

Annual Report 2013




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CEO's review:
"Hard work in
Renewables
paid off"



Over 50%
of renewable inputs
consisted of
waste and
residues



Neste Oil ranked the
world's sixth-most
sustainable company



Finland's
most respected
service station
brand



Target of using
100%
certified palm oil
achieved!

Mega-
trends
represent
opportunities



Palm oil
sourced from
54,000
smallholders



Ongoing
research on
renewable
feedstocks



The
world's
best
diesel fuel



Sustainability

Sustainability is fundamental part of Neste Oil's cleaner traffic strategy. We continually develop cleaner fuels that make a valuable contribution to combating climate change. In addition, we continuously develop our own operation in order to reduce their environmental impact. We also strive to promote sustainable operating practices across the industry.

Video message from Simo Honkanen, SVP, Sustainability and HSEQ



Neste Oil Sustainable Way program crystallizes our focus areas



[Read more](#)


Neste Oil ranked as the world's sixth most sustainable company



GLOBAL100

[Read more](#)

Volume of NExBTL diesel produced reduced greenhouse gas emissions by 4.8 million tons



[Read more](#)

Managing sustainability and strategy

Neste Oil's approach to sustainability is based on the company's sustainability policy, and sustainability is one of our four values. Sustainability-related work is crystallized in the six focus areas of the Neste Oil Sustainable Way program.

Long-term goals for our sustainability program drawn up

[Read more ►](#)

Managing sustainability at Neste Oil

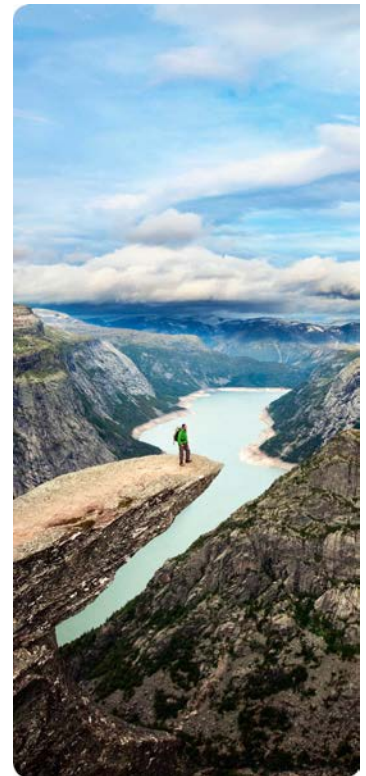
[Read more ►](#)

Sustainability key figures

[Read more ►](#)

Sustainability based on sustainability policies and principles

[Read more ►](#)



Managing sustainability



Neste Oil's approach to sustainability is based on the company's values and is guided by its Code of Conduct, sustainability policy, and sustainability principles.

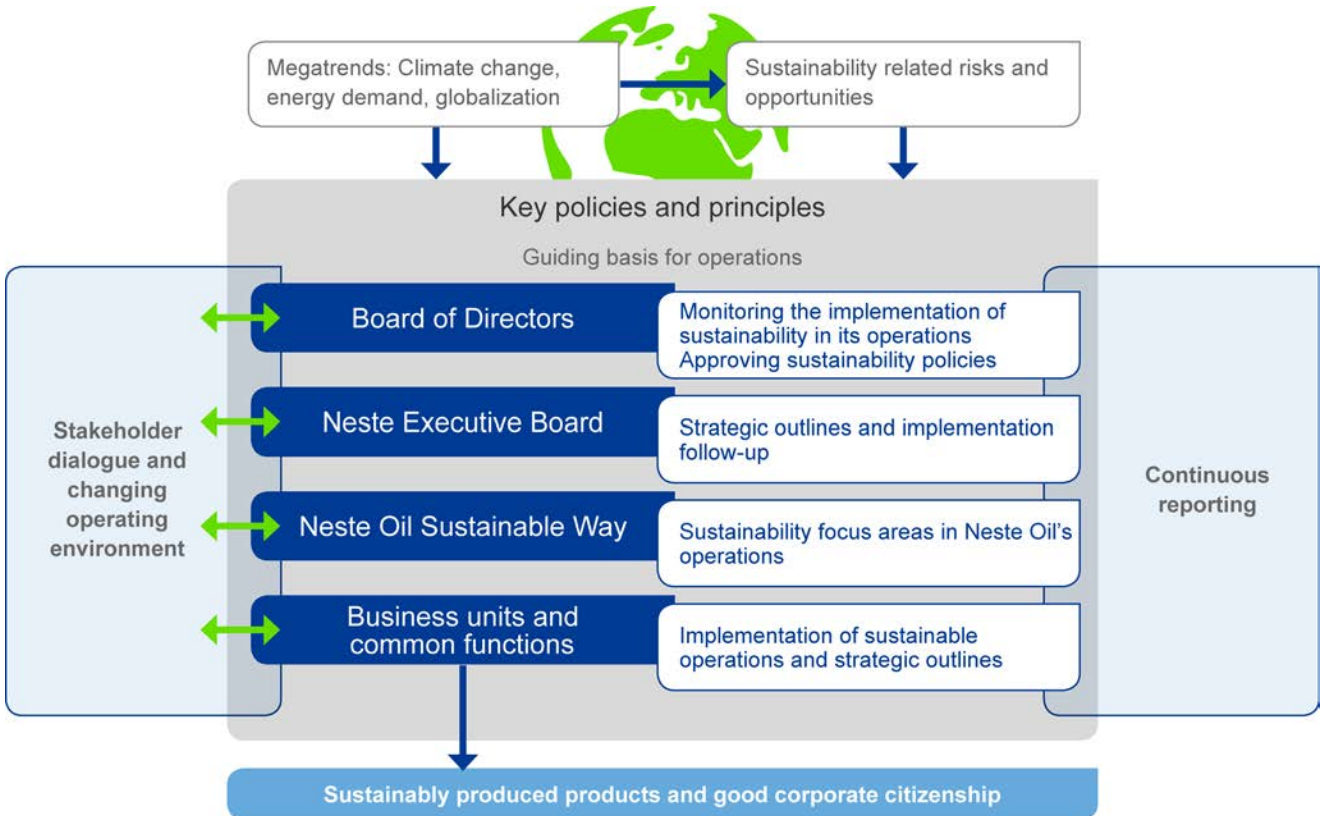
Learn more about the [policies and principles underpinning Neste Oil's sustainability](#).

Six focus areas were defined as part of Neste Oil's sustainability program in 2012. These areas form the foundation of the sustainability-related work carried out by the company. These focus areas are:

- Customer
- Safety
- Personnel
- Society
- Climate and resource efficiency, and
- Sustainable supply chain.

Sustainability-related work is steered by the Senior Vice President, Sustainability and HSEQ, who is a member of the Neste Executive Board. The Board of Directors approves policies covering sustainability and monitors how Neste Oil performs in terms of sustainability. The Neste Executive Board is responsible for outlining the company's strategic approach to sustainability and monitoring how sustainability is reflected in business units and support function operations. Matters related to sustainability are reviewed regularly by the Board of Directors, the Neste Executive Board, and the management teams of the Sustainability and HSEQ organization, business areas, and production plants.

Managing sustainability



Performance in the sustainability area is one of the factors determining the incentives paid to management, and how well the company performs in terms of accident frequency, for example, will affect the bonus paid to the President & CEO for 2013.

Sustainability is part of management remuneration 

Managing safety, the environment, and human resources

Neste Oil's HSEQ organization is responsible for the company's safety and environmental management systems. The unit's area

of responsibility covers people safety, process and product safety, environmental impact, and environmental protection at Group level. Safety specialists are responsible for supporting safety work in line organizations.

Incident-free operations play a central role in managing environmental impact effectively. All measures taken to promote, for example, operational reliability also help improve environmental protection.

Safety responsibilities

Who?	How?	What?
 Corporate Management	Quarterly Management Meeting	<ul style="list-style-type: none"> overview of Group performance implementation of strategy and annual targets resource management
  Business Area	Monthly Management Meeting	<ul style="list-style-type: none"> Business Area performance and monitoring decision on corrective actions preventive and corrective actions
  Site/unit	Periodical Review Meetings	<ul style="list-style-type: none"> creating unit safety plans unit safety follow-up and improvement preventive and corrective actions monitoring safe ways to work
  Teams, individuals	Continuous Safety Work	<ul style="list-style-type: none"> observing and enforcing safe behaviour task risk assessments safety discussions

Improving Neste Oil's safety performance is one of the company's strategic focus areas. Safety work is guided by Neste Oil's 12 Key Safety Elements, which form an important part of the company's safety management system and act as a framework for Group-wide operating practices. Safety-related activities are monitored and developed through the company's safety management system.

Systems related to HR management are the responsibility of the HR organization and the Senior Vice President, HR. A group of

management and employee representatives is responsible for regularly reviewing and updating HR management guidelines. Neste Oil's long-term HR management goal is to develop the company's strategic expertise and performance management practices and promote operations in line with the Way Forward operating model.

Read more about [Way Forward](#).

Sustainability targets

Sustainability focus area	Long-term goal	What next?
Customer	<ul style="list-style-type: none"> • Add value to an increasing number of customers through our cleaner premium-quality traffic solutions. We develop advanced low-carbon applications serving new customer segments. • See the actions and achievements in 2013. 	<ul style="list-style-type: none"> • Bring to market NExBTL renewable isoalkane from NExBTL product family. The product is suitable for bio-based raw material in the chemical industry. • Continue working to bring to market new diesel blends which include renewable diesel.
Safety	<ul style="list-style-type: none"> • Commit to safety culture that is based on leadership and motivation, and safety is a natural and important part of everyday work. • Our long-term goal is zero accidents. • See the actions and achievements in 2013. 	<ul style="list-style-type: none"> • PSER < 3.0 • TRIF 3.3 • Preventive safety measures 30,000
Personnel	<ul style="list-style-type: none"> • Our way of working, inspiring leadership, and talented people enable business success. Neste Oil is a respected employer. • See the actions and achievements in 2013. 	<ul style="list-style-type: none"> • The new model for job descriptions was defined in 2013, and it will be implemented during 2014. • Remuneration will follow the new job description system in the future. • Introducing new HR system will begin in 2014 and is expected to be complete by the end of 2015. • Continue implementing Neste Oil's wellbeing at work plan. • Continue developing and implementing Way Forward.
Society	<ul style="list-style-type: none"> • Generate long-term business success by operating ethically. The profitability target (ROACE) is at least 15% after tax. • Our long-term leverage ratio target is 25–50% • See the actions and achievements in 2013. 	<ul style="list-style-type: none"> • Continue working to achieve our long-term ROACE and leverage ratio targets. • Continue developing how we report our tax footprint. • Continue providing expertise to decision makers.

Sustainability focus area	Long-term goal	What next?
Climate and resource efficiency	<ul style="list-style-type: none"> Promote resource efficiency and are the global leader in refining waste and residue materials into premium-quality traffic fuels. See the actions and achievements in 2013. 	<ul style="list-style-type: none"> Continue increasing the proportion of waste and residues used in producing renewable fuels. Continue operations contributing our energy saving target (660 GWh by 2016). Continue implementing measures to achieve our energy saving target. Continue mapping possibilities to reduce greenhouse gas emissions from our own operations. Continue operating within the terms of our environmental permits and modify operations where needed to comply with new regulations.

Sustainability focus area	Long-term goal	What next?
Sustainable supply chain	<ul style="list-style-type: none"> Set a new sustainability standard for supply chain through voluntary and proactive measures that support our business growth. See the actions and achievements in 2013. 	<ul style="list-style-type: none"> Continue using only certified crude palm oil also in the future. Ensure the continued traceability of our renewable inputs. Expand cooperation with selected crude oil suppliers.

Sustainability ► Managing sustainability and strategy ► Sustainability principles and policies

Sustainability principles and policies



The key policies and principles covering sustainability at Neste Oil are:

- Neste Oil's Code of Conduct
- Sustainability Policy
- Sustainability Principles for Biofuels
- Human Resources Policy, and the
- No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock.

No major changes took place in Neste Oil's key policies and principles during 2013.

Sustainability key figures

CUSTOMER	2013	2012	2011
Produced renewable NExBTL diesel (million tons)	1.9	1.8	0.7
Emission reduction achieved with NExBTL diesel compared to fossil diesel, (%)	40–90	40–90	40–80
SAFETY			
Process safety incidents per million hours worked, (PSER)	3.0	5.9	4.8
Total Recordable Injury Frequency per million hours worked (TRIF)	4.2	3.6	2.7
Lost Workday Injury Frequency per million hours worked, (LWIF)	2.9	1.5	1.9
Preventive safety measures*	30,064	30,286	27,137
*includes observation tours, safety inspections, and near miss reporting			
PERSONNEL			
Number of employees, average	5,097	5,031	4,926
Sick leave (%)	3.0	3.1	3.2
Training days per person (excludes safety trainings)	2.1	2.5	2.8
Training-related investments (EUR million)	3.5	3.6	4.2
Job rotation (%)	8.4	8.0	7.7
Permanent employees (%)	96.3	95.3	96.0
SOCIETY			
Corporate income tax (EUR million)	94	59	46
Salaries and remuneration (EUR million)	270	253	240
ROACE (return on average capital employed after tax, %)	11.8	5.0	2.6
Provided employment (including contractors' employees)	7,600	n/a	n/a
Charity and sponsorship (EUR million)	1.0	1.0	1
Investments (EUR million)	214	292	364
Cleantech net sales (EUR billion)	2.5	2.2	1.0
CLIMATE AND RESOURCE EFFICIENCY			
New raw materials introduced	3	1	2
Use of waste-based raw materials (Mt/a)	1.2	0.74	0.33
Carbon dioxide emissions (t/a)			
Direct, scope 1	3,556,200	3,469,700	3,694,100
Indirect, scope 2	444,500	489,200	434,200
Indirect emissions, scope 3	45,900,000	45,639,380	n/a
Reduction in greenhouse gas emissions achieved with produced NExBTL renewable diesel (tons)	4,800,000	3,981,502	n/a

SUSTAINABILITY SUPPLY CHAIN			
The share of certified crude palm oil (%)	100	91	83
Supplier audits by an external party	29	26	19
The amount of smallholders in supply chain	54,000	9,000	n/a
Traceability of renewable raw materials to production plant or plantation (%)	100	100	100

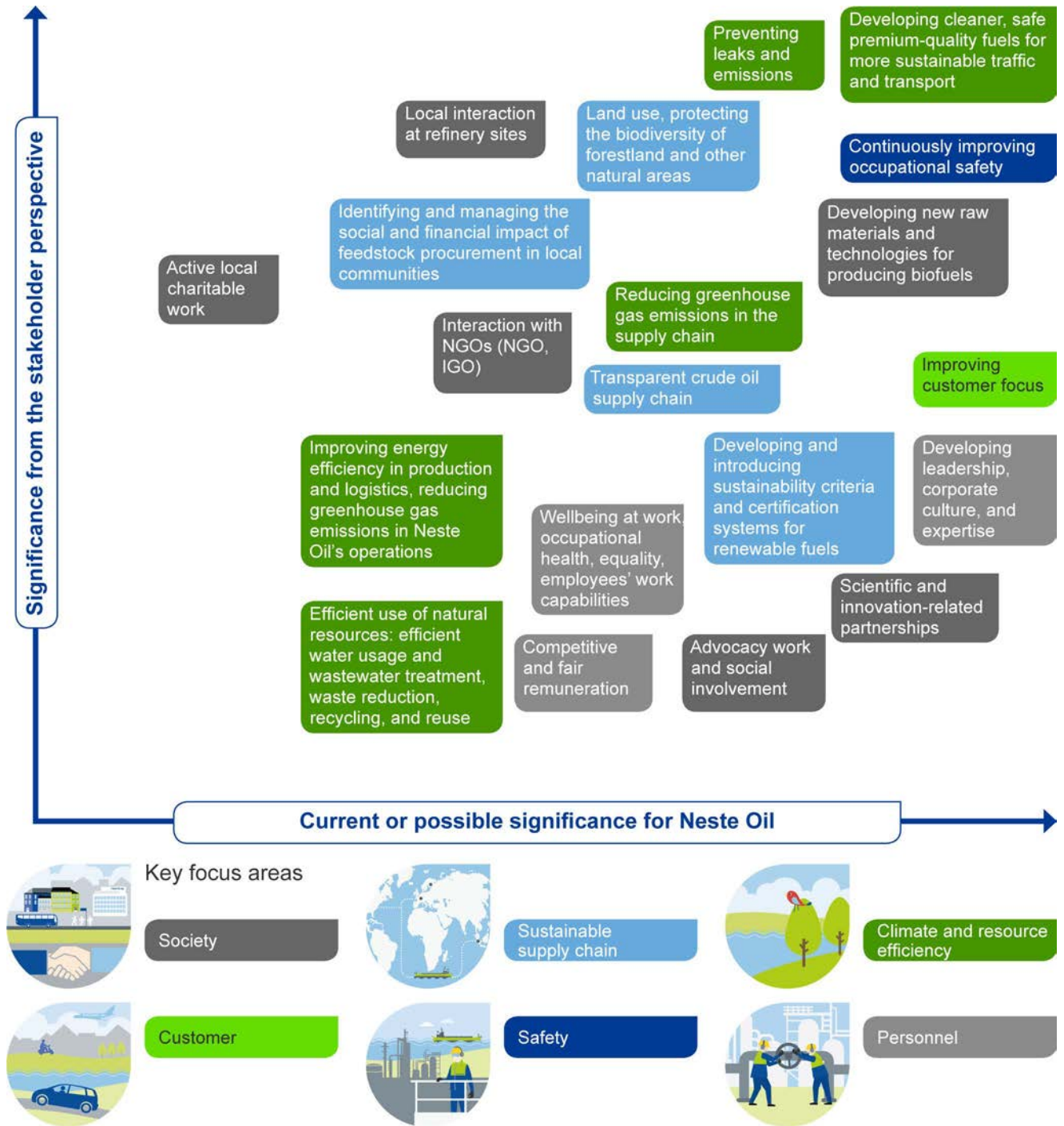
Sustainability ► Managing sustainability and strategy ► Materiality assessment

Materiality assessment



Neste Oil's materiality matrix covers the company's key themes of sustainability from the perspective of its business and stakeholders. The matrix was updated in 2012 and has been approved by the Board of Directors and the Neste Executive Board. Work on updating the matrix involved the Neste Executive Board and company sustainability experts covering a variety of fields. The sustainability matrix is updated every other year. The next update will be carried out in fall 2014.

Materiality matrix of sustainability



Sustainability-related risks and opportunities



A number of sustainability-related risks are associated with Neste Oil's operations. Risk management aims to identify for example these threats and support defining preventive measures. As Neste Oil does not have any oil exploration or drilling activities, this reduces its exposure to direct environmental risks significantly.

Major sustainability-related risks associated with Neste Oil's operations

Key risk	Performance in 2013	Preventive measures	Sustainability focus area
Procurement of refinery feedstocks and reputation risk associated with palm oil	<ul style="list-style-type: none"> No issues related to sustainability (such as infringements of laws or regulations) in the procurement or use of renewable inputs. 	<ul style="list-style-type: none"> Neste Oil uses only traced and certified palm oil. Open communication and reporting. Close collaboration with stakeholders. Collaboration on combating deforestation with TFT. 	Sustainable supply chain
Occupational and process safety in refining operations	<ul style="list-style-type: none"> People safety failed to improve as projected during the year. Process safety target was reached. 	<ul style="list-style-type: none"> Safety regulations were updated and launched among personnel. An extensive safety development project was launched. 	Safety
Environmental impact of refining operations	<ul style="list-style-type: none"> No major environmental incidents occurred. 	<ul style="list-style-type: none"> Environmental monitoring continued in line with the requirements of Neste Oil's environmental permits. An extensive overview of the Porvoo refinery's environmental impact was made for the new environmental permit. 	Climate and resource efficiency
Product liability	<ul style="list-style-type: none"> Neste Oil supplied its customers with both statutory and voluntary product information. 	<ul style="list-style-type: none"> Work continues on updating product information data. 	Customer

More information on the financial risks associated with Neste Oil's business operations can be found in the section on [risk management](#).

Sustainability-related opportunities driven by Neste Oil's strategy

Neste Oil offers its customers a wide range of products with a smaller environmental footprint and traffic fuel solutions that comply with environmental requirements, in line with its cleaner traffic strategy. As a result, Neste Oil's key opportunities in terms

of sustainability are very much linked to developing cleaner products and increasing the use of these products.

Neste Oil has developed its sustainability-related expertise in supply chain management into a voluntary sustainability verification scheme within the framework of the EU's Renewable Energy Directive. The scheme was approved by the European Commission in early 2014. Approval could increase Neste Oil's potential to make flexible use of new renewable raw materials.

Sustainability ► Managing sustainability and strategy ► Certified management systems

Certified management systems



In addition to Neste Oil's management system, the Group's operations are also guided by plant-, business area-, and function-specific certified operating systems. These management systems ensure that operations meet the requirements of the ISO 9001 (quality), ISO 14001 (environment), and OHSAS 18001 (occupational health and safety) standards.

Internal and external audits are used to assess the effectiveness of these systems. Internal quality, HSEQ and sustainability criteria audits ensure that the Group's operations comply with the requirements of the law, regulations, and Neste Oil's own guidelines. An external, independent third party audits Neste Oil's certified management systems.

A total of 119 (97) internal audits were carried out in 2013 and 33 (33) certification audits. Two (1) accreditation audits were also carried out.

Neste Oil refineries received the world's first RSPO-RED certificates 

Renewable diesel plants received new certificates

The renewable diesel refinery in Singapore received ISO 9001, ISO 14001, and OHSAS 18001 certificates in 2013. All of Neste Oil's renewable diesel production facilities are ISCC-certified (International Sustainability and Carbon Certification). The refineries in Rotterdam and Singapore also have RSPO-RED (Roundtable on Sustainable Palm Oil) certificates. These certificates ensure that renewable fuels fulfill the European Commission's sustainability criteria. All renewable fuel refineries are also approved by the U.S. Environmental Protection Agency (EPA).

Other Neste Oil certificates:

- International Ships and Port facility Security Code (ISPS)
- Factory Production Control Certificate for Bitumen and Bituminous Binders
- International Safety Management System of Ships (ISM) certificates cover the company's fleet.

Sustainability ratings



A number of outside bodies review Neste Oil's performance in the sustainability area through the ratings and indices they produce and maintain. Neste Oil monitors its ranking in these ratings and

strives to develop its operations on the basis of the feedback that it receives.

Neste Oil was included in the following reviews, amongst others, in 2013:

- The Global 100, ranked sixth (4th)
- Dow Jones Sustainability Index; Neste Oil was selected for inclusion in DJSI World for the seventh year in succession
- CDP Forest (prev. Forest Footprint Disclosure), good performance
- Carbon Disclosure Project (CDP); disclosure score: 72 (79)
- Storebrand Sustainable Development Fund
- STOXX® Global ESG Leaders
- Ethibel Sustainability Indices (ESI) – Excellence.

Sustainability program


Neste Oil's sustainability program, the Neste Oil Sustainable Way, summarizes the focus areas of the company's sustainability work. The program's six focus areas highlight Neste Oil's view of sustainability.

<p>Customer</p>  <p>Helping our customers to stay on the move with lower impact on the environment. ►</p>	<p>Safety</p>  <p>Committed to preventing all accidents and injuries from happening. ►</p>	<p>Personnel</p>  <p>Creating a working environment where work feels good and does good. ►</p>
<p>Society</p>  <p>Generating prosperity for our stakeholders and being in active dialogue. ►</p>	<p>Climate and resource efficiency</p>  <p>Using resources efficiently to minimize the impact on the environment. ►</p>	<p>Sustainable supply chain</p>  <p>Ensuring that every step in our supply chain complies with our strict sustainability criteria. ►</p>

Customer

Neste Oil's cleaner petroleum and renewable products offer our customers the opportunity to reduce their local and greenhouse gas emissions. NExBTL renewable diesel enables corporate customers to meet their renewable energy mandates cost-effectively.

Produced volume of NExBTL diesel equals the annual fuel consumption of 2.6 million cars



[Read more ▶](#)

Using NExBTL renewable diesel results in a 40–90% reduction in emissions compared to fossil diesel

[Read more ▶](#)



Promoting the adoption of renewable aviation fuel



[Read more ▶](#)

Customer communications to ensure the safe use of products



[Read more ▶](#)

What were our targets?	Actions and achievements in 2013	What next?
Develop new product applications	<ul style="list-style-type: none"> We investigate the possibility to substitute fossil raw materials with renewable ones in chemical industry. 	<ul style="list-style-type: none"> We bring to market NExBTL renewable isoalkane from NExBTL product family. The product is suitable for renewable raw material in the chemical industry.
Continue launching premium-quality products such as Neste Pro Diesel	<ul style="list-style-type: none"> We took part in a trial in Germany aimed at launching a new diesel containing a higher proportion of renewable fuel. 	<ul style="list-style-type: none"> We continue working to bring to market new diesel blends which include renewable diesel.

Case: New fuel blend on its way to the German market



New fuel blend on its way to the German market



Neste Oil is part of a project aiming to launch a new diesel fuel containing a higher proportion of renewable content in Germany. The new blend, Diesel R33, contains 26% of Neste Oil's NExBTL renewable diesel, 7% conventional biodiesel (FAME), and 67% fossil diesel – making a total of 33% renewable content.

"Unlike conventional biodiesel, there are no restrictions on how much NExBTL renewable diesel can be blended into a fuel," explains Kaisa Hietala, Neste Oil's Vice President, Renewable Fuels. "As a result, it's possible to produce blends with a high renewable content and achieve a greater reduction in greenhouse gas and tailpipe emissions."

Trials before launching the fuel

Diesel R33 is being tested in a joint trial involving 280 vehicles in Coburg in Germany. In addition to Neste Oil, the project involves

various German universities, automotive manufacturers, research institutions, and other partners.

"In addition to vehicles supplied by our partners, Volkswagen and Audi, the trial also covers a number of ordinary privately owned cars as well," says Professor Jürgen Krahl of the Coburg University of Applied Sciences, the head of the research project. "We're currently carrying out tests on tailpipe emissions and motor oil performance, and testing how compatible the fuel is with the particulate filters fitted to modern diesel engines."

The Diesel R33 project is a follow-up to a trial conducted in Coburg and Munich in 2010-2011. The results from this trial showed that the fuel, produced from 100% renewable inputs, is ideally suited to urban use and can make a significant contribution to reducing tailpipe emissions.

Read more about [the previous project](#).

Renewable diesel is good for vehicle engines!

