

## Shareholder resolution on scope 3 emissions for consideration at Yara International ASA's 2024 Annual General Meeting

### Resolution wording

With reference to section 5-11 of the Norwegian Public Limited Liability Companies Act, we hereby request that the following resolution be included on the agenda at the company's 2024 Annual General Meeting:

Shareholders direct the company to publish science-based targets to reduce scope 3 greenhouse gas emissions over the short, medium, and long term, in line with the goal of limiting global warming to 1.5C, and to implement measures to reduce such emissions. Targets and measures should include upstream as well as downstream emissions and entail an absolute reduction in emissions. They should be disclosed before the next annual shareholder meeting in 2025.

## Supporting statement

The net-zero transition will come with numerous opportunities for Yara. Yara has taken important steps to realise these opportunities: the company has expanded its use of renewable energy, invested in key renewable technologies, and developed new sustainability-focused product lines.

Yet Yara's climate strategy is missing a key element: the company does not have comprehensive targets to reduce scope 3 emissions in the near and long term.

Scope 3 emissions are highly material for Yara, accounting for around 75 per cent of the company's carbon footprint.

Despite this, Yara does not have a net-zero target covering scope 3 emissions, and its near-term scope 3 targets are weak. Yara's 2030 target excludes upstream emissions, which account for 15 per cent of the company's total carbon footprint. On the downstream side, the target would entail only a modest (11.1 per cent) absolute reduction in emissions. Such limited reductions would make it challenging to achieve the steep long-term decline in fertiliser emissions which several recent 1.5C pathways for the sector have shown to be feasible by 2050, such as the 2022 study co-authored by the International Fertilizer Association and SystemIQ.

Yara also has a near-term intensity target which covers a portion of its upstream scope 3 emissions. The target is set to expire next year, and, according to company disclosures, is not expected to result in any reduction in absolute scope 3 emissions.

While Yara has said that it is committed to setting science-based targets across all scopes, the company has not provided a clear timeline for publishing additional targets, despite several years of engagement with concerned investors on the topic.

## Weak targets put Yara's reputation and business at risk

As major food manufacturers and retailers in Yara's downstream value chain—including Nestle, Danone, and PepsiCo—set ambitious scope 3 targets, Yara will be expected to take rapid action to reduce emissions from the production and use of its fertilisers.

These companies' commitments will also cause low-emissions markets to grow in the coming decades.

Without a scope 3 reduction strategy, Yara could damage its brand image and sacrifice market share to more proactive peers.

## Proposed investments could materially increase upstream emissions

At a time when Yara's emissions need to decline rapidly, Yara is considering investments in two new sites which could cause upstream emissions to rise. The sites, on the US Gulf Coast, will produce ammonia from fossil gas, capturing direct emissions but not resolving emissions from gas extraction and transportation.

Without upstream scope 3 targets, it is unclear whether and how Yara plans to address these emissions. These investments, by locking in dependence on fossil gas, also pose a long-term risk of asset stranding.

## Sector peers are setting upstream scope 3 targets

While Yara's strategy for setting comprehensive targets remains unclear, chemical sector peers are beginning to set their own upstream scope 3 targets. Based on validated primary data from suppliers, these targets demonstrate that key challenges to upstream data collection are surmountable with rigorous supplier engagement strategies.

## **SBTi will shortly provide guidance for chemical sector target-setting, including scope 3**

Later this year, the Science Based Targets initiative (SBTi) will release its guidance on target-setting in the chemical industry, setting out a harmonised standard and methodology for 1.5C-aligned targets in this sector. Yara has been a sponsor to SBTi's chemicals work and is contributing to the development of the guidance through its membership in the SBTi's Expert Advisory Group. There is no reason for Yara to delay further in setting a target once the guidance has been released.

## **It is in Yara's best interest to set comprehensive emissions reduction targets**

By setting comprehensive, science-based scope 3 targets, Yara can reduce reputational and commercial risks to its business, capture emerging markets for low-carbon products, and ensure a smooth transition to net zero. Yara has already said that it will set comprehensive, 1.5C-aligned scope 3 targets; this resolution supports Yara to follow through on its commitment.

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