemical products	999	898
Other products and services	288	473
Total revenues	11,591	12,858

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.

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Disaggregation of external revenues by geographical area

USD millions	Europe	Brazil	Latin America ex. Brazil	North America	Asia	Africa	Total
2020							
Europe	2,826	2	11	1	39	46	2,924
Americas	-	2,659	872	1,033	-	-	4,565
Africa & Asia	-	-	-	-	1,342	503	1,845
Global Plants & Operational Excellence	42	79	29	192	180	-	522
Industrial Solutions	987	333	89	67	128	113	1,716
Other and Eliminations	15	-	-	-	4	-	19
Total	3,871	3,073	1,000	1,293	1,692	662	11,591
2019 Restated ¹⁾							
Europe	2,932	5	6	-	35	45	3,024
Americas	1	3,263	821	1,096	-	-	5,182
Africa & Asia	1	-	-	-	1,333	547	1,881
Global Plants & Operational Excellence	56	74	23	287	237	-	677
Industrial Solutions	1,257	323	97	98	181	126	2,083
Other and Eliminations	13	-	-	-	(2)	-	11
Total	4,259	3,665	948	1,482	1,785	718	12,858

1) The 2019 segment figures have been restated according to the new segment structure. The Yara Group figures are unchanged.

Revenues from external costumers of an amount of USD 213 million (2019: USD 234 million) are attributed to Norway (Yara's country of domicile).

Customer contract balances and unsatisfied performance obligations

The timing of revenue recognition, billings and cash collections results in billed trade receivables, unbilled receivables (contract assets), and prepayments and deposits from customers (contract liabilities). Information on billed trade receivables can be found in [note 3.2](#).

Unbilled receivables (contract assets) are limited and refer mainly to technology offerings in Yara's Environmental Solutions Business with revenue recognition over time in accordance with the percentage of completion method. For such offerings, billing generally occurs upon achievement of contractual milestones subsequent to revenue recognition. Contract assets are transferred to receivables when Yara has an unconditional right to consideration.

Prepayments and deposits from customers (contract liabilities) mainly refer to Yara's fertilizer sales in Brazil where prepayments up front of the fertilizer season is common practice to reduce price risk for the customers. Prepayments in Brazil are normally received less than 90 days before delivery of the goods. To a limited extent contract liabilities also refer to up-front payments on technology offerings in Yara's Environmental Solutions Business.

Unsatisfied performance obligations refer mainly to technology deliveries in Yara's Environmental Solutions Business. For other deliveries unsatisfied performance obligations which are part of contracts that have an expected value of one year or less are not disclosed. In addition, unsatisfied performance obligations are not disclosed when Yara's right to consideration corresponds directly with the value to the customer of Yara's performance completed to date.

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USD millions	2020	2019
Contract assets		
Opening balance 01.01	38	42
Transferred to receivables in the period	(35)	(117)
Increase due to measure of progress in the period	22	113
Revenue recognized in the period from performance obligations satisfied in previous periods	-	-
Impairment	-	-
Currency translation effect	1	-
Closing balance 31.12	26	38
Contract liabilities		
Opening balance 01.01	399	343
Share of opening balance recognized as revenue in the period	(398)	(319)
Cash received not recognized as revenue in the period ¹⁾	369	376
Currency translation effect	1	-
Closing balance 31.12	372	399
Unsatisfied performance obligations		
Initial contract price on signed contracts	555	621
Aggregate contract revenue incurred to date ²⁾	(516)	(420)
Transaction price allocated to unsatisfied performance obligations	39	201
Unsatisfied performance obligations to be recognized within		
1 year	33	149
2-3 years	6	52
Transaction price allocated to unsatisfied performance obligations	39	201

1) Presented net of amounts created and released within the same reporting period.

2) Based on the percentage of completion method.

2.2 Other income

Accounting policies

A white certificate is an instrument issued by an authorized body guaranteeing that a specified amount of energy savings has been achieved. Yara receives such instruments from voluntarily participating in the white certificate scheme in Italy. The white certificates under this scheme is tradable and Yara sells these instruments to energy producers in the scheme on a running basis. Yara recognizes the white certificates received at zero cost and recognizes a gain equal to the selling price once they are sold.

Compensation from insurance companies is recognized in profit and loss when it becomes a receivable. The compensation becomes receivable when it is "virtually certain" that it will be received.

Please see separate notes referred to in the table below for the accounting for other specified items.

USD millions	Notes	2020	2019
Sale of white certificates		6	37
Insurance and other compensations		4	14
Commodity based derivatives gain/loss	6.3	15	13
Sale of shares in equity-accounted investee ¹⁾		100	-
Other		12	15
Total		137	78

1) Of this amount, USD 97 relates to the sale of Yara's share in QAFCO in 2020. See [note 7.1](#) for more information.

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2.3 Segment information

Yara moved to a regional organizational structure on 1 June 2020, and the Group's operations comprise of the following operating segments as of Year End 2020:

- Europe
- Americas
- Africa & Asia
- Global Plants & Operational Excellence
- Industrial Solutions

In addition, Yara has established a new global function - Farming Solutions. This function has a global mandate to drive the transformation of Yara's core crop nutrition business, developing both existing and new solutions including premium products, digital business, food value chain collaboration and climate-neutral solutions.

The regional segments operate in a fully integrated setup, comprising production, supply chain and commercial operations, producing and deliver existing Yara solutions in addition to commercializing and selling new offerings under the guidance of Farming Solutions.

The operating segments presented are the key components of Yara's business as of Year End 2020 which have been assessed, monitored and managed on a regular basis by Yara's Chief Executive Officer (CEO) as the Chief Operating Decision Maker.

On 9 February 2021 Yara announced that a new global unit had been established – Yara Clean Ammonia – to capture growth opportunities within carbon-free food solutions, shipping fuel and other clean ammonia applications, leveraging Yara's unique existing

position within ammonia production, trade and shipping. The new global unit will be reported as an additional, separate operating segment from 2021.

Europe

Yara Europe comprises sales, marketing and production within Europe. Yara Europe markets crop nutrition solutions to farmers and the food value chain, offering crop nutrition products, advice and related services. The product portfolio is comprehensive, ranging from standard nitrogen-based fertilizer to specialty products. The largest product categories sold within nitrogen-based fertilizer are nitrates and compound fertilizer (NPK).

Products sales are today mainly made spot to distributors based on ordinary purchase orders and underlying frame agreements. Products are sold to a variety of customers covering wholesale, co-operatives, retail, and to a lesser extent direct to farmers. The types of customers and products sold differ between regional markets, and the off-take of product varies throughout the fertilizer seasons in the different markets.

Yara Europe has 11 fertilizer plants across Europe. The plants have different product portfolios and are located to serve both domestic and export markets. In addition, the region operates more than 100 terminals and warehouses (owned and leased) and has a direct presence in around 30 European countries. The majority of products sold are produced at own sites in the region.

Operating results are driven by integrated business value creation from plant to market. The margin between realized finished fertilizer prices and raw material input prices is partly driven by Yara's ability to differentiate

its offerings and partly by the price developments for commodity fertilizer (urea, UAN), natural gas and ammonia. Yara also creates value through operational efficiency at its production plants, competitive sourcing of raw materials for production and optimal resource allocation across its business model. Operating results are also impacted by currency movements as margins are typically US dollar exposed while fixed costs have a significant local currency component (mainly Euro).

Americas

Yara Americas comprises sales, marketing and production within the regional business units of North America, Latin America and Brazil. The segment markets a comprehensive offering of crop nutrition solutions and services including a broad product portfolio comprising nitrogen-based fertilizer and compound fertilizer (NPK) that contain all of the three major plant nutrients: nitrogen (N), phosphorus (P) and potassium (K) as well as foliar and fertigation solutions through micronutrients. The region also sells phosphate and potash-based fertilizers which to a large extent are sourced from third parties.

Product sales are today mainly made spot to distributors based on ordinary purchase orders and underlying frame agreements, but to an increasing extent the products are also sold directly to farmers and co-operatives. The composition of customer groups and products sold differs between local and regional markets, and the off-take of product varies with the fertilizer seasons in the different markets. Product sales are mainly sourced from the operating segment Global Plants & Operational Excellence based on "arm's length principle" transfer pricing, and from the segment's own production facilities

in Canada, the US, Trinidad, Colombia and Brazil.

The North America business unit operates a wholly-owned plant in Belle Plaine, Canada and also participates in the joint operations Trinidad Nitrogen Company Ltd. in Trinidad and Yara Freeport LLC DBA Texas Ammonia in the US (Yara consolidates its share of assets, liabilities, revenues and costs for joint operations). A smaller portion of the urea and urea ammonium nitrate (UAN) sales are sourced from third party producers. In addition to crop nutrition solutions, North America markets industrial application solutions such as waste water treatment and additives for the construction industry and oil field services.

The Latin America business unit covers all Spanish-speaking markets in the Americas, from Mexico in the North to Argentina in the South. In Colombia Yara owns a production facility in Cartagena which mainly serves the local Colombian market with compound fertilizer (NPK) and calcium nitrate (CN) products. The Cartagena facility also produces soluble ammonium nitrate to supply local customers.

The Brazil business unit operates more than 20 blending units and distribution sites with a geographic spread to supply Brazil's main agricultural markets. It also includes the fully-owned production plants at Rio Grande, Ponta Grossa, Cubatão, Paulínia, Salitre and Sumaré.

Operating results in Yara Americas are largely driven by Yara's ability to commercialize crop nutrition solutions based on European produced premium fertilizers at value-added margins, as well as the marketing of own-produced products in the region. Other

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key value drivers are reliability and operational efficiency at the production plants, competitive sourcing of raw materials for production (including natural gas), and efficient blending of third-party sourced raw materials. Operating results are also impacted by currency movements, as margins are typically US dollar exposed while fixed costs have a significant local currency component.

Africa & Asia

Yara Africa & Asia comprises sales, marketing, distribution and production of fertilizers and industrial products across Asia-Pacific, Africa and Oceania regions. The segment markets a comprehensive offering of crop nutrition solutions and services including a broad product portfolio comprising nitrogen-based fertilizer and compound fertilizers (NPK) designed for soil application. This portfolio is complemented by foliar and soluble products, serving a different range of crop application. A significant part of the products marketed are sourced from Yara production plants, both inside and outside the Africa & Asia region.

Most of the customers in the region are smallholders farmers. Yara reaches these customers through distributors, retailers and co-operatives based on different commercial agreements. The region also includes more mature agricultural markets such as South Africa, Australia and New Zealand where Yara often sells directly to professional large-scale crop farmers. The type of customers and product portfolio sold differs greatly between the different markets.

The region has offices and operational units in more than 20 countries, with most significant business operations in China, India, Thailand, South Africa and Australia. As a complemen-

tary part to our crop nutrition distribution business, our fertilizer production comprehends one production facility in Australia producing Ammonia and Technical Ammonium Nitrate (TAN) and one production facility at Babrala in India producing ammonia and urea. The ammonia produced in Australia is commercialized by Yara's ammonia trade and shipping activity within the operating segment Global Plants & Operational Excellence, while the technical ammonium nitrate (TAN) is commercialized by the operating segment Industrial Solutions in the Australian mining market. The production facility producing technical ammonium nitrate (TAN) is a joint operation (Yara Pilbara Nitrates Pty Ltd.) in which Yara consolidates its ownership share of 50% of assets, liabilities, revenues and costs. The ammonia produced at Babrala is used for the production of urea at the same plant. The urea produced at the plant is sold under a subsidized government scheme in India.

Operating results are highly influenced by the Yara's ability to commercialize our differentiated nitrate-based fertilizer portfolio and the upgrading margins in the production facilities driven by the price levels of ammonia/Urea and competitive gas supply. Operating results can also be influenced by movements in currency rates.

Global Plants & Operational Excellence

The Global Plants & Operational Excellence segment operates Yara's largest, and export oriented, production plants (Porsgrunn, Sluiskil) and has a key role in driving operational improvements, competence development and technical project execution across Yara's production system. The unit also comprise Yara's global ammonia trade and shipping activity, Yara's development

of a potash resource in Dallol, Ethiopia, and Yara's 25% share in Qatar Fertilizer Company (QAFCO) which was sold in the 3rd quarter 2020. In addition the unit includes the global planning and optimization function, the product management function and the corporate Health, Environment, Safety and Quality (HESQ) function.

Yara's ammonia trade and shipping activity plays a vital role in Yara's production system as it allocates excess volume from producer plants and delivers to consumer plants in a timely manner in order to ensure full production capacity utilization. Besides significant intra-group purchases and sales, Yara Ammonia Trade and shipping purchases ammonia from third parties predominantly to supply its European production region. It also generates significant external sales by selling ammonia to large customers in the fertilizer and chemical industries on a contract basis, mainly in the Americas and Asia regions. It also provides optimized shipping solutions that fit Yara's storage and port capacity, and which includes a fleet of own and time chartered vessels.

The majority of sales in the segment are group internal sales of finished fertilizers transferred at internal prices based on the arms lengths principle. The remaining external sales mainly relate to Yara's global trade and shipping of ammonia.

The Global Plants & Operational Excellence unit operating results are highly influenced by volume output and margin development for fertilizer commodities. The margins are primarily driven by the difference in price levels for urea, diammonium phosphate fertilizer (DAP) and potash-based fertilizer and

the price level of the key input factors energy, phosphate rock and potash. Operating results can also be influenced by movements in currency exchange rates.

Industrial Solutions

Yara Industrial Solutions mainly provides nitrogen based solutions and services across a wide range of industries including automotive, construction, waste handling and circular economy, shipping, chemicals, mining and animal feed. There is a strong environmental focus to Yara Industrial Solutions and a large portion of revenue is derived from AdBlue, an urea-based reagent used by diesel vehicles to reduce nitrogen oxide emissions. The segment also offers NO_x abatement solutions for industrial plants and transport at both land and sea. In addition, Yara Industrial Solutions is continuously working to develop product and service offerings in high growth markets as well as additional green and sustainable opportunities globally.

Yara Industrial Solutions performs its activities through five global commercial units; Transport Reagents, Mining Applications, Base Chemicals, Industrial Nitrates and Yara Marine Technologies. These commercial units are backed by six dedicated production plants across Europe, Latin America, Asia and Africa. In addition, the segment has arm's length commercial agreements with the rest of Yara's global production plant network and external suppliers. Through direct sales and distributors, Yara Industrial Solutions is able to provide its customers with high quality, reliable products and services backed by deep local knowledge combined with global best practice expertise. The customer contracts are to a large extent medium to long-term contracts, however

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products are also sold spot based on ordinary purchase orders. In some markets the segment delivers equipment and services to store or handle products.

Operating results are exposed to fluctuations in commodity prices and general economic activity. However, Yara Industrial Solution's

integrated position coupled with its diversified exposure in terms of product, underlying industry and global location has allowed Yara Industrial Solutions to mitigate these effects to a great extent.

Other and eliminations

Other and eliminations comprise cross-

segment eliminations which to a large extent refer to elimination of profit on inventory. In addition it comprises corporate costs which are not allocated to operating segments. Fluctuations in EBITDA refer to volumes in stock and internal margins on these volumes based on the arms lengths principle. High EBITDA in Other and eliminations refer to

lower volumes in stock and vice versa. A high EBITDA may also be explained by lower internal margins on volumes in stock. In both situations the internal eliminations will be less significant.

Consolidated statement of income

USD millions, except percentages	2020	2019 Restated ¹⁾
External revenue from contract with customers		
Europe	2,924	3,024
Americas	4,562	5,182
Africa & Asia	1,845	1,881
Global Plants & Operational Excellence	522	677
Industrial Solutions	1,719	2,083
Other and Eliminations	19	11
Total	11,591	12,858
Internal revenue		
Europe	531	571
Americas	258	329
Africa & Asia	389	370
Global Plants & Operational Excellence	1,918	2,186
Industrial Solutions	263	257
Other and Eliminations	(3,358)	(3,713)
Total	-	-

USD millions, except percentages	2020	2019 Restated ¹⁾
Total revenue		
Europe	3,455	3,595
Americas	4,820	5,510
Africa & Asia	2,234	2,251
Global Plants & Operational Excellence	2,440	2,863
Industrial Solutions	1,982	2,340
Other and Eliminations	(3,339)	(3,702)
Total	11,591	12,858
Operating income ²⁾		
Europe	201	247
Americas	281	247
Africa & Asia	49	(8)
Global Plants & Operational Excellence	477	365
Industrial Solutions	234	193
Other and Eliminations	(65)	(55)
Total	1,176	989

1) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.

2) See "Alternative performance measures" section for reconciliation of alternative performance measures in the Yara Group. ROIC, NOPAT and Invested Capital are calculated on a 12-month rolling average basis.

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USD millions, except percentages	2020	2019 Restated ¹⁾
EBITDA ²⁾		
Europe	477	512
Americas	563	574
Africa & Asia	162	102
Global Plants & Operational Excellence	701	618
Industrial Solutions	344	301
Other and Eliminations	(23)	(11)
Total	2,223	2,095
ROIC (12-month rolling average) ²⁾		
Europe	6.6%	7.9%
Americas	6.4%	5.1%
Africa & Asia	2.0%	0.0%
Global Plants & Operational Excellence	14.5%	11.4%
Industrial Solutions	17.2%	13.3%
Yara ³⁾	8.0%	6.6%

USD millions, except percentages	2020	2019 Restated ¹⁾
Net operating profit after tax (NOPAT) ²⁾		
Europe	157	196
Americas	260	238
Africa & Asia	43	1
Global Plants & Operational Excellence	364	325
Industrial Solutions	181	151
Other and Eliminations	(30)	(25)
Yara ³⁾	976	886
Invested capital ²⁾		
Europe	2,370	2,469
Americas	4,073	4,685
Africa & Asia	2,105	2,154
Global Plants & Operational Excellence	2,514	2,854
Industrial Solutions	1,051	1,134
Yara ³⁾	12,200	13,395

1) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.

2) See "Alternative performance measures" section for reconciliation of alternative performance measures in the Yara Group. ROIC, NOPAT and Invested Capital are calculated on a 12-month rolling average basis.

3) A normalized operating cash requirement is employed in the ROIC calculation for Yara, but not for the segments. This effect explains the variance in ROIC between Yara and the segments. See "Alternative performance measures" section for more information.

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Reconciliation of operating income to EBITDA

USD millions	Operating Income	Equity-accounted investees	Interest income and other financial income	Depreciation and amortization ¹⁾	Impairment loss ²⁾	EBITDA
2020						
Europe	201	4	-	246	25	477
Americas	281	5	53	221	3	563
Africa & Asia	49	-	2	110	2	162
Global Plants & Operational Excellence	477	6	-	218	-	701
Industrial Solutions	234	3	1	105	1	344
Other and Eliminations	(65)	2	5	19	15	(23)
Total	1,176	20	62	919	46	2,223
2019 Restated ³⁾						
Europe	247	5	-	232	27	512
Americas	247	2	62	249	13	574
Africa & Asia	(8)	-	3	105	3	102
Global Plants & Operational Excellence	365	51	-	201	-	618
Industrial Solutions	193	2	1	104	-	301
Other and Eliminations	(55)	4	9	31	-	(11)
Total	989	65	76	923	43	2,095

1) Including amortization on excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

3) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.

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Consolidated statement of financial position

USD millions	2020	2019 Restated ¹⁾
Total assets ²⁾		
Europe	3,237	3,090
Americas	5,246	5,922
Africa & Asia	2,563	2,536
Global Plants & Operational Excellence	2,530	3,310
Industrial Solutions	1,430	1,364
Other and Eliminations	1,599	503
Total	16,605	16,725
Current assets ²⁾		
Europe	1,163	1,179
Americas	1,658	1,941
Africa & Asia	980	975
Global Plants & Operational Excellence	394	401
Industrial Solutions	516	458
Other and Eliminations	926	(169)
Total	5,637	4,785
Non-current assets ²⁾		
Europe	2,074	1,911
Americas	3,588	3,981
Africa & Asia	1,583	1,561
Global Plants & Operational Excellence	2,136	2,910
Industrial Solutions	914	906
Other and Eliminations	673	671
Total	10,969	11,940

USD millions	2020	2019 Restated ¹⁾
Equity-accounted investees		
Europe	17	17
Americas	51	46
Africa & Asia	-	-
Global Plants & Operational Excellence ³⁾	3	878
Industrial Solutions	41	38
Other and Eliminations	(6)	(7)
Total	108	970
Investments ⁴⁾		
Europe	250	246
Americas	280	510
Africa & Asia	104	72
Global Plants & Operational Excellence	211	195
Industrial Solutions	73	70
Other and Eliminations	16	39
Total	933	1,134

1) The 2019 segment figures have been restated according to the new regional segment structure. The Yara Group figures are unchanged.

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

3) 2019 figure includes the investment of Qafco which was sold in 2020. See [note 7.1](#) for more information.

4) Investments comprise property, plant and equipment, intangible assets, equity-accounted investees and other equity investments.
The figures presented are capitalized amounts, and may deviate from cash flow from investing activities due to timing of cash outflows.

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Non-current assets for all segments by geographical location

USD millions	Non-current assets ¹⁾	
	2020	2019
Europe	4,800	4,512
Brazil	1,636	1,928
Latin America ex. Brazil	333	361
Asia ²⁾	1,557	2,405
North America	1,630	1,683
Africa	287	289
Total	10,243	11,178

1) The identification of non-current assets and investments is based on location of operation. Excluded from non-current assets are financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts.

2) 2019 figure includes the investment of Qafco which was sold in 2020. See [note 7.1](#) for more information.

Non-current assets of an amount of USD 1,208 million (2019: USD 1,183 million) are attributed to Norway (Yara's country of domicile).

Information related to disaggregation of external revenues by geographical area, nature and product group can be found in [note 2.1](#)

2.4 Raw materials, energy costs and freight expenses

USD millions	Notes	2020	2019
Raw material, energy costs and freight expenses			
Raw material and energy costs		(5,609)	(6,968)
Freight expense		(899)	(942)
Other production related costs		(1,311)	(1,407)
Total		(7,819)	(9,317)

2.5 Payroll and related costs

USD millions	Notes	2020	2019
Payroll and related costs			
Salaries	8.2	(913)	(922)
Social security costs	8.2	(137)	(146)
Social benefits	8.2	(7)	(8)
Net periodic pension cost	5.4, 5.6, 8.2	(79)	(104)
Total		(1,136)	(1,180)

2.6 Other operating expenses

USD millions	Notes	2020	2019
Other operating expenses			
Selling and administrative expense		(223)	(217)
Advertising expense		(28)	(29)
Travel expense		(18)	(47)
Fees auditors, lawyers, consultants	8.3	(97)	(133)
Other expenses		(47)	(34)
Total		(414)	(460)
Research costs	4.2	(91)	(90)

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2.7 Financial income and expenses

Accounting policies

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

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

Individual financial statements of Yara International ASA and its subsidiaries are prepared in the respective entities' functional currency. Functional currency is the currency of the primary economic environment in which the entity operates. The functional currency of Yara International ASA is Norwegian kroner (NOK). In the individual financial statements, transactions in currencies other than the entity's functional currency are recognized by applying the exchange rate at the date of transaction. At the balance sheet date, monetary items denominated in foreign currencies are translated using the exchange rate at that date. The changes in value due to such foreign currency translations are recognized in the statement of income of the individual entity and reflected as "foreign currency translation gain/loss" in the consolidated statement of income for the Group.

Interest expense is recognized as it is accrued.

Capitalized interest expense refers to borrowing costs which are added to the cost of PP&E that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

Specification

USD millions	Notes	2020	2019
Net interest income on customer credits		51	56
Interest income, other		10	18
Dividends and net gain/(loss) on securities		1	2
Interest income and other financial income		62	76
Net foreign currency translation gain/(loss)	6.1	(243)	(145)
Interest expense		(141)	(197)
Interest expense on lease liabilities	4.5	(15)	(15)
Capitalized interest	4.1	21	55
Net interest on net long-term employee benefit obligations	5.4	(5)	(9)
Other financial expense		(25)	(15)
Interest expense and other financial items		(165)	(182)
Net financial income/(expense)		(346)	(251)

The foreign currency translation loss this year of USD 243 million comprised a loss of USD 86 million on the US dollar denominated debt positions and a loss of USD 157 million on internal positions in other currencies than USD. In 2019, the US dollar debt positions and the internal positions contributed almost equally to the reported net loss of USD 145 million.

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2.8 Income taxes

Accounting policies

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

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

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. It is accounted for by using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits, and any unused tax losses. However, deferred tax assets are recognized only to the extent these can be utilized against probable taxable profits.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill, or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly controlled entities, except where the

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

Current and deferred taxes are recognized as expense or income in the statement of income, except when they relate to items recognized directly in equity or in other comprehensive income. If the tax relates to items recognized in other comprehensive income or directly in equity, the tax is also recognized as other comprehensive income or directly in equity. Uncertain tax positions, for example from unresolved disputes with tax authorities, are provided for if there are probable cash outflows. In certain cases, it may be unclear how tax law applies to a particular transaction or circumstance until the relevant taxation authority or court takes a decision in the future. Consequently, this may affect tax assets or liabilities. When assessing whether uncertainty over tax treatments exists Yara will consider current tax law and regulations, general practice, decisions and rulings by the court or other relevant authorities as well as tax memorandum prepared by internal or external experts. In case of uncertain tax treatments Yara will consider the probability that a taxation authority will accept an uncertain tax treatment. When concluding that it is not probable that the taxation authority will accept an uncertain tax treatment, Yara will reflect the effect of uncertainty by using the method that provides better prediction resolution of uncertainty.

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

USD millions	2020	2019
CONSOLIDATED STATEMENT OF INCOME		
Current taxes		
Current year	(121)	(224)
Prior year adjustment ¹⁾	19	(40)
Total	(102)	(264)
Deferred taxes		
Deferred tax income/(expense) recognized in the current year	(17)	67
Adjustments to deferred tax attributable to changes in tax rates and laws	(12)	1
(Write-downs)/reversal of previous write-downs of deferred tax assets	(28)	(18)
Total	(58)	50
Total tax income/(expense) recognized in statement of consolidated income	(160)	(214)
OTHER COMPREHENSIVE INCOME		
Current tax		
Hedge of net investment	(5)	3
Total current tax	(5)	3
Deferred tax		
Pensions	16	5
Available-for-sale financial assets	(1)	-
Total	15	5
Total tax income/(expense) recognized directly in other comprehensive income	10	8
Total tax income/(expense) recognized in comprehensive income	(150)	(207)

1) Includes a provision for an incentive arrangement in the United states of USD 24 million. 2019 figure includes a tax provision of USD (38) million which was based on a court ruling.

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.

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Reconciliation of Norwegian nominal statutory tax rate to effective tax rate

USD millions, except percentages

	2020	2020	2019	2019
Income before tax		850		803
Expected income taxes at statutory tax rate ¹⁾	22%	(187)	22%	(177)
Tax law changes	1.6%	(13)	(0.2%)	1
Foreign tax rate differences	(2.5%)	21	(2.6%)	21
Unused tax losses and tax offsets not recognized as deferred tax assets	11.9%	(101)	5.3%	(43)
Previously unrecognized and unused tax losses and deductible temporary differences now recognized as deferred tax assets	(4.0%)	34	(1.9%)	15
Deductible loss ²⁾	(4.8%)	41	-	-
Non-taxable gain on sale equity-accounted investees ³⁾	(2.9%)	24	-	-
Non-deductible expenses	1.8%	(15)	1.3%	(11)
Share of net income equity-accounted investees	(0.3%)	3	(1.7%)	13
Tax free income miscellaneous	(1.3%)	11	(2.3%)	22
Prior year adjustment ⁴⁾	(2.2%)	19	5.1%	(41)
Withholding tax	1.7%	(15)	2.5%	(7)
Other, net	(2.1%)	18	(0.9%)	(9)
Total income tax income/(expense)		(160)		(214)
Effective tax rate		18.9%		26.7%

1) Calculated as Norwegian nominal statutory tax rate of 22% (2019: 22%) applied to income before tax.

2) Related to loss from restructuring corporate holding structure.

3) Gain is related to the sale of Qafco in 2020. See [note 7.1](#) for more information.

4) The 2020 figure includes a special tax incentive impact of USD 24 million. The 2019 figure includes a provision of USD (38) million following a court ruling in an ongoing tax case.

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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.

