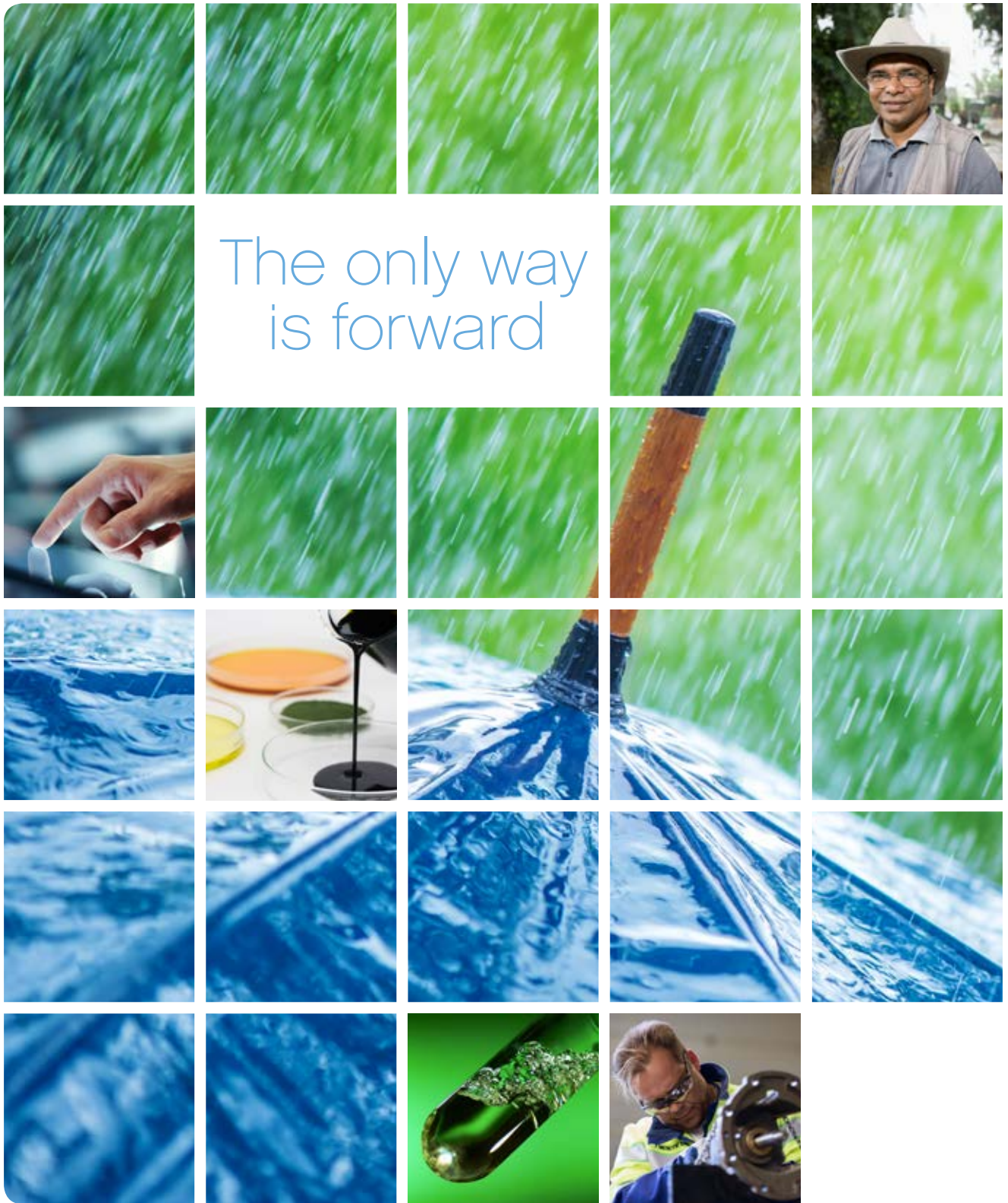


Neste Oil in 2014



Sustainability

NESTE OIL

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President & CEO Matti Lievonen: "New products in a key role in our growth and renewal, on which our future will be built upon"



We are seeking growth in renewable feedstock-based markets



The only way is forward

Significant positive development in safety



Aiming to achieve a capability to use only waste in renewable diesel production



The produced NEXBTL diesel achieved a 5.6 million ton reduction in CO₂ emissions



Two Finnish refineries operating as a single entity in the future

Dividend proposal for 2014 is EUR **0.65** per share

Aiming to be the number one supplier of fuel solutions in the Baltic Sea region

Neste Oil was Finland's biggest exporter in 2014



Comparable operating profit totaled EUR **583** million



Neste Oil again one of the world's most sustainable companies

Neste Oil joins Global Compact



Sustainability



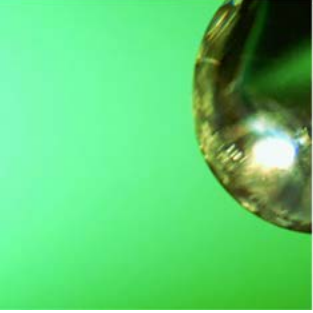



Sustainability

Sustainability is an essential part of our strategy. Our cleaner premium-quality solutions offer customers an easy and cost-efficient way to reduce their carbon footprint. We continuously improve also our operations in order to reduce their environmental impact and to better ensure the sustainability of our supply chain. In addition, we aim to promote sustainable practices in our industry, also outside our own supply chain.

| | | | |
|---|--|---|--|
| <p>Neste Oil again one of the world's most responsible companies</p> |  | <p>Significant positive development in safety</p>  |  |
|  |  |  | <p>Neste Oil joins Global Compact</p>  |
| <p>The NEXBTL diesel produced achieved a 5.6 million ton reduction in CO₂ emissions</p> | <p>Report from Finnwatch brought up shortcomings in the supply chain</p> | <p>Sustainability in figures</p>  | |

Sustainability Management and Strategy

Sustainability is one of Neste Oil's four values and part of everything we do. However, sustainability is not only our way of operating, it is part of our business. It is at the core of our strategy. Sustainability is also one of the factors influencing the remuneration of the management. Our sustainability is crystallized in the six focus areas of our Sustainable Way program.

| | | |
|---|--|---|
| <p>Neste Oil again one of the world's most responsible companies</p> |  |  |
|  |  | <p>Sustainability KEY FIGURES</p>  |
| <p>Sustainability is part of management remuneration</p>  | <p>Materiality assessment of sustainability updated</p> | |

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](#).

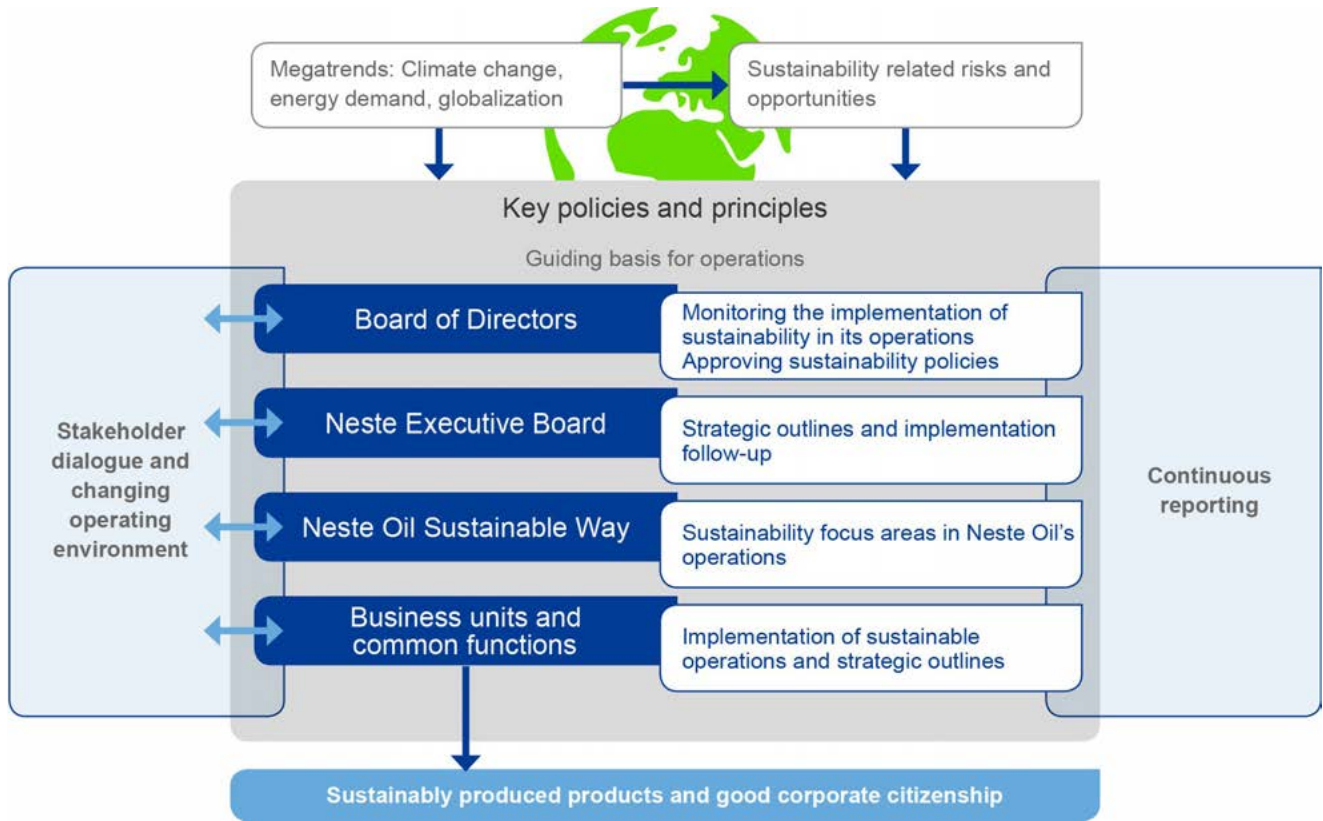
Neste Oil's sustainability program defines six focus areas which form the foundation of the sustainability work carried out by the company. These focus areas are:

- Cleaner solutions
- Safety
- Our people
- Society

- Climate and resource efficiency, and
- Sustainable supply chain

Sustainability work is steered by the Senior Vice President, Sustainability and Public Affairs, 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 other personnel, and how well the company performs in terms of injury frequency, for example, will affect the bonus paid to the President & CEO for 2014.

Managing safety, and the environment

Neste Oil's People and Safety 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 safety performance is one of strategic focus areas

Improving Neste Oil's safety performance is one of the company's strategic focus areas. Safety work is implemented 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.

HR management

Systems related to HR management are the responsibility of the HR organization and the Senior Vice President, HR and safety, who is a member of the Neste Executive Board. 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 operating model](#).

Sustainability goals

| Sustainability Focus Area | Long-term goal | What next? |
|---------------------------|--|---|
| Cleaner solutions | <ul style="list-style-type: none"> We create added value to our continuously expanding customer base with our cleaner traffic fuels and non-traffic applications. | <ul style="list-style-type: none"> We continue to further promote the use of chemicals based on NEXBTL diesel in non-traffic solutions, such as in bioplastics. We continue working to develop products with a smaller impact on the environment. |
| Safety | <ul style="list-style-type: none"> By creating a strong safety culture we ensure that our people work safely and our operations stay always at a good level. | <ul style="list-style-type: none"> PSER < 2.7 TRIF < 2.7 The number of preventive measures will be 28,000. |
| Our people | <ul style="list-style-type: none"> We are an admired employer and enable business success with our value-adding way of working, inspiring leadership, and talented employees. | <ul style="list-style-type: none"> We will monitor the new job description classification, and evaluate how it works. We will monitor the functionality of the new short-term incentive system, and develop it based on our observations. The new HR IT system will be introduced during 2015. We continue implementing Neste Oil's wellbeing at work plan. We continue implementing 'Way Forward' as a more integral part of the business and HR processes. We encourage people to try job rotation. |
| Society | <ul style="list-style-type: none"> We create long-term business success and value to our external stakeholders by operating ethically and profitably. | <ul style="list-style-type: none"> We continue working to achieve our long-term ROACE target. We continue to encourage stakeholder involvement, and participate more actively in debate. We continue developing how we report our tax contribution. We continue providing expert information. |

Climate and resource efficiency

| Sustainability Focus Area | Long-term goal | What next? |
|--|---|--|
| <p>Climate and resource efficiency</p> | <ul style="list-style-type: none"> We are a global leader in refining waste and residues into high-quality traffic fuels and non-traffic applications. | <ul style="list-style-type: none"> Our target is to reach the capability to use exclusively waste and residue in the production of renewable diesel by 2017. Continue operations that will help us to achieve our energy saving target. We continue identifying opportunities to reduce greenhouse gas emissions in our own operations. Based on the review of the current situation related to BAT, we will begin preparations for possible actions. We continue operating within the terms of our environmental permits, and modify operations where needed to comply with new regulations. |

Sustainable supply chain

| Sustainability Focus Area | Long-term goal | What next? |
|---------------------------------|--|---|
| <p>Sustainable supply chain</p> | <ul style="list-style-type: none"> We set a new standard for sustainability in supply chain by taking advantage of voluntary and proactive measures that support our business growth. | <ul style="list-style-type: none"> We continue using only certified crude palm oil also in the future. We continue to ensure the traceability of our renewable raw materials. We extend cooperation with selected crude oil suppliers. |

Sustainability policies and principles



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
- No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock

Updating process of our sustainability policy was started in 2014 and the update will be finished during 2015.

Materiality assessment

Neste Oil's materiality matrix covers the company's key sustainability themes from the perspective of its business and stakeholders.

Materiality assessment updated

We updated our sustainability materiality matrix during fall 2014 and early 2015. The update was conducted as follows:

1. Neste Oil's sustainability experts evaluated the important themes for the company and stakeholders on the basis of business knowledge, and results from stakeholder surveys.
2. The importance of the different themes was evaluated in an internal workshop, with sustainability experts and experts from other sectors.
3. The Executive Board gave their feedback and the materiality matrix was adjusted accordingly.
4. Stakeholder representatives were invited to a meeting where they had the opportunity to give feedback on the updated materiality matrix.
5. The materiality matrix was shared for a review with the Board of Directors and Neste Executive Board.

Increased importance of economic responsibility, human rights, and material efficiency

In the new materiality assessment, themes related to economic responsibility and material efficiency are given a clearly greater emphasis than in the assessment made in 2012. For material efficiency, the use of waste and residues is considered particularly relevant from the point of view of both the company and stakeholders.

Human rights also are given a greater emphasis than before in the updated assessment. This is due to, for instance, increasing

awareness of social viewpoints in addition to environmental issues in the supply chain.

New topics included in the materiality assessment were also smallholders in the supply chain, and publication of tax contribution.

Offering cleaner solutions and products to the clients continues as one of the most important themes of our sustainability work, both from the point of view of our stakeholders and our business.

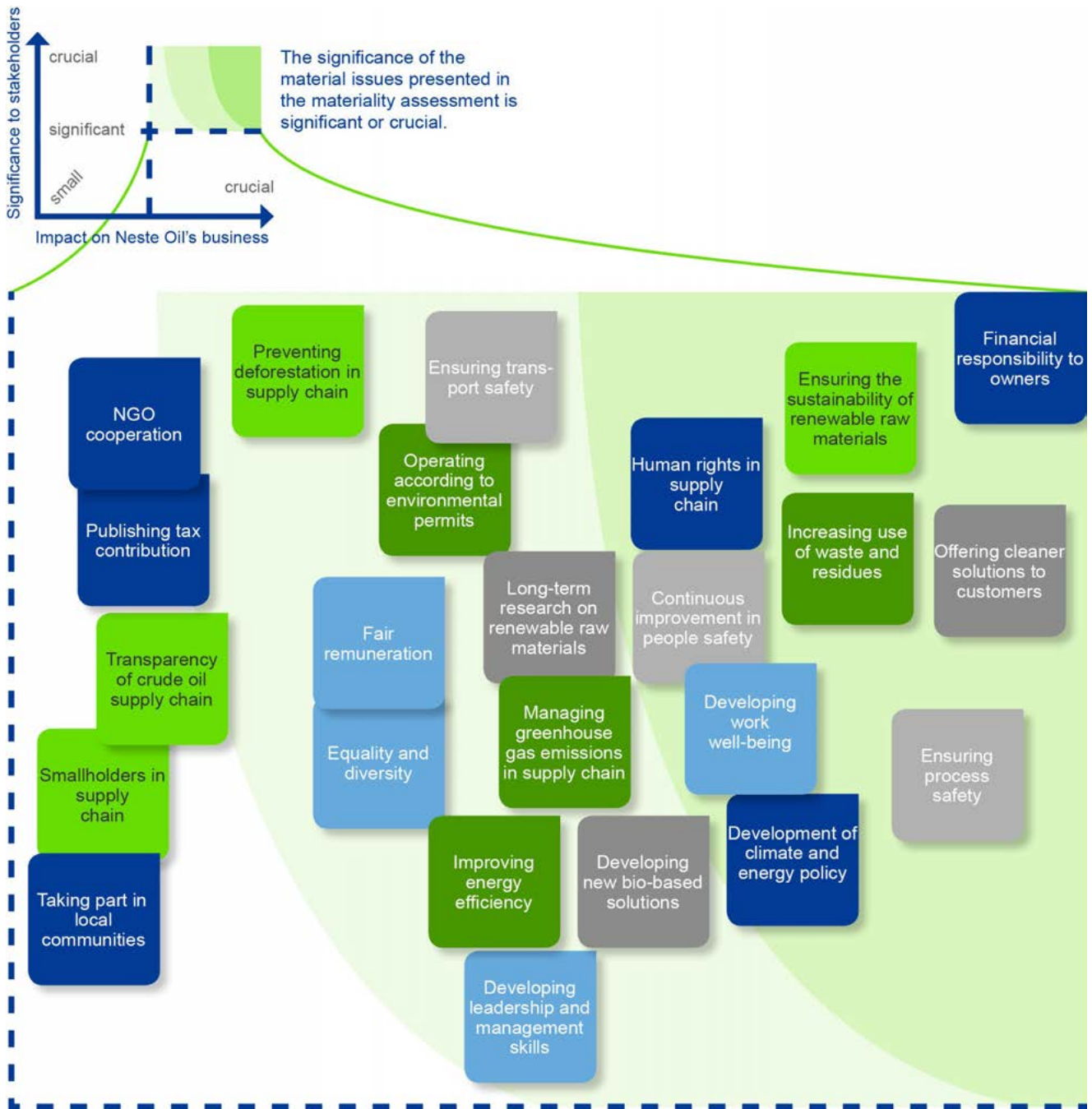
Stakeholder feedback for the materiality assessment

In February 2015 we arranged a stakeholder event where our chosen stakeholders had the opportunity to give feedback concerning our updated materiality assessment. Stakeholders represented in the event were e.g. NGOs and other organizations, student unions, investors, and owners. According to the discussions economic responsibility is seen as an important aspect of sustainability work also among our stakeholders. The feedback that we received also strengthened our understanding of the importance of social issues in supply chain.

Stakeholders would have given more emphasis to political positioning in climate issues in the materiality assessment. In addition, they would like to see Neste Oil including customer perspective more integrally in the company's way of seeing the value chain. In the future Neste Oil should pay more attention to advising the customers on sustainability issues and providing them information to support sustainable decision-making.

The feedback from stakeholders will be utilized when planning sustainability operations, and during future update of the matrix.

Materiality assessment



Key focus areas



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 our exposure to direct environmental risks significantly.

Sustainability is a business opportunity

Sustainability signifies opportunities for Neste Oil. Renewable fuels are one of the most significant means of responding to the growing need for energy in traffic, and therefore it brings growth potential for our business. NEXBTL technology, developed by us, offers growth also in other areas than traffic, for instance in the chemical industry.

| Risk | Performance in 2014 | Preventive measures | Sustainability focus area |
|---|---|--|--|
| <p>Procurement of refinery feedstocks and reputation risk associated with palm oil</p> | <ul style="list-style-type: none"> No issues related to environmental aspects. Finnish NGO Finnwatch discovered shortcomings related to labor rights while doing field observation in one of our palm oil suppliers plantation. | <ul style="list-style-type: none"> We only use traced and certified palm oil We initiated actions to improve monitoring social issues better in our supply chain. Open communication and reporting. We cooperate closely with, for example with TFT (The Forest Trust), an organization focused on preventing deforestation. | <ul style="list-style-type: none"> Sustainable supply chain |
| <p>People and process safety</p> | <ul style="list-style-type: none"> People safety performance improved clearly. We reached targets both in people and process safety. | <ul style="list-style-type: none"> Clear safety rules. We carried out a large safety training package. We pay increasing attention especially on contractor safety. | <ul style="list-style-type: none"> Safety |

| Risk | Performance in 2014 | Preventive measures | Sustainability focus area |
|--|---|--|---|
| <p>Environmental impact of refining and transportation</p> | <ul style="list-style-type: none"> • No major environmental or transport-related incidents. | <ul style="list-style-type: none"> • We continued environmental monitoring required in environmental permissions. • We continuously do inspections to our fleets and train personnel taking care of our transportations. | <ul style="list-style-type: none"> • Climate and resource efficiency |
| <p>Product liability</p> | <ul style="list-style-type: none"> • We supplied our customers with both statutory and voluntary product information. | <ul style="list-style-type: none"> • We ensure that our clients have access to all the necessary and up-to-date information related to product safety. | <ul style="list-style-type: none"> • Cleaner solutions |
| <p>Amendments to environmental legislation and legislation on renewable fuels</p> | <ul style="list-style-type: none"> • There were no legislative amendments that would have a negative impact on Neste Oil's operations. | <ul style="list-style-type: none"> • We participate actively in discussion on amendments to legislation, and offer our expertise to support decisions. | <ul style="list-style-type: none"> • Society |

Certified management systems



Our operations are guided by plant-, business area- and function-specific certified operating systems, which correspond to the environmental, health- and safety-related, and quality standards issued by ISO and OHSAS. Internal and external audits, conducted by an independent operator, are used to assess the effectiveness of the systems.

