



Knowledge grows

# Sustainable Procurement Policy



## Guided by our mission

### Dear reader,

Yara's mission to responsibly feed the world and protect the planet guides us towards our vision of a collaborative society; a world without hunger; and a planet respected. In collaboration, we overcome social, environmental, and economic barriers to create the solutions needed to achieve our vision and our strategic ambition of Growing a Nature-Positive Food Future.

We take a holistic approach to measuring success. 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 prerequisite for being successful as a company. That is why we manage and measure our value creation along the three axes People, Planet, and Prosperity. We are committed to becoming climate neutral by 2050, and collaboration with our suppliers is key to this end.

In addition to being aware of our own contribution, we are also aware of our limitations. We are not able to solve the global challenges in isolation, and the whole value chain must collaborate to improve. The purpose of this Sustainable Procurement Policy is to communicate Yara's views on sustainable procurement and define what Yara expects from its suppliers and what suppliers can expect from Yara. The overarching goal is to improve the transparency and sustainability of our shared value chain through collaboration, knowledge-sharing and mutual improvement.

Svein Tore Holsether  
President and CEO





## Executive summary

Yara is determined to create a net-positive impact in the food chain and improve the sustainability of our value chain. The purpose of this Sustainable Procurement Policy is to ensure the long-term sustainable value creation for Yara and its business partners.

We believe that the full value chain must collaborate to improve. This means that we work closely together with other value chain players, including our own suppliers, to meet our sustainability goals. We have embedded sustainability into all business functions, and Procurement plays a key role in establishing a clear and transparent link with our supply chain partners.

Our suppliers are our recognized business partners and are vital to Yara's success. To deliver on our ambition of Growing a Nature-Positive Food Future, our suppliers must not only strive for the same sustainable value creation, but also require the same from their own business partners. Although we aim to address all sustainability-related aspects in our business operations and expect our suppliers to do the same, this Sustainable Procurement Policy gives special attention to the following topics: climate change; energy; circularity; water management; health and safety; human rights and labor practices; business integrity; and diversity, equity & inclusion.

Our goal is to develop long-term relationships with suppliers that share Yara's values and to enable both Yara and our suppliers to meet business goals in a socially and environmentally responsible manner. Therefore we may use various approaches to assess suppliers' sustainability performance and confirm compliance.

To create transparency in our supply chain and to grow and improve together with our business partners, we expect our suppliers to be rated on their sustainability performance and efforts by at least one leading independent rating agency.

### **Yara's ambition is to have:**

80% of our spend covered by third-party sustainability evaluations by 2025

75% of our rated suppliers to improve their sustainability performance compared to their previous (annual) evaluation by 2025.

We understand that improving sustainability performance demands effort and can take time, and we are dedicated to cooperating with our suppliers to mutually improve.

# SUSTAINABLE PROCUREMENT IN YARA

Our Sustainable Procurement Policy is based on the guiding principles as detailed in our Code of Conduct for Business Partners. The starting point is our commitment to do business in accordance with laws and regulations while driving continuous improvement. Both this Policy and our Code of Conduct for Business Partners are applicable and expected to be adhered to by all our suppliers.

In addition to conducting business in compliance with applicable laws and regulations, we expect our suppliers to specifically respect the United Nations Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact as well as the Sustainable Development Goals. This Sustainable Procurement Policy builds on the aforementioned standards and regulations and in addition, aims to facilitate continuous improvement in sustainable business conduct, for both Yara and its suppliers.





For Yara to deliver on its ambition of Growing a Nature-Positive Food Future, we need our suppliers to strive for sustainable value creation and require the same from its own set of business partners. Although Yara aims to address all sustainability-related aspects in its business operations, this Sustainable Procurement Policy requires special attention from our suppliers to the following topics:

**Climate change:** Mitigating climate change by reducing greenhouse gas emissions and adapting to climate change.

**Energy:** Improving energy efficiency and defining the company position on sourcing of renewable energy.

**Circularity:** Moving towards Circular Economy by using materials efficiently and improving waste management by prioritizing recycling and circularity and developing technologies to enable it.

**Water management:** Protecting clean water and minimizing water stress by using water and managing discharges efficiently.

**Health and safety:** Ensuring health, wellbeing and safety for all employees and contractors, and keeping neighboring communities safe and minimally exposed to risks.

**Human rights and labor practices:** Respecting internationally recognized human rights along with all relevant labor rights throughout operations and supply chain and maintaining good and constructive relations with employees and their organizations.

**Business integrity:** Honoring responsible business conduct and promoting accountability by maintaining proper policies and practices, upholding a culture of respect, honesty and fairness, and contributing to transparency.

**Diversity, equity and inclusion:** Building an inclusive and diverse working environment and ensuring fair treatment and equal opportunities for all.

**Sustainable supply chains:** Cascading the above sustainability requirements into the supply chain of our suppliers is a key expectation of this Policy.

# SUPPLIER COMPLIANCE AND PERFORMANCE MANAGEMENT



With close to 18,000 employees worldwide, operations in over 60 countries, and a strategic ambition of becoming nature-positive and climate neutral by 2050, we need to partner with the very best suppliers in any given sector, ranging from local service providers to global producers of raw materials, logistics services, and technology.

The suppliers we select are our recognized business partners – that is why all business partners are expected to share Yara’s focus on the people, planet, and prosperity dimensions of business conduct.

To ensure progress on our sustainability journey through continuous improvement, the key elements of our Sustainable Procurement Policy are embedded in our supplier compliance and performance management processes. These processes consist of supplier approval, qualification, onboarding, compliance and performance monitoring.