2020

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
Non-current items							
Intangible assets	(13)	4	(1)	-	-	5	(6)
Property, plant and equipment	(431)	32	(1)	-	-	(12)	(411)
Pensions	96	(6)	(6)	16	-	15	115
Equity securities available-for-sale	1	-	-	(1)	-	-	-
Other non-current assets	(103)	(40)	-	-	-	4	(140)
Other non-current liabilities and accruals	136	(64)	(1)	-	-	(3)	68
Total	(315)	(74)	(9)	15	-	8	(373)
Current items							
Inventory valuation	52	(11)	(2)	-	-	(1)	39
Accrued expenses	31	45	(1)	-	-	(3)	73
Assets classified as held for sale	1	(1)	-	-	-	-	-
Total	84	33	(3)	-	-	(4)	111
Tax loss carry forwards	612	5	-	-	-	30	646
Unused tax credits	4	18	-	-	-	2	25
Valuation allowance	(319)	(28)	(1)	-	1	35	(312)
Net deferred tax asset/(liability)	66	(46)	(12)	15	1	72	97

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2019

USD millions	Opening balance	Charged to income	Changes in tax rate	Recognized in other comprehensive income	Acquisitions/disposals	Foreign currency translation	Closing balance
Non-current items							
Intangible assets	(7)	(5)	1	-	(2)	-	(13)
Property, plant and equipment	(394)	(25)	(2)	-	(4)	(6)	(431)
Pensions	93	(2)	(2)	5	-	2	96
Equity securities available-for-sale	-	-	-	-	-	-	1
Other non-current assets	(156)	53	1	-	(3)	2	(103)
Other non-current liabilities and accruals	115	23	(1)	-	-	(1)	136
Total	(348)	43	(3)	5	(9)	(2)	(315)
Current items							
Inventory valuation	30	24	(2)	-	-	-	52
Accrued expenses	41	(3)	(6)	-	-	-	31
Assets classified as held for sale	-	1	-	-	-	-	1
Total	71	21	(8)	-	-	-	84
Tax loss carry forwards	582	3	1	-	-	26	612
Unused tax credits	5	(1)	-	-	-	-	4
Valuation allowance	(320)	(18)	12	-	-	7	(319)
Net deferred tax asset/(liability)	(9)	48	1	5	(9)	30	67

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Unrecognized deferred tax assets

USD millions	2020	2019
Unrecognized deferred tax assets are attributable to the following		
Tax losses	281	261
Deductible temporary differences	31	58
Total	312	319

Unrecognized tax losses are mainly related to the tax loss carry forwards arising from the activities in Brazil and France. Utilization of the tax loss carry forwards in Brazil and France is without time limitation. In Brazil utilization is restricted to 30% of taxable income each year. Unrecognized tax losses in Brazil is USD 133 million (2019: USD 173 million). The decrease is mainly related to currency effect and loss on tax positions following a legal merger. Unrecognized tax losses in France is USD 63 million in 2020 (2019: 0).

Specification of expiration of tax loss carry forwards

USD millions	2020
2021	23
2022	21
2023	14
2024	7
2025	9
After 2025	102
Without expiration	2,217
Total tax loss carry forwards	2,393
Deferred tax effect of tax loss carry forwards	646
Valuation allowance on tax loss carry forwards	(281)
Recognized in the statement of financial position	365

Yara's recognized tax loss carry forward primarily relate to the business in Norway and Australia, where tax losses are without expiration. The tax losses are mainly related to incurred currency losses, non-recurring transactions and loss from operations. The recognized tax assets for all units are all supported by estimated future profit level.

Deferred tax presented in the statement of financial position

USD millions	2020	2019
Deferred tax assets	485	484
Deferred tax liabilities	(388)	(416)
Net deferred tax asset/(liability)	97	67

Undistributed earnings of foreign subsidiaries and in foreign associates and joint arrangements is amounting to approximately USD 8.1 billion that for the main part can be distributed as tax-free dividends. For the expected part of dividend that cannot be distributed as tax-free income, a deferred tax liability of USD 7 million is recognized.

For information regarding tax contingencies and uncertain tax treatments, see [note 5.6](#).

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3 Current assets

3.1 Inventories

Overview

Inventories comprise finished goods, work in progress, raw materials and spare parts. Finished goods refer to own produced products and goods purchased for resale. Work in progress are partly processed, unfinished products. Raw materials include own produced raw materials, mainly ammonia and nitric acids, as well as raw materials purchased from external parties such as phosphate, potassium and other input factors used in the production. Spare parts include packing, operating and maintenance supplies. Inventories in stock in the Industrial Solutions segment comprises, in addition, environmental solutions, scrubbers for the maritime industry, feed phosphates, chemicals and other.

Accounting policies

Inventories are stated at the lower of cost, using weighted average, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and other selling costs.

All amounts presented are net of write-downs. A write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

The cost of inventories comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. This include direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory. Yara is using the standard costing method for cost measurement which consider normal levels of materials and supplies, labor, efficiency and capacity utilization.

Spare parts held as inventories are spare parts which do not meet the criteria for being classified as Property, plant and equipment (PP&E).

Yara has internal sales between the different segments. These sales create internal margins which are eliminated and presented as "other and eliminations".

Inventory stock 2020

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
31 Dec 2020							
Finished goods	429	359	279	72	74	(88)	1,125
Work in progress	20	-	1	12	8	-	41
Raw materials	85	493	22	53	43	1	696
Spare parts	95	58	27	73	47	-	299
Total 31 Dec 2020	628	910	329	209	172	(87)	2,161

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Inventory stock 2019

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
31 Dec 2019							
Finished goods	502	435	337	58	91	(111)	1,312
Work in progress	19	2	1	15	11	-	47
Raw materials	86	518	15	67	47	-	733
Spare parts	82	60	24	65	36	-	267
Total 31 Dec 2019	689	1,014	378	204	185	(111)	2,360

Write-down 2020

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
Balance at 1 January	(12)	(11)	(3)	(1)	(10)	7	(30)
New write-downs recognized during the year	(17)	(10)	(5)	(2)	(2)	11	(24)
Write-downs reversed due to product sold	1	5	(1)	2	(1)	(19)	(12)
Write-downs reversed, other	16	10	5	-	5	2	39
Foreign currency translation gain/(loss)	(1)	1	-	-	(1)	-	(1)
Balance at 31 December	(12)	(6)	(3)	(1)	(7)	2	(28)

Write-down 2019

USD millions	Europe	Americas	Africa & Asia	Global Plants & Operational Excellence	Industrial Solutions	Other and Eliminations	Total
Balance at 1 January	(8)	(3)	(7)	-	(11)	5	(24)
New write-downs recognized during the year	(15)	(19)	(7)	(4)	(12)	18	(39)
Write-downs reversed due to product sold	5	4	9	3	6	(16)	11
Write-downs reversed, other	5	8	3	-	7	-	23
Foreign currency translation gain/(loss)	-	-	-	-	-	-	-
Balance at 31 December	(12)	(11)	(3)	(1)	(10)	7	(30)

No inventories were pledged as security at end of 2020 or 2019.

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3.2 Trade receivables

Accounting policies

Trade receivables are initially recognized at the agreed transaction price in the contract with the customer. Subsequently they are measured at amortized costs using the effective interest method. Short-term receivables are normally not discounted.

In accordance with the expected loss model, Yara records lifetime expected credit losses on all trade and lease receivables (the simplified approach). The calculation of expected credit loss (ECL) is based on both historical and forward looking information, and is done on local unit level. When calculating ECL for trade receivables not yet due and trade receivables less than 90 days overdue, the last five years historical loss percentage is used as base amount for allowance. Forward looking information is taken into account by assessing available information on local unit level which could indicate an expected future loss that is higher or lower than the experience, including regional macroeconomic information. Calculation of ECL for trade receivables more than 90 days overdue is based on a separate, individual assessment of each receivable.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Specification

USD millions	Notes	2020	2019
Trade receivables		1,572	1,664
Allowance for expected loss		(94)	(101)
Total ¹⁾	6.3	1,478	1,564

1) Of the total balance of USD 1,478 million approximately 709 million (USD 752 million in 2019) refers to credit insured receivables.

Movement in allowance for expected credit loss

USD millions	Notes	2020	2019
Balance at 1 January		(101)	(106)
Lifetime expected credit losses recognized for existing business		(24)	(14)
Amounts written off as uncollectible		13	6
Lifetime expected credit losses reversed		11	10
Foreign currency translation		7	2
Other changes		-	1
Balance at 31 December		(94)	(101)

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Ageing analysis of trade receivables at 31 December**Gross trade receivables**

USD millions	Total	Not past due gross trade receivables	Past due gross trade receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2020	1,572	1,260	123	51	28	108
2019	1,664	1,315	138	59	27	125

Impairment of trade receivables

USD millions	Total	Impairment on not past due receivables	Impairment on past due receivables			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2020	(94)	(7)	(2)	(2)	(9)	(75)
2019	(101)	(3)	(1)	(3)	(2)	(92)

Net trade receivables

USD millions	Total	Neither past due nor impaired	Past due but not impaired			
			< 30 days	30 - 90 days	91 - 180 days	> 180 days
2020	1,478	1,253	122	50	20	34
2019	1,564	1,313	137	55	25	32

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3.3 Prepaid expenses and other current assets

Accounting policies

Other short-term receivables, loans and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

On other receivables, loans and deposits, Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). Please see [note 4.6](#) Other non-current assets for more information.

Specification

USD millions	Notes	2020	2019
Financial assets:			
Foreign exchange contracts	6.1	2	-
Receivables and deposits	6.3	141	138
Contracts assets	2.1	26	38
Expected credit loss on other current assets	6.3	(1)	(1)
Total financial instruments		169	176
Non-financial assets:			
VAT and sales related taxes	4.6	141	123
Prepaid income taxes		164	63
Prepaid expenses		156	192
Total non-financial assets		461	377
Total	6.3	630	553

3.4 Cash and cash equivalents

Accounting policies

Cash and cash equivalents include bank deposits and monetary items which are due in less than three months. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method. However they are normally not discounted as they are short-term items. On deposits, Yara records a 12-month's expected credit loss if there has not been any significant increase in credit risk since initial recognition (the general approach).

Specification

USD millions	Notes	2020	2019
Cash and cash equivalents	6.3	1,363	300

Expected credit loss provision on bank deposits is USD 2.5 million (2019: USD 0.9 million).

External bank deposits that are not available for use by the group at 31 December 2020 have a carrying value of USD 32 million (2019: USD 35 million), mainly related to cash held by joint operations. More information about bank deposits and dividend resolutions in subsidiaries with significant non-controlling interests is provided in [note 5.2](#) Non-controlling interests.

The average interest rate for liquid assets is approximately 0.4% as of 31 December 2020 (2019: 1.7%).

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

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4 Investments in non-current assets

4.1 Property, plant and equipment

Overview

Property, plant and equipment (PP&E) mainly refers to Yara's fertilizer production plants across the world, and which hold assets such as land, buildings, machinery, equipment and periodic maintenance. In addition, they hold investments in self-constructed assets not yet in use and which are categorized as assets under construction. The remaining PP&E refers to assets for distribution of fertilizer products, which mainly consists of buildings, machinery and equipment for bagging and blending of products, as well as terminals and warehouses.

Accounting policies

An item of property, plant and equipment is recognized at cost if it is probable that the item will generate future economic benefits for Yara and the cost can be measured reliably. The carrying value of PP&E is comprised of the historical cost less accumulated depreciation and any impairment loss. If a legal or constructive obligation exists to decommission PP&E, the carrying value of the assets are increased with the discounted value of such obligations. Borrowing costs are added to the cost of assets that take a substantial period of time to get ready for their intended use or sale ("qualifying assets") if they are directly attributable to the acquisition, construction or production of such assets.

Depreciation of an asset begins when it is available for use. An asset is available for use when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management. Decommissioning obligations and borrowing costs added to the carrying amount of PP&E are depreciated over the useful life of the respective PP&E.

PP&E are depreciated on a straight-line basis over their expected useful life. Individual parts of PP&E with different useful lives are accounted for and depreciated separately. Expected useful lives and residual values are, unless immaterial, re-assessed annually.

Gain or loss due to sale or retirement of PP&E is calculated as the difference between sales proceeds and the carrying value, and is recognized in the statement of income.

An impairment is recognized if an asset's carrying value is higher than the recoverable amount. Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Please see [note 4.7](#) Impairment of non-current assets.

Costs related to periodic maintenance of plants ("turnarounds") and recurring investments to extend the current plant performance for a longer period of time, are recognized as assets and depreciated on a systematic basis until the next periodic maintenance if cycle is more than one year on average. Major replacements and renewals are capitalized and depreciated separately based on their specific useful lives. Replaced assets are derecognized. Most of the remaining repair and maintenance costs are expensed as incurred.

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

Capitalization of investments as self-constructed PP&E start when defined decision gates are met. These investments are then categorized as assets under construction until they are ready for use as intended by management. Once they are ready for use they are transferred to the applicable classes of PP&E and depreciation starts.

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

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USD millions, except percentages and year

	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
Cost								
Balance at 1 January	309	2,466	10,117	481	1,660	280	72	15,384
Addition at cost	1	109	253	70	461	-	18	912
Derecognition	-	(10)	(156)	(51)	(6)	-	-	(223)
Other transfers ¹⁾	-	111	175	12	(296)	-	-	3
Foreign currency translation	(30)	3	476	26	(219)	-	8	264
Balance at 31 December	280	2,680	10,863	540	1,600	280	97	16,340
Depreciation and impairment								
Balance at 1 January	(6)	(948)	(5,476)	(250)	(10)	(48)	(32)	(6,770)
Depreciation	-	(97)	(550)	(84)	-	(13)	(4)	(748)
Impairment loss ²⁾	(3)	(9)	(14)	(2)	(1)	-	-	(29)
Derecognition	-	7	108	50	-	-	-	166
Other transfers	-	(3)	(3)	-	-	-	-	(6)
Foreign currency translation	(1)	(21)	(332)	(16)	-	-	(3)	(373)
Balance at 31 December	(11)	(1,070)	(6,266)	(301)	(12)	(61)	(40)	(7,760)
Carrying value								
Balance at 1 January	303	1,517	4,641	231	1,650	232	40	8,614
Balance at 31 December	269	1,609	4,597	238	1,588	219	57	8,579
Useful life in years	Indefinite	10 - 60	2 - 40	2 - 5		20	5 - 25	
Depreciation rate		2 - 6%	3 - 50%	15-50%		5%	5 - 20%	

1) Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects, which is netted off to 0 at total.

2) Please see [note 4.7](#) Impairment of non-current assets.

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Main changes in 2020

The largest additions to PP&E include construction of a new plant in Serra do Salitre and an expansion and modernization of the Rio Grande plant (Brazil), both projects continuing from 2019, and turnaround activities for one of the ammonia plants in Sluiskil.

The largest transfer from assets under construction to other categories of PP&E refer to completed assets in construction projects related to modernization of the Rio Grande plant and completion of rectification works on a technical ammonium nitrate plant in Pilbara region of Australia.

Assets used as security

PP&E pledged as security was USD 29 million in 2020 (2019: USD 27 million).

Government grants

Government grants related to assets have been recognized as deduction to the carrying value by reducing "Addition at cost" with USD 13 million in 2020 (2019: USD 12 million).

Borrowing costs

The amount of borrowing cost capitalized amounted to USD 21 million in 2020 (2019: USD 55 million). The average rate for the borrowing cost capitalized was 3.45% in 2020.

Compensations

Insurance compensations on PP&E recognized in the consolidated statement of income amounted to USD 1 million in 2020 (2019: USD 3 million).

Contractual commitments

Please find information on contractual obligations on PP&E in [note 4.8](#) Committed future investments.

2019

USD millions, except percentages and year	Land	Buildings	Machinery and equipment	Periodic maintenance	Asset under construction	Vessels	Other	Total
Cost								
Balance at 1 January	321	2,245	9,730	486	1,591	280	73	14,726
Addition at cost	-	103	254	61	718	-	3	1,138
Derecognition	(1)	(20)	(132)	(76)	(16)	-	(3)	(249)
Transfers to asset held for sale	(2)	(5)	(3)	-	-	-	-	(11)
Other transfers ¹⁾	-	167	333	17	(576)	-	-	(59)
Foreign currency translation	(8)	(23)	(64)	(8)	(56)	-	(2)	(161)
Balance at 31 December	309	2,466	10,117	481	1,660	280	72	15,384
Depreciation and impairment								
Balance at 1 January	(6)	(889)	(5,085)	(239)	(10)	(35)	(32)	(6,296)
Depreciation	-	(92)	(569)	(87)	-	(13)	(4)	(765)
Impairment loss ²⁾	-	(5)	(8)	(4)	(1)	-	-	(18)
Reversed impairment	-	-	3	-	-	-	-	3
Derecognition	-	17	101	65	-	-	4	187
Transfers to asset held for sale	-	4	2	-	-	-	-	5
Other transfers ³⁾	-	5	30	-	1	-	-	37
Foreign currency translation	-	12	50	15	-	-	1	77
Balance at 31 December	(6)	(948)	(5,476)	(250)	(10)	(48)	(32)	(6,770)
Carrying value								
Balance at 1 January	315	1,356	4,645	248	1,581	245	41	8,430
Balance at 31 December	303	1,517	4,641	231	1,650	232	40	8,614
Useful life in years	Indefinite	10 - 60	2 - 40	2 - 5		20	5 - 25	
Depreciation rate		2 - 6%	3 - 50%	15-50%		5%	5 - 20%	

1) Includes mainly transfers from assets under construction to other categories of PP&E due to completion of construction projects, which is netted off to 0 at total. The total balance refers to transfers from PP&E to other accounts. Of the balance, USD (62) million was transferred to Leases per IFRS 16 implementation. Please see [note 4.5](#) Leases for more information.

2) Please see [note 4.7](#) Impairment of non-current assets.

3) Total balance relates to transfers to Leases per IFRS 16 implementation. Please see [note 4.5](#) Leases for more information.

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Main changes in 2019

The main additions to assets under construction refers to construction of a new plant in Serra do Salitre (Brazil) and an expansion and modernization of the Rio Grande plant (Brazil).

The largest transfers from assets under construction to other categories of PP&E refer to construction projects related to the production of nitric acid in Köping in Sweden and an ammonia tank in Tertre in Belgium.

4.2 Intangible assets

Accounting Policies

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

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognized for non-controlling interest, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Useful lives are set as indefinite with no amortization as there is no foreseeable limit to the cash flows generated by goodwill. Instead of amortization, goodwill is tested for impairment. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to cash-generating units (CGUs) that are expected to benefit from the combination. For more information on impairment, please see [note 4.7](#) Impairment of non-current assets. The Group's accounting policy for goodwill arising on the acquisition of an associate or joint ventures is described in [note 4.3](#) Associated companies and joint ventures.

Intangible assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Intangible assets not ready for its intended use are also tested for impairment annually. Please see [note 4.7](#) Impairment of non-current assets.

Expenditures on research activities are expensed in the period in which they incur. An internally-generated intangible asset arising from development is recognized if, and only if, all of the following have been demonstrated;

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

Where no internally-generated intangible asset can be recognized, development expenditures are recognized in profit or loss in the period in which they incur.

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USD million, except percentages

	Goodwill	Software	Other intangibles ¹⁾	Total
Cost				
Balance at 1 January	887	203	411	1,501
Addition at cost	-	9	6	14
Derecognition	-	(2)	(22)	(24)
Other transfers	-	9	(7)	2
Foreign currency translation	2	4	2	8
Balance at 31 December	890	222	390	1,502

Amortization and impairment

Balance at 1 January	(44)	(131)	(296)	(471)
Amortization	-	(24)	(17)	(41)
Impairment loss ²⁾	(12)	-	(3)	(15)
Derecognition	-	2	22	24
Foreign currency translation	(2)	(5)	(3)	(10)
Balance at 31 December	(58)	(159)	(297)	(514)

Carrying value

Balance at 1 January	844	72	115	1,031
Balance at 31 December	831	64	93	988

Useful life in years	Indefinite	3 - 5	5 - 40
Amortization rate		20 - 35%	3 - 35%

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

2) For further information, see [note 4.7](#).

Expenditures on research and development activities

Expenditures on research and development activities are expensed in the period of the amount of USD 91 million (USD 90 million in 2019).

Assets used as security

No intangible assets were pledged as security in 2020 and 2019. See [note 5.8](#) for more information.

2019

USD million, except percentages

	Goodwill	Software	Other intangibles ¹⁾	Total
Cost				
Balance at 1 January	883	185	408	1,475
Addition at cost	-	11	15	26
Derecognition	-	(1)	2	1
Other transfers	-	11	(10)	-
Foreign currency translation	5	(3)	(4)	(2)
Balance at 31 December	887	203	411	1,501

Amortization and impairment

Balance at 1 January	(41)	(110)	(274)	(424)
Amortization	-	(23)	(22)	(46)
Impairment loss	(3)	-	-	(3)
Derecognition	-	-	(2)	(2)
Foreign currency translation	-	2	2	4
Balance at 31 December	(44)	(131)	(296)	(471)

Carrying value

Balance at 1 January	842	75	135	1,052
Balance at 31 December	844	72	115	1,031

Useful life in years		3 - 5	5 - 40
Amortization rate		20 - 35%	3 - 35%

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

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4.3 Associated companies and joint ventures

Overview

Yara has several investments classified as associated companies and joint ventures. The largest investment has been a 25% stake in Qatar Fertiliser Company (QAFCO) which has been reported in the segment Global Plants & Operational Excellence. This investment was sold during 2020. More information about the sale is provided in [note 7.1](#). Other investments are mainly investments in sales & marketing entities in the operating segment Americas and production and sales & marketing entities in the segment Industrial Solutions. Yara also owned 50% in Libyan Norwegian Fertilizer Company (LIFECO) until it was sold in 2020. The investment in LIFECO was impaired several years back in time.

Accounting policies

Associated companies are investments in companies where the Group has significant influence, but not control. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence normally exists when the Group holds directly or indirectly between 20% and 50% of the voting rights.

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when

decisions about the relevant activities require the unanimous consent of the parties sharing control. A joint arrangement is either a joint operation or a joint venture. The classification depends upon rights and obligations of the parties to the arrangement. In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. In a joint venture the parties have rights to the net assets of the arrangement.

The share of results, assets and liabilities of associated companies and joint ventures are incorporated into the consolidated financial statements using the equity method of accounting. Under the equity method of accounting, the investment is initially recognized at cost and the carrying value is subsequently increased or decreased to recognize Yara's share of profit or loss of the investee after the date of acquisition. Any excess of the cost of acquisition of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized at the date of acquisition is recognized as goodwill. The goodwill is included within the carrying amount of the investment. The equity-accounted investees are tested for impairment if indications of loss in value are identified. An impairment loss is recognized if the recoverable amount, estimated as the higher of fair value less costs to sell and value in use, is below the carrying value. Accounting policies of equity-accounted investees are changed where necessary to ensure consistency with the policies adopted by the Yara Group.

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2020

USD millions	Balance at 1 January	Investments / (sale, and asset held-for-sale), net and long-term loans	Yara's share of net income/ (loss)	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	873	(880) ¹⁾	8	-	8	-	(1)	-	-
Other	97	2	12	-	12	(9)	-	2	107
Total	970	(878)	20	-	20	(9)	(1)	2	107

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by QAFCO, but refunded by Yara. Please see [note 7.1](#) Other Business Initiative.

2019

USD millions	Balance at 1 January	Investments / (sale, and asset held-for-sale), net and long-term loans	Yara's share of net income/ (loss)	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	934	41 ¹⁾	55	-	55	(158)	-	-	873 ²⁾
Other	93	2	10	-	10	(8)	-	1	97
Total	1,027	44	65	-	65	(166)	-	1	970

1) Profit attributable to foreign shareholder (Yara) is subject to tax in Qatar. The tax is paid by QAFCO, but refunded by Yara.

2) Included in the carrying amount is a USD 30 million accrual for income tax payable. Excluding the tax liability, the carrying amount is USD 903 million.

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

Ownership, sales and receivables/payables

Sales from investees to Yara Group was USD 23 million in 2020 compared to USD 22 million in 2019. The similar amounts for Yara's current receivable/ (payable) net with investees was USD 3 million in 2020 and USD 1 million in 2019, respectively.

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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

USD millions (unaudited, 100% basis)	31 December 2020			31 December 2019		
	QAFCO	LIFECO	Other	QAFCO	LIFECO	Other
Cash and cash equivalents	-	-	51	337	9	33
Current assets excluding cash and cash equivalents	-	-	211	480	112	195
Non-current assets	-	-	138	3,162	95	121
Current liabilities	-	-	(146)	(174)	(311)	(143)
Non-current liabilities	-	-	(26)	(137)	-	(28)
Non-controlling interest	-	-	-	(39)	-	(1)
Net assets	-	-	228	3,629	(95)	177
% Share of Yara	25%	50%		25%	50%	
Yara's share of total equity	-	-	100	907	(48)	92
Reclassified to assets held-for-sale	-	-	-	-	-	-
Tax effect of QAFCO ¹⁾	-	-	-	(34)	-	-
Losses not recognized by Yara ²⁾	-	-	-	-	48	-
Goodwill and fair value adjustments	-	-	7	-	-	6
Yara's share of total equity (carrying amount)	-	-	107	873	-	97

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.

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Income statement

The following income statement amounts are only covering the period for which Yara has been the owner.

USD millions (unaudited, 100% basis)	2020			2019				
	QAFCO	LIFECO	Other	QAFCO	LIFECO	Other		
Total operating revenues	199	21	647	1,563	23	697		
Interest income	1	-	1	43	-	-		
Depreciation, amortization & impairment loss	(49)	(47)	10	(289)	(48)	(34)		
Operating income	40	(71)	106	278	(72)	105		
Interest expense	(1)	-	(2)	(5)	-	(3)		
Income tax expense	-	-	(6)	-	-	(7)		
Non-controlling interest	1	-	(1)	3	-	(1)		
Net income (100%)	A	38	(71)	97	320	(72)	94	
% Share of Yara		25%	50%		25%	50%		
Yara's share of net income		10	(36)		80	(36)		
Tax effect of Qafco ¹⁾		(3)			(28)			
Losses not recognized by Yara ²⁾		-	36		-	36		
Yara Group elimination		2	-		3	-		
Currency translation effects ³⁾		-	-		-	-		
Yara's share of net income (as per books)		8	-		55	-		9
Net other comprehensive income that may be reclassified to profit and loss account in subsequent period		-	-	-	-	-	-	
Net other comprehensive income that will not be reclassified to profit and loss account in subsequent period		-	-	-	(4)	-	-	
Total other comprehensive income, net of tax (100%)	B	-	-	-	(4)	-	-	
% Share of Yara		25%	50%		25%	50%		
Yara's share of other comprehensive income, net of tax		-	-		(1)	-		
Total comprehensive income	C = A+B	38	(71)	97	316	(72)	94	

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 against figures reported and translated on a monthly basis can occur.

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4.4 Joint operations

Accounting principles

In a joint operation the parties have rights to the assets and obligations for the liabilities of the arrangement. The Group recognizes in relation to its interests in a joint operation:

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

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

Yara has three investments that are classified as joint operations:

Yara Pilbara Nitrates Pty Ltd

Yara Pilbara Nitrates owns a technical ammonium nitrate (TAN) plant next to Yara's ammonia plant in the Pilbara region of Australia. The plant has an annual production capacity of about 330.000 metric tonnes of TAN and primarily supplies the mining operations in the region. The company is 50% owned by Yara and 50% by Orica. The plant started production mid-year 2020 and has been ramping up towards nameplate capacity during 2nd half 2020.

Trinidad Nitrogen Co. Ltd. (Tringen)

Tringen owns an ammonia complex consisting of two separate ammonia plants which are managed and operated by Yara under a management and operating agreement. In addition, Yara provides marketing support through sales agency agreements. The two plants have an annual production capacity of about 1 million metric tonnes of ammonia which is mainly exported to other markets. Yara has a 49% 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 have constructed an ammonia plant at BASF's site in Freeport, Texas, US. Commercial operations commenced in 2018. BASF manages and operates the plant. The plant has an annual nameplate production capacity of about 750.000 metric tonnes of ammonia and each party off-takes ammonia from the plant in accordance with their ownership share. The company is 68% owned by Yara and 32% by BASF.

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The following table shows the effect of consolidating joint operations on Yara's financial statements. The table is based on unaudited financial information of Yara's joint operations based on their IFRS financial statements.

Financial position	31 December 2020				31 December 2019			
	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
USD millions (unaudited)								
Assets								
Deferred tax assets	34	-	-	34	27	-	-	27
Property, plant and equipment	398	72	267	736	370	76	283	729
Right-of-use asset	4	-	4	8	1	-	4	5
Other Non-current assets	-	1	1	2	-	1	2	3
Total Non-current assets	435	73	272	780	399	77	288	764
Inventories	5	13	2	20	3	13	3	18
External trade receivables	1	-	13	8	-	-	11	11
Internal trade receivables	-	-	-	6	-	6	-	6
Prepaid expenses and other current assets	1	12	1	14	4	12	1	17
Cash and cash equivalents	1	7	17	25	10	7	15	32
Total Current assets	8	32	33	73	17	38	31	85
Total assets	443	105	305	853	416	115	319	850
Total equity	173	45	289	507	156	55	304	515
Liabilities								
Employee benefits	-	11	-	11	-	12	-	12
Deferred tax liabilities	-	2	-	2	-	7	-	7
Other long-term liabilities	45	-	-	45	46	-	-	46
Long-term provisions	45	-	-	45	25	-	-	25
External long-term interest-bearing debt	4	7	4	15	-	8	4	12
Internal long-term interest-bearing debt	162	-	-	162	162	-	-	162
Total non-current liabilities	256	20	4	280	233	27	4	264
External trade and other payables	11	14	10	35	24	17	11	51
Internal trade and other payables	1	2	-	3	1	2	-	3
Current tax liabilities	-	-	-	-	1	-	-	1
Short-term provisions	2	-	-	2	1	-	-	1
Other short-term liabilities	-	3	3	6	-	2	-	2
Bank loans and other short-term interest-bearing debt	-	20	-	20	-	12	-	12
Total current liabilities	15	39	13	67	27	33	11	71
Total equity and liabilities	443	105	305	853	416	115	319	850

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Income statement

USD millions (unaudited)	2020				2019			
	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	30	77	139	246	7	79	145	231
Operating costs and expenses	(57)	(91)	(134)	(282)	(46)	(75)	(134)	(255)
Operating income/(loss)	(27)	(14)	5	(36)	(39)	4	11	(24)
Income before tax	(33)	(15)	5	(43)	(49)	2	11	(36)
Income tax expense	8	5	-	13	8	(1)	-	7
Net income	(25)	(10)	5	(30)	(41)	1	34	(7)

4.5 Leases

Accounting policies

IFRS 16 defines a lease as a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. For each contract that meets this definition, IFRS 16 requires lessees to recognize a right-of-use asset and a lease liability in the balance sheet with certain exemptions for short-term and low value leases. Lease payments are to be reflected as interest expense and a reduction of lease liabilities, while the right-of-use assets are to be depreciated over the shorter of the lease term and the assets' useful life. The portion of lease payments representing payments of lease liabilities shall be classified as cash flows used in financing activities in the statement of cash flows. Payments for short-term leases, low value assets and variable amounts not included in the measurement of the lease liability shall be classified within operating activities. Yara also classify payment of interest within operating activities.