A total of 69 (77) internal audits were carried out in 2014 and 26 (23) certification audits. One (2) accreditation audits were also carried out.

All of Neste Oil's renewable diesel refineries have RSPO (Roundtable on Sustainable Palm Oil) certificates, and they have been approved by EPA (the U.S. Environmental Protection Agency). The Rotterdam refinery and Finnish energy security storage operations were audited in 2014, and they will receive

quality, environment, and security requirement (ISO9001, ISO14001 and OHSAS18001) certificates.

Learn more about [the certification of our production facilities and raw materials](#).

Other Neste Oil certificates:

- ISPS certificate (International Ships and Port facility Security Code), security of ports and ships
- FPC certificate (Factory Production Control Certificate for Bitumen and Bituminous Binders), production of bitumen

Since we withdrew from shipping operations in spring 2014, a new service provider is responsible for ISM certificates (International Safety Management System of Ships).

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. We monitor our ranking in these ratings and strive to develop our operations on the basis of the feedback we receive.

Neste Oil was included in the following reviews, amongst others, in 2014:

- The Global 100, ranked 31 (6)
- Dow Jones Sustainability Index, Neste Oil was selected for inclusion in DJSI World for the eighth year in succession
- CDP Forest (prev. Forest Footprint Disclosure)
- CDP, disclosure score: 87/B (72/C)
- Storebrand Sustainable Development Fund
- STOXX[®] Global ESG Leaders

Sustainability key figures

| | 2014 | 2013 | 2012 |
|---|------------|------------|------------|
| CLEANER SOLUTIONS | | | |
| Produced renewable NEXBTL diesel (million tons) | 2.1 | 1.9 | 1.8 |
| Emission reduction achieved with NEXBTL diesel compared to fossil diesel, (%) | 40–90 | 40–90 | 40–90 |
| SAFETY | | | |
| Process safety incidents per million hours worked, (PSER) | 3.0 | 3.0 | 5.9 |
| Total Recordable Injury Frequency per million hours worked (TRIF) | 2.7 | 4.2 | 3.6 |
| Lost Workday Injury Frequency per million hours worked, (LWIF) | 2.0 | 2.9 | 1.5 |
| Preventive safety measures* | 29,384 | 30,064 | 30,286 |
| *includes observation tours, safety inspections, and near miss reporting | | | |
| OUR PEOPLE | | | |
| Number of employees, average | 4,989 | 5,097 | 5,031 |
| Sick leave (%) | 2.8 | 3.0 | 3.1 |
| Training-related investments (EUR million) | 3.1 | 3.5 | 3.6 |
| Job rotation (%) | 9.1 | 8.4 | 8.0 |
| Permanent employees (%) | 96.2 | 96.3 | 95.3 |
| SOCIETY | | | |
| Corporate income tax (EUR million) | 21 | 94 | 59 |
| Salaries and remuneration (EUR million) | 267 | 271 | 253 |
| ROACE (return on average capital employed after tax, %) | 10.1 | 11.7 | 5.0 |
| Charity and sponsorship (EUR million) | 1.0 | 1.0 | 1.0 |
| Cash-out investments (EUR million) | 272 | 214 | 292 |
| Cleantech net sales (EUR billion) | 2.3 | 2.5 | 2.2 |
| CLIMATE AND RESOURCE EFFICIENCY | | | |
| New raw materials introduced | 1 | 3 | 1 |
| Use of waste-based raw materials (Mt/a) | 1.60 | 1.20 | 0.74 |
| Carbon dioxide emissions (t/a) | | | |
| Direct, scope 1 | 3,166,700 | 3,556,200 | 3,469,700 |
| Indirect, scope 2 | 418,900 | 444,500 | 489,200 |
| Indirect emissions, scope 3 | 49,000,000 | 45,900,000 | 45,639,380 |
| Reduction in greenhouse gas emissions achieved with produced NEXBTL renewable diesel (tons) | 5,600,000 | 4,800,000 | 3,981,502 |

| SUSTAINABILITY SUPPLY CHAIN | | | |
|---|---------------|--------|-------|
| The share of certified crude palm oil (%) | 100 | 100 | 91 |
| Supplier audits by an external party | 39 | 29 | 26 |
| The amount of smallholders in supply chain | 40,000 | 54,000 | 9,000 |
| Traceability of renewable raw materials to production plant or plantation (%) | 100 | 100 | 100 |

Neste Oil Sustainable Way



Cleaner solutions

We provide cleaner solutions to our customer in traffic and industrial field.

[Read more ▶](#)



Safety

We are working hard to prevent all accidents.

[Read more ▶](#)



Our people

We want to be an admired employer and to offer our skilled people challenging tasks.

[Read more ▶](#)



Society

We create well-being for our stakeholders and are engaged in an active dialogue with them.

[Read more ▶](#)



Climate and resource efficiency

We use resources efficiently and aim to reduce our environmental impact.

[Read more ▶](#)




Sustainable supply chain

We ensure that every step of our supply chain meets our strict sustainability requirements.

[Read more ▶](#)

Cleaner solutions

With our cleaner solutions both business customers and consumers can reduce their carbon footprint and pipeline emissions. NEXBTL renewable diesel is our most efficient way of combating climate change. In addition to cleaner traffic fuels, we offer solutions to the needs of, for example, the chemical industry and even electricity generation.

| | | | |
|--|---|---|---|
|  |  | <p>Renewable diesel to power 2.8 million cars</p> |  |
|  | <p>Low-sulfur bunker fuel launched</p>  |  | <p>NEXBTL diesel significantly reduced Flow Festival's carbon footprint Neste Oil was one of the environmental partners of the Flow Festival held in Helsinki.</p> |
| <p>Product carbon footprint closely monitored</p>  | <p>NEXBTL renewable aviation fuel tested by Boeing</p> | | |

| What were our targets? | Achievements | What next? |
|--|---|--|
| <p>Developing new product applications</p> | <ul style="list-style-type: none"> • We introduced NEXBTL renewable isoalkane, which is suitable for use as a raw material in the chemical industry. | <ul style="list-style-type: none"> • We continue to further develop the use of chemicals based on NEXBTL diesel in non-traffic solutions, such as in bioplastics. |
| <p>Continue launching premium-quality products with a smaller impact on the environment</p> | <ul style="list-style-type: none"> • We introduced low-sulfur bunker fuel. We launched Neste Pro Diesel on the Lithuanian markets. | <ul style="list-style-type: none"> • We continue working to develop products with a smaller smaller impact on the environment. |

Cleaner and safe products



In accordance with our strategy, we offer our customers solutions that place less burden on the environment. Our renewable and oil products offer consumers and business customers' cleaner solutions for transport and traffic. We also offer renewable solutions to the needs of the chemical industry, among others.

Our products are based on careful R&D work to ensure their safe use and their compatibility with customer requirements.

Most of the products sold by Neste Oil are classified as hazardous, and therefore it is important to ensure the safe handling of products throughout their life cycle. We also make sure that the information needed for handling the product safely is readily available to our customers, and that our products meet the requirements of national and international legislation.

Renewable diesel for millions of cars

The use of our NEXBTL renewable diesel makes it possible to reduce carbon dioxide emissions by 40–90% throughout the whole product life cycle when compared to fossil diesel. We produced enough NEXBTL diesel in 2014 to power around 2.8 (2.6) million cars for a year. The reduction in emissions that could be achieved through NEXBTL renewable diesel produced in 2014 totaled to 5,6 (4,8) million tons, which is equivalent to approx. 48% of the annual greenhouse gas emissions from road traffic in Finland.

Read more about the [reduction in emissions achieved through NEXBTL use](#).

Low-sulfur bunker fuel launched

We launched a new low-sulfur bunker fuel that meets the requirements of the new EU Sulfur Directive in 2014. The new fuel will significantly reduce sulfur and particle emissions in marine transport. We will supply the product to Tallink Grupp's and

Finnlines' vessels, among others. The product will be sold both on the domestic market in Finland and for export.

Neste Pro Diesel in the Lithuanian market

In 2014, we also initiated sales of Neste Pro Diesel that has NEXBTL diesel as one component, on the Lithuanian market. Neste Pro Diesel contains at least 15% renewable diesel, allowing consumers to easily reduce their carbon footprint. Previously, the product was available only in Finland.

Read more about the [reduction in greenhouse gas emissions through NEXBTL](#)

Renewable alternative to propane

In 2014, we announced a decision to build a biopropane plant to our Rotterdam refinery. The project was launched immediately, and the aim is to start biopropane sales at the end of 2016. The product is equivalent to fossil propane with regard to its properties, but places less of a burden on the environment. We will supply all biopropane produced in Rotterdam to the Dutch energy company SHV Energy. Replacing fossil fuels with biopropane will result in significantly lower carbon dioxide emissions.

NEXBTL renewable aviation fuel tested by Boeing

Airplane manufacturer Boeing successfully tested our NEXBTL aviation fuel as a component of its aviation fuel in 2014. The test flight was made with a Boeing 787 Dreamliner in the United States, and renewable diesel accounted for 15% of the fuel for the second engine of the plane. Boeing is planning to continue testing the fuel. Aviation is one of our target markets.

Products' carbon footprint



With our renewable products, our customers can significantly reduce the carbon footprint from their own actions.

Flow Festival reduces carbon footprint by using NEXBTL

In 2014, Helsinki-based Flow Festival reduced its carbon footprint by using our NEXBTL renewable diesel in electricity generation. Use of the product resulted in a 22 ton drop in emissions during the event. This is equivalent to the amount of emissions generated by flying nearly three times around the world.

Read more about [the use of NEXBTL at Flow](#).

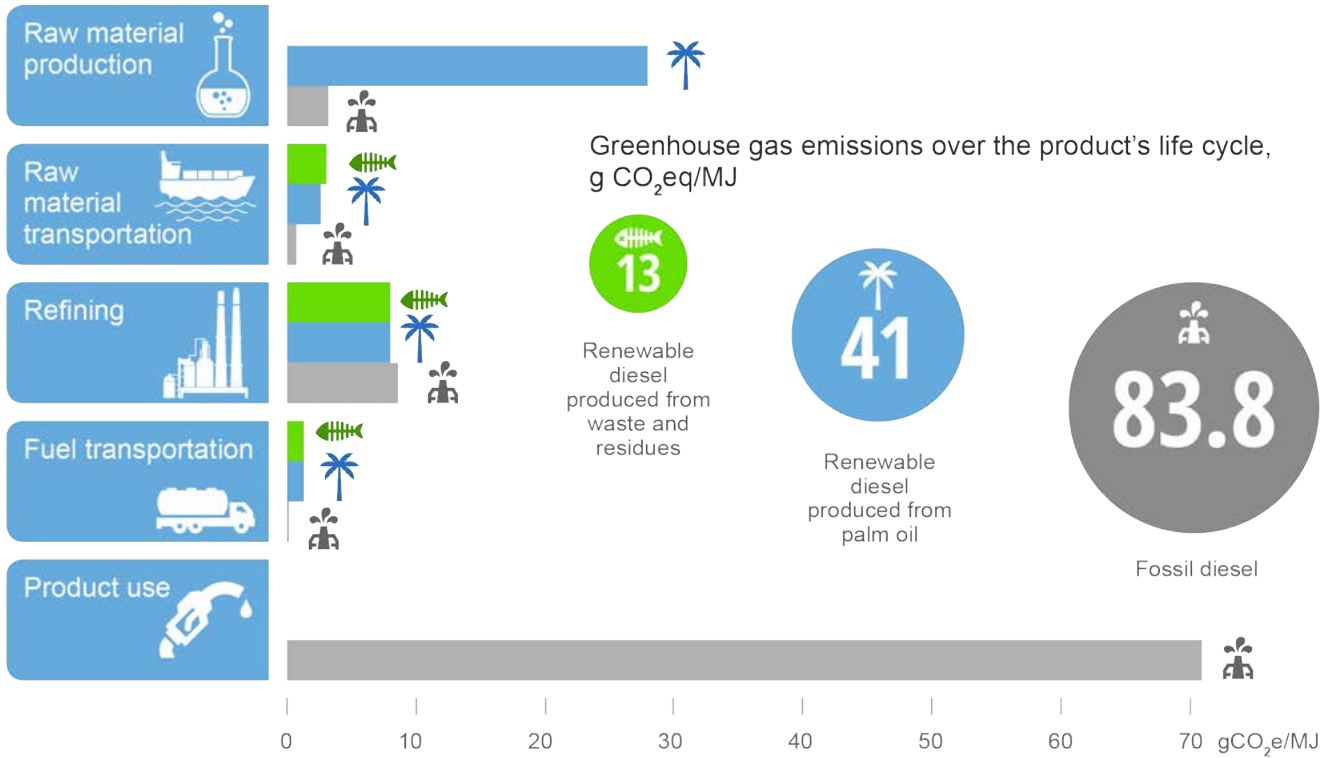
Product's carbon footprint closely monitored throughout the entire life cycle

We calculate the carbon footprint of our products over their entire life cycle, from the raw material production to their end-use. The majority of the greenhouse gas emissions associated with renewable diesel are generated during raw material production and are linked to factors such as fertilizer usage.

We continuously develop greenhouse gas calculations on the basis of international standards and legislation. Our methods have been verified by independent, third-party experts as meeting the strict quality standards required for biofuels.

| Raw material | Emission reduction |
|--|--------------------|
| Waste and residues (e.g. waste animal fat, waste fish fat, palm fatty acid distillate, PFAD) | 85–90% |
| Crude palm oil | 51% |
| Other vegetable oils (eg. rapeseed and camelina oil) | 42–55% |

Greenhouse gas emissions throughout product life cycle



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

NEXBTL at Flow Festival



NEXBTL diesel significantly reduced Flow Festival's carbon footprint



In 2014, Neste Oil was one of the environmental partners of the Flow Festival held in Helsinki. The company helped the event reduce its carbon footprint by delivering NEXBTL diesel made from fully renewable raw materials for electricity production. By using NEXBTL, greenhouse gas emissions can be reduced by 40–90% compared to using fossil diesel.

Using NEXBTL diesel does not require any modifications to the aggregates used in electricity production, since its consistency corresponds to that of fossil diesel.

40 percent lower emissions

NEXBTL diesel was used to produce 45% of the festival's electricity. By using the product, the event managed to lower its greenhouse gas emissions by 22 tons, and the emissions decreased by about 40% compared to previous years.

"We are constantly looking for ways to reduce our carbon footprint, and NEXBTL is a good solution for that," Flow Festival's Production Manager Emilia Mikkola says.

A product made out of waste supports the idea of sustainable electricity production

At the Flow Festival, sustainable development is taken into account in all the arrangements. The festival's cooperation partners also have to meet tight environmental requirements.

Emilia says cooperation with Neste Oil was effortless.

"We were extremely satisfied with NEXBTL diesel, and its delivery. It is especially good that the product has been made entirely out of waste, which supports the idea of sustainable electricity production," Emilia says.

"We hope that renewable diesel produced from waste will be available also in future," she continues.

Flow wants to continue the successful cooperation with Neste Oil also in 2015.

Safety

Safety is a number one priority in our operations. Our employees and partners work under challenging conditions, and therefore the importance of safety is emphasized. We want to be among the best European oil companies in terms of safety. Our safety vision is crystallized in three things: we work safely and professionally always and everywhere, the only way is towards zero injuries, and we want to go home healthy after a safe working day.

| | | | |
|---|--|--|---|
| <p>Number of incidents decreased significantly:</p> <p>2.7 incidents per million hours worked</p> |  |  |  |
|  |  | <p>Our Process Safety Events Rate (PSER) was 3.0</p> | <p>Safety at the Porvoo turnaround</p> <p>The largest turnaround in the company's history will take place at Neste Oil's Porvoo refinery in 2015.</p> <p>Read more ▶</p> |
| <p>Implementation of an extensive online safety training</p> | <p>Record at the Singapore refinery:</p> <p>over 2 million hours without incidents</p> | | |

| What were our targets? | Achievements in 2014 | What next? |
|--|---|---|
| <p>Reduce the number of process safety incidents (PSER <3.0)</p> | <ul style="list-style-type: none"> The target was achieved. PSER was 3.0 (3.0). | <ul style="list-style-type: none"> PSER < 2.7 |
| <p>Reduce Total Recordable Injury Frequency (TRIF) to 3.3</p> | <ul style="list-style-type: none"> The target was not achieved. TRIF was 2.7 (4.2). | <ul style="list-style-type: none"> TRIF < 2.7* |
| <p>Carry out at least 30,000 preventive measures</p> | <ul style="list-style-type: none"> We carried out 29,400 (30,064) reported preventive measures. ** Decline in number of measures was mainly due to withdrawing from shipping operations. | <ul style="list-style-type: none"> The number of preventive measures was 28,000. We will pay special attention to more efficient use of the reports. |

* Neste Oil's long-term target is zero accidents.

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

Sustainability ▶ Neste Oil Sustainable Way ▶ Safety ▶ Process safety

Process safety



With good process safety, we can ensure that our refineries and related units operate without incident, and prevent both 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. Our aim is to be among the best European oil refiners in terms of process safety.

Continuous auditing

Process safety is reviewed using internal audits and official inspections. Neste Oil's insurers also carry out insurance audits at the company's refineries, reviewing plant safety from various perspectives, such as the condition and appropriateness of equipment, equipment separation principles, fire safety, competencies of the operational personnel and operational procedures.

Cooperation with the authorities at refinery locations is an important part of process safety. Communication and preparedness planning is continuous with local rescue departments, for example.

Good development in process safety

Neste Oil measures its process safety performance using CONCAWE-defined PSER (Process Safety Events Rate). These define process safety levels by measuring the number of incidents that take place in production processes per million man-hours worked. We measure process safety incidents at all our production sites and terminals.

A total of 20 (19) PSEs took place in 2014, and the process safety events rate (PSER) was 3.0 (3.0). Our PSER target set for 2014 was < 3.0. Our goal for 2015 is < 2.7.

Process safety as part of the management's and business functions' work

All of our refineries, terminals and ports adopted a process safety management system as part of the refineries' management board work in 2014. The development work will continue with the development of process safety monitoring indicators, among other

things. The systematic way of working has made safety even more integral part of management work.

Safety was also brought closer to business operations in 2014. Change management training was provided for all employees of the Oil Products business, with the aim of improving the ability of those working in the various business functions to identify changes that may have effects on production at a later date, for example.

We continued the project to review the compatibility of the structural materials and process conditions, such as temperature, compared to the current material recommendations at the Porvoo and Naantali refineries in 2014. As part of their training, operators working at the refinery make refining unit fire risk reviews and site cards containing information concerning the units' firefighting equipment in an effort to improve fire safety.

Several changes with which the structural materials of oil refining processes will better match the process conditions will be made during the turnaround in 2015. The production plants in Finland continued to survey the criticality of equipment from the points of view of safety and business. The four-year project to prepare a criticality classification is halfway through. The classification covering all equipment in all production sites is scheduled for completion in 2016. The criticality classification of equipment guides the maintenance, maintenance scheduling and training at our refineries.

Read more about [the Porvoo turnaround and its safety preparations](#).

Case: Major turnaround 2015 in Porvoo



Safety at the major turnaround in Porvoo



The largest turnaround in the company's history will take place at Neste Oil's Porvoo refinery in April–June 2015. During turnarounds, taking place once every 4–5 years, a refinery's production lines are shutdown for equipment maintenance, inspection, and replacement.

The implementation phase of the spring turnaround with the refinery shutdowns and ramp-ups will take a few months, but its planning was already at full steam a few years ago. Antti Nissinen, the Project Manager of the turnaround, emphasizes that comprehensive planning is the key to a successful and safe turnaround.

"During the turnaround, there will be several contractors and a total of approximately 5,000 people working in the refinery area. From the safety point of view, it is important that the coordination of work has been planned carefully and cooperation between contractors is good. Everyone must be aware of how to take others into account in their own operations. Safety is not a separate matter, but an integral part of all activities," says Nissinen.

Turnaround turns the refinery into a major construction site

The refinery becomes a huge construction site during the turnaround, which results in specific safety requirements.

"During the turnaround, the safety regulations concerning construction sites must also be met. The safety and environmental requirements of the turnaround were already presented to the contractors in the tendering phase. We require our contractors to have their own safety plans, which are jointly reviewed. Everyone must be committed to the common safety rules," Jarkko Hupanen, Turnaround Safety Manager, says.

During the turnaround, safety will be measured by the number of safe turnaround days, i.e. how many days have been worked without accidents, leaks or fires. In addition, a certain number of safety observations and reports are included in the requirements for a safe turnaround day.

Employee training is an important part of preventive safety work

Training employees who will be taking part in the turnaround is also an important part of preventive safety work.

"We have invested even more resources than before in training and in planning its structure. We aim to increasingly make use of various training methods, such as interactive online training," Hupanen says. "The best thing is that we always learn something from every turnaround," he continues.

Process safety event rate, incidents per million hours worked



Sustainability ▶ Neste Oil Sustainable Way ▶ 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. The development work focuses on improving safe behavior and people's risk and safety awareness in particular.

Records were broken in people safety

Record periods without accidents were reached in several functions during 2014. Both Oil Retail and the Singapore refinery

worked for over two million hours without injuries. In addition, the Porvoo refinery broke the previous record of 360 days without fires ignited by hot work. Determined development work has taken place to prevent hot work fires, including the training of fire guards, developing the requirements for protection, and auditing hot work sites.

