Content

1. Introduction
2. Policies and raw material
3. No-deforestation policy
4. Our approach
5. Summary and moving forward
Official name change 1st June 2015

NESTE
The only way is forward
During the last three years we have:

- Turned an amount of waste weighing more than 10 times the Empire State Building into fuel.
- Produced enough NEXBTL to drive a car around the world 3.4 million times.
- Cut CO₂ emissions equivalent to what 1.3 million homes produce in a year.

Fuels are just the start.
Raw Materials Used in 2014 (million tonnes)

- Animal and Fish Fats
- Palm Fatty Acid Distillate (PFAD)
- Technical Corn Oil (TCO)
- Sludge Palm Oil (SPO)
- Spent Bleach Earth Oil (SBEO)
- Tall Oil Pitch (TOP)
- Used Cooking Oil (UCO)

Waste and Residues

- 0.97, 38% Crude Palm Oil (CPO)

1.6, 62%
Our Supplier Compliance Criteria

Neste has a strict approach to Supplier Selection

Neste Sustainability Compliance

- Neste’s Sustainability Policy
  - No-Deforestation Guideline
- Multi-stakeholder initiatives
  - Eg: RSPO
- National and International Regulations
  - eg: ISPO, ILO
- Market (mandate) Based Requirement
  - Eg: RFS US EPA, EU-RED

RSPO = Roundtable For Sustainable Palm Oil
ISPO = Indonesian Sustainable Palm Oil System
ILO = International Labour Organization
RFS US EPA = Renewable Fuel Standard as issued by United States Environmental Protection Agency
Our No-Deforestation Policy

• **Acknowledging** the fact that Neste is already compliant with the requirements of RED, FQD and RSPO

• Thus we only **procure** feedstock:
  • Are fully **traceable** back to the point of origin;
  • Are produced in compliance with **local laws and regulations**;
  • Protect **High Conservation Values** as defined by the HCV Network;
  • Support **FPIC** of indigenous and local communities;
  • Protect **High Carbon Stock (HCS)** forest areas through an approach which is guided by the work of TFT and in consultation by other stakeholders;
  • Protect and properly manage **peatlands**

• We will prefer suppliers who are **actively implementing similar no-deforestation principles** in all their operations.
What the policy covers

Our suppliers’ supply chain

- Joint ventures
- Smallholders
- Palm Oil products procured by the supplier
- Future expansions, immature palms

Not supplying, but owned by the company

Supplying directly

NESTE’s direct supply chain

NESTE’s NO-DEFORESTATION POLICY

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NESTE’s NO-DEFORESTATION POLICY
Why the coverage of the policy?

• Campaigns are now directed to the end customers and focused on the **buyer brand name**
• Suppliers in the campaigns are not identified by the supply chain (x mill or y estate) but as **the company name**
• Expansions, joint ventures and procurement decisions are associated with the company name
• **THUS**, we have been asking our suppliers to implement thus to their whole upstream and downstream operations
Our Supply Chain Approach

Partnership with third parties

PHASE 2013
IDENTIFICATION
- Policy announcement
- Supply chain risk assessment
- Policy introduction to suppliers
- Supplier policy review

PHASE 2014
ENGAGING
- Supplier workshops
- Improving supplier policies
- Mapping direct supply chain
- Selected field assessments

PHASE 2015
IMPROVING
- Enhance due diligence system
- Understanding labour and other social issues
- 3rd party Supply chain mapping and risk assessment
- Continue ph. II

PHASE 2016
ONWARDS
CONTINUING
- Engaging all suppliers
- Adapting with market requirements
- Understanding developing issues
Summary and challenges

1. No-deforestation policies (also known as responsible sourcing guideline) are now commonplace in the industry
   - How do we address this issue within ISCC?
   - At the end do we actually make a difference?

2. All Neste suppliers have a similar policies in place
   - Implementation is ongoing, challenging timeline
   - Smallholder is also a big challenge

3. HCS concept is somehow ‘different’ from RED
   - What is the true fact? Can we reconcile this with the RED definition?
Thank you.

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