Yara has taken advantage of the accounting policy choice in IFRS 16 to not apply the standard to leases of intangible assets. This means that leases of intangible assets are accounted for by applying IAS 38 Intangible assets, as before.

Significant lease liabilities for the Group comprise of leases of land, vessels, product storage assets (warehouses, terminals etc.), office buildings and other buildings. Other, less significant leases in Yara comprise of transportation and logistics assets, machinery and equipment, employee cars, IT infrastructure and office equipment. Yara has applied different accounting policies to different assets as follows:

- Yara expenses services and other non-lease components embedded in lease contracts for land, vessels, product storage assets, office buildings and other buildings. For leases of other assets, Yara capitalizes non-lease components subject to fixed payments as part of the lease.
- Yara expenses short-term leases of machinery, office equipment and other equipment in accordance with the general short-term exemption in IFRS 16.
- Yara expenses low value leases of office equipment and other equipment in accordance with the general low value exemption in IFRS 16.

Lease terms are determined by including extension and termination options which are reasonably certain to be exercised. Yara strives to consider all relevant facts and circumstances that create an economic incentive for Yara to exercise such options. However, use of significant judgement may be needed.

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

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Right-of-use assets

USD millions	Land	Vessels	Buildings	Product storage	Transportation & logistics	Other assets	Total
Carrying value							
Balance ROU assets at 1 January 2019	123	20	99	85	55	63	447
Additions and lease modifications	30	22	12	13	31	6	114
Depreciation	(7)	(11)	(20)	(30)	(26)	(17)	(111)
Impairment	(17)	-	-	-	-	-	(17)
Foreign currency translation gain/(loss)	(1)	-	(2)	-	(1)	(1)	(4)
Balance at 31 December 2019	129	31	89	69	59	50	428
Additions and lease modifications	-	18	27	34	20	23	121
Depreciation	(7)	(21)	(23)	(32)	(25)	(20)	(129)
Impairment	(1)	-	-	-	-	-	(1)
Foreign currency translation gain/(loss)	5	1	2	1	1	1	11
Balance at 31 December 2020	125	28	96	72	55	54	430

Lease liabilities

USD millions	Long-term	Short-term	Total
Carrying value			
Balance lease obligations at 1 January 2019	344	88	432
Additions and lease modifications	116	-	116
Reclassification to short-term	(119)	119	-
Lease payments	-	(108)	(108)
Foreign currency translation gain/(loss)	(4)	-	(4)
Balance at 31 December 2019	337	98	435
Additions and lease modifications	120	(3)	117
Reclassification to short-term	(136)	136	-
Lease payments	-	(122)	(122)
Foreign currency translation gain/(loss)	13	2	15
Balance at 31 December 2020	335	111	446

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Interest expense on lease liabilities in the period amounts to USD 15 million (2019: USD 15 million).

Yara was not committed to any material lease arrangements not yet commenced as of 31 December 2020.

There are no material restrictions or covenants imposed by leases.

Yara was not granted any significant rent concessions during 2020 as a direct consequence of the Covid-19 pandemic.

Maturity analysis of contractual undiscounted cash flows

USD millions	2020
2021	128
2022	83
2023	57
2024	41
2025	29
Thereafter	286
Total undiscounted lease liabilities at 31 December 2020	623

Leases expensed in the period

USD millions	2020	2019
Expenses relating to variable fee leases not included in the measurement of lease liabilities	19	21
Expenses relating to short-term leases	30	43
Expenses relating to leased assets of low value, excluding short-term leases	1	3
Total leases expensed	50	67

Cash outflows in the period

USD millions	2020	2019
Principal payments on recognized lease liabilities	122	108
Interest payments on recognized lease liabilities	14	13
Payments on leases expensed in the period	49	66
Total cash outflows for leases	186	187

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4.6 Other non-current assets

Accounting policies

Other long-term receivables, loans and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

On other receivables, loans and deposits, Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). If there has been a significant increase in credit risk, lifetime expected credit losses is recorded. The 12-months expected credit losses reflect losses from default events that are possible within the next 12 months. They are calculated as the Probability of Default based on the credit rating of different counterparts multiplied with the Loss Given Default based on listed corporate bonds. If a significant increase in credit risk since initial recognition is identified, a lifetime expected credit loss for the specific receivable, loan or deposit will be recognized based on an individual assessment. The credit risk has normally increased significantly when a receivable is defaulted.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Yara's expected credit losses on other receivables, loans and deposits are limited. As a result, disclosures are reduced due to materiality.

USD millions	Notes	2020	2019
Financial assets:			
Equity instruments	6.1 , 6.3	18	19
Interest rate swaps designated as hedging instrument		11	-
Cross currency swaps		4	-
Receivables and deposits	6.3	5	4
Expected credit loss on long-term loans and receivables		(1)	(1)
Total financial instruments		38	23
Non-financial assets:			
Prepayments for long-term employee obligations	5.4	75	57
Prepayment for property, plant and equipment		33	43
Other non-financial assets	6.3	97	78
Tax and VAT receivables		137	213
Total non-financial assets		342	391
Total		380	414

Long-term VAT receivables in Brazil

At year-end 2020, Yara has recognized USD 125 million of tax credits related to value added taxes in Brazil (2019: USD 213 million). This is included in the line "Tax and VAT receivables" in the table above. The Brazilian tax system is highly complex. There are a number of taxes by Federal, State and Municipal authorities and the legislation is subject to constant changes. The indirect taxes, such as value added taxes, are levied at Federal (PIS/COFINS) and State (ICMS) level. PIS/COFINS are charged over gross revenues, with a rate of 1.65% and 7.6%. However, fertilizer sales have a PIS/COFINS tax rate of zero. Yara accumulates credits over the acquisition of inputs and other costs (mainly bags, services and freights). These accumulated credits can be used to offset other federal taxes in many circumstances and projections indicate these will be consumed in the operation and/or refunded by the tax authorities in the following years, without any need of accounting adjustments.

The general rates for ICMS are 18%, 17%, 12%, 7% and 4%, but a temporary benefit granted for fertilizers and other industries reduces these rates to 0% on internal operations within most of the States and to 4.90% or 8.4% on interstate operations. The current legislation results in accumulation of ICMS tax credits in a number of States. Yara maintains a provision for expected discounts/losses where these credits are not expected to be realized in full through normal operations. The provision is USD 19 million at year-end 2020 (2019: USD 20 million).

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4.7 Impairment on non-current assets

Accounting policies

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

Non-current assets other than goodwill are tested for impairment whenever events or changes in circumstances indicate that such carrying amounts may not be recoverable. Indications that could trigger an impairment test include 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 value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate.

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

Recognized impairment loss

USD millions	2020	2019
Asset class		
Goodwill	(12)	(3)
Other intangible assets	(3)	-
Property, plant and equipment	(29)	(26)
Right-of-use assets	(1)	(17)
Total impairment of non-current assets	(46)	(46)
Reversal of impairment of non-current assets	1	3
Net impairment loss	(46)	(43)

USD millions	2020	2019
Segment split ¹⁾		
Europe	(25)	(27)
Americas	(3)	(13)
Africa & Asia	(2)	(3)
Global Plants & Operational Excellence	-	-
Industrial Solutions	(1)	-
Other and Eliminations	(15)	-
Net impairment loss	(46)	(43)

1) 2019 figures are restated in accordance with the new regional segment structure. Yara total figures remain unchanged.

In 2020, Yara moved to a regional organizational structure. Yara's operations comprise of five operating segments; Europe, Americas, Africa & Asia, Global Plants & Operational Excellence and Industrial Solutions. Goodwill allocated to CGUs or group of CGUs impacted by the reorganization has been reallocated to reflect the lowest level at which goodwill is now monitored for internal management purposes. The reallocation of goodwill is considered to have no impact on recognized impairments or reversal of impairments.

Impairment charges in 2020

Impairment of property, plant and equipment is mainly related to an additional impairment on the Montoir plant in France with USD 22 million.

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Impairment charges in 2019

Total impairment charges in 2019 was USD 46 million of which 27 million is related to Montoir plant in France.

Impairment testing

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

Main assumptions

Discount rate

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

Currency rates and inflation

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

Risk and uncertainties

To account for specific risk factors and uncertainties for specific CGUs such as climate risk, a scenario-based approach has been used in the impairment testing where relevant. The scenarios are weighted with a probability to arrive at a value-in-use.

Assumptions relevant for production assets

The valuations of production assets are based on Yara's long-term commodity and energy price forecasts. Due to the cyclicity of the fertilizer industry, Yara includes cash flow projections for a longer period than five years. Despite a relatively steady growth in market demand, history shows that there are periods with oversupply. Yara's internal commodity forecasts reflect its assessment of the supply/demand balance in the short to medium term. After a period of maximum eight years, all the main commodity sales price assumptions reflect an annual nominal growth that is not exceeding the relevant inflation rates. The main assumptions for the impairment testing are:

- Fertilizer prices
The urea price is the most important assumption when testing nitrogen fertilizer plants for impairment, as urea is the global price setter for commodity nitrogen. Yara's nitrate and NPK prices are estimated using urea as the base adding the estimated premiums on top of the com-

modity value of the nutrient. These premiums reflect an agronomic value-add of the products, and the estimated premiums for each plant are based on historically achieved premiums above the Yara average premium in main markets. For both NPK and nitrates, internally developed forecasts are used since there are no active forward markets for these products. External market intelligence reports are used as one of many input factors.

- Ammonia prices
For a number of Yara's plants, the ammonia price is a key assumption for calculating the value-in-use. Some plants are net buyers of ammonia, in which case increased ammonia prices has a negative impact on earnings while other plants are net sellers of ammonia and these plants will benefit from higher ammonia prices. Internally developed price forecasts are used since there is no active forward market for ammonia. External market intelligence reports are used as one of many input factors.
- Natural gas purchase prices
Natural gas is the most important cost factor for several of Yara's production plants. Yara maximizes the use of observable gas market input for the purpose of impairment testing. For certain regions, where no liquid market for natural gas exists, Yara prepares internal forecasts based on the expected supply/demand balance.
- Production reliability
Production reliability is important for the plants' profitability as this impacts both the production volume and the energy consumption factor (energy per ton produced). The reliability assumption is plant specific, taking into consideration the historical experienced reliability and implemented improvement initiatives.
- Capital expenditures
Ammonia and finished fertilizer plants require significant maintenance investments. The estimated amounts reflect past experience and plant specific knowledge. To the best of management's judgment, estimated capital expenditures do not include capital expenditures that enhance the current performance of assets and related cash flows have been treated consistently.

Assumptions relevant for sales units

Sales units within each regional segment market and distribute a complete range of crop nutrition products, technologies and knowledge. Industrial Solutions develops and market environmental solutions and essential products for industrial applications. These units are able to create value over and above the commodity value of the product. Management forecasts for market premiums are not exceeding five years with the first year derived from the CGU's business plan. After a period of five years, Yara uses a steady growth rate that is not exceeding the growth for the products, industry or countries in which the CGUs operate. The growth rate is maximum 2% (nominal) after year five.

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Cash generating units with goodwill

Goodwill acquired through business combinations has been reallocated to new CGUs in accordance with the new regional structure, presented together with the applicable discount rates used for the impairment testing:

USD millions	Segment	Goodwill		Discount rate pre-tax	
		2020	2019	2020	2019
Belle Plaine (Canada)	Americas	292	285	6.1%	8.4%
Region Europe	Europe	170	159	6.6%	
Pilbara Ammonia (Australia)	Africa & Asia	111	111	6.3%	8.5%
Brazil	Americas	63	81	10.1%	14.2%
Ammonia Trade (Switzerland)	Global Plants	55	55	5.7%	7.4%
Region Americas	Americas	47	47	7.9%	
India	Africa & Asia	33	34	8.9%	11.1%
Environmental Solutions Maritime	Industrial Solutions	19	18	6.1%	7.8%
Latin America	Americas	16	17	11.1%	16.8%
Region Industrial Solutions	Industrial Solutions	14	13	7.1%	
Other	Various	11	23		
Total ¹⁾		831	844		

Sensitivities for main CGUs with allocated goodwill**Belle Plaine (Canada)**

The CGU Belle Plaine comprises fertilizer production and its sales and distribution activity. The production site has an ammonia plant, a nitric acid plant and a urea granulation plant, with annual production capacity of 0.7 million tonnes ammonia, 0.1 million tonnes nitric acid, 1.1 million tonnes urea and 0.2 million tonnes UAN. The majority of the ammonia and nitric acid produced is used in the production of UAN and granular urea, but some of the ammonia is sold for agricultural purposes during peak ammonia seasons. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

Region Europe

The operating segment covers all operations such as production, sales and distribution in the Europe region. More information about the segment is provided in [note 2.3](#). The EU Green Deal most likely represents both risks and opportunities for region Europe. To reflect this, the region has used probability weighted scenarios. The same principle has been used for assets or CGUs within the region that have been tested separately due to impairment indicators. This includes the

production assets in Italy and the Tertre plant in Belgium that are described in the section "Sensitivities for main assets or CGUs with no allocated goodwill" below.

The group of CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

Pilbara Ammonia (Australia)

This is an ammonia plant located in Western Australia with an annual production capacity of approximately 0.8 million tonnes. The CGU has a carrying value of USD 916 million and a value-in-use that is 65% higher. Key assumptions for the testing are the ammonia price, the natural gas cost and the discount rate. An isolated reduction to the ammonia price of 12% for all years, an isolated increase to the forecasted gas cost of 25% and an isolated increase to the discount rate of 3% points would reduce the headroom to nil.

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Brazil

The CGU Business unit Brazil covers several aspects of fertilizer production and distribution, including phosphate mining, production of Single Super Phosphate (SSP) as well as blending and distribution of fertilizers, delivering approximately 9 million tonnes of fertilizers and covering approximately one fourth of the Brazilian market demand. The main production and blending assets comprised by the CGU are the Salitre plant under construction and the Rio Grande plant. After finalization of the construction, the Salitre plant, including the mine, will have an annual production capacity of approximately 1–1.2 million tonnes of phosphate rock and 1 million tonnes of finished fertilizer (SSP equivalents), in addition to a blending capacity of approximately 1 million tonnes. Currently, the Rio Grande plant has a production capacity of 0.8 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 1.6 million tonnes. However, there is an ongoing expansion project at the Rio Grande plant, which is expected to be finalized during the first half of 2021. After finalization of the expansion project, the Rio Grande plant will have an annual production capacity of approximately 1.1 million tonnes of finished fertilizer (NPK and SSP depending on market demand), in addition to a blending capacity of approximately 2.2 million tonnes.

The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

Ammonia Trade (Switzerland)

The global ammonia trade and supply unit is supplying and/or off-taking the necessary ammonia volumes for Yara's production plants. The CGU also includes five Yara owned LPG carriers. The CGU's value-in-use is significantly higher than the carrying amount. No reasonable possible change in any of the key assumptions would cause the unit's recoverable amount to be lower than the carrying value.

Region Americas

The operating segment covers all operations such as production, sales and distribution in Americas region. More information about the segment is provided in [note 2.3](#). The group of CGUs has a carrying value of USD 3,929 million and a value in use that is 56% higher. The business plan for 2021 is the most important input factor, together with the discount rate and the annual growth rate. An isolated reduction to the estimated EBITDA of 18% for all years, an isolated reduction to the growth rate after year five of 3% points (down from 2%) and an isolated increase to the discount rate of 2.5% points would reduce the headroom to nil.

India

The CGU comprises a urea plant with the related urea distribution business and premium product sales. The plant produces 0.7 million tonnes ammonia and 1.3 million tonnes urea.

The CGU has a carrying amount of USD 433 million and a value-in-use that is 52% higher. The

premium product sales growth is the most important assumption together with the discount rate. The premium product sales growth is estimated for the first five years and a terminal growth of 2% has been used in the valuation model. Should the estimated premium product sales growth not materialize, and the growth from 2021 only be 2%, it would trigger an impairment of approximately USD 60 million. An isolated increase to the post-tax discount rate of 3% points would reduce the headroom to nil.

Latin America

Business unit Latin America comprises 13 blending units with a total capacity of around 2 million tonnes, and a distribution network that includes Mexico, Guatemala, Costa Rica, Panama, Colombia, Ecuador, Peru, Bolivia, Chile and Argentina. The production facility in Cartagena has one ammonia plant, three nitric acid plants, one NPK plant, three ammonium nitrate solution units and one calcium nitrate plant.

The CGU has a carrying amount of USD 461 million and a value-in-use that is 95% higher. The business plan for 2021 is the most important input factor, together with the discount rate and the annual growth rate. An isolated reduction to the estimated EBITDA during the projected period of 15%, a reduction to the terminal growth rate after year five of 5% points (down from 2%) or an increase to the post-tax discount rate of 3% points would reduce the headroom to nil.

Sensitivities for main CGUs with no allocated goodwill

Yara has performed testing of several CGUs with impairment indicators. The impairments recognized during 2020 are explained above.

Some of the CGUs that were tested based on impairment indicators presented low headroom between the recoverable value, calculated based on value-in-use, and their carrying values. The main CGUs that are sensitive are described below:

Yara Pilbara Nitrates

The joint operation Yara Pilbara Nitrates owns a TAN plant in Australia. Carrying value of the CGU is USD 382 million, representing Yara's 50% ownership stake. The plant commenced operations in 2020 after being down for a longer time to carry out rectification works. The key assumptions are the TAN margin above ammonia cost, which is estimated for the TAN market in Western Australia, and the discount rate (8% on pre-tax basis). An individual reduction to the margin above ammonia cost of 10% would trigger an additional impairment of USD 80 million. An increase in the post-tax discount rate of 1% point would trigger an additional impairment of USD 52 million.

Italy

Italy comprises two production sites, with an annual production capacity of 0.6 million tonnes ammonia, 0.4 million tonnes nitrates, 0.6 million tonnes urea and 0.4 million tonnes NPK. The CGU has a carrying value of USD 219 million. The projected fertilizer prices, natural gas purchase price and the discount rate (9.9% on pre-tax basis) are the key assumptions. An individual reduction to

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the fertilizer prices of 10% for all years would trigger an additional impairment of USD 147 million. An increase in the natural gas purchase price of 10% would trigger an additional impairment of USD 147 million. An increase in the discount rate of 1% point would trigger an additional impairment of USD 1 million.

Tertre

Yara's production site in Tertre, Belgium comprises one ammonia plant, one nitric acid plant and one nitrates plant, with an annual production capacity of 0.4 million tonnes ammonia, 0.7 million tonnes nitric acid and 1 million tonnes nitrates. The majority of the ammonia and nitric acid produced is used in the production of nitrates, which are sold to various European markets. The CGU has a carrying amount of USD 259 million. The key assumptions for the testing are the urea price, the natural gas cost and the discount rate (6.8% on pre-tax basis). An individual reduction to the urea price of 10% for all years would trigger an additional impairment of USD 224 million. An increase in the natural gas purchase price of 10% would trigger an additional impairment of USD 133 million. An increase in the discount rate of 1% point would trigger an additional impairment of USD 47 million.

Yara Dallol (Ethiopia)

The company is developing a potash resource in Dallol in the Danakil Depression of Ethiopia. In 2015, Yara announced that an independent study identified an annual production of 0.6 million tonnes sulphate of potash (SOP) over 23 years from the reserves. Yara signed a mining agreement with the Ethiopian authorities in 2017. The CGU has a carrying amount of USD 220 million. The cash inflow for this project starts several years into the future and there are multiple uncertainties related to the project's profitability, financing, and necessary governmental permits and agreements. The project is currently on hold, while working on a structural solution for the next stage of development of the project. Negative impacts on any of the above risks or failure to ensure a structural solution, could result in a decision to stop the project, and a resulting impairment loss.

Future potential reversals of impairment

Yara has recognized impairment losses on several CGUs over time. These impairments will be reversed, fully or partly, when and if the situation improves and the recoverable value is determined to be higher than the carrying amount. The increased carrying amount cannot exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized in prior periods. A large portion of the historical impairments is related to the plants in Montoir (France). Upon improvement on the key conditions for reversals such as increase in fertilizer prices and stable production in the plants, the maximum amount of potential reversal at year-end 2020 would be USD 102 million.

4.8 Committed future investments

USD millions	Investments 2021	Investments Thereafter	Investments Total
Contract commitments for investments in property, plant and equipment	285	13	298
Contract commitments for other future investments	6	29	35
Contract commitments for acquisition or own generated intangible assets	24	33	57
Total	315	75	390

Yara has publicly communicated committed total investments of USD 1.3 billion in 2021 which corresponds to investments that passed decision gate that commits fund but for which external contracts are not necessarily signed. USD 101 million of these investments are included as contractual commitments in the table above.

There is no material amount to disclose for commitments related to equity-accounted investees, following the sale of QAFCO in 2020.

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5 Equity and liabilities

5.1 Share information

The Annual General Meeting in May 2020 approved a dividend for 2019 of NOK 4,045 million (NOK 15.00 per share), which was paid out during second quarter 2020 (USD 401 million).

The Extraordinary General Meeting in November 2020 approved an additional dividend of NOK 4,766 million (NOK 18.00 per share), which was paid out during fourth quarter 2020 (USD 525 million).

On 7 May 2020, the Annual General Meeting authorized the Board of Directors to acquire up to 13,406,611 shares in the open market and from the Norwegian State. Shares may be purchased within a price range from NOK 10 to NOK 1,000. The shares shall be subsequently cancelled.

Yara has renewed its agreement with the Norwegian State according to which the State's shares will be redeemed on a pro-rata basis to ensure the State's ownership is unchanged in the event of a cancellation of shares bought back.

During 2020, Yara has purchased 5,131,128 own shares under the 2020 buy-back program for a total consideration of NOK 1,823 million (USD 201 million). These shares will be cancelled at the next Annual General Meeting to be held in May 2021. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent has been reduced with an additional NOK 982 million (USD 109 million) for the commitment to redeem 2,912,838 shares from the Norwegian State.

Under the 2019 buy-back program, Yara purchased 1,362,013 own shares in 2020 for a total consideration of NOK 496 million (USD 51 million) and 1,362,013 own shares in 2019 for a total consideration of NOK 486 million (USD 53 million). These shares were cancelled at the Annual General Meeting on 7 May 2020. Pursuant to the agreement with the Norwegian State, total equity attributable to the shareholders of the parent was reduced with an additional NOK 555 million (USD 59 million) for the redemption of 1,546,374 from the Norwegian State.

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

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

USD millions	Ordinary shares	Own shares	Number of shares outstanding
Total at 31 December 2018	273,217,830	(520,000)	272,697,830
Redeemed shares Norwegian State ¹⁾	(295,193)	-	(295,193)
Shares cancelled ¹⁾	(520,000)	520,000	-
Treasury shares - share buy-back program ¹⁾		(1,362,013)	(1,362,013)
Total at 31 December 2019	272,402,637	(1,362,013)	271,040,624
Treasury shares - share buy-back program ¹⁾		(1,362,013)	(1,362,013)
Redeemed shares Norwegian State ²⁾	(1,546,374)		(1,546,374)
Shares cancelled ²⁾	(2,724,026)	2,724,026	-
Treasury shares - share buy-back program ²⁾		(5,131,128)	(5,131,128)
Total at 31 December 2020	268,132,237	(5,131,128)	263,001,109

1) As approved by the General Meeting 7 May 2019.

2) As approved by the General Meeting 7 May 2020.

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5.2 Non-controlling interests

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

2020

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

2019

USD millions	Total at 1 January	Share of profit	Dividend distributed	Disposals	Share capital increase	Foreign currency translation	Total at 31 December
GICS Indústria, Comércio e Serviços S.A. ¹⁾	148	(9)	-	(139)	-	-	-
Yara Dallol B.V.	69	(2)	-	-	-	-	67
Other	10	1	(2)	2	-	-	13
Total	227	(10)	(2)	(137)	-	-	79

1) On 10 July 2019, Yara acquired their 40% interest GICS Indústria, Comércio e Serviços S.A.

Place of incorporation and percentage of non-controlling interests

Company name	Place of incorporation	Percentage non-controlling interests ¹⁾ 2020	Percentage non-controlling interests ¹⁾ 2019
Yara Dallol B.V.	The Netherlands ²⁾	41.40% ³⁾	41.83%

1) Equals voting rights.

2) Place of operations is Ethiopia.

3) The ownership percentage of non-controlling interests is reduced by 0.433 percentage points in 2020 (2019: 4.06 percentage points).

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 2020, Yara Dallol held USD 1.4 million in cash and cash equivalents (2019: USD 3 million).

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Financial position for companies with significant non-controlling interests

USD millions

	2020 Yara Dallol	2019 Yara Dallol
Current Assets	3	5
Non-current assets	231	227
Current liabilities	(5)	(12)
Non-current liabilities	(30)	(25)
Equity attributable to owners of the company	(131)	(129)
Non-controlling interests	(67)	(67)

Income statement for companies with significant non-controlling interests

USD millions

	2020 Yara Dallol	2019 Yara Dallol
Total operating revenues and other income	-	-
Expenses	(1)	(5)
Net income/(loss)	(2)	(5)
Net income attributable to shareholders of the parent	(1)	(3)
Net income attributable to non-controlling interests	(1)	(2)
Net income/(loss)	(2)	(5)
Other comprehensive income attributable to shareholders of the parent	-	-
Other comprehensive income attributable to non-controlling interests	-	-
Other comprehensive income/(loss) for the year	-	-
Total comprehensive income attributable to shareholders of the parent	(1)	(3)
Total comprehensive income attributable to non-controlling interests	(1)	(2)
Total comprehensive income/(loss) for the year	(2)	(5)
Net cash inflow/(outflow) from operating activities	(6)	(1)
Net cash inflow/(outflow) from investing activities	1	(15)
Net cash inflow/(outflow) from financing activities	4	14
Net cash inflow/(outflow)	(1)	(2)

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5.3 Interest-bearing debt

Accounting policies

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method.

Specification

Long-term interest-bearing debt

	Notes	Maturity	Weighted average interest rates	Denominated amounts 2020		Carrying Values	
				Currency Millions	USD Millions	2020	2019
USD millions, except percentages and denominated amounts							
NOK (Coupon 2.55%)	6.1	2021	2.6%	700	82	83	79
NOK (Coupon NIBOR + 0.75%)	6.1	2022	1.1%	1,250	147	147	142
SEK (Coupon STIBOR + 1.00%)	6.1	2022	0.7%	450	55	55	48
SEK (Coupon 1.10%)	6.1	2022	1.2%	800	98	99	86
NOK (Coupon 3.00%)	6.1	2024	3.0%	600	70	73	68
NOK (Coupon 2.45%)	6.1	2024	2.5%	1,000	117	120	111
USD (Coupon 3.80%)	6.1	2026	3.9%	500	500	499	498
NOK (Coupon 2.90%)	6.1	2027	2.9%	1,000	117	122	111
USD (Coupon 4.75%)	6.1	2028	4.8%	1,000	1,000	997	996
USD (Coupon 3.15%)	6.1	2030	3.2%	750	750	746	-
Total unsecured debenture bonds						2,940	2,139
USD			1.3%	538	538	538	933
Total unsecured bank loans						538	933
Mortgage loans						23	21
Other long-term debt						2	3
Total						25	24
Outstanding long-term debt						3,503	3,096
Less: Current portion						(132)	(398)
Total						3,371	2,698

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The carrying values include issuance discount, capitalized issuance costs and fair value hedge accounting adjustments as indicated above (see also [note 6.3](#) Financial Instruments for further information about fair value of financial instruments).

At 31 December 2020, the fair value of the long-term debt, including the current portion, is USD 3,829 million and the carrying value is USD 3,503 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 2020, USD 2,250 million in bond debt originates from Yara's June 2020, June 2018, and June 2016 bond issues in the US market according to 144A/Regulation S. Further, NOK 1,300 million originates from Yara's December 2014 bond issues in the Norwegian market while NOK 3,250 million and SEK 1,250 million originate from Yara's December 2017 bond issues in the Norwegian market. The entire NOK and SEK denominated bond debt is converted to USD exposure through cross-currency swaps.

Yara's additional long-term funding is based on bank loans. Yara's term loan from the Nordic Investment Bank has been reduced to USD 45 million through scheduled down-payments and linear installments will continue until December 2023. Likewise, the loan facility established in January 2018 with partial support by a guarantee from The Norwegian Export Credit Guarantee Agency (GIEK), has been reduced to USD 183 million through scheduled down-payments and semi-annual installments will continue until August 2026. Both the USD 150 million term loan due 2022 from the International Finance Corporation and the USD 150 million term loan due 2024 from Svensk Exportkredit AB remain fully drawn at year-end 2020. A further minor portion of the long-term bank loans is borrowed in emerging markets.

