Sourcing & Processing Low Carbon feedstocks - Latest Development & Requirements for Suppliers

ISCC Shanghai Conference
17th July 2018

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Content

1. Introduction
2. Our Renewable Products & Capacity
3. Our Raw Materials
4. Our Sustainability Commitment
5. Neste’s Supplier Due Dilligence
About Neste

- Founded in 1948, publicly listed since 1995 with 44.7% stake from the Finnish government today
- World’s biggest renewable diesel provider
- Global annual production capacity of 2.6Mt, with expansion plan to reach 4Mt by 2022
- Neste’s renewable fuels produced in 2017 reduced carbon emissions by 8.3 million tons, equaling permanent removal of 3 million passenger cars from the roads
Neste’s transformation is creating profitable results

Comparable EBIT of our business areas, MEUR

- Renewable Products: 2013 - 273, 2017 - 561
- Oil Products: 2013 - 280, 2017 - 495
- Marketing & Services: 2013 - 68, 2017 - 76

Neste’s share performance from 2013, EUR
Our Renewable Products & Production Capacity
Our renewable products

Neste Renewable Fuels
- Neste Renewable Diesel
- Neste Renewable Gasoline
- Neste Renewable Propane
- Neste Renewable Jet Fuel

Neste Renewable Chemicals
- Neste Renewable Isoalkane
- Neste Renewable Naphta
- Neste Renewable Propane

Neste MY 可再生柴油
Neste globally

**Production:**
- Porvoo
- Naantali
- Rotterdam
- Singapore
- Bahrain (joint venture, Neste’s share 45%)

**Sales and marketing:**
- Espoo
- Stockholm
- Tallinn
- Riga
- Vilnius
- St. Petersburg
- Geneva
- Beringen
- Houston
- Toronto
- Singapore

- **Rotterdam, Netherland**
  1,100,000 t/a

- **Porvoo, Finland**
  400,000 t/a

- **Singapore**
  1,100,000 t/a
Singapore Refinery

- The world’s largest renewable diesel refinery
- On stream since 2010
- Produces Neste MY Renewable Diesel for the European and North American markets
- Production capacity of 1,100,000 t/a
- Additional 200,000 t/a after turnaround in 2018
- Employs around 120 people
- **Potential additional 1,000,000 t/a capacity by 2022***

*Neste’s additional production capacity for renewable diesel, renewable aviation fuel and raw materials for various biochemical uses will be located in Singapore. Final investment decision will be made by the end of 2018, and production at the new production line will begin by 2022.*
Our Raw Materials
Broad range of renewable raw materials

- Animal fat from food industry waste
- Fish fat from fish processing waste
- Vegetable oil processing waste and residues (e.g. PFAD, PES, SBEO)
- Used cooking oil
- Technical corn oil
- Crude palm oil
- Rapeseed oil
- Soybean oil
- Camelina oil
- Jatropha oil
Waste and residues form nearly 80% of our renewable raw material inputs in 2017

Renewable raw material mix

- 76% Waste and Residues
- 24% Vegetable Oil

In 2015, we achieved capability to use solely waste and residues as raw materials in our processing.
Significant increase in waste and residue usage

![Bar chart showing the increase in tons of waste and residue usage from 2007 to 2017](chart.png)
Working with Neste

- Financially strong listed company backed by the government
  - Reliable, low credit and default risks
- Growing regional feedstock sourcing from potential Singapore refinery expansion to 2.3Mt in 2022
  - Regular and stable volume for our suppliers
- We value long term partnerships with suppliers
  - Believe in working together to resolve issues amicably
OUR VISION

Creating responsible choices every day

愿景

每天创造更具责任感的选择
Our Sustainability Commitment
All renewable raw materials sustainably produced

- All of the renewable raw materials used by Neste are traced back to the plantations or production plants
- Renewable raw materials are sustainably produced and that production has not infringed anyone’s human rights or endangered rainforests or carbon-rich areas
- Our Raw Materials comply with Neste Code of Conduct, Responsible Sourcing Guidelines, and Market requirements
Neste Sustainability Compliance

- Neste Responsible Sourcing Guideline
- Code of Conduct
- No-Deforestation Policy
- Multi-stakeholder initiatives
- National and International Regulations
  eg: ILO
- Market-based (mandate) Requirement
  eg: RFS US EPA, ISCC, EU RED

ILO = International Labour Organization
RFS US EPA = Renewable Fuel Standard as issued by United States Environmental Protection Agency
EU RED = Europe Union Renewable Energy Directive
ISCC = International Sustainability and Carbon Certification System (Germany)
Neste was chosen as the 2nd most sustainable company in the world.
Supplier Due Diligence System
Yielding benefits on all stages of the supplier life cycle

Prospective Supplier
- Inform suppliers about Neste and our requirements
- Engagement to improve sustainability performance

On-boarding Supplier
- Streamlined on-boarding process
- Targeted approach on sustainability review

Approved Supplier
- Streamlined operations
- Value-adding partnership

Targeted support on different stages on the suppliers’ sustainability journey
Neste Due Diligence System

The below requirements must be fulfilled for all Neste new suppliers

**Finance**
- Credit Check is done to check the financial health of the potential supplier
- Legal entities submitted to Neste are checked

**Security and Legal**
- Security check is done to legal companies and registered owners/shareholders of the company
- History of the company will be checked

**Sustainability**
- Companies are given due diligence form to fill in
- The form must be completed with relevant information
- Neste developing electronic form

Visits to company locations will be done for verification purposes
The journey towards digitalization

Launch of the open supply chain digitalization challenge
Slush 2016

Neste’s global sustainability hackathon in Helsinki and Singapore
May 2017

Demo version of the system and stakeholder engagement
Late 2017

Supplier Sustainability Portal in use
By end of 2018
Thank you

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