Supplier selection is based on the supplier’s ability to meet our requirements and expectations and on adherence to Yara’s Sustainable Procurement Policy and Code of Conduct for Business Partners. Within the supplier selection phase, we gather necessary information and documentation according to category-specific and other relevant requirements and perform a risk assessment by evaluating the potential for breaches of any of our standards or expectations.

As an important part of the supplier selection process, we will communicate our expectations about supplier performance and our sustainability standards. Our contract templates incorporate and require compliance with Yara’s Code of Conduct for Business Partners and this Policy.



With every signed contract and during the entire duration of our business relationship we expect our suppliers to respect and act in accordance with our Code of Conduct for Business Partners and this Policy.

Procurement assesses the suppliers' competitiveness, reliability, innovation capability, the overall business relationship and commitment to sustainability. To assess the latter, we may ask our suppliers to confirm that they are operating in accordance with sustainability principles through the following methods.

**Checklists/queries:** We may ask suppliers to complete checklists and/or queries assessing their performance on various aspects, including ESG-principles.

**Third-Party sustainability assessments:** We expect our suppliers to be rated on their sustainability performance and efforts by at least one independent third party and improve their performance according to such ratings on a continuous basis.

**Documentation:** We may ask suppliers for statements or other documentation confirming commitment to sustainability principles.

**Onsite audits:** We or an authorized third-party acting on our behalf may contact suppliers and ask for a site visit, subject to customary confidentiality obligations, to verify compliance with sustainability principles in their operations.

Yara expects suppliers who have been assessed to address any improvement areas identified in the assessment within an agreed timeframe and provide supporting documentation as requested. We know that some improvements can take time and appreciate the complexity of some sustainability projects. Yara aims to support suppliers in these endeavors. However, where we see that a supplier does not take the necessary actions to demonstrate improvement within an agreed timeframe, we may take the necessary steps to seek an alternative supplier.

An important step on our sustainability improvement agenda is to develop transparency around our suppliers' and their suppliers' sustainability performance. We intend to measure and follow up on all aspects of our supplier's performance.

### **Yara's ambition is to have**

**80%** of our spend covered by third-party sustainability evaluations by 2025

**75%** of our rated suppliers to improve their sustainability performance compared to their previous (annual) evaluation by 2025

We expect suppliers to implement management systems to ensure compliance with this Policy, including, at the minimum:

Mechanisms to identify, assess and manage risks within environmental and social areas of sustainability, in particular topics addressed by this Policy.

Communicate this Policy to all supplier's, relevant employees as well as sub-contractors, agents, and subsidiaries.





# REPORTING AND REVIEW

Each unit of Yara's procurement organization will monitor, measure, analyze and evaluate its own compliance with this Policy as well as relevant suppliers' performance against sustainability requirements and expectations. To assess the effectiveness of Yara's Sustainable Procurement Policy, Procurement will set short and medium-term indicators to analyze whether planned performance levels are met.

These reviews shall evaluate the suitability, adequacy and effectiveness of this Policy and make decisions related to its continuous improvement. In the event of underperformance, the reviews shall also assess the need for mitigating actions, including but not limited to, changes to this Policy, resource situation, etc.

Yara Procurement will communicate this performance information both internally and externally, as required by the compliance obligations and in accordance with stakeholder expectations.

This includes, but is not limited to:

Necessary communication with, and feedback to, suppliers

External sustainability related disclosures according to Yara's obligations and commitments

Communication with Yara units as end users of the purchased services and products



# GRIEVANCES & FEEDBACK

We encourage suppliers, and their sub-contractors, to raise any suspicion or concern of breaches, or any other non-compliance with the standards set out in this document, of a Yara employee, representative, consultant, contractor, or any of our Business Partners, and to report such concerns to us. This can be done by contacting your usual point of contact at Yara.

Alternatively, such suspicion or concern can be raised in confidence to Yara's Ethics and Compliance Department at [ethics@yara.com](mailto:ethics@yara.com) or anonymously through the [Yara Ethics Hotline](#) available at [www.yara.com](http://www.yara.com).

Further information and guidance are available in the [Ethics and Compliance section of our website](#).

We also encourage our suppliers to get in touch with us with feedback about this Policy, as well as with suggestions and ideas for how we can improve our collaboration and our mutual contribution to sustainable value creation. This can be done through your usual point of contact at Yara.



# THIS IS HOW PROCUREMENT IN YARA IS ORGANISED

Procurement in Yara is split into three main functions: Direct Procurement, Indirect Procurement and Procurement Governance, Systems & Excellence.

**Direct Procurement** acquires raw materials and goods needed for our production process and third party finished fertilizers and chemicals for our markets.

**Indirect Procurement** buys other goods and services to ensure efficient operations.

Both functions have a global mandate and control their full third-party spend. Their category-based structure manages cross-functional governance bodies that are responsible for the category strategies, including sustainable procurement. Several local procurement organizations are responsible for tactical and strategic purchases for the local units.

**Procurement Governance, Systems & Excellence** is responsible for effective and efficient procurement processes, sharing best practices, procurement competence development and providing state of the art e-Procurement tools.

Yara aims to partner with the very best suppliers in any given sector, ranging from local service providers to global producers of raw materials, logistics services, and technology. A global and centralized and integrated procurement function ensures the most favorable sustainable value delivery across regions, units, and functions in Yara, while supporting our overall ambition.

This Sustainable Procurement Policy thus applies to all procurement activities in Yara.

# APPENDIX

Yara's Annual Integrated and Sustainability Reports

Yara's Safe-by-Choice program

Yara HESQ Policy

Yara's Code of Conduct for Business Partners

United Nations Guiding Principles on Business and Human Rights

The Ten Principles of the UN Global Compact

UN Sustainable Development Goals

**Disclaimer:**

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