

# COVID-19's Impact on Sourcing Waste and Residue Feedstocks in APAC

Kimi Liu  
Sustainability Specialist  
Neste

# Renewable raw materials

Neste's renewable raw material portfolio consists of over 10 different waste and residue oils and fats and vegetable oils

Target to grow the share of waste and residues from the **current 80% to 100%** of renewable raw material inputs by 2025.

All renewable raw materials Neste uses are sustainably produced\* and traceable to the place of origin

Products have consistent high quality independent of raw material used

\*Meeting or exceeding e.g. EU RED requirements

# Extensive portfolio of globally-sourced sustainable raw materials

80%  
waste and  
residues  
to 100%  
by 2025



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



Palm oil



Rapeseed oil



Soybean oil



