

Vote Bulletin – Yara International ASA

Meeting Type – Annual

Meeting Date – 28 May 2024

Item number	Proponent	Item description	Management recommendation	SSGA vote
13	Shareholder	Proposal from shareholders on Scope 3 emissions	AGAINST	AGAINST

Text of Proposal

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 1.5°C, 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.

SSGA Policy

We expect all companies to provide public disclosures in accordance with the four pillars of the Taskforce for Climate-related Financial Disclosures (TCFD) framework. In line with TCFD, we expect companies to identify and disclose the most relevant categories of Scope 3 emissions as defined by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard¹ and to explain any efforts to address Scope 3 emissions. State Street Global Advisors is not prescriptive on target setting or alignment of climate targets with specific temperature pathways. We do not require companies to adopt net zero ambitions or join relevant industry initiatives. Our criteria for assessing shareholder proposals are outlined in our [Global Proxy Voting and Engagement Policy](#).

Analysis

A group of Yara International ASA (“Yara”) shareholders filed a resolution requesting the global crop nutrition and industrial solutions company to publish science-based targets to reduce absolute Scope 3 emissions in line with a 1.5°C pathway. The proponents highlight the portion of Yara’s Scope 3 emissions footprint that is excluded from the company’s current emissions reduction targets.

Prior to the 2024 AGM, SSGA’s asset stewardship team engaged with the company to discuss the shareholder proposal and the company’s climate transition plan and nature-related disclosures. The company has committed to aligning its emissions reduction targets with the commitments of the Paris Agreement and submitted its absolute emissions reduction targets for 2030 for Scope 1, 2, and “Use of Sold Products” (Scope 3 Category 11²) emissions to the Science-Based Targets Initiative (SBTi) in 2023. The company also participates as a member of SBTi’s Expert Advisory Group (EAG) for the development of a Sectoral Decarbonization Approach (SDA) for the Chemicals sector. During our engagement, we discussed Yara’s efforts to decarbonize its own operations and to increase renewable energy procurement, how the company prioritizes emissions abatement projects, existing customer demand for lower carbon products, and the company’s supplier engagement efforts. Yara described its efforts to address Scope 3 emissions and the associated challenges for nitrogen fertilizer producers and the agriculture value chain more broadly. Specifically, Yara pointed to difficulties collecting supplier data, reducing emissions associated with imported ammonia and purchased natural gas, and increasing customer demand and willingness to pay a premium for lower carbon products.

Yara meets our expectations for Scope 3 emissions disclosures and has set a Scope 3 Category 11 “Use of Sold Products” emissions target for 2030. The company describes its efforts to increase the use of third-party sustainability evaluations among its suppliers, to enhance supplier sustainability performance data collection, and to engage and support suppliers to improve their sustainability performance. Yara also discloses on its efforts to address downstream emissions, including partnerships to expand access to hydrogen and to grow the low-emissions ammonia supply, its work to increase demand for fertilizer with a reduced carbon footprint, and its strategy to deliver new regenerative agriculture products and services.

We are not prescriptive on target setting (e.g., aligning with a specific temperature pathway or setting absolute emissions reduction targets), and we do not expect companies to set Scope 3 targets. Yara’s disclosures align with our disclosure assessment criteria, and the company’s adoption of its current Scope 3 target aligns with market practice. We will continue to monitor Yara’s disclosures and to engage with the company on its climate-related disclosures, decarbonization strategy, and efforts to address value chain emissions.

SSGA Vote

For these reasons, SSGA voted AGAINST the shareholder proposal.

¹ We recognize that Scope 3 emissions estimates have a high degree of uncertainty; therefore, if the company determines that categories of Scope 3 are impracticable to estimate, we instead encourage companies to explain these limitations.

² As defined by the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

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*Pensions & Investments Research Center, as of 12/31/22.

[†]This figure is presented as of March 31, 2024 and includes ETF AUM of \$1,360.89 billion USD of which approximately \$65.87 billion USD is in gold assets with respect to SPDR products for which State Street Global Advisors Funds Distributors, LLC (SSGA FD) acts solely as the marketing agent. SSGA FD and State Street Global Advisors are affiliated. Please note all AUM is unaudited.

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