Neste Oil's NExBTL renewable diesel is compatible with all modern diesel engines and fuel distribution systems. Starting to use it is very easy and vehicles require no modifications. As a hydrotreated vegetable oil (HVO), NExBTL diesel very well-suited to today's diesel engines, according to Volkswagen

"Fuel plays a decisive part in extending the recommended intervals between regular vehicle service and reducing CO₂ emissions, and we believe our cooperation with Neste Oil will help us in our work in this area," says Jens Hadler, Chief Engineer at VW's Engine Research Department.

Sustainability ► Sustainability program ► Customer ► Cleaner and safer products

Cleaner and safer products



In line with its cleaner traffic strategy, Neste Oil offers its customers a range of traffic fuel solutions with a smaller environmental footprint. Neste Oil's renewable and petroleum products offer consumers and businesses a cleaner way to stay on the move and transport goods. Neste Oil was the first company to launch sulfur-free gasoline and diesel fuel on the Finnish market at the beginning of the new millennium and is the world's largest producer of renewable fuels today. Neste Oil also produces premium-quality base oil, which its customers use to manufacture high-quality lubricants.

The company's products are based on high-quality R&D work, which guarantees safe usage and compatibility with customer requirements.

NExBTL diesel: 40 to 90% less emissions



Lower level of environmental impact with renewable fuel

Using Neste Oil's NExBTL renewable diesel can reduce greenhouse gas emissions by 40–90% over the fuel's entire life cycle compared to fossil diesel. It has also been shown to reduce the following local emissions:

- particulate matter, by 33%
- nitrogen oxides (NOx), by 9%
- carbon monoxide (CO), by 24%, and
- hydrocarbons (HC), by 30%.

NExBTL renewable diesel offers corporate customers a cost-effective way to meet their biomandates for renewable energy usage. It is fully compatible with all existing distribution and logistics systems and using the fuel does not call for any additional investments.

NExBTL renewable diesel was used to generate electricity for an outdoor event for the first time in 2013, at the Down By The Laituri music festival in Turku and the Tall Ships Race event in Helsinki. It performed excellently and the user experience was positive.

Read more about using [NExBTL diesel to generate electricity for an event](#).

Read more about how [NExBTL renewable diesel reduces greenhouse gas emissions](#).

Neste Pro Diesel meets automotive manufacturers' toughest demands

NExBTL renewable diesel is available to motorists in Finland in the form of Neste Pro Diesel, which contains a minimum of 15% renewable diesel. This is the world's first diesel fuel to comply with the tough WWFC category 5 specification drawn up as part of the Worldwide Fuel Charter (WWFC) by automotive manufacturers. Since 2013, it also has been the first fill fuel for Mercedes-Benz A-Class cars manufactured in Finland.

Joint efforts to promote the uptake of renewable fuel in aviation

Neste Oil is involved in a number of projects aimed at promoting the use of renewable fuel by airlines. Capable of supplying customers with renewable aviation fuel on an industrial scale, Neste Oil was one of the signatories of a Dutch initiative launched in 2013 to promote airline use of biofuels.

Read more about the ['Bioport for jet fuels in the Netherlands'](#) project.

Read more about Neste Oil's [renewable aviation fuel](#).

Extensive field testing in a range of different conditions

Neste Oil has tested its products to ensure their quality and good performance, both in-house and in collaboration with its partners.

Neste Pro Diesel, for example, has been tested in collaboration with VTT Technical Research Centre of Finland and the Tampere University of Applied Sciences. In-house testing is concentrated at the Engine Laboratory based at the Porvoo refinery.

NExBTL renewable diesel has been tested in tens of field trials in Finland and overseas involving cars, trucks, and buses. It has also been tested under competition conditions, most recently at the 24-Hour Race at the Nürburgring circuit in Germany in 2013.

Neste Oil has been involved in a renewable diesel trial in Germany since August 2013. Known as the Diesel R33 project, this is aimed at launching a fuel containing a significantly higher proportion of renewable content than current diesel blends.

Read more about the [Diesel R33 project](#).

Read more about [other NExBTL diesel field tests](#).

Cleaner choices for other industries

In addition to producing fuel, NExBTL technology is also capable of producing renewable solvents and renewable industrial petroleum, naphtha. Renewable solvents, for example, can be used as an alternative with lower impact on the environment in manufacturing paints, adhesives, cleaning agents, and cosmetics; while renewable naphtha can be used as a biocomponent in gasoline blends and for producing bioplastics. Thanks to its renewable base, the carbon footprint of end-products manufactured using NExBTL renewable naphtha is smaller than that of those produced from fossil naphtha.

Neste Oil is currently planning the production of NExBTL renewable propane at its refinery in Rotterdam. Propane can be used for example, in producing plastics and generating energy. In addition, Neste Oil is investigating the commercial potential of renewable isoalkane.

Ensuring that products are safe and providing safety information

As the majority of Neste Oil's products are classified as hazardous, ensuring that they are handled safely throughout their life cycle is extremely important.

Neste Oil has registered all its products in accordance with the requirements of the European Union's REACH chemicals regulatory framework. No recalls of Neste Oil's products took place during 2013. The EU has also introduced the CLP (Classification, Labelling and Packaging) regulation on chemicals, and Neste Oil began changing its product labeling to comply with the new regulation in 2013. The chemical labeling on fuel pumps were changed to comply with the new regulation at all Neste Oil stations in 2013.

Neste Oil always ensures that its customers have the information they need to handle its products safely and that its products comply with all national and international statutory requirements.

Read more about [how Neste Oil communicates with its customers](#).

Sustainability in the station network



Neste Oil has a network of 1,027 retail stations in Finland, Northwest Russia, Estonia, Latvia, and Lithuania. A total of 79.9 million (85.7) fuel purchases were made at these stations in 2013. Comprehensive dealer training and regular station inspections ensure that stations provide drivers a safe and pleasant experience.

Dealers committed to Neste Oil's operating principles

In Finland, Neste Oil's station network is made up of independent owner-dealers and K-market retailers supplied by Neste Oil, and unmanned stations managed by Neste Oil.

All the dealers in the network have committed themselves to observing Neste Oil's Code of Conduct, which forms part of their dealer agreement. Neste Oil expects dealers to follow common practices and operating principles that have been drawn up for all stations.

A member of the Roma community experienced discrimination at a Neste Oil station in 2013 when the local dealer imposed a limit on the number of Roma people at the station at any one time. This contravened Neste Oil's Code of Conduct and the matter was reviewed with the dealer in question to correct the situation. Neste Oil does not tolerate any form of discrimination in its operations and expects the same of its partners.

Neste Oil supports training for station personnel

Neste Oil produces and distributes guidelines for its dealers, together with tools for training station staff. Dealers are responsible for the training given to their staff, which covers areas

such as the properties and hazards of Neste Oil's fuels, the risks associated with station operations, and safety issues.

Neste Oil launched an interactive game for station personnel in 2013 in which staff at different stations can compete with each other in a championship to find the team who knows the most about station operations.

Neste Oil shares topical information about safety and new products, for example, with its dealers via the company's extranet service and its annual dealer days.

Safety and environmental issues at stations

Neste Oil is committed to ensuring that customers visiting stations are safe at all times and that station operations have the minimum level of impact on the environment. Environmental issues at Neste Oil stations are taken into account from the construction stage onwards. Stations use twin-skin structures, for example, and storage tanks are fitted with alarm sensors, such as sensors measuring temperature and surface level, and preventing overfilling. External inspectors carry out regular audits at stations, and action lists are drawn up on the basis of these inspections where needed. Further inspections are then made to verify that corrective work is carried out. A total of 1,724 station audits and check-ups were carried out in 2013. Neste Oil's own sales personnel also monitor station operations.

The safety of Neste Oil stations in urban areas was enhanced in 2013 with the introduction of round-the-clock station monitoring.

Recognition for Neste Oil's stations in Finland and the Baltic countries

Neste Oil's stations that are open 24 hours a day were recognized for the healthy nature of their catering in 2013 in a report by the Finnish Institute of Occupational Health. The report listed two Neste Oil stations among the three best in Finland: the Neste Motorest Eläintarha station in Helsinki and the Neste Jari-Pekka station in Joroinen.

The Neste Oil network in Latvia has also received recognition and has been given a family-friendly company award, given to companies that highlight family needs in areas such as easy-to-use services.

A survey by Taloustutkimus and the marketing magazine, Markkinointi ja Mainonta, ranked Neste Oil as Finland's most respected service station brand in 2013.

Read more about our [station network](#).

Marketing and communications



Neste Oil observes the guidelines of the International Chamber of Commerce (ICC) and the requirements of Finnish consumer and marketing legislation when marketing its products.

Marketing is factually based and product property descriptions are designed to present an accurate picture. The benefits and properties of products highlighted in marketing material are based on test results. Neste Oil approaches its customers only if they have given permission to do so. Information customers provide to Neste Oil is never divulged to third parties.

Helping customers use products correctly and safely

The majority of the products sold by Neste Oil are classified as hazardous, which means that providing sufficient and up-to-date information is an important part of customer communications. Safety data sheets and technical product information on products sold in Neste Oil's home markets can be consulted at the company's web site. Product labels also include information on safety-related questions. Neste Oil responds to questions from its customers via its telephone service and e-mail, and uses its Facebook account to tell people more about its products. Neste Oil also has a dedicated lubricant search engine, which customers can use to find the right lubricant based on their vehicle registration plate.

One of the subjects covered by Neste Oil in its proactive customer communication work in 2013 were the differences between the renewable contents used in marine diesel. Customers are regularly reminded every fall of the need to switch to winter-grade diesel to help them choose the appropriate fuel for their vehicles under cold conditions. Neste Oil also distributes a large amount of practical advice to customers, covering areas such as what to do if they fill up with the wrong fuel and comprehensive guides on using diesel and gasoline and their properties. Neste Oil also took part in organizing an international fuel seminar held in Helsinki in 2013.

Safety


All accidents and incidents are preventable. We are comprehensively committed to developing our safety performance and safety culture.

We believe all accidents and injuries are preventable

0

[Read more ▶](#)

Total recordable injury frequency per million hours worked (TRIF) of 4.2



[Read more ▶](#)



Main safety guidelines revamped

-  **1.** Working in high places
-  **2.** Confined spaces
-  **3.** Equipment isolation
-  **4.** Work permit
-  **5.** Traffic hazards

[Read more ▶](#)

We invested 26.4 million euros in safety



[Read more ▶](#)

What were our targets?	Actions and achievements in 2013	What next?
Reduce the number of process safety events (PSER <4).	• The target was achieved. PSER was 3.0 (5.9).	• PSER < 3.0
Reduce Neste Oil's Total Recordable Injury Frequency (TRIF) to 2.2.	• The target was not achieved. TRIF was 4.2 (3.6)	• TRIF 3.3*
Carry out at least 28,000 preventive measures.	• 30,064 (30,286) preventive measures** were carried out.	• Preventive measures 30,000

* Neste Oil's long-term target is zero accidents. The safety target-setting process was reviewed in 2013 as part of an intensified effort to improve safety across the company, and a revised short-term safety target of 3.3 was set for 2014.

** Includes observation tours, safety inspections, and near miss reporting.

Case: Safety is the professionals' choice



Safety is the professionals' choice



Neste Oil launched an extensive safety development project in 2013 aimed at creating an even stronger safety mindset within the company and reducing the number of accidents that take place, as accident performance has not progressed as hoped for over the last few years. Neste Oil's safety vision is based on the conviction that all accidents are preventable and that safety is part of being a professional and very much the professional's choice.

A new set of safety rules

As part of the safety development project launched in 2013, a new set of Life Saving Rules was introduced that crystallize the key guidelines that need to be observed in the safety area.

"The new guidelines are simpler than the previous ones, and our aim is to highlight them throughout the workplace to ensure that everyone keeps them in mind the whole time," says Erkki Ranta, Production & Logistics' HSEQ Director. "We also want to learn more from near miss incidents, which is why we're developing our near miss reporting to enable us to make better use of the information these incidents provide."

New interactive safety training material is also being planned for personnel, and safety is to be more closely integrated into management training as well.

Safety is about attitudes

Safety is not limited to the workplace either, which is why Neste Oil is also working to promote safety in people's leisure time.

"Safety is about attitudes and important outside work too. When it comes to safety, it's not so important what you do, but how you do it," says Harri Järvelin, Neste Oil's Director, HSEQ Functions.

Safety is also part of the Way Forward initiative launched in 2013, aimed at making Neste Oil a more profitable, a more customer-driven, and a safer company.

Read more about [Way Forward](#).

Sustainability ► Sustainability program ► Safety ► Process safety

Process safety



Good process safety ensures that a plant's processes operate without incident and prevents personnel from being exposed to danger and the environment from being polluted. Process safety is

based on identifying process-related risks in advance and preventing accidents. Performance in this area is regularly reviewed using internal audits and official inspections. Neste Oil's insurers also carry out insurance audits at the company's refineries.

Neste Oil has surveyed all the areas likely to be affected if a major accident were to occur at one of its refineries. Numerous smaller accident scenarios have also been reviewed. The accident risk assessment covering the Porvoo refinery was updated in 2013 and now includes information on the ability of structures housing personnel to withstand an explosion across the site.

A project is currently under way at the Porvoo refinery to assess the compatibility of the materials used in the site's equipment and the process parameters, such as high temperatures, encountered at the site with modern material recommendations. Danger preparedness plans based on fire and explosion risk survey data are also being drawn up for process areas and units at the Porvoo and Naantali refineries. Work is also being done at the refineries

to assess the criticality of site equipment in terms of safety and business continuity.

Cooperation with the authorities at Neste Oil's refineries is an important part of process safety. Communication and preparedness planning is continuous with local rescue departments, for example.

Process safety target was well achieved

Process safety performance and how it is measured

Neste Oil measures its process safety performance using CONCAWE-defined PSERs (Process Safety Events Rate). These define process safety levels and measure the number of incidents that take place in processes per million hours worked. Process safety incidents are monitored at all the company's production sites and terminals. A total of 19 (32) PSEs took place in 2013. Neste Oil's goal is to be among the best European refiners in terms of process safety events in the future.

The internal monitoring of process safety performance was extended in 2013 by introducing preventive PSE3 and PSE4 indicators. These are used to measure areas such as near miss incidents and shortcomings identified in protection equipment and procedures.

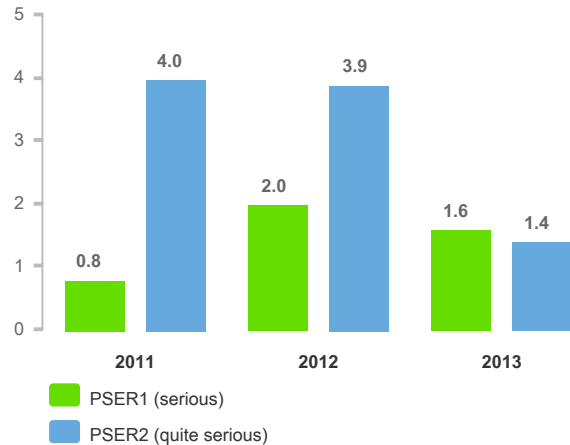
Know-how plays a key role

People's professional know-how plays an important part in process safety, which is one of the reasons why personnel at Neste Oil receive constant training on process safety-related

matters. All personnel at production plants and terminals take part in process and fire safety training. Two safety training days are also included in the training carried out for the operator's certificate offered by Neste Oil.

A project was launched in 2013 to further develop and harmonize work-related procedures. A new tool for these procedures was tested in 2013 and development work will continue in 2014.

Process safety event rate, incidents per million hours worked



Sustainability ► Sustainability program ► Safety ► People safety

People safety

Neste Oil's safety vision is based on the conviction that all accidents are preventable. Safety culture is constantly developed across the company, both among Neste Oil's own personnel and

those of its contractors, and focuses on improving safe behavior and people's safety awareness.

People safety performance and development

	2013	2012	2011
TRIF (Total Recordable Injury Frequency per million hours worked)	4.2	3.6	2.7
LWIF (Lost Workday Injury Frequency per million hours worked)	2.9	1.5	1.9

Neste Oil's safety performance has not been developing as hoped for over the last few years, despite systematic safety work. An extensive safety development program was launched in 2013 to turn this development around. A new set of simplified safety guidelines – Neste Oil's life saving rules – were drawn up as part of the program, and adherence to these rules will be monitored

closely. The new rules are designed to increase people's safety awareness and make it easier to act safely in day-to-day work. The new rules will be promoted via a variety of means during 2014, including an interactive game.

Life saving rules

The infographic consists of five vertical blue bars, each with a green circular icon at the top. Rule 1 shows a person falling with a '2m' label. Rule 2 shows a person in a confined space. Rule 3 shows a lightning bolt and a flame with a slash through them. Rule 4 shows a clipboard with a checkmark. Rule 5 shows a person in a car seat with a seatbelt.

- 1. Working in high places**
Always protect yourself from falling.
- 2. Confined spaces**
Entry permit and gas testing required.
- 3. Equipment isolation**
Verify energy isolation and use appropriate protective equipment.
- 4. Work permit**
Work permit instructions and safe work practices must be followed.
- 5. Traffic hazards**
Observe speed limit and always move around safely.

Neste Oil also has a contractor safety development program under way designed to help enhance the safety of contractor work at the company's sites, improve collaboration, and develop monitoring processes, both when selecting contractors and during their on-site work.

An ongoing effort to improve people's working conditions also forms part of people safety development work. The safety of access routes at Neste Oil's refineries was improved in 2013, for example, new railings installed, and personnel provided with additional personal protective equipment. Neste Oil invested EUR 26.4 (25.6) million in safety in 2013.

People safety reporting covers refineries, terminals, offices, and retail country companies that are either wholly or majority owned by Neste Oil. Safety data reporting also covers service providers, contractors, and haulage partners.

Preventive safety measures

Tens of thousands of preventive safety measures are carried out annually at Neste Oil, including safety discussions, safety

observation tours, and HSE safety inspections. The target for preventive safety measures was set at 28,000 for 2013. The target was achieved as the number of preventive safety measures done in 2013 was over 30,000. Preventive measures affected company and contractor personnel a total of 64,500 (65,791) times during the year.

Near miss incidents are reported and learnt from across Neste Oil. The number of near miss incidents reported in 2013 was double that of those reported in 2012. Neste Oil's goal is to develop reporting on near miss incidents and use this data during 2014.

A serious safety incident took place at the Porvoo refinery in 2013 when a contractor's crane collapsed in a process area; no one was injured and no environmental damage resulted, however. The case was treated very seriously and was thoroughly investigated in accordance with company practice. The majority of the improvements proposed in the report on the incident will be implemented during 2014.

Preventive safety measures in 2013

	2013	2012	2011
Safety observation tours	26,298	27,643	25,734
Safety discussions	3,557	2,925	2,563
HSSE safety inspections	766	1,480	521
Near miss reports	3,000	1,163	882

Safe handling of chemicals

A large number of hazardous chemicals are handled at Neste Oil's refineries, during logistics operations, and as part of R&D work. Technical safety systems and procedures, up-to-date protective equipment, and access to the appropriate safety data sheets are all used to ensure a high standard of health and safety. Regular

reviews and occupational hygiene measurements are used to monitor people's working conditions. A total of six workplace reviews and 34 occupational hygiene studies were carried out in 2013. The results of these were used to improve the personal protection guidelines covering work prior to the start of technical modifications, for example.

The EU's REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) framework places extensive requirements on the manufacturers, importers, and users of chemical substances in terms of registration, permitting, and usage. REACH requirements are taken into account in procurement and sales contracts, R&D, and risk management practices at Neste Oil's refineries. All the chemical substances produced and imported by Neste Oil have been registered in accordance with REACH requirements.

Safety training

Neste Oil's goal is to make safety an increasingly integral part of the training provided to managers and supervisors. Safety is also given high priority in Neste Oil's professional training programs. Planning work on a new Group-wide safety training program was started in 2013.

Safety training in 2013

	Courses	Persons
Occupational safety training	41	462
Occupational safety card and hot work licence training	46	1,095
Work permit training	67	1,174
Access pass training	201	3,622
First aid training	32	367
Process and fire safety training	18	385
Other HSE training (mainly training related to outages)	135	3,861
Total	540	10,966

Promoting safety outside the workplace

Neste Oil is also committed to improving the safety awareness of personnel outside the workplace. A number of safety campaigns covering leisure-time activities were arranged during 2013, such

as winter tire events for cyclists and car drivers, and a campaign to encourage everyone to wear reflectors to improve their visibility during the winter. Personnel also have the opportunity to borrow safety equipment, such as harnesses, for use outside work.

Sustainability ► Sustainability program ► Safety ► Transport safety

Transport safety



Ensuring the safety of transport-related operations is an important part of Neste Oil's activities. Neste Oil recognizes the risks associated with the transportation of its feedstocks and products, and works to reduce these risks by maintaining high equipment standards and ensuring that personnel have the expertise they need.

Road shipments

Neste Oil uses haulage contractors to handle its road shipments. A total of 23 haulage partners, and 184 vehicles and 320 drivers, were used to carry Neste Oil products and feedstocks in 2013. All the company's haulage partners were audited in 2013 to review their administrative practices, the training given to their personnel, the service status of their vehicles, and the documentation covering their operations, for example.

A total of 0.03 traffic accidents involving Neste Oil tanker trucks per 100,000 kilometers took place in Finland in 2013; the

equivalent figure for accidents overseas was 0.02. The total amount of accidents in Finland was 8 (5) and 1 (0) abroad. A total of 28,680,000 kilometers were covered carrying Neste Oil cargoes in 2013.

Report on the driving behavior helps the drivers develop their driving style



In addition to annual inspections, the trucks used by Neste Oil's haulage contractors are also subject to European Truck Safety Control inspection. This focuses especially on vehicle bodies and the structures of tank vehicles. Annual inspections will extend to the Baltic countries, in addition to Finland and Russia, in 2014.

All tanker trucks used by Neste Oil in Finland are fitted with a tachograph for monitoring areas such as speed and driver behavior, including acceleration and braking. Drivers have been supplied with a report on how they drive since 2013 to help make them safer on the road.

Neste Oil and its haulage contractors train the drivers that handle the company's cargoes annually. Neste Oil also works closely with the authorities and agencies in the industry, such as the police, the Finnish Transport Safety Agency (Trafi), and the Finnish Petroleum Federation to harmonize overall road transport performance and improve safety.

Marine shipments

Neste Oil uses both its own fleet and vessels operated by other shipping companies to handle its marine shipments. As of the end of 2013, the Neste Oil fleet consisted of 19 tankers, of which 11 were time-chartered from other companies. In addition, hundreds of time-chartered tankers owned and operated by other companies were used to carry the company's marine shipments. Neste Oil also owns three tugs. All the vessels Neste Oil uses to ship its cargoes are ice-strengthened.

Neste Oil's in-house shipping company, Neste Shipping, is responsible for the commercial operation of vessels and the safe operation of vessels that come within the scope of its regulatory safety management system. The safety of chartered tankers is the responsibility of the companies that handle their safety management systems. Neste Oil's ship vetting function is responsible for reviewing and approving tankers chartered from other companies.

Neste Oil's own vessels did not cause any significant seaborne emission



Shipping operations carried out by Neste Oil's own vessels did not result in any significant seaborne emissions during 2013, nor did these vessels suffer any fires or run aground. One tanker was involved in a collision with a freighter in the ice in the Bay of Bothnia in April 2013. No injuries or environmental damage resulted from the incident.

Safety work on vessels owned by Neste Shipping during 2013 concentrated on safety in the workplace, developing systematic safety management procedures, and near miss reporting. A total of some 2,300 safety observation reports were logged for ships

coming within the scope of the company's safety management system in 2013. Neste Shipping's safety management system is regularly audited and inspected by official agencies and other oil companies that use Neste Oil ships.

All of the ships used by Neste Oil have crew training plans in place, and exercises are carried out continuously. Seagoing personnel are required to have qualification certificates covering the work they do and be qualified to deal with oil spill response, firefighting, and other similar specialist duties. Neste Shipping arranges regular training for its personnel covering areas such as navigation, safety, and environmental protection.

Neste Oil has been part of the joint Tanker Safety program, coordinated by the John Nurminen Foundation and aimed at improving marine safety in the Gulf of Finland, since 2010. The ENSI risk assessment and prevention service that has been developed as part of the project was introduced on all vessels operated by Neste Shipping in 2013.

Watch a video about the ENSI service:

Neste Oil holds regular exercises with the rescue authorities to ensure the effectiveness of its oil spill response capabilities. The company has also collaborated in this area with WWF Finland for many years, and the two organizations held a joint oil spill exercise at the Porvoo refinery in 2013.

Rail shipments

Neste Oil does not own any rail freight cars or locomotives and uses the VR Group to handle its rail shipments. Neste Oil is responsible for the safety and maintenance of the rail tracks it owns. Following the introduction of new railway legislation, all companies operating private rail lines in Finland are required to have a safety permit from the Finnish Transport Safety Agency; Neste Oil was awarded one in 2013. Neste Oil owns and administers eight rail-connected terminals.

One particularly serious safety incident involving a Neste Oil rail shipment took place in 2013, when the seal around a safety valve on an LPG car failed during loading at the distribution terminal in Porvoo, resulting in the controlled release of the car's contents. A total of five major near misses occurred. All incidents and the investigations that follow are reported to the Transport Safety Agency. Serious safety events are investigated and reported internally.

A new rail safety management system covering the maintenance and safety of company track, as required under the terms of Neste Oil's new safety permit, was introduced in 2013. All of the company's terminal managers received training on the new system during the year. Rail safety training for operators was also started in 2013.

New LPG loading equipment designed to improve safety during loading operations was installed at the Tornio terminal in 2013.

In addition to Finland, Neste Oil also has rail shipment operations at its terminals in the Baltic countries. Although its safety permit only covers Finnish operations, Neste Oil is looking at how the safety of rail shipments can be developed in these countries as well.

Personnel

Neste Oil believes that a safe workplace, challenging jobs, good management, and a business culture that encourages people to perform at their best are key to the wellbeing of its personnel and the success of its business. We prioritize management training and developing our strategic capabilities.

Our goal:
Our way of working, inspiring leadership, and talented people enable business success



Way Forward
 – Neste Oil’s new way of working

Improve cooperation
 Give and take responsibility
 Value good results and react when needed
 Focus on customers
 Do things right, and do them safely

Read more ▶

Work should feel good and do you good!