Neste Oil's 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.

| People safety performance | 2014 | 2013 | 2012 |
|---|------|------|------|
| TRIF (Total Recordable Injury Frequency per million hours worked) | 2.7 | 4.2 | 3.6 |
| LWIF (Lost Workday Injury Frequency per million hours worked) | 2.0 | 2.9 | 1.5 |

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

observation tours, and HSSE safety inspections. We want to increasingly focus on preventive safety measures, and therefore

the number of preventive safety measures was increased from 28,000 to 30,000 in 2014. In 2014 we did 29,400 (30,064) preventive safety measures. The decrease is mainly due to giving up our own shipping operations. Preventive measures affected the company's own and contractor personnel a total of 61,000 (64,500) times in 2014.

In 2014, we added the possibility to report risk factors that can cause an accident in addition to reporting accidents that have already happened. The company also adopted a new procedure to guide last minute risk assessment. The expansion of incident reporting and the development of risk assessment aim to prevent accidents in an even more effective manner.

In 2014, we developed the utilization of data from preventive safety measures by analyzing reports from tens of thousands of safety observation tours. Based on the analyses, we can increasingly direct safety measures and focal points to the right areas. We also analyzed near miss reports. The further development of analysis usage is continued.

In order to improve personal safety, the use and number of personal gas detectors has been increased at all refineries, making it possible to detect harmful gas level or lack of oxygen earlier, thereby avoiding exposure.

| | 2014 | 2013 | 2012 |
|--------------------------|--------|--------|--------|
| Safety observation tours | 25,100 | 26,300 | 27,643 |
| Safety discussions | 3,700 | 3,600 | 2,925 |
| HSSE safety inspections | 833 | 766 | 1,480 |
| Near miss reports | 2,300 | 3,000 | 1,163 |

Safety development program also takes contractors into consideration

Neste Oil launched an extensive safety development program in 2013, with contractor safety as one of the focus areas. The development of contractor safety aims to increasingly ensure the safety of contractors' operations, improve collaboration and develop selection and supervision of contractors. A tool for reporting contractor safety was developed in 2014, and the data collected with it is utilized in monthly safety discussions between Neste Oil and the contractors.

Workplace reviews ensure safe working conditions

Hazardous chemicals are handled in Neste Oil's operations. We ensure the healthiness and safety of the working environment through technical safety measures, appropriate protection, and readily available safety data sheets.

Working conditions are monitored with regular workplace reviews and occupational hygiene measurements. A total of 10 (6) workplace reviews and 36 (34) occupational hygiene studies were carried out in 2014. With regard to workplace reviews, our development activities particularly focus on monitoring the corrective measures defined on the basis of the reviews and the implementation method of the reviews.

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 chemical substances

produced and imported by Neste Oil have been registered in accordance with REACH requirements.

Developing safety competencies

Neste Oil has made safety an increasingly integral part of the training provided to managers and supervisors. A safety leadership feedback tool was adopted in 2014 to collect feedback concerning supervisors' safety management from employees and co-workers. Based on the feedback report, supervisors can develop their safety leadership competencies. The feedback is also reviewed in team training and development discussions. The tool was adopted at the Porvoo and Naantali refineries in 2014. The tool will be commissioned in Singapore and Rotterdam in 2015. Neste Oil also has an up and running training initiative to ensure the competencies of the refineries' shift workers.

Extensive e-training related to the new Life Saving rules

We published new Life Saving Rules at the beginning of 2014. The rules aim to increase the safety awareness of the personnel and to make safe operation in everyday situations easier. An online training course for the rules was arranged in 2014. The training included the following themes; working at height, confined spaces, equipment isolation, work permit, and traffic hazards.

The entire training was mandatory for people working in production sites, terminals, and Oil Retail. The part concerning traffic hazards was compulsory for all personnel. The Life Saving Rules online training will also be made mandatory for contractors.

In 2014, 2,956 persons did the compulsory part to all personnel and 2,620 did the entire training. The training received positive feedback from the personnel.

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.

Transportation in 2014

In 2014, 88% of the fossil feedstocks used at our refineries were transported by sea, 9% by rail, and the rest by road. Of the renewable raw materials 97% was transported by sea and the rest by road or via pipelines.

Neste Oil specified the key environmental aspects of its logistics in 2014, i.e. how the company recognizes and monitors the environmental impacts of its logistics operations, such as emissions into air, water, and soil.

Road shipments

We use haulage contractors to handle our road shipments. A total of 22 (23) haulage partners and 180 (184) vehicles and 320 (320) drivers, were used to carry Neste Oil products and feedstocks in 2014. Our partners are committed to complying with our safety guidelines and rules, and our contracts include a separate appendix concerning safety.

A total of 0.02 (0.03) traffic accidents involving Neste Oil tanker trucks per 100,000 kilometers took place in Finland in 2014; the equivalent figure for accidents overseas was also 0.02 (0.02). The total amount of accidents in Finland was 4 (8) and 1 (1) abroad. A total of 27,043,000 (28,680,000) kilometers were covered carrying Neste Oil cargoes in 2014. We focused on preventive safety measures in 2014 and carried out more than 400 observation rounds related to road transport.

Neste Oil has its own vehicle standard that exceeds the requirements of road traffic legislation, specifying the properties required from vehicles taking care of our transports. We updated the standard in 2014. Among other things, rearview cameras were added as a requirement in the update.

In addition to annual inspections, the trucks used by our haulage contractors are also subject to European Truck Safety Control

inspection. This especially focuses on the vehicle bodies and the special structures of tank vehicles. The inspections previously only concerned Finland and Russia, but they were extended to also cover the Baltic countries in 2014. In 2014, the safety inspection focused particularly on the seals of the gas recovery system. We also carried out occupational hygiene tests, reviewing the emissions in the driver's working atmosphere. We will continue researching working environment materials and the gaskets on the basis of the results.

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 are supplied with a report detailing how they drive to help make them safer on the road.

Neste Oil and its haulage contractors annually train the drivers that handle the company's cargoes. In 2014, we organized vocational qualification training for all drivers that handle our transports, extensively reviewing the safety matters associated with fuel transports, such as working in a terminal and unloading.

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 and Biofuels Association to harmonize overall road transport performance and improve safety.

Rail shipments

Neste Oil does not own any rail freight cars or locomotives, and uses the VR Group to handle its rail shipments. We are responsible for the safety and maintenance of the rail tracks we own. Neste Oil owns and operates a total of eight rail-connected terminals in Finland, Tallinn in Estonia, and Riga in Latvia.

Neste Oil has been awarded a safety permit as required by the Finnish Transport Safety Agency from all companies operating private rail lines in Finland.

No serious incidents or near misses occurred in our rail operations in Finland during 2014. We report all incidents and the investigations that follow to the Transport Safety Agency. For serious safety events, we also carry out our own internal investigations. One serious incident occurred in terminal area in

Riga to a passing train. We participated the incident's investigation and will implement the lessons learned to all our terminals.

The rail safety management system introduced at Neste Oil in 2013 was expanded in 2014 to cover reserve stocks which are owned by the National Emergency Supply Agency but operated by Neste Oil, in addition to Neste Oil's own storage facilities.

In 2014, we developed the safety of rail logistics by making risks assessments at all our Finnish locations involving rail functions. The assessments reviewed errors by individuals that might lead to process safety events, leakages, fire, or emissions. We will annually monitor the progress of the measures defined on the basis of the assessments.

In 2014, we adopted the change management methods previously only used at refineries in our terminals. With these methods, we can even better prevent accidents resulting from minor technical changes and new procedures.

Marine shipments

Neste Oil uses its own, time-chartered fleet, and voyage chartered vessels to handle its marine shipments. In the end of 2014, our fleet consisted of 23 tankers under our commercial control. In addition, hundreds of transportations were covered by voyage chartered vessels. All the vessels used by us on the Baltic Sea are ice-strengthened.

Shipping operations carried out by vessels managed by us did not result in any significant seaborne emissions during 2014, nor did these vessels suffer any fires or run aground.

In April 2014, we outsourced most of our fleet and our ship management operations. Following the restructuring of operations, we were left with three vessels, of which we will divest ourselves from at a later date.

As a result of outsourcing the ship management functions, we are responsible for the commercial operation of the vessels used by us, but their safety is the responsibility of their crewing and ship management companies in accordance with their safety management systems.

Neste Oil Group's ship vetting function is responsible for reviewing and approving tankers chartered from other companies. Navidom Oy, a new company set up to manage the vessel assets in connection with the outsourcing of shipping operations, monitors the safety and quality of chartered vessels by guiding cooperation and by auditing vessels and the companies responsible for them. The audits ensure that the vessels meet Neste Oil's proprietary safety principles, which exceed the industry and statutory requirements. In addition, the safety management system is audited by way of regular inspections by various authorities and customers, i.e. other oil companies.

We actively cooperate with various authorities and safety agencies by participating in salvaging and oil spill response exercises, among other activities.

Our people

We believe that skilled employees are a competitive advantage. Therefore, manager coaching and developing of our employees are of prime importance to us. Work must feel good and do good!



Neste Latvia recognized for equality



Changes in operations require personnel restructuring



Way Forward persons as examples of the right kind of attitude

A Way Forward person is selected among Neste Oil employees every month.

[Read more ▶](#)

Personnel survey:

We offer good opportunities for personal development

Customer perspective more integrated in personnel training

| What were our targets? | Achievements in 2014 | What next? |
|--|--|--|
| <p>Introduce new job description model, and job grade system across the Group</p> | <ul style="list-style-type: none"> The new job description model, and job grade system were introduced. | <ul style="list-style-type: none"> We will monitor the new classification, and evaluate how it works. |
| <p>Introduce new short-term incentive system</p> | <ul style="list-style-type: none"> New short-term incentive system was introduced. | <ul style="list-style-type: none"> We will monitor the functionality of the system, and develop it based on our observations. We will pilot a new performance management model in Singapore. |
| <p>Going forward with the HR system revamp</p> | <ul style="list-style-type: none"> The planning stage of the revamp was finalized, but the project did not reach the implementation phase in 2014. | <ul style="list-style-type: none"> The system will be introduced during 2015. |
| <p>Develop wellbeing at work</p> | <ul style="list-style-type: none"> Wellbeing at work was discussed amongst the teams, and in development discussions. We organized workgroup discussions on wellbeing at work. | <ul style="list-style-type: none"> Continue implementing Neste Oil's wellbeing at work plan. |
| <p>Promoting 'Way Forward' way of working</p> | <ul style="list-style-type: none"> We continued to implement the 'Way Forward' operating model, launched in 2013, including it in the HR processes. | <ul style="list-style-type: none"> Continue implementing 'Way Forward' as a more integral part of the business and HR processes. |
| <p>6–8% of personnel takes part in job rotation every year</p> | <ul style="list-style-type: none"> 9.1% (8.4%) of personnel took part in job rotation. | <ul style="list-style-type: none"> Neste Oil encourages people to try job rotation. |

Sustainability ▶ Neste Oil Sustainable Way ▶ Our people ▶ Way Forward - our way of working

Way Forward – our way of working



Introduced at Neste Oil in 2013, the Way Forward operating model originated in our will to remain competitive in the changing operating environment. In the Way Forward, we particularly focus

on our way of working in relation to being able to respond to the requirements of our industry and to reach our strategic objectives.

The Way Forward is based on Neste Oil's values, and it has been defined on the basis of a organization culture survey. The underlying idea of the Way Forward is to develop Neste Oil into a more profitable, a more customer-focused, safer company where personnel enjoy their work and feel fulfilled.

The aim is to incorporate the principles of the Way Forward into all business and HR processes so that they will even better support business objectives. Our purpose is to make the Way Forward part of everything we do and link it closely with people's personal, team and company-level procedures and objectives.

Made commitments reviewed in performance and development discussions

During fall 2013 and spring 2014, every Neste Oil employee gave a personal commitment related to one of the Way Forward's focal areas: customer focus, improving cooperation, safety, and taking and giving responsibility. The commitments made in 2014 and their fulfillment were reviewed in the performance and development discussions. If necessary, the personal commitments were also updated.

The focal areas of the Way Forward were also included in aptitude assessments and in the orientation of new employees during 2014.

Acting in line with the Way Forward is also rewarded

Neste Oil rewards a person or team that has excelled at work on a quarterly basis. The quarterly rewards were based on the implementation of the Way Forward in the winner's activities in 2014. In addition, Neste Oil employees can nominate a Way Forward Person from among them who follows the new guideline in an exemplary manner. The selection of the Way Forward Person and success stories in the intranet are a popular concept among employees.

Read more about [how Way Forward Persons are selected](#).

Case: Way Forward



Way Forward persons as examples of the right kind of attitude



The Way Forward operating model based on Neste Oil's values launched in 2013 has influenced everyone's work. All Neste Oil employees have made Way Forward commitments with which they pursue to make concrete changes in their ways of working.

As of the beginning of 2014, a Way Forward person has been selected among Neste Oil employees every month. These people have acted in compliance with the company's values and the Way Forward principles and have succeeded in fulfilling their

commitments particularly well. All Neste Oil employees can nominate Way Forward persons, and the aim of the selection is to highlight good examples. In October 2014, the honorary title of Way Forward person was awarded to two persons for the first time; Human Resources Developer Lasse Poukka and Competence Developer Tommi Leppänen.

Recognition for successful work in the field of safety

Tommi and Lasse were responsible for training related to Neste Oil's new Life Saving Rules and the adoption of these rules. They consider their choice as Way Forward persons as a fine display of appreciation and a sign that particularly this project was executed successfully.

"Cooperation is one of our company's values, and that is probably what they wanted to emphasize in our case," Tommi says.

Lasse and Tommi extend their gratitude for the success of the project also to other people.

"One should bear in mind that a big team aiming at a common goal was involved in this project. There was lot of people from the Naantali and Porvoo refineries and from various organizational levels. The quality would not have been as good if there would have been only the two of us," said Leppänen and Poukka laughing.

Wellbeing at work



We believe that wellbeing at work is fundamental to the company's success. We think that the keys to meaningful work and wellbeing at work are found in the development of an individual's competencies, a motivating atmosphere that encourages development, a safe working environment and good health. We aim to improve everyone's daily work by paying particular attention to management and managerial work, and by developing an encouraging culture and workplace skills throughout our organization.

A good balance between work and other life also has a significant effect on wellbeing at work. At Neste Oil, supervisors are responsible for monitoring the hours put in by the members of their teams, and they are encouraged to discuss time management and priorities with their people. Flexible working hours and working from home provide additional freedom for personnel with jobs that can benefit from these practices. We also offer personnel leisure time activities, such as clubs and gyms.

Ways of promoting wellbeing at work and occupational health at Neste Oil:

- Personnel survey and analyzing its results in an empowering way
- Regular performance and development discussions
- Emphasis on managerial work and competence development
- Regular feedback
- Integrated occupational health care: check-ups, preventive health-related advice, and medical care
- Culture that encourages development
- Measures concerning the safety and comfort of the workplace
- Sickness and insurance cover
- Early rehabilitation and Neste Oil's rehabilitation courses
- Guidance on alcohol and drug abuse and access to appropriate care
- Early support model
- Reassignment to alternative work
- Employee club activities
- Support for leisure time activities

- Encouraging personnel to adopt a healthy life style and various health promotion campaigns

Wellbeing at work is the result of daily work

Neste Oil continued the implementation of the wellbeing at work plan in 2014. The program aims to make wellbeing at work an integral part of day-to-day operations of employees and teams. A wellbeing at work leaflet intended for use as a tool in wellbeing at work reviews, discussions in teams and one-on-one performance discussions was handed over to all Neste Oil employees.

Neste Oil paid particular attention to the development of good workplace skills in 2014. Team discussions in which employees could discuss their views of good workplace skills, such as completing work, renewal, and appreciation of others and their work, were organized at the Naantali refinery, for example.

Early support model guidelines were renewed

Neste Oil uses an early support model aimed at identifying factors that might undermine people's ability to do their job, discuss about them at an early stage and address them before they become a real problem. We updated the early support guidelines in 2014, making the model an even clearer part of day-to-day managerial work and performance management.

Instead of sick leave, the new guidelines aim to primarily pay attention to earlier signs of impaired wellbeing at work and ability to work. An electronic tool for monitoring sick leaves and early care discussions has been developed to support the model. Early support training to improve managers' discussion skills will be organized in 2015-2016, and the model will be adopted in all Neste Oil countries.

Alternative work and reassignment help in continuing work

Neste Oil's aim is to continuously 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. If an employee cannot continue in their current duties

due to health reasons, we attempt to modify their job descriptions or reassign them permanently to more suitable duties.

Four people were successfully reassigned or had their job descriptions changed in 2014.

Occupational health care supports wellbeing

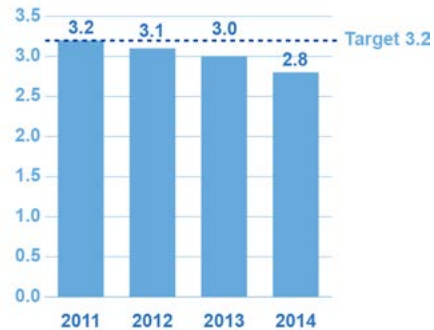
Neste Oil’s occupational health care focuses on the prevention, caring for, and following up of work-related illnesses. The number of cases of work-related illnesses and diseases continues to remain low. No work-related illnesses were reported in 2014.

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 Enerkemi Insurance Fund and the Kilpilahti Sickness Fund.

An electronic medical check-up practice is in use at Neste Oil, improving the appropriate targeting of medical check-ups. When invited to a medical check-up, each employee responds to a

questionnaire based on which the employee can personally assess their need for follow-up measures or support.

Sick leave, %



Developing people's skills and expertise



We continuously develop the competencies of our personnel to match the changing needs of our business operations and the overall business environment. The development of employees' professional and strategic competencies supports our achieving short- and long-term business goals as well as promoting work satisfaction.

Development at work is supported with regular performance and development discussions and mentoring and development programs.

Safety is a significant part of the professional skill of Neste Oil employees, and we have increasingly invested in safety training in recent years.

Read more about [Neste Oil's safety training](#).

Development discussions and job rotation help people progress in their careers

Twice a year, all Neste Oil employees have performance and development discussions with their supervisors, setting motivating targets, evaluating performance, and reviewing issues related to employees' personal development. The aim is to harmonize the setting of targets and to develop performance management with, for example, an HR system that is under development, scheduled for adoption during 2015.

Performance and development discussions covered 81% (82%) of personnel in 2014, excluding service station personnel in Russia.

Job rotation is also used in HR development and in committing personnel to the company. Needs and willingness related to job rotation are surveyed in the development discussions, and job rotation is jointly planned with the supervisor. In 2014, 9.1% (8.4%) of employees switched to new jobs. The long-term target for annual job rotation is 6–8%.

Customer perspective increasingly involved in development activities

All of Neste Oil's development programs increasingly emphasized the customer perspective in 2014, and training was adapted to better match business needs. For example, in 2014 we underlined the development of the skills of those working in the customer interface in sales.

We have been paying particular attention to supervisory work for years. In fact, Neste Oil offers development programs for both new and more experienced managers. In 2014, a separate version of the development program for new managers was customized for supervisors working in the Russian terminals.

In addition to supervisors, customized training is offered to specialists and those with project management responsibilities. Successful implementation of projects is critical as the success of Neste Oil's strategy is being supported by a number of significant projects. In 2014, all of our specialists in Singapore completed the specialist training program.

There are both Finnish and global versions of all of Neste Oil's development programs. The programs are closely linked to our Way Forward initiative.

Read more about [the Way Forward initiative](#).

Training opportunities also guaranteed for shift workers

Work often takes place in shifts at Neste Oil's refineries, and we want to ensure that shift workers also have access to regular training. Therefore, we have included training days in each work shift calendar. Training days have been in use in Porvoo for several years now, and they were also adopted at the Naantali refinery in 2014. The training programs focus on matters related to the daily work of production personnel, such as product chains, safety, and information systems.

Vocational qualifications available to production personnel – same opportunity offered to maintenance personnel soon

Vocational qualification groups are active in production at the Naantali and Porvoo refineries, developing competencies through diverse skills tests and exercises. In 2014, we prepared the content of a similar vocational qualification and launching a degree group in maintenance. The completion of vocational qualifications and special vocational qualifications is tied to the new salary system based on skills and its development, adopted at the refineries in 2013.

| Participation in Neste Oil's training programs (number of participants) | 2014 | 2013 | 2012 |
|---|------|------|------|
| Training for new managers | 54 | 69 | 87 |
| Extended management training | 45 | 72 | 71 |
| Specialist training | 65 | 110 | 38 |
| Project management training | 57 | 35 | 27 |

| Training-related investments, MEUR | 2014 | 2013 | 2012 |
|------------------------------------|------|------|------|
| | 3.1 | 3.5 | 3.6 |

Sustainability ▶ Neste Oil Sustainable Way ▶ Our people ▶ Equality and diversity

Equality and diversity



Equality and diversity are taken into consideration in Neste Oil's HR Policy and in the Group's recruitment and remuneration principles. In line with our HR Policy, we give all employees equal rights regardless of their gender, ethnic origin, age, religious beliefs, and political convictions. We are committed to respecting human rights and valuing all of our employees as individuals. No cases of discrimination were reported during 2014.

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

Equality issues and the equal and fair treatment of all personnel 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 to 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 channels, 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 origins or nationalities are not monitored.

Equality plans drafted for all countries

Neste Oil's equality principles cover the underlying principles and practical measures used to develop equality between men and women across the company. Outside Finland, company policies comply with local legislation and requirements aimed at promoting greater equality between men and women.