Yara has undrawn long-term revolving credit facilities totaling USD 1,100 million, whereof USD 89 million falls due in 2024 and the rest in 2025.

Of the fixed interest rate debenture bonds, NOK 3,300 million and SEK 800 million are exposed to floating interest rates through interest rate swaps, see [note 6.1](#) Financial risks.

Contractual payments on long-term debt

USD millions	Debentures ¹⁾	Bank Loans	Other	Total ²⁾
2021	83	48	-	132
2022	300	203	-	503
2023	-	45	-	45
2024	194	181	-	375
2025	-	30	23	53
Thereafter	2,363	30	2	2,395
Total	2,940	538	25	3,503

1) Yara International ASA is responsible for the entire amount.

2) Including current portion.

Short-term interest-bearing debt

USD millions, except percentages	Notes	2020	2019
Credit facilities		179	418
Overdraft facilities		35	26
Other		131	50
Total	6.3	345	494

Weighted Average Interest Rates ¹⁾

Credit facilities	4.4%	4.3%
Overdraft facilities	2.5%	9.5%
Other	1.3%	2.5%

1) Repricing minimum annually.

Yara has access to short-term credit and overdraft facilities with various banks both centrally and in local markets. At 31 December 2020, the unused frame of such facilities totals approximately USD 1,170 million.

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Reconciliation of liabilities arising from financing activities

USD millions	31 Dec 2019	Cash flows	Non-cash changes				31 Dec 2020
			Foreign exchange movement	Amortization ¹⁾	Other	Reclassification	
Long-term interest-bearing debt	2,698	746	39	(3)	16 ²⁾	(124)	3,371
Bank loans and other interest-bearing short-term debt	494	(214)	(9)	-	74 ³⁾	-	345
Current portion of long-term debt	398	(402)	12	-	-	124	132
Total liabilities from financing activities	3,590	130	42	(3)	89	-	3,847

1) Amortization of transaction cost.

2) Value changes on interest rate swaps designated as hedging instruments.

3) Includes provision for buy-back of the Norwegian State's shares.

See [note 4.5](#) Leases for reconciliation of liabilities arising from leasing activities.

5.4 Pensions and other long-term employee benefit obligations

Overview

The Group companies provide various retirement plans in accordance with local regulations and practices in the countries in which they operate.

Defined benefit plans are generally based on years of service and average or final salary levels, offering retirement benefits in addition to what is provided by state pension plans. Most of the defined benefit plan obligations are covered by external insurance companies or by pension funds. By definition, both investment risk and actuarial risk (i.e. the actual level of benefits to be paid in the future) are retained by the Group companies.

Defined contribution plans require the companies to make agreed contributions to a separate fund when employees have rendered services entitling them to the contributions. The companies have no legal or constructive obligation to pay further contributions.

Some companies make contributions to multi-employer pension plans included in a joint arrangement with others. All multi-employer plans are accounted for as defined contribution plans.

Some companies have recognized provisions for jubilee benefits, which are classified as Other long-term employee benefits.

Accounting policies**Defined benefit plans**

The Group's net obligation in respect of defined benefit plans is calculated separately for each

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

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

Defined contribution plans

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

Other long-term benefits

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

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Long-term employee benefit obligations recognized in the statement of financial position

USD millions	Notes	2020	2019
Defined benefit plans		(609)	(480)
Surplus on funded defined benefit plans		75	57
Net liability for defined benefit plans		(534)	(424)
Termination benefits		(4)	(3)
Other long-term employee benefits		(15)	(14)
Net long-term employee benefit obligations recognized in Statement of financial position		(552)	(441)
Of which classified as Prepayments for long-term employee obligations	4.6	75	57
Of which classified as Long-term employee benefit obligations		(627)	(498)

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

USD millions	Notes	2020	2019
Defined benefit plans		(47)	(48)
Defined contribution plans		(29)	(30)
Multi-employer plans		(9)	(9)
Termination benefits		1	(23)
Other long-term employee benefits		(1)	(2)
Net expenses recognized in Statement of income		(84)	(113)
Of which classified as Payroll and related costs	2.5	(79)	(104)
Of which classified as Interest expense and other financial items	2.7	(5)	(9)

Defined benefit plans

Yara International ASA and Norwegian subsidiaries have incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 at that time received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date. Further

pension obligations in Norway include certain unfunded pension arrangements as well as early retirement schemes. Retirement age is flexible from age 62 to age 67.

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

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

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

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

Yara sponsors a funded defined benefit pension plan for qualifying UK employees. Under the fund, employees are entitled to annual pensions on retirement at age 62 of 1/57th of final pensionable salary for each year of service (some members have a retirement age of 65 and accrue at a rate of 1/60). Benefits are also payable on death and following other events such as withdrawing from active service. The plan was closed for new members from 2001. Broadly, about 12% of the liabilities are attributable to current employees, 23% to deferred pensioners and 65% to current pensioners.

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

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

The provision for defined benefit plans also includes liabilities for medical plans in Great Britain, Trinidad, Brazil and South Africa with a total of USD 14 million (2019: USD 16 million).

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Pension cost recognized in statement of income

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

The following items have been recognized in the Statement of income

USD millions	2020	2019
Current service cost	(42)	(37)
Contribution by employees	3	3
Administration cost	(2)	(2)
Past service cost	-	(3)
Social security cost	(1)	(1)
Payroll and related costs	(41)	(39)
Interest expense on obligation	(32)	(46)
Interest income from plan assets	27	37
Net interest expense on the net obligation	(6)	(9)
Net pension cost recognized in Statement of income	(47)	(48)

Pension cost recognized in the Statement of income, by origin

USD millions	2020	2019
Payroll and related costs		
Finland	(7)	(6)
The Netherlands	(17)	(14)
Great Britain	(2)	(2)
Norway	(5)	(5)
Other	(11)	(13)
Total	(41)	(39)

USD millions	2020	2019
Net interest income / (expense) on the net obligation / asset		
Finland	-	(1)
The Netherlands	(1)	(1)
Great Britain	-	(1)
Norway	(1)	(1)
Other	(3)	(5)
Total	(6)	(9)

Remeasurement gains / (losses) recognized in other comprehensive income

USD millions	2020	2019
Remeasurement gains / (losses) on obligation for defined benefit plans	(132)	(165)
Remeasurement gains / (losses) on plan assets for defined benefit plans	98	157
Increase in recognized net liability due to minimum funding requirement and asset ceiling limit ¹⁾	(39)	(8)
Net remeasurement gains / (losses) for defined benefit plans	(74)	(17)
Change in deferred tax related to remeasurement gains / (losses) for defined benefit plans ²⁾	24	8
Remeasurement gains / (losses) recognized from equity-accounted investees (net of tax)	(1)	-
Total remeasurement gains / (losses) recognized in other comprehensive income	(51)	(9)

1) Yara (UK) Ltd is committed to pay an annual contribution until 2024 in order to make good a funding deficit. Present value of future contributions will lead to an unrecognized surplus based on current IAS 19 valuation, and as Yara does not have an unconditional right to recoup any surplus arising in the Fund, an additional liability needs to be recognized. The value of plan assets is also reduced to restrict the funded status to zero (asset ceiling limit).

2) Includes impact from change in tax percentage on remeasurement gains and losses recognized in prior years.

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Remeasurement gains and losses include experience adjustments, reflecting the difference between estimated and actual changes in obligations and plan assets during the year, as well as the impact of change in demographic and financial assumptions when measuring the present value of pension liabilities at year-end with revised assumptions. Remeasurement gains and losses are permanently recognized directly in retained earnings in the period in which they occur.

Actuarial valuations provided the following results

USD millions	2020	2019
Present value of fully or partially funded liabilities for defined benefit plans	(2,210)	(1,948)
Present value of unfunded liabilities for defined benefit plans	(266)	(250)
Present value of liabilities for defined benefit plans	(2,476)	(2,198)
Fair value of plan assets	2,048	1,836
Adjustment in respect of minimum funding requirement	(42)	(26)
Unrecognized asset due to asset ceiling limitation	(46)	(19)
Social security tax liability on defined benefit plans	(18)	(17)
Net liability recognized for defined benefit plans	(534)	(424)

Defined benefit obligations and plan assets by origin

USD millions	2020		2019	
	Obligations	Assets	Obligations	Assets
Finland	(404)	327	(334)	310
The Netherlands	(898)	787	(753)	683
Other Eurozone	(317)	129	(289)	114
Great Britain ¹⁾	(490)	448	(444)	417
Norway ²⁾	(314)	245	(306)	227
Other	(113)	67	(115)	65
Total	(2,536)	2,002	(2,240)	1,816

1) Including liability for minimum funding requirement and asset ceiling adjustment

2) Including social security tax liability.

Development of defined benefit obligations

USD millions	2020	2019
Defined benefit obligation at 1 January	(2,198)	(2,047)
Current service cost	(42)	(37)
Interest cost	(32)	(46)
Experience adjustments	9	15
Effect of changes in financial assumptions	(153)	(189)
Effect of changes in demographic assumptions	12	9
Past service cost	-	(3)
Benefits paid	94	84
Transfer of obligation (in)/out	(3)	-
Foreign currency translation on foreign plans	(164)	16
Defined benefit obligation at 31 December	(2,476)	(2,198)

Development of plan assets

USD millions	2020	2019
Fair value of plan assets at 1 January	1,836	1,688
Interest income from plan assets	27	37
Administration cost on plan assets	(2)	(2)
Return on plan assets (excluding the calculated interest income)	98	157
Employer contributions	36	34
Employees' contributions	3	3
Benefits paid	(81)	(72)
Transfer of plan assets in/(out)	3	-
Foreign currency translation on foreign plans	128	(10)
Fair value of plan assets at 31 December	2,048	1,836

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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 2024 in order to make good a funding deficit determined in the actuarial valuation of 2020. In The Netherlands, an agreement is in place in which Yara will need to ensure a minimum level of funding by making additional contribution to the fund. On the other hand, Yara will be able to recover parts of the contribution which has been paid to the fund, in case the funding ratio reaches a certain level.

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

USD millions, except percentages	2020	2020	2019	2019
Cash and cash equivalents	19	1%	24	1%
Shares	627	31%	515	28%
Other equity instruments	39	2%	37	2%
High yield debt instruments	89	4%	81	4%
Investment grade debt instruments	777	38%	711	39%
Properties	94	5%	72	4%
Other quoted plan assets ¹⁾	265	13%	259	14%
Total investments quoted in active markets	1,910	93%	1,700	93%
Shares and other equity instruments	92	4%	95	5%
Other plan assets ²⁾	46	2%	41	2%
Total unquoted investments	138	7%	136	7%
Total plan assets	2,048		1,836	

1) Other quoted plan assets include insurance policies, hybrid funds and other fund investments.

2) Other unquoted plan assets is mainly a loan to Yara Suomi Oy.

Contributions expected to be paid to the defined benefit plans for 2021 are USD 53 million (including benefits to be paid for unfunded plans). The contributions paid in 2020 were USD 49 million.

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Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2020
Finland	16
The Netherlands	21
Great Britain	14
Norway	14
Total ¹⁾	17

1) Weighted average.

Valuation of defined benefit obligations

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account the relevant economic environment of each pension plan.

The discount rate is a weighted average of the yields at the balance sheet date on high quality corporate bonds, or government bonds where no deep market exists for high quality corporate bonds. The discount rate is adjusted by extrapolation if necessary, to take into account differences in maturities.

The following financial assumptions have been applied for the valuation of liabilities

Discount rate (in %)	2020	2019
Finland	0.6	0.9
The Netherlands	0.5	1.1
Great Britain	1.4	2.0
Norway	1.7	2.1
Total ¹⁾	0.9	1.5

1) Weighted average.

Expected salary increase (in %)	2020	2019
Finland	2.1	2.1
The Netherlands	2.3	2.3
Great Britain	2.8	3.7
Norway	2.1	2.2
Total ¹⁾	2.3	2.6

1) Weighted average.

Expected pension indexation (in %)	2020	2019
Finland	1.2	1.0
The Netherlands	1.6	1.6
Great Britain	2.9	3.0
Norway	0.5	1.0
Total ¹⁾	1.7	1.8

1) Weighted average.

The following table presents indicators of life expectancy of the mortality tables applied for valuation of the obligations, by showing expected longevity of a current employee aged 45 today from the date he or she reaches age 65, and the expected longevity of a current retiree aged 65.

The following financial assumptions have been applied for the valuation of liabilities

Expected longevity (in years)	Current employee	Current retiree
Finland	25.9	23.4
The Netherlands	24.2	22.4
Great Britain	24.2	22.8
Norway	24.1	23.4

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Sensitivity of assumptions

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. The table below indicates the sensitivity of the most significant assumptions applied to the defined benefit obligation, by showing the estimated result from a reasonable increase or decrease in any one of the key assumptions applied. Holding all other assumptions constant represents a limitation of the analysis, as some of the assumptions may be correlated. The methods used in preparing the analysis are consistent with previous years.

USD millions	2020	2019
Actual valuation	(2,476)	(2,198)
Discount rate +0.5%	(2,297)	(2,044)
Discount rate -0.5%	(2,682)	(2,370)
Expected rate of salary increase +0.5%	(2,496)	(2,218)
Expected rate of salary increase -0.5%	(2,457)	(2,178)
Expected rate of pension increase +0.5%	(2,626)	(2,324)
Expected rate of pension increase -0.5%	(2,342)	(2,085)
Expected longevity +1 year	(2,578)	(2,280)
Expected longevity -1 year	(2,375)	(2,116)

5.5 Trade and other payables**Accounting policies**

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term payables are normally not discounted.

Specifications

USD millions	Notes	2020	2019
Trade payables		1,430	1,285
Payroll and value added taxes		303	259
Other liabilities ¹⁾		147	70
Total	6.3	1,880	1,614

1) Included in Other liabilities is USD 52 million (2019: USD 11 million) regarding short-term derivative instruments (at fair value) and USD 25 million (2019: USD 20 million) regarding short-term contingent consideration.

Trade payables are non-interest-bearing and have an average term of 60 days. Payroll and value-added taxes are mainly settled bimonthly or on quarterly basis. Other payables are non-interest-bearing and normally settled within 12 months.

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5.6 Provisions and contingencies

Accounting policies

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

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

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

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

Decommissioning refers to the process of dismantling and removing equipment and site restoration when a site is closed down. A liability is recognized as soon as a decommissioning obligation arises. The obligation can be legal or constructive, and is accounted for based on a best

estimate discounted to the present value. The discounted provision is progressively unwound, with the unwinding charge presented as a finance cost. The unwinding charge takes the provision from its current net present value to its future end value.

If an obligation exists to decommission PP&E, the carrying value of the assets is increased with the discounted value of the obligation. This is also the case if an obligation arises during construction or due to new legal requirements. The decommissioning asset is depreciated over the useful life of the asset. If an obligation arises as a result of day-to-day operations where the asset has been used to produce inventory, the cost is expensed as incurred.

Decommissioning provisions are updated when new information becomes available.

Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. Legal claims are assessed on an individual basis and provisions are recognized if the specific claims give rise to present, probable obligations and the costs can be reliably measured.

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

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

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2020

USD millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2020	77	55	25	164	54	375
Additional provision in the year	14	3	13	76	16	122
Interest expense on liability	-	-	8	3	-	10
Unused provision	(7)	(9)	(3)	(1)	(8)	(28)
Utilization of provision	(7)	(17)	(4)	(8)	(16)	(52)
Currency translation effects	(1)	2	(4)	9	2	8
Balance at 31 December 2020	76	34	35	243	48	435

2019

USD millions	Environmental	Restructuring	Legal Claims	Decommission	Other	Total
Balance at 1 January 2019	75	48	23	122	24	292
Additional provision in the year	13	21	10	45	43	133
Interest expense on liability	(2)	-	2	-	-	1
Unused provision	-	-	(5)	-	(3)	(9)
Utilization of provision	(7)	(13)	(4)	(2)	(12)	(38)
Currency translation effects	(2)	(1)	-	(1)	1	(4)
Balance at 31 December 2019	77	55	25	164	54	375

Provisions presented in the consolidated statement of financial position

USD millions	2020	2019
Current liabilities	75	72
Non-current liabilities	360	303
Total	435	375

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Provisions

Environmental provisions

Yara's future cost for environmental remediation depends on a number of uncertain factors, such as changes in regulations or authorities' approval for the extent of actions. The estimates are followed up frequently. Due to the uncertain nature to define the exact levels of pollution and precise needs for cleanup, it is possible that they could be revised in the near term. In addition, conditions which could require future expenditures may be determined to exist for various sites, including Yara's major production facilities and warehouses.

Provisions for environmental clean-up and asset retirement obligations relate to production facilities currently in operation and facilities that are closed. The obligations relate to such actions as restoration or rehabilitation of industrial or mining sites, disposal of contaminated material and related activities.

Restructuring provisions

Restructuring mainly relates to closure or significant reorganization of business locations in a country or region. The provision is a best estimate based on the detailed formal plan for the business and location affected. In 2020, Yara has not recognized significant new restructuring provisions. The reduction is mainly related to the 2019 announced closure costs estimate of the wholly-owned ammonia plant in Point Lisas, Trinidad.

Legal claims

Yara is involved in a number of proceedings globally concerning matters arising in connection with the conduct of its business. Yara does not believe such proceedings will, individually or in the aggregate, have a significant effect on Yara's financial position, profitability, results of operations or liquidity.

Decommission provisions

Yara has obligations to decommission and remove installations at the end of the production period. Establishing the appropriate provisions for such obligations involve the application of considerable judgement and involve an inherent risk of significant adjustments. The costs of these decommissioning and removal activities require revisions due to changes in current regulations and technology while considering relevant risks and uncertainties. Most of the removal activities are many years into the future, and the removal technology and costs are constantly changing. The estimates include assumptions of the time required and can vary considerably depending on the assumed removal complexity. Moreover, changes in the discount rate and currency exchange rates may impact the estimates significantly. As a result, the initial recognition of the liability and the capitalized cost associated with decommissioning and removal obligations, and the subsequent adjustment of these balance sheet items, involve the application of judgement. Most significant decommissioning provisions relate to contractual obligations for operations on leased land, the main ones being plants in Australia and France. The increase in decommission provisions during 2020 is mainly due to reduced discount rates in Australia.

Other provisions

Other include onerous contracts, liquidated damages, warranties and various other provisions.

Contingencies

Legal contingencies

In connection with Yara Fertiliser India Pvt Ltd's acquisition of Tata Chemical Ltd's urea business, stamp duty may be payable on the lease of the Babrala plant site. Yara's position is that the stamp duty on this lease is less than USD 1 million. In order to ascertain the amount of stamp duty payable, Yara sought adjudication of the amount by the local tax authorities. On 18 January 2019, the authority assessed stamp duty on the lease at approximately USD 36 million. Yara is of the view that the authority's decision is incorrect, and remains of the view that the correct amount of stamp duty is less than USD 1 million. Yara Fertiliser India Pvt Ltd is of the view that the authority's decision is incorrect and has filed a written petition in the high court of Uttar Pradesh in March 2019 to seek the court's decision and affirmation of our position. State of Uttar Pradesh has filed its response to the Petition filed by Yara Fertilisers India Pvt Ltd. No date has yet been scheduled for substantial hearing of the petition. It may take up to 5 years to receive a decision from the Uttar Pradesh State Court. In addition to the stamp duty on the lease, Yara has also sought adjudication of stamp duty in the same state on the court order for the acquisition. Yara's position is that the stamp duty payable is less than USD 6 million. As of today, the relevant authority has not yet issued its decision. The provisions made for stamp duties in the Uttar Pradesh state corresponds to Yara's assessment.

Further information related to two ongoing environmental cases in Brazil, where Yara is a part due to the acquisition of Adubos Trevo from the Trevisa Group in the year 2000, is provided below since it is not possible to provide a reliable estimate of the maximum potential exposure:

- Yara has together with other companies related to the Trevisa Group been sued by an association representing approximately 1,300 potential victims in two separate lawsuits. The lawsuits are related to mine and lead industry activities performed by the company Plumbum Comércio e Representações de Produtos Mineirais e Industriais (Plumbum) in the cities Santo Amaro da Purificação and Boquira in Bahia state in Brazil. Plumbum was formerly part of the Trevisa Group. Adubos Trevo has not been involved in any of the activities included in the lawsuits. The lawsuits include claims for various personal losses, damage to properties, institution of relief funds, environmental restoration and clean-up activities. The lawsuits were filed in 2011 and 2012 but are still in the initial phase. Yara denies liability for any potential damage caused by the activities of Plumbum and has not made any provision for the claims.
- Yara is together with 22 other companies, defendants in a lawsuit filed by São Paulo Public Attorney in 1985 with a claim for compensation for environmental damage related to former activities by the defendants in the Cubatão industrial district. The defendants deny the claim on the basis that necessary actions have already been taken to recover potential damages from former activities. In September 2017, the court of first instance ruled against the defendants determining that the defendants were jointly liable to repair the damage. The nature of and

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amount of potential damages have not been determined and will be calculated by an expert. Yara has made a provision related to this case of USD 1.8 million. Yara and the other defendants have appealed the decision.

In addition to these cases, Yara is party to a number of lawsuits related to laws and regulations in various jurisdictions arising out of the conduct of its business. Several of these cases have been ongoing for a number of years, and the timing of possible outflows is uncertain. While acknowledging the uncertainties of litigation, Yara is of the opinion that based on the information currently available, these matters will be solved without material adverse effect. The total estimate of the financial effect in the unlikely event that all should have a negative outcome, is USD 48 million, mainly related to cases in Brazil.

On 21 and 22 January 2020 the Spanish competition authority (CNMC) visited the premises of Yara Iberian S.A.U. (Spain). Yara Iberian cooperated with the officials during the site visit. The CNMC is now conducting a preliminary inquiry into possible infringements of the Spanish Competition Act. As such, Yara is not under any formal investigation and no employees are formally suspected in the case which is still being preliminary assessed by the CNMC.

Tax contingencies

In relation to an ongoing tax dispute and to safeguard their taxation rights, the Dutch tax authorities issued in 2018 a new tax assessment for business restructuring ("exit tax assessment"). The tax assessment would increase the tax cost with USD 500 million, plus USD 200 million in accumulated interest. It is Yara's position that the tax assessment is unreasonable and unfounded, and no provision has been made for the exit tax claim. The tax authorities principal claim is significantly lower and Yara has considered that claim separately from the exit tax assessment. Yara expects that the exit tax assessment will not trigger any immediate payment and that tax payments will be deferred until the case has been fully resolved or the tax assessment has been withdrawn.

Several subsidiaries are engaged in juridical and administrative proceedings related to various disputed tax matters where the probability of cash outflow is not considered probable. A majority of these contingencies are related to taxes in Brazil, with an estimated maximum exposure of approximately USD 105 million. Tax contingencies outside Brazil and excluding the above-mentioned exit tax assessment in the Netherlands have an estimated maximum exposure of approximately USD 85 million.

In 2019, Yara International ASA received a notification and request for information from the Norwegian Tax Authorities in relation to a transfer price audit. In the notification and request for information, the Tax Authorities have stated that they consider changing the company's tax assessment for the years 2015, 2016 and 2017. The Tax Authorities have neither disclosed any potential amount nor provided guidance on how a potential change will impact the tax assessment for these years.

Uncertain tax treatments

In 2020, Yara realized taxable losses due to disposal of shares and when restructuring the corporate holding structure. Due to uncertainty of the tax treatment related to the losses, tax assets of USD 89 million are not recognized in the financial statements.

At year-end 2020, Yara has an income tax provision of USD 43 million related to an ongoing tax case. The majority of the provision was recognized in 2019 due to a court ruling against one of Yara's subsidiaries, and the provision is considered to cover the full exposure. In addition to the income tax provision, Yara has recognized provision for related interest charges of USD 16 million. Yara has appealed the ruling.

5.7 Contractual obligations

Take-or-pay and Long-term contracts

Yara has entered into take-or-pay and long-term contracts providing for future payments to transportation capacity, raw materials and energy. Yara has marketing and off-take agreements with some of its joint operations, see [note 4.4](#).

The non-cancellable future obligations at 31 December 2020 (undiscounted amounts)

USD millions	Total
2021	418
2022	191
2023	122
2024	71
2025	65
Thereafter	632
Total	1,498

Future "take-or-pay" obligations are included in the table above only if they are non-cancellable and the contractually agreed pricing is fixed or may otherwise deviate from observable market prices at the time of delivery.

Yara did not need to pay any significant amount to fulfill take-or-pay clauses in 2020.

For further information regarding future obligations, see [note 5.4](#) for future obligations related to pensions, [note 5.6](#) for provisions and contingencies and [4.5](#) for future commitments related to lease arrangements.

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5.8 Secured debt and guarantees

USD millions	2020	2019
Amount of secured debt	26	26
Assets used as security for debt		
Machinery and equipment, etc.	4	4
Buildings and structural plant	25	23
Total	29	27
Assets used as security for non-financial liabilities		
Buildings and structural plant	43	22
Total	43	22
Guarantees (off-balance sheet)		
Contingency for discounted bills	-	1
Contingency for sales under government schemes	57	57
Non-financial parent company guarantees	668	723
Non-financial bank guarantees	173	236
Total	899	1,016

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.

Contingent liabilities related to the de-merger from Norsk Hydro ASA

Yara is contingently liable for unfunded pension liabilities accrued prior to the consummation of the de-merger from Norsk Hydro ASA (Hydro) as a matter of the joint and several liability provided by Norwegian law. Hydro's unfunded pension liabilities, calculated in accordance with Hydro's accounting policies, amounted to approximately NOK 2 billion at de-merger March 24, 2004 and have been reduced by payments thereafter.

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6 Financial Risk

6.1 Financial risks

Risk management policies

Risk management in Yara is based on the principle that risk evaluation is an integral part of all business activities. Yara's strategic approach is to determine appropriate risk levels or limits for the main risks and to constantly maintain and develop tools and procedures for monitoring the associated exposures. The Group's policies, approved by the Board of Directors, thus provide written principles on funding risk, currency risk, interest rate risk, credit risk, and the investment of excess liquidity. In general, risks arising from operational activities may either be accepted or reduced. The policies restrict transactions that will increase the Group's exposure beyond the level stemming from operations.

Yara's Executive Management is responsible for reviewing and operationalizing the board defined policies, while the operating segments and expert organizations act as risk owners. The financial risks related to the operations of the Group are thus monitored and managed by Yara's Finance, Treasury & Insurance function through internal risk reports that analyze each exposure by degree and magnitude of risk. 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 Executive Management.

Based on the overall evaluation of risk, Yara may seek to reduce its inherent exposures by using insurance policies, trade finance contracts, guarantees or derivative instruments such as forward contracts, options and swaps. The use of such instruments is also governed by Board approved policies.

Yara may designate and document the use of certain derivatives and other financial assets or liabilities as hedging instruments against changes in fair value of recognized assets and liabilities (fair value hedges), highly probable forecast transactions (cash flow hedges) and net investments in foreign operations (net investment hedges). The prospective effectiveness of any such hedge is assessed at inception and verified on a quarterly basis. Derivatives not designated in a hedging relationship are classified as undesignated derivatives and acquired and managed within the framework and policies defined by the Board of Directors also when hedge accounting is not applied.

There were no principal changes in the Group's approach to capital management during the years ending 31 December 2020 and 31 December 2019. Yara's liquidity surplus, kept as short-term bank deposits, increased significantly in 2020 compared with the year before, primarily after receipt of the proceeds from the Qafco divestment (see [note 7.1](#) Disposal of investments).

Funding risk

The capital structure of the Group consists of interest-bearing debt as disclosed in [note 5.3](#) Interest-bearing debt, cash and cash equivalents as disclosed in [note 3.4](#) Cash and cash equivalents plus equity attributable to equity holders of the parent, comprising paid-in capital and retained earnings as disclosed in [note 5.1](#) Share information and statement of changes in equity.

Yara is focused on maintaining a sound funding structure. Main elements of the funding strategy are to keep a long-term debt base and to uphold the security and flexibility obtained through using diversified capital sources, avoiding dependency on single institutions or markets.

Yara does not have specific debt ratio targets and the only financial covenant is to have a debt to equity ratio, calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests, below 1.4. At the end of 2020, the ratio was 0.35 compared with 0.42 at the end of 2019. The Group is not subject to any externally imposed capital requirements.

Through its financial structure, Yara has the necessary flexibility to capture the right industrial opportunities when they arise. As such opportunities typically materialize in periods characterized by industry margins and earnings below peak levels, Yara will seek to maintain adequate financial capacity throughout the business cycle. Yara aims to maintain a long-term mid investment grade rating level, i.e. BBB according to Standard & Poor's methodology and Baa2 according to Moody's methodology. During 2020, Yara did maintain both the Baa2 rate from Moody's and the BBB rate from Standard & Poor's.

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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. During the first eight months of 2020, the part of Yara's US dollar debt constituting a hedge of future earnings was kept between USD 2,600 million and USD 2,800 million. The receipt of the proceeds from the Qafco divestment reduced the hedge to around USD 1,400 million, whereafter it was gradually increased again

to around USD 1,900 million at the end of the year (2019: increased gradually from around USD 2,000 million to around USD 2,600 million during the year). A certain portion of the total debt is kept in various local currencies in order to finance local currency exposed business positions.