Read more ▶

What were our targets?	Actions and achievements in 2013	What next?
Draw up job descriptions for everyone across the Group	<ul style="list-style-type: none"> New model for job descriptions was defined. 	<ul style="list-style-type: none"> The new model will be introduced and implemented during 2014.
Develop a new short-term incentive system	<ul style="list-style-type: none"> New short-term incentive system was introduced. 	<ul style="list-style-type: none"> Remuneration will follow the new system.
Move ahead with updating our HR system	<ul style="list-style-type: none"> The revamp reached the implementation phase. 	<ul style="list-style-type: none"> Introducing the new system will begin in 2014 and is expected to be complete by the end of 2015.
Develop wellbeing at work	<ul style="list-style-type: none"> We carried out site-specific analyses of the current situation and defined the development measures that need to be introduced. 	<ul style="list-style-type: none"> Continue implementing Neste Oil's wellbeing at work plan.
Continue promoting an engagement-driven leadership culture	<ul style="list-style-type: none"> A new way of working, Way Forward, was introduced. This emphasizes taking and giving responsibilities. 	<ul style="list-style-type: none"> Continue developing and implementing Way Forward.

Case: Job rotation opens up new ways of thinking



Job rotation opens up new ways of thinking and develops people's expertise



Job rotation, and the opportunity it offers for people to do different jobs during their careers, is one of the key tools in HR development and committing personnel to the company at Neste Oil. Job rotation increases people's job satisfaction and provides variety over their careers. More than 400 people changed jobs within the company in 2013. People typically have long careers at Neste Oil and there are numerous examples of staff that have enjoyed varied and rich career paths.

The career of Anssi Tammilehto, who is currently responsible for Planning & Controlling in Group Finance, is an excellent example of how job rotation has helped develop someone's expertise.

"Like many other people, I first came to Neste Oil as a summer trainee," says Anssi. "Since then, I've had the chance to work in a variety of interesting jobs, both in our businesses and in common functions. Working in different departments has really increased

my awareness of how activities interface with each other internally and our overall operations. When you've worked in different units, it's easier to challenge accepted ways of doing things and develop solutions that are better in terms of the big picture.

"I've found that job rotation has really benefited me in my present position as well, as I've been able to draw on the things that I've learned in previous jobs."

New perspectives and new colleagues

Job rotation is similar to travel, both introduce you to new things and open up new perspectives on existing ones. Whenever Anssi walks down a corridor at work in the Espoo headquarter, he often passes someone who knows him.

"Working in different departments gives you the chance to meet a lot of people and learn how to communicate with people from different backgrounds. You also learn how best to approach things with different groups of people. I've noticed that, while we often face common challenges, we often look at them differently. So when it comes to solving challenges, it helps if you can look at things from more than one perspective," says Anssi.

Neste Oil encourages people to try job rotation in Anssi's experience. The aim is to fill vacancies internally wherever possible, for example. "You never know what opportunities there are still out there for me too," he laughs.

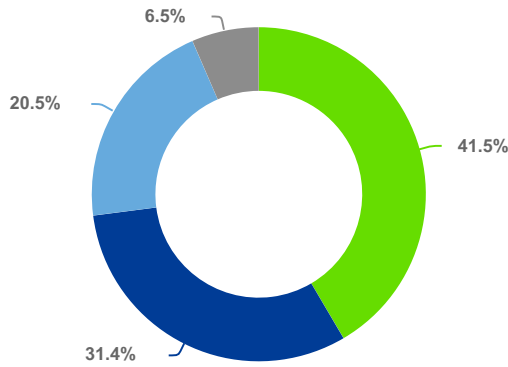
Sustainability ► Sustainability program ► Personnel ► Neste Oil employees in 2013

Neste Oil employees in 2013



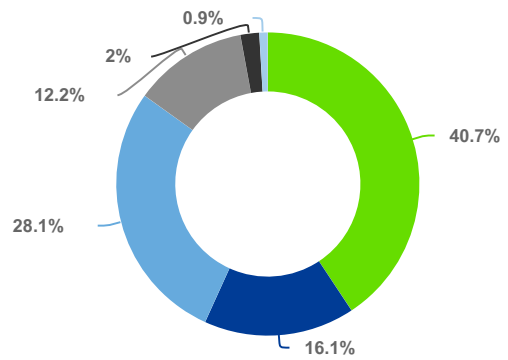
Neste Oil's hiring rate in respect of permanent employees was 9.9% (11.3%) in 2013, and the leaving rate 10.3% (9.6%).

Personnel by personnel group as of 31 December 2013, %



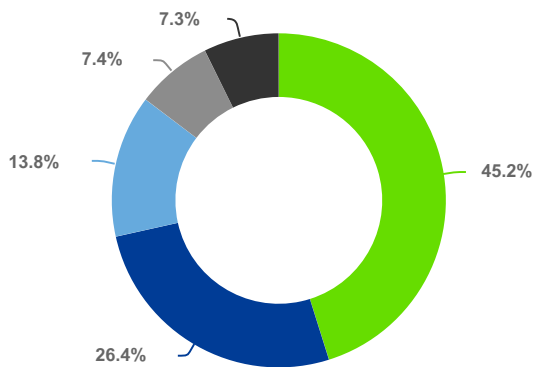
- Blue-collar 41.5% (41.2%)
- Management and upper white-collar 31.4% (30.1%)
- White-collar 20.5% (20.7%)
- Sea personnel 6.5% (8.1%)

Educational background of employees as of 31 December 2013, %



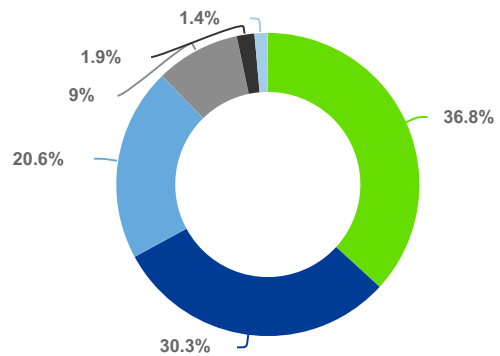
- Technical or natural sciences 40.7% (45.1%)
- Others 16.1% (15.3%)
- Information not available 28.1% (21.1%)
- Commercial and law 12.2% (12.2%)
- Logistics or transport 2.0% (5.2%)
- Social sciences and humanities 0.9% (1.1%)

Personnel by segment as of 31 December 2013, %



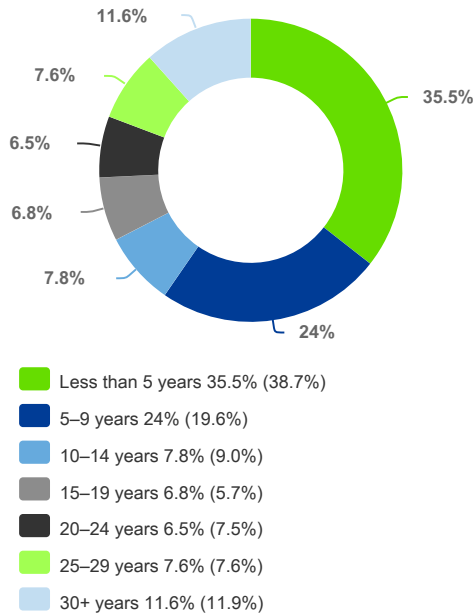
- Oil Products and Renewables 45.2% (46.2%)
- Oil Retail 26.4% (26.7%)
- Neste Jacobs 13.8% (12.5%)
- Research and Technology 7.4% (4.6%)
- Other common functions 7.3% (10.1%)

Educational level of employees as of 31 December 2013, %

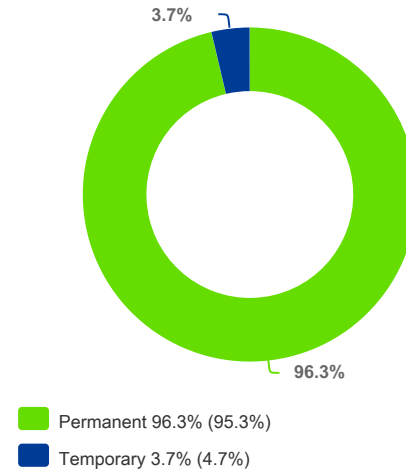


- Bachelor's degree or equivalent 36.8% (37.0%)
- Vocational degree or high school 30.3% (34.1%)
- Master's degree or equivalent 20.6% (20.4%)
- Compulsory education 9.0% (5.6%)
- Information not available 1.9% (1.2%)
- Doctorate/licenciante 1.4% (1.6%)

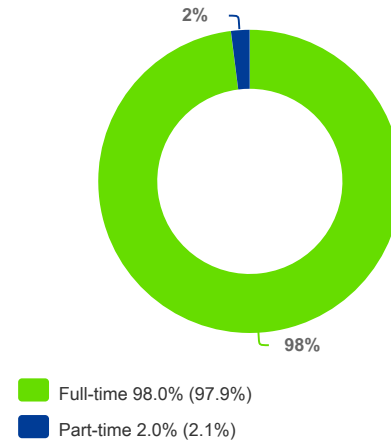
Length of employment of employees as of 31 December 2013, %



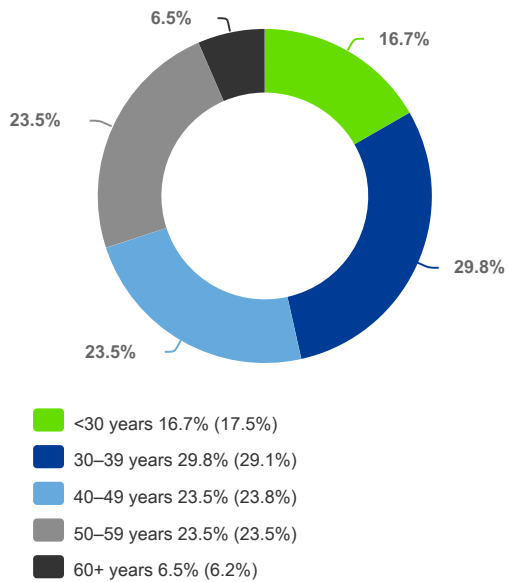
Type of employment contract as of 31 December 2013, %



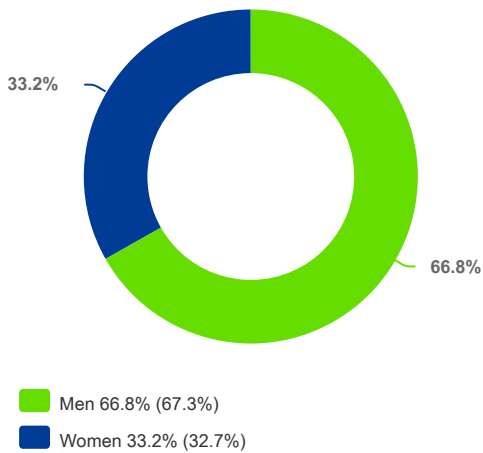
Type of employment according to working hours as of 31 December 2013, %



Breakdown by age as of 31 December 2013, %



Gender ratio as of 31 December 2013, %



Statutory employer-employee negotiations at Neste Shipping

Statutory employer-employee negotiations were held at Neste Oil's shipping company, Neste Shipping, during early 2013 as part of the company's efficiency enhancement program. As a result of these negotiations, which covered all of Neste Shipping's some 450 land- and sea-based personnel, 124 employees were decided to be reduced. In 2013, the number of reduced people was approximately 110 of which three were made redundant. The remainder of the reduction took place through voluntary retirement and the termination of fixed-term employment contracts. The rest of the personnel reductions are likely to be realized during 2014.

Later in 2013, Neste Oil announced that it planned to exit the shipping business completely. In February 2014, Neste Oil announced the selling of its shipping business to OSM Group AS. According to plans, Neste Shipping's personnel, covering approximately 320 people, will transfer to OSM Group during spring 2014.

Progress in revamping the Group's HR IT system

A revamp of Neste Oil's HR IT system is currently under way. The new system will cover all personnel employed by Neste Oil and all the countries in which Neste Oil operates. The revamp will integrate remuneration and performance management systems that currently operate separately into one system, and is designed to increase transparency, improve Neste Oil's ability to manage the expertise of its personnel, and simplify managers' work. The rollout of the system will begin in 2014 and it is expected to be in use across the entire company by the end of 2015.

Number of employees

	2013	2012	2011
Number of employees, average	5,097	5,031	4,926
Number of employees at the end of the year	5,049	5,022	4,825

Sustainability ▶ Sustainability program ▶ Personnel ▶ Way Forward – Our way of working

Way Forward – Our way of working



Neste Oil defined a new way of working model for personnel across the entire Group in 2013 known as Way Forward. Based on the company's values, this new initiative is intended to secure Neste Oil's ability to succeed in a changing world, both today and into the future, and leverage everyone's resources for the company's benefit. Way Forward is central to how Neste Oil is working to achieve its strategic targets and make Neste Oil a more profitable, a more customer-focused, and a safer company and one where personnel enjoy their jobs and feel good about what they do.

Taking and giving responsibility, teamwork, safety, customer focus, and rewarding people for good performance are central to the Way Forward model.

During the course of the Way Forward change initiative, which will extend over a number of years, the plan is to align all of the

company's HR processes – such as performance management and personal development planning – with the new model, to ensure that they provide as much support as possible in helping Neste Oil achieve its goals.

Involving personnel in developing a new way of working

The Way Forward initiative was developed on the basis of a questionnaire for personnel at Neste Oil and designed to give people the opportunity to express their views on the strengths and weaknesses of existing practices and procedures. As the

questionnaire covered all personnel, it was decided to postpone the next personnel survey to early 2014.

The operating model developed on the basis of the results of the questionnaire was fine-tuned in June with the help of 100 key staff, after which it was presented to personnel at a series of strategy events. The new model is being brought closer to employees' everyday work through unit-specific events, at which people are being asked to make two public commitments covering their own way of working. These commitments, and how successfully people live up to them, will be monitored in target-setting and development discussions.



Sustainability ▶ Sustainability program ▶ Personnel ▶ Developing people's skills and expertise

Developing people's skills and expertise



Work on developing people's skills and expertise, together with training generally, is guided by the needs of Neste Oil's businesses and the changes affecting the environment in which the company operates. Developing strategic competencies, managerial capabilities, and the expertise and skills of the personnel are based on helping support the company's businesses achieve their short- and long-term goals.

Development discussions and job rotation help people progress in their careers

Annual performance and development discussions play an important role in helping people develop in their work. These discussions concentrate on setting targets, evaluating performance, and reviewing issues related to employees' personal development. Performance and development discussions covered 82% (82%) of personnel in 2013, excluding service station

personnel in Russia. Performance and development discussions are held 2–4 times a year.

Job rotation is an important tool in HR development and in committing personnel to the company. 8.4% of employees (8.0%) switched to new jobs in 2013. The long-term target for job rotation is 6–8%.

Read [Anssi's story about his diverse career at Neste Oil](#).

Developing strategic competencies and successor planning

During 2013 Neste Oil defined the strategic competencies that it needs in the light of the skills required by the Group's businesses, as part of an overall effort to help the company achieve its strategic goals. Planning work on a new development program covering these strategic competencies was started in 2013. The program itself is expected to begin in 2014.

Successor planning integrated into a review of key positions across the Group represents one of the ways that Neste Oil is using to prepare for the changes in competency requirements that are expected to develop over the next few years. Neste Oil's long-term target is to fill 80% of key positions through internal recruitment.

Around 100 people are expected to come up for possible retirement between now and the end of 2016, and work is under way to respond to this through long-term HR planning and by

strengthening Neste Oil's image as an employer among key target groups.

Coaching-oriented leadership underlined in management development

Neste Oil continued promoting coaching-oriented leadership as part of management development work during 2013. This focuses on encouraging managers and supervisors to engage the members of their teams by involving them, delegating responsibility to them, and fostering more independent decision-making further down in the organization. Peer coaching and comprehensive feedback, amongst other methods, are used to underline the value of a coaching-oriented mindset. Developing coaching-oriented leadership will also help translate the thinking behind the new Way Forward initiative into practical measures and practical progress.

Developing project management skills is also important

Neste Oil's strategy is being implemented through numerous individual projects grouped under the umbrella of four Value Creation programs. As the success of these projects will play a major role in how well Neste Oil succeeds in achieving its overall strategic goals, project management skills are emphasized. Reflecting this, expert personnel and those responsible for projects are provided with a range of training to enhance their project management skills.

Participation in Neste Oil's training programs (number of participants)

	2013	2012	2011
Training for new managers	69	87	80
Extended management training	72	71	37
Specialist training	110	38	Began in 2012
Project management training	35	27	39

Neste Oil organizes a wide range of training for personnel every year, covering professional specialties, languages, IT, safety, and first aid. In addition, employees are provided with various self-study materials and online modules covering areas such as information security, competition law, and work permits. Some of

this training is provided as part of complying with Neste Oil's statutory commitments.

Training-related investments

	2013	2012	2011
Training days/ person	2.1	2.5	2.8
Training-related investments, EUR million	3.5	3.6	4.2

Remuneration



Neste Oil's policy of providing fair and motivational remuneration is intended to encourage personnel to perform at their best.

Neste Oil applies and observes the requirements of local employment legislation and collective bargaining agreements that determine things such as minimum wages and supplements such as overtime pay wherever it operates. Managers are kept informed about local collective bargaining agreements and remuneration systems as part of their management training.

Overall remuneration at Neste Oil covers elements such as the following:

- **Basic salary:** monthly salary and agreed supplements
- **Flexible component:** performance incentives, recognition for excellent performance, share-based incentives, Personnel Fund (in Finland)
- **Additional benefits:** fringe benefits, health care, insurance cover, other benefits, and
- **Career development opportunities:** training and professional development, performance-based management, feedback, and recognition.

Remuneration principles updated

Neste Oil's Group-wide employee remuneration principles were updated during 2013. These updated principles are intended to promote more effective implementation of the company's strategy, encourage personnel to perform well in their jobs and work in accordance with Neste Oil's values, motivate people to take on responsibility, and ensure the overall fairness and transparency of the remuneration that Neste Oil pays its employees. These principles are applied wherever Neste Oil operates within the framework of local collective bargaining agreements, national labor markets, and the local competitive environment. The updated principles will help secure the implementation of the new Way Forward initiative introduced in 2013.

Read more about [Way Forward](#).

Neste Oil's senior executives do not come within the scope of collective bargaining agreements, and are covered instead by Neste Oil's senior management remuneration principles.

Learn more about [the remuneration principles covering senior management and the CEO & President](#).

Learn more about the [remuneration of senior management and the CEO & President](#).

Learn more about [the long-term incentive plan](#).

Short-term and long-term incentive systems

All personnel are covered by Neste Oil's incentive systems. The main short-term incentive is the annual performance-based incentive system, which was updated in 2013. The revamped system gives greater emphasis to target-setting that bypasses traditional team boundaries and to Neste Oil's overall financial performance.

The Personnel Fund represents Neste Oil's main long-term incentive and covers the Group's employees in Finland. Similar funds do not exist in other countries where Neste Oil operates.

Fringe benefits

In addition to salary, Neste Oil aims to offer its employees competitive fringe benefits in line with local market practices, such as – in the cases of Finland – comprehensive health care, a Personnel Fund, and an insurance fund. A new global management model was introduced in 2013, under which decision-making covering new fringe benefits will be handled by the Group HR function on a centralized basis.

Updated tools for defining and classifying job descriptions

The model used for defining and classifying job descriptions was updated in 2013 to bring greater transparency and comparability to this area, and simplify the work of managers. The entire Group switched over to the new system as of 1 January 2014. In advance of the switchover, managers were trained on how to use the new approach, which they reviewed with the members of their teams in employees' performance and development discussions.

New pay system covering chemical industry introduced in Finland

A new pay system was introduced at the Porvoo and Naantali refineries at the beginning of 2013 linking pay increases to employee's expertise and personal capabilities. The new system will provide a road map for pay through a person's entire career and will encourage employees to extend their skill set. The change has affected a total of around 1,000 people.

As part of the system, a new method for assessing people's skills has also been launched. Reviewing people's personal performance and capabilities annually will be one of the factors taken into account in determining people's salary from now on.

The method was trialed during 2013 and was officially introduced at the beginning of 2014.

In terms of personal development, employees coming within the scope of the new pay system have the opportunity to study for various professional qualifications and progress to higher pay grades as a result. Two groups of around 20 people began studying for a qualification at the Porvoo refinery in 2013. Neste Oil's aim is to further develop and extend the professional qualifications available and offer employees the opportunity to study for more advanced, specialist qualifications as well.

Sustainability ► Sustainability program ► Personnel ► Equality and diversity

Equality and diversity



The importance of equality and diversity is highlighted in Neste Oil's HR Policy and in the Group's recruitment and remuneration principles. In line with its HR Policy, Neste Oil treats all employees equally and fairly, regardless of their gender, ethnic origin, age, religious beliefs, and political convictions. Neste Oil is similarly committed to respecting human rights and treating all employees as individuals. No cases of discrimination were reported during 2013.

Learn more about [Neste Oil's HR Policy](#).

Equality issues and treating all personnel equally and fairly form an integral part of Neste Oil's Code of Conduct, which was published in 2010. The aim of the Code, which forms part of Neste Oil's management system, is to help personnel act ethically in their day-to-day work and increase their understanding of what constitutes appropriate behavior in terms of Neste Oil's values.

Personnel have had the opportunity to learn more about the Code through a number of means, including an online game; and familiarizing people with the Code and what it entails forms part of the induction program provided for all new employees.

Learn more about [Neste Oil's Code of Conduct](#).

Neste Oil monitors gender distribution based on the composition of its employees, management, management groups, and the membership of the Board of Directors. The age distribution, educational level, and remuneration of employees are also monitored. Employees' ethnic origin or nationality are not monitored.

Leveraging the value of local expertise

Neste Oil believes that a diverse employee pool will be a competitive advantage in the future, both in terms of its businesses and in the competition for the best possible talent. Neste Oil aims to ensure that local personnel are primarily responsible for its activities in all the countries where it operates. Recruiting local personnel gives Neste Oil access to valuable expertise on the local business world and local culture, and helps increase the effectiveness of company operations.

Gender equality

Neste Oil's equality principles cover the underlying principles and practical measures used to develop equality between men and women across the company. All the indicators required under Finland's equality legislation and Neste Oil's equality plan are monitored annually together with employee representatives. Outside Finland, company practice complies with local legislation and requirements aimed at promoting greater equality between men and women.

Proportion of women on the Board of Directors and in management teams, %

	2013	2012	2011
Board of Directors	42.9	42.9	37.5
Neste Executive Board	11.1	11.1	11.1
Senior management teams in business areas and common functions	28.6	32.9	27.6

8.5% (8.9%) of women working for Neste Oil served as managers and supervisors in 2013 and 12.3% (16.8%) of men.

Managing diversity

Employees are seen as individuals at Neste Oil and are encouraged to identify their individual strengths and develop them as part of their careers. People's individuality and the factors that most motivate them are taken into account in areas such as management training programs, which have focused on a more coaching-based approach over the last few years. The goal of this type of approach is to improve managers' ability to get the most out of the different individuals in their teams and help their teams succeed.

Neste Oil also offers training and support in managing multicultural, geographically disparate teams. Training in virtual management techniques is intended to ensure that teams made up of members based at locations that are geographically distant from each other are managed effectively.

Freedom of association

In accordance with ILO conventions and standards, all of Neste Oil's personnel have the right to organize among themselves and belong to associations. No threats to this right were identified in any area of operations during 2013. Not all personnel in all countries are covered by collective bargaining agreements. 90.2% (92.2%) of personnel came within the scope of these types of agreements in 2013.

Promoting equality and diversity in recruitment

The principles followed by Neste Oil in its recruitment form part of the company's management system, and are followed in all the countries where Neste Oil operates in accordance with local legislation. Neste Oil recruits personnel based on their experience, expertise, skills, and values; and is committed to guaranteeing all applicants equal opportunities and fair and equal treatment during the recruitment process. Recruitment is also used to promote diversity across the company.

Salary equality in practice

Neste Oil extended the statistics that it collects on equality to countries where this is not required by local legislation in 2012. Pay equality surveys are carried out annually in Finland in accordance with the company's equality plan. Despite setting a goal to have country-specific equality plans in place during 2013, this was not achieved.

Neste Oil regularly monitors the ratio between the average basic salaries of women and men working full-time and belonging to upper white-collar, white-collar, and blue-collar employee categories in Finland. Statistics collected in 2013 showed that this ratio varied between 92% and 114% (93–114%), depending on the responsibilities of the people concerned and the category of employee.

Sustainability ► Sustainability program ► Personnel ► Wellbeing at work

Wellbeing at work



Neste Oil believes that people's physical and mental factors are fundamental to their wellbeing in working environment. Employees' wellbeing and their ability to do their job are promoted by developing a culture that encourages them to give of their best and by dealing with problems at as early a stage as possible.

Wellbeing at work and occupational health are promoted via a variety of means including:

- Personnel survey and analyzing its results
- Regular performance and development discussions
- Emphasis on developing the capabilities of managers and supervisors
- Regular feedback

- Integrated occupational health care, including check-ups, preventive health-related advice, and medical care
- Sickness and insurance cover
- Early rehabilitation and rehabilitation courses
- Guidance on alcohol and drug abuse and access to the appropriate care if required
- Early support model
- Reassignment to alternative work
- Employee club activities
- Support for leisure time activities, and
- Encouraging personnel to adopt a healthy life style and various health promotion campaigns.

Occupational health care

Neste Oil's occupational health care focuses on preventing, caring for, and following up work-related illnesses. The number of cases of work-related illnesses and diseases continues to remain low and no work-related illnesses were reported in 2013.

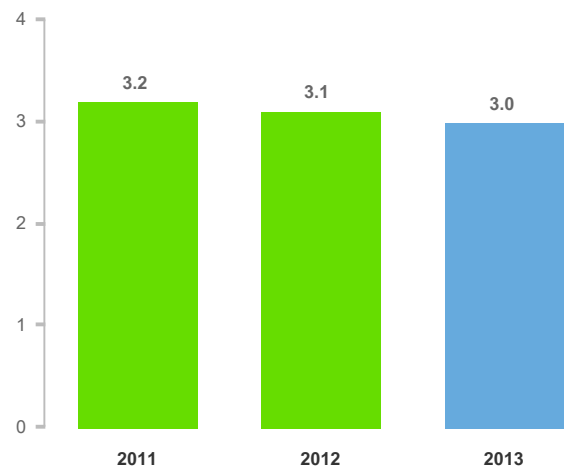
Occupational health care services are provided at Neste Oil's main locations in Finland (Porvoo, Espoo, and Naantali) by the company's own occupational health care units. Occupational health care at other locations in Finland and overseas is sourced from external service providers. Services in Finland are supplemented through voluntary membership of the Enerkemmi Insurance Fund and the Kilpilahti Sickness Fund.

