



## Knowledge grows



# Yara's Prevention of Corruption

Since being established as an independent company in 2004, Yara has had a Code of Conduct committing the company to the principles set out in the UN Global Compact: anti-corruption, human rights, labor standards, and the environment.

Extensive efforts have been made over the past few years to strengthen the company's work on ethics. This work has been initiated and driven by the company's CEO and Executive Management. As a result of these efforts, Yara firmly believes it is now one of the foremost companies in Norway with respect to its activities in preventing corruption.

## Procedures and Training

- 2004: Code of Conduct established, which sets out the company's obligations, principles and aims in areas such as corporate governance, sustainability, ethics, social responsibility and human rights.
- 2009: Ethics Hotline. In addition to internal notifications to managers or the Ethics and Compliance department, employees gain access to an external whistleblowing service online or by telephone, including the possibility to report anonymously.
- 2010: The Ethics Handbook provides guidance and instruction on the principles in the Code of Conduct. It is available in 12 languages, with a clear zero tolerance policy with regard to corruption. The Ethics Handbook is addressed from the CEO, and the content is updated regularly.
- 2010: The Ethics Portal is an intranet site including downloadable guides, training resources and contact details for the Ethics Hotline.
- 2010: A mandatory training program is introduced of interactive videos with dilemmas. The videos are updated regularly to include newly identified risk areas, last amended in 2012.
- 2010: Code of Conduct for Yara's Business Partners. Describes what Yara expects of its business partners with regard to ethical business practices.
- 2011: Integrity Due Diligence. Ethics is integrated into Yara's standard procurement procedures, including the identification of corruption risks.
- 2012: Ethics in the Capital Value Process. Yara's Ethics and Compliance program is fully integrated in investment activities such as technical projects, mergers and acquisitions, mining and the establishment of joint ventures.
- 2012: Joint ventures manual. Contains rules of conduct, guidance and checklists when establishing and participating in joint ventures, mitigating the risk of corruption.
- 2012-13: Workshops. Interactive training program named "Share It!", in which 3 500 employees participated. The training includes the identification of, reflection over and increased awareness on ethical issues.

## Organization and Management

- 2008: Ethics and Compliance emphasised as a priority.
- 2009: Chief Compliance Officer employed, with responsibility for Yara's Ethics and Compliance program. The Ethics and Compliance department established, with an additional two team members.
- 2009, 2010, 2011 and 2012: Prevention of corruption was addressed at Yara's global management gatherings, emphasising Yara's zero tolerance approach and compliance with procedures at all levels.
- 2012: The Compliance department is expanded to include one further employee. The department's activities are organized to include five regional compliance coordinators who are responsible for areas such as guidance and assistance.
- 2012: The reporting lines are amended, with the Chief Compliance Officer reporting directly to the CEO.
- 2014: The Compliance efforts are reinforced, now counting 9 FTEs and 3 PTEs.

A key principle at Yara is that responsibility for ethics and compliance with laws and regulations is assumed by all employees. Managers at all levels are the first point of contact for employees who have questions. The Ethics and Compliance department is an additional resource with the expertise to provide training, advice and guidance.

Managers at all levels reiterate to their employees regularly their responsibilities for ethics, compliance and Yara's values. Managers also execute key initiatives, such as the implementation of updated purchasing processes.

## Risk and Control

Yara's risk assessment work aims to identify, evaluate and manage risk factors across all areas of the company. This includes compliance risks. Risk identification, follow-up, evaluation, management and reporting from the various areas of the organization to Executive Management and the Board of Directors is a continuous process.

Yara's internal audit department reports to the Board of Directors and has integrated ethics and compliance into its work, with projects focusing on the implementation and employee awareness of the Ethics Handbook. Internal audit work is focused on countries for which particular corruption risks have been identified. The Ethics and Compliance department is also subject to internal audits.

Annual ethics surveys have been carried out regularly since 2010. The last of these took place in April 2013, with responses from almost 3 000 employees in 48 countries. The Ethics and Compliance department carries out analysis and follow-up work on the results of the survey in cooperation with the business units and other departments.

Yara's strategy for joint ventures was amended in 2010, dictating that Yara no longer wishes to hold minority positions where the risks of low transparency or control are present. Mitigating the risks of poor corporate governance and ethical standards was an important factor in this decision.

## Transparency and Remediation

Yara has focused on transparency throughout the entire process. Økokrim has been kept informed and received all the information that has been uncovered, while the market and the general public have received notification of the most important milestones.

Work on ethics and compliance has improved substantially at Yara over the past few years. This work began before investigation into the circumstances cited above, and continues to be a priority for the company.

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## Overview of Central Events

Below is an indication of the most central events in the investigation of unacceptable payments made by Yara.

### Key facts

April 13, 2011	Yara announces in a <b>stock exchange/press release</b> that the company is launching an investigation relating to the establishment of the joint venture Lifeco. Økokrim (the Norwegian National Authority for Investigation and Prosecution of Economic and Environmental Crime) is notified at the same time. This investigation will be led by Jan Fougner, partner at Wiersholm, Mellbye and Beck.
May 12, 2011	Økokrim <b>presses charges against Yara</b> . The company announces at the same time that Økokrim has received further information about a payment linked to a project in India.
March 23, 2012	Yara <b>notifies Økokrim and the market</b> that it has uncovered further unacceptable payments from the joint venture Balderton in Switzerland.
May 18, 2012	Økokrim <b>presses charges against two of Yara's Executive Directors</b> .
May 21, 2012	The two <b>Executive Directors are redeployed</b> and removed from the Executive Management.
June 29, 2012	Yara <b>publishes the main findings</b> from the external investigation.
January 15, 2014	Yara <b>accepts a fine</b> and confiscation of totally NOK 295 million.

### Relevant Links

Code of Conduct — Principles for social responsibility and Rules of Conduct: [http://www.yara.com/doc/22040\\_Conduct\\_Code\\_2010.pdf](http://www.yara.com/doc/22040_Conduct_Code_2010.pdf)

Ethics Handbook: [http://www.yara.com/doc/36309\\_Ethics\\_Handbook\\_-\\_English\\_V23.pdf](http://www.yara.com/doc/36309_Ethics_Handbook_-_English_V23.pdf)

Code of Conduct for Yara's Business Partners — Principles for social responsibility and Rules of Conduct for Yara's business partners: [http://www.yara.com/doc/32031\\_Business\\_Partners\\_Code\\_of\\_Conduct.pdf](http://www.yara.com/doc/32031_Business_Partners_Code_of_Conduct.pdf)