Yara thus primarily manages currency risks by adjusting the composition of the debt or liquidity portfolios to changes in Yara's overall risk exposure. Derivative instruments may also be used to manage currency risk related to forecast purchases and sales or to offset short-term liquidity need in one currency with surplus liquidity in another currency. Such forward contracts are not designated as hedging instruments for accounting purposes. Changes in fair value are therefore recognized in the income statement.

Sensitivity - net income

USD millions

	2020	2019
A 10% weakening ¹⁾ of the US dollar at the reporting date would have increased/(decreased) net income by	181	241
A 10% weakening ¹⁾ of the euro at the reporting date would have increased/(decreased) net income by	(214)	(263)

1) Against functional currencies.

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on the value of financial instruments in the balance sheet as at year-end. Since all other variables are assumed to remain constant, the analysis does not reflect subsequent effects on operating income. The analysis was performed on the same basis for 2019. A 10% strengthening of the currencies at the reporting date would have had the opposite effect of the amounts shown above.

Sensitivity - Other comprehensive income

USD millions

	2020	2019
A 10% weakening ¹⁾ of the Norwegian krone at the reporting date would have increased/(decreased) other comprehensive income by	(250)	(259)
A 10% weakening ¹⁾ of the Canadian dollar at the reporting date would have increased/(decreased) other comprehensive income by	(106)	(116)
A 10% weakening ¹⁾ of the Brazilian real at the reporting date would have increased/(decreased) other comprehensive income by	(54)	(58)
A 10% weakening ¹⁾ of the euro at the reporting date would have increased/(decreased) other comprehensive income by	(58)	(7)

1) Against US dollar (presentation currency of the Group).

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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 2019.

Interest rate risk

Yara has a defined framework for fair value risk arising from exposure towards fixed interest rates. In accordance with that framework, all bank loans have been borrowed at floating rates. A portion of the bond debt has been retained at fixed interest rates, while the remaining part of the bond debt has been converted to floating rates through interest rate swaps and cross-currency swaps. Consequently, the interest expense related to the converted (hedged) part of the bond debt will fluctuate in line with market changes. At the reporting date, the interest rate exposure arising from the bonds issued is summarized in the table below.

USD millions, except percentages	Notes	Maturity	Denominated amounts 2020	Conversion to floating rates				Carrying amounts 2020		Carrying amounts 2019	
				Fixed interest rate	Basis for exposure hedged	Receive fixed interest payments	Pay floating interest rates ¹⁾	Fixed interest rate	Floating interest rate	Fixed interest rate	Floating interest rate
Floating interest rate bonds											
NOK (Coupon NIBOR + 0.75%)	5.3	2022	147					-	147	-	142
SEK (Coupon STIBOR + 1.00%)	5.3	2022	55					-	55	-	48
Fixed interest rate bonds											
NOK (Coupon 2.55%)	5.3, 6.2	2021	82	2.55%	82	2.55%	USD LIBOR 3M + 1.14%	-	83	-	79
SEK (Coupon 1.10%)	5.3, 6.2	2022	98	1.10%	98	1.10%	USD LIBOR 3M + 1.00%	-	99	-	86
NOK (Coupon 3.00%)	5.3, 6.2	2024	70	3.00%	70	3.00%	USD LIBOR 3M + 1.33%	-	73	-	68
NOK (Coupon 2.45%)	5.3, 6.2	2024	117	2.45%	117	2.45%	USD LIBOR 3M + 1.18%	-	120	-	111
USD (Coupon 3.80%)	5.3	2026	500	3.80%	-			499	-	498	-
NOK (Coupon 2.90%)	5.3, 6.2	2027	117	2.90%	117	2.90%	USD LIBOR 3M + 1.44%	-	122	-	111
USD (Coupon 4.75%)	5.3	2028	1,000	4.75%	-			997	-	996	-
USD (Coupon 3.15%)	5.3	2030	750	3.15%	-			746	-	-	-
Total unsecured debenture bonds			2,937		486			2,241	699	1,495	645

1) Through a combination of interest rate swaps and cross-currency swaps.

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Interest rate profile of the Group's interest-bearing financial instruments

USD millions	Notes	2020	2019
Outstanding long-term interest-bearing debt (including current portion)	5.3	3,503	3,096
Portion of bonds with fixed interest rate	5.3	2,241	1,495
Outstanding long-term interest-bearing debt (including current portion) less portion of bonds with fixed interest rate		1,262	1,601

Sensitivity

USD millions	2020	2019
An increase of 100 basis points in USD interest rates at the reporting date would have increased/(decreased) net income by	4	(15)
An increase of 100 basis points in NOK interest rates at the reporting date would have increased/(decreased) net income by	(3)	-

All other variables remain constant. This analysis is done for illustrative purposes only, taking into consideration only the effect on financial instruments in the balance sheet as at year-end. The analysis was performed on the same basis for 2019. A decrease of 100 basis points at the reporting date would have had the opposite effect of the amounts shown above.

Specific risks associated with the upcoming interest rate benchmark reform

The Group is exposed to NIBOR, STIBOR and USD LIBOR (collectively 'IBOR') interest rate benchmarks subject to the upcoming interest rate benchmark reform. In order to prepare an action plan and ensure a smooth transition to alternative benchmark rates, Yara Finance, Treasury & Insurance has established an IBOR transition program. Risks hitherto identified include, but may not be limited to, the items listed in the below table.

Risk	Potential impact
Lack of standardized alternative term rates	Cash flow uncertainty, operational challenges
Economic difference vs. IBORs and alternative rates	Changes in fair value of affected contracts
Different speed of transition across products and currencies	Basis risk on hedge accounting relations
Operational adjustments required	Upgrade of IT systems, renegotiation of agreements

Most recent indication from the USD LIBOR benchmark administrator is that publication of 1 week and 2 month rates will cease on 31 December 2021 and other tenors on 30 June 2023. For NIBOR and STIBOR rates there are thus far no indicated cessation dates. Yara has currently no exposure to the USD LIBOR tenors where publication is expected to cease in 2021.

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Financial contracts with an IBOR benchmark reference as at 31 December 2020

USD millions	Notes	Denominated amounts		
		USD LIBOR	NOK NIBOR	SEK STIBOR
Bonds				
Pay interest	5.3	-	(147)	(55)
Receive interest		-	-	-
Bank loans				
Pay interest	5.3	(559)	-	-
Receive interest		-	-	-
Interest rate swaps				
Pay interest	6.2 , 6.3	-	(387)	(98)
Receive interest		-	-	-
Cross-currency swaps				
Pay interest	6.3	(687)	-	-
Receive interest	6.3	-	534	153
Total exposure to IBOR rates		(1,246)	-	-

None of these contracts include fallback provisions in case the referenced benchmark interest rate ceases to be available. Yara therefore monitors the output from the various working groups managing the transition to new benchmark rates carefully and will implement appropriate fallback language in due course.

Credit risk

Yara has a well-established system for credit management with established limits at both customer and country level. Yara's geographically diversified portfolio reduces the overall credit risk

of the Group. Credit risk arising from the inability of the counterparty to meet the terms of Yara's derivative financial instruments is generally limited to amounts, if any, by which the counterparty's obligations exceed Yara's obligations.

The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the statement of financial position and as disclosed in [note 6.3](#) Financial instruments.

Yara's policy is to enter into financial instruments with various international banks with established limits for transactions with each institution. Yara also has agreed limits for credit exposure (collateral agreements) with most of its main banks. At the end of the reporting period, Yara had deposited USD 25.6 million (2019: USD 74.8 million) in cash with its counterparties to mitigate exposure from financial liabilities covered by such agreements. These deposits are reported as "other current assets" in the consolidated statement of financial position. Collateral deposits are made at overnight terms and required collateral is reassessed twice every month.

Due to Yara's geographical spread and significant number of customers there are no significant concentrations of credit risk. Therefore, Yara does not expect to incur material credit losses on its customer portfolio 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.

Liquidity risk

Yara manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Yara aims at an even debt repayment schedule and has secured committed undrawn credit facilities to provide sufficient reserves to meet unforeseen liquidity needs.

Undrawn facilities that the Group has at its disposal are presented in [note 5.3](#) Interest-bearing debt.

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Contractual maturities of financial liabilities, including estimated interest payments**31 December 2020**

USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(345)	(367)	(39)	(323)	(5)	-	-	-
Long-term interest-bearing debt ¹⁾	(3,503)	(4,261)	-	(65)	(168)	(612)	(747)	(2,668)
Accrued interest expense	(8)	(8)	-	(8)	-	-	-	-
Trade payables	(1,431)	(1,432)	(7)	(1,392)	(33)	-	-	-
Payroll and value added taxes	(303)	(303)	(1)	(273)	(29)	-	-	-
Other short-term liabilities	(96)	(96)	-	(69)	(27)	-	-	-
Other long-term liabilities	(92)	(92)	-	-	-	(71)	(6)	(14)
Derivative financial instruments								
Freestanding financial derivatives	(67)							
Outflow		(2,825)	-	(2,186)	(99)	(191)	(218)	(130)
Inflow		2,750	-	2,156	87	181	203	123
Commodity derivatives	(6)							
Outflow		(8)	-	(1)	(7)	-	-	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	12							
Outflow		(35)	-	(3)	(3)	(6)	(16)	(6)
Inflow		48	-	-	12	9	20	7
Total	(5,839)	(6,628)	(46)	(2,163)	(275)	(690)	(765)	(2,689)

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

See [note 4.5](#) Leases for contractual maturities of lease liabilities.

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USD millions	Carrying amount	Contractual cash flows	On demand	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities								
Short-term interest-bearing debt	(494)	(519)	(40)	(383)	(97)	-	-	-
Long-term interest-bearing debt ¹⁾	(3,096)	(3,731)	(2)	(426)	(78)	(223)	(1,150)	(1,852)
Accrued interest expense	(14)	(16)	-	(14)	-	-	(2)	-
Accounts payable	(1,285)	(1,302)	(3)	(1,270)	(29)	-	-	-
Payroll and value added taxes	(259)	(259)	(1)	(226)	(32)	-	-	-
Other short-term liabilities	(59)	(59)	-	(52)	(7)	-	-	-
Other long-term liabilities	(133)	(144)	-	(1)	(19)	(45)	(67)	(13)
Derivative financial instruments								
Freestanding financial derivatives	(79)							
Outflow		(1,139)	-	(343)	(12)	(112)	(539)	(133)
Inflow		1,052	-	334	9	96	489	124
Commodity derivatives	(20)							
Outflow		(23)	-	(2)	(2)	(10)	(10)	-
Inflow		-	-	-	-	-	-	-
Hedge designated derivatives	(7)							
Outflow		(64)	-	(6)	(6)	(12)	(28)	(11)
Inflow		58	-	-	11	11	25	10
Total	(5,446)	(6,147)	(45)	(2,388)	(262)	(295)	(1,281)	(1,875)

1) Includes current portion of long-term interest-bearing debt amounting to USD 398 million.

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Derivative instruments

USD millions	Notes	2020	2019
Total fair value of derivatives			
Forward foreign exchange contracts	6.3	(38)	(7)
Cross-currency swaps	6.3	(29)	(72)
Interest rate swaps designated for hedging	6.3	12	(7)
Embedded commodity derivatives	6.3	(6)	(20)
Balance 31 December		(61)	(106)
Derivatives presented in the statement of financial position			
Non-current assets		15	1
Current assets		3	-
Non-current liabilities		(28)	(96)
Current liabilities		(52)	(11)
Balance 31 December		(61)	(106)

Outstanding committed forward foreign exchange contracts at 31 December

USD millions	2020	2019
Forward foreign exchange contracts, notional amount	1,369	427

All outstanding forward foreign exchange contracts at 31 December 2020 have maturity in 2021, except non-deliverable forward contracts totaling USD 59 million that mature in 2022. Buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. Sell positions are in various operating currencies towards Norwegian kroner.

6.2 Hedge accounting

A description of the Group's general risk management policies and principles can be found in [note 6.1](#) Financial risks.

Accounting policies

Yara applies hedge accounting according to IFRS 9 and designates certain derivatives as either hedges of the fair value of recognized assets or liabilities (fair value hedges), hedges of foreign currency risk of recognized assets or liabilities (cash flow hedges), or hedges of net investments in foreign operations.

Changes in fair value of financial instruments designated as fair value hedges are recognized in the consolidated statement of income. The carrying amount of the hedged item is adjusted for changes in the fair value attributable to the hedged risk.

Changes in fair value of financial instruments used as hedging instruments in cash flow hedges are recognized in equity until the hedged transactions are recognized. Any ineffective part of a hedge is recognized in the Consolidated statement of income.

Changes in fair value of financial instruments used as hedges of net investment in foreign operations are recognized as other comprehensive income. Any ineffective part of a hedge is recognized in the Consolidated statement of income.

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

Fair value hedges

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 700 million and NOK 600 million fixed rate bond debt from 2014.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017.

Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value

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of the bonds. The corresponding adjustment in the Consolidated statement of income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

As the key parameters of the hedging instruments (interest basis, inception dates and maturity dates) are identical to the respective hedged items, no ineffectiveness has been identified.

Cash flow hedges

Yara had no cash flow hedges in 2020 or 2019. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

Net investment hedges

At 31 December 2020, Yara has designated in total USD 815 million (2019: USD 930 million) of its USD denominated interest-bearing debt as hedges of net investments in foreign (USD based) operations. The hedging instruments comprise USD denominated bonds, term loans and the currency component of a portion of the Group's cross-currency swap portfolio.

The designation of interest-bearing debt as hedges of net investments leads to changes of foreign currency translation (gain/loss) being recognized in the Consolidated statement of comprehensive income instead of in the Consolidated statement of income.

As both the hedged net investments and the hedging instruments are sensitive only to fluctuations in the USDNOK spot rate, no ineffectiveness has been identified.

Effect on financial position and performance in 2020

USD millions	Currency	Hedge rates	Carrying amount of the hedged item ¹⁾		Accumulated amount of hedge adjustment on the hedged item ⁴⁾		Line item in the Consolidated statement of financial position in which the hedged item is included	Line item in the Consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in Consolidated statement of income
			Assets	Liabilities	Assets	Liabilities					
Fair value hedges											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	156	-	4	Long-term interest-bearing debt	Other long-term liabilities	(5)	5	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	242	-	8	Long-term interest-bearing debt	Other long-term liabilities	(14)	14	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	99	-	1	Long-term interest-bearing debt	Other long-term liabilities	(1)	1	-
Net investment hedges											
Foreign exchange risk											
- Net equity in subsidiaries ^{2), 5)}	USD	Spot USDNOK	815	-	-	187	Retained earnings	Long-term interest-bearing debt ³⁾	22	(22)	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after-tax. See [note 2.8](#) Income tax expense for the tax effect.

3) Includes USD 1 million related to the part of the hedging instrument (cross-currency swap) which refers to the line item other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

5) The change in value columns include the effect from a USD 115 million hedging relation discontinued in August 2020.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

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Effect on financial position and performance in 2019

USD millions	Currency	Hedge rates	Carrying amount of the hedged item ¹⁾		Accumulated amount of hedge adjustment on the hedged item ⁴⁾		Line item in the Consolidated statement of financial position in which the hedged item is included	Line item in the Consolidated statement of financial position in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness	This year's change in value of the hedging instrument	Hedge ineffectiveness recognized in Consolidated statement of income
			Assets	Liabilities	Assets	Liabilities					
Fair value hedges											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	147	1	-	Long-term interest-bearing debt	Other long-term liabilities	1	(1)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	221	6	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	86	-	-	Long-term interest-bearing debt	Other long-term liabilities	-	-	-
Net investment hedges											
Foreign exchange risk											
- Net equity in subsidiaries ²⁾	USD	Spot USDNOK	930	-	-	209	Retained earnings	Long-term interest-bearing debt ³⁾	(9)	9	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) Amounts are after-tax. See [note 2.8](#) Income tax expense for the tax effect.

3) Includes USD 1 million related to the part of the hedging instrument (cross-currency swap) which refers to the line item other long-term liabilities.

4) Included in the carrying amount of the hedged item on fair value hedges.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

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6.3 Financial instruments

Accounting policies

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

Under IFRS 9 Financial Instruments, Yara classifies financial assets based on the business model in which they are managed and their contractual cash flows. The principal categories are amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).

Derivatives

The Group uses derivative financial instruments to hedge exposure against currency risk, interest rate risk and commodity price risk arising in operating, financing and investment activities. These derivatives are initially recognized at fair value and subsequently measured at fair value through profit or loss at each balance sheet date. Embedded derivatives are separated and treated as derivatives when the risks and characteristics of the derivative are not closely related to the host contract, and the host contract is not measured at fair value with changes in fair value recognized in the consolidated statement of income. Embedded derivatives may refer to financial transactions and sale and purchase transactions for gas, ammonia and other commodities.

Fair value on derivatives is measured based on quoted market prices when these are available. When quoted prices from active markets are not available, the Group estimates fair value by using valuation models that make maximum use of observable market data. The resulting change in fair value is recognized immediately in the statement of income. If the derivative is designated and effective as a hedging instrument, the timing of the recognition in the consolidated statement of income depends on the nature of the hedge relationship. A derivative is classified as non-current if the remaining maturity of the derivative is more than 12 months, and as current if the remaining maturity of the derivative is less than 12 months.

All commodity contracts are bilateral contracts, or embedded derivatives in bilateral contracts, for which there are no active markets. Fair value of all items in this category, is therefore calculated using valuation techniques with maximum use of market inputs and assumptions that reasonably reflect factors that market participants would consider in setting a price, relying as little as possible on entity-specific inputs. Fair values of commodity contracts are especially sensitive to changes in forward commodity prices. None of the derivatives in this category are designated in hedge relationships.

Receivables and deposits

See [note 3.2](#) for information on Trade receivables and [note 3.4](#) for Cash and Cash equivalents. Other short-term and long-term receivables and deposits are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term items are normally not discounted.

The carrying amounts of receivables and deposits are adjusted for expected credit losses and are considered to represent reasonable estimates on fair value. Interest-free receivables are discounted if it has a material impact on fair value. Yara records 12-months expected credit losses if there has not been any significant increase in credit risk since initial recognition (the general approach). If there has been a significant increase in credit risk, lifetime expected credit loss is recorded. The 12-months expected credit loss reflect loss from default events that are possible within the next 12 months. They are calculated as the Probability of Default based on the credit rating of different counterparts multiplied with the Loss Given Default based on listed corporate bonds. If a significant increase in credit risk since initial recognition is identified, a lifetime expected credit loss for the specific receivable or deposit will be recognized based on an individual assessment. The credit risk has normally increased significantly when a receivable is defaulted.

A receivable is considered to be in default when it is overdue and enforcement activities have started. If there is a reasonable expectation that enforcement activities will not lead to recovery, the receivable is credit impaired. The receivable is written off when enforcement activities lead to objective evidence of the receivable being irrecoverable.

Yara's expected credit loss on receivables and deposits is limited. As a result, disclosures are reduced due to materiality.

Equity instruments

The Group has equity shares within the scope of IFRS 9 to a limited extent. These are initially recognized at fair value. Subsequently they are measured at fair value through other comprehensive income (no recycling).

Financial liabilities

Trade payables are initially recognized at fair value. Subsequently they are measured at amortized cost using the effective interest method. Short-term payables are normally not discounted. However, short-term payables and other short-term debt are discounted if it has material impact on fair value. Fair value of these liabilities are assumed to be equal to their carrying amounts.

Interest-bearing borrowings are initially recognized at fair value less direct transaction costs. Subsequently they are measured at amortized cost using the effective interest method. Fair value on long-term interest-bearing debt and other long-term liabilities differs from the carrying

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amounts since the USD debenture bonds are held with fixed interest rates and are not subject to hedge accounting. For these USD debenture bonds with fixed interest rates and for other long-term liabilities, no active market is available and fair value is calculated based on the present value of future principal and interest cash flows. Cash flows are estimated by using LIBOR with different maturities as a benchmark and adding a credit margin derived from recent transactions or other information available.

See [note 4.5](#) for information on lease liabilities.

Contingent consideration is initially recognized at fair value and subsequently measured at fair value through profit or loss. Fair value of contingent consideration is calculated considering the present value of expected payments, discounted using a risk-adjusted discount rate. The expected payment is determined by considering the possible scenarios of financial performance, the amount to be paid under each scenario and the probability of each scenario.

Financial instruments at fair value

Financial instruments at fair value (FV) refer to derivatives at FV through profit and loss (P&L), equity instruments at FV through OCI (other comprehensive income) and financial liabilities at FV through P&L. They are valued according to different levels in the fair value hierarchy in IFRS. The different levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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USD millions	Notes	Derivatives		Receivables and deposits	Equity instruments	Financial liabilities		Non-financial assets/liabilities	Total
		Fair value through P&L	Designated for hedging	Amortized cost	FV through OCI (no recycling)	Amortized cost	FV through P&L	Historic cost	
Non-current assets									
Other non-current assets	4.6	-	-	4	19	-	-	391	414
Current assets									
Trade receivables	3.2	-	-	1,564	-	-	-	-	1,564
Prepaid expenses and other current assets	3.3	-	-	176	-	-	-	377	553
Cash and cash equivalents	3.4	-	-	300	-	-	-	-	300
Sum financial assets			1	2,043	19	-	-	767	2,830
Non-current liabilities									
Other long-term liabilities		(77)	(19)	-	-	(116)	(17)	(18)	(247)
Long-term interest-bearing debt	5.3	-	-	-	-	(2,698)	-	-	(2,698)
Long-term lease liabilities	4.5	-	-	-	-	(337)	-	-	(337)
Current liabilities									
Trade and other payables	5.5	(11)	-	-	-	(1,577)	(26)	-	(1,614)
Prepayments from customers		-	-	-	-	-	-	(399)	(399)
Other short-term liabilities		-	-	-	-	(14)	-	(87)	(101)
Short-term interest-bearing debt	5.3	-	-	-	-	(494)	-	-	(494)
Current portion of long-term debt	5.3	-	-	-	-	(398)	-	-	(398)
Short-term lease liabilities	4.5	-	-	-	-	(98)	-	-	(98)
Sum financial liabilities		(88)	(19)	-	-	(5,732)	(43)	(505)	(6,386)
Total net balance		(87)	(19)	2,043	19	(5,732)	(43)	262	(3,556)
Fair value		(87)	(19)	2,043	19	(5,830)	(43)		
Unrecognized gain/(loss)		-	-	-	-	(98)	-		

Unrecognized loss on financial instruments at amortized cost is mainly related to long-term interest-bearing debt with fixed interest rate. See [note 5.3](#) for details.

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Financial instruments at fair value**31 December 2020**

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	-	-	18	18
Derivatives, net	-	(54)	(8)	(62)
Financial liabilities	-	(10)	(38)	(48)
Net total balance	-	(64)	(28)	(92)

There were no transfers between Level 1 and Level 2 in the period.

31 December 2019

USD millions	Level 1	Level 2	Level 3	Total
Equity instruments	-	-	19	19
Derivatives, net	-	(84)	(22)	(106)
Financial liabilities	-	(6)	(37)	(43)
Net total balance	-	(90)	(40)	(130)

There were no transfers between Level 1 and Level 2 in the period.

Reconciliation of fair value instruments at Level 3 from opening to closing balance

USD millions	2020	2019
Balance at 1 January	(40)	(31)
Total gains or (losses):		
in income statement	13	16
in other comprehensive income	(3)	(2)
Payments made	-	1
Disposals/additions	1	(23)
Reclassification from level 3 to level 2 of the fair value hierarchy	-	-
Foreign currency translation	2	(2)
Balance at 31 December	(28)	(40)

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Sensitivity of fair value measurement of financial instruments at Level 3 at 31 December 2020

USD millions	Effect on P&L		Effect on OCI	
	Favourable	(Unfavourable)	Favourable	(Unfavourable)
Derivatives (20% decrease/(increase) in ammonia price)	5	(8)	-	-
Equity instruments (20% increase/(decrease) in electricity price)	-	-	4	(4)
Financial liabilities (20% decrease/(increase) in DAP price)	2	(3)	-	-
Total	7	(11)	4	(4)

The favourable and unfavourable effects on derivatives refer to embedded derivatives in energy contracts. The effects are calculated by decreasing/increasing the input of ammonia prices by 20% for the whole contract period, also for long-term contracts. All other variables remain constant.

The favourable and unfavourable effects on equity instruments refer to fair value of unlisted equity securities. The effects are calculated based on a valuation model for estimation of fair value, increasing/decreasing the forward electricity prices used in the model by 20%. All other variables remain constant.

The favourable and unfavourable effects on financial liabilities refer to contingent consideration regarding the binding agreement with the former non-controlling interest in GICS (former Galvani). The effects are calculated by decreasing/increasing DAP price. All other variables remain constant. In addition to these effects, there is a conditional future payment of maximum USD 30 million related to future project success in GICS (see [note 7.2](#) for details). Fair value of this future payment is included as contingent consideration, but it is not included in the sensitivity analysis.

Gains and losses from financial instruments recognized in the consolidated statement of income and consolidated statement of other comprehensive income

2020 USD millions	Notes	Derivatives		Equity instruments	Financial liabilities		Total
		Fair value through P&L	Designated for hedging	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	
Consolidated statement of income	6.1 , 6.2	75	19	-	-	(6)	88
Consolidated statement of comprehensive income ¹⁾	6.2	-	3	(3)	28	-	28
Total		75	22	(3)	28	(6)	115

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

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2019

USD millions

	Notes	Derivatives		Equity instruments	Financial liabilities		Total
		Fair value through P&L	Designated for hedging ²⁾	FV through OCI (no recycling)	Amortized cost	Fair value through P&L	
Consolidated statement of income		64	-	-	-	2	66
Consolidated statement of comprehensive income ¹⁾		-	(16)	(2)	(12)	-	(30)
Total		64	(16)	(2)	(12)	2	36

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

2) 2019 figures are changed from what was presented in 2019 Annual report, now including currency effects on cross-currency swap closed in 2019 (which was incorrectly excluded in the 2019 report).

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7 Business initiatives

7.1 Disposal of investments

Disposal 2020

In 2020, Yara completed the sale of its 25% stake in Qatar Fertiliser Company (QAFCO) and received the consideration of USD 1 billion. The transaction led to a gain of USD 97 million, which is recognized as Other income in the Statement of Income and reflected in the Global Plants and Operational Excellence segment.

QAFCO is included in Yara's statements with the following amounts:

USD millions	2020	2019
Statement of income		
Other income	97	-
Share of net income in equity-accounted investees	8	55
Statement of other comprehensive income		
Exchange differences on translation of foreign operations	(6)	-
Remeasurements of the net defined benefit pension liability for equity-accounted investees	(1)	-
Statement of changes in equity		
Translation of foreign operations (cumulative closing balance)	-	6
Statement of financial position		
Equity-accounted investees	-	873
Non-current assets held-for-sale	-	-
Statement of cash flows		
Dividend from equity-accounted investees	-	158
Proceeds from sale of shares in equity-accounted investees	1,000	-

7.2 Minority buy-out

Minority buy-out 2019

In 2019, Yara closed the agreement with the non-controlling interest in GICS (GICS Indústria, Comércio e Serviços S.A., former Galvani) to acquire their 40% equity interest.

In addition to fair value of assets and liabilities transferred, consideration includes a cash payment of USD 70 million over a three year period from closing and a conditional future payment related to project success of maximum USD 30 million. In addition, Yara provided through GICS a capital contribution to the new entity of USD 30 million as starting capital minus adjustments for a normalized level of working capital.

The carrying amount of the non-controlling interest in GICS at the date of closing (10 July 2019) was USD 139 million. The difference between the carrying amount and the consideration was recognized as a reduction to equity attributable to shareholders of the parent of USD 151 million.

Equity transactions with the non-controlling interest in GICS (former Galvani) in 2019:

USD millions	GICS
Carrying amount of non-controlling interests acquired/(divested)	139
Consideration	(290)
Increase/(decrease) in equity attributable to owners to the group	(151)
Presented in the statement of changes in equity:	
Increase/(decrease) to other reserves	(54)
Increase/(decrease) to retained earnings	(97)
Total	(151)

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8 Other disclosures

8.1 Related parties

The Norwegian State

At 31 December 2020, the Norwegian State owned 97,094,621 shares, representing 36.21% of the total number of shares issued. On the same date, the National Insurance Fund, Norway owned 18,990,573 shares, representing 7.08% of the total number of shares issued.

Yara Pension fund

One of Yara International ASA's pension plans is arranged through Yara Pension Fund. This plan has been closed for new members since July 2006. During 2020, Yara has contributed to the pension fund through deductions from premium fund and premium paid by Yara International ASA.

Equity-accounted investees

Transactions with equity-accounted investees are described in [note 4.3](#).

Board of Directors

Members of the Board of Directors are elected for two year terms. Their rights and obligations as board members are solely and specifically provided for the company's articles of association and Norwegian law. The company has no significant contracts in which a Board Member has a material interest.

Executive Management

Executive Management remuneration is disclosed in [note 8.2](#).