A new, self help-driven medical check-up practice was introduced at Neste Oil in 2013. As part of this, each employee is now sent a background questionnaire as part of check-ups to help them assess their need for various types of help. This new proactive approach has been introduced to improve the effectiveness of check-ups and ensure that people who could most benefit from the advice or assistance that Neste Oil can provide do in fact seek care. The new system was trialed with a group of 50 employees in 2012.

Good experience with alternative work and reassignment

Neste Oil's goal is to reduce the amount of sick leave taken by personnel by developing working conditions and making use of various alternative solutions. Personnel injured in accidents at work, for example, are offered alternative work during their recovery. Employees also have the opportunity to switch to new duties permanently for health reasons. Occupational health physicians and a job placement coordinator are responsible for managing the reassignment process. Eleven people were successfully reassigned under this procedure in 2013.

Sick leave, %



Development work on the early support model is continuing

Neste Oil uses an early support model aimed at identifying factors that might undermine people's ability to do their job effectively at an early stage and address them before they become a real problem. The model and the practices used as part of it are being further developed. A new training package for managers and supervisors covering the early support model will be introduced in 2014.

Making wellbeing at work an integral part of day-to-day operations

Work on implementing the wellbeing at work plan drawn up in 2012 continued during 2013. A number of workshops for local management teams and wellbeing at work groups were held at sites to bring a local perspective to what wellbeing at work means for Neste Oil and its people. Site-specific analyses of the current situation in this area were carried out, and one to three development measures agreed on for each location. The aim is to integrate wellbeing at work more closely into people's day-to-day activities.

A good balance between work and leisure time

Ensuring that personnel benefit from a good balance between work and their life outside work is one of Neste Oil's principles. Supervisors are responsible for monitoring the hours put in by the members of their teams, and they are encouraged to discuss time management with their people. Flexible working hours and working from home provide additional flexibility for personnel with jobs that can benefit from these practices.

Society

Neste Oil listens to its stakeholders and strives to develop its operations on the basis of the feedback that it receives.

Our goal:
We generate long-term success in business by operating ethically

Our return on average capital employed (ROACE) after tax was



11.8%

[Read more ►](#)




Taking a stand on energy and climate politics



[Read more ►](#)

More extensive overview of our tax footprint from 2013



[Read more ►](#)

What were our targets?	Actions and achievements in 2013?	What next?
Increase ROACE (Return on Average Capital Employed, after tax) to at least 15% over the long term.	<ul style="list-style-type: none"> • ROACE was 11.8% (5.0). 	<ul style="list-style-type: none"> • Continue working to achieve our long-term ROACE target
Encourage stakeholder involvement and actively interact with key stakeholders.	<ul style="list-style-type: none"> • The Stakeholder Advisory Panel met twice. • Discussions with NGOs continued in Europe, the US, and Asia. • We began working with The Forest Trust (TFT), an organization dedicated to preventing deforestation. • We drew up improvement plans based on the results of our stakeholder survey. 	<ul style="list-style-type: none"> • Continue to encourage stakeholder involvement and participate more actively in debate.
Provide wider reporting on Neste Oil's tax footprint.	<ul style="list-style-type: none"> • We published more tax-related details in the Sustainability report. 	<ul style="list-style-type: none"> • Continue developing how we report our tax contribution.
Make our expertise available to decision-makers.	<ul style="list-style-type: none"> • We were involved in technical drafting work on BAT requirements coordinated by the EU. 	<ul style="list-style-type: none"> • Continue providing expertise to decision-makers.

Case: Educating plantation workers' children in Malaysia



Educating plantation workers' children in Malaysia



Neste Oil supports schooling for children living in remote parts of Malaysia and has contributed for a number of years to the work of the Humana Child Aid Society, which gives thousands of children the chance to go to school who would otherwise miss out on this opportunity.

Humana Child Aid runs schools and learning centers on remote plantations together with responsibly minded local palm oil companies. All its schools are officially approved by the Malaysian

Ministry of Education. The aim is to offer education to children who would not normally be able to attend school because of the long distances they would have to travel, poverty, or their lack of legal entitlement.

Palm oil companies have begun to pay increasing attention to their social responsibility and children's education in recent years, and a growing number of children today have the chance to attend school as a result.

"Our partners feel that the assistance they give us provides real benefits, as workers are more satisfied and stay with them for a long time," says the Chief Executive Officer of the Humana Child Aid Society, **Torben Venning**.

Educating a growing number of children

The Humana Child Aid Society has done a lot of good work educating children and has opened over 20 new learning centers providing basic education for more than 2,000 children over the last few years. Over 12,000 children attend the organization's 130 schools in all. Although a lot has been achieved, there is still a lot left to do, says Torben.

"Over 10,000 children have been educated at our schools so far, but there's still more we can do, as lots of children on plantations still lack the opportunity to attend school."

Sustainability ► Sustainability program ► Society ► Financial impact

Financial impact

Neste Oil lives up to its financial responsibility by ensuring that it is profitable and competitive. By doing so, it can increase the prosperity of its owners by enhancing the value of their holdings and by paying dividends.

Neste Oil's operations have a major impact on Finnish society. The taxes and other charges that it pays help support society and the services society provides. Neste Oil is also responsible for collecting a large amount of taxes on behalf of government, in the shape of fuel duty and value added tax.

Neste Oil is Finland's largest company in terms of net sales in 2013, and provides employment for about 5,000 people worldwide. Including the personnel employed by the company's contractors, Neste Oil provided employment, directly and indirectly, for approximately 7,600 people in 2013.


Neste Oil also pays strategic stockpile fees on the fuel it sells to the Finnish National Emergency Supply Agency and oil protection fees on the crude oil that it imports. The National Emergency

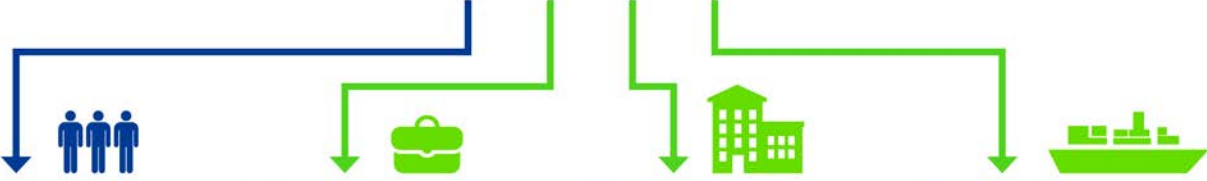
Supply Agency is responsible for securing society's needs in the event of serious disruptions and emergencies, while the Oil Pollution Compensation Fund is managed by the Ministry of the Environment. This fund, which is separate from the state budget, is responsible for acquiring equipment to deal with possible oil spills and for reimbursing people affected by spills when the cause of an incident is unknown or the party responsible is unable to pay the compensation in question.

Neste Oil is also a major Finnish exporter and contributes around EUR 2 billion to Finland's trade balance through its refining operations. If there were no refineries in Finland and all petroleum products were imported, the trade balance would be severely impacted. The growth of Neste Oil's Renewable Fuels business has also made Neste Oil Finland's third-largest cleantech company. Neste Oil's cleantech-related net sales totaled EUR 2.5 (2.2) billion in 2013.


Financial impact and stakeholders

(by clicking different stakeholders in the picture you will see the information related to that particular group)





Personnel
Owners and financiers
Society
Suppliers

Personnel 

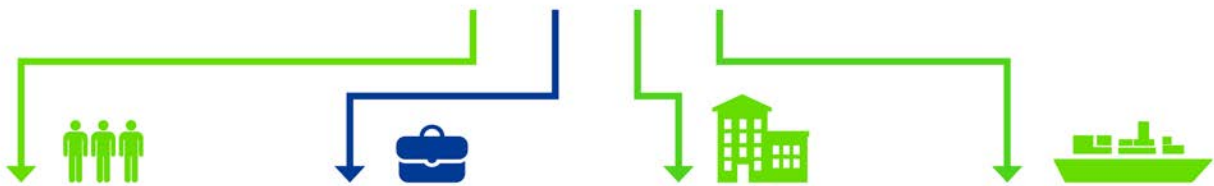
Direct impact (EUR million)	2013	2012	2011
Salaries and remuneration	270	253	240
Other personnel expenses	83	86	76
Training investments*	3.5	3.6	4.2
Income tax paid by personnel	58.8	56.2	53.9

* included in Other personnel expenses

Indirect impact

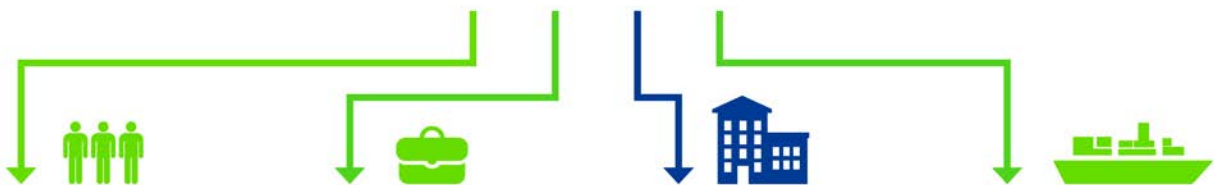
- Salaries paid by Neste Oil contribute to operating countries consumer expenditure and national GDP.
- Taxes paid by personnel contribute to maintaining the prosperity of society.
- HR development initiatives, such as job rotation and training programs, increase the expertise of Neste Oil's employees and enhance their competitiveness on the job market.

NESTE OIL



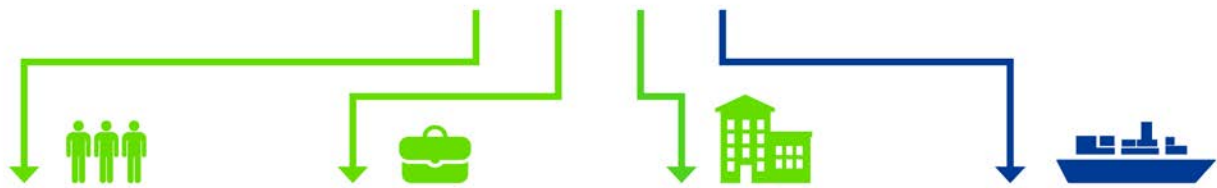
Personnel	Owners and financiers	Society	Suppliers	
Owners and financiers 				
Direct impact (EUR million)		2013	2012	2011
Dividends		167*	97	90
Interest and financial expenses		81	87	72
* Board proposal to the AGM				
Indirect impact				
<ul style="list-style-type: none"> Shareholders benefit through possible increases in the value of the shares they hold and the dividends they receive. Dividends paid for the shares owned by the state help maintain society's services. 				


NESTE OIL



Personnel	Owners and financiers	Society	Suppliers	
Society 				
Direct impact (EUR million)		2013	2012	2011
Corporate income tax		94	59	46
Excise taxes		1,684	2,261	2,354
Environmental tax		24	22	24
Charity work and sponsorship		1	1	1
Total investments		214	292	364
See Neste Oil's tax contribution				

NESTE OIL



Personnel	Owners and financiers	Society	Suppliers	
Suppliers				
Direct impact (EUR million)		2013	2012	2011
Purchases of refinery feedstocks		15,320	16,164	14,199
Others (e.g. goods and services)		904	790	379
Indirect impact				
<ul style="list-style-type: none"> Working with partners to develop their operations helps create new business opportunities for them Thanks to the stable income offered by Neste Oil, partners can provide employment for their employees and purchase products and services Neste Oil provided employment, including contractors' employees, to approximately 7,600 people in 2013 				
Combating the gray economy				
<p>Neste Oil contributes to efforts aimed at combating the gray economy and takes part in initiatives such as the Finnish Tax Administration's Raksa project covering the construction industry. As part of its collaboration with this project, Neste Oil has supplied the tax authorities with information on its contractors. Beginning in 2013, Neste Oil has begun adding people's individual tax numbers to their staff cards. Contractors are not granted access permits to Neste Oil sites unless they provide their tax numbers. Everyone working for Neste Oil in Finland has been registered with the Public Register of Tax Numbers.</p>				

Sustainability ► Sustainability program ► Society ► Financial impact ► Tax contribution 2013

Tax contribution 2013

Neste Oil provides a tax and duty overview. Company has published voluntary reports of taxes already for several years. This developed report includes material taxes and duties divided by type and by split between Finland and other countries.

The tax strategy of the company is to support Neste Oil's business decisions and ensure their proper implementation also from tax perspective. Tax planning follows the business changes and rationale of the company and taxes and duties are paid, collected, remitted as well as reported according to respective local laws. Neste Oil is committed to follow local laws as well as OECD Transfer Pricing Guidelines and transfer prices are based on public quotations whenever applicable quotation is available. High-quality tax compliance is the corner stone of Neste Oil's tax management. Company contributes continuously to tax law drafting and practice development and is in favour of fair, clear and consistent tax system.

Neste Oil has active companies in a couple of low tax jurisdictions because of sound business reasons. The captive insurance company in Guernsey pays corporate income tax in Finland according to Finnish tax laws. The income derived from shipping joint ventures in Bermuda is taxed according to Finnish tax laws in Finland only when the funds are repatriated to Finland.

The report includes such taxes and levies which Neste Oil is liable to pay or collect according to local law. However, such taxes or levies which are included in the purchase price of a product or a service are not reported in this overview unless Neste Oil is liable to report such tax or levy. If a foreign Group company was liable to pay tax in Finland, such tax is reported among Finland in our figures, and not in corresponding foreign figures.

Taxes of 2012–2013

Taxes borne, MEUR	2012	2012	2012	2013	2013	2013
	Finland	Other countries	Group in total	Finland	Other countries	Group in total
Corporate income tax	25	34	59	76	18	94
Real estate tax	1	5	6	1	6	7
Employer's charges	5	8	13	4	7	11
Environmental taxes	22	0	22	23	1	24
Customs duty	7	1	8	2	1	3
Total taxes borne, MEUR	60	48	108	106	33	139
Taxes collected, MEUR						
VAT/GST, remitted	1,214	184	1,398	997	214	1,211
Excise taxes	2,024	237	2,261	1,480	204	1,684
Withholding taxes	65	10	75	69	8	77
Employee's social security	14	3	17	15	3	18
Total taxes collected, MEUR	3,317	434	3,752	2,561	429	2,990

	2012	2012	2012	2013	2013	2013
Total taxes borne and collected, MEUR	3,377	482	3,860	2,667	462	3,129

Key term definitions:

Corporate income tax – All current taxes that are based on the taxable profit of a company during the respective calendar year and current tax adjustments for prior years (deferred taxes are excluded).

Customs duty – Legislative duties levied on imports and exports payable to EU or to governments in other customs territories during a fiscal year.

Environmental taxes – Taxes and levies imposed for environmental reasons.

Excise taxes – Taxes collected for certain products delivered for consumption or taken into use for the periods of a fiscal year. Excise taxes include strategic stockpile fees.

Real estate tax – Any taxes and duties paid based on ownership, possess, or usage of real estates as defined in respective legislation.

Taxes – Material, compulsory taxes, duties, charges, and levies payable to government and governmental body.

Taxes borne – Taxes that the Group is obliged to pay to governments and governmental bodies on its own behalf.


Taxes collected – Taxes which the Group is obliged to pay to governments and governmental bodies on behalf of another person or corporation, such as withholding taxes collected from the salary of personnel.

VAT/GST, remitted – Net amount amounting to VAT payable less the VAT deductible remitted to governments for the VAT periods of a fiscal year. VAT includes similar sales taxes.



Withholding taxes – Tax charged on salaries, dividends, royalties and interest on behalf of individual or corporation.

Neste Oil's stakeholders

Customer



What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	care
<ul style="list-style-type: none"> • High-quality, safe products • Reliable deliveries and good availability • Sustainable operations throughout the supply chain • Lower-emission products and solutions fulfilling biomandate requirements • Competitive pricing 	<ul style="list-style-type: none"> • Customer service channels (e.g. helpline, web site feedback, lubricant advice) • Customer satisfaction surveys • Personal interaction with sales staff • Brand survey • Facebook accounts • Group Twitter account • Group LinkedIn profile 	<ul style="list-style-type: none"> • Using Neste Oil products, customers were able to reduce their greenhouse gas emissions by approx. 4.8 million tons, equivalent to over 40% of traffic-related greenhouse gas emissions in Finland. • We continued developing our supply chain to ensure reliable deliveries. • We continued working to ensure the sustainability of every stage of our supply chain. • A total of 1,724 audits or check-ups were done at our stations to ensure ongoing high standards of customer experience. 	 <p>“Our experience of using NExBTL diesel has been extremely positive in our own fleet, and we have experienced zero customer complaints or issues.”</p> <p>Pat O'Keefe, Vice President, Golden Gate Petroleum</p>

Personnel and dealers



What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	
<ul style="list-style-type: none"> • Fair remuneration that encourages people to perform well • A workplace that promotes people's wellbeing and safety • Opportunities for people to develop their expertise and enjoy exciting career paths • Involvement • Trainee positions 	<ul style="list-style-type: none"> • Innovation system • Personnel survey • Performance and development discussions • Intranet • Quarterly performance updates and staff strategy sessions • Dealer days • Extranet for dealers • Student visits • Recruitment fairs • Careers account on Twitter • Employer image studies • Summer intern studies 	<ul style="list-style-type: none"> • We updated our performance-based bonus system and the remuneration system used at our refineries in Finland. • We launched the Way Forward initiative, which was created with the help of input from personnel. • We organized numerous internal manager training courses and other training. • We continued implementing our wellbeing at work plan. • We offered comprehensive occupational healthcare cover. • We supported job rotation and relocation. • We offered summer internships in our own operations to around 300 young people. In addition, approx. 200 young people were hired by Neste Oil stations. The focus in station recruitment was on young people without any previous work experience. • Summer trainees gave Neste Oil 4.4 (4.2) points out of five in the annual summer trainee survey. • We took part in the 'Responsible Summer Job' campaign in Finland. 	 <p>My busy career at Neste Oil has lasted over 20 years to date. My responsibilities have varied and adapted to where I've been in my life over the years, and I've tried to be flexible as well when the job has called for it. Having such a long career with the same employer means sharing the same sort of values as the company and my colleagues. I've also felt that my job has given me the chance to champion things I find important, whether they're financial-, technology-, or people-related."</p> <p>Reetta Ristola, Sourcing Manager, Neste Oil</p>

sourcing manager



Owners and investors

What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	
<ul style="list-style-type: none"> • Good overall return on the company's share • Good loan repayment performance • Sufficient and reliable information for making investment decisions • Sustainable operations • Good risk management 	<ul style="list-style-type: none"> • Press conferences on the company's financial results • Annual General Meeting • Capital Markets Day • Meetings with investors and analysts • Conference calls with investors and analysts • Surveys 	<ul style="list-style-type: none"> • We paid a dividend of EUR 0.38 per share from 2012. • We improved our most important financial target, return on average capital employed, after tax (ROACE), from 5.0% to 11.8%. • We held a Capital Markets Day in London. • We met investors and analysts regularly. • We operated in accordance with the law and statutory regulations and our Code of Conduct. 	 <p>"Corporate responsibility issues are increasingly material for companies and therefore they are increasingly material for their investors. We at Nordea Asset Management strive to incorporate various environmental, social and governance issues in to our decision making and appreciate the effort the Neste Oil has invested in corporate responsibility management. We especially appreciate the levels of transparency not only demonstrated in their annual reporting, but also in their openness to discuss their opportunities and challenges in public."</p> <p>Antti Savilaakso, Director of Responsible Investment & Governance, Nordea</p>



Decision-makers and the authorities

What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	
<ul style="list-style-type: none"> • Compliance with the law and statutory regulations • Reliable and sufficient reporting • A good taxpayer 	<ul style="list-style-type: none"> • Visits to Neste Oil locations • Personal meetings • Permit application processes • Joint crisis response exercises • Brand study • Stakeholder Advisory Panel 	<ul style="list-style-type: none"> • We operated in compliance with the law and statutory regulations in all countries. • Our income taxes totalled EUR 94 million. Read more about our taxes. • We engaged in active dialogue with decision-makers and officials on matters affecting our industry. • We submitted a new environmental permit application for the Porvoo refinery in the fall 2013. 	 <p>Neste Oil's operations in recent years have reflected a positive effort to highlight the importance of social responsibility as part of its activities. The company's investments in biofuels and renewable feedstocks, together with its ongoing R&D, are important aspects of this effort. In line with its commitment to sustainable development, Neste Oil has actively looked for new business opportunities and has taken the criticism that it has received from environmental organizations, on issues such as the use of palm oil, seriously."</p> <p>Pia Kauma, MP, Chair of Neste Oil's Stakeholder Advisory Panel</p>



Local communities

What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	
<ul style="list-style-type: none"> • Effective management of the environmental impact associated with our plants • Support for and donations to the local community • Open and timely communication 	<ul style="list-style-type: none"> • Outreach events for people living near Neste Oil's refineries in Finland • Collaboration with other companies based close to our sites • Open door days at our refineries • Magazines and newsletters distributed to the surrounding community • Facebook site maintained by the Naantali refinery • Meetings with local municipal leaders • Feedback via internet 	<ul style="list-style-type: none"> • We continued to constantly monitor the environmental impact of our operations and ensure that we operate within the terms of our environmental permits. • We distribute newsletters to people living near our plant. • Incidents at our Porvoo and Naantali sites are communicated to local people via sms, email, our refinery helplines, and the joint web site maintained by companies in the Kilpilahti area in Porvoo. • Local people were updated about incidents at Porvoo and Naantali sites 37 times in 2013. There were no incidents that required informing local communities in Singapore and Rotterdam. • The trustworthiness of Neste Oil's local communications in Porvoo and Naantali was ranked 3.25 and 3.24 respectively (on a scale of 1-4) in a survey of decision-makers and local residents. • We held open door events at the Naantali and Rotterdam refineries. 	 <p>“It has been positive to see that a major industrial site and a small golf course can co-exist so well, despite being so close to each other, just a few kilometers apart in fact. We have worked together on a number of events and meetings, and I am sure that there will be a lot more opportunities for doing so in the future. As neighbors, we feel part of the same local community and we get updated on the site's operations regularly.”</p> <p>Antti Hiltunen, CEO, Kullo Golf Oy</p>



Partners (feedstock and other suppliers, universities, etc.)

What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	
<ul style="list-style-type: none"> • Reasonable level of revenue and fair and equitable treatment • Opportunity to develop their operations and collaboration with Neste Oil • Sustainable operations by Neste Oil • Joint R&D projects 	<ul style="list-style-type: none"> • Continuous interaction, meetings, and visits • Training courses • Audits • Research consortia and joint teams • Annual feedback questionnaire • Seminars and conferences 	<ul style="list-style-type: none"> • Our experts helped palm oil smallholders in Indonesia to develop their operations and enabled them to have their output certified. • We launched a study with RaisioAgro on how straw could be used cost-effectively as an input for producing biofuel. • We were part of a research project coordinated by the Lappeenranta University of Technology on biofuel-related greenhouse gas emissions. • We are part of a number of international research projects on algae oil and started a new joint research initiative in the field with the University of Queensland in Australia. • We participated in TransEco, an extensive research initiative headed by VTT Technical Research Centre of Finland, and continue the cooperation by participating the TransSmart project. 	 <p>"Golden Agri-Resources believes that multi-stakeholder collaboration is the best way to achieve solutions for sustainable palm oil production. Our leadership position enables us to adopt the best industry practices and standards, manage the environment responsibly and empowering the communities where we operate, while maximising long-term shareholder value."</p> <p>Peter Heng, Managing Director, Corporate Communications and Sustainability, Golden Agri-Resources Ltd</p>

Media

What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	
<ul style="list-style-type: none"> • Open and reliable communication on topical issues • Availability of personnel to answer questions 	<ul style="list-style-type: none"> • Background meetings with journalists • Media events and interviews • Visits to our sites • Facebook channel: Neste Oil Bensis • Group Twitter account • Direct contact with media representatives • Web site • LinkedIn profile 	<ul style="list-style-type: none"> • Corporate Communications responded to media enquiries and helped journalists contact someone suitable to answer their questions. • We offered possibilities to interview our people. • We organized background meetings for 65 journalists. • Neste Oil personnel provided specialist input for a number of articles on subjects of interest to the general public. • We organized visits to our sites for the media and other groups. 	 <p>"I follow Neste Oil's R&D work and refining new materials into biofuels with great interest. This is certainly true recycling of waste and many other kinds of biomass."</p> <p>Helena Raunio, Journalist, Tekniikka & Talous</p>

Organizations

What people expect of Neste Oil	Interactive channels	Examples of how we responded to these expectations in 2013	
<ul style="list-style-type: none"> • Sustainable operations and transparency • Sustainable use of palm oil • Continuous development of our operations • Active participation in debate on matters important to society and concrete actions to move things forward • Sharing our expertise 	<ul style="list-style-type: none"> • Meetings with representatives of different organizations • Joint exercises, in areas such as oil spill response • Conferences and seminars 	<ul style="list-style-type: none"> • We started collaboration with The Forest Trust (TFT) to help prevent deforestation and secure the sustainable production of renewable feedstocks. • We published a set of No-Deforestation & Responsible Sourcing Guidelines. • We were actively involved in the activities of numerous industry organizations, such as the Finnish Petroleum Federation and the Chemical Industry Federation of Finland. • We continued to be an active member of the Roundtable on Sustainable Palm Oil (RSPO) and were the first company in the world to receive a RSPO-RED certificate. • We continued to collaborate with WWF Finland on oil spill response work and carried out a joint exercise at the Porvoo refinery. • We continued to support the work of Borneo Child Aid in promoting the education and welfare of children in Malaysia. • We met with various environmental organizations critical of our operations. 	 <p>"Neste Oil is helping to transform the palm oil industry with their ground-breaking commitment to No-Deforestation in their sourcing. They understand that buyers need to support suppliers to make these changes, and are working closely with TFT and other stakeholders to remove the barriers to truly deforestation-free palm oil."</p> <p>Scott Poynton, Executive Director, TFT (The Forest Trust)</p>

Stakeholder dialogue in 2013



Neste Oil actively engages in dialogue with its various stakeholders and listens to their expectations and possible concerns. Stakeholder feedback is seen as very valuable and is used to help develop Neste Oil's operations.

Stakeholder dialogue takes place on many levels. Overall responsibility for stakeholder engagement lies with the company's Senior Vice President, Communications, Marketing and Public Affairs; Senior Vice President, Sustainability and HSSE; Vice President, Investor Relations; Senior Vice President, Human Resources; the Executive Vice Presidents of Neste Oil's business areas; and numerous experts across the company.