Neste Oil's equality plan is updated annually, and in addition to a long-term plan, it also features topical themes for each year. In 2014, the focus was on increasing awareness related to remuneration systems and equality. One of the measures to promote awareness was to include themes related to equality in the training program for new managers.

The equality principles apply to all of our locations globally. During 2014, we prepared local equality plans in Switzerland and Latvia, and our aim is to draft similar plans for all of the countries in which we operate. In addition to the Group-level procedures, the country-specific equality plans take into consideration the local conditions in each country.

Our equality work was recognized in Latvia in 2014, as Neste Oil was awarded an official recognition of excellence as the company

with the highest level of gender equality in the country's sustainability index.

Read more about our [the recognition we received in Latvia](#).

Number of women in the Executive Team increased – Kaisa Hietala appointed as business area EVP

The number of women in our Executive Team increased in 2014 with the appointment of Kaisa Hietala as Executive Vice President, Renewable Products business area.

9.3% (8.5%) of women working for Neste Oil served as managers and supervisors. The share of working as managers or supervisors was 14.6% (12.3%).

| Proportion of women on the Board of Directors and management teams | 2014 | 2013 | 2012 |
|--|------|------|------|
| Board of Directors | 42.9 | 42.9 | 42.9 |
| Neste Executive Board | 20.0 | 11.1 | 11.1 |
| Senior management teams in business areas and common functions | 24.0 | 28.6 | 32.9 |

Salary equality in practice

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 2014 showed that this ratio varied between 93% and 110% (92–114%), depending on the responsibilities of the people concerned and the category of employee.

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. We recruit personnel based on their experience, expertise, skills, and values; and we are 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.

Diversity of personnel is a future competitive advantage

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. Our aim is to ensure that local personnel are primarily responsible for our activities in all of the countries in which we operate. This gives Neste Oil access to valuable expertise in the local business world and local culture, and helps us increase the effectiveness of our operations.

Employees are seen as individuals at Neste Oil and are encouraged to identify and develop their individual strengths. People's individuality and the factors that most motivate them are taken into account in areas such as management training programs, which focus on coaching approach. The goal of this approach is to improve managers' abilities to get the most out of the different individuals in their teams and to help their teams succeed.

Freedom of association

In accordance with ILO conventions and standards, all of Neste Oil's personnel have the right to organize themselves and to belong to associations. No threats to this right were identified in any area of operations during 2014. Not all personnel in all countries are covered by collective bargaining agreements. 70.8% (90.2%) of personnel came within the scope of these types of agreements in 2014.

Remuneration



We want to reward our employees for good performance and we believe that fair remuneration motivates people to excellent performance. Therefore, remuneration and its fairness are important to us, and we aim to continuously develop the process to be more transparent.

We apply and observe the requirements of local employment legislation and collective bargaining agreements that determine things such as minimum wages and supplements such as overtime pay wherever we operate.

In order to be able to help their team members in remuneration issues, the 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

Career development opportunities: training and professional development, feedback, and recognition.

Transparency and uniformity are highlighted in new remuneration principles

Neste Oil's Group-wide employee remuneration principles were updated during 2013, and they were used for the entire year in 2014 for the first time.

With the remuneration principles, we promote implementation of the company's strategy, encourage personnel to perform well in their jobs and pay increasing attention on the transparency of remuneration and uniformity of the principles. 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 new remuneration principles support the implementation of the new Way Forward way of working 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 senior management remuneration principles.

Learn more about the senior management remuneration principles from our [Remuneration Statement 2014](#).

Updates in remuneration and classifying job descriptions

Neste Oil adopted a system for classifying job descriptions that was revised in 2013, and adopted new job classifications increasing the consistency of remuneration in 2014. The more comprehensive classification and definition of tasks make management work and remuneration assessments easier. We will monitor the new classification and assess its functionality at the end of 2015.

Revised short-term incentive scheme improves transparency and equality

All personnel are covered by Neste Oil's incentive systems. The main short-term incentive is the annual performance-based incentive system, and its updated version was deployed in 2014. The reform improved both the transparency and equality of remuneration.

The revamped system gives greater emphasis to the Group's overall financial performance, as remuneration is tied to Neste Oil's overall financial performance. The number of personal targets was increased in the remuneration of employees working in specialist duties.

The Personnel Fund represents Neste Oil's main long-term incentive and covers the Group's employees in Finland, except for those included in the scope of the share incentive schemes. Currently similar funds do not exist in other countries where Neste Oil operates.

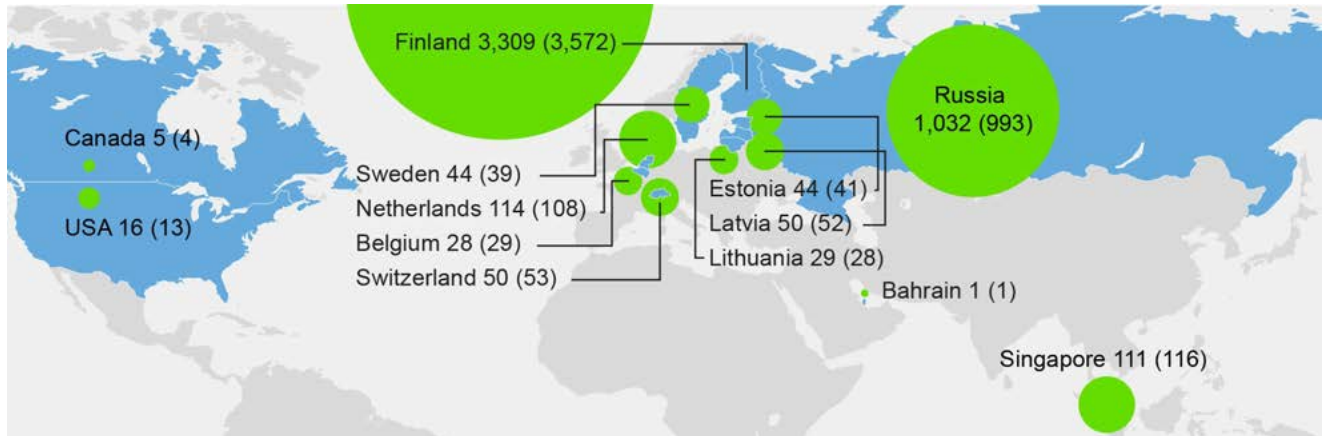
Fringe benefits

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. The pension

arrangement of Dutch employees was revised in 2014 so that the employer will be increasingly liable for the costs in the future. In other respects, employment-related benefits remained unchanged.

Sustainability ▶ Neste Oil Sustainable Way ▶ Our people ▶ Neste Oil employees 2014

Neste Oil employees in 2014



Neste Oil's hiring rate in respect of permanent employees was 9.3% (9.9%) in 2014, and the leaving rate 15.6% (9.6%).

According to HR survey our employees are committed

Neste Oil carries out an HR survey covering the entire personnel every other year. Based on the results of the survey, we develop our operations in terms of both business and personnel.

According to the survey made at the turn of 2013/2014, the employees believe in the company's future and consider their opportunities for personal development to be good. Compared to previous surveys, the indices of employee commitment and performance had developed favorably. The survey was sent to a total of 3,127 employees, and the response rate was good, 81.8%.

The results of the survey were reviewed under the leadership of supervisors in teams, and amongst other areas, concrete measures to develop well-being at work and management were

pursued on the basis of them. The supervisors were trained to be able to discuss the results in their teams in as involving a way as possible and to integrate well-being at work even more closely to everyday work.

New HR system in development – harmonizing practices further

Neste Oil is currently developing a new HR system with the aim of harmonizing HR practices and setting personnel goals. Preparatory work related to the new system was carried out during 2014. The work to revise the system will continue in 2015.

Changes in personnel structure in 2014

Changes in our operations created a need also to modify our personnel resources. The employee-employer negotiations held in fall 2014 resulted in reduction of 203 people. A major part of the reduction need was covered by voluntary arrangements.

Read more about [the changes in our operations and personnel](#).

Personnel by personnel group as of 31 December 2014, %



- Management and upper white-collar 35.1% (31.4%)
- White-collar 21.1% (20.5%)
- Blue-collar 43.8% (41.6%)
- Sea personnel 0.0% (6.6%)

Personnel by segment as of 31 December 2014, %



- Oil Products 35.6% (40.1%)
- Renewable Products 5.3% (5.1%)
- Oil Retail 28.1% (26.4%)
- Neste Jacobs 15.8% (13.8%)
- Research and Technology 4.8% (4.6%)
- Other common functions 10.5% (10.1%)

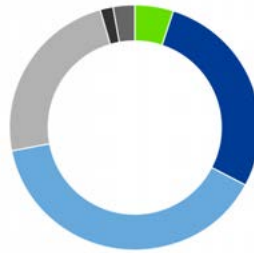
Educational background of employees as of 31 December 2014, %



- Technical or natural sciences 46.4% (40.7%)
- Commercial and law 12.0% (12.2%)
- Social sciences and humanities 1.5% (0.9%)
- Logistics or transport 1.7% (2.0%)
- Others 13.7% (16.1%)
- Information not available 24.7% (28.1%)*

* Information not available e.g. on employees in Russia.

Educational level of employees as of 31 December 2014, %



- Compulsory education 4.9% (9.0%)
- Vocational degree or high school 27.9% (30.3%)
- Bachelor's degree or equivalent 39.2% (36.8%)
- Master's degree or equivalent 23.5% (20.6%)
- Doctorate/licenciante 1.6% (1.4%)
- Information not available 3.0% (1.9%)*

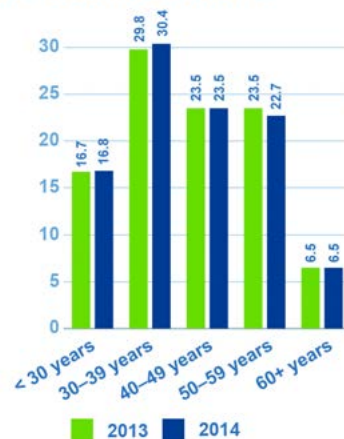
* Information not available on all employees.

Length of employment of employees as of 31 December 2014, %



- Less than 5 years 37.7% (35.5%)
- 5-9 years 22.8% (24.0%)
- 10-14 years 8.4% (7.8%)
- 15-19 years 7.0% (6.8%)
- 20-24 years 4.7% (6.5%)
- 25-29 years 8.1% (7.6%)
- 30+ years 11.3% (11.6%)

Breakdown by age as of 31 December 2014, %



Gender ratio as of 31 December 2014, %



■ Men 65.3% (66.8%)
■ Women 34.7% (33.2%)

Type of employment contract as of 31 December 2014, %



■ Permanent 96.2% (96.3%)
■ Temporary 3.8% (3.7%)

Type of employment according to working hours as of 31 December 2014, %



■ Full-time 97.1% (98.0%)
■ Part-time 2.9% (2.0%)

Case: Changes in operations

Changes in operations modify personnel needs



2014 was a year of major changes for Neste Oil. In June, the company adjusted its organizational structure with the aim of clarifying and streamlining the business units' management and improving the company's customer focus and ability to react to market changes. Significant re-arrangements to increase the efficiency of operations were announced in October.

The biggest operational change was the integration of refinery operations at Porvoo and Naantali into a single refinery entity. The new operating model is due to be complete at the end of 2016.

"Given the substantial overcapacity in the oil refining sector in Europe, we need to look at a broad range of solutions for improving our competitiveness and securing the foundation of our

future operations and growth," says Neste Oil's President & CEO, Matti Lievonen.

Outsourcing the energy operations at the company's Porvoo refinery, i.e. power plant and electricity distribution system, is being planned.

Changes have impacts on personnel needs as well

Structural changes in the organization and future business needs also reflect in the personnel and the volume of resources needed. In October 2014, Neste Oil reported the need to reduce a total of 250 employees, primarily in Finland. As the result of statutory employer-employee negotiations, the need for personnel reductions decreased to 203 employees. The reductions will take place in 2014–2016.

The reduced employees are provided with relocation training, including counseling and support related to job seeking. In addition, change training and support was offered to all employees.

"The negotiations were carried out in good spirits, and a major part of the reduction need was resolved through voluntary retirement arrangements. The changes in operations also have impacts on the required competence. The measures we have taken will create new future career paths requiring new kinds of skills," says Hannele Jakosuo-Jansson, Senior Vice President, Human Resources and Safety.

Society

A competitive and profitable company does good both for its owners and for the society. We listen to our stakeholders' feedback and aim to develop our operations accordingly.



Return on average capital employed (ROACE)

10.1%



Neste Oil joins Global Compact

Use of waste and residue in biofuel production is recycling

The EU Renewable Energy Directive encourages the use of waste and residues in biofuel production.

[Read more ▶](#)

Tax footprint 2014

Increasing attention to social issues in the supply chain

| What were our targets? | Achievements in 2014 | What next? |
|--|--|---|
| <p>Increase ROACE (Return on Average Capital Employed, after tax) to at least 15% in the long-run</p> | <ul style="list-style-type: none"> • ROACE was 10.1% (11.7 %). | <ul style="list-style-type: none"> • Continue working to achieve our long-term ROACE target. |
| <p>Involving stakeholders, and active stakeholder cooperation</p> | <ul style="list-style-type: none"> • The Stakeholder Advisory Panel convened two times. • We cooperated with NGO Finnwatch when they studied the sustainability of palm oil sourcing by Finnish companies. • Discussions with NGOs continued in Europe, the US, and Asia. • We continued collaboration with The Forest Trust (TFT), an organization focused on preventing deforestation. | <ul style="list-style-type: none"> • Continue to encourage stakeholder involvement, and participate more actively in debate. |
| <p>Provide wider reporting on Neste Oil's tax footprint</p> | <ul style="list-style-type: none"> • We published our tax strategy and tax information to the same extent as in 2013. | <ul style="list-style-type: none"> • Continue developing how we report our tax contribution. |
| <p>Make our expertise available to decision-makers</p> | <ul style="list-style-type: none"> • We were involved in the drafting of statutes in Europe and the US, for example, by providing our expert opinion. | <ul style="list-style-type: none"> • Continue providing expertise. |

Sustainability ► Neste Oil Sustainable Way ► Society ► Economic contribution

Economic contribution

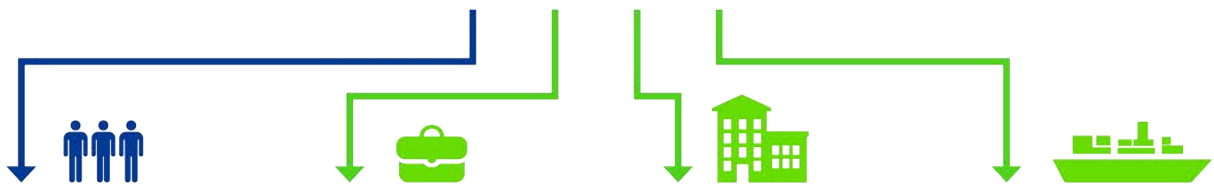
For Neste Oil, financial sustainability means taking care of profitability and competitiveness. By operating profitably and competitively, we make ourselves a profitable investment, a significant employer, a reliable partner and a good corporate citizen.

We are the biggest company in Finland in terms of net sales, and growth in the Renewable Products business has also made us one of the biggest cleantech companies in the country. Our cleantech net sales amounted to EUR 2.3 (2.5) billion in 2014. Globally, we employ approximately 5,000 people.

Our financial impact by stakeholder group in 2014

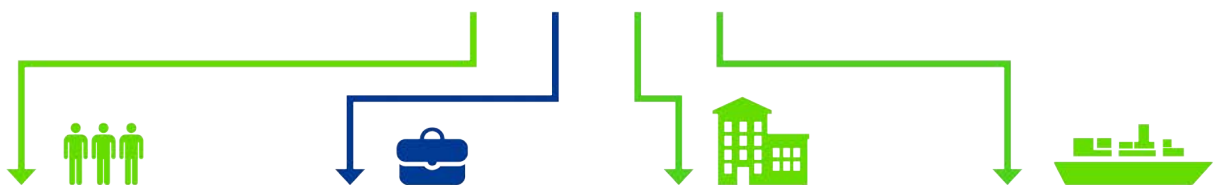
Upon the preparation of annual accounts 2014 some presentation changes were made retrospectively for 2013 figures.

NESTE OIL



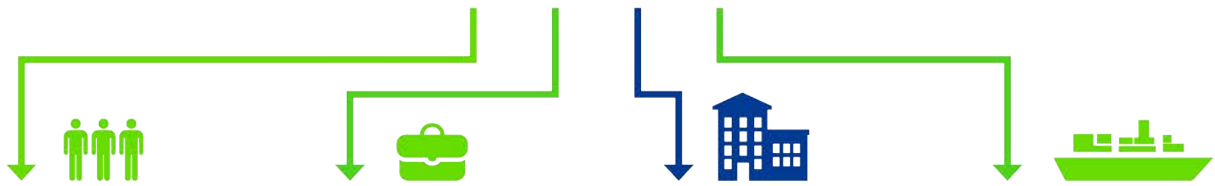
| Personnel | Owners and financiers | Society | Suppliers |
|---|-----------------------|-------------|-------------|
| Personnel | | | |
| Direct impact (EUR million) | 2014 | 2013 | 2012 |
| Salaries and remuneration | 267 | 271 | 253 |
| Other personnel expenses | 72 | 83 | 86 |
| Training investments* | 3.1 | 3.5 | 3.6 |
| Income tax paid by the personnel to Finland | 64.1 | 58.8 | 56.2 |
| * included in Other personnel expenses | | | |
| Indirect impact | | | |
| <ul style="list-style-type: none"> 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



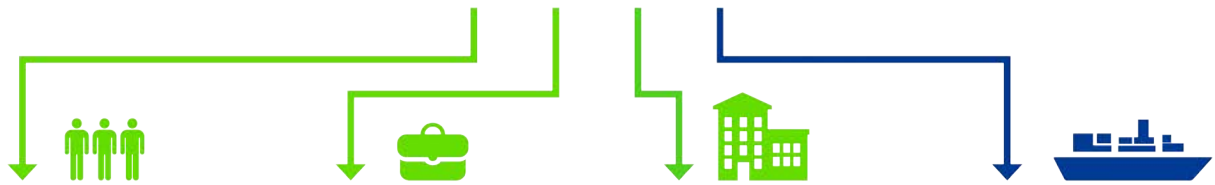
| Personnel | Owners and financiers | Society | Suppliers |
|--|-----------------------|-------------|-------------|
| Owners and financiers | | | |
| Direct impact (EUR million) | 2014 | 2013 | 2012 |
| Dividends | 166* | 167 | 97 |
| Interest and financial expenses | 75 | 81 | 87 |
| * Board proposal 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



| Society | | | |
|------------------------------------|-------------|-------------|-------------|
| Direct impact (EUR million) | 2014 | 2013 | 2012 |
| Corporate income tax | 21 | 94 | 59 |
| Excise taxes | 1,942 | 1,684 | 2,261 |
| Environmental tax | 22 | 24 | 22 |
| Charity work and sponsorship | 1 | 1 | 1 |
| Cash-out investments | 272 | 214 | 292 |

NESTE OIL



| Suppliers | | | |
|---|-------------|-------------|-------------|
| Direct impact (EUR million) | 2014 | 2013 | 2012 |
| Purchases of refinery feedstocks | 13,319 | 15,091 | 15,960 |
| Others (e.g. goods and services) | 938 | 909 | 790 |
| 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 | | | |
| 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. Neste Oil adds 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> | | | |

Considerable impact on Finnish society and exports

Our operations have a considerable impact on the Finnish society. The taxes and tax-like charges paid by us support the maintenance of society and its services. We are also a significant collector of fuel and value added taxes in Finland.

We are the biggest exporter in Finland, and our refining operations have an annual positive impact of approximately EUR 2 billion on Finland's trade balance, compared to a theoretical situation in which no refineries are present in Finland and all petroleum products are imported.

See [Neste Oil's tax contribution](#).

Stockpile fee and Oil Pollution Compensation Fund

We pay strategic stockpile fees on the fuels we sell to the Finnish National Emergency Supply Agency and oil protection fees on the crude oil that we import. The National Emergency Supply Agency is responsible for securing society's needs in the event of emergencies, while the Oil Pollution Compensation Fund, managed by the Ministry of the Environment, 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.

Sustainability ► Neste Oil Sustainable Way ► Society ► Economic contribution ► Tax contribution

Tax contribution

As a part of its general policy of open communications Neste Oil has published voluntary tax information beyond legal requirements already for several years. Our current tax contribution (tax foot print) has been compiled taken into account the relevant issues of confidentiality, business rationale, and cost-efficiency.

We are committed to following a relevant legal framework, as well as OECD Transfer Pricing Guidelines. Taxes and duties are paid, collected, remitted, and reported in accordance with all relevant local laws and regulations.

We believe in a fair and consistent tax system. Whenever we comment on tax laws or changes in practices, we focus especially on fairness, clarity, feasibility, and overall reasonability.

We have 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.

Tax strategy

Our tax strategy is to support the company's business decisions by providing efficient tax optimization solutions and to ensure their proper implementation from a tax perspective. Tax planning

reflects changes that take place in the company's businesses and our overall strategy.

Tax management

Our President & CEO is ultimately responsible for making decisions regarding tax management. Major tax planning implications and decisions are only implemented after approval by the Board of Directors.

Our operational tax organization is divided into Head office tax organization and local country financial organizations outside Finland.