Board of Directors compensation 2020 and number of shares owned 31 December 2020

USD thousands, except number of shares	Compensation earned in 2020	Number of shares
Trond Berger, Chairperson (from 7 May 2020) ¹⁾	73	3,000
Kimberly Lein-Mathiesen	40	500
John Gabriel Thuestad ⁴⁾	56	1,200
Håkon Reistad Fure ^{2) 4)}	44	22,500
Adele Bugge Norman Pran ²⁾	53	2,010
Birgitte Ringstad Vartdal (from 7 May 2020) ¹⁾	29	2,500
Rune Asle Bratteberg ^{2) 3)}	48	367
Geir O. Sundbø ^{1) 3)}	44	339
Ragnhild Flesland Høimyr (from 7 May 2020) ³⁾	24	126
Øystein Jerkø Kostøl (from 7 May 2020) ³⁾	24	208
Geir Isaksen, Chairperson (till 7 May 2020)	26	n/a
Hilde Bakken (till 7 May 2020)	14	n/a
Eva Safrine Aspvik (till 7 May 2020)	13	n/a
Kari Marie Nøstberg (till 7 May 2020)	13	n/a

1) Member of the HR Committee in 2020.

2) Member of the Audit Committee in 2020.

3) Interest-free loan of USD 1.254 given through a trust in accordance with a Yara share purchase offer.

4) John Gabriel Thuestad and Håkon Reistad Fure receive an additional remuneration for Board members resident outside Scandinavia, currently NOK 30.000 per meeting.

Compensation of Board of Directors was USD 501 thousand in 2020 compared to USD 509 thousand in 2019.

The Chairperson and the members of the Board have no agreements for further compensation due to termination or changes in the position.

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**Compensation 2020 and number of shares owned by the deputy
Board Members at 31 December 2020**

	Compensation earned in 2020	Number of shares
Inge Stabæk ¹⁾	-	524
Vidar Viskjer ¹⁾	-	367
Morten Ødegård ¹⁾	-	1,046
Maiken Sandland	-	85
Eva Safrine Aspvik ¹⁾	-	572
Terje Borlaug ¹⁾	-	63
Kari Marie Nøstberg ¹⁾	-	488
Lise Gunvor Bækkevold Winther ¹⁾	-	225

1) Interest-free loan of USD 1.254 given through a trust in accordance with a Yara share purchase offer.

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8.2 Executive Management remuneration

Yara Executive Management: Compensation and number of shares owned at 31 December 2020

USD thousands, except number of shares	Salary ²⁾	Share Based Remuneration ¹⁾	Other benefits	Pension benefits	Short-term incentive accrued ³⁾	Accrued holiday pay on short-term incentive accrued	Number of shares
Svein Tore Holsether ^{4) 6)}	720	216	35	192	321	39	40,373
Lars Røsæg ^{4) 6)}	360	91	23	15	161	19	6,254
Tove Andersen ^{4) 6)}	378	93	24	20	166	20	12,723
Terje Knutsen ^{4) 6)}	355	87	34	122	155	19	12,807
Kristine Ryssdal ^{4) 6)}	350	88	41	15	153	22	9,332
Pablo Barrera Lopez ^{4) 6)}	350	90	26	15	156	19	7,061
Chrystel Monthean (from 1 June, 2020) ^{5) 8) 9)}	193	81	-	39	98	-	1,899
Pål Hestad (from 1 June, 2020) ^{4) 5)}	187	80	21	9	83	10	5,634
Fernanda Lopes Larsen (from 1 October, 2020) ⁵⁾	80	-	8	4	36	4	1,955
Lair Hanzen (till 1 October, 2020) ^{5) 7)}	272	115	28	38	153	-	n/a
Lene Trollnes (till 31 May, 2020) ^{5) 10)}	172	-	10	6	-	-	n/a

1) Fixed cash amount as part of Share Based Remuneration (see description on [page 206](#)).

2) For Yara Executive Management no salary increase was applied. 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) Accrue short-term incentive payout (excluding holiday allowance) earned in 2020 to be paid in 2021.

4) Interest-free loan of USD 1,254 given through Yara International ASA in accordance with a Yara share purchase offer.

5) The numbers presented are for the period as member of Yara Executive Management in 2020.

6) Salary in NOK translation rate to USD: 0.1066

7) Salary in BRL translation rate to USD: 0.1960

8) Salary in EUR translation rate to USD: 1.1416

9) Benefits and perks are provided in relation to an international Assignment contract. The net value represents USD 155.250 - gross-up with average tax rate of 37.97% of the host location amounts the gross value USD 250.300.

10) In addition to the compensation mentioned in the table above, Lene Trollnes received a short-term Incentive payout of USD 53 097 for the period in which she was a member of the Group Executive Board. She also received termination compensation of USD 62,410, which was a net amount after deduction of income she had received from another employer during the period for which the severance pay applied.

Yara Executive Management: Compensation and number of shares owned at 31 December 2019

	Salary ²⁾	Share Based Remuneration ¹⁾	Other benefits	Pension benefits	Short-term incentive accrued ³⁾	Accrued holiday pay on short-term incentive accrued	Number of shares
USD thousands, except number of shares							
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Svein Tore Holsether ^{4) 6)}	768	231	30	224	353	42	34,613
Tove Andersen ^{4) 6)}	401	100	26	27	133	16	7,862
Terje Knutsen ^{4) 6)}	376	93	53	178	130	16	9,531
Lair Hanzen ⁷⁾	521	148	1	57	334	-	16,081
Kristine Ryssdal ^{4) 6)}	349	69	31	15	110	13	5,795
Lene Trollnes ^{4) 6)}	389	97	29	15	138	17	12,861
Pablo Barrera Lopez ^{4) 6)}	345	94	33	16	147	18	3,337
Lars Røsæg ^{4) 6)}	372	97	24	15	151	18	3,442
Yves Bonte (till June 30, 2019) ^{5) 8)}	367	-	2	43	142	-	n/a
Terje Morten Tollefsen (till August 22, 2019) ^{4) 5) 6)}	229	-	15	35	59	7	n/a

1) Fixed cash amount as part of Shared Based Remuneration (see description on [page 206](#)).

2) For Yara Executive Management employed in Norway, no salary increase was applied. For Yara Executive Management member employed in Belgium, an inflation increase of 2% was applied, no salary increase was applied. For Yara Executive Management member employed in Brazil, a salary increase of 0.02% in line with the minimum increase under Brazil collective agreement was applied. 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) Accrue short-term incentive payout (excluding holiday allowance) earned in 2019 to be paid in 2020.

4) Interest-free loan of USD 1,346 given through Yara International ASA in accordance with a Yara share purchase offer.

5) The numbers presented are for the period as member of Yara Executive Management in 2019.

6) Salary in NOK translation rate to USD: 0,1140.

7) Salary in BRL translation rate to USD: 0.2536.

8) Salary in EUR translation rate to USD: 1.1302.

Salary freeze and no cash bonus paid to Group Executive Board for 2020

In 2020, Yara delivered strong results with an improvement in free cash flow of USD 1.4 billion, an increase in ROIC to 8%, committed or distributed returns to shareholders of NOK 52/share and a successful reorganization of the company into a regional model with strengthened accountability and closeness to customer. Furthermore, Yara's industry fundamentals are robust, as the twin challenges of resource efficiency and environmental footprint require significant transformations within both agriculture and the hydrogen economy. Yara's leading food solutions and ammonia positions are well placed to both address and create business opportunities from these challenges.

Although Yara's performance and outlook remains strong, the acceleration of the pandemic during recent weeks with the spread of new strains of the virus creates uncertainty for other industries, countries and individuals worldwide. Given this broader context and Yara's role in society and despite the company's strong position and outlook, the Group Executive Board has asked to abstain from the annual salary adjustment in June 2021 for the third consecutive year. Furthermore, in line with Yara's remuneration guidelines, the strong performance in 2020 qualified the Group Executive Board to a cash Short-Term Incentive Payout payable in April 2021. The Group Executive Board has however for the same reasons cited above asked for this payment to be frozen and for payment to be evaluated once visibility in society improves following the recent surge in Covid-19 cases. Pending the outcome of the evaluation, the Short-Term Incentive for 2020 will in any case not be paid in cash, but invested by the individual members of the Group Executive Board into Yara shares, to further align incentives through reinvestment in the company.

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CEO Remuneration 2020

Svein Tore Holsether's remuneration consist of the following elements:

Annual Base Salary

The Annual Base Salary is USD 720,466 (NOK 6,758,400). No adjustment of his base salary was made during 2020 and it has remained unchanged since June 2018.

Short-Term Incentive Plan

The CEO is eligible for Short-Term Incentive payout according to the plan described below. The Target payout is 40% with a capped payout of 50% of Annual Base Salary.

Share Based Remuneration

The CEO is entitled to Share Based Remuneration of 30% of Annual Base Salary according to the plan described below.

Pension Plans and Personal Insurance Plans

Svein Tore Holsether is member of the following pension plans:

A funded Defined Contribution (DC) plan providing contribution equal to 7% of part of pensionable salary up to 7.1 times Norwegian Social Security Base Amount (G) plus 18% of salary between 7.1G and 12G;

An unfunded DC plan for salaries above 12G with contribution equal to 25% of pensionable salary exceeding 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 and the Yara Board of Directors to continue the employment beyond age 65 he will not be entitled to the Age Limit Compensation.

The CEO is member of the personal insurance schemes applicable to Yara employees in Norway.

Other compensation elements

The CEO is granted benefits in kind according to the applicable market standard, the main element being a fixed car allowance of USD 19,295 (NOK 181,000) annually.

Comments to remuneration of other members of Group Executive Management in 2020

Chrystel Monthean is member of Yara IEC AG Pension Plan for Global Assignees. This is a DC pension plan with employer contributions equal to 20% of Base Salary.

Other members of Yara Group Executive Management are included in Yara's plans for employees

in Norway. Since 2006 Yara in Norway has transitioned from Defined Benefit Pension Plans to DC pension plan and simplified 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.

2021 Guidelines for remuneration of Group Executive Board and Board Members in Yara

Yara's guidelines for remuneration of Group Executive Board and Board members is prepared in accordance with the Public Limited Companies Act section 6-16a. Pursuant to the Public Limited Companies Act section 6-16a (5) the statement will be presented to the Annual General Meeting (AGM) 2021 for approval. The Ministry of Trade, Industry and Fisheries disclosed amended guidelines for remuneration of executives in state-owned and partly state-owned companies with effect from 13 February 2015 (State guidelines). Yara's remuneration principles applying to Yara CEO and the other members of the Group Executive Board comply with these guidelines. Potential deviations will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting. The first report on remuneration will be reported at the Annual General Meeting 2022. For members of the Group Executive Board employed by Yara companies in other countries remuneration may deviate from the State guidelines depending on local market conditions. There is currently one member of Yara's Group Executive Board who is employed by a non-Norwegian Yara company.

Guidelines for remuneration of Board Members

The Chair and other Board members receive remuneration as Board members and members of Board Committees. The remuneration is determined by the General Meeting on the basis of recommendation from the Nomination Committee. Employee-elected Board members receive the same remuneration as shareholder-elected Board members. None of the shareholder elected Board members are employed by the Company.

None of the employee-elected Board members are executives. The employee-elected Board members receive salary, pension and other remuneration such as bonuses, share-based remuneration, car allowance, etc. in accordance with the Company's general terms for employment.

The Chair and other members of the Board have no agreements for compensation in the event of termination or changes in their positions as Board members.

Guidelines for remuneration of Group Executive Board

The Board of Directors determines the remuneration of the President and CEO (CEO) and approves the general terms of the company's incentive plans for the Group Executive Board based on proposals from the HR Committee. The CEO determines the remuneration to the other members of the Group Executive Board.

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Deviation from the guidelines

The Board of Directors may decide to deviate entirely or partly from the guidelines temporarily in individual cases provided that it has been regarded to be exceptional circumstances that make it necessary to deviate from the guidelines in order to safeguard the company's long - term interest, financial sustainability or ensure the company's viability. Potential deviations and the reason for this will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

General principles

The Board determines the total remuneration to the CEO and other members of the Group Executive Board on the basis of;

- A commitment to exercise moderation through responsible and not market leading remuneration;
- Incentivize management in line with maximizing long-term sustainable value creation to Yara's shareholders and other stakeholders
- The need to offer competitive terms to secure the company's competitiveness in the labor market

Total remuneration for each member of the Group Executive Board, including all compensation elements, value of pension plan benefits and other benefits is compared to the relevant market on a regular basis. Pension plans for the Group Executive Board are moderate and in accordance with the State Guidelines for all members of the Group Executive Board that have joined after 3 December 2015 as further described below in the section Company paid Pension Plans.

The total remuneration for the members of the Group Executive Board comprises the following elements, that will be explained in detail;

- Base salary;
- Share Based Remuneration
- Short-Term incentive plan
- Pension plan benefits
- Other compensation elements such as internet connection and company car

Base salary

Base Salary is reviewed once a year as per 1st June as part of the Annual Salary Review for all employees in Yara. In addition, salaries may be reviewed if scope of responsibility is materially changed. The development of basic salary for Executive Management is based on the following:

- Annual salary adjustment for employees in Yara International ASA and Norwegian subsidiaries;
- Benchmark of Executive Management Salaries in peer companies

Yara CEO and the other members of the Group Executive Board voluntarily abstained from the annual salary adjustment in both 2019 and 2020. The Group Executive Board will for the third year running abstain from the annual salary adjustment as per 1st June 2021.

Share Based Remuneration (SBR)

To support the alignment between executives and shareholder interests and to ensure retention of key talent in the company, an amount equal to 30% of the base salary for the CEO and 25% of the base salary for the other members of the Group Executive Board may be awarded by the Board on an annual basis. The net after tax amount must be invested in Yara shares within a period of one month after the grant and the shares must be retained for minimum 3 years. Executives who resign from Yara must reimburse to the company at the time of resignation the net proceeds of the selling of the shares that are still within the lock-in period.

The grant of SBR is conditional on Yara's Net Result excluding special items and currency gain/loss being positive over the last three years. Yara's CEO can on a discretionary basis decide that SBR shall not be granted for a given year and Yara's Board of Directors can decide that SBR shall not be granted to the CEO for a given year. Such an assessment will amongst other factors be evaluated against Yara's performance towards its strategic targets of sustainable value creation, hereunder Performance Indicators linked to People, Planet and Prosperity.

In cases where members of the Group Executive Board are recruited in other countries than Norway the SBR percentage may deviate from what is mentioned above depending on local market conditions for remuneration.

In order to support alignment between members of the Group Executive Board and the shareholder interests it is furthermore expected that members of the Group Executive Board that participate in the SBR program, every year as a minimum - in addition to the shares received as part of the SBR - invest in Yara shares an amount equaling the lowest amount received as net, after tax Short-Term Incentive payout for the preceding year or the net amount received as SBR for the relevant year. Such investments should be made until the shareholding amounts to two times the gross remuneration package, including pensions. Furthermore, it is also expected that members of the Group Executive Board do not sell any Yara shares as long as they are members of the Group Executive Board.

Short-term Incentive plan

To secure that the Short-Term Incentive Plan contributes to realizing Yara's strategy, its long-term value creation and capital allocation policy, the Short-Term Incentive Plan is based on Yara's strategic targets as presented at Yara's ESG Investor Seminar 7 December 2020, covering the dimensions of People, Planet and Prosperity.

The Short-Term Incentive Plan can have an outcome for the individual executive of 0% to 50% of base salary and is calculated as presented in the following paragraphs.

Company performance

(From 0% to 30% of Base Salary) in line with the strategic targets released at Yara's ESG Investor Seminar 7 December 2020 (goals included below)

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Progress on strategic focus areas

(From 0% to 20% of Base Salary) in line with the strategic targets released at Yara's ESG Investor Seminar 7 December 2020 (goals included below)

If all stretched goals have been met and the planned actions have been taken during the year and with the desired result, this will give a Short-Term Incentive pay-out of 40% of the annual Base Salary for Yara CEO and 35% for the other members of the Group Executive Board. The total pay-out cannot exceed 50% of the annual Base Salary.

In cases where members of the Group Executive Board are recruited in other countries than Norway the percentages may deviate from what is mentioned above depending on local market conditions for remuneration.

Company performance

The table below shows the relation between Yara's long-term strategic targets and the Performance Indicators set to drive performance for 2021.

Method of measurement for Company Performance:

The assessment of the performance score is based on a scale for each Indicator, where each Indicator may result in an outcome between 0% of base salary, a target of 24% of base salary for the CEO and 21% for the other members of the Group Executive Board, and a maximum of 30% of base salary. The weighted sum of the outcome of the factors represents the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values of each individual Indicator are not disclosed as part of this statement.

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Performance indicators 2021

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<p>People</p> <ul style="list-style-type: none"> ▪ No fatalities and TRI<1.0 ▪ Top quartile engagement index score ▪ Top quartile Diversity & Inclusion Index score ▪ >35% female leaders in senior management positions 	<p>People (25% of total company performance)</p> <ul style="list-style-type: none"> ▪ TRI rate development ▪ Process safety (PSI) ▪ Engagement index ▪ Diversity & Inclusion Index ▪ Share of female senior leaders ▪ Female/male external recruitment senior personnel
<p>Planet</p> <ul style="list-style-type: none"> ▪ 150 million hectares under management ▪ 10% lower GHG emissions in kg CO₂e/kg N produced ▪ Launching carbon marketplace ▪ 30% absolute reduction in Scope 1 and 2 by 2030 	<p>Planet (25% of total company performance)</p> <ul style="list-style-type: none"> ▪ Active hectares under management ▪ Greenhouse gas emissions intensity ▪ Energy efficiency
<p>Prosperity</p> <ul style="list-style-type: none"> ▪ 300-600 MUSD incremental EBITDA from new business models - USD 1.5 billion revenues from new business models - USD 1.2 billion revenues from online sales ▪ Delivering on YIP 2.0 by 2023: - Increased production: 1.3 mt ammonia and 2.8 mt finished products - Fixed cost flat at 2.34 BUSD, working capital reduced to 92 days ▪ ROIC > 10% mid cycle ▪ Premium products: volume and commercial margin growth 	<p>Prosperity and capital discipline (50% of total company performance)</p> <ul style="list-style-type: none"> ▪ Ammonia production volume ▪ Finished fertilizer production volume ▪ Premium generated ▪ Revenues from new business models ▪ Revenues from online sales ▪ EBITDA ▪ Fixed costs ▪ Working capital days ▪ ROIC ▪ Capital expenditure ▪ Progress projects on planned time/cost ▪ MSCI rating ▪ Net debt / EBITDA

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Strategic focus areas

The following list of factors are set to drive performance for 2021:

- Scale the Farming Solutions organization
- Strategically develop Yara Clean Ammonia
- Improve plant reliability toolbox
- Strengthen change management and dynamic upskilling

Method of measurement for Strategic Focus Areas:

The assessment of the performance score is based on a scale for each factor, where each factor may result in an outcome between 0% of base salary, a target of 16% of base salary for the CEO and 14% for the other members of the Group Executive Board, and a maximum of 20% of base salary. The weighted sum of the outcome of the factors represent the overall outcome as a percentage of base salary.

For commercial, competitive and general business reasons, the concrete target values and weight of each individual factor are not disclosed as part of this statement.

In the Board's total short-term incentive plan performance evaluation, in addition to the performance towards the factors described above, the Board will put weight on how difficult it has been to achieve the results, changes in external non-controllable factors that were not anticipated at the beginning of the year and that the results have been achieved in accordance with Yara's values and ethical principles.

Claw back of share based remuneration and short-term Incentive payments

Shares provided by the SBR and payments that have already been made from the Short- Term Incentive Plan are subject to claw back provisions covering both situations of misconduct and errors leading to financial re-statement. Enforcement of the provision will be subject to local law.

Benefit plans

Company paid pension plans

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

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

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

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

Personal insurance schemes

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

Other compensation elements

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

In the event of an international assignment contract, the executive and family will be entitled to allowances and benefits in accordance with Yara's Global Mobility Policy.

Members of Group Executive Board on Norwegian contracts are entitled to a severance pay equal to six months basic salary on certain conditions. The severance pay is calculated from the end of the notice period. Other income the executive receives during the severance pay period will be deducted from the severance pay. For members of the Group Executive Board employed by Yara companies in other countries severance pay may deviate from the above depending on local regulations.

Voluntary share purchase program

Group Executive Board members employed in Norway can take part in the annual offer to all permanent Yara employees in Norway where they can buy Yara shares with a tax-exempt discount being within a threshold set by the Norwegian authorities. Yara offers the employees an interest-free loan with repayment of one year for the purchase of the shares. This plan comes in addition to the SBR.

Ad-hoc compensation elements

In extraordinary circumstances related to recruitment processes, sign-on bonus may be agreed. Any such compensation will be reported in the report on remuneration of Group Executive Board and Board Members to the Annual General Meeting.

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8.3 External audit remuneration

Deloitte AS (Deloitte) is Yara's auditor. A few subsidiaries of Yara International ASA have appointed other audit firms. The following table shows total audit and other services delivered to the group by the appointed auditor.

USD thousands	Audit fee	Assurance services	Tax services	Other non-audit services	Total
2020					
Deloitte Norway	722	365	83	21	1,192
Deloitte abroad	3,193	32	464	29	3,718
Total Deloitte	3,916	397	547	50	4,910
Others	331	5	13	157	506
Total	4,247	402	560	207	5,416
2019					
Deloitte Norway	643	105	-	51	799
Deloitte abroad	3,413	71	384	120	3,988
Total Deloitte	4,056	176	384	171	4,787
Others	207	72	110	31	421
Total	4,262	249	494	202	5,208

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8.4 Composition of the group

The consolidated financial statement of Yara comprises 127 legal companies that are controlled by Yara. The material subsidiaries are disclosed in the table below, including the main parent(s). This list also includes major holding companies.

Ownership	Ownership	Registered office	Main parent(s)
Yara Argentina S.A.	100.0%	Argentina	Yara Iberian S.A.U.
Yara Australia Pty Ltd.	100.0%	Australia	Yara Technology B.V.
Yara Nipro Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Pilbara Fertilisers Pty Ltd.	100.0%	Australia	Chemical Holdings Pty Ltd.
Chemical Holdings Pty Ltd.	100.0%	Australia	Yara Australia Pty Ltd.
Yara Environmental Technologies GmbH	100.0%	Austria	Yara Investment GmbH
Yara Belgium S.A./N.V.	100.0%	Belgium	Yara Nederland B.V.
Yara Tertre S.A.	100.0%	Belgium	Yara Belgium S.A./N.V.
Yara Brasil Fertilizantes S.A.	100.0%	Brazil	Yara South America Investments B.V.
Yara Belle Plaine Inc.	100.0%	Canada	Yara Canada Holding Inc.
Yara Canada Holding Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Canada Inc.	100.0%	Canada	Fertilizer Holdings AS
Yara Trading (Shanghai) Co. Ltd.	100.0%	China	Yara Asia Pte Ltd.
Yara Colombia S.A.	99.4%	Colombia	Yara International ASA (70.1%) and OFD Holding S. de R.L. (29.3%)
Yara Costa Rica S. de RL.	87.6%	Costa Rica	Yara Iberian S.A.U.
Yara Danmark A/S	100.0%	Denmark	Fertilizer Holdings AS
Yara Agri Trade Misr. Ltd.	51.0%	Egypt	Yara Trade Misr.
Yara Dallol B.V.	58.6%	Ethiopia	Yara Nederland B.V.
Yara Phosphates Oy	100.0%	Finland	Yara Suomi Oy
Yara Suomi Oy	100.0%	Finland	Yara Nederland B.V.
Yara France SAS	100.0%	France	Yara Nederland B.V.
Yara Besitz GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Brunsbüttel GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara GmbH & Co. KG	100.0%	Germany	Yara Investments Germany SE
Yara Investment GmbH	100.0%	Germany	Yara GmbH & Co. KG
Yara Investments Germany SE	100.0%	Germany	Yara Nederland B.V.

Table continues >

	Ownership	Ownership	Registered office	Main parent(s)
01 THIS IS YARA	Yara Ghana Ltd.	100.0%	Ghana	Yara Nederland B.V.
02 YEAR IN REVIEW	Yara Hellas S.A.	100.0%	Greece	Yara Nederland B.V.
	Yara Guatemala S.A.	100.0%	Guatemala	Yara International ASA
03 FROM THE BOARDROOM	Yara Fertilisers India Pvt. Ltd.	100.0%	India	Yara Asia Pte Ltd
	P.T. Yara Indonesia	100.0%	Indonesia	Yara Asia Pte Ltd.
04 FINANCIAL STATEMENTS	Yara Insurance DAC	100.0%	Ireland	Fertilizer Holdings AS
● Consolidated financial statements	Yara Italia S.p.A.	100.0%	Italy	Yara Investment GmbH (72.3%) and Yara Nederland B.V. (27.7%)
Financial statements for Yara International ASA	Yara Côte d'Ivoire S.A.	100.0%	Ivory Coast	Fertilizer Holdings AS
Statement from the Board and the CEO of Yara International ASA	Yara East Africa Ltd.	100.0%	Kenya	Yara Overseas Ltd.
Auditor's report	Yara International (M) Sdn. Bhd.	70.0%	Malaysia	Yara Asia Pte Ltd.
Reconciliation of alternative performance measures in the Yara Group	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%)
	Yara Mozambique Lda.	100.0%	Mozambique	Yara Nederland B.V.
	Fertilizer Holdings AS	100.0%	Norway	Yara International ASA
	Herøya Nett AS	100.0%	Norway	Yara Norge AS
	Yara Marine Technologies AS	100.0%	Norway	Fertilizer Holdings AS
	OFD Holding S. de RL	100.0%	Norway	Fertilizer Holdings AS
	Yara AS	100.0%	Norway	Fertilizer Holdings AS
	Yara Birkeland AS	100.0%	Norway	Fertilizer Holdings AS
	Yara Norge AS	100.0%	Norway	Yara International ASA
	Yara LPG Shipping AS	100.0%	Norway	Fertilizer Holdings AS
	Yara Fertilizers Philippines Inc.	100.0%	Philippines	Yara Asia Pte Ltd.
	Yara Poland Sp.zo.o	100.0%	Poland	Yara Nederland B.V.
	Yara Asia Pte Ltd.	100.0%	Singapore	Yara International ASA
	Yara Animal Nutrition South Africa (Pty) Ltd.	100.0%	South Africa	Yara Phosphates Oy
	Yara Africa Fertilizers (Pty) Ltd.	100.0%	South Africa	Yara Nederland B.V.
	Yara Iberian S.A.U.	100.0%	Spain	Yara Nederland B.V.
	Yara Marine Technologies AB	100.0%	Sweden	Yara Marine Technologies AS

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Yara 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 Holding Netherlands B.V.	100.0%	The Netherlands	Fertilizer Holdings AS
Yara Nederland B.V.	100.0%	The Netherlands	Yara Holding Netherlands B.V.
Yara Sluiskil B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara South America Investments B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Technology B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Vlaardingen B.V.	100.0%	The Netherlands	Yara Nederland B.V.
Yara Caribbean Ltd.	100.0%	Trinidad and Tobago	Fertilizer Holdings AS
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.

8.5 Post balance sheet events

On 9 February 2021 Yara announced that a new global unit had been established – Yara Clean Ammonia – to capture growth opportunities within carbon-free food solutions, shipping fuel and other clean ammonia applications, leveraging Yara's unique existing positions within ammonia production, trade and shipping. This new global unit will be reported as an additional, separate operating segment from 2021.

On 18 February 2021 Yara announced that the company had signed a Letter of Intent with Statkraft, and Aker Horizons, aiming to establish Europe's first large-scale green ammonia project in Norway, enable the hydrogen economy and accelerate the green energy transition.

The partners will target green hydrogen and green ammonia opportunities within shipping, agriculture and industrial applications, by electrifying and decarbonizing Yara's existing ammonia facility in Porsgrunn. Building on their combined expertise, the partners aim to fully remove CO₂ emissions from ammonia production, thereby producing emission-free fuel for shipping, carbon-free fertilizer and ammonia for industrial applications.

Yara's Board will propose to the Annual General Meeting a dividend of NOK 20 per share for 2020.