Neste Oil engages with its stakeholders on a daily basis through a variety of communication and interactive channels. Company personnel are encouraged to take part in discussion through things such as social media, and a set of guidelines has been drawn up to help them do this.

Read more about the [channels used by Neste Oil to interact with its stakeholders](#).

Feedback from stakeholders is not always positive and is sometimes critical. Constructive criticism is seen as valuable input for developing Neste Oil's operations.

The sustainability of the biofuel industry and land seizures caused concern

The sustainability of the palm oil industry generated some discussion among Neste Oil's stakeholders in 2013. A report on the industry and deforestation published by Greenpeace in October 2013 accused one of Neste Oil's suppliers (Wilmar) of irresponsible practices in this area. Neste Oil treats deforestation very seriously, and its No-Deforestation Guidelines, introduced in 2013, are designed to help the company's palm oil suppliers identify and review aspects of their operations of the type highlighted in the Greenpeace report. Neste Oil works closely and constantly with its suppliers and has discussed the issues contained in the Greenpeace report with them. Neste Oil only buys certified palm oil that comes from known sources from its suppliers.

Neste Oil requires its suppliers to operate according to legislation and RSPO (Roundtable on Sustainable Palm Oil) principles.

Read about [Wilmar's response to the Greenpeace report](#).

Read the [Greenpeace report on the palm oil industry and the trade in palm oil](#).

Some claims were made during 2013 asserting that Neste Oil was linked to land grabbing in Asia. No cases of this type have occurred in Neste Oil's own supply chain. All the palm oil used by Neste Oil is traced back to the plantation where it is produced, and Neste Oil knows the exact location of these plantations and their history; none of the plantations supplying Neste Oil have plans to extend their operations. The certification procedures used by Neste Oil and the company's own sustainability criteria require all of Neste Oil's suppliers to respect human rights. All of Neste Oil's suppliers are also committed to the RSPO's criteria covering land grabbing.

Learn more about the [RSPO's sustainability criteria](#).

Read more about [how Neste Oil verifies the sustainability of its supply chain](#).

Collaboration with smallholders and forest fires high on the agenda in Asia

Neste Oil's collaboration with palm oil smallholders was one of the subjects that attracted the interest of the company's stakeholders in Asia in 2013. Neste Oil currently buys palm oil from around 54,000 smallholders and is negotiating a new arrangement that would enable it to buy palm oil from independent smallholders.

Forest fires in Indonesia also generated some discussion in 2013. These were suspected of being the result, at least in part, of illegal burning of land by farmers. The Indonesian authorities and the RSPO investigated a number of cases and found no sign of land having been cleared in this way on Neste Oil's suppliers' plantations. All of Neste Oil's suppliers are covered by a clear policy banning the use of slash and burn to clear land.

Plans to exit the shipping business generated discussion among personnel and in the media

Neste Oil's announcement that it was to start statutory employer-employee negotiations with its shipping personnel and plans to exit the shipping business generated discussion among the company's personnel and in the media. The issues involved were discussed openly with the personnel concerned and in accordance with statutory requirements. Neste Oil also communicated the news and answered media questions on the subject openly.

Advocacy work supports public decision-making

Neste Oil supports legislators and other decision-makers in their work by making its specialist expertise and knowledge available on industry-related matters. Its advocacy-related work is aimed at supporting the implementation of the company's strategy and ensuring that Neste Oil's operating environment develops in a way favorable to the company's interests and competitiveness. In line with its commitment to good advocacy practices, Neste Oil is registered with the EU's Transparency Register.

Neste Oil aims to take an active part in public debate, both in Finland and internationally, and during 2013 participated in discussions at EU level on subjects such as the update of the directives covering the use of renewable traffic fuels, alternative traffic fuels, and EU climate and energy policy post-2020. Neste Oil also continued work aimed at helping eliminate market barriers within and outside the EU. In Finland, Neste Oil took part in debate on subjects such as the reform of the country's environmental protection legislation, government strategy on energy and climate policy, and how to compensate the impact on Finnish competitiveness resulting from the EU's Sulphur Directive. In the US and Canada, Neste Oil presented its views on the

development of biofuel legislation through industry organizations there.

Neste Oil was also involved in supporting the Finnish Arkadia 2015 training program for young future decision-makers in 2013. This aims to give participants a comprehensive overview of the challenges facing the future of the retail trade, the energy sector, the media, property, and construction in Finland.

Read more about [Neste Oil's position on key issues](#).

Sustainability ► Sustainability program ► Society ► Human rights

Human rights



Neste Oil is committed to observing the principles contained in the United Nations' Declaration of Human Rights and the key conventions on human rights promoted by the International Labour Organization (ILO). The same respect for human rights is expected of all the company's partners. The importance of respecting human rights is included in Neste Oil's sustainability principles for biofuels, its sustainability policy, and the company's Code of Conduct.

All forms of harassment, discrimination, child labor, forced labor, and other forms of exploitation are strictly forbidden in Neste Oil. Equality is currently the most central aspect of human rights highlighted within the company's own operations. Neste Oil has its own Code of Conduct, and the personnel are encouraged to familiarize themselves with it through a variety of means, including an interactive game.

Learn more about [Neste Oil's Code of Conduct](#), its [sustainability policy](#), and its [sustainability principles for biofuels](#).

Southeast Asia identified as the riskiest area

No risks associated with the use of child, forced, or prison labor were identified in Neste Oil's operations during 2013, and there were no cases of people's human rights being violated.

Southeast Asia, where Neste Oil buys some of its renewable raw materials, has been identified as the highest-risk region in a mapping of human rights issues covering the company's entire supply chain. To ensure that human rights are respected throughout Neste Oil's supply chain, all of the company's potential suppliers go through due diligence reviews before they are approved as partners. Reviews cover their performance in areas such as workers' rights and the use of child labor and forced labor. As part of the certification process, third-party auditors review the procedures used by raw material suppliers in their operations and their human rights performance. Neste Oil also requires all its palm oil suppliers to be members of the Roundtable on Sustainable Palm Oil (RSPO). By joining the RSPO, suppliers commit themselves to the organization's principles, which include respecting people's human rights.

Learn more about the [RSPO's principles](#).

No land disputes were shown to have occurred during 2013 in areas from which Neste Oil sources its palm oil. One of its palm oil suppliers, the IOI Group, is involved in an ongoing, unresolved land-related dispute in Sarawak in Malaysia. Neste Oil does not buy palm oil from disputed land areas. None of the plantations from which Neste Oil buys palm oil have plans to extend their activities or are involved in land disputes.

Read more about [how Neste Oil verifies the sustainability of its suppliers' operations](#).

Participation in organizations and joint projects



Neste Oil takes part in the development of the industry it operates in by working through key industry organizations worldwide and the company representatives that sit on their boards or committees.

During 2013, Neste Oil took part in the activities of numerous communities, including the following:

Energy and chemicals

- European Biodiesel Board (EBB)
- CONCAWE, the oil companies' European association for environment, health and safety in oil refining
- Europa (European Petroleum Industry Association)
- ASFE (Alliance for Synthetic Fuels in Europe)
- Chemical Industry Federation of Finland
 - Neste Oil's President & CEO has chaired the Federation's Board since the beginning of 2013

- Finnish Petroleum Federation
 - A Neste Oil representative is the Vice Chair of the Federation's Board
- Cleantech Finland
- CLEEN (Cluster for Energy and Environment)
- European Energy Forum (EEF)
- Canadian Renewable Fuels Association (CRFA)
- European Committee of Standardization (CEN)
- ASTM International
- Oil Companies International Marine Forum (OCIMF)

Sustainable production and use of feedstocks

- Roundtable on Sustainable Biomaterials (RSB)
- Roundtable on Sustainable Palm Oil (RSPO)
- Round Table on Responsible Soy (RTRS)

In addition to organizations, Neste Oil also participates in a number of joint initiatives every year.

Aviation initiatives

- European Aviation Biofuels Flightpath
 - aimed at increasing the use of aviation biofuel to 2 million t/a by 2020
- ITAKA (Initiative Towards Sustainable Kerosene for Aviation)
 - aimed at promoting the commercialization and use of renewable aviation fuel in Europe
- A Dutch 'Bioport for jet fuels in the Netherlands' initiative aimed at promoting the use of sustainably produced biofuel in aviation

Safety initiatives

- Tanker Safety, a project aimed at improving marine and environmental safety in the Gulf of Finland

Sustainability initiatives

- Responsible Care, a voluntary initiative by the global chemical industry aimed at supporting sustainable development in the industry.

Charity work and sponsorship



Sponsorship at Neste Oil is based on the company's sponsorship principles. When selecting what to sponsor, particular attention is given to how closely a potential partner shares similar values to Neste Oil's own. Neste Oil does not sponsor political parties, religious movements, or company clubs. Neste Oil spent a total EUR 1 (1) million on charity work and sponsorship in 2013.

Neste Oil Rally has a major impact in and around Jyväskylä

Neste Oil has been the main sponsor of the Finnish World Rally Championship event since 1994. A study carried out in 2013 – in the form of a questionnaire produced by the Sports Business School – showed that the Neste Oil Rally generated a direct financial benefit to the Jyväskylä region valued at close to EUR 15 million in 2013. The event also has a very positive impact on the town's overall image.

Read more about [the study](#).

Other sporting events sponsored in 2013:

- **'Auta miestä mäessä'** campaign, in support of the Finnish national ski jump team
- **Espoo Blues:** ice hockey team from Espoo
- **Oulun Kärpät:** ice hockey team from Oulu

Special emphasis on children and young people in recent years

Neste Oil has focused on supporting activities linked to children and young people in particular in recent years. By supporting a range of activities, Neste Oil's aim is to help enhance the wellbeing of young people and children, offer them challenging activities, and help them enjoy sport and staying on the move.

The following received support from Neste Oil in 2013:

- **Nuorten hyväksi (Let's Help Young People) campaign:** aimed at promoting wellbeing among the young

- **Finnish Figure Skating Association:** proactive support to help prevent young national team players aged between 10 and 15 from being injured
- **Millennium Youth Camp 2014:** encouraging young people to learn more about science and promoting the concept of sustainable development among future scientists
- **Chemistry Lab Gadolin:** an action-based learning environment for schoolchildren and students studying chemistry
- **Espoo Blues Juniors:** long-term support for junior ice hockey players
- **Borneo Child Aid:** enabling 265 Malaysian children to attend school annually
- **Lastenklินิกoiden kummit and Espoo Blues:** Neste Oil donated EUR 100 for every goal scored by the Espoo Blues ice hockey team in a home game during the 2012–2013 season to the children's wards at Jorvi Hospital in Espoo via Lastenklินิกoiden kummit
- **MyCity project in Turku:** a study module on society, working life, and entrepreneurship for sixth-grade pupils.

Sponsoring a pioneer spirit

Neste Oil also uses sponsorship to promote a pioneer spirit. Research and development activities play an important role in Neste Oil's businesses, which is why they are also seen as worthy of sponsorship support.

Activities sponsored in 2013:

Millennium Technology Prize: the world's biggest technology prize, awarded to innovations that enrich people's everyday lives and promote sustainable development.

Supporting local sports and arts activities

Neste Oil is also committed to helping promote the dynamism of local communities by supporting sports and arts activities in locations where its operations are based. The company donated approx. EUR 57,000 to local volunteer work associated with children and young people in 2013.

Activities sponsored in 2013:

- **Summer Sounds in Porvoo festival**
- **Naantali Music Festival**
- **Local volunteer work among children and young people.**

Neste Oil's Christmas donation in 2013, totaling EUR 15,000, went to the new children's hospital in Helsinki, UN Women, and WWF Finland.

Company position on energy and climate issues



Alternative energy solutions for transport

A number of different alternatives are needed to power transport in the future. Liquid fuels, as used by today's engines and infrastructure, are likely to remain the dominant source of energy in the sector over the next few decades. Therefore, biofuels have a key role to play in reducing traffic-related CO₂ emissions.

Alternatives such as gas, electricity, and hydrogen will become more widely used at some point. Neste Oil's view is that, legislators should consider different solutions similarly, based on their true climate impact. Work also needs to be done to investigate how the introduction of biofuels in aviation can best be promoted, as liquid fuels will remain the only alternative in this sector even over the long term.

Climate change and EU climate policy after 2020

The current targets for reducing greenhouse gas emissions set for member states within the European Union extend to 2020. Neste Oil believes that the EU should clarify its post-2020 policy on climate and energy as soon as possible, as uncertainty about the nature of future legislation will slow the pace of investments in renewable energy. Retaining binding, EU-level targets for the use of renewable energy in transport after 2020 will be important in achieving reductions in greenhouse gas and other tailpipe emissions.

Biofuel regulations and raw materials

The EU's biofuel legislation contains very strict sustainability criteria. Neste Oil supports the method proposed by the European Commission for preventing the risk of emissions related to indirect land use change (ILUC) by limiting the amount of crop-based feedstocks to the current level. This will prevent new ILUC emissions being generated and will also encourage the development of new types of feedstocks and technologies. Neste Oil expects both EU and national authorities to favor the use of waste and residues as feedstocks for producing renewable fuel.

Climate and resource efficiency

Neste Oil's operations are regulated by strict environmental permits. By operating in accordance with these permits and making efficient use of our resources, we are able to manage our environmental impact effectively, protect natural resources, and improve productivity.

We are the global leader in refining waste and residues into premium-quality traffic fuels

80% of the target set for energy efficiency agreement achieved

[Read more](#) ▶

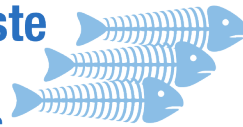


We recovered 156,500 tons of carbon dioxide generated during production



[Read more](#) ▶

Over half of our renewable raw material use was waste and residues



[Read more](#) ▶

What were our targets?	Actions and achievements in 2013	What next?
Significantly increase the amount of waste and residues-based inputs we use.	<ul style="list-style-type: none"> Waste and residues accounted for 52.6% (35.1%) of our renewable inputs in 2013. We added technical corn oil, tall oil pitch, and spent bleaching earth oil to our feedstock base. 	<ul style="list-style-type: none"> Continue increasing the proportion of waste and residues used in producing renewable fuels.
Continue progressing towards our energy saving target (660 GWh by 2016).	<ul style="list-style-type: none"> We achieved 80% (60%) of the target set for 2016. 	<ul style="list-style-type: none"> Continue operations that will help us to achieve our energy saving target.
Improve energy efficiency through investments and enhanced refinery operations.	<ul style="list-style-type: none"> Measures executed in 2013 result in an annual energy saving of 160 GWh. 	<ul style="list-style-type: none"> Continue implementing measures (investments and optimizing refinery operations) to achieve our energy saving target.
Reduce greenhouse gas emissions in our operations cost-effectively.	<ul style="list-style-type: none"> We recovered 156,500 (156,000) tons of CO₂ at the Porvoo refinery. We optimized the fired heaters used at the Naantali refinery. The diesel unit hot oil furnace at the Rotterdam refinery was converted to using process gas in addition to natural gas. 	<ul style="list-style-type: none"> We continue identifying opportunities to reduce greenhouse gas emissions in our own operations.
Monitor changes in environmental legislation and permitting practices and assess their potential impact on Neste Oil.	<ul style="list-style-type: none"> We took part in drafting work on new Best Available Technology (BAT) requirements. 	<ul style="list-style-type: none"> When the requirements are completed we will review the condition of our refineries and prepare possible actions.
Comply with stricter environmental permit requirements.	<ul style="list-style-type: none"> A new limit on SO₂ emissions was introduced at Porvoo. 	<ul style="list-style-type: none"> Continue operating within the terms of our environmental permits and modify operations where needed to comply with new regulations.

Case: Reducing methane emissions results in a better greenhouse gas balance for renewable diesel



Reducing methane emissions results in a better greenhouse gas balance for renewable diesel



The majority of the CO₂ emissions generated by fossil fuels are released during end-use, while most emissions from renewable fuels are linked to producing the feedstocks used for refining them. In the case of waste-based inputs, farming and processing account for the most emissions. To further enhance the greenhouse gas emission reduction (40–90% compared to fossil diesel) offered by renewable diesel, Neste Oil is investigating a variety of opportunities for reducing CO₂ emissions during the production of the renewable inputs it uses.

When producing palm oil, one of the inputs used in refining renewable diesel, greenhouse gases are generated in the open basins used when treating wastewater from pressing plants. Wastewater contains high levels of organic matter, which breaks down into methane and CO₂ over time. Recovering these gases and using the recovered methane to generate electricity can reduce emissions. Recovery facilities call for major investments, however.

Separating out organic matter from wastewater as it leaves pressing plants would be one alternative solution, as it would prevent methane and CO₂ from being formed. Organic matter can

be recovered in a number of ways, by filtration for example. By removing organic matter, the remaining water and sludge can be treated more cost-effectively and the decomposition process that generates methane can be minimized. Organic residue can also be refined into fertilizer for plantation use and reduce the need for chemical fertilizers.

Methane is 20 times more potent in terms of promoting climate change than CO₂, according to Neste Oil's Sustainability Manager in Singapore, Adrian Suharto.

"Because of the major climate impact that it has, recovering methane or preventing it from being formed in the first place are highly effective ways to reduce the overall level of greenhouse gases generated by renewable fuel."

Benefits for village communities as well as the environment

Reducing greenhouse gas emissions is far from being the only benefit to result from methane recovery, as methane can also be used to generate electricity, benefiting not only pressing plants but local communities as well.

"When pressing plants are able to generate their own electricity, they can make major savings in their fuel costs," explains Adrian. "And if a plant is grid-connected, it can earn extra income by selling its surplus electricity to the grid."

Given the high level of investments involved, only a fraction of palm oil pressing plants in Malaysia and Indonesia currently have methane recovery units in operation. Although Neste Oil does not own any palm oil pressing plants or oil palm plantations, its aim is to help palm oil producers acquire methane recovery systems or equipment to help prevent it being generated in the first place, and it is working on a number of research, funding, and collaborative-based alternatives.

Climate



Climate change is a global challenge, and responding to it effectively calls for a number of parallel approaches. Combating

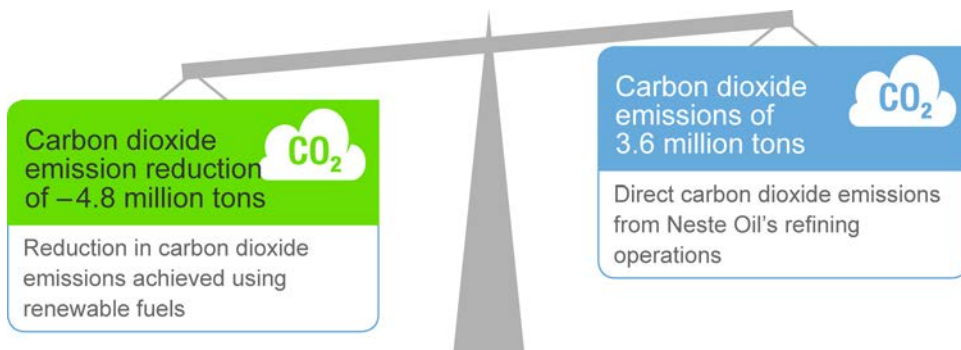
climate change is one of the central drivers behind Neste Oil's cleaner traffic strategy. The company aims to reduce traffic- and transport-related greenhouse gas and other emissions by producing cleaner traffic fuel solutions.

The annual emission achieved with using NExBTL diesel equals to over 40% of the annual greenhouse gas emissions generated by traffic in Finland.



Neste Oil began work on drawing up a climate program towards the end of 2012. During 2013, work focused on reviewing the current status of existing policies and measures aimed at combating climate change. The long-term goal of the climate program is to reduce traffic-related tailpipe emissions through renewable fuel solutions and reduce the climate impact of Neste Oil's own operations through cost-effective improvements. Development work on the program will continue in 2014.

Net climate impact*



*Calculated in accordance with the method defined in the European Union's Renewable Energy Directive.

Carbon footprint calculations covering the entire product life cycle

Neste Oil calculates the carbon footprint of its products over their entire life cycle, from the production of the feedstocks they are refined from to their end-use. Neste Oil has developed greenhouse gas calculation tools on the basis of international standards and legislation for a number of years. The methods have been verified by independent, third-party experts as meeting

the strict quality standards required for biofuels, such as the requirements of the EU's Renewable Energy Directive.

Using NExBTL renewable diesel results in 40–90% lower greenhouse gas emissions than fossil diesel. The majority of the greenhouse gas emissions associated with renewable diesel are generated during feedstock production and are linked to factors such as fertilizer usage.

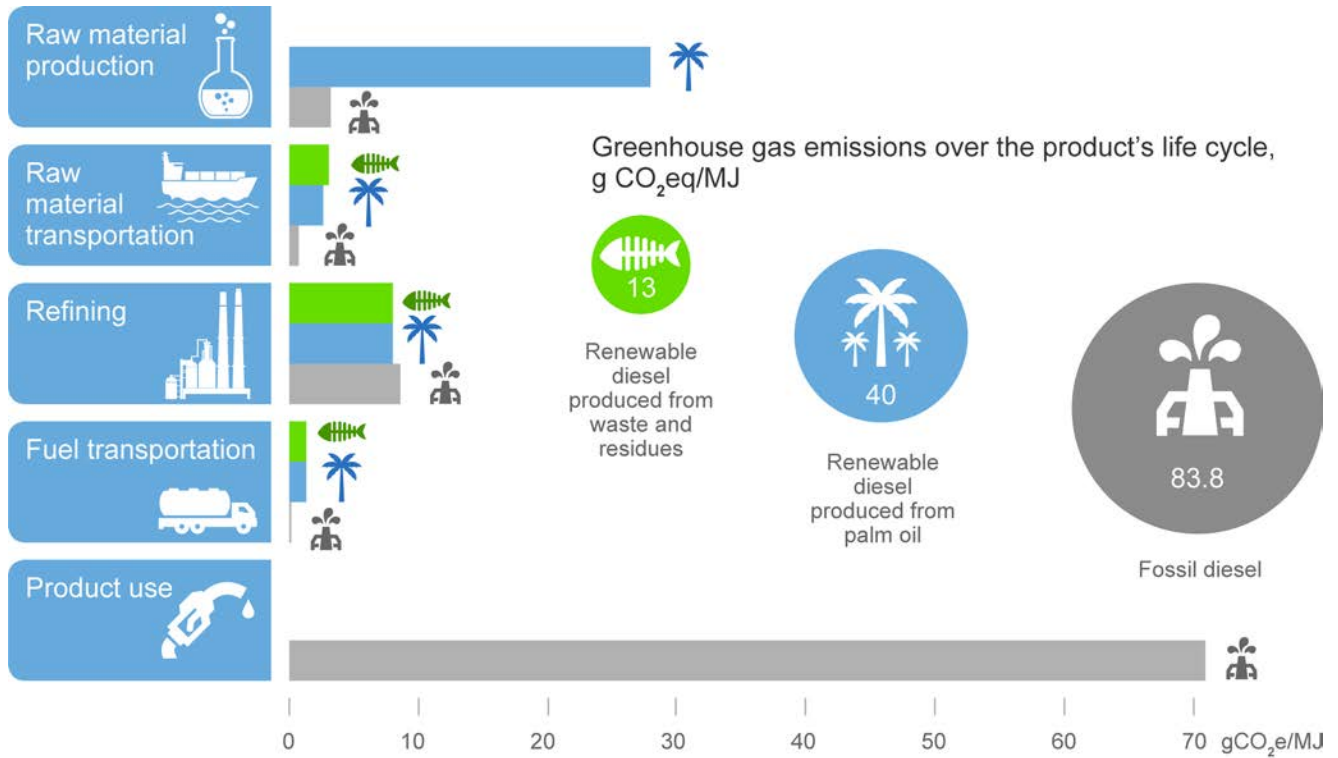
Feedstock	Emission reduction
Waste and residues (e.g. waste animal fat, waste fish processing fat, palm fatty acid distillate (PFAD), and stearin)	85–90%
Crude palm oil	52%
Other vegetable oil (e.g. rapeseed and camelina oils)	42–55%

Neste Oil reports on the carbon footprint associated with its operations in accordance with the criteria established by the Carbon Disclosure Project. Regular reporting on the company's forest footprint takes place through the CDP Forest program.

Read more about carbon footprint reporting and the [Carbon Disclosure Project](#).

Greenhouse gas emissions throughout a product life cycle

(by clicking some phase in a product's life cycle you will see information related to that particular phase)



Greenhouse gas balances have been calculated in accordance with the method defined in the RED directive.

Raw material production


Greenhouse gases generated in raw material production (e.g.):

- Crude oil extraction and flaring
- Using fertilizers in renewable raw material production
- Methane released from wastewater during palm oil production. The amount of methane can be significantly reduced by capturing it at mills.

Raw material transportation

Greenhouse gases generated in raw material transportation (e.g.):

- Fuel usage during marine, rail, and road shipment
- To reduce fuel consumption at sea, basic tanker speed has been reduced to 13.5 knots. Ships' hulls and propellers are cleaned of growth that reduces ship speed.



Refining

Greenhouse gases generated in refining (e.g.):


- Energy production
- Burning fuel in furnaces
- Hydrogen production
- Part of the carbon dioxide generated during production is recovered for re-use



Fuel transportation

Greenhouse gases generated in fuel transportation (e.g.):

- Fuel usage in marine, rail, and road shipments
- Emissions from road shipments are reduced by measures such as optimizing load levels.
- Engine efficiency and the condition of machinery affect emission levels, for example.



Product use

Greenhouse gases generated in product use (e.g.):

- Emissions released when using renewable fuels are carbon-neutral, as their CO₂ is bound to the biomass used to produce them
- The majority of the life cycle emissions of fossil fuels are generated when they are used

Sustainability ▶ Sustainability program ▶ Climate and resource efficiency ▶ Material efficiency

Material efficiency



Efficient feedstock use

Conventional oil refining is highly efficient in terms of material usage, as virtually all the feedstock used can be refined into products or feedstocks for other industrial uses. Oil refining also generates very little waste, as any product not meeting the quality requirements can be returned to the process and re-refined.

Neste Oil strives to make maximum use of the inputs employed to produce renewable fuels. The renewable naphtha produced as a by-product during NExBTL renewable diesel production, for

example, is sold to customers in the chemical industry. In addition to renewable naphtha, Neste Oil is also planning to commercialize the renewable propane and renewable isoalkane produced as a side-product during the NExBTL process.

Read more about [Neste Oil's renewable raw material use](#).