High-quality tax compliance is the cornerstone of our approach to tax management. We complete tax returns carefully in accordance with relevant tax laws and regulations and file them by the due dates without unnecessary delay. In all communication with the tax authorities we are acting honestly in a respectful and professional manner.

| Taxes of 2013–2014 | 2014 | 2014 | 2014 | | 2013 | 2013 | 2013 |
|--------------------------|---------|-----------------|----------------|--|---------|-----------------|----------------|
| | Finland | Other countries | Group in total | | Finland | Other countries | Group in total |
| Taxes borne, MEUR | | | | | | | |
| Corporate income tax | 3 | 18 | 21 | | 76 | 18 | 94 |
| Real estate tax | 1 | 6 | 7 | | 1 | 6 | 7 |
| Employer's charges | 41 | 7 | 48 | | 43 | 7 | 50 |

| Taxes of 2013–2014 | 2014 | | | 2013 | | |
|--|--------------|-----------------|----------------|--------------|-----------------|----------------|
| | Finland | Other countries | Group in total | Finland | Other countries | Group in total |
| Environmental taxes | 22 | 0 | 22 | 23 | 1 | 24 |
| Customs duty | 2 | 12 | 14 | 2 | 1 | 3 |
| Total taxes borne, MEUR | 69 | 43 | 112 | 145 | 33 | 178 |
| Taxes collected, MEUR | | | | | | |
| VAT/GST, remitted | 1,034 | 186 | 1,220 | 997 | 214 | 1,211 |
| Excise taxes | 1,693 | 249 | 1,942 | 1,480 | 204 | 1,684 |
| Withholding taxes | 77 | 10 | 87 | 69 | 8 | 77 |
| Employee's social security | 14 | 3 | 17 | 15 | 3 | 18 |
| Total taxes collected, MEUR | 2,818 | 448 | 3,266 | 2,561 | 429 | 2,990 |
| Total taxes borne and collected, MEUR | 2,887 | 491 | 3,378 | 2,706 | 462 | 3,168 |
| Revenue | 9,312 | 5,699 | 15,011 | 10,525 | 6,713 | 17,238 |
| Earnings before taxes | -112 | 190 | 78 | 296 | 265 | 561 |
| Personnel (on average) | 3,477 | 1,512 | 4,989 | 3,645 | 1,452 | 5,097 |

Taxes presented in the tax table include such material taxes and levies which we are liable to pay or collect according to local law. Levies are divided by type and by split between Finland and other countries. From a materiality point of view the table introduces the key feature of our global tax contribution illustrating the significance of Finland and volume of indirect taxes. Other countries are grouped in order to keep competition-related business information confidential. In the absence of the consistent global concept of public aid, we have not included public aid received in the report. This said, we have received a Blender's Tax Credit of 89 MEUR which will be received from the government of the United States in 2015.

Such taxes or levies which are included in the purchase price of a product or a service are not reported in this overview unless we are 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. This tax footprint report is disclosed in the Sustainability section of Neste Oil's online Annual Report 2014, and it is part of

the quantitative sustainability performance information on which external assurance is provided at a limited assurance level.

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 duties 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. Furthermore, statutory pension payments are included in employer's charges and employee's social security regardless of whether the payee is a government or 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.


Sustainability ► Neste Oil Sustainable Way ► Society ► Stakeholders

Stakeholders


Customers

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|---|--|---|---|
| <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"> • In 2014, using Neste Oil products, our customers were able to reduce their greenhouse gas emissions by approx. 5.6 (4.8) million tons, equivalent to about 48% of traffic-related greenhouse gas emissions in Finland. • We introduced new products with a smaller impact on the environment, such as low-sulfur bunker fuel. • We continued developing our supply chain to ensure reliable deliveries. • We ensure the sustainability of every phase of our supply chain. • A total of 2,070 audits or check-ups were performed at our stations to ensure ongoing high standards of customer experience. |  <p>“In 2013, SHV Energy defined its sustainability strategy as ‘Better–Cleaner–Together.’ We sincerely believe that superiority or cleanliness cannot be achieved alone. That is why we are extremely pleased with our strategic partnership with Neste Oil, with which we are developing possibilities related to biopropane. Neste Oil helped us turn our BioPropane idea into reality. Our shared journey has already proved the power of our partnership, and the prospects are good for the years to come.”</p> <p>Fulco van Lede Management Board Member SHV Energy</p> |


Personnel and dealers

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|--|--|---|---|
| <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 introduced renewed remuneration principles that improve transparency. • We introduced a new job grade system, which improves consistency in remuneration. • We continued to implement the 'Way Forward' operating model, launched in 2013, and include it in HR processes. • 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 to over 300 young people. • Summer trainees gave Neste Oil 4.3 (4.4) points out of five in the annual summer trainee survey. • We took part in the 'Responsible Summer Job' campaign in Finland. |  <p>"I started at Neste Oil as a summer trainee in 2008. Summer jobs led first to a diploma project, and later to a permanent position. Over the past few years, I have been given the opportunity to grow, and learn new things while working with extremely varying tasks. It has been a pleasure to notice that the company urges employees to job rotation to accumulate diverse work experience. It has also been rewarding to be involved in creating new business around renewable products."</p> <p>Turkka Saari Manager Strategy Development</p> |


Owners and investors

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|--|--|--|--|
| <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 our owners a dividend of EUR 0.65 per share from 2013. • Our most important financial target, return on average capital employed, after tax (ROACE), was 10.1% (11.7%). • We held a Capital Markets Day in London. • We regularly met investors and analysts. • We operated in accordance with the law and statutory regulations, and our Code of Conduct. |  <p>"Sustainability megatrends, such as climate change and availability of oil, mean future challenges to the industry to which well-managed companies are preparing already in advance. We value that Neste Oil has addressed these challenges and strived to turn them into possibilities from the perspective of their own business and at the same time developed the sustainability of its practices. We have been pleased with Neste Oil's open approach to sustainability issues. The communication between the company and its shareholders has been very easy."</p> <p>Tiina Landau Advisor, Responsible investment Ilmarinen</p> |


Decision-makers and the authorities

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|---|---|--|--|
| <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 survey • Stakeholder Advisory Panel | <ul style="list-style-type: none"> • We operated in compliance with the law and statutory regulations in all our countries of operation. • Our income taxes totaled EUR 21 (94) million. Read more about our taxes. • We engaged in active dialogue with decision-makers and officials on matters affecting our industry. |  <p>"From the point of view of the authorities, cooperation with Neste Oil has gone extremely well, and the oil leak at the Kajaani oil storage facility has been handled with sufficient resources by experts. I am extremely pleased with the way Neste Oil has, from the beginning, involved the people in the affected area in discussions and to make observations. As far as I recall, I have not received feedback where Neste Oil's way or willingness to take care of the problem would have been questioned. Communication regarding the incident has also been clear and timely."</p> <p>Juha Määttä Senior Inspector Kainuu ELY Centre</p> |


Local communities

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|--|---|---|---|
| <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 • Electronic communication channels (web site) for giving feedback | <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 distributed newsletters to people living near our plants. • Incidents at our Porvoo and Naantali sites were 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 33 (37) times in 2014. There were no incidents that required local communities to be informed in Singapore and Rotterdam. |  <p>“The Me & MyCity learning concept aims to simulate local entrepreneurship, economy, and society for school children. Neste Oil is the first chemical company involved in the project, enabling operations of the Finland Proper Me & MyCity in Turku, and the cooperation has truly enriched our operations.”</p> <p>Tomi Alakoski Executive Director Me & MyCity</p> |


Partners

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|--|---|---|--|
| <ul style="list-style-type: none"> Reasonable level of revenue, and fair 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 production certified. We participated in a number of international research projects on algae oil. |  <p>"Neste Oil has shared us their experience and enlightened us on the reality of managing sustainability issues; saving us from reinventing the wheel. We have been encouraged to work on our strengths and explore areas for continuous improvement. Neste Oil has been the most helpful in facilitating our engagements with stakeholders whom we are unfamiliar – NGOs and civil societies included. For the support and trust we have had from Neste Oil, we'll strive harder on the path of continuous improvement."</p> <p>Sin Chuan Eng Head of Sustainability (Plantations) Kuala Lumpur Kepong Berhad</p> |

Media

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|---|--|---|---|
| <ul style="list-style-type: none"> • Open, reliable, and up-to-date 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 for interviewing our people. • We organized background meetings for 116 (65) journalists. • Our personnel provided expert 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>“Neste Oil was very cooperative when I wanted to familiarize myself with production of palm oil for a TV documentary. When making the documentary, plantations in Neste Oil’s supply chain did not use child labor, but the other plantation of its cooperation partners, multinational companies, did. Neste Oil should pressurize its cooperation partners to develop their certification regarding social issues.”</p> <p>Ari Lehikoinen Journalist YLE (Finnish broadcasting company)</p> |

Organisations

| What people expect of Neste Oil | Interactive channels | Examples of how we responded to these expectations in 2014 | Stakeholder comment |
|---|--|--|--|
| <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 continued collaboration with The Forest Trust (TFT) to help prevent deforestation, and secure the sustainable production of renewable raw materials. We cooperated in the setting up of workshops to assist our palm oil suppliers in the development of practices, and policies, amongst other activities. • We cooperated with Finnwatch when they did a report on palm oil sourcing by Finnish companies. • We were actively involved in the activities of numerous industry organizations, such as the Finnish Petroleum and Biofuels Association, and the Chemical Industry Federation of Finland. • We are an active member of the Roundtable on Sustainable Palm Oil (RSPO). • 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>"The Finnwatch report revealed shortcomings related to labour rights in Neste Oil's supply chain. During the preparation of the Finnwatch report, Neste Oil acted openly and provided us a substantial amount of information."</p> <p>Sonja Vartiala Executive Director Finnwatch</p> <p>Read more about the Finnwatch report.</p> |

Stakeholder dialogue in 2014



We actively engage in dialogue with our various stakeholders and strive to take into account their expectations in our operations. We see stakeholder feedback as very valuable, also when it is not positive. Constructive criticism and the raising of issues provide opportunities for developing our operations.

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

We encourage dialogue in social media

We are engaged with our stakeholders on a daily basis through a variety of communication and interaction channels. We encourage all company employees to take part in discussion on social media, among other channels. We organized several trainings on social media for our employees in 2014. Neste Oil has several social media channels in use that offer our stakeholders an easy way to reach us.

Read more about [how our stakeholders can be in contact with us](#).

NGO's field visit to palm oil plantations

Finnwatch, a Finnish NGO that investigates the global impact of corporate activity, approached us in summer 2014, wishing to visit a few of palm oil supplier IOI Group's plantations in Malaysia. We provided Finnwatch with access to the plantations of their choice in cooperation with the supplier. Finnwatch published a report detailing their observations at the plantations in September 2014.

Read more about [the results of Finnwatch's report and our actions taken on the basis of them](#).

Read what [Sonja Vartiala from Finnwatch thinks about our cooperation](#).

Cooperation to develop the sustainability of palm oil production

We continued our cooperation with The Forest Trust (TFT) that focuses on preventing de-forestation in 2014. During the

cooperation, we have actively committed ourselves to seeking concrete ways to preventing deforestation together with palm oil producers and other stakeholders.

Read more about [the progress of our cooperation with TFT in 2014](#).

Personnel reduction generated discussion among personnel

The adjustment of Neste Oil personnel to match the needs of the new organizational model generated significant amount of discussion among the company's personnel in 2014. The issue was discussed with the personnel in accordance with the Finnish Act on Co-operation within Undertakings. We arranged several personnel events that focused on the matter. We communicated the news and openly answered media and employee questions on the subject. We also arranged several informational media events.

Read more about [the statutory employer-employee negotiations](#).

EU's new climate decision and waste directive topical in 2014

EU leaders decided on a new climate objective for the EU Member States in October 2014. The new objective set was to cut greenhouse gas emissions by 40% as compared to the level of 1990 by 2030. In addition, the meeting decided to increase the use of renewable energy to 27% of the EU's total energy consumption. The meeting also requested the European Commission to propose ways to reduce traffic emissions, such as by using renewable fuels. The policy of promoting the use of renewable traffic fuels was important, but setting separate emissions objectives for traffic at the EU level would be the clearest option.

Read more about [Neste Oil's viewpoint concerning waste hierarchy](#).

We support legislators and other decision-makers in their work by making our specialist expertise and knowledge available on industry-related matters, and we aim to be an active participant in dialogue in both Finland and in an international context. We are committed to the EU's good advocacy practices by registering with the EU's Transparency Register.

Case: Waste hierarchy



Use of waste and residue in biofuel production is recycling



The European Union's Renewable Energy Directive (RED) encourages the use of waste and residues in biofuel production. However, the EU waste regulations seem to prefer the use of animal fats in cosmetics rather than in production of biofuels, that reduce carbon dioxide emissions.

Waste hierarchy – from no waste to landfill waste

Activities in which no waste is generated rank the highest in the EU's waste hierarchy. Material-efficient production is such an activity. At the second level, waste from the operation can be reused, at the third level recycled into other products, and at the fourth level recovered and incinerated to produce energy. At the lowest level, the waste ends up in a landfill.

Use of waste in biofuel production is interpreted as recovery

According to the EU's interpretation, the usage of waste as feedstock in biofuel production is not recycling, but recovery.

"In our view, the use of waste as a raw material for fuels and chemicals should be considered recycling. This would support the development and more extensive use of renewable energy solutions. This would seem logical as biofuels meet the EU's renewable energy criteria and significantly reduce traffic emissions," says Pekka Tuovinen, Neste Oil's Director, Sustainability.

Sustainability ► Neste Oil Sustainable Way ► Society ► Human rights

Human rights



Respect for human rights is included in Neste Oil's [Sustainability principles for biofuels](#), [Sustainability policy](#) and [Code of Conduct](#). Our personnel can learn about the ethical rules by playing an interactive game, among other methods.

We are committed to observing the human rights principles of the United Nations' Declaration of Human Rights and the International Labor Organization (ILO). The same respect for human rights is also required from all our partners.

Neste Oil does not tolerate harassment, discrimination, child labor, forced labor or exploitation in any form. The most central aspect of human rights in our own operations is the promotion of equality.

Joining Global Compact strengthens our commitment to human rights

Human rights and labor rights are a key area of development in Neste Oil's sustainability work. In 2014, we strengthened our commitment to the implementation of these rights in our supply chain by joining the UN's Global Compact sustainability initiative.

Six of the ten Global Compact principles concern human rights and labor rights. We will define how we will monitor the realization of the principles in our operations in early 2015.

Finnwatch report raised shortcomings related to the implementation of labor rights

Finnwatch published a report detailing how various Finnish companies source their palm oil, including Neste Oil's supply chain, in September 2014. The report highlighted shortcomings related to the realization of workers' rights in a plantation of our Malaysian palm oil supplier, IOI Group.

After learning of the findings, we immediately took action to establish what happened and to remedy the situation. We have discussed the findings and IOI's corrective measures on several occasions with the company's representatives. Also the RSPO and ISCC certification schemes have re-audited all of the plantations mentioned in the report. According to ISCC's findings there were not any actual violations at these plantations. They did find, however, that some of IOI's procedures only barely meet the certification requirements. RSPO's process is still on-going.

Based on the matters that emerged in the audits, the operations of the certification organizations will also be developed. The ISCC will establish a working group aiming to improve the audit procedures of social questions. Neste Oil will take part in the working group's activities. In order to influence the development of

certification, we are also involved in the human rights working group of RSPO.

In order to deepen our understanding on the social issues and related stakeholder activity in the palm oil industry we started cooperation with an international organization focused on social rights in early 2015. The aim of this cooperation is to increase the capability to take social aspects into account in our supply chain more efficiently.

Read [Finnwatch's Sonja Vartiala's thoughts about cooperation with us](#).

Enhanced monitoring of labor rights in our own operating chain

Human rights and labor rights are part of the due diligence and certification criteria included in our selection process of raw material suppliers. In order to enhance the monitoring of our own supply chain, we have commenced development work to make our practices more strict with regard to social questions, such as human rights and labor rights. Our aim is to finish the development project during the first half of 2015.

Read more about [the sustainability requirements for our raw material suppliers](#).

NGO viewpoint: Sonja Vartiala



Labor rights at palm oil plantations – an NGO's point of view



"Finnwatch, a Finnish human rights organization focusing on corporate responsibility, investigated the realization of labor rights at the plantations of the IOI Group, Neste Oil's Malaysian palm oil supplier, in 2014. The Finnwatch report published in September revealed several severe shortcomings related to working conditions at IOI's plantations, such as salaries under the minimum wage, limitations to the right to strike and professional organization and problems related to recruitment. It should be noted that Neste Oil was the only one among the surveyed companies that traced all of the crude palm oil it uses to the plantations using mass balance and segregation tracing methods.

IOI Group has prepared the first action program to address some of the problems raised in our report. We are still waiting for Neste Oil to provide information about the concrete measures with which it will ensure the realization of labor rights throughout its supply chain. We consider it likely that the problems observed with IOI Group are also common at other Malaysian plantations.

Good cooperation, but room for improvement in openness

During the preparation of the Finnwatch report, Neste Oil acted openly and provided a substantial amount of information to Finnwatch. The company also encouraged the IOI Group to provide Finnwatch people with access to individual plantations. Nevertheless, there is reason to remark that Neste Oil still has a lot to do in relation to increasing the openness of its operations. In spite of years of criticism by NGOs, the company has still not published all of its palm oil suppliers or information concerning individual plantations supplying palm oil to Neste Oil. By keeping their supply chain secret, Neste Oil maintains a contrary position in regard to the Finnish Government resolution on ownership policy that encourages companies to pay attention to the transparency of supply chains.

Room for development in monitoring with regard to labor rights

Neste Oil has prepared extensive policies on corporate responsibility from ecological and social points of view. In spite of these policies, Neste Oil has exclusively relied on international

palm oil certification systems in the monitoring of labor rights. According to the Finnwatch report, it is obvious that these certifications are not, in their current form, sufficient to guarantee the rights of employees. Neste Oil should improve its policies in relation to the monitoring of working conditions and should also pay more attention to human rights in the audit systems it uses. Neste Oil and the certification systems it uses should commit to the international principles of labor rights in the production of palm oil prepared by NGOs.

Even though the Finnwatch report published in fall 2014 focused on labor rights, it also briefly touched the subject of tax responsibility in palm oil production. Company tax responsibility is a growing international trend that Neste Oil should also increasingly acknowledge in the future. In addition, Neste Oil should prepare responsibility guidelines on the payment of taxes and start publishing an extensive country-by-country tax report."

Sonja Vartiainen,
Executive Director,
Finnwatch

Sustainability ▶ Neste Oil Sustainable Way ▶ Society ▶ Involvement in organizations and joint projects

Involvement in organizations and joint projects



Trade associations

- European Biodiesel Board (EBB)
- CONCAWE, the oil companies' European association for environment, health, and safety in oil refining
- Europia (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 and Biofuels Association
 - 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), an organization promoting open discussion and development in the energy industry
- Canadian Renewable Fuels Association (CRFA), an organization promoting the use of renewable fuels in traffic
- European Committee of Standardization (CEN)
- ASTM International (former American Society for Testing and Materials)
- Oil Companies International Marine Forum (OCIMF), an organization promoting safety of marine transportation and environmental responsibility.

Sustainable production and use of feedstocks

- Roundtable on Sustainable Palm Oil (RSPO), an international organization and certification system promoting palm oil's sustainable production and use.
- Roundtable on Sustainable Biomaterials (RSB), an organization promoting sustainable use of biomass and biomaterials
- Round Table on Responsible Soy (RTRS), an organization promoting responsible soy production

In addition to various 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

- Neste Oil is one sponsor company in a joint initiative on developing systematic ways of improving the total safety of personnel in companies.

Sustainability and environmental initiatives

- Voluntary initiative 'Responsible Care' by the global chemical industry aimed at supporting sustainable development in the industry.

- Climate Leadership Council
 - The purpose of the Council is to affect the Finnish businesses' and research organizations' competitiveness and ability to respond to the threats posed by climate change and the scarcity of natural resources.

Sustainability ► Neste Oil Sustainable Way ► Society ► Support for communities

Support for communities



Charity and 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 2014.

Neste Oil Rally has a positive 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 by the event's organizer AKK Sports showed that the Neste Oil Rally generated a direct financial benefit of over EUR 14 million for the Jyväskylä region. The event has also had a very positive impact on the town's overall image.

Other sponsorships in sports in 2014:

- Espoo Blues: ice hockey team from Espoo
- Oulun Kärpät: ice hockey team from Oulu
- Solo skipper Ari Huusela: we joined solo skipper Ari Huusela's support team for the Route du Rhum single-handed transatlantic race

Taking part in reducing the carbon footprint of Flow Festival

We were an environmental partner of Helsinki's Flow Festival in 2014. We helped the festival to decrease their carbon footprint by providing them with NEXBTL renewable diesel used in electricity generation.

Read more about the [Flow Festival cooperation](#).

Special emphasis on children and young people

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

The following received support in 2014:

- Tukikummit ry: promoting the wellbeing of young people
- Finnish Figure Skating Association: proactive support to help prevent young national team skaters aged between 10 and 15 from being injured
- Millennium Youth Camp: 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 to facilitate studies in chemistry
- Espoo Blues Juniors: long-term support for junior ice hockey players
- Borneo Child Aid: enabling 265 Malaysian children annually to attend school
- Lastenklirikoiden 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 2013–2014 season to the

children's wards at Jorvi Hospital in Espoo via Lastenklainkoiden kummit

- The MyCity project in Turku: a study module on society, working life, and entrepreneurship for sixth-grade pupils

Support for innovation

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 2014:

- Millennium Technology Prize: the world's biggest technology prize, awarded to innovations that enrich people's everyday lives and promote sustainable development
- World Cultural Council Academic Summit: An event that supports universities in taking part in the creation of knowledge, jobs, and wellbeing in society

Supporting local sports and arts activities

Neste Oil promotes the dynamism of local communities by supporting sports and arts activities in locations where its operations are based. The company donated EUR 57,000 to local

volunteer work associated with children and young people in 2014.