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Income statement

NOK millions	Notes	2020	2019
Revenues	4	2,322	2,107
Other income		1	1
Revenues and other income		2,322	2,108
Raw materials, energy costs and freight expenses		(21)	(10)
Change in inventories of own production		6	(7)
Payroll and related costs	2	(1,063)	(1,035)
Depreciation, amortization and impairment loss	3	(206)	(171)
Other operating expenses	4	(2,264)	(1,986)
Operating costs and expenses		(3,548)	(3,209)
Operating income		(1,226)	(1,102)
Financial income (expense), net	5	17,146	(331)
Income before tax		15,920	(1,432)
Income tax expense	6	(230)	294
Net income		15,690	(1,138)
Appropriation of net income and equity transfers			
Dividend proposed		5,202	4,054
Retained earnings		10,488	(5,192)
Total appropriation	11	15,690	(1,138)

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Balance sheet

NOK millions	Notes	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Deferred tax assets	6	920	1,141
Intangible assets	3	605	697
Property, plant and equipment	3	79	83
Shares in subsidiaries	7	19,853	19,853
Intercompany receivables	13	38,071	44,927
Other non-current assets	8	593	411
Total non-current assets		60,121	67,111
Current assets			
Inventories	8	23	12
Trade receivables		9	9
Intercompany receivables	13	12,733	9,202
Prepaid expenses and other current assets	10	404	829
Cash and cash equivalents		10,270	1,189
Total current assets		23,440	11,240
Total assets		83,561	78,351

NOK millions	Notes	31 Dec 2020	31 Dec 2019
LIABILITIES AND SHAREHOLDERS' EQUITY			
Equity			
Share capital reduced for treasury stock		442	459
Premium paid-in capital		117	117
Total paid-in capital		560	577
Retained earnings		18,960	14,981
- Treasury shares		(2,809)	(1,037)
Shareholders' equity	11	16,711	14,521
Non-current liabilities			
Employee benefits	1	991	965
Long-term interest-bearing debt	12	28,187	23,035
Other long-term liabilities		190	705
Total non-current liabilities		29,367	24,705

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NOK millions	Notes	31 Dec 2020	31 Dec 2019
Current liabilities			
Trade and other payables		229	213
Bank loans and other interest-bearing short-term debt	8	1,518	2,519
Current portion of long-term debt	12	967	3,342
Dividends payable	11	5,202	4,054
Intercompany payables	13	28,789	28,615
Current income tax	6	14	10
Other current liabilities		763	370
Total current liabilities		37,483	39,124
Total liabilities and shareholders' equity		83,561	78,351

The Board of Directors of Yara International ASA
Oslo, 25 March 2021



Trond Berger
Chairperson



Kimberly Lein-Mathisen
Vice chair



Adele Bugge Norman Pran
Board member



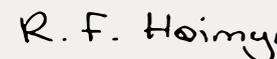
John Thuestad
Board member



Rune Bratteberg
Board member



Birgitte Ringstad Vartdal
Board member



Ragnhild Flestrand Høimyr
Board member



Geir O. Sundbø
Board member



Håkon Reistad Fure
Board member



Øystein Kostøl
Board member



Svein Tore Holsether
President and CEO

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Cash flow statement

NOK millions	Notes	2020	2019	NOK millions	Notes	2020	2019
Operating activities				Investing activities			
Operating Income		(1,226)	(1,102)	Purchases of property, plant and equipment	3	(11)	(20)
Adjustments to reconcile operating income to net cash provided by operating activities				Purchases of other long-term investments	3	(108)	(204)
Depreciation, amortization and impairment loss	3	206	171	Net cash from/(to) long-term intercompany loans	13	8,781	138
Tax received/(paid)	6	(16)	(2)	Proceeds from sales of long-term investments		-	1
Dividend received from subsidiary and associated companies	11	11,105	-	Net cash provided by/(used in) investing activities		8,662	(86)
Group relief received		900	4,500	Financing activities			
Interest and bank charges received/(paid)		(420)	(751)	Loan proceeds	12	7,101	3,039
Other		(8)	(4)	Principal payments		(5,258)	(6,198)
Change in working capital				Purchase of treasury stock	11	(2,806)	(586)
Trade receivables		3	(4)	Dividend paid	11	(8,811)	(1,772)
Short-term intercompany receivables/payables	13	(760)	4,037	Net cash used in financing activities		(9,775)	(5,518)
Prepaid expenses and other current assets ¹⁾		1,132	62	Foreign currency effects on cash and cash equivalents			
Trade payables		20	(13)			(221)	-
Other current liabilities ¹⁾		(522)	(477)	Net increase/(decrease) in cash and cash equivalents			
Net cash provided by operating activities		10,414	6,417			9,081	814
				Cash and cash equivalents at 1 January			
						1,189	375
				Cash and cash equivalents at 31 December			
						10,270	1,189

1) 2020 includes NOK 470 million net cash inflow due to currency forward contracts and prior periods' collateral deposits with banks to keep credit exposure from derivatives within agreed limits.

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Basis for preparation

General

The financial statements for Yara International ASA have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (NGAAP). Preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses as well as disclosures of contingencies. Actual results may differ from estimates.

Yara International ASA primarily holds shares in subsidiaries and provides financing to entities in the Yara Group. Please be aware that the information in [note 5.3](#) Interest-bearing debt to the consolidated financial statements also applies to Yara International ASA. Revenue mainly stem from allocation of costs related to intragroup services provided.

The accompanying notes are an integral part of the financial statements.

Shares in subsidiaries

Shares in subsidiaries are presented according to the cost method. Dividends and Group reliefs are recognized in the income statement when these are proposed by the subsidiary. Group relief received is included in dividends. Shares in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may exceed the fair value of the investment. Indications may be operating losses or adverse market conditions. Fair value of the investment is estimated based on valuation model techniques. If it is considered probable that the fair value is below Yara's carrying value, the investment is impaired. The impairment is reversed if the impairment situation is no longer present.

Foreign currency transactions

The functional currency of Yara International ASA is Norwegian kroner (NOK). Transactions in currencies other than the functional currency are recognized by applying the exchange rate at the date of transaction. Monetary items denominated in foreign currencies are translated using the exchange rate at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

All realized and unrealized currency gains and losses on transactions, assets and liabilities are included in net income if they do not qualify for hedge accounting.

Revenue

In all material respects, revenue stem from sale of intercompany services. These are recognized when the services are delivered based on intragroup allocation of costs.

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

Receivables

Trade receivables and short-term intercompany receivables are recognized at nominal value, less an accrual for expected losses. The accrual for losses is based on an individual assessment of each receivable.

Cash and cash equivalents

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

The cash held by Yara International ASA reflects that most external bank deposits are channeled through the group treasury function. Consequently, the level of cash held should be seen in context with the intercompany receivables and payables.

Payables

Trade payables and short-term intercompany payables are recognized at nominal value.

Financial assets and liabilities

Financial assets, other than derivatives, are initially recognized in the balance sheet at fair value (cost) and subsequently at the lower of cost or fair value. Financial liabilities are initially recognized in the balance sheet at fair value (cost) and subsequently at amortized cost.

Cost of sales and other expenses

Cost of sales and other expenses are recognized in the same period as the revenue to which they relate. If there is no clear connection between the expense and revenue, an estimated allocation is done. Other exceptions to this matching criteria are disclosed where appropriate.

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Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Deferred income tax expense is calculated using the liability method in accordance with the preliminary Norwegian Accounting Standard on Income Taxes ("NRS Resultatskatt"). Under this standard, deferred tax assets and liabilities are measured based on the differences between the carrying values of assets and liabilities for financial reporting and their tax basis, which is considered temporary in nature. Deferred income tax expense represents the change in deferred tax asset and liability balances during the year, except for deferred tax related to items charged to equity. Changes resulting from amendments and revisions in tax laws and tax rates are recognized when the new tax laws or rates are adopted.

Intangible assets

Intangible assets acquired individually or as a group are initially recognized at fair value, and subsequently amortized on a straight-line basis over their useful life. They are tested for impairment whenever indications of impairment are present.

Research costs are expensed as incurred. Costs incurred in development of internally generated intangible assets are capitalized if defined recognition criteria are met. If these recognition criteria are not met, development cost are expensed in the period they incur.

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is determined using the straight-line method over the assets' useful life. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Inventories

Inventories are valued at the lower of cost, using weighted average, and net realizable value. The cost of inventories comprise all costs incurred in bringing the inventories to their present location and condition, including direct materials, direct labor, and an appropriate portion of production overhead, or the purchase price of the inventory.

Leased assets

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

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

Forward currency contracts

Forward currency contracts are initially recognized in the balance sheet at fair value. Subsequent changes in fair value are recognized in the income statement.

Interest rate and cross currency swaps

Interest income and expense relating to swaps that are not designated as hedge instruments are recognized as net income or expense over the life of the contract. Cross currency swaps are translated into Norwegian kroner at the applicable exchange rate at the balance sheet date with the resulting unrealized currency translation gain or loss recognized in "Financial income/(expense), net" in the income statement.

Shared-based remuneration

Yara has a shared-based remuneration program which provides a fixed cash amount to eligible top executives. Yara purchases the shares on behalf of the executives at market prices. The executives holds all shareholder rights from the date of purchase but cannot sell the shares in the three years vesting period. This program does not have dilutive effect since it represents ordinary shares outstanding.

The fair value of the purchased shares is recognized as reduction in equity. The costs for the Shared Based Remuneration program is expensed in the year when the shares are granted. However, the costs are re-invoiced within the same year to Yara units globally as part of the shared cost model. The employee tax is calculated and expensed at the grant date.

The Company also gives employees the possibility to purchase shares in Yara at a reduced price. The related cost is recognized when the employee exercises this option.

Employee retirement plans

Employee retirement plans are measured in accordance with IAS 19 Employee Benefits, as this is permitted by the Norwegian accounting standard on pensions ("NRS 6 Pensjonskostnader"). Past service cost is recognized immediately in the Statement of income together with any gains and losses arising from curtailments and settlements. Remeasurement gains and losses are recognized directly in retained earnings.

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Yara International ASA has incurred obligations under a funded defined benefit plan. The pension plan was closed to new entrants in 2006 and employees below the age of 55 received a paid-up policy for previously earned benefit entitlements. The defined benefit plan was replaced by a defined contribution plan from the same date, which requires Yara International ASA to make agreed contributions when employees have rendered service entitling them to the contributions. Yara International ASA has no legal or constructive obligation to pay further contributions. This new plan applies to the future pension earnings of existing employees below the age of 55 in 2006 and all new employees. Pension liabilities for defined benefit plans also include certain unfunded obligations.

Other long-term employee benefits include a provision for jubilee benefits.

Yara International ASA is obliged to and does fulfill the requirements of the act regarding mandatory occupational pension scheme ("Lov om obligatorisk tjenstepensjon").

Defined benefit plans

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

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

Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as an expense in the 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 Company's obligation in respect of other long-term benefits is the amount of future benefits that the employees have earned in return for their service in current and prior periods. The obligation is discounted based on the same principles as defined benefit plans.

Long-term employee benefit obligations recognized in the statement of financial position

NOK millions	2020	2019
Pension liabilities for defined benefit plans	(981)	(956)
Termination benefits and other long-term employee benefits	(9)	(9)
Surplus on funded defined benefit plan	417	348
Net long-term employee benefit obligations	(574)	(617)

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

NOK millions	2020	2019
Defined benefit plans	(43)	(42)
Defined contribution plans	(57)	(57)
Termination benefits and other long-term employee benefits	(10)	(11)
Net expenses recognized in Statement of income	(110)	(110)

Defined benefit plans

Yara International ASA is the sponsor of Yara Pensjonskasse, a funded pension plan which also covers employees of its subsidiary Yara Norge AS. Plan benefits are based on years of service and final salary levels. Determination of the required annual contribution to Yara Pensjonskasse from each of the participating legal entities is defined by the bylaws of the pension fund, and is based on actuarial calculations. The distribution of pension costs to the participating entities is based on the same calculations. At 31 December 2020, the number of active participants in the funded defined benefit plan who were employed by Yara International ASA, was 0 and the number of retirees was 128. In addition, 365 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.

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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 2020 was NOK 101,351).

Effective 1 January 2015 Yara International ASA implemented changes to the early retirement schemes, both the AFP gratuity plan and the plan for early retirement from 65 to 67 for positions as department manager or above, in which all employees below age 50 were transferred to new contribution-based plans which offer increased contribution rates compared to the ordinary defined contribution plan, as well as compensation contributions, where applicable. Employees aged 50 or above retained their rights from the old plans, however with the option to choose a transfer to the new contribution-based plans. As the compensation contribution plans are unfunded and Yara International ASA retains investment risk, they are accounted for as defined benefit plans.

Norwegian employees with salary above 12G as of 3 December 2015 are members of an unfunded plan which requires Yara International ASA to contribute for active plan members with an amount equal to 25% of pensionable salary in excess of 12G for each year of service, with the addition of annual return on the accumulated balance. The plan was closed to new members from 3 December 2015. As the plan is unfunded and investment risk is retained by Yara International ASA, the plan is included in the obligation for defined benefit plans.

Valuation of defined benefit obligations

The defined benefit plans are valued at 31 December using updated financial and demographical assumptions and taking into account relevant economic environment factors.

It is the opinion of the management of Yara International ASA that there is a sufficiently deep market for high quality corporate bonds in Norway, which is therefore used as reference for determination of the discount rate. Normal assumptions for demographical and retirement factors have been used by the actuary when calculating the obligation. Estimated future mortality is based on published statistics and mortality tables. The actuary has used the K2013BE mortality table. According to K2013BE a current employee aged 45 today would be expected to live 24.1 years after reaching the retirement age of 65, whereas an employee aged 65 today would on average be expected to live 23.4 years.

The following financial assumptions have been applied for the valuation of liabilities (in %):

In percentages	2020	2019
Discount rate	1.7	2.1
Expected rate of salary increases	2.1	2.2
Future rate of pension increases	0.5	1.0

Actuarial valuations provided the following results:

NOK millions	2020	2019
Present value of unfunded obligations	(860)	(838)
Present value of wholly or partly funded obligations	(744)	(765)
Total present value of obligations	(1,604)	(1,602)
Fair value of plan assets	1,161	1,113
Social security on defined benefit obligations	(121)	(118)
Total recognized liability for defined benefit plans	(564)	(608)

Duration of liabilities at the end of the year:

Duration of liabilities (in years)	2020
Funded plan	15.1
Unfunded plans	11.0

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.

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The following items have been recognized in the Statement of income:

NOK millions	2020	2019
Current service cost	(24)	(23)
Administration cost	(2)	(2)
Social security cost	(6)	(6)
Payroll and related costs	(32)	(31)
Interest on obligation	(33)	(39)
Interest income from plan assets	21	28
Interest expense and other financial items	(12)	(11)
Total expense recognized in income statement	(43)	(42)

Sensitivity of assumptions

Measurement of defined benefit obligations and pension costs requires the use of a number of assumptions and estimates. Below table indicates the sensitivity of the most material financial assumptions applied to the defined benefit obligation, by showing the result from an increase or decrease in any one of the assumptions applied (all other assumptions held constant).

NOK millions	2020	2019
Actual valuation	(1,604)	(1,602)
Discount rate +0.5%	(1,520)	(1,514)
Discount rate -0.5%	(1,695)	(1,699)
Expected rate of salary increase +0.5%	(1,616)	(1,616)
Expected rate of salary increase -0.5%	(1,592)	(1,590)
Expected rate of pension increase +0.5%	(1,683)	(1,686)
Expected rate of pension increase -0.5%	(1,531)	(1,526)
Expected longevity +1 year	(1,659)	(1,658)
Expected longevity -1 year	(1,543)	(1,546)

Development of defined benefit obligations

NOK millions	2020	2019
Defined benefit obligation as of 1 January	(1,602)	(1,489)
Current service cost	(24)	(23)
Interest cost	(33)	(39)
Experience adjustments	(32)	(14)
Effect of changes in financial assumptions	22	(98)
Benefits paid	65	61
Defined benefit obligation as of 31 December	(1,604)	(1,602)

Development of plan assets

NOK millions	2020	2019
Fair value of plan assets as of 1 January	1,113	1,065
Interest income from plan assets	21	28
Administration cost	(2)	(2)
Return on plan assets (excluding calculated interest income)	58	51
Employer contributions	2	-
Benefits paid	(32)	(29)
Fair value of plan assets as of 31 December	1,161	1,113

Yara Pensjonskasse (the pension fund) is a separate legal entity, independently governed by its Board of Directors. It is the responsibility of the pension fund's Board of Directors to determine the investment strategy, and to review the administration of plan assets and the funding level of the pension fund. If needed, Yara International ASA will be required to increase the capital buffer of the pension fund.

Yara International ASA's defined benefit plan obligations are inherently exposed to inflation risk, interest rate risk and longevity risk. The investment strategies of the pension fund ensures diversification of investments in order to keep market volatility risk at a desired level. The pension fund Board of Directors is targeting a satisfactory level of risk and return corresponding to the maturity profile of future pension benefit payments.

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At the end of the year, the plan assets were invested as follows:

NOK millions, except percentages

	2020	2020	2019	2019
Cash and cash equivalents	10	1%	33	3%
Shares	446	38%	388	35%
Other equity instruments	101	9%	95	9%
Investment grade debt instruments	583	50%	575	52%
Properties	20	2%	20	2%
Total plan assets	1161	100%	1,113	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 2021 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

	2020	2019
Cumulative amount recognized directly in retained earnings pre-tax at 1 January	(219)	(152)
Remeasurement gains / (losses) on obligation for defined benefit plans	(9)	(112)
Remeasurement gains / (losses) on plan assets for defined benefit plans	58	51
Social security on remeasurement gains / (losses) recognized directly in equity this year	(2)	(7)
Cumulative amount recognized directly in retained earnings pre-tax at 31 December	(172)	(219)
Deferred tax related to remeasurement gains / (losses) recognized directly in retained earnings	38	48
Cumulative amount recognized directly in retained earnings after tax at 31 December	(134)	(171)

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2 Remunerations and other

Remuneration and direct ownership of shares of the Chairperson and of the Board of Directors are disclosed in [note 8.1](#) 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 8.2](#) 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 4,622 thousand (2019: NOK 4,996 thousand), fee for assurance services NOK 2,906 thousand (2019: NOK 952 thousand), NOK 469 thousand for tax services (2019: NOK 54 thousand) and NOK 187 thousand for non-audit services (2019: NOK 416 thousand). Audit remuneration for the Group is disclosed in [note 8.3](#) to the consolidated financial statement.

At 31 December 2020, the number of employees in Yara International ASA was 608 (2019: 599).

NOK millions	2020	2019
Payroll and related costs		
Salaries	(855)	(821)
Social security costs	(109)	(115)
Net periodic pension costs	(98)	(99)
Total	(1,063)	(1,035)

Yara continued to give employees in Norway an opportunity to take part in a share purchase program in 2020. 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 40,800 shares during 2020. In total 40,941 shares have been sold during 2020 to 1,017 persons, 36 persons were allotted 20 shares and 981 persons were allotted 41 shares. As at 31 December 2020, the foundation owns 16 shares in Yara.

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3 Intangible assets, property, plant and equipment

2020

NOK millions, except percentages and years

	Intangible assets ¹⁾	Property, plant and equipment ²⁾	Total
Cost			
Balance at 1 January	1,350	190	1,541
Addition at cost	102	9	111
Balance at 31 December	1,453	199	1,652
Depreciation, amortization and impairment loss			
Balance at 1 January	(654)	(107)	(761)
Depreciation and amortization	(194)	(12)	(206)
Balance at 31 December	(847)	(120)	(967)
Carrying value			
Balance at 1 January	697	83	780
Balance at 31 December	605	79	684
Useful life in years	3 - 5	4 - 50	
Depreciation rate	20 - 35%	2 - 25%	

1) Intangible assets mainly consist of computer software systems, patents and trademarks.

2) Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2020.

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2019

NOK millions, except percentages and years

	Intangible assets ¹⁾	Property, plant and equipment ²⁾	Total
Cost			
Balance at 1 January	1,170	168	1,339
Addition at cost	181	23	203
Derecognition	(1)	(1)	(2)
Balance at 31 December	1,350	190	1,541
Depreciation, amortization and impairment loss			
Balance at 1 January	(497)	(95)	(590)
Depreciation and amortization	(158)	(13)	(171)
Balance at 31 December	(654)	(107)	(761)
Carrying value			
Balance at 1 January	674	74	748
Balance at 31 December	697	83	780
Useful life in years	3 - 5	4 - 50	
Depreciation rate	20 - 35%	2 - 25%	

1) Intangible assets mainly consist of computer software systems, patents and trademarks.

2) Property, plant and equipment for Yara International ASA consists mainly of buildings and furnishings. There were no assets pledged as security at 31 December 2019.

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4 Specification of items in the income statement

Revenue

Sales to geographical areas

NOK millions	2020			2019		
	External	Internal	Total	External	Internal	Total
Norway	-	83	83	-	91	91
European Union ¹⁾	-	1,968	1,968	38	1,715	1,753
Europe, outside European Union ¹⁾	24	18	42	-	4	4
Africa	-	19	19	-	21	21
Asia	-	64	64	-	57	57
North America	-	33	33	-	35	35
Latin America	-	94	94	-	126	126
Australia and New Zealand	-	18	18	-	20	20
Total	24	2,298	2,322	38	2,069	2,107

1) Sales to the United Kingdom are included as part of the European Union for 2019 but not for 2020.

Other operating expenses

NOK millions	2020	2019
Selling and administrative expense	(1,739)	(1,508)
Rental and leasing ¹⁾	(59)	(58)
Travel expense	(14)	(49)
Other	(452)	(371)
Total	(2,264)	(1,986)
Of which research costs ²⁾	(405)	(506)

1) Expenses mainly relate to office and lease contracts for company cars.

2) Over the last few years, Yara has focused on orienting research and development resources towards commercial activities, both with respect to process and product improvements and agronomical activities.

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5 Financial income and expenses

NOK millions	Notes	2020	2019
Dividends and group relief from subsidiaries		16,405	900
Loss on sale of shares in subsidiaries ¹⁾		-	(2)
Interest income group companies	13	788	1,017
Other interest income		35	34
Interest expense group companies	13	(78)	(274)
Other interest expense		(1,056)	(1,367)
Interest expense defined pension liabilities	1	(33)	(39)
Return on pension plan assets	1	21	28
Net foreign exchange gain/(loss)		999	(613)
Other financial income/(expense)		65	(15)
Financial income/(expense), net		17,146	(331)

1) Yara Costa Rica S. de RL.

6 Income taxes

Specification of income tax expense

NOK millions	2020	2019
Current tax expense ¹⁾	(20)	(12)
Deferred tax income/(expense) recognized in the current year	(210)	306
Income tax income/(expense)	(230)	294

1) Withholding taxes and prior years adjustment, see specification in the table below.

Reconciliation from nominal statutory tax rate to effective tax rate

NOK millions	2020	2019
Income before taxes	15,921	(1,432)
Statutory tax rate	22%	22%
Expected income taxes at statutory tax rate	(3,503)	315
The tax effect of the following items:		
Group relief received from subsidiary with no tax effect	3,323	-
Withholding taxes	(16)	(7)
Prior years adjustment	(4)	(5)
Tax law changes	-	-
Non-deductible expenses	(32)	(16)
Other	-	7
Income tax income/(expense)	(230)	294
Effective tax rate	(1%)	21%

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Specification of deferred tax assets/(liabilities)

Company name	Opening balance	Charged to income	Reclassified from equity to profit or loss	Charged to equity	Closing balance
Non-current items					
Property, plant and equipment	7	-	-	-	6
Pension liabilities	120	4	-	(10)	110
Other non-current assets	(748)	(302)	1	-	(1,051)
Other non-current liabilities and accruals	499	(353)	-	-	146
Total	(125)	(652)	1	(10)	(788)
Current items					
Accrued expenses	29	69	-	-	98
Total	29	69	-	-	98
Tax loss carry forwards	1,236	372	-	-	1,608
Net deferred tax asset/(liability)	1,140	(210)	1	(10)	920

Tax loss carry forwards are expected to be fully utilized by taxable interest income on group funding and taxable group contributions from Yara's operating companies in Norway.

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7 Shares in subsidiaries

Company name	Ownership ¹⁾	Ownership by other group companies	Registered office	Functional currency	Total equity in the company 2020 functional currency millions	Net income/ (loss) 2020 in functional currency millions	Carrying value 2020 NOK millions	Carrying value 2019 NOK millions
Subsidiaries owned by Yara International ASA								
Fertilizer Holdings AS	100%	-	Norway	NOK	24,185	8,796	16,178	16,178
Yara Norge AS	100%	-	Norway	NOK	2,317	1,110	1,303	1,303
Yara Asia Pte. Ltd.	100%	-	Singapore	USD	1,271	90	1,114	1,114
Yara Colombia S.A.	70.1%	29.3%	Colombia	COP	476,125	88,057	763	763
Yara North America Inc.	100%	-	USA	USD	386	20	468	468
Yara Guatemala S.A.	100%	-	Guatemala	GTQ	176	28	24	24
Yara Lietuva, UAB	100%	-	Lithuania	EUR	(2)	2	1	1
Yara International Employment Co. AG	100%	-	Switzerland	EUR	2	-	1	1
Profesionistas AAL	0.04%	99.96%	Mexico	MXN	3	2	-	-
Operaciones BPT	10%	90%	Mexico	MXN	-	-	-	-
Total							19,853	19,853

1) Percentage of shares owned equals percentage of voting shares owned. A number of the above mentioned companies also own shares in other companies as specified in their annual reports. See also [note 8.4](#) to the consolidated financial statements.

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8 Specification of other balance sheet items

NOK millions	Notes	2020	2019
Other non-current assets			
Surplus on funded defined benefit plans	1	417	348
Long-term fair value derivative hedging instrument		98	2
Interest rate swap designated for hedging (external)		31	4
Other		47	57
Total		593	411
Inventories			
Finished goods		18	11
Raw materials		6	1
Total		23	12
Other liquid assets			
Bank deposits with maturity between three months and one year		-	-
Total		-	-
Bank loans and other short-term interest-bearing debt			
External loans		985	2,033
Interest-bearing loans from group associates and joint arrangements		333	346
Bank overdraft		200	141
Total		1,518	2,519

9 Guarantees

NOK millions	2020	2019
Guarantees (off-balance sheet)		
Guarantees for debt in subsidiaries	7,902	5,749
Non-financial guarantees	8,614	9,658
Total	16,515	15,408

Yara International ASA provides guarantees arising in the ordinary course of business, including performance bonds and various payment or financial guarantees. See [note 5.8](#) Secured debt and guarantees to the consolidated financial statements for further information about guarantees.

10 Financial risks and hedge accounting

Financial risks in Yara and the use of derivative instruments are described in [note 6.1](#) to the consolidated financial statement, Financial risks. The exposure to credit risk is represented by the carrying amount of each class of financial assets, including derivative financial instruments, recorded in the balance sheet.

Liquidity risk

Yara International ASA manages liquidity risk by maintaining adequate reserves and committed bank facilities and by continuously monitoring forecasted and actual cash flows. Non-current intercompany receivables are related to funding of subsidiaries and have a maturity profile matching the external debt maturities (see [note 12](#) Long-term debt for details). Current intercompany receivables and payables mainly reflect intercompany current account balances and will fluctuate with fertilizer seasons. Committed liquidity reserves are maintained to meet unforeseen events.

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

NOK millions	2020	2019
Fair value of derivatives		
Forward foreign exchange contracts (external)	(323)	(31)
Forward foreign exchange contracts (Yara Group internal)	(187)	7
Cross currency swaps (external)	(159)	(631)
Interest rate swaps designated for hedging (external)	98	(61)
Balance at 31 December	(571)	(716)
Derivatives presented in the balance sheet		
Non-current assets	128	6
Current assets	2	10
Non-current liabilities	(190)	(697)
Current liabilities	(512)	(35)
Balance at 31 December	(571)	(716)

Forward foreign exchange contracts

Yara is committed to the following outstanding forward foreign exchange contracts.

NOK millions	2020	2019
Forward foreign exchange contracts (external), notional amount	8,301	2,268
Forward foreign exchange contracts (Yara Group internal), notional amount	6,089	6,939

All outstanding forward foreign exchange contracts at 31 December 2020 have maturity in 2021, except non-deliverable forward contracts equivalent to NOK 504 million that mature in 2022. External buy positions are mainly in US dollars against Norwegian kroner or Brazilian reals. External sell positions are in various operating currencies towards Norwegian kroner.

Hedge accounting**Fair value hedges**

In December 2014, Yara designated a portfolio of long-term NOK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 700 million and NOK 600 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.

In December 2017, Yara designated a portfolio of long-term NOK and SEK fixed-to-floating interest rate swaps as hedging instruments. The hedged risk is the change in fair value due to changes in risk-free interest rates (NIBOR) of the NOK 1,000 million and NOK 1,000 million fixed rate bond debt and the change in fair value due to changes in risk-free interest rates (STIBOR) of the SEK 800 million fixed rate bond debt, all from 2017. 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.

Subsequent to initial recognition, Yara measures interest-bearing borrowings at amortized cost. However, the designation of interest rate swaps as hedging instruments and use of hedge accounting enables Yara to include the fair value of changes in interest rates in the carrying value of the bonds. The corresponding adjustment in the Consolidated Statement of Income offsets the effects of the recognized interest rate swaps, leading to less volatility in net income.

Cash flow hedges

Yara had no cash flow hedges in 2020 or 2019. However, Yara has used derivative instruments to hedge cash flows of planned transactions in the past and may do so also in the future.

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 was proportionally reclassified into interest expense and deferred tax until 2019 when the bond expired. Amount reclassified to interest expense in 2020 was NOK 0 million after tax (2019: NOK 5 million).

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Effect on financial position and performance in 2020

Company name	Currency	Hedge rates	Carrying amount of the hedged item ¹⁾		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the Balance sheet in which the hedged item is included	Line item in the Balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness ²⁾	Change in value of the hedging instrument ²⁾	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
Fair value hedges											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	1,332	-	32	Long-term interest-bearing debt	Other long-term liabilities	(43)	43	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	2,065	-	68	Long-term interest-bearing debt	Other long-term liabilities	(119)	119	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	841	-	6	Long-term interest-bearing debt	Other long-term liabilities	(4)	4	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) All amounts are pre-tax.

For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

Effect on financial position and performance in 2019

Company name	Currency	Hedge rates	Carrying amount of the hedged item ¹⁾		Accumulated amount of hedge adjustment on the hedged item included in the carrying amount of the hedged item		Line item in the Balance sheet in which the hedged item is included	Line item in the Balance sheet in which the hedging instrument is included	Change in value of the hedged item used for calculating hedge ineffectiveness ²⁾	Change in value of the hedging instrument ²⁾	Hedge ineffectiveness recognized in Income statement
			Assets	Liabilities	Assets	Liabilities					
Fair value hedges											
Interest rate risk											
- Fixed interest, NOK bonds (2014)	NOK	3M NIBOR	-	1,288	11	-	Long-term interest-bearing debt	Other long-term liabilities	9	(9)	-
- Fixed interest, NOK bonds (2017)	NOK	3M NIBOR	-	1,946	52	-	Long-term interest-bearing debt	Other long-term liabilities	1	(1)	-
- Fixed interest, SEK bonds (2017)	SEK	3M STIBOR	-	756	-	2	Long-term interest-bearing debt	Other long-term liabilities	(2)	2	-

1) The designated nominal amounts of the hedging instruments equal the nominal amounts of the hedged items.