52% of total raw material use comprised waste and residues



Premium-quality products produced from other's waste

Unlike many other companies in the energy field, Neste Oil does not only use waste to generate energy, but also uses waste and residues to produce premium-quality, low-emission traffic fuels with the help of its NExBTL technology. Neste Oil used 1,2 million tons (742,000 tons) of waste and residues for refining purposes in 2013, equivalent to 52.6% (35.1%) of its total usage of renewable inputs.

The waste and residues-based inputs used in 2013 comprised waste animal and fish fat, technical corn oil, tall oil pitch, and palm fatty acid distillate (PFAD), a by-product of palm oil production. Neste Oil increased its use of waste animal fat and PFAD in particular, and produced enough renewable diesel from waste and residues in 2013 to power around 1.3 million cars for a year.

Industrial symbiosis helps reduce Neste Oil's impact on the environment

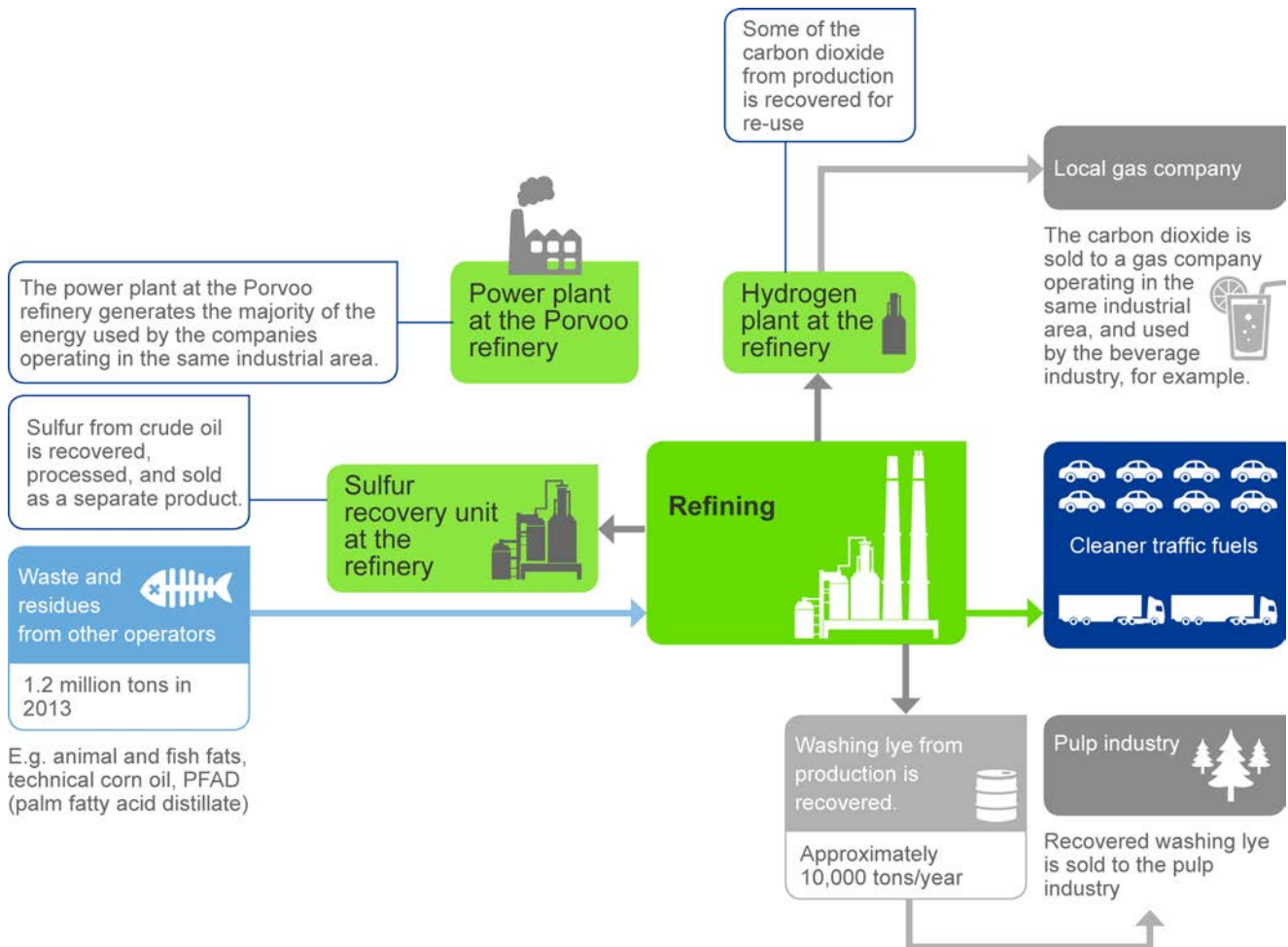
Neste Oil aims to use natural resources effectively and efficiently at all its refineries. The fact that its refineries are located in industrial areas offers numerous opportunities for leveraging synergies in this area with neighboring plants. The Porvoo refinery, for example, generates around 10,000 tons of used wash liquor annually, which can be used as an input by pulp mills. The sulfur recovered from crude oil is processed into elemental sulfur, which can be used as a product in its own right. The Porvoo

refinery also generates the majority of the energy used by Neste Oil and the other companies in the Kilpilahti industrial area.

Neste Oil's refineries in Singapore and Rotterdam are able to make use of sidestreams and process waste from nearby companies in their own production processes. They also source the gases, electricity, water, and steam they need from nearby chemical and energy generation plants.

Read more about [how CO₂ is recovered at the Porvoo refinery](#).

Material efficiency in production, case Porvoo refinery



Energy efficiency



Neste Oil's goal is to reduce its overall energy consumption, particularly in refining and logistics. Enhancing cost efficiency and low-emission refining are key drivers for improving energy efficiency.

Energy usage

	2013	2012	2011
Total energy use, TWh	14.11	14.24	14.98
Fuels and natural gas (incl. self-produced fuels used in Neste Oil's own energy generation)	91.4%	90.5%	94.3%
Purchased electricity	6.4%	6.9%	3.9%
Purchased heat	2.2%	2.6%	1.8%

Continued progress on improving energy efficiency

Neste Oil is committed to Finland's national action program covering the country's energy-intensive industry and designed to help combat climate change in line with Finland's national climate and energy strategy. Launched in 2009, Neste Oil's energy efficiency program covers the Porvoo and Naantali refineries and terminals in Finland. As part of the program, Neste Oil has set an energy-saving target of 660 GWh to be achieved by 2016, equivalent to the annual energy needed to heat 35,800 homes (120 m², four family members) electrically (source: Vattenfall). As of the end of 2013, 80% (60%) of the energy-saving target set for 2016 has been achieved.

Energy efficiency at Neste Oil's fossil fuel refineries

A well-known international energy efficiency index is used as the yardstick for measuring energy efficiency at Neste Oil's fossil fuel refineries at Porvoo and Naantali. The Porvoo refinery was given an index value of 84.0 (87.4) in 2013, while the Naantali refinery received an index value of 96.3 (100.9).

A decision was taken in 2013 to replace the fired heaters at the crude distillation unit at the Porvoo refinery with new-generation units. The plan is to commission the new heaters, which will improve the refinery's energy efficiency and are expected to save

approximately 50 GWh of energy annually, during the site's next major maintenance turnaround scheduled for 2015.

Energy efficiency at the Naantali refinery was enhanced during 2013 by optimizing the refinery's distillation columns and fired heaters. Unit optimization work was also carried out at Porvoo and work was also carried out to remove dust and soot from the refinery's heat recovery boiler. Development measures resulted in an annual energy saving of approx. 160 GWh.

Development measures result in an annual energy saving of approx. 160 GWh



Energy efficiency at the renewable diesel refineries in Singapore and Rotterdam

Neste Oil's NExBTL renewable diesel refineries in Rotterdam and Singapore feature modern technology throughout and are, by definition, energy-efficient. As the energy efficiency index applied at fossil refineries is not suitable for calculating the energy efficiency of renewable fuel refining processes, Neste Oil uses a different but similar indicator: KWh/ton of output. Use of this indicator started in 2013 and the results will be reported in 2014.

An energy efficiency plan was drawn up for the Singapore refinery in 2013 and an energy review of the site carried out. The results of

the review will be used to determine which areas need to be prioritized.

The hot oil furnace at the Rotterdam refinery was modified in 2013 to use gas generated during the refining process. This has reduced natural gas consumption significantly and resulted in an annual energy saving of approx. 15 GWh. The Rotterdam refinery also joined the local energy efficiency system in 2013.

Energy efficiency in transportation and at service stations

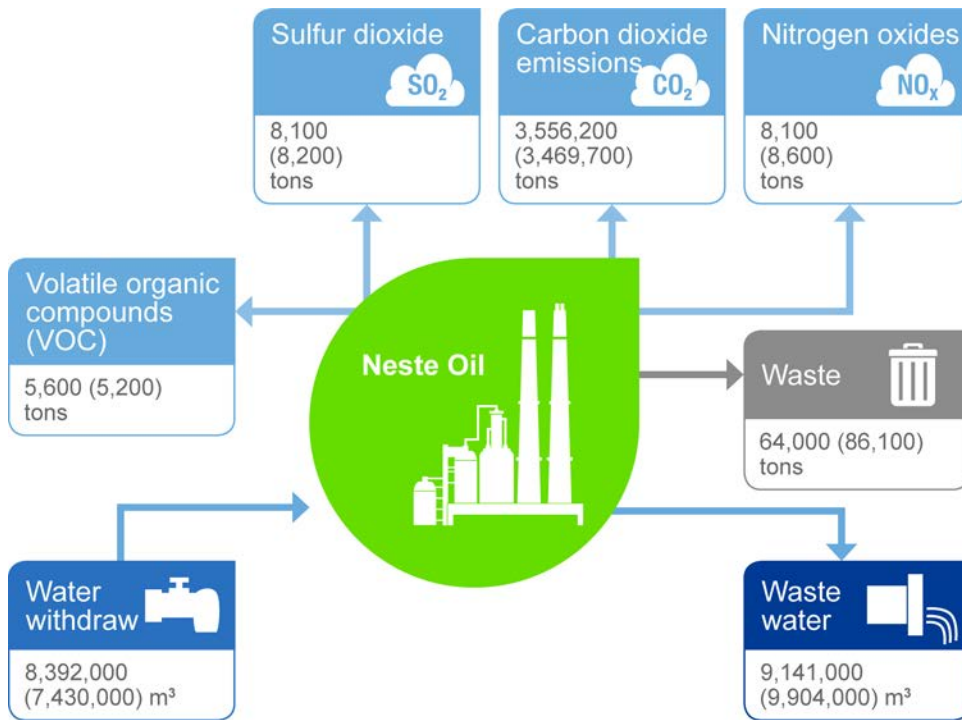
The terminals used by Neste Oil's tanker trucks, together with the loads they carry, are designed to be as efficient as possible in terms of energy usage. Energy efficiency at sea has been improved by introducing a basic speed of 13.5 knots for tankers. The energy efficiency of vessels was further enhanced in 2013 by

cleaning ships' hulls and propellers of algae and barnacles that have a significant effect on their fuel consumption.

Oil Retail launched an energy efficiency program in 2010 aimed at reducing the electricity consumption of stations in Finland by 25% compared to 2007 levels by 2020. New lighting technology will be introduced as part of this, and the plan is to begin a switchover to LED lighting at stations owned by Neste Oil in Finland in 2014. An energy efficiency program is also in place covering stations in the Baltic countries and Northwest Russia, aimed at reducing electricity consumption by 20% (6,800 MWh) compared to 2010 levels by 2020.

Environmental impact

Environmental impact of Neste Oil's operations



Environmental and emission permits

Refinery environmental permits

The operations of Neste Oil's refineries in the EU (Porvoo, Naantali, and Rotterdam) are regulated by statutory environmental permits issued by the local authorities in accordance with EU legislation. These place limits on the amount of emissions that can be released, for example, and set out requirements for reducing emissions, monitoring, and reporting. Neste Oil's refinery in Singapore is regulated by local environmental legislation.

The environmental permit covering the Naantali refinery was granted in 2007 and that covering the Porvoo refinery in 2006. Under Finnish practice, environmental permits remain in force until further notice, but must be renewed every 8–10 years. The Singapore and Rotterdam refineries, which were commissioned in

2010 and 2011 respectively, both have valid environmental permits.

Current environmental permit policy incorporates the Best Available Technology (BAT) principle, under which the conditions of permits and the limits set out in them must be based on levels that can be achieved using the best available technology. Use of the BAT principle will probably become compulsory for oil refineries in the EU during 2014. Neste Oil has been involved in technical drafting work on BAT requirements coordinated by the EU and recognizes that applying these requirements could result in the need for investments at its sites in the future.

Environmental permit-related incidents in 2013

	Site	What happened	Impact
Permit level exceeded	• Rotterdam	• Chemical oxygen demand of wastewater exceeded permitted levels	• Minor
Permit level exceeded	• Rotterdam	• Chemical oxygen demand of wastewater exceeded permitted levels	• Minor
Permit infringed	• Rotterdam	• Wastewater sampling system failed	• Minor
Permit infringed	• Kokkola	• Recovery plant went offline	• Minor
Permit infringed	• Porvoo	• Operational problem at a recovery plant	• Minor
Permit infringed	• Kokkola	• Recovery plant went offline	• Minor
Permit infringed	• Porvoo	• Rubble storage exceeded the permit limit	• Minor

Minor= Emission did not result in damage to the environment.

In Singapore, the site waste water discharge does not meet all quality requirements. An on-site treatment investment is being planned to overcome these difficulties.

A total of seven (six) environmental permit-related incidents took place in 2013, none of which had a significant impact on the environment.

Emissions trading

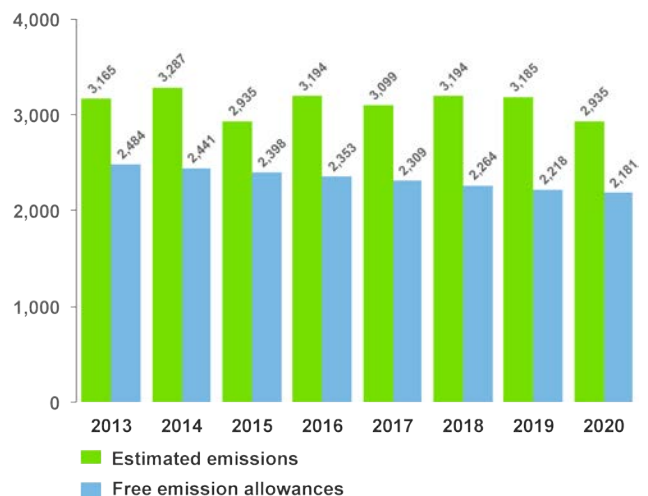
CO₂ emissions released by Neste Oil's Porvoo and Naantali refineries come within the scope of the EU's Emissions Trading System. The renewable diesel refineries in Rotterdam and Singapore, in contrast, are not covered by the emissions trading scheme. The EU scheme has operated since 2005 and entered its third phase, which will run until 2020, in 2013.

Plants coming within the scope of the scheme require an emissions permit; when applying for a permit, companies are required to detail the monitoring systems used for measuring the CO₂ emissions of the plants in question. An independent third party verifies the monitoring carried out at Neste Oil's sites and the company's reporting annually. Some technical malfunctions in the emission trading monitoring system at Porvoo were identified and corrective actions were taken. Neste Oil operates according to emission permits that are granted by the Energy Authority In Finland.

The Porvoo and Naantali refineries have applied for new emission permits in 2013.

Neste Oil procures the majority of the additional emission allowances it needs through the EU's Emissions Trading System. Some of its allowances have been covered through a commitment to invest a maximum of EUR 5 million in GreenStream's Climate Opportunity Fund; this investment will give Neste Oil access to at least 264,000 emission allowances for the 2013–2020 trading period. Companies coming within the scope of the Emissions Trading System also have the opportunity to receive free emission allowances. The number of such free allowances has been reduced for the 2013–2020 trading period following a recent decision by the European Commission.

Neste Oil's free emission allowances and carbon dioxide emission scenario 2013–2020, kilotons



Air

The major airborne emissions generated by Neste Oil's refining operations comprise carbon dioxide, nitrogen oxides, sulfur dioxide, volatile organic hydrocarbons, and particulates.

Emissions to air in 2013 (t/a)

	2013	2012*	2011*
Direct carbon dioxide (CO ₂) emissions/ scope 1			
Porvoo	2,882,500	2,826,800	2,954,700
Naantali	340,500	307,000	405,500
Rotterdam	55,600	57,300	7,700
Singapore	7,600	8,100	5,800
Marine transportation	267,700	267,800	317,700
Others	2,300	2,700	2,700
Total	3,556,200	3,469,700	3,694,100
Indirect carbon dioxide (CO ₂) emissions/ scope 2			
Porvoo	218,700	214,500	207,200
Naantali	65,500	65,600	59,000
Rotterdam	63,200	104,900	27,700
Singapore	71,300	76,000	114,600
Others	25,800	28,200	25,700
Total	444,500	489,200	434,200
Volatile organic compounds (VOC)	5,600	5,200	4,700
Nitrogen oxides (NO _x)	8,100	8,600	10,100
Sulfur dioxides (SO ₂)	8,100	8,200	9,300
Particulates	410	544	505

* Figures from 2011 and 2012 have been updated after the reporting period.

Scope 3 emissions (t/a)

In 2012, Neste Oil inventoried scope 3 emissions in all categories. As a result of this inventory only categories 'Purchased goods and services', 'Use of sold products', and 'End-of-life treatment of sold

products' were identified as relevant. In 2013 scope 3 emissions are calculated for the relevant categories.

	2012	2012	2013
	CO ₂ , tons	%	CO ₂ , tons
Purchased goods and services*	4,600,000	10.1	4,600,000
Capital goods	20,000	0.0	Not material
Fuel- and energy-related activities	-	0.0	-
Upstream transportation and distribution	85,000	0.2	Not material
Waste generated in operations	10,000	0.0	Not material
Business travel	4,600	0.0	Not material
Employee commuting	4,000	0.0	Not material
Upstream leased assets	-	0.0	-
Downstream transportation and distribution	20,300	0.0	Not material
Processing of sold products	-	0.0	-
Use of sold products**	40,500,000	88.7	40,700,000
End-of-life treatment of sold products***	308,000	0.7	600,000
Downstream leased assets	480	0.0	Not material
Franchises	-	0.0	-
Investments	87,000	0.2	-
Total	45,639,380	100	45,900,000

* Purchased goods and services: The calculation includes fossil and renewable raw materials used in Neste Oil's production. The largest single source of feedstock-related greenhouse gas emissions comes from the production of the crude oil that Neste Oil buys. Secondary data was used to determine emission coefficients for crude oil and hydrogen. Other emission figures are based on actual emission coefficients, in accordance with the requirements of the Renewable Energy Directive (2009/28/EC). Emissions related to bought-in services and chemicals are not included in the figure. The emissions from services is considered low. The calculations of chemical-related emissions will be developed in the future.

** Use of sold of products: The calculation includes emissions generated during the use of products Neste Oil has sold from its own production. The calculation does not cover emissions generated during the use of products Neste Oil has bought and retailed. The majority of traffic fuel-related greenhouse gas emissions are generated when fuels are used in traffic.

*** End of life treatment of sold products: The calculation includes emissions generated during the end of life treatment of solvents, lubricants, and naphtha produced by Neste Oil. Toxic waste disposal has been used as an end of life treatment.

CO₂ emissions

The majority of Neste Oil's direct emissions (scope 1) of CO₂ are refining-related and generated at the Porvoo refinery. Refining-related CO₂ emissions are largely produced when burning fuel in fired heaters and in energy generation. Indirect CO₂ emissions (scope 2) are mainly produced when generating the electricity that Neste Oil buys to power its operations. The majority of the company's scope 3 emissions, not included in direct or in-direct CO₂ emissions, are related to end-of-life treatment of products sold by Neste Oil and the goods and services the company purchases.

Read more about Neste Oil's [net climate impact](#).

The Porvoo refinery recovers CO₂ produced during its refining processes and sells the gas to a company located locally. A total of 156,500 (156,000) tons of CO₂ was recovered in 2013.

Optimization work on furnaces and fired heaters at the Naantali refinery during 2013 has reduced the site's consumption of fuel gas and its CO₂ emissions. Fired heaters at the renewable diesel refinery in Rotterdam were modified to run on in-house process gas rather than natural gas in 2013 to reduce the site's CO₂ emissions; this cuts the refinery's use of fossil fuels and its NO_x emissions.

Volatile organic compounds

A system capable of recovering a large proportion of the volatile organic compounds (VOC) released into the atmosphere during loading light products was commissioned at the Porvoo refinery's harbor at the end of 2013. This is expected to result in a major reduction in VOC emissions at the site. Operational experience will be collected and reviewed during 2014 to further improve the system's performance. A number of measurement and remedial surveys related to VOC emissions at the Porvoo refinery were carried out in 2013 and resulted in reduced emissions in various areas. A study aimed at reducing VOC emissions in Rotterdam was started.

A study carried out at the Porvoo refinery in 2012 and 2013 showed that the benzene contained in the site's VOC emissions does not pose a danger to the health of people living close to the site and that continuous benzene measurements are unnecessary.

NO_x and SO₂ emissions

Nitrogen oxide (NO_x) emissions from refining operations during 2013 were virtually unchanged from those in 2012. Sulfur dioxide (SO₂) emission performance remained good, and air quality measurements did not identify any cases where threshold limits were exceeded.

The Porvoo and Naantali refineries, which concentrate on refining fossil fuels, are Neste Oil's only major sources of SO₂ emissions. Both refineries have sulfur recovery systems, which operated well during 2013. SO₂ emissions are also reduced by primarily using gas rather than oil in furnaces and fired heaters.

New analyzers were installed at the Naantali refinery in 2013 to measure the composition of the flue gases released through the site's main stacks and have helped further reduce SO₂ emissions.

Particulates

Particulate emissions remained at a low level in 2013 and no major change took place in emission levels. The threshold values for breathable particulate matter and nickel established as part of a study carried out at the Porvoo refinery by the University of Jyväskylä's Institute for Environmental Research were not exceeded, and no evidence was found for beginning continuous measurement of these materials.

Water

Water and steam are used in Neste Oil's refining operations, and water usage is monitored constantly in terms of parameters such as input flows, water usage efficiency, and cooling water and wastewater management. No direct targets for water usage have been set, as usage forms an integral part of refining processes, safety, and energy consumption. For example for the reasons mentioned above, reducing water consumption is not an end in itself.

The majority of Neste Oil's water usage, around 96%, is linked to the company's refineries while the rest is used at terminals, in shipping, and by the station network. The bulk of refinery usage is linked to fossil petroleum products. Refining renewable fuel is very water-efficient, in comparison, as water is almost only used in these operations to generate steam. Because of its size, the Porvoo refinery, which produces both fossil and renewable fuel, is Neste Oil's largest single water user.

	2013	2012	2011
Water usage ¹⁾ (m ³ /a)	8,392,000	7,430,000	7,628,000
Wastewater (m ³ /a)	9,141,000	9,904,000	9,100,000

¹⁾ Excluding cooling water.

The sources for the water Neste Oil uses are:

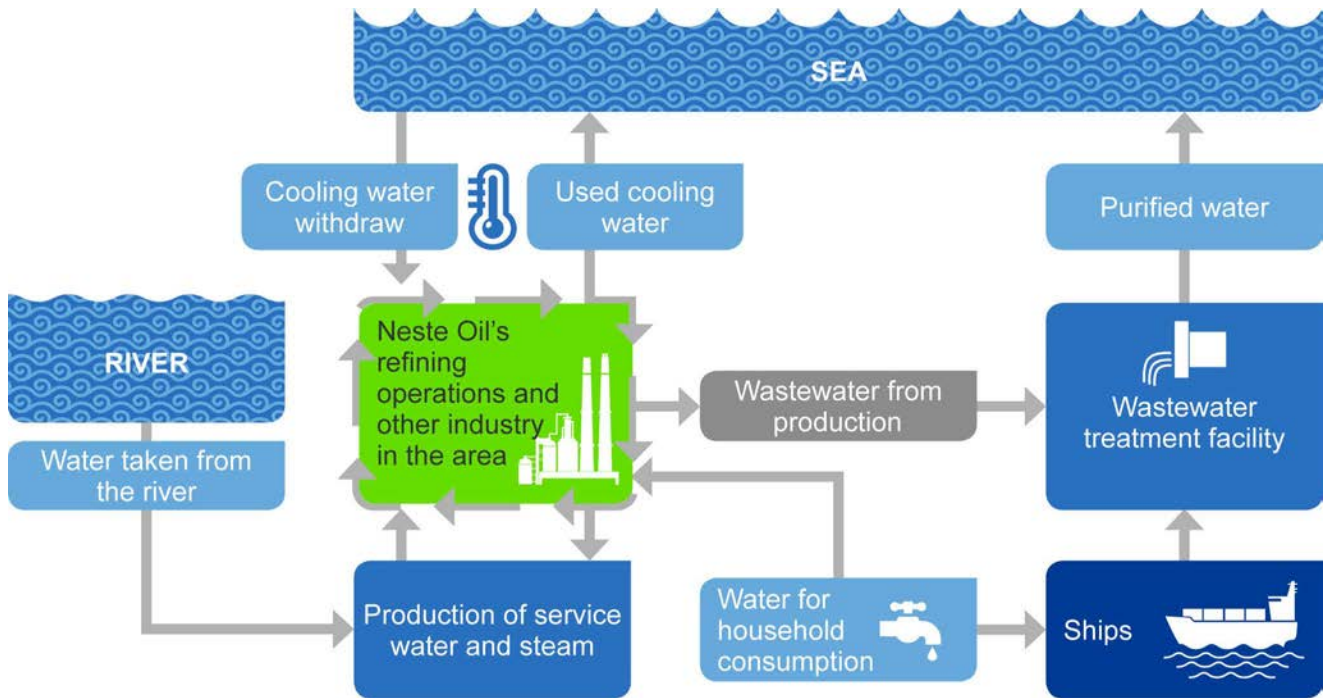
- the River Maas in Rotterdam
- the River Mustijoki in Porvoo, and
- the River Kokemäenjoki in Naantali.

The refinery in Singapore primarily uses recycled wastewater; the rest of its water needs are met by rainwater, surface water purchased from Malaysia, and desalinated seawater, all provided by the Public Utilities Board.

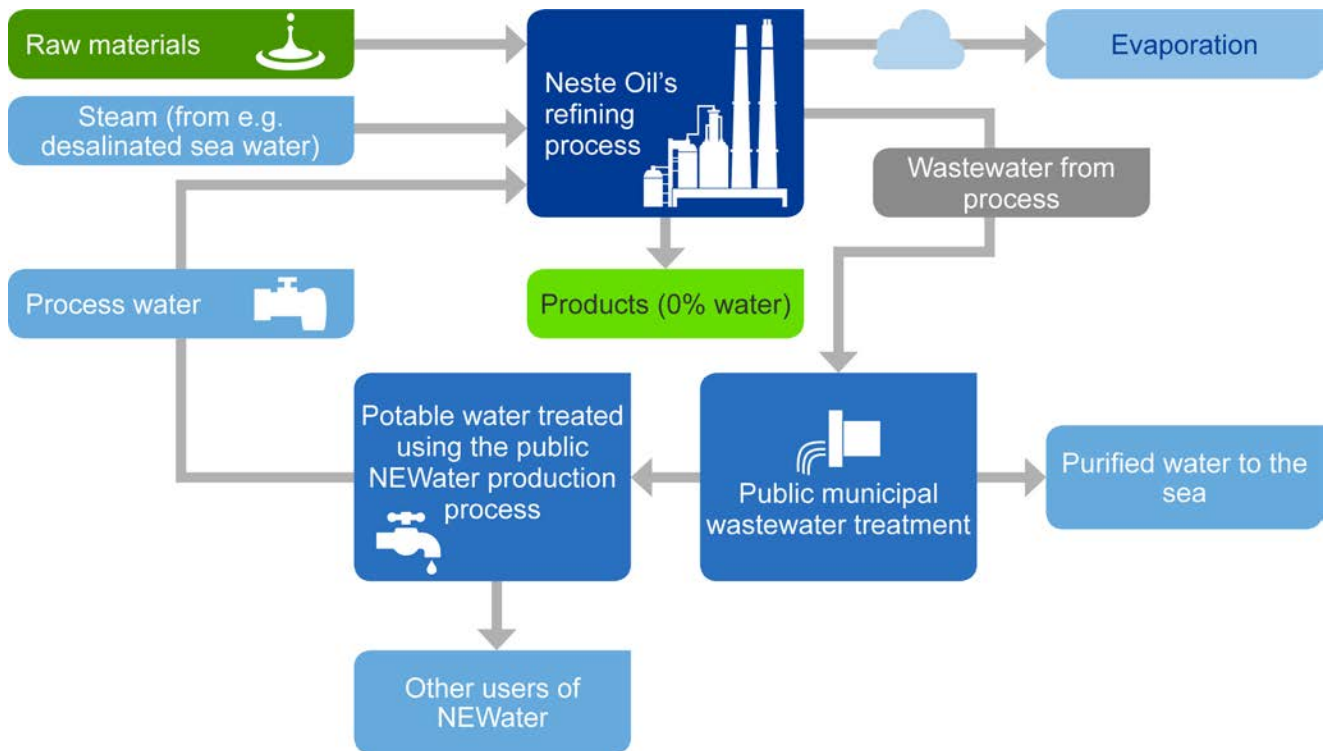
Water balance calculations have been produced for Neste Oil's refineries covering the inputs and outputs at these sites and the volumes of the most important water flows there. Neste Oil's long-term plan is to develop and introduce a water balance tool that will enable water usage per product or production line to be calculated, including the complex Porvoo refinery.

Water reporting at the Rotterdam and Singapore refineries was enhanced during 2013 and now also covers areas such as the source of the water and steam used, the various factors affecting the loading of wastewater flows, and the quality and volume of wastewater.

Water cycle at the Porvoo refinery



Water cycle at the Singapore refinery



Wastewater treatment at Neste Oil's refineries

Treated wastewater is discharged into waterways in Porvoo, Naantali, and Rotterdam refineries. Before being discharged into waterways, all wastewater passes through on-site treatment

plants featuring physical-chemical and biological processes. Following pretreatment, wastewater from the Singapore refinery goes to a local Public Utilities Board treatment plant, where it is treated for re-use.

Waterborne emissions (t/a)

	2013	2012	2011
Oil	1.4	3.6	1.4
Chemical oxygen demand (COD)	497	306	317
Nitrogen	49	49	45
Phosphorous	1.4	2.5	2.6

The buffer capacity of the wastewater treatment facility at the Naantali refinery will be increased during 2014 by converting an old oily water storage tank into a buffer tank. A new storage tank for holding oily water was commissioned in 2013. The efficiency of the refinery's wastewater plant has also been enhanced by modernizing its chemical treatment. The plant's oxidation pond will be dredged in 2014 to ensure the quality of the wastewater discharged into the sea at the site. Wastewater pretreatment systems prior to discharge to public sewers were enhanced in Singapore in 2013.

Using cooling water in refinery operations

All of Neste Oil's refineries employ closed-cycle cooling systems. The process water in these systems is cooled using seawater or air cooling. Seawater is used at all the company's refineries except in Rotterdam, where cooling water is bought in from an outside supplier. Seawater is returned to the sea after use.

The temperature of cooling water increases during the cooling cycle and adds a thermal load to discharge areas when it is returned to the sea, which can affect ice cover during the winter. A three-year study monitoring ice cover off the Porvoo refinery, carried out between 2010 and 2013, showed that cooling water discharged by companies in the Kilpilahti industrial area could reduce the time when ice can be walked on safely by a few days annually.

A fisheries study related to the use of cooling water by plants in the Kilpilahti area continued in 2013. Cooling water used by Neste Oil's refinery has not been shown to have a significant impact on fish catches in the area.

Helping develop water awareness across the industry

Neste Oil strives to promote water awareness both within its own organization and the oil industry generally; and took part in a development project coordinated by CONCAWE aimed at improving the industry's understanding of water usage and the impact of wastewater and cooling water in 2013. Neste Oil also continued to participate in development work on the ISO 14046 water footprint standard, following on from its involvement in 2012.

Water issues in renewable feedstock procurement

Water issues are always taken into account when selecting which renewable inputs Neste Oil uses. A review of water-related risks was incorporated into the review process used when assessing the suitability of potential renewable feedstock suppliers in 2013. Neste Oil's experts monitor research on the water consumption characteristics of different crops and agricultural areas producing renewable inputs. Water issues are also reviewed when selecting suppliers, and palm oil suppliers, for example, are required to monitor their water usage regularly.

Monitoring waterways

Neste Oil has monitored the sea areas off its refineries in Finland and the quality of the water there for many years, in collaboration with outside experts. Monitoring covers water quality, the organisms found on or near the seabed, and local fisheries. No changes compared to the good results recorded in previous years were observed during 2013. The authorities are responsible for monitoring marine conditions in Rotterdam.

Soil and biodiversity



Neste Oil systematically monitors the groundwater and soil at its refineries in Finland and strives to prevent either being polluted as a result of its operations. Any damage or pollution is remedied immediately. A serious leak took place in 2013, at the Porvoo refinery, when a pipeline fractured at the site's harbor, resulting in approximately 30 cubic meters of oil leaking into the ground.

Groundwater monitoring and reporting any cases where soil becomes contaminated are required under the environmental permits covering Neste Oil's refineries and most retail stations in Finland. A review of the current state of the soil at the Porvoo refinery was drawn up in 2013 as part of the application for the site's new environmental permit submitted in the fall. The study covered both the site's soil and the quality of the groundwater there, and indicates that some of the soil can be classified as contaminated, although the substances involved do not represent a risk to health or the environment. Neste Oil's other refineries can also provide data on the status of the soil at their sites if needed.

The renewable refinery sites in Rotterdam and Singapore were thoroughly surveyed prior to their constructions, and there was or has not been any indications of contamination.

A soil analysis study is always carried out at the Porvoo and Naantali refineries whenever construction work is undertaken, and any contaminated soil that is found is removed for treatment. Both refineries also have long-term soil rehabilitation programs in place to remove contaminants from the soil in storage tank areas during maintenance work on containment dikes.

Monitoring groundwater quality

Neste Oil always aims to ensure that no contaminants leach out of its sites via groundwater. Groundwater monitoring takes place on both a statutory and voluntary basis. Statutory groundwater monitoring has taken place at the Porvoo and Naantali refineries and the Hamina terminal since the 1990s, and a voluntary groundwater monitoring program is in place at the base oil plant in Bahrain, in which Neste Oil owns a minority share.

Monitoring the soil at retail stations

The condition of the soil in and around Neste Oil's retail stations is also monitored. Soil studies are carried out annually when stations are closed or modification work is carried out.

Together with the Finnish Petroleum Federation and other companies in the industry, Neste Oil proposed in 2013 a new technical solution to be introduced at stations located in groundwater areas. Based on multilayered structures, this would provide a very high standard of protection for the groundwater and soil at these sites and ensure that no pollution could take place. The solution is proposed for a number of stations in groundwater areas.

Some of Neste Oil's stations are covered by a remote monitoring system that automatically sends an alarm in the event of an incident to the company's service provider, who is responsible for investigating the situation immediately. 54% of stations were covered by the system in 2013, and the aim is to further extend its use.

Risk assessment of the impact of the oil leak in Kajaani completed

An extensive risk assessment of the serious leak that took place in spring 2012 at the National Emergency Security Agency's oil storage facility in Kajaani operated by Neste Oil was completed in fall 2013. The experts consulted estimated that the size of the contaminated area has decreased to approximately 5% of the original area. Most of the oil has evaporated or been broken down by natural means, and the assessment came to the conclusion that a clean-up is not called for because of the minor environmental and health risk remaining. Clean-up work would be likely to have more of a negative than a positive impact on the local environment.

Based on these findings, Neste Oil has proposed to the authorities that follow-up soil analyses should be carried out in 2015 and 2017, and has offered to recompense local landowners appropriately. Neste Oil carried out numerous water and soil analyses, together with various remedial measures, at the site in 2012 and 2013.

Claim to pay for marine sediment clean-up

The City of Helsinki announced in 2013 that it believed Neste Oil was liable to pay for the cost of cleaning up marine sediment adjacent to the old oil harbor at Laajasalo. Neste Oil used to have a fuel storage facility and lubricant plant in the area, but no longer has any operations there. Soil clean-up work was carried out at the site using city-approved methods in 2004 and 2010. The new claim is linked to the city's plan to dredge the sea bottom around the old oil harbor as part of redeveloping the area for residential use. Neste Oil is in negotiations with the city to resolve the issue.

Promoting a diverse natural environment at refinery sites

Nature conservation areas or protected sites are located close to both of Neste Oil's refineries in Finland. The Stormossen bog – a 75-hectare domed bog – to the west of the Porvoo refinery has been protected for many years and is part of the European Natura 2000 network of nature conservation sites. The Vanto area of deciduous woodland close to the Naantali refinery, owned by Neste Oil, is also a protected area. Neste Oil always takes areas such as these into account in its operations and strives to protect them and the rest of the environment around its sites. There are

no areas of protected forestland in the vicinity of Neste Oil's refineries in Rotterdam or Singapore.

Uninterrupted, incident-free refinery operations play a key role in helping reducing the impact of Neste Oil's activities on the environment. Emissions into the water, the air, and the soil are minimal during normal operations.

Bioindicators, such as plants highly sensitive to airborne pollutants like lichen, have been monitored on a long-term basis at the Porvoo and Naantali refineries since 1985. This monitoring work

has shown that the state of the environment in the vicinity of the two sites has improved significantly and local forestland, for example, is recovering from the impact of previous pollution. As the pace of these types of changes is slow, bioindicator studies are carried out over an extended timeframe, every four to five years.

Sustainability ► Sustainability program ► Climate and resource efficiency ► Environmental impact ► Waste

Waste

Waste (t/a) *)

	2013	2012**	2011
Conventional waste	11,900	13,000	4,270
Recycled waste	33,100	59,000	61,010
Hazardous waste	18,900	14,100	24,400
Total	63,900	86,100	89,680

* Excludes contaminated soil.

** Figures from 2012 have been updated after the reporting period.

Refining waste

The majority of Neste Oil's waste, over 90%, is generated at the company's refineries. The goal is to steadily reduce the amount of operating waste and promote greater waste recycling.

Conventional oil refining is a very efficient production process in terms of material efficiency, and virtually all the waste produced during refining can be used in another process or to generate energy. Waste management at Neste Oil's refineries is continually being developed and aims to identify new ways of making use of waste streams. The primary goal is to recycle waste as material, and secondly to use it for energy purposes.

Read more about [how efficiently Neste Oil recycles its waste](#).

The majority of the waste generated at the Rotterdam refinery is organic in nature and is exported off-site for use as compost or in producing biogas, for example. In addition to ordinary waste, the Singapore refinery generates other types of waste, primarily bleaching clay, sludge, and oil-contaminated water, which is sent for treatment to a specialist outside contractor, in line with local legislation. Some of the bleaching clay from the site goes to a landfill.

Reusing packaging

The majority of the products produced by Neste Oil are delivered to customers in bulk in dedicated tanks rather than in consumer packaging. A number of products intended for consumers – such as lubricants, anti-freeze, windshield wash fluid, and bottled gas in Finland – are supplied in retail packaging. The packaging used for these products is covered by Finland's statutory recycling regulations. Neste Oil handles its packaging recovery obligations in this area through an agreement with the Environmental Register of Packaging PYR Ltd., which manages recycling on a centralized basis for registered companies.

Office waste

Paper waste is collected and recycled at all Neste Oil offices. The company's single largest office, Head Office in Espoo, has been involved in the WWF's Green Office program since 2008. As part of its participation, Neste Oil has targeted reducing mixed and secure ICT waste there by 5%, by improving office efficiency and procurement. The target was not achieved in 2013 as the amount of mixed waste increased by 5.3% and secure ICT waste by 5.8%. Increase in the waste amounts is partly due to increase in the office personnel. Enhancing waste awareness among the personnel will be continued in 2014. The principles behind the Green Office program are also followed at the company's offices in Porvoo wherever possible.

Waste volumes at Head Office, (t/a)

	2013	2012	2011
Mixed conventional waste	8.0	7.6	5.6
Secure ICT waste	30.9	29.2	21.0

Sustainable supply chain

Neste Oil ensures that it acts sustainably at every stage of its supply chain. Our feedstock suppliers are carefully selected and committed to operating sustainably in their own operations. All of our renewable inputs are fully traced back to where they are produced or cultivated.

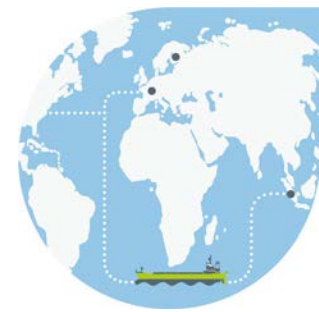
Our ways to ensure the sustainability of our supply chain



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100%
of the crude palm oil we use is sustainably produced and certified

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[Read more ►](#)

Palm oil from 54,000 smallholders



[Read more ►](#)

What were our targets?	Actions and achievements in 2013	What next?
100% of the crude palm oil we use is certified by 2015.	<ul style="list-style-type: none"> 100% of the crude palm oil used was certified in 2013. 	<ul style="list-style-type: none"> Continue using only certified crude palm oil also in the future.
All the renewable inputs we use are traced back to their origin.	<ul style="list-style-type: none"> All the renewable inputs we used were traced back to their origin. 	<ul style="list-style-type: none"> Ensure the continued traceability of our renewable inputs.
Develop how we monitor the carbon footprint of fossil fuels.	<ul style="list-style-type: none"> We familiarized ourselves with the emission data of our most important crude oil suppliers, and began cooperation in this area. 	<ul style="list-style-type: none"> Extend cooperation with selected crude oil suppliers.

Case: Palm oil from tens of thousands of smallholders



Palm oil from tens of thousands of smallholders



Neste Oil buys its palm oil directly from producers without the use of intermediaries. Purchases of palm oil from smallholders have steadily increased over the last few years, and the number of smallholders supplying Neste Oil rose from 9,000 to 54,000 in 2013 alone.

Palm oil offers a higher return and helps educate children

Palm oil is an important part of the economy in Indonesia and Malaysia, and enables many families to educate their children, for example. Many smallholders cultivating oil palms today used to grow rubber trees. By switching to oil palms, they have often been able to double their income.

Growing oil palms has increased the standard of living of two smallholders in Indonesia, Hery Setiawa and Suwelo Ard, for example. One of them has built a house with over 100 m² of space for his family and sent his eldest son to study at Riau University. The biggest hope of both men is to provide an education for their children.

Cooperatives support smallholders and provide information

Smallholders cultivate their own two-hectare plots and belong to cooperatives that organize training, make joint decisions, and manage things like the safe storage of the chemicals needed on plantations.

The training and support provided by cooperatives help smallholders follow sustainable cultivation methods.

“Without our support people, we wouldn’t know as much about sustainable methods as we do now, and they give us a lot of information and help,” say Suwelo and Hery.

Certified palm oil commands a better price

Neste Oil requires all its suppliers to be certified to ensure that it knows the origin of the palm oil it buys and that it is produced sustainably. Certification is also a requirement for smallholders. They benefit, however, as certified palm oil commands a better price than non-certified palm oil. Neste Oil is currently negotiating with International Financial Corporation (IFC), which funds sustainable development projects, to organize a system that would enable Neste Oil to buy palm oil from independent smallholders in the future as well.

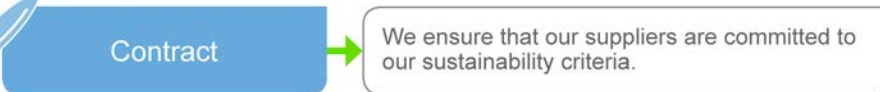
Ways to ensure sustainability



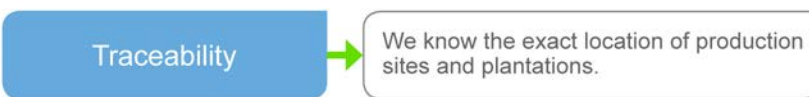
Who?



Which principles do we follow?



Where?



How?



Supplier selection

- A due diligence audit is carried out on all potential suppliers. Audits cover areas such as:
 - Governance, corruption, legal cases, possible suspected criminal activity
- Comprehensive sustainability reviews of suppliers are also carried out, covering areas such as:
 - Operating practices and policies
 - Ability to certify production
 - Potential concerns highlighted by NGOs



Contracts

- We require our suppliers to be members of the RSPO (Roundtable on Sustainable Palm Oil). Members commit themselves to acting sustainably in areas such as respecting human rights and protecting rainforest areas.
- Suppliers must also commit themselves to Neste Oil's own strict sustainability criteria, including its:
 - Sustainability Policy, Sustainability Principles for Biofuels, and No-Deforestation and Responsible Sourcing Guidelines
 - Supplier contracts include strict terms and conditions covering the sustainability of suppliers' operations



Traceability

- All the renewable raw materials used by Neste Oil are traced back to the plant or plantation where they are produced.
- Neste Oil has detailed maps of its suppliers' plantations and historical data on the use of these plantations.



Certification and audits

- All of Neste Oil's renewable products have comprehensive documentation covering the entire supply chain that can be used to verify the sustainability of its production.
- Certifications and audits are used to verify that:
 - Production is not linked to cultivation in disputed areas (such as high carbon stock areas and rainforests)
 - The GHG reduction offered by products over their entire life cycle is calculated correctly
 - Biodiversity or endangered species are not jeopardized as a result of production.
 - Production is not linked to land seizures.
 - Human rights are not infringed.

Sustainability ► Sustainability program ► Sustainable supply chain ► Legislation and market requirements

Legislation and market requirements



The production of renewable fuels in the European Union is strictly regulated by the Renewable Energy Directive (RED). This requires producers to show that:

- feedstocks can be traced back to where they were grown or the plant where they were produced
- a product results in a minimum 35% reduction in greenhouse gas emissions over its life cycle compared to fossil fuels. This will increase to a minimum of 50% from 2017 onwards
- sustainability criteria are met throughout the supply chain.

Biofuel legislation in the US also requires that feedstocks can be traced back to where they are grown or produced. To comply with the criteria established for advanced biofuels, a product must be capable of yielding a greenhouse gas emission reduction of at least 50%. Plants producing renewable fuels must also be certified by the Environmental Protection Agency (EPA) before they can supply renewable fuel to the US market. All of Neste Oil's renewable fuel facilities are EPA-certified.

Read more about the traceability of Neste Oil's [renewable feedstocks](#).

Raw material suppliers



Raw material suppliers

Neste Oil requires all its feedstock suppliers to be committed to sustainable operations and to protecting the biodiversity of the environment, and respect human rights. Strict sustainability-related requirements form part of all supplier agreements covering Neste Oil's renewable inputs.

Neste Oil sources the renewable feedstocks it uses directly from suppliers and is not involved in producing or growing them itself, nor does it own any plantations growing these materials or operate any plants producing them. Renewable feedstocks were sourced from a total of 45 (31) suppliers during 2013.

Neste Oil bought palm oil from eight suppliers in 2013 – including Wilmar, Golden Agri, Asian Agri, and IOI Group – as well as from around 54,000 smallholders in Indonesia. The number of smallholders in 2012 was 9,000. Negotiations are currently under way with International Financial Corporation (IFC), which specializes in funding sustainable projects, on a new initiative that would enable Neste Oil to buy palm oil also from independent smallholders.

A total of 15 companies supplied Neste Oil with waste animal and fish fat in 2013.

Neste Oil buys its crude oil mainly from Russia. The majority of the crude oil it uses is supplied from the Primorsk terminal, which receives its crude oil via pipeline from fields across Russia. In 2013, Neste Oil also sourced crude oil from the North Sea, Kazakhstan, and North Africa. A total of 22 (14) crude suppliers were used in 2013.

Read more about [the origin of Neste Oil's feedstocks and their traceability](#).

Strict sustainability criteria used when selecting suppliers

Neste Oil decides which feedstock suppliers it uses in accordance with its Supplier Compliance principles. All feedstock suppliers are required to pass a due diligence process as part of the selection. Due diligence audits are also carried out on existing suppliers if they add a new feedstock to their offering or there is a significant change in the supply chain. Neste Oil initiated due diligence audits on 29 suppliers of renewable feedstocks in 2013, one of which was rejected because of unclarities related to documentation.

Suppliers also go through a security check conducted by the Security Unit. Security checks review areas such as good management practices, corruption, unresolved legal claims, and other possible factors that might contravene with Neste Oil's policies and principles. Neste Oil gives suppliers the opportunity to correct any shortcomings in their operations that are revealed during the security check process.

In addition, a comprehensive sustainability survey of potential suppliers is carried out as part of the selection process, covering areas such as operating practices and policies, a supplier's ability to certify its production, and any concerns that NGOs might have about their activities.

After selection, Neste Oil continuously monitors its feedstock suppliers. Where certified suppliers are audited by an independent, third-party body annually, Neste Oil reviews the supply chain as part of its own customer audits.

Neste Oil requires all its palm oil suppliers to be a member of the Roundtable on Sustainable Palm Oil (RSPO), which requires its members to commit themselves to respecting human rights and protecting rainforest areas. Suppliers must also commit themselves to Neste Oil's Sustainability Policy, its Sustainability Principles for Biofuels, and its No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock, which were published in 2013.

Learn more about Neste Oil's [No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock](#).

Traceability



All the renewable inputs used by Neste Oil are traced back to the plantations and production sites from which they come. Vegetable oils are traced back to plantations and waste and residues to the place they are produced, typically production facilities. Traceability is used to ensure that renewable feedstocks are produced sustainably and that production has not infringed anyone's human rights or endangered rainforests or carbon-rich areas, such as wetlands and marshland.

In 2013, Neste Oil purchased palm oil from 212 plantations. The company knows the exact location of all the plantations that supply it with palm oil, as well as the history of these sites. Plantations that supply Neste Oil with palm oil have not extended their operations onto protected land nor do they have plans to

extend their operations. None of the plantations from which Neste Oil buys palm oil are involved in land disputes. Neste Oil buys its palm oil directly from producers, without the use of traders or intermediaries, which are widely used in the industry. By avoiding intermediaries, Neste Oil is able to gain a better understanding of the origin of its feedstocks.

Some of the palm oil used to produce renewable diesel is sourced using the mass balance principle and some in the form of segregated material. Using the mass balance principle, certified palm oil can become mixed with uncertified material at pressing plants or coastal storage facilities. The total amount of certified raw material purchased is verified using accurate accounting, however, to ensure that Neste Oil always receives the amount of certified palm oil that it has contracted for. The material balance principle is also used with other forms of renewable energy, such as green electricity. Segregated palm oil, in comparison, never comes into physical contact with uncertified material at any point in the supply chain. Regardless of which approach is used, the origin of the feedstock purchased by Neste Oil is traceable.

Neste Oil does not engage in oil exploration or production, and has only a limited potential to influence crude oil production as a result. To ensure the quality and sustainability of the crude oil it uses, Neste Oil aims to employ as direct a supply chain as possible and knows the origin, and typically also the production areas, of the crude that it buys. Neste Oil monitors the environmental reporting of crude producers closely and has initiated a dialogue on the sustainability of crude production with a number of major producers.

Origin of feedstocks used by Neste Oil in 2013

Feedstock	Country of origin
Crude palm oil	Malaysia, Indonesia
Waste and residues (e.g. waste animal fat, waste fish processing fat, PFAD (palm fatty acid distillate), stearin, technical corn oil)	Australasia, South America, Europe, Southeast Asia, North America
Other types of vegetable oil (e.g. rapeseed and camelina oils)	South and North America, Europe
Crude oil	Russia (Western Siberia, fields east and west of the Urals), the North Sea, Kazakhstan, and Northern Africa

Read more about [how Neste Oil uses waste and residues](#).

The origin of all renewable raw materials is traceable 

Collaboration with TFT aimed at promoting sustainable palm oil production

Neste Oil and The Forest Trust (TFT), an organization dedicated to combating deforestation, launched a collaborative program in 2013 aimed at eliminating problems affecting palm oil production and developing sustainable palm oil production outside Neste Oil's own supply chain. TFT reviewed all of Neste Oil's palm oil suppliers in 2013, and the reports produced following these audits will be used to draw up action plans to eliminate any possible shortcomings. TFT has been given access to all the non-

commercial information related to Neste Oil's supply chain. A set of principles known as Neste Oil's No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock was produced as part of the collaboration with TFT. These guidelines were published in April 2013.

See Neste Oil's [No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock](#).

Read more about [how Neste Oil collaborates with TFT](#).

Sustainability ▶ Sustainability program ▶ Sustainable supply chain ▶ Certified feedstocks and production plants

Certified feedstocks and production plants



Compliance with the sustainability criteria that cover the entire renewable fuel production chain is verified in the European Union using certification systems approved by the European Commission. These include for example International Sustainability and Carbon Certification (ISCC), which covers any type of feedstock, and the RSPO-RED system for palm oil. These systems define what constitutes sustainable operations and the criteria to be used for establishing this, together with the supply chain documentation required. The criteria covering the sustainability of renewable fuels in the US are set by the Environmental Protection Agency (EPA).