Activities sponsored in 2014:









- FC Futura: football club from Porvoo
- Summer Sounds in Porvoo: music event in Porvoo, where the company has a refinery
- Naantali Music Festival: music event in Naantali, where the company has a refinery
- Local volunteer work among children and young people

Charity in place of Christmas presents

Instead of giving Christmas presents to customers, Neste Oil has been making donations to various charities for several years. In an annual online poll, our stakeholders can decide how the donated sum gets divided between different recipients. In 2014, the recipients were Unicef, the Finnish Red Cross and Plan. The donation totaled EUR 15,000.

Climate and resource efficiency

We aim to make more out of less! The best way to act for the good of the environment is to make material-efficient choices and operate in accordance with the conditions of the environmental permits.

| | | | |
|---|---|---|---|
| <p>Renewable diesel from waste to power over</p> <p>1.7 million cars</p>  |  |  |  |
|  |  | <p>Aiming to achieve capability to use only waste in renewable diesel production</p>  | <p>A new pre-treatment unit in Porvoo</p> <p>The new unit will significantly improve material efficiency.</p> <p>Read more ▶</p> |
| <p>Oil refining is top class in material efficiency!</p> | <p>Challenging Finland to accelerate climate measures in the Climate Leadership Council</p>  | | |

| What were our targets? | Achievements in 2014 | What next? |
|--|--|--|
| <p>Significantly increase the use of waste and residue feedstock</p> | <ul style="list-style-type: none"> Waste and residue accounted for 62.0% (52.6%) of our renewable inputs in 2014. We added used cooking oil to our feedstock base. | <ul style="list-style-type: none"> Our target is to reach the capability to use exclusively waste and residue in the production of renewable diesel by 2017. |
| <p>Continue progressing towards our energy saving target (660 GWh by 2016)</p> | <ul style="list-style-type: none"> In 2014, we achieved 91% (80%) of the target set for 2016. | <ul style="list-style-type: none"> Continue operations that will help us to achieve our energy saving target. |
| <p>Improve energy efficiency through investments and enhanced refinery operations</p> | <ul style="list-style-type: none"> Measures executed in 2014 result in an annual energy saving of about 76 GWh. | <ul style="list-style-type: none"> Continue improving energy efficiency by investments and developing refinery operating. |
| <p>Reduce greenhouse gas emissions in our operations in a cost-effective manner</p> | <ul style="list-style-type: none"> We recovered 131,000 (156,500) tons of CO₂ at the Porvoo refinery. We bought the first batches of crude palm oil that had been produced at a mill equipped with methane recovery. We made an investment decision concerning the installation of a CO₂ recovery and liquefaction plant at the Singapore refinery. | <ul style="list-style-type: none"> We continue identifying opportunities to reduce greenhouse gas emissions in our own operations. |
| <p>Monitor changes in environmental legislation and permitting practices, and assess their potential impact</p> | <ul style="list-style-type: none"> We started the evaluation of our current operations in relation to the new Best Available Technology (BAT) requirements. | <ul style="list-style-type: none"> Based on the review of the current situation, we will begin preparations for possible actions. |
| <p>Comply with stricter environmental permit requirements</p> | <ul style="list-style-type: none"> We succeeded to operate within the terms of our environmental permits, except for separate incidents with minor impact. | <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. |

Climate



Neste Oil aims to reduce traffic-related greenhouse gas and other emissions and contributes to combating climate change by producing cleaner traffic fuel solutions. The spearhead of the company's climate goals is reducing greenhouse gas emissions with the use of renewable diesel. We also continuously measure the emissions to air from our own operations and reports on them in detail. We also take part in curbing climate change through participation in organizations.

Read more about [the emissions of Neste Oil's operations and their management](#)

Involved in challenging Finland to take faster environmental action

In 2014, Neste Oil joined the Climate Leadership Council, which aims to enhance Finland's ability to seize the business opportunities provided by climate change and to ensure the sufficiency of natural resources. Other members include Sitra, Fortum, KONE, Outotec, Caverion, and ST1.

Read more about the [Climate Leadership Council](#)

Performance in carbon and forest footprint assessments improved

Neste Oil reports on its carbon footprint in accordance with the criteria established by the Carbon Disclosure Project, and forest footprint through the CDP Forest program.

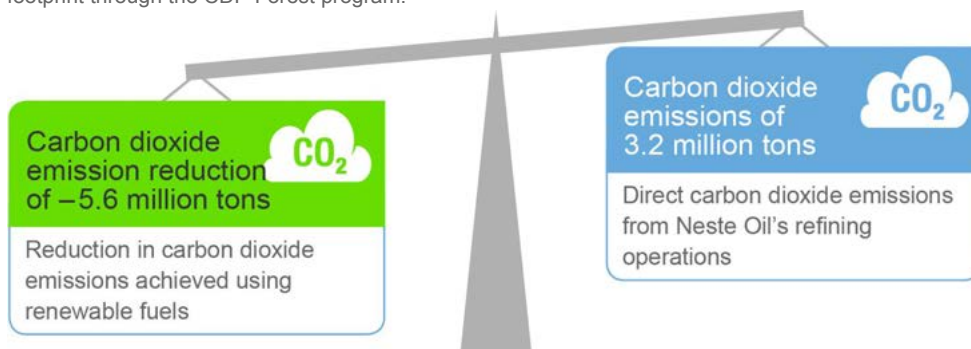
Our performance in terms of disclosure of information improved from 72 to 87 (scale of 0–100), which is a good result on the Nordic level. Climate performance is ranked A–E, and Neste Oil's classification improved from C to B.

The CDP Forest program measures the use of commodities that cause the risk of deforestation and how well companies are aware of the risks of their operations. We are one of the few companies in the energy industry to report through the CDP Forest program.

Read more about [CDP and CDP Forest](#)

Positive net climate impact

Neste Oil is one of the biggest emitters of carbon dioxide in Finland, but at the same time, our customers reduce emissions through the use of NEXBTL renewable diesel more than the amount caused by the company's entire production. The direct greenhouse gas emissions from Neste Oil's operations were 3.2 (3.6) million tons in 2014, and the reduction in emissions through renewable diesel produced by the company was 5.6 (4.8) million tons. The achieved reduction in emissions equaled approx. 48% of the annual greenhouse gas emissions of road traffic in Finland. In addition to growth in production volumes, the increase in the reduction of emissions was primarily due to increased use of waste and residues.



Energy efficiency



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

| Energy consumption | 2014 | 2013 | 2012 |
|---|-------|--------|--------|
| Total energy consumption, TWh | 12.7 | 14.11* | 14.24* |
| Fuels and natural gas (incl. own fuels used in energy production) | 91.5% | 91.4% | 90.5% |
| Purchased electricity | 6.1% | 6.4% | 6.9% |
| Purchased heat | 2.4% | 2.2% | 2.6% |

*Energy consumption figures from 2013 and 2012 include also Neste Shipping.

Neste Oil is committed to Finland's national energy efficiency action program, which is designed to help combat climate change in line with Finland's national climate and energy strategy. Our national energy efficiency program covers the Porvoo and Naantali refineries and terminals in Finland. Our key target in Finland is to decrease energy consumption by 660 GWh by 2016. This is equivalent to the annual electrical energy needed to heat 35,800 homes, 120 m² and four family members (source: Vattenfall). As of the end of 2014, 91% (80%) of the energy-saving target set for 2016 has been achieved.

Monitoring energy efficiency at Neste Oil refineries

An international energy efficiency index is used as the measure for energy efficiency at Neste Oil's oil refineries in Porvoo and Naantali. The Porvoo refinery was given a value of 84.4 (84.0) in 2014, while the Naantali refinery received a value of 98.3 (96.3).

Due to differences in the refining process, the energy efficiency of our renewable fuel plants is measured by kW/ton of output. In

2014, the indicator score was 227 kWh/ton for the Rotterdam refinery and 239 kWh/ton in Singapore.

Development measures taken at our refineries in 2014 will result in an annual energy saving of approx. 76 GWh. Energy efficiency was mainly improved by operational actions, like changing the method of running the compressors at the Rotterdam refinery.

Energy efficiency improved in turnarounds

Refinery equipment is maintained and renewed in regular turnarounds. New equipment often features better efficiency ratios and insulation, which allows decreasing energy consumption. The turnaround at the Singapore refinery in 2014 included modifications of hot oil furnace and the replacement of heat exchangers.

The aim of the turnaround at the Porvoo refinery in 2015 is to deploy new crude oil distillation unit process furnaces. Their deployment is estimated provide annual energy savings of approximately 50 GWh. In addition, the waste heat boiler in the reforming unit will be replaced in the turnaround.

New utility management system facilitates more efficient use of energy

A new utility management system was introduced at Neste Oil's Porvoo and Naantali refineries in 2014. The new system's hourly process unit-specific monitoring allows for the more efficient use of utilities, such as electricity, steam, water or fuels used in energy production. The new system is an excellent tool whose consumption data make it possible to develop the processes and operations to be more cost and energy efficient. In the future, the goal is to review the possibilities for adopting the system in our other production plants as well.

Power plant project increases energy production efficiency and decreases environmental impact

Neste Oil is planning to make a EUR 250 million investment to renew power generation at the Porvoo refinery in collaboration with Veolia and Borealis. The power plant investment will increase the efficiency of energy production and mitigate environmental impact. The intention is to make a final decision on the project in spring 2015; the completion of the new power plant is scheduled for 2017.

Energy efficiency in transportation and station network

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.

In addition to production, we have prepared energy efficiency programs for our station network in Finland, the Baltic countries, and Russia. The aim of the program in relation to the station yards in Finland is to reduce electricity consumption by 25% by 2020 in comparison to 2007 levels. New lighting technology is one of the means used in pursuing the savings. In 2014, we began a switchover to LED lighting at stations owned by Neste Oil in Finland. In 2015, the project will also cover the stations for heavy traffic and stations of owner-merchants. In the Baltic countries and Russia, the lighting changes aimed were almost completed in 2014.

The aim of the energy efficiency program for the station network in the Baltic countries and Northwest Russia is to reduce electricity consumption by 20% (6,800 MWh) compared to 2010 levels by 2020.

Material efficiency



Neste Oil aims to continuously improve its material efficiency. We seek new raw materials and actively develop our production to be more efficient.

Capability to use only waste and residues

Neste Oil aims to have capability to use only waste and residues in renewable diesel production by 2017. We have launched development projects at the Singapore and Rotterdam refineries to test whether waste and residual feedstocks of inferior quality can be utilized.

We have been able to significantly increase the usage of waste and residues. In 2014, waste and residues made up 62.0% (52.6) of the feedstocks of our renewable diesel.

Read more about [our raw material use in 2014](#).

Increasing range of waste and residue feedstocks

We can use inferior animal and fish fat not suitable for human consumption and waste and residue streams of vegetable oil production, such as palm fatty acid distillate (PFAD). We procure waste feedstocks globally. In 2014, we expanded our waste feedstock range to include used cooking oil (UCO).

In 2014, we also tested the use of recycled lubricants as feedstock for traffic fuels. Previously, we have found that tall oil pitch is a suitable feedstock for traffic fuels. Tall oil pitch is waste whose utilization in the production of traffic fuels has not been possible until now; previously, it was disposed of through combustion. Neste Oil has a test license to utilize these raw materials until 2017.

Oil refining has top-class material efficiency!

Oil refining is highly efficient in terms of material usage, as virtually all raw materials used can be re-utilized. Crude oil can be utilized in a variety of ways, and a very small fraction goes to waste. The process also generates very little waste, as any product not meeting the quality requirements can be returned to the process and refined once more.

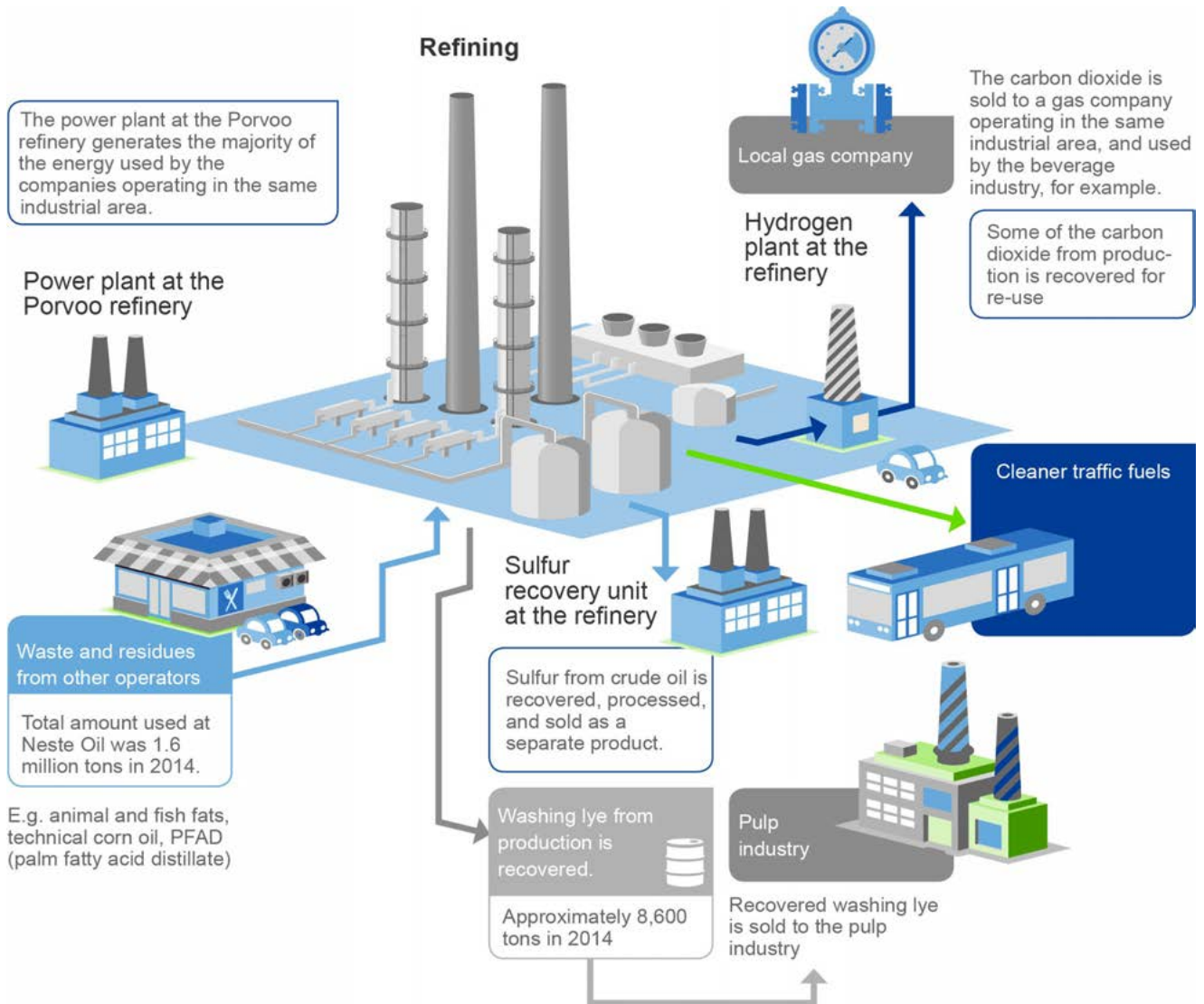
Material efficiency can be measured with the e-factor figure in which the weight of the waste generated is divided by the weight of the product output. The e-factor related to oil refining at Porvoo and Naantali refineries is under 0.01, while in the chemical industry, for example, the figure varies between 5 and 50. Similar efficiency is challenging to achieve in any other industry.

Biopropane production begins in Rotterdam – from a sidestream of renewable diesel into a new product

Neste Oil decided in 2014 to build a biopropane unit at its refinery in Rotterdam. The plan is to begin biopropane production by the end of 2016.

The biopropane production process utilizes sidestream gases from the production of NEXBTL diesel, from which propane will be separated for further use. Biopropane can replace the use of fossil fuels, thereby significantly reducing carbon dioxide emissions. The unit's biopropane production is expected to total 30,000–40,000 t/a. Biopropane is suitable for use in existing liquefied petroleum gas (LPG) applications. Neste Oil is the world's first company to make an agreement concerning the sale of biopropane.

Material efficiency in production, case Porvoo refinery



Case: Porvoo pre-treatment unit



More with less with the new pre-treatment unit!



In 2014, Neste Oil decided to build a new feedstock pre-treatment unit (SDA) at the Porvoo refinery. The new unit will significantly improve material efficiency, as it allows for the use of less external additional feedstocks. In diesel production, for example, the imports of vacuum gasoil will reduce by approximately 30%. Thus, more with less!

"With the new pretreatment unit, we can utilize crude oil more efficiently and produce products from a lower amount of feedstocks," says Varpu Markkanen, Business Development Manager at Neste Oil.

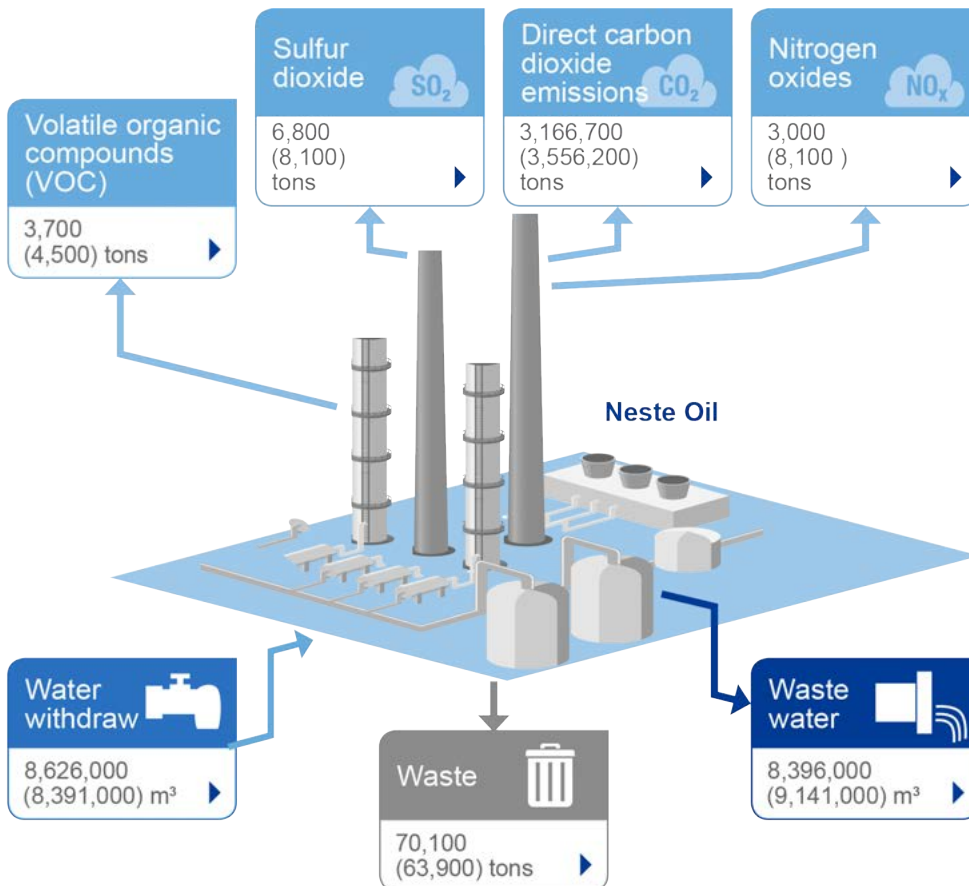
The lower need for feedstocks also translates into lower transport volumes.

"The decrease in transports naturally saves fuel and reduces their environmental impact," Varpu says.

The unit is estimated to be operational during 2017.

Sustainability ▶ Neste Oil Sustainable Way ▶ Climate and resource efficiency ▶ Operational environmental impact

Operational environmental impact



Environmental and emission permits

The operations of Neste Oil's refineries in the European Union (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. All Neste Oil refineries have valid environmental permits.

Environmental permit policy will incorporate 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 became compulsory in the EU during 2014, with a transition period of four years to make the changes required by the new regulations. Neste Oil has begun to assess its current operations in terms of the new BAT requirements.

Environmental permit-related incidents in 2014

| Location | Event | Impact |
|-----------|--|--------------------------|
| Rotterdam | Waste water quality over 24 h emission limit value | Minor* |
| Rotterdam | Waste water quality over 24 h emission limit value | Minor* |
| Naantali | Waste water quality over emission limit | Minor* |
| Rotterdam | Waste water quality over 24 h emission limit value | Minor* |
| Porvoo | Vapor recovery unit out of use | Minor* |
| Kokkola | Vapor recovery unit out of use | Minor* |
| Rotterdam | Waste water quality over 24 h emission limit value | Minor* |
| Hamina | Obligatory reporting not done | No environmental impacts |

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

In addition, during 2014 there were some disruptions at the sulphur units which resulted in increased sulphur emissions. In order to improve the reliability of sulphur units some actions will be taken in 2015.

Emissions trading

Carbon dioxide 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. Plants coming within the scope of the scheme require an emissions permit, and an independent third party annually verifies

the monitoring carried out at Neste Oil's sites and the company's reporting. The Energy Authority granted new emissions permits to the Porvoo and Naantali refineries for 2013–2020.

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 operating in sectors susceptible to the risk of carbon leakage and meeting the reference level set by the EU

also have the opportunity to receive free emission allowances. Not all installations have the possibility to receive free allowances. The number of free allowances is annually reduced during the

2013–2020 trading period following a decision by the European Commission.