2) All amounts are pre-tax.

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For either hedging category, there are no balances remaining from a hedging relationship for which hedge accounting is no longer applied.

Specific risks associated with the upcoming interest rate benchmark reform

Yara is exposed to NIBOR, STIBOR and USD LIBOR interest rate benchmarks subject to the upcoming interest rate benchmark reform. Please see [note 6.1](#) Financial risks to the consolidated financial statement for further information about the transition.

11 Number of shares outstanding, shareholders, equity reconciliation etc.

Yara International ASA was established 10 November 2003. The company was established with a share capital of 108,610,470 consisting of 63,888,512 shares at NOK 1.70 per share. At 31 December 2020, the company has a share capital of NOK 455,824,803 consisting of 268,132,237 ordinary shares at NOK 1.70 per share.

Yara owns 5,131,128 own shares at 31 December 2020. For further information on these issues see [note 5.1](#) to the consolidated financial statement.

Shareholders holding 1% or more of the total 268,132,237 shares issued as of 31 December 2020 are according to information from Nasdaq.

Name	Number of shares	Holding (%)
Ministry of Trade, Industry and Fisheries	97,094,621	36.2%
Norwegian National Insurance Scheme fund	18,990,573	7.1%
Sprucegrove Investment Management, Ltd	7,385,570	2.8%
The Vanguard Group, Inc.	5,253,687	2.0%
BlackRock Institutional Trust Company, N.A.	4,988,939	1.9%
Polaris Capital Management, LLC	4,476,599	1.7%
Storebrand Kapitalforvaltning AS	3,746,535	1.4%
DNB Asset Management AS	3,640,987	1.4%
Templeton Investment Counsel, L.L.C.	3,384,604	1.3%
KLP Forsikring	3,225,375	1.2%
Fidelity Management & Research Company	3,082,553	1.1%
State Street Global Advisors (US)	3,025,183	1.1%
Arrowstreet Capital, Limited Partnership	2,887,393	1.1%
Handelsbanken Asset Management	2,725,235	1.0%
Nordea Funds Oy	2,619,112	1.0%

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Shareholders' equity

NOK millions	Paid-in capital	Retained earnings	Total shareholders' equity
Balance 31 December 2018	581	19,942	20,522
Net income of the year	-	(1,138)	(1,138)
Dividend proposed	-	(4,054)	(4,054)
Cash flow hedges	-	2	2
Actuarial gain/(loss) ¹⁾	-	(53)	(53)
Adjustment to proposed dividend previous years	-	(2)	(2)
Treasury shares ²⁾	(4)	(754)	(757)
Balance 31 December 2019	577	13,943	14,521
Net income of the year	-	15,690	15,690
Dividend proposed ⁵⁾	-	(5,202)	(5,202)
Actuarial gain/(loss) ¹⁾	-	37	37
Additional dividend to proposed dividend for 2020 ⁶⁾	-	(4,766)	(4,766)
Adjustment to proposed dividend previous years	-	9	9
Treasury shares ^{3) 4)}	(17)	(3,559)	(3,576)
Balance 31 December 2020	560	16,153	16,713

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 7 May 2019.

3) As approved by General Meeting 7 May 2020.

4) See [note 5.1](#) to the consolidated financial statement for more information.

5) Based on total shares issued less 5.131.128 own shares less commitment to redeem 2.912.838 shares from the Norwegian State.

6) Additional dividend as approved in Extraordinary General Meeting 17 November 2020, NOK 18 per share.

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At 31 December 2020, the fair value of the long-term debt, including the current portion, is NOK 31,938 million and the carrying value is NOK 29,154 million. See [notes 5.3](#) Interest-bearing debt and [6.1](#) Financial risks to the consolidated financial statements for further information about long-term debt.

Payments on long-term debt fall due as follows

NOK millions, except percentages and denominated amounts

	Debentures	Bank loans	Other long-term debt	Total ¹⁾
2021	708	260	-	967
2022	2,559	1,534	-	4,093
2023	-	260	-	260
2024	1,649	1,538	-	3,187
2025	-	260	-	260
Thereafter	20,127	260	-	20,387
Total	25,043	4,111	-	29,154

¹⁾ Including current portion.

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13 Transactions with related parties

Transactions with related parties are mainly associated with the group treasury function and rendering of group services by the employees of Yara International ASA.

NOK millions	Notes	2020	2019	NOK millions	Notes	2020	2019
Income statement				Fertilizer Holdings AS			
Yara Belgium S.A.		1,500	1,297	Yara Canada Holding Inc.		(16)	(47)
Yara Norge AS		80	88	Yara Asia Pte Ltd		(12)	(30)
Yara Sluiskil B.V.		76	80	Yara Switzerland Ltd		(10)	(33)
Yara Brasil Fertilizantes S.A.		59	67	Yara Norge AS		(9)	(13)
Other		582	537	Yara Caribbean Ltd		-	(32)
Internal revenues	4	2,298	2,069	Other		(22)	(72)
Fertilizer Holdings AS		14,000	-	Interest expense group companies	5	(78)	(274)
Yara Norge AS		1,300	900	Non-current assets			
Yara Asia Pte Ltd		1,032	-	Yara Holding Netherlands B.V.		14,726	18,796
Yara Guatemala S.A.		73	-	Yara Sluiskil B.V.		4,784	4,505
Dividends and group relief from subsidiaries	5	16,405	900	Yara Norge AS		4,684	4,831
Yara Holding Netherlands B.V.		201	261	Yara Suomi Oy		3,611	3,105
Yara Norge AS		136	177	Yara Investments Germany SE		3,289	3,166
Yara Nederland B.V.		95	274	Yara Investment GmbH		1,749	1,648
Yara Sluiskil B.V.		66	61	Yara AB		1,686	1,547
Yara Suomi Oy		48	32	Yara France SAS		1,465	1,380
Yara AB		40	32	Other		2,076	5,949
Other		202	181	Intercompany receivables		38,070	44,927
Interest income group companies	5	788	1,018				

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NOK millions	Notes	2020	2019
Current assets			
Fertilizer Holding AS		4,000	999
Yara AS		3,942	1,080
Yara Norge AS		1,344	-
Yara Belgium S.A.		471	999
Yara Italia S.p.A.		451	523
Yara Phosphates Oy		355	467
Freeport Ammonia LLC		354	456
Yara LPG Shipping AS		303	349
Other		1,512	1,752
Intercompany receivables		12,733	9,202
Current liabilities			
Yara Nederland B.V.		(7,372)	(6,579)
Yara Asia Pte Ltd		(3,066)	(3,181)
Yara GmbH & Co. KG		(2,953)	(2,536)
Yara Tertre S.A.		(2,680)	(2,007)
Yara Italia S.p.A.		(1,980)	(1,985)
Yara Switzerland Ltd		(1,737)	(1,912)
Other		(9,001)	(10,416)
Intercompany payables		(28,789)	(28,615)
Trinidad Nitrogen Company Ltd.		(116)	(118)
Yara Freeport LLC DBA Texas Ammonia		(217)	(198)
Yara Pilbara Nitrates Pty Ltd		-	(12)
Other		-	(17)
Interest-bearing loans from Group associates and joint arrangements		(333)	(345)

Remuneration to the Board of Directors and Yara Management are disclosed in [notes 8.1](#) and [8.2](#) to the consolidated financial statements. Yara International ASA has transactions with Yara Pensjonskasse (pension fund). See [note 5](#) for more information.

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Statement from the Board and the CEO of Yara International ASA

The Board of Directors and the CEO have today considered and approved the integrated report for Yara International ASA ("Company") and the Yara Group ("Group") for the 2020 calendar year and as of 31st December, 2020.

The consolidated financial statements have been prepared in accordance with IFRS as adopted by EU as well as additional information requirements as per the Norwegian Accounting Act. The financial statements for the Company have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway.

We confirm to the best of our knowledge that:

- The 2020 financial statements for the Company and the Group have been prepared in accordance with applicable accounting standards
- The information in the financial statements gives a true and fair view of the Company's and the Group's assets, liabilities, financial position and result as of 31st December, 2020
- The integrated report 2020 has been prepared in accordance with the International Integrated Reporting Framework (IR)¹⁾ and meets the information requirements of the Norwegian accounting act with regard to the Report of the Board of Directors and statements on corporate governance and corporate social responsibility
- The integrated report for the Company and the Group;
 - gives a true and fair view of the Company's and the Group's development, performance and financial position, and
 - includes a description of the principal risks and uncertainty factors facing the Company and the Group
- That the country-by-country report for 2020 has been prepared in accordance with the Norwegian Accounting Act § 3-3d and the Norwegian Security Trading Act § 5-5a

The Board of Directors of Yara International ASA
Oslo, 25 March 2021


Trond Berger
Chairperson

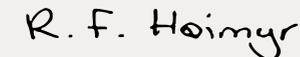

Kimberly Lein-Mathisen
Vice chair


Adele Bugge Norman Pran
Board member


John Thuestad
Board member


Rune Bratteberg
Board member

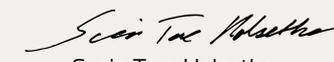

Birgitte Ringstad Vartdal
Board member


Ragnhild Flesland Høimyr
Board member


Geir O. Sundbø
Board member


Håkon Reistad Fure
Board member


Øystein Kostøl
Board member


Svein Tore Holsether
President and CEO

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

The below listed parts of the Yara Annual Report 2020 constitutes the Report of the Board of Directors

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Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
Section 3-3a, 1st para	Information regarding the nature and location of the business, including information on any branch offices.	Introduction Board message Note 8.4 Note 2.3	4 99-107 211-213 126-132
Section 3-3a, 2nd para	Review of the development and results of the company's operations and position together with a description of the key risks and uncertainty factors facing the company, hereunder also information on research and development activities.	Prosperity performance Strategic priorities Strategic risks People risks Planet risks Prosperity risks	58-65 20-24 25-27 46-47 53-54 66-68
Section 3-3a, 5th para	A description that provides a basis for assessing the company's further outlook, including whether the results for the year agree with previously stated target results and expected developments and give reason for any discrepancy.	Board message	99-107
Section 3-3a, 6th para	Information regarding any financial risk that is significant to the evaluation of the company's assets, liabilities, financial position and results.	Prosperity risk Note 6.1 Note 1	66-68 183-190 120-121
Section 3-3a, 7th para, cfr. Section 4-5	Information regarding the going concern assumption.	Prosperity performance	58-65
Section 3-3a, 8th para	Proposal for the allocation of profit or settlement of loss.	Board message	99-107
Section 3-3a, 9th para	Information about the work environment, along with an overview of implemented measures relevant to the working environment and including information on injuries, accidents and sick leave rates.	People performance Board message	43-45 99-107
Section 3-3a, 10th para	Information on matters relating to the business, hereunder its factor inputs and products, which may result in a not insignificant impact on the external environment. The environmental impact each aspect of the business has or may have, as well as measures implemented or planned implemented to prevent or reduce any negative environmental impacts, shall be stated.	Planet performance Board message Managing outcomes and value creation	50-52 99-107 29-30
Section 3-3a, 11th para	Information on whether insurances covering the board members' and CEO's potential liabilities towards the company and third parties are maintained, including information on the relevant insurance coverage.	(To be reported for 2021 onwards.)	

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Norwegian Accounting Act	Content	Annual Report chapter reference	Page reference
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (1)	Shareholders information: A description of any provisions of articles of association that restrict the right to trade in the shares of the company.	N/A	
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (2)	Shareholders information: A description of who exercises the rights attached to shares in any employee share schemes where authority is not exercised directly by the employees covered by the scheme.	N/A	
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (3)	Shareholders information: Any agreements between shareholders which are known to the company and which restrict the possibilities of trading in or exercising voting rights attached to shares.	N/A	
Section 3-3a, 12th para, cfr. Securities Trading Act Section 5-8a (4)	Shareholders information: Any significant agreements to which the company is a party, the terms of which take effect, alter or terminate as a result of a takeover bid, and a description of those terms.	N/A	
Section 3-3b	Report on corporate governance	Corporate governance	76-98
Section 3-3c, first para	Report on social responsibility	Board message People performance People risk Planet performance Planet risk Prosperity risk	99-107 43-45 46-47 50-52 53-54 66-68
Section 3-3d	Report on payments to the authorities, etc. (country by country reporting)	Separate report available on Latest annual report page, yara.com	
Norwegian Gender Equality Act			
Section 26a	Accounting for the factual status of gender equality, equal pay and diversity, and actions taken to fulfill requirements	People performance Board message	43-45 99-107

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To the General Meeting of Yara International ASA

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Yara International ASA, which comprise:

- The financial statements of the parent company Yara International ASA (the Company), which comprise the balance sheet as at 31 December 2020, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Yara International ASA and its subsidiaries (the Group), which comprise the statement of financial position as at 31 December 2020, the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements 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 Company as at 31 December 2020, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, 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.

Deloitte AS

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Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and 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:

- Tax assets and liabilities
- Impairment of goodwill and property, plant and equipment

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Organisasjonsnummer: 980 211 282

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Tax assets and liabilities

Key audit matter

As detailed in [note 1](#) and [2.8](#), the Group has recognized deferred tax assets of USD 485 million. Total unrecognized deferred tax assets are USD 312 million, of which USD 133 million represent unused tax losses in Brazil. Furthermore, Yara's operations in Brazil also generate tax credits. As disclosed in [note 1](#) and [4.6](#), the Group has recognized an amount of USD 125 million in tax credits related to the operations in Brazil. Recognition of these assets are based on management assumptions related to future operating results and timing of utilization.

As detailed in [note 1](#) and [2.8](#), management applies judgment to determine to what extent these deferred tax assets and tax credits qualify for recognition in the statement of financial position. This involves judgment as to the likelihood of the realization of deferred tax assets and tax credits. The expectation that the benefit of these deferred tax assets and tax credits will be realized is dependent on sufficient taxable profits in future periods and the ability to utilize the tax credits. Recoverability of the tax credits is also dependent on interpretation of laws and regulations, which may be subject to change over time.

As detailed in [note 1](#) and [5.6](#), the Group is engaged in a number of juridical and administrative proceedings related to disputed tax matters with uncertain outcome. Management is required to make certain judgments and estimates to recognize and measure the effect of uncertain tax positions.

Due to the significant management judgment involved in estimation and recognition of deferred tax assets, uncertain tax positions and tax credits, we have assessed this to be a Key Audit Matter.

How the matter was addressed in the audit

Our audit procedures included the following, among others:

- We evaluated relevant controls associated with accounting for tax balances, including deferred tax assets, tax credits and uncertain tax positions.
- We involved our tax specialists in evaluating management's judgments and conclusions.
- We challenged the appropriateness of management's assumptions and estimates in relation to the likelihood of generating future taxable profits to support the recognition of deferred tax assets. We evaluated the forecasted taxable profits and consistency of these forecasts with historical performance.
- We evaluated management's assessment of the probable outcome related to uncertain tax positions.
- We reviewed applicable third-party evidence and correspondence with tax authorities.
- We considered the adequacy of the Group's disclosures related to uncertain tax positions, deferred tax assets and tax credits.

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Impairment of goodwill, property, plant and equipment

Key audit matter

As disclosed in [note 1](#), [4.1](#) and [4.2](#), the Group has recognized goodwill of USD 831 million and property, plant and equipment (PP&E) of USD 8,579 million. The Company's goodwill is tested for impairment on an annual basis while PP&E is tested for impairment when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

Determining whether goodwill and PP&E are impaired requires estimation of the value in use. As disclosed in [note 4.7](#), the value in use calculation requires management to make significant estimates and assumptions related to future commodity prices, gas prices as well as assumptions related to discount rates, future production levels and capital expenditures. Changes in these assumptions could have a significant impact on the value of goodwill and PP&E.

Net impairment losses of USD 46 million were recognized in the year ended 31 December 2020. Due to the significant judgment involved in determining the assumptions used in the testing for impairment of goodwill, property, plant and equipment we have assessed this to be a Key Audit Matter.

How the matter was addressed in the audit

Our audit procedures included the following, among others:

- We evaluated relevant controls associated with the impairment review process.
- We challenged management's key assumptions used in the cash flow forecasts included within the impairment models.
- We challenged specifically the urea- and ammonia prices, gas prices, assumed production levels, capital expenditure and discount rate assumptions, including consideration of the risk of management bias.
- We compared urea- and ammonia and gas prices to third party publications.
- We used internal valuation specialists in assessing discount rate assumptions used and testing the models.
- We validated the mathematical accuracy of cash flow models and agreed relevant data to the latest production plans and approved budgets.
- We considered the adequacy of the disclosures provided by the Group in relation to its impairment reviews.

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Other information

Management is responsible for the other information. The other information comprises information in the integrated report, except 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 the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO (Management) are responsible for the preparation in accordance with law and regulations, including a true and fair view of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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, including ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.

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- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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.

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 integrated report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the integrated report concerning the financial statements, required by the Norwegian Accounting Act section 3-3a, 3-3b and 3-3-c (the Board of Directors' report, the statements on Corporate Governance and Corporate Social 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, 25 March 2021
Deloitte AS



Aase Aa. Lundgaard
State Authorised Public Accountant (Norway)

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Reconciliation of alternative performance measures in the Yara Group

Yara makes regular use of certain non-GAAP financial alternative performance measures (APMs), both in absolute terms and comparatively from period to period. The APMs used are the following:

- Operating income
- EBITDA
- EBITDA excluding special items
- Return on invested capital (ROIC)
- Fixed cost
- Net operating capital (days)
- Net interest-bearing debt
- Net debt/equity ratio
- Net debt/EBITDA excluding special items ratio
- Basic earnings per share excluding currency and special items

Definitions and explanations for the use of these APMs are described below, including reconciliations of the APMs to the most directly reconcilable line item, subtotal or total presented in the financial statements.

The EBITDA in USD per tonne Sales and Marketing segment was introduced as an Alternative Performance Measure in Fourth quarter 2019, as an indication of the margin improvement targeted by the segment. With the new regional organizational structure announced in May 2020, Yara further strengthened its position to commercially optimize its entire value chain tailored to regional market differences and opportunities, and will communicate updated APMs in due course.

Operating income

Operating income is directly identifiable from Yara's consolidated statement of income and is considered key information in order to understand the Group's financial performance. It provides performance information which covers all activities which normally are to be considered as "operating". Share of net income in equity-accounted investees is however not included.

EBITDA

Earnings before interest, tax, depreciation and amortization (EBITDA) is used for providing consistent information on Yara's operating performance and debt servicing ability. Such a measure is relative to other companies and frequently used by securities analysts, investors and other stakeholders. EBITDA, as defined by Yara, includes operating income, share of net income in equity-accounted investees, interest income and other financial income. It excludes depreciation, amortization and impairment loss, as well as amortization of excess values in equity-accounted investees. Yara's definition of EBITDA may differ from that of other companies.

EBITDA excluding special items

EBITDA excluding special items is used to better mirror the underlying performance in the reported period, adjusting for items which are not primarily related to the period in which they are recognized. For details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.

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Reconciliation of operating income to EBITDA excluding special items

USD millions	2020	2019
Operating income	1,176	989
Share of net income in equity-accounted investees	20	65
Interest income and other financial income	62	76
Depreciation and amortization ¹⁾	919	923
Impairment loss ²⁾	46	43
Earnings before interest, tax and depreciation/amortization (EBITDA)	2,223	2,095
Special items included in EBITDA ³⁾	(62)	70
EBITDA, excluding special items	A 2,161	2,165

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

3) For details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.**Reconciliation of net income to EBITDA**

USD millions	2020	2019
Net income	690	589
Income taxes	160	214
Interest expense and other financial items	165	182
Foreign currency translation (gain)/loss	243	145
Depreciation and amortization ¹⁾	919	923
Impairment loss ²⁾	46	43
EBITDA	2,223	2,095

1) Including amortization of excess value in equity-accounted investees.

2) Including impairment loss on excess value in equity-accounted investees.

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ROIC

Return on invested capital (ROIC) is defined as Net Operating Profit After Tax (NOPAT) divided by average invested capital calculated on a 12-months rolling average basis. NOPAT is defined as operating income excluding amortization and impairment of intangible assets other than goodwill, plus interest income from external customers, minus tax cost calculated on the previous mentioned items with a 25% flat rate, and plus net income from equity-accounted investees. Average invested capital is defined as total current assets excluding cash and cash equivalents,

plus a normalized cash level of USD 200 million, minus total current liabilities excluding short-term interest-bearing debt and current portion of long-term debt, plus property, plant and equipment, plus right-of-use assets, plus goodwill and plus equity-accounted investees.

NOPAT and average invested capital are defined and reconciled as components in the reporting of ROIC as an APM. They are not considered to be separate APMs.

Reconciliation of operating income to net operating profit after tax

USD millions	2020	2019
Operating income	1,176	989
Amortization and impairment of intangible assets	44	46
Interest income from external customers	54	60
Calculated tax cost (25% flat rate) on items above	(319)	(274)
Share of net income in equity-accounted investees	20	65
Net operating profit after tax (NOPAT)	B 976	886

Reconciliation of net income to net operating profit after tax

USD millions	2020	2019
Net income	690	589
Amortization and impairment of intangible assets	44	46
Interest income from external customers	54	60
Interest income and other financial income	(62)	(76)
Interest expense and other financial items	165	182
Foreign currency translation (gain)/loss	243	145
Income tax, added back	160	214
Calculated tax cost (25% flat rate)	(319)	(274)
Net operating profit after tax (NOPAT)	B 976	886

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Reconciliation of invested capital and ROIC calculation

USD millions

		2020	2019
Total current assets as reported		5,637	4,785
Cash and cash equivalents as reported		(1,363)	(300)
Normalized level of operating cash		200	200
Total current liabilities as reported		(3,165)	(3,317)
Short-term interest-bearing debt as reported		345	494
Current portion of long-term debt as reported		132	398
Short-term lease liabilities as reported		111	98
Property, plant and equipment as reported		8,579	8,614
Right-of-use assets as reported		430	428
Goodwill as reported		831	844
Equity-accounted investees as reported		107	970
Adjustment for 3-months/12-months average		356	180
Invested capital	C	12,200	13,395
Return on invested capital (ROIC)	D=B/C	8.0%	6.6%

Yara Improvement Program (YIP)

Yara has established a corporate program to drive and coordinate existing and new improvement initiatives, the Yara Improvement Program. At its Capital Markets Day on 26 June 2019, Yara launched an extended version of this program which distinguish between three defined pillars; a) higher production returns and lower variable costs, b) leaner cost base, and c) smarter working capital management. At the same time, Yara moved to reporting operational metrics on underlying value drivers to provide information on project performance to management, and which Yara also considers to be relevant for external stakeholders. The operational metrics are reported on a rolling 12-months basis and include:

- production volume (kt),
- energy efficiency (Gj/T),
- fixed cost (USD millions), and
- net operating capital (days).

The fixed cost, and the net operating capital measures represent financial alternative performance measures and are defined below. The production volume and energy efficiency are physical measures and are defined and reported in the Prosperity performance section in chapter 2 of the integrated report.

Fixed cost is defined as the subtotal "Operating costs and expenses" in the consolidated statement of income minus variable product cost (raw materials, energy, freight), other variable operating expenses, depreciation, amortization and impairment loss. The reported amounts are adjusted for items which are not considered to be part of underlying business performance for the period (for details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.), currency effects, and items which relate to portfolio and structural changes. The currency effects are calculated by converting from local currency to reporting currency using baseline exchange rates as of 2018. The portfolio and structural changes refer to the acquisition of the Vale Cubatão Fertilizantes complex in Brazil and the ammonia plant in Freeport.

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Net operating capital days are reported on a 12-months average basis and is defined as the net of credit days, inventory days and payable days. Credit days are calculated as trade receivables, adjusted for VAT payables, relative to total revenue and interest income from customers. Inventory days are calculated as the total inventory balance relative to product variable costs. Payable days are calculated as trade payables adjusted for payables related to investments, relative to supplier related operating costs and expenses.

As Yara Improvement Program performance measures are presented to report on the progress towards Yara's strategic goals, previous calendar year is considered to represent the relevant comparatives.

Reconciliation of operating costs and expenses to fixed cost

USD millions

	2020	2019
Operating costs and expenses	10,551	11,946
Variable part of Raw materials, energy costs and freight expenses	(7,399)	(8,714)
Variable part of Other operating expenses	(31)	(25)
Depreciation and amortization	(919)	(923)
Impairment loss	(46)	(43)
Currency effects (using baseline exchange rates as of 2018)	209	102
Special items within fixed cost	(44)	(53)
Fixed cost	2,322	2,291

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Reconciliation of Net operating capital days

USD millions

		2020	2019
Trade receivables as reported		1,478	1,564
Adjustment for VAT payables		(83)	(64)
Adjustment for 12-months average		106	186
Adjusted trade receivables (12-months average)	E	1,501	1,686
Revenue from contracts with customers		11,591	12,858
Interest income from external customers		51	56
Total revenue and interest income from customers	F	11,641	12,914
Credit days	$G=(E/F)*365$	47	48
Inventories as reported		2,161	2,360
Adjustment for 12-months average		(25)	140
Inventories (12-months average)	H	2,136	2,500
Raw materials, energy costs and freight expenses		8,021	9,334
Fixed product costs and freight expenses external customers		(1,522)	(1,564)
Product variable costs	I	6,498	7,770
Inventory days	$J=(H/I)*365$	120	117
Trade and other payables as reported		1,880	1,614
Adjustment for other payables		(451)	(329)
Adjustment for payables related to investments		(160)	(116)
Adjustment for 12-months average		(66)	162
Trade payables (12-months average)	K	1,203	1,331
Operating costs and expenses		10,551	11,946
Depreciation and amortization		(919)	(922)
Impairment loss		(46)	(43)
Other non-supplier related costs		(1,397)	(1,271)
Operating costs and expenses, adjusted	L	8,190	9,710
Payable days	$M=(K/L)*365$	54	50
Net operating capital days	$N=G+J-M$	113	115

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Capital structure measures

Yara reports the Group's net interest-bearing debt, net debt/equity ratio and net debt/EBITDA excluding special items ratio to provide information on the Group's financial position as references to the targeted capital structure as communicated in Yara's financial policy. In addition, Yara's reporting of net interest-bearing debt highlights key development factors which supplement the consolidated statement of cash flows. Net interest-bearing debt is defined by Yara as cash and

cash equivalents and other liquid assets, reduced for short-term and long-term (including current portion) interest-bearing debt, and lease liabilities. The net debt/equity ratio is calculated as net interest-bearing debt divided by shareholders' equity plus non-controlling interests. The Net Debt/EBITDA ratio is calculated as net interest-bearing debt divided by EBITDA excluding special items on a 12-months rolling basis.

Net interest-bearing debt

USD millions

		31 Dec 2020	31 Dec 2019
Cash and cash equivalents		1,363	300
Short-term interest-bearing debt		(345)	(494)
Current portion of long-term debt		(132)	(398)
Short-term lease liabilities		(111)	(98)
Long-term interest-bearing debt		(3,371)	(2,698)
Long-term lease liabilities		(335)	(337)
Net interest-bearing debt	O	(2,930)	(3,725)

Net debt/equity ratio

USD millions

		31 Dec 2020	31 Dec 2019
Net interest-bearing debt	O	(2,930)	(3,725)
Total equity	P	(8,220)	(8,909)
Net debt/equity ratio	Q=O/P	0.36	0.42

Net debt/EBITDA excluding special items ratio

USD millions

		31 Dec 2020	31 Dec 2019
Net interest-bearing debt	O	(2,930)	(3,725)
EBITDA, excluding special items (last 12 months)	A	2,161	2,165
Net debt/EBITDA excluding special items ratio	R=(O)/A	1.36	1.72

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Basic earnings per share excluding currency and special items

Basic earnings per share (EPS) excluding currency and special items is an adjusted EPS measure which mirrors the underlying performance in the reported period by adjusting for currency effects and items which are not primarily related to the period in which they are recognized. This APM

represent net income after non-controlling interests, excluding foreign currency translation gain/loss and special items after tax, divided by average number of shares outstanding in the period. The tax effect on foreign currency and special items is calculated based on relevant statutory tax rate for simplicity.

Earnings per share

USD millions, except earnings per share and number of shares

		2020	2019
Weighted average number of shares outstanding	S	267,985,860	272,319,232
Net income attributable to shareholders of the parent	T	691	599
Foreign currency translation gain/(loss)	U	(243)	(145)
Tax effect on foreign currency translation gain/(loss)	V	73	38
Non-controlling interest share of currency (gain)/loss, net after tax	W	-	(1)
Special items within income before tax ¹⁾	X	17	(126)
Tax effect on special items	Y	17	23
Special items within income before tax, net after tax	Z=X+Y	34	(102)
Special items within income tax	AA	-	(38)
Non-controlling interest's share of special items, net after tax	AB	(1)	(2)
Net income excluding currency and special items	AC=T-U-V+W-Z-AA+AB	826	842
Basic earnings per share	AD=T/S	2.58	2.20
Basic earnings per share excluding currency and special items	AE=AC/S	3.08	3.09

1) For details on special items, see [page 65](#) in chapter 2, Yara in review, section Prosperity performance.



Knowledge grows



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