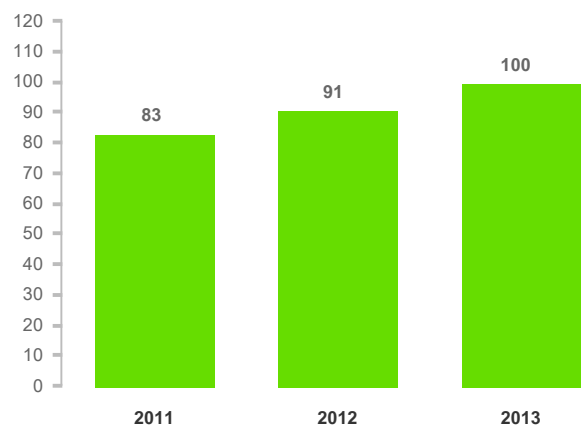
Not all the inputs used in producing renewable fuel require certification. In cases where certification is not needed, sustainability is verified using the statutory method in force in the country where the material is produced. Crude oil production is not covered by dedicated certification systems.

All used crude palm oil is certified

All the palm oil used by Neste Oil in its renewable fuel is certified. Neste Oil's original target was to shift to using only certified palm

oil by the end of 2015, but thanks to a major effort this target was achieved two years early, in 2013. Palm oil is certified in accordance with the ISCC, RSPO, or RSPO-RED systems. Unlike many companies in the food industry for example, Neste Oil does not buy certificates from the world market, but always sources its certified palm oil directly from producers. Buying directly from producers in this way enables Neste Oil to monitor production and the supply chain more accurately.

Use of certified crude palm oil, %



In 2013, Neste Oil was the first company in the world to receive a RSPO-RED Supply Chain certificate, which is a new, stricter certification system under the Roundtable on Sustainable Palm Oil (RSPO). The RSPO-RED system complies with the requirements of the EU's Renewable Energy Directive (RED) system and, for example, calculates greenhouse gas emissions released over the entire life cycle of a product in line with RED requirements.

Certificates held by palm oil pressing plants that supply Neste Oil

Certification system	Mills
RSPO or ISCC	65 (81)
Certification program	0 (13)
Total certified	65/65 (80/94)

European Commission approved Neste Oil's sustainability verification system

Neste Oil has developed its own sustainability verification system that complies with the EU's strict requirements covering biofuels. The European Commission approved it as one of the EU's official systems for verifying sustainability in January 2014.

Read more about [Neste Oil's sustainability verification system](#).

Certified production plants

All of Neste Oil's facilities producing NExBTL renewable diesel have ISCC certificates, as required in Europe, and EPA certification required for the US. Ethanol trading carried out at Neste Oil's office in Geneva is also ISCC-certified. Ethanol is purchased for use as a blending component in gasoline sold in Finland.

Reporting principles

Neste Oil is committed to the principles of the AA1000APS (2008) standard covering inclusivity, materiality, and responsiveness. The 2013 Sustainability Report is the fifth to have been compiled in accordance with the G3 guidelines (version 3.0) of the Global Reporting Initiative (GRI). An independent third party has assured the sustainability information.

Neste Oil's 2012 combined [Annual Report and Sustainability Report](#) was published online on 6 March 2013. The 2013 Annual Report and Sustainability Report will also be published online.

Reporting principles and guidelines

Neste Oil is committed to the principles of the AA1000 AccountAbility Principles Standard (2008) standard covering inclusivity, materiality, and responsiveness. The Sustainability Report is compiled in applying the G3 guidelines (version 3.0) of the Global Reporting Initiative (GRI).

Neste Oil's financial reporting complies with international IFRS accounting requirements, while corporate governance reporting complies with relevant national legislation and the Finnish Corporate Governance Code covering listed companies. The presentation of environmental costs and liabilities is based on Finnish accounting legislation. Financial indicator data is based on audited figures. Personnel figures are calculated in accordance with the Finnish Accounting Board's general guidelines for annual reports. CONCAWE principles are used in calculating safety-related injury frequency figures.

Changes in previously reported figures and accounting principles are shown alongside the corresponding key figures. Definitions of the indicators reported, together with the calculation principles and formulas used, are presented in the [Principles for calculating key indicators](#).

Reporting scope

The reporting period covered in the Sustainability Report is the same as that followed in the Annual Report: 1 January – 31 December 2013.

Safety and environmental reporting for 2013 covers all the refineries owned by Neste Oil in Finland and overseas in which the company has a greater than 50% holding. Reporting on safety and environmental matters also covers all of Neste Oil's terminals,

the company's fleet (both Neste Oil's own vessels and its time-chartered tonnage), its offices, and the country companies responsible for Oil Retail operations. Neste Oil does not report environmental data for locations where it occupies only part of an office building; these locations include Neste Oil's offices in Houston, Toronto, and Oulu. Reporting on safety matters also covers service providers, contractors, and the road and marine transportation of Neste Oil's products and feedstocks. In all other respects, reporting covers all aspects of Neste Oil Corporation's activities and those of companies in which Neste Oil has a greater than 50% holding. No changes in the scope of reporting took place during 2013 compared to 2012.

In addition to the corporate Sustainability Report, the Porvoo and Naantali refineries publish regular newsletters for residents in the surrounding areas covering the local impact of Neste Oil's operations. These newsletters can also be read online, in Finnish, at [Neste Oil's web site](#).

Reporting tools and practices

Neste Oil collects data on environmental and safety indicators using a HSEQ reporting tool that supports Neste Oil's monthly reporting and annual GRI G3 reporting. Personnel data is sourced from Neste Oil's HR systems. Neste Oil also continues to use various other reporting tools for collecting the data needed for its sustainability reporting.

Assurance

An independent third party, PricewaterhouseCoopers Oy, has assured Neste Oil's Finnish-language sustainability information and checked congruence between the Finnish and English versions. PricewaterhouseCoopers has also checked that Neste Oil's reporting meets GRI's Application Level B+ requirements.

[Read the assurance report here.](#)

Principles for calculating key indicators

Group-level performance indicators include the parent company and companies where the parent company holds more than 50% of shares. Associate companies are not included in the calculations.

Environment

Energy

The energy consumption figures cover Neste Oil's refineries, terminals, offices, the company's own station business, and the ships controlled by the Group's own shipping company. The figures are based on data provided by these units.

Water withdrawal

Water withdrawal volumes are based on the company's own measurements or on invoicing.

Wastewater discharges

Neste Oil reports wastewater volumes, chemical oxygen consumption, as well as oil, nitrogen, and phosphorus releases. The figures are calculated on the basis of refinery- or terminal-specific data based on sampling or continuous metering. The figures do not include the loading values of wastewater treated in municipal or other external wastewater treatment plants.

CO₂ emissions

The emission factors compliant with the fuel classification published by Statistics Finland were used for the calculations of scope 1 and scope 2 emissions. The country-specific factors compliant with the GHG protocol were used as the consumption factors for bought-in electricity and heat. The calculations of scope 3 emissions are based on information from the raw material purchasing and sales. Information from public sources and Neste Oil's own calculations have been used as scope 3 emission factors. Scope 3 calculations are based on principles of GHG protocol (Corporate standard).

Safety

Accident frequency

Accidents at work resulting in absence from work, disability, or medical treatment are included in the accident frequency figures. The formula for calculating accident frequency (number of accidents at work per million working hours): total number of accidents at work * 1000000 / hours worked. The calculation includes the company's own personnel, contractors and service providers working at Neste Oil's sites.

Hours worked

The hours worked by all employees and service providers during the period under review. When recording the working hours of service providers, an estimate (e.g. accounting hours) can be used if the accurate number of hours is not known.

Accidents at work

Accidents that occur at work/while performing work duties or moving about in the workplace area.

LWI (Lost Workday Injury)

The number of accidents at work resulting in a minimum of one day's absence from work.

TRI (Total Recordable Injuries)

All recorded accidents at work: the number of accidents at work resulting in absence from work, disability, or medical treatment

PSE1 (Process Safety Event)

An unplanned and uncontrolled release of any material from a process resulting in consequences according to the PSE1 classification. The consequences may be:

1. an accident at work resulting in absence from work (LWI, RWI) or fatality
2. a fire or explosion causing direct costs (not production losses) in excess of EUR 25,000
3. evacuation, seeking shelter indoors
4. a leak exceeding the reporting threshold within a certain time, with the limit values according to CONCAWE
5. a release through the emergency discharge system with the above consequences

PSE2 (Process Safety Event)

An unplanned and uncontrolled release of any material from a process resulting in consequences according to the PSE2 classification. The consequences may be:

1. an accident at work requiring medical treatment (MTC)
2. a fire or explosion causing direct costs (not production losses) in excess of EUR 2,500
3. a leak exceeding the reporting threshold within a certain time, with the limit values according to CONCAWE
4. a release through the emergency discharge system with the above consequences

HSEQ (Health, Safety, Environment, Quality)

Health, safety, environment and quality.

HR

Reporting of personnel numbers

Personnel numbers are calculated as headcount and include, as a rule, employees classified as active and inactive. Unless otherwise specified, personnel numbers are reported as of December 31.

Number of permanent employees leaving the company

The number of permanent employees leaving the company from Jan 1 to Dec 31. / the number of permanent employees on Dec 31. (Including all reasons for ending employment).

Number of permanent employees joining the company

The number of newly hired permanent employees from Jan 1 to Dec 31. / the number of permanent employees on Dec 31.

Training days per employee

Training days from Jan 1 to Dec 31. / average number of employees during the period Jan 1 to Dec 31. Training days include in-house training and external training. The calculation does not include safety training.

Training costs

Training costs include external training-related costs, such as the fees of external trainers and participation fees for external training events, but not, for example, the salaries of participants or the company's own trainers.

Proportion of female and male managers

Number of female managers on Dec 31 / total number of female employees on Dec 31

Number of male managers on Dec 31 / total number of male employees on Dec 31

Job rotation

Number of employees changing their job during the period Jan 1 to Dec 31 / number of employees on Dec 31

Sick leave percentage

Percentage of absences due to illness, a doctor's appointment, or medical treatment of the company's own personnel.

Formula for calculating the sick leave percentage: Number of hours of absence due to illness / theoretical number of regular working hours x 100

GRI content index

PricewaterhouseCoopers Oy has checked our reporting and has confirmed it to be Application Level B+.

GRI content	Included	Links
1. Strategy and Analysis		
1.1	Yes	CEO's review
1.2	Yes	Sustainability related risks and opportunities
2. Organizational Profile		
2.1	Yes	Neste Oil
2.2	Yes	Business areas in brief
2.3	Yes	Business Group companies on 31 December 2013
2.4	Yes	Contacts
2.5	Yes	Segment information
2.6	Yes	General information
2.7	Yes	Business areas in brief Developments in oil products' markets Developments in renewable fuels' markets
2.8	Yes	Key figures
2.9	Yes	Reporting principles
2.10	Yes	Sustainability ratings
3. Reporting Principles		
Report profile		
3.1	Yes	Reporting principles
3.2	Yes	Reporting principles
3.3	Yes	Reporting principles
3.4	Yes	Contacts
Report scope and boundary		
3.5	Yes	Materiality assessment
3.6	Yes	Reporting principles
3.7	Yes	Reporting principles
3.8	Yes	Reporting principles
3.9	Yes	Reporting principles Principles for calculating key indicators
3.10	Yes	Principles for calculating key indicators
3.11	Yes	Principles for calculating key indicators
GRI content index		
3.12	Yes	GRI index

Assurance		
3.13	Assurance policy and practice	Yes Independent assurance report
4. Governance, Commitments and Engagement		
Governance		
4.1	Governance structure of the organisation	Yes Corporate Governance Statement 2013
4.2	Position of the Chairman of the Board	Yes Board of Directors
4.3	Independence of the Board members	Yes Board of Directors
4.4	Mechanism for shareholder and employee consultation	Yes Corporate Governance Statement 2013
4.5	Impact of organisation's performance on executive compensation (inc. social and environmental performance)	Yes Remuneration and shareholdings
4.6	Processes for avoiding conflicts of interest	Yes Board of Directors
4.7	Processes for determining Board members' expertise in strategic management and sustainability	Yes Board of Directors
4.8	Implementation of mission and values statements, code of conduct and other principles	Yes Sustainability principles and policies Neste Oil's sustainability policy
4.9	Procedures of the Board for overseeing management of sustainability performance, including risk management	Yes Managing sustainability Risk management
4.10	Processes for evaluating the Board's performance	Yes Board of Directors
Commitments to External Initiatives		
4.11	Addressing precautionary approach	Yes Risk management
4.12	Voluntary charters and other initiatives	Yes Participation in organizations and joint projects Sustainability principles and policies
4.13	Memberships in associations	Yes Participation in organizations and joint projects
Stakeholder Engagement		
4.14	List of stakeholder groups	Yes Stakeholders
4.15	Identification and selection of stakeholders	Yes Stakeholder dialogue in 2013
4.16	Approaches to stakeholder engagement	Yes Neste Oil's stakeholders
4.17	Key topics raised through stakeholder engagement	Yes Neste Oil's stakeholders
Economic Performance Indicators		
	Management approach to economic responsibility	Yes Financial targets Society Managing sustainability Sustainability principles and policies
Economic Performance		
EC1*	Direct economic value generated and distributed	Yes Financial impact
EC2*	Financial implications, risks and opportunities due to climate change	Partly Climate Sustainability related risks and opportunities
EC3*	Coverage of defined benefit plan obligations	Yes Remuneration Post-employment and other long term benefits
EC4*	Significant subsidies received from government	Yes Tax contribution 2013 Other income
Market presence		
EC5	Entry level wage compared to local minimum wage	Partly Remuneration

EC6*	Policy, practices and spending on local suppliers	No	
EC7*	Local hiring procedures and proportion of local senior management	Partly	Equality and diversity
Indirect Economic Impacts			
EC8*	Development and impact of infrastructure investments provided for public benefit	No	
EC9	Significant indirect economic impacts	Yes	Financial impact
Environmental Performance Indicators			
Management approach to environmental responsibility		Yes	Climate and resource efficiency Managing sustainability Sustainability principles and policies
Materials			
EN1*	Materials used by weight or volume	Partly	Material efficiency
E2*	Recycled materials used	No	
Energy			
EN3*	Direct energy consumption	Partly	Energy efficiency
EN4*	Indirect energy consumption	Partly	Energy efficiency
EN5	Energy saved due to conservation and efficiency improvements	Partly	Energy efficiency
EN6	Initiatives to provide energy-efficient or renewable energy based products and services	Partly	Energy efficiency
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	No	
Water			
EN8*	Total water withdrawal by source	Partly	Water
EN9	Water sources significantly affected by withdrawal of water	Partly	Water
EN10	Percentage and total volume of water recycled and reused	Partly	Water
Biodiversity			
EN11*	Location and size of land holdings in areas of high biodiversity	Yes	Soil and biodiversity
EN12*	Description of significant impact of activities, products, and services on biodiversity	Partly	Soil and biodiversity
EN13	Habitats protected or restored	Partly	Soil and biodiversity
EN14	Managing impacts on biodiversity	Partly	Soil and biodiversity
EN15	Species with extinction risk with habitats in areas affected by operations	No	
Emissions, Effluents and Waste			
EN16*	Total direct and indirect greenhouse gas emissions	Yes	Air
EN17*	Other relevant indirect greenhouse gas emissions		Air
EN18	Initiatives to reduce greenhouse gas emissions	Yes	Material efficiency
EN19*	Emissions of ozone-depleting substances	Yes	No ozone-depleting substances
EN20*	NOx, SOx, and other significant air emissions	Yes	Air
EN21*	Total water discharge by quality and destination	Yes	Water
EN22*	Total amount of waste by type and disposal method	Yes	Waste
EN23*	Total number and volume of significant spills	Yes	Soil and biodiversity

EN24	Transported, imported, exported, or treated hazardous waste	No	
EN25	Water bodies and habitats affected by discharges of water	Partly	Water
Products and Services			
EN26*	Mitigating environmental impacts of products and services	Yes	Climate Cleaner and safer products
EN27*	Percentage of products sold and their packaging materials reclaimed by category	No	
Compliance			
EN28*	Significant fines and sanctions for non-compliance with environmental regulations	Yes	Environmental and emission permits No such cases during reporting period
Transport			
EN29	Environmental impacts of transportation	Yes	Climate Air
Overall			
EN30	Total environmental protection expenditures and investments	No	
Social Performance Indicators			
Labor Practices and Decent Work			
Management approach to labor practices and decent work		Yes	Personnel Managing sustainability
Employment			
LA1*	Total workforce by employment type, employment contract and region	Yes	Neste Oil employees in 2013
LA2*	Total number and rate of employee turnover by age group, gender and region	Partly	Neste Oil employees in 2013
LA3	Benefits to full-time employees that are not provided to temporary or part-time employees	No	
Labor/Management Relations			
LA4*	Coverage of collective bargaining agreements	Yes	Equality and diversity
LA5*	Minimum notice period regarding operational changes	Yes	Neste Oil follows local legislation
Occupational Health and Safety			
LA6	Percentage of employees represented in joint health and safety committees	No	
LA7*	Rates of injury, occupational diseases, lost days, fatalities and absenteeism	Partly	People safety
LA8*	Education and prevention programmes regarding serious diseases	Partly	Wellbeing at work
LA9	Health and safety topics covered in formal agreements with trade unions	No	
Training and Education			
LA10*	Average training hours per year per employee	No	
LA11	Programmes for skills management and lifelong learning	Yes	Developing people's skills and expertise
LA12	Employees receiving regular performance and career development reviews	Yes	Developing people's skills and expertise
Diversity and Equal Opportunity			
LA13*	Composition of governance bodies and breakdown of employees	Yes	Equality and diversity

LA14*	Ratio of basic salary of men to women by employee category	Partly	Equality and diversity
Human Rights			
	Management approach to human rights	Yes	Human rights Managing sustainability Sustainability principles and policies Equality and diversity
Investment and procurement practices			
HR1*	Investment agreements that include human rights clauses or that have undergone human rights screening	No	
HR2*	Suppliers and contractors that have undergone human rights screening and actions taken	Yes	Raw material suppliers
HR3	Employee training on policies and procedures concerning human rights relevant to operations	No	
Non-discrimination			
HR4*	Incidents of discrimination and actions taken	Yes	Equality and diversity No such cases during reporting period
Freedom of association and collective bargaining			
HR5*	Operations identified in which the right to exercise freedom of association or collective bargaining may be at significant risk and actions taken to support these rights	Yes	Equality and diversity
Child labor			
HR6*	Operations identified as having significant risk for child labor and measures taken to contribute to the elimination of child labor	Yes	Human rights
Forced and compulsory labor			
HR7*	Operations identified as having significant risk for forced or compulsory labor and measures taken to contribute to the elimination of forced or compulsory labor	Yes	Human rights
Security practices			
HR8	Human rights related training for security personnel	No	
Indigenous rights			
HR9	Incidents involving rights of indigenous people and actions taken	No	
Society			
	Management approach to society	Yes	Society
Community			
SO1*	Programs and practices that assess and manage impacts of operations on communities	No	
Corruption			
SO2*	Percentage and total number of business units analyzed for corruption risks	No	
SO3*	Percentage of employees trained in anti-corruption policies and procedures	Partly	Neste Oil Code of Conduct
SO4*	Actions taken in response to incidents of corruption	No	
Public Policy			
SO5*	Public policy positions and participation in public policy development and lobbying	Yes	Company positions on energy and climate issues
SO6	Contributions to political parties, politicians and related institutions	Yes	Charity work and sponsorship
SO7	Legal actions for anti-competitive behaviour, anti-trust, and monopoly	Yes	No such cases during reporting period

Compliance		
SO8*	Significant fines and sanctions for non-compliance with laws and regulations	Yes No such cases during reporting period
Product Responsibility		
Management approach to product responsibility		Yes Customer
Customer Health and Safety		
PR1*	Assessment of health and safety impacts of products	Partly Cleaner and safer products
PR2	Non-compliance with regulations concerning health and safety impacts of products	Yes No such cases during reporting period
Product and Service Labeling		
PR3*	Product information required by procedures	Partly Cleaner and safer products
PR4	Non-compliance with regulations concerning product information and labelling	Yes No such cases during reporting period
PR5	Practices related to customer satisfaction and results of customer satisfaction surveys	Partly Neste Oil's stakeholders
Marketing Communications		
PR6*	Adherence to laws, standards and voluntary codes related to marketing communications, advertising, promotion and sponsorship	Yes Marketing and communication Cleaner and safer products
PR7	Non-compliance with regulations and voluntary codes concerning marketing communications, advertising, promotion, and sponsorship	Yes No such cases during reporting period
Customer Privacy		
PR8	Complaints regarding breaches of customer privacy and losses of customer data	No
Compliance		
PR9*	Fines for non-compliance concerning the provision and use of products and services	Yes No such cases during reporting period

* GRI Core indicator

Independent Assurance Report

(Translation from the Finnish original)

To the Management of Neste Oil Corporation

We have been engaged by the Management of Neste Oil Corporation (hereinafter also the "Company") to perform a limited assurance engagement on the numeric information on economic, social and environmental responsibility for the reporting period of 1 January 2013 to 31 December 2013, disclosed in the "Sustainability" section of Neste Oil Corporation's online Annual Report 2013 (hereinafter "Sustainability information").

Furthermore, the assurance engagement has covered Neste Oil Corporation's adherence to the AA1000 AccountAbility Principles with moderate (limited) level of assurance.

Management's responsibility

The Management of Neste Oil Corporation is responsible for preparing the Sustainability information in accordance with the Reporting criteria as set out in the Company's reporting instructions and the G3 Sustainability Reporting Guidelines of the Global Reporting Initiative.

The Management of Neste Oil Corporation is also responsible for the Company's adherence to the AA1000 AccountAbility Principles of inclusivity, materiality and responsiveness as set out in the AccountAbility's AA1000 AccountAbility Principles Standard 2008.

Practitioner's responsibility

Our responsibility is to express a conclusion on the Sustainability information and on the Company's adherence to the AA1000 AccountAbility Principles based on our work performed. Our assurance report has been prepared in accordance with the terms of our engagement. We do not accept, or assume responsibility to anyone else, except to Neste Oil Corporation for our work, for this report, or for the conclusions that we have reached.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements Other than Audits or Reviews of Historical Financial Information". This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain limited assurance whether any matters come to our attention that cause us to believe that the Sustainability information has not been prepared, in all material respects, in accordance with the Reporting criteria.

In addition, we have conducted our work in accordance with the AA1000 Assurance Standard 2008. For conducting a Type 2 assurance engagement as agreed with the Company, the AA1000AS 2008 requires planning and performing of the assurance engagement to obtain moderate (limited) assurance on whether any matters come to our attention that cause us to believe that Neste Oil Corporation does not adhere, in all material respects, to the AA1000 AccountAbility Principles and that the Sustainability information is not reliable, in all material respects, based on the Reporting criteria.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement, and therefore less assurance is obtained than in a

reasonable assurance engagement. An assurance engagement involves performing procedures to obtain evidence about the amounts and other disclosures in the Sustainability information, and about the Company's adherence to the AA1000 AccountAbility Principles. The procedures selected depend on the practitioner's judgement, including an assessment of the risks of material misstatement of the Sustainability information. Our work consisted of, amongst others, the following procedures:

- Interviewing senior management of the Company.
- Interviewing employees from various organisational levels of the Company with regards to materiality, stakeholder expectations, meeting of those expectations, as well as stakeholder engagement.
- Assessing stakeholder inclusivity and responsiveness based on the Company's documentation and internal communication.
- Assessing the Company's defined material sustainability topics as well as assessing the Sustainability information based on these topics.
- Performing a media analysis and an internet search for references to the Company during the reporting period.
- Visiting the Company's Head Office as well as one site in Finland.
- Interviewing employees responsible for collection and reporting of the information presented in the Sustainability information at the Group level and at the site where our visit took place.
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- Assessing the systems and practices used for the collection and consolidation of quantitative information.
- Testing the accuracy and completeness of the information from original documents and systems on a sample basis.
- Testing the consolidation of information and performing recalculations on a sample basis.

Conclusion

Based on our work described in this report, nothing has come to our attention that causes us to believe that Neste Oil Corporation does not adhere, in all material respects, to the AA1000 AccountAbility Principles.

Furthermore nothing has come to our attention that causes us to believe that Neste Oil Corporation's Sustainability information has not been prepared, in all material respects, in accordance with the Reporting criteria, or that the Sustainability information is not reliable, in all material respects, based on the Reporting criteria.

When reading our assurance report, the inherent limitations of accuracy and completeness of sustainability information should be taken into consideration.

Observations and recommendations

Based on our work described in this report, we provide the following observations and recommendations in relation to Neste Oil Corporation's adherence to the AA1000 AccountAbility

Principles. These observations and recommendations do not affect the conclusions presented earlier.

- Regarding Inclusivity: Neste Oil Corporation continues to demonstrate a strong commitment to inclusivity and stakeholder engagement. The Company regularly engages in dialogue with diverse stakeholder groups, and it has a good understanding of stakeholder expectations and concerns. We recommend that the Company continues to develop internal cooperation in the implementation of its sustainability program.
- Regarding Materiality: Neste Oil Corporation has a process in place to evaluate and determine the materiality of sustainability topics. The Company has continued to develop the focus areas of the sustainability program according to its plans. We recommend that the Company develops further its approach on how to monitor and communicate the results of the implementation of the sustainability program.
- Regarding Responsiveness: Neste Oil Corporation continues to be committed to being responsive to its stakeholders, which is

evident from the use of different channels to engage in dialogue and convey messages. We recommend that the Company increases transparency on how it has made progress in implementing the sustainability program. This provides stakeholders further opportunities to assess the Company's performance in the areas of material sustainability themes.

Practitioner's independence and qualifications

We comply with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the IESBA (the International Ethics Standards Board for Accountants).

Our multi-disciplinary team of corporate responsibility and assurance specialists possesses the requisite skills and experience within financial and non-financial assurance, corporate responsibility strategy and management, social and environmental issues, as well as knowledge of the energy industry, to undertake this assurance engagement.

Helsinki, 28 February 2014
PricewaterhouseCoopers Oy

Sirpa Juutinen
Partner
Sustainability & Climate Change

Maj-Lis Steiner
Director, Authorised Public Accountant
Sustainability & Climate Change



AA1000
Licensed Assurance Provider
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