Sustainability ► Neste Oil Sustainable Way ► Climate and resource efficiency ► Operational environmental impact ► Air

Air

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

Direct, indirect, and consequential carbon dioxide 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 formed in energy generation, coke combustion, when burning fuel in fired heaters and in hydrogen production. Indirect CO₂ emissions (scope 2) are mainly produced when consuming grid electricity that Neste Oil buys to power its operations. The majority of the company's scope 3 emissions, not included in the direct or in-direct CO₂ emissions, are related to the end use of products sold by Neste Oil and the goods and services the company purchases.

| Scope 3 emissions (t/a) | 2014 | 2013 | 2014 |
|--|------------------------|------------------------|-----------|
| | CO ₂ , tons | CO ₂ , tons | Change, % |
| Purchased goods and services* | 4,900,000 | 4,600,000 | 10.0 |
| Capital goods | Not relevant | Not relevant | 0.0 |
| Fuel- and energy-related activities | - | - | 0.0 |
| Upstream transportation and distribution | Not relevant | Not relevant | 0.0 |
| Waste generated in operations | Not relevant | Not relevant | 0.0 |
| Business travel | Not relevant | Not relevant | 0.0 |
| Employee commuting | Not relevant | Not relevant | 0.0 |
| Upstream leased assets | - | - | 0.0 |
| Downstream transportation and distribution | Not relevant | Not relevant | 0.0 |
| Processing of sold products | - | - | 0.0 |
| Use of sold products** | 43,700,000 | 40,700,000 | 89.2 |
| End-of-life treatment of sold products*** | 400,000 | 600,000 | 0.8 |

| Scope 3 emissions (t/a) | 2014 | 2013 | 2014 |
|--------------------------|-------------------|-------------------|------------|
| Downstream leased assets | Not relevant | Not relevant | 0.0 |
| Franchises | - | - | 0.0 |
| Investments | - | - | 0.0 |
| Total | 49,000,000 | 45,900,000 | 100 |

2013

* 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. Literary sources have been used as end-of-life emission factors.

Increasing amount of CO₂ captured

Neste Oil's Porvoo refinery captures CO₂ produced during the refining process and sells the gas to a company located in the industrial area. A total of 131,000 (156,000) tons of CO₂ was recovered in 2014.

In 2014, we also started up the construction of a CO₂ capture and liquefaction unit at our renewable diesel refinery in Singapore. The unit is due for completion at the end of 2015. Once the plant is complete, it will process 40,000 tons of CO₂-rich gas to the capture unit.

Read more about [the CO₂ capture unit in Singapore](#)

| Emissions to air in 2013 (t/a) | 2014 | 2013 | 2012* |
|--|------------------|------------------|------------------|
| Direct carbon dioxide (CO₂) emissions/ scope 1 | | | |
| Porvoo | 2,769,000 | 2,882,500 | 2,826,800 |
| Naantali | 322,300 | 340,500 | 307,000 |
| Rotterdam | 67,200 | 55,600 | 57,300 |
| Singapore | 6,100 | 7,600 | 8,100 |
| Marine transportation | - ** | 267,700 | 267,800 |
| Others | 2,100 | 2,300 | 2,700 |
| Total | 3,166,700 | 3,556,200 | 3,469,700 |

| Emissions to air in 2013 (t/a) | 2014 | 2013 | 2012* |
|--|----------------|----------------|----------------|
| Indirect carbon dioxide (CO₂) emissions/ scope 2 | | | |
| Porvoo | 206,500 | 218,700 | 214,500 |
| Naantali | 66,600 | 65,500 | 65,600 |
| Rotterdam | 64,000 | 63,200 | 104,900 |
| Singapore | 57,100 | 71,300 | 76,000 |
| Others | 24,700 | 25,800 | 28,200 |
| Total | 418,900 | 444,500 | 489,200 |
| Volatile organic compounds (VOC) | 3,700 | 4,500 | 5,200 |
| Nitrogen oxides (NO_x) | 3,000 | 8,100 | 8,600 |
| Sulfur dioxides (SO₂) | 6,800 | 8,100 | 8,200 |
| Particulates | 220 | 400 | 540 |

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

** Neste Oil sold its own fleet in 2014.

Considerably less volatile organic compound emissions to air

A vapor recovery unit was commissioned at the Porvoo refinery harbor at the beginning of 2014, making it possible to recover volatile organic compounds (VOC) released into the air during the loading of light products. The vapor recovery unit will cut Porvoo harbor VOC emissions to approximately one-third. As a result of the lower emissions, the employees of the harbor will also have a healthier working environment. The diffuse VOC emissions monitored at Rotterdam refinery were very low in 2014.

Reducing NO_x emissions succeeded at Porvoo refinery

Nitrogen oxide (NO_x) emissions from Neste Oil's refining operations during 2014 were 2,400 tons and sulfur dioxide emissions (SO₂) 6,600 tons. Measurements did not identify any cases where threshold limits were exceeded.

The Porvoo and Naantali refineries, which concentrate on conventional oil refining operations, are Neste Oil's only major sources of sulfur dioxide emissions. At the refineries, sulfur

dioxide emissions are controlled and reduced by recovery plants and by using gas rather than oil in furnaces and fired heaters.

Catalyst changes succeeded in reducing NO_x emissions by approximately 70% in the gasoline production unit at Porvoo refinery. The gasoline production unit is one of the largest individual sources of NO_x emissions at Porvoo refinery, so the achieved reduction in emissions is also significant from the point of view of the overall emissions of Porvoo refinery.

SO₂ emissions from the Naantali refinery can be monitored with the analyzers that are installed in the main stacks. Due to the low utilization rate of the refinery, SO₂ emissions were low in 2014.

Air quality measurement system renewed in Porvoo

Neste Oil monitors ambient air quality throughout the Kilpilahti area. Air quality measurements are made at three measurement stations in the Kilpilahti and Porvoo area, and they aim to investigate the impacts of industrial emissions on air quality. In 2014, we renewed the air quality measurement system. The system is more reliable than the previous one and meets the

current requirements for the availability of air quality measurement data.

Taking part in developing ways to reduce methane emissions in palm oil production

The production of palm oil, one of the feedstocks of renewable diesel, generates a lot of organic material that decomposes into methane and carbon dioxide over time. In 2014, we took part in development work to promote the adoption of various methods

to reduce methane emissions at palm oil mills. Currently, only a fraction of the mills have methane recapture systems.

We do not own any palm oil plantations or mills, but we are actively engaged in distributing know-how through diverse visits and training schemes and by investigating means of funding recovery systems.

Sustainability ▶ Neste Oil Sustainable Way ▶ Climate and resource efficiency ▶ Operational environmental impact ▶ Water

Water

Water and steam are used in Neste Oil's refining operations. The refineries' water consumption is constantly monitored in terms of parameters such as water usage and its 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. Nevertheless, we aim to minimize water consumption whenever possible, especially when doing maintenance and reconstruction.

We also take water issues into account when selecting renewable inputs and suppliers. The company's palm oil suppliers, for example, are required to engage in regular water usage monitoring. Our experts also actively monitor water research related to different crops and agricultural areas.

| | 2014 | 2013 | 2012 |
|---|-----------|-----------|-----------|
| Water usage ^{*)} (m ³ /a) | 8,626,000 | 8,391,000 | 7,430,000 |
| Wastewater (m ³ /a) | 8,396,000 | 9,141,000 | 9,904,000 |

^{*)} Excluding cooling water

Where does the water we use come from and where does it go?

The sources of the water Neste Oil uses are:

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

In Singapore all consumed water is purchased from local water and steam providers. Original water sources are recycled wastewater, desalinated seawater, harvested rainwater, and surface water purchased from Malaysia.

Water balance calculations have been produced for Neste Oil's refineries covering the inputs and outputs at these sites and the volumes of their most important water flows.

Read more about [the water cycle on our website](#).

Wastewater treatment at Neste Oil's refineries

Treated wastewater is discharged into waterways at the 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 is directed into a local Public Utilities Board treatment plant. The pre-treatment of wastewater discharged to sewers was enhanced in Singapore in 2014, and the measures will continue in 2015.

New aerators for chemical and biological treatment were installed at the Naantali wastewater treatment plant at the beginning of 2014, increasing the effectiveness of the wastewater treatment process. In addition, a project to increase wastewater treatment buffer capacity is underway at the Naantali refinery. The project began in 2014 and will be completed in spring 2015. The buffer capacity will be increased by converting an old oily water storage tank into a buffer tank. Modernization was carried out at the Porvoo refinery wastewater treatment plant in 2014.

| Waterborne emissions (t/a)* | 2014 | 2013 | 2012 |
|------------------------------|------|------|------|
| Oil | 1.4 | 1.4 | 3.6 |
| Chemical oxygen demand (COD) | 392 | 497 | 306 |
| Nitrogen | 44 | 49 | 49 |
| Phosphorus | 1.9 | 1.4 | 2.5 |

* The figures concern Neste Oil's Porvoo, Naantali and Rotterdam refineries from which treated wastewater is discharged into waterways.

Regular monitoring of waterways

Neste Oil has monitored the water quality of the sea areas off its refineries in Finland for many years in collaboration with outside experts. Monitoring covers water quality, the organisms found on or near the seabed, and local fisheries. The authorities are responsible for monitoring marine conditions in Rotterdam, and the operator of the wastewater treatment plant in Singapore.

In 2014, a survey of the spreading of wastewater and its impact on water quality in the sea area in front of the refinery was carried out

at the Porvoo refinery. The results indicated that impacts mainly concern the waters of the port. A new method with which the impacts of wastewater could be investigated from the bottom sediment to surface water was employed.

The emission limits of wastewater measured at the Rotterdam refinery was exceeded twice during 2014, but no significant environmental impact occurred.

Sustainability ► Neste Oil Sustainable Way ► Climate and resource efficiency ► Operational environmental impact ► Soil and biodiversity

Soil and biodiversity

Neste Oil continuously monitors the groundwater and soil at its refineries in Finland, and strives to prevent contamination as a result of its operations. Immediate action is taken in cases of spills or releases.

Groundwater monitoring and reporting of any cases where soil becomes contaminated are required under the environmental permits covering Neste Oil's refineries and most retail stations in Finland. Our other refineries are also able to prepare soil reports. The renewable refinery sites in Rotterdam and Singapore were thoroughly surveyed prior to their construction, and there was not nor have there been any significant indications of contamination.

A soil investigation is always carried out at the Porvoo and Naantali refineries whenever construction work is undertaken, and any contaminated soil is removed for treatment. Our refineries also have long-term soil response programs in place to remove contaminants from the soil in storage tank areas during maintenance work on containment dikes. A containment dike is a secondary reservoir surrounding a tank with the aim of protecting the surroundings in case of an incident. The containment dike response program at the Porvoo refinery will continue until 2019. In Naantali, a corresponding program is due to run until 2028. With such response programs, we improve our environmental and people safety.

Our objective is that no contaminants migrate out of our sites via groundwater. Groundwater monitoring has taken place at the Porvoo and Naantali refineries and the Hamina terminal since the

1990s, and a groundwater monitoring program is in place at the base oil plant in Bahrain, in which Neste Oil owns a minority.

The City of Helsinki made a claim for Neste Oil to pay for cleaning up marine sediments adjacent to the old oil harbor at Laajasalo in 2013. We have responded negatively to the claim, as the soil on land was cleaned up in 2004 and 2010 to the satisfaction of the City. Neste Oil used to have a fuel storage facility and lubricant plant in the area. Investigation of the matter will continue in cooperation with the authorities.

Retail stations are also included in the scope of soil monitoring

We also monitor the condition and quality of the soil in and around Neste Oil's retail stations. Soil studies are carried out when stations are closed or major modification work is carried out.

Our stations automatically send an alarm in the event of an incident to an external service provider, who is responsible for immediately responding and investigating the situation. In 2014, the remote monitoring system covered 75% of the company's stations. We continuously aim to increase remote monitoring.

A new multi-layer technical structure for secondary containment was introduced at several Neste Oil stations in 2014 located in groundwater protection areas to even better protect the groundwater and soil at these sites.

Natural soil clean-up work began in Kajaani

An oil leak took place in spring 2012 at the National Emergency Supply Agency's oil storage facility in Kajaani that is operated by Neste Oil. The experts consulted estimated that the size of the contaminated area had decreased to approximately 5% of the original area in 2014. Most of the oil has evaporated or naturally biodegraded, and a risk assessment of the area came to the conclusion that rapid clean-up is not called for. Instead of remediation by excavation, the Kainuu Centre for Economic Development, Transport and the Environment (ELY Centre) approved Neste Oil's proposal for Monitored Natural Attenuation (MNA) of the soil in spring 2014. The MNA, started in June 2014, is to be monitored until 2017. In 2014, the Finnish Environmental Institute carried out the analyses and monitoring in the MNA project.

We promote a diverse natural environment at production sites

Nature conservation areas or protected sites are located close to the Porvoo and Naantali refineries, such as the Stormossen bog (75 hectares), which is part of the European Natura 2000 network of nature conservation sites, and the Vanto rare oak tree area in Naantali. We always take areas such as these into account in our operations and strive to protect them alongside the rest of the environment around refineries.

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

Uninterrupted, incident-free refinery operations are the best way of reducing the impact of Neste Oil's activities on the environment, as emissions into the water, the air and the soil from our refineries stay minimal during normal operations.

Case: Bioindicators



Bioindicators highlight the health of the environment



In 2014, Neste Oil's Porvoo refinery was once again included in the Uusimaa region bioindicator survey to investigate air quality and the ecologic state of the environment. These surveys have been carried out once every five years at the Porvoo and Naantali refineries since the 1980s.

Bioindicators refer to species, such as lichens and mosses, whose structure or growth changes due to impurities in the air.

The state of the environment has improved compared to previous decades

According to the bioindicator surveys carried out close by Neste Oil refineries, the state of the environment has clearly improved in spite of the growth in traffic and population levels compared to the 1980s and 1990s. In particular, sulfur recovery at the Porvoo refinery has improved air quality and also reduced tree needle loss. In addition, the ambient air sulfur dioxide concentrations observed at all of Neste Oil's continuous measurement stations in 2014 were clearly below the air quality limit values.

"The amount of lichens has increased, and the number of areas with impoverished lichen species diversity has decreased. On the other hand, obvious damage was observed in lichen species growing in the vicinity of the Porvoo refinery," says Juha Heijari, Environment Specialist at Neste Oil.

Nitrogen emissions have decreased even though growth in traffic and population levels does expand the possible area of impact.

"We aim to continuously reduce air pollutant emissions of our own operations and to develop products to minimize climate impact," Heijari says.

In all, the state of bioindicators is better in the Porvoo region than the Uusimaa region on average.

Waste

| Waste (t/a)* | 2014 | 2013 | 2012** |
|--------------------|---------------|---------------|---------------|
| Conventional waste | 12,100 | 11,900 | 13,000 |
| Recycled waste | 33,800 | 33,100 | 59,000 |
| Hazardous waste | 24,200 | 18,900 | 14,100 |
| Total | 70,100 | 63,900 | 86,100 |

* Excludes contaminated soil

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

Refining waste

The majority of Neste Oil's waste, over 90%, is refining-related and generated at the company's refineries. The company's goal is to steadily reduce the amount of operating waste and to promote waste recycling. Waste management at Neste Oil's refineries is continually being developed and aims to identify new ways of making use of waste and residues. The primary goal is to recycle waste as material, and secondarily to use it for energy purposes.

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 the production of biogas. In addition to general waste, the Singapore refinery generates other types of waste, primarily spent bleaching clay, sludge, and oil-contaminated water, which is sent out for treatment to external licensed waste collectors in line with local legislation. Part of the spent bleaching clay is sent to incineration and part of it is sent for compost.

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.

A plastic collection pilot was begun at the Porvoo refinery in 2014, collecting all plastic waste generated at the refinery's supply store and investigating reuse opportunities for it.

Office waste

Paper waste is collected and recycled at all Neste Oil offices. The company's single largest office, the head office in Espoo, has been involved in the WWF's Green Office program since 2008. Neste Oil has set an annual goal to reduce their amount of mixed and secure ICT waste by 5%. In 2014, we were able to reduce mixed conventional waste by approx. 7% and secure IT waste by 19%.

The principles behind the Green Office program are also followed at the company's offices in Porvoo whenever possible.

| Waste volumes at Neste Oil's head office (t/a) | 2014 | 2013 | 2012 |
|--|------|------|------|
| Mixed conventional waste | 7.4 | 8.0 | 7.6 |
| Secure ICT waste | 25.2 | 30.9 | 29.2 |

Case: Mömossen landfill



The amount of waste decreased considerably – landfill site was closed down as unnecessary



This is something you wish you would hear more often; the amount of waste decreases so significantly that a landfill site can be closed down as unnecessary! This is what happened in Sipoo, when the Mömossen landfill, governed by Itä-Uudenmaan Jätehuolto, was closed down in 2007.

The amount of waste decreased by 90 per cent!

From the mid-1990s, Neste Oil used to deliver its industrial waste for a decade to the Mömossen landfill, where there was a separate site for industrial waste. Over the years, the waste formation was able to be prevented more and more and when Neste Oil also managed to improve the efficiency of recycling, the amount of landfill waste started to decrease.

“Our calculations showed that the landfill waste had decreased by about 90 per cent since the 1990s! With the development, we considered the landfill an unnecessary and expensive solution and decided to find a new solution for the final safe disposal of our waste. We deliver hazardous waste to Ekokem for treatment. Currently, we accumulate, in fact, only about 10 per cent of the amount of waste we did a decade ago!” says environmental specialist Kai Lammimaa at Neste Oil.

From a landfill to a landscaped area

After the Mömossen landfill was closed down, the area was landscaped. Neste Oil is committed to pay for the follow-up monitoring of the landfill site for 30 years. The follow-up monitoring ensures that the old landfill does not cause any hazards to health or the environment.

Sustainable supply chain

We aim to set a new standard for the sustainability in the supply chain. We will do so by utilizing voluntary and proactive ways that support the growth of our business. Our sustainability criteria for the renewable raw material suppliers are extremely strict.



**40,000
smallholders in
the supply chain**



**We know the
origin of all our
renewable raw
materials**

**Making palm oil more
sustainable –
cooperation with TFT
advances**
Neste Oil cooperates with
an organization focused
on preventing
deforestation.
[Read more ▶](#)

**No-
Deforestation
collaboration
with TFT
proceeds**

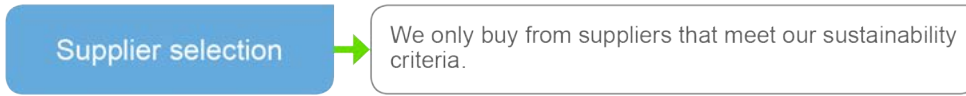
**The share of waste
and residues was**
62%
**of total renewable
feedstocks**

| What were our targets? | Achievements in 2014 | What next? |
|---|---|--|
| <p>100% of the crude palm oil we use is certified</p> | <ul style="list-style-type: none"> • 100% of the crude palm oil used was certified in 2014. | <ul style="list-style-type: none"> • Continue using only certified crude palm oil also in the future. |
| <p>All the renewable raw materials we use can be traced back to their origin</p> | <ul style="list-style-type: none"> • All the renewable raw materials we used could be traced back to their origin. • In cooperation with TFT, we reviewed the operations of palm oil plantations that are not included in our own supply chain, but which make deliveries to mills that are included in our supply chain. | <ul style="list-style-type: none"> • Ensure the continued traceability of our renewable inputs. |
| <p>Develop how we monitor the carbon footprint of fossil fuels</p> | <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. |

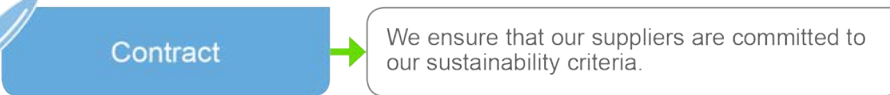
Ways to ensure sustainability in supply chain



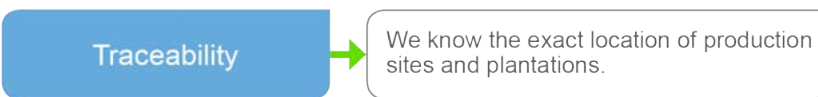
Who?



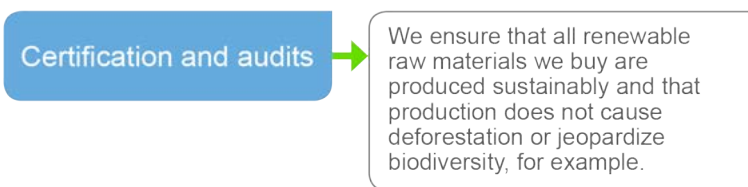
Which principles do we follow?



Where?



How?



Supplier selection

- A due diligence assessment is carried out on all potential suppliers. This assessment with three phases includes a credit review, security and reputation review, and sustainability review. Assessment covers areas such as:
 - Governance, corruption, legal cases, possible suspected criminal activity
 - Operating practices and policies
 - Background information of plantations and facilities
 - Potential concerns highlighted by NGOs
- The decision whether the supplier meets Neste Oil's requirements is made based on the assessment.



Contract

- We require our palm oil 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
 - Sales 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.
- 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.

Legislation and market requirements



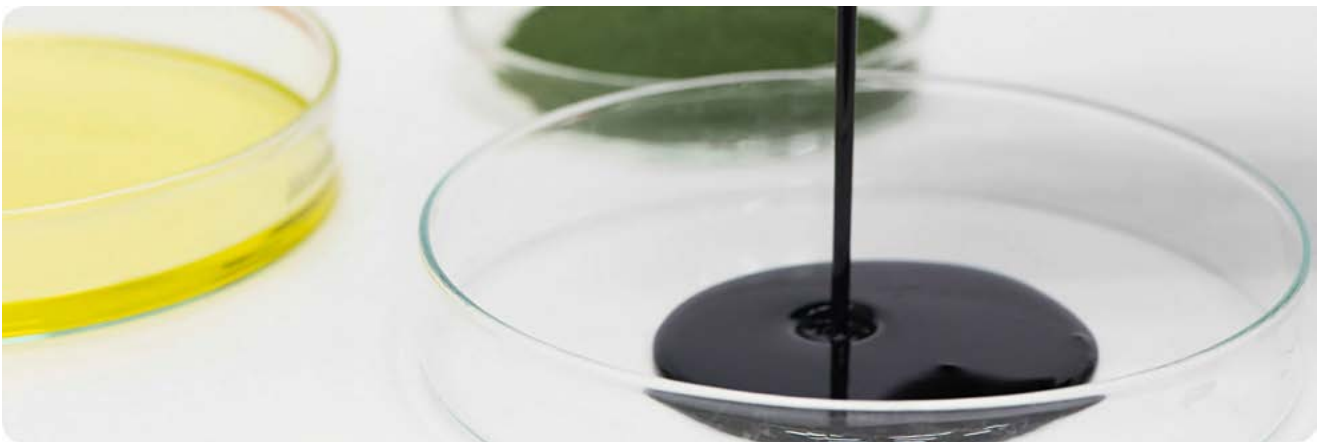
The production of renewable fuels is strictly regulated by EU legislation. The most significant from the production point of view is the Renewable Energy Directive (RED), which requires producers of renewable fuels to show that:

- Feedstocks can be traced back to where they were grown or to the plant where they were produced.
- The 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 raw materials can be traced back to where they were grown or produced. To comply with the criteria established for advanced fuels, a product must be capable of yielding a greenhouse gas emission reduction of at least 50%. Refineries producing renewable fuels must also be approved by the Environmental Protection Agency (EPA) before they can supply renewable fuel to the US market. All of Neste Oil's renewable fuel refineries are EPA-approved.

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

Raw material use 2014



Neste Oil uses both fossil and renewable raw materials in its production. Sustainability is an important factor guiding our procurement of raw materials. We only source responsibly produced renewable materials that can be traced back to where they were grown or produced.

Most fossil raw materials come from Russia

The majority of the crude oil used by us comes from Russia. The proportion of Russian crude compared to our total crude oil purchases was 72% (81%). 68% (72%) of all the fossil feedstocks used at our refineries were sourced from Russia.

More than ten renewable raw materials in the portfolio

Our proprietary NEXBTL technology allows the use of almost any vegetable oil or waste fat in the production of renewable diesel.

Waste and residue materials suitable for renewable diesel production:

- waste animal fat
- waste fish fat
- vegetable oil fatty acid distillates, such as palm fatty acid distillate (PFAD)
- technical corn oil
- used cooking oil
- spent bleaching earth oil

Vegetable oils suitable for refining renewable diesel:

- crude palm oil
- rapeseed oil
- soybean oil
- jatropha oil
- camelina oil

Proportion of waste and residues in raw material usage is increasing

In 2014, the volume of raw materials used by us in refining renewable diesel increased along with increased production volumes and totaled 2.6 million tons (2.3). The proportion of waste and residues of the total usage of raw materials increased on the previous year and was 62.0% (52.6%). In 2014, we expanded our waste and residue raw material base with used cooking oil.

Use of renewable raw materials, % and Mt

| Feedstock | 2014 | 2013 | 2012 |
|--|-----------------|------------------|------------------|
| Crude palm oil | 38.0% (0.97 Mt) | 47.4% (1.1 Mt) | 64.5% (1.36 Mt) |
| Waste and residues (e.g. waste animal fat, waste fish fat, vegetable oil fatty acid distillates, such as PFAD, technical corn oil) | 62.0% (1.60 Mt) | 52.6% (1.22 Mt) | 35.1% (0.74 Mt) |
| Other types of vegetable oil (e.g. rapeseed and camelina oils) | 0.0% (0.00 Mt) | 0.0% (0.0002 Mt) | 0.3% (0.0007 Mt) |
| Total | 2.57 Mt | 2.32 Mt | 2.11 Mt |

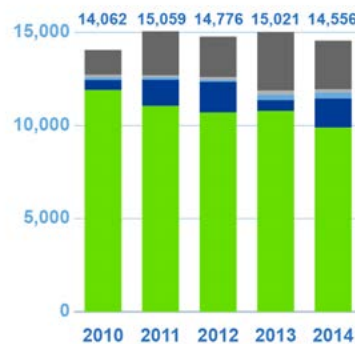
Use of renewable raw materials, million tons



- Crude palm oil
- Waste and residues (e.g. waste animal fat, waste fish processing fat, PFAD*)

*PFAD = Palm Fatty Acid Distillate

Crude oil and fossil feedstock supply by region, tons



- Others
- Sweden
- United Kingdom
- Norway
- Russia

Use of waste and residues, million tons



Waste and residues (e.g. waste animal fat, waste fish processing fat, PFAD)

Sustainability ▶ Neste Oil Sustainable Way ▶ Sustainable supply chain ▶ Raw material suppliers

Raw material suppliers



Renewable raw materials directly from producer companies

Neste Oil sources the renewable raw materials it uses mainly directly from producer companies without intermediaries. We do not own any plantations growing these materials or operate any plants producing them. Renewable raw materials were sourced from a total of 38 (45) suppliers during 2014.

In 2014, we sourced crude palm oil from a total of six (8) suppliers, including Wilmar, Golden Agri, Asian Agri, and IOI Group. In addition, we purchased palm oil from approximately 40,000 (54,000) smallholders organized as cooperatives in Indonesia.

We aim to continuously increase the share of waste and residues in the total use of renewable raw materials. During the year, we sourced waste and residues from a total of 38 suppliers.

Majority of crude oil from Russia

Neste Oil primarily sources fossil crude oil from Russia. Most of the crude oil used by us is supplied to our refineries via the Primorsk oil terminal in Russia. The oil is transported to Primorsk via a pipe network carrying oil from oil fields located around

Russia. In 2014, we also sourced crude oil from Kazakhstan, Norway, United Kingdom, Denmark, and North Africa. We had a total of 25 (22) crude oil suppliers in 2014.

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

Being selected as a supplier is not to be taken for granted - strict criteria used when selecting suppliers

Neste Oil decides which raw material suppliers it uses in accordance with its Supplier Compliance principles. All raw material suppliers are required to pass a due diligence process as part of the selection. Due diligence assessments are also carried out on existing suppliers if they add a new raw materials to their offering or if there is a significant change in the supply chain. Neste Oil did due diligence assessments on 39 suppliers of renewable raw materials in 2014. Two suppliers were rejected.

Suppliers also go through a security check conducted by our Security Unit. Security checks review areas such as good governance, corruption, unresolved legal claims and other possible factors that might contravene Neste Oil's policies and principles. We give suppliers the opportunity to correct

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, we continue monitoring our feedstock suppliers. Certified suppliers are annually audited by an independent, third-party body, and also we review the supply chain and its sustainability as part of our own suppliers audits.

Absolute commitment to sustainability principles is required

We require all of our palm oil suppliers to be members of the RSPO (Roundtable on Sustainable Palm Oil), which requires its members to commit themselves to respecting human rights and protecting rainforest areas. Suppliers must also commit themselves to our Sustainability Policy, Sustainability Principles for Biofuels, and No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock.

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

Sustainability ▶ Neste Oil Sustainable Way ▶ Sustainable supply chain ▶ Traceability

Traceability



All of the renewable raw materials used by Neste Oil are traced back to the plantations and production plants from which they originate. Vegetable oils are traced back to plantations and waste and residues to the place they are produced, typically production facilities. Traceability ensures that renewable raw materials are sustainably produced and that production has not infringed anyone's human rights or endangered rainforests or carbon-rich areas, such as wetlands and peat land.

Palm oil only from carefully selected plantations

Neste Oil sources crude palm oil directly from carefully selected producer companies without intermediaries. The avoidance of intermediaries provides us a better understanding of the origin of raw materials than is custom in the industry.

In 2014, we sourced crude palm oil from 212 (212) plantations and 57 (65) mills. Our agreements specify all of the plantations that deliver crude palm oil to us. We know the exact locations of all plantations included in our supply chain, as well as their history. Our suppliers' operations are not located on protected land, nor do they have plans to extend their operations. None of the plantations in our supply chain are involved in open land disputes.

Cooperation with TFT has advanced to field verifications

We began cooperating with TFT (The Forest Trust), an organization focused on preventing deforestation in 2013. The

cooperation aimed at developing the sustainability of the palm oil industry has proceeded to field verifications and workshops with palm oil suppliers. The workshops arranged in 2014 reviewed the gaps and risks observed in the risk assessment concerning our palm oil suppliers conducted by TFT. The risk assessment was completed in early 2014. In the workshops the suppliers were advised on how to establish policies and principles and how to implement sustainable procedures.

Read more about [the progress of the TFT collaboration](#).

Methods used in tracing renewable feedstocks

Neste Oil uses the mass balance and segregation methods approved by the EU and US authorities for tracing renewable raw materials. When palm oil is sourced by using the mass balance principle, it is possible that the certified palm oil purchased by us may become mixed with raw materials purchased by others at mills or coastal storage facilities. However, the total amount of certified raw material purchased by us is verified by using accurate accounting. This ensures that we always receive the amount of certified palm oil that we have contracted for. An independent third party verifies the correctness of the mass balance system. Feedstock batches are physically monitored throughout their journey from the plantation to the customer, and all of the supply chain phases are documented.

In comparison to mass balance, when using segregation method our palm oil never comes into physical contact with raw materials purchased by other buyers.

Tracing the origin of crude oil

Neste Oil does not engage in oil exploration or production, and as a result we only have limited potential to influence crude oil production. To ensure the quality and sustainability of the crude oil

we use, we aim to employ as direct supply chain as possible. We know the country of origin and typically the production areas of the crude oil that we buy. We closely monitor the environmental reporting of crude oil producers and are engaged in dialogue with a number of major producers about the sustainability of crude production.

Countries of origin of raw materials used in production in 2014

| Feedstock | Origin |
|---|--|
| Crude palm oil | Malaysia and Indonesia |
| Waste and residues (e.g. waste animal fat, waste fish fat, vegetable oil fatty acid distillates, such as PFAD, technical corn oil, spent bleaching earth 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, Kazakstan, Norway, United Kingdom, Denmark, and North Africa |

Case: Cooperation with TFT



Making palm oil more sustainable – cooperation with TFT advances



In 2013, Neste Oil started cooperating with TFT (The Forest Trust), an organization focused on preventing deforestation. The aim of the cooperation is to develop sustainable production of palm oil in the entire industry.

First risk assessment done – no high risks found

TFT completed a desktop risk assessment analysis of Neste Oil's palm oil suppliers in early 2014. The assessment was done on the basis of public sources, procurement information provided by Neste Oil, and information received from palm oil suppliers. The results of the risk assessments were reviewed with individual suppliers.

"The TFT gave us positive feedback on our supply chain management, and the survey found that the risks related to deforestation or other sustainability-related matters are not high, and our suppliers are highly willing to cooperate in order to make the industry better," says Adrian Suharto, Sustainability Manager, Singapore.

Cooperation proceeds – field verifications and workshops

Based on the risks and gaps between the current and the eligible situation found in the risk assessment, field verifications were conducted at specific palm oil mills in 2014.

Where gaps and risks were identified, there were also workshops arranged with the suppliers.

"In the workshops the suppliers are given recommendations on how to move forward with establishing policies, sustainable procedures and principles. They are also guided to create an appropriate implementation plan within a schedule designed just for their operations", says Adrian.

The issues addressed in the workshops were based on Neste Oil's No-Deforestation and Responsible Sourcing Policy. We published our No-Deforestation and Responsible Sourcing Policy in 2013. From our suppliers Wilmar and GAR have also published their own policies similar to ours, but also our other palm oil suppliers have plans to establish sustainability policies.

Important to engage stakeholders to sustainability work

According to Neste Oil's principles, it is very important for raw material suppliers, including smallholders, to take part in sustainable ways of working.

"We encourage raw material suppliers to develop the sustainability of their operations. Instead of just telling them to operate sustainably, we give them advice and guidance on good practices," says Adrian.

Next, we aim to address the social issues of the supply chain, which have not been reviewed yet within the cooperation.

"We are currently talking to various stakeholders in the industry to formulate an understanding on the complexity of the issue."

Read [the TFT report](#).

Read more about [our No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock](#).

Read more about [the TFT's operations](#).

Sustainability ▶ Neste Oil Sustainable Way ▶ Sustainable supply chain ▶ Certified raw materials and production plants

Certified raw materials 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 EU), covering 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 said operations, together with the supply chain documentation required. In all, Neste Oil uses six different certification systems. The criteria covering the sustainability of renewable fuels in the US are set by the Environmental Protection Agency (EPA).

Certification systems used by Neste Oil

| | ISCC DE | ISCC EU | ISCC PLUS | RSPO RED | RSPO SCCS | HVO SCHEME |
|--------------------------------------|---------|---------|-----------|----------|-----------|------------|
| Neste Oil Corporation | X | X | | | | |
| Neste Renewable Fuels Oy (Porvoo) | X | X | X | X | X | |
| Neste Renewable Fuels Oy (Rotterdam) | X | X | X | X | X | X |
| Neste Oil (Suisse) S.A. | X | X | | | | |
| Neste Oil Singapore Pte Ltd | X | X | X | X | X | |

All crude palm oil used is certified

All the crude palm oil used by Neste Oil in its renewable diesel production is certified. Crude palm oil is certified in accordance with the ISCC or RSPO-RED systems. Unlike many companies for example in the food industry, Neste Oil does not buy certificates from the world market, but always sources its certified crude palm oil directly from producer companies. All of the mills supplying crude palm oil to Neste Oil are ISCC- or RSPO-certified.

All of the animal fat used in our products is certified in the European market, which guarantees the free movement of the feedstocks within the EU. Products delivered to the United States are approved according to EPA criteria.

We purchase and sell ethanol and ethers that are verified according to a certification system approved by the European Commission. Ethanol and ethers are blended into, for example, in the gasoline sold in the Finnish market. Our ethanol and ether trading office is located in Geneva, Switzerland.

Neste Oil's sustainability verification system adopted

Neste Oil has developed its own sustainability verification system (HVO Verification Scheme) to support the verification process of the sustainable production of renewable feedstocks. The European Commission approved the scheme as one of the EU's official systems for verifying sustainability in early 2014. The system meets the strict requirements for biofuels set by EU legislation and enables the utilization of an increasing number of waste and residues in processing. Similarly to other certification systems used by Neste Oil, an independent third party audits the HVO Verification Scheme system. The first certificates under our scheme were granted in 2014.

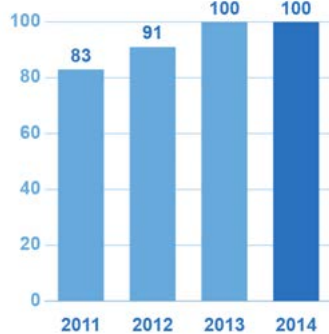
All renewable diesel production plants are certified and EPA-approved

All Neste Oil's refineries producing renewable NEXBTL diesel have certificates approved by the European Commission and EPA approval. The certificates and EPA approvals are proof that the production of renewable diesel and sourcing of raw materials comply with the EU's Renewable Energy Directive (RED) and the regulations of the EPA. In addition, they certify that the NEXBTL diesel produced by Neste Oil is suitable for fulfilling the biomandate requirements in the EU Member States and the US. Our renewable diesel refinery in Rotterdam was awarded the HVO Verification Scheme certificate in 2014.

Sustainability scheme approved by the Finnish Energy Authority

The European Union's RES (Renewable Energy Sources) Directive requires all biofuel producers to hold sustainability certificates for proving the sustainable production of the biofuel batches. In order to receive the sustainability certificate, Finnish biofuel producers must seek the approval of the Finnish Energy Authority for their sustainability system. The Energy Authority approved Neste Oil's sustainability scheme in 2014. The system will be verified annually.

Share of certified raw material from total crude palm oil use, %



Sustainability ► Reporting principles

Reporting principles

Neste Oil is committed to the principles of the AA1000APS (2008) standard covering inclusivity, materiality, and responsiveness. The 2014 Sustainability Report is the sixth to have been compiled in accordance with the G3 guidelines (version 3.0) of the Global Reporting Initiative (GRI).

Neste Oil's 2013 combined [Annual Report and Sustainability Report](#) was published online on 6 March 2014.

Reporting principles and guidelines

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 2014.

Safety and environmental reporting for 2014 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, its offices, and the country companies responsible for Oil Retail operations. Due to re-arrangements in shipping operations and divestment of subsidiary Neste LPG, the mentioned functions

were no longer part of the reporting in 2014. 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 2014 compared to 2013.

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 numerical sustainability information and checked congruence between the Finnish and English versions' numerical sustainability information. 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 time-chartered ships. 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 (COD), 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 * 1,000,000 / 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 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 | Risks and opportunities |
| 2. Organizational Profile | | |
| 2.1 | Yes | Neste Oil 2014 |
| 2.2 | Yes | Business areas in brief |
| 2.3 | Yes | Business areas in brief Financial Statements 2014, Group companies on 31 December 2013 |
| 2.4 | Yes | Contacts |
| 2.5 | Yes | Financial Statements 2014, Segment information |
| 2.6 | Yes | Financial Statements 2014, General information |
| 2.7 | Yes | Business areas in brief |
| 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 | Yes | Independent assurance report |

| 4. Governance, Commitments and Engagement | | |
|--|--|---|
| Governance | | |
| 4.1 | Governance structure of the organisation | Yes Corporate Governance Statement 2014 |
| 4.2 | Position of the Chairman of the Board | Yes Corporate Governance Statement 2014, Board of Directors |
| 4.3 | Independence of the Board members | Yes Corporate Governance Statement 2014, Board of Directors |
| 4.4 | Mechanism for shareholder and employee consultation | Yes Corporate Governance Statement 2014 |
| 4.5 | Impact of organisation's performance on executive compensation (inc. social and environmental performance) | Yes Remuneration Report 2014 |
| 4.6 | Processes for avoiding conflicts of interest | Yes Corporate Governance Statement 2014, Board of Directors |
| 4.7 | Processes for determining Board members' expertise in strategic management and sustainability | Yes Members of the 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 Corporate Governance Statement 2014, 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 policy |
| 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 2014 |
| 4.16 | Approaches to stakeholder engagement | Yes Stakeholders |
| 4.17 | Key topics raised through stakeholder engagement | Yes 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 contribution |
| 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 Financial Statements 2014, Post-employment and other long term benefits Review by the Board of Director, Shares, share trading, and ownership |
| EC4* | Significant subsidies received from government | Yes Tax contribution 2014 Financial Statements 2014, Other income |
| Market presence | | |

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|--|---|--------|--|
| 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 contribution |
| 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 | Yes | 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 | Yes | Air |
| EN18 | Initiatives to reduce greenhouse gas emissions | Yes | Material efficiency |
| EN19* | Emissions of ozone-depleting substances | Yes | Ozone-depleting substances have been removed from production and extinction systems in 1990s. |
| 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 | No spills during the reporting year |

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|---|---|--------|--|
| 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 | Products' carbon footprint 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 2014 |
| LA2* | Total number and rate of employee turnover by age group, gender and region | Partly | Neste Oil employees in 2014 |
| 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 | Case waste hierarchy |
| SO6 | Contributions to political parties, politicians and related institutions | Yes | Support for communities |

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|--|--|--------|---|
| S07 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly | Yes | No such cases during reporting period. |
| Compliance | | | |
| S08* | 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 | Cleaner solutions Managing sustainability Sustainability policies and principles |
| 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 | Stakeholders |
| Marketing Communications | | | |
| PR6* | Adherence to laws, standards and voluntary codes related to marketing communications, advertising, promotion and sponsorship | No | |
| 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 1 January 2014 to 31 December 2014, disclosed in the "Sustainability" section of Neste Oil Corporation's online Annual Report 2014 (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, this Standard 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 and an assessment of the risks of the Company's material nonadherence to the AA1000 AccountAbility Principles. 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 collecting and reporting the information presented in the Sustainability information at the Group level and at the site level (the Netherlands, Singapore and Finland).
- Assessing how Group employees apply the reporting instructions and procedures of the Company.
- 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 has processes in place for stakeholder inclusivity and engagement. We recommend that the Company further develops the systematic management of stakeholder engagement, particularly with central coordination and support in terms of its content, yet enabling flexibility at the local level.
- **Regarding Materiality:** Neste Oil Corporation has a systematic process in place to evaluate and determine the materiality of sustainability topics. The Company updated its sustainability materiality assessment during autumn 2014 and early 2015. We recommend that the Company continues the development work within the focus areas of the sustainability program as planned, and in this work pays special attention to the feedback received from the stakeholders on the updated materiality assessment.
- **Regarding Responsiveness:** Neste Oil Corporation has processes in place for responding to stakeholder needs and concerns. We recommend that the Company strengthens its sustainability activities and communications especially towards

customers. Furthermore, we recommend that the Company continues to enhance its transparency also in other areas where the stakeholder interest has increased according to the updated materiality assessment.

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, 27 February 2015

PricewaterhouseCoopers Oy

Sirpa Juutinen
Partner
Sustainability & Climate Change

Maj-Lis Steiner
Director, Authorised Public Accountant
Assurance Services



AA1000
Licensed Assurance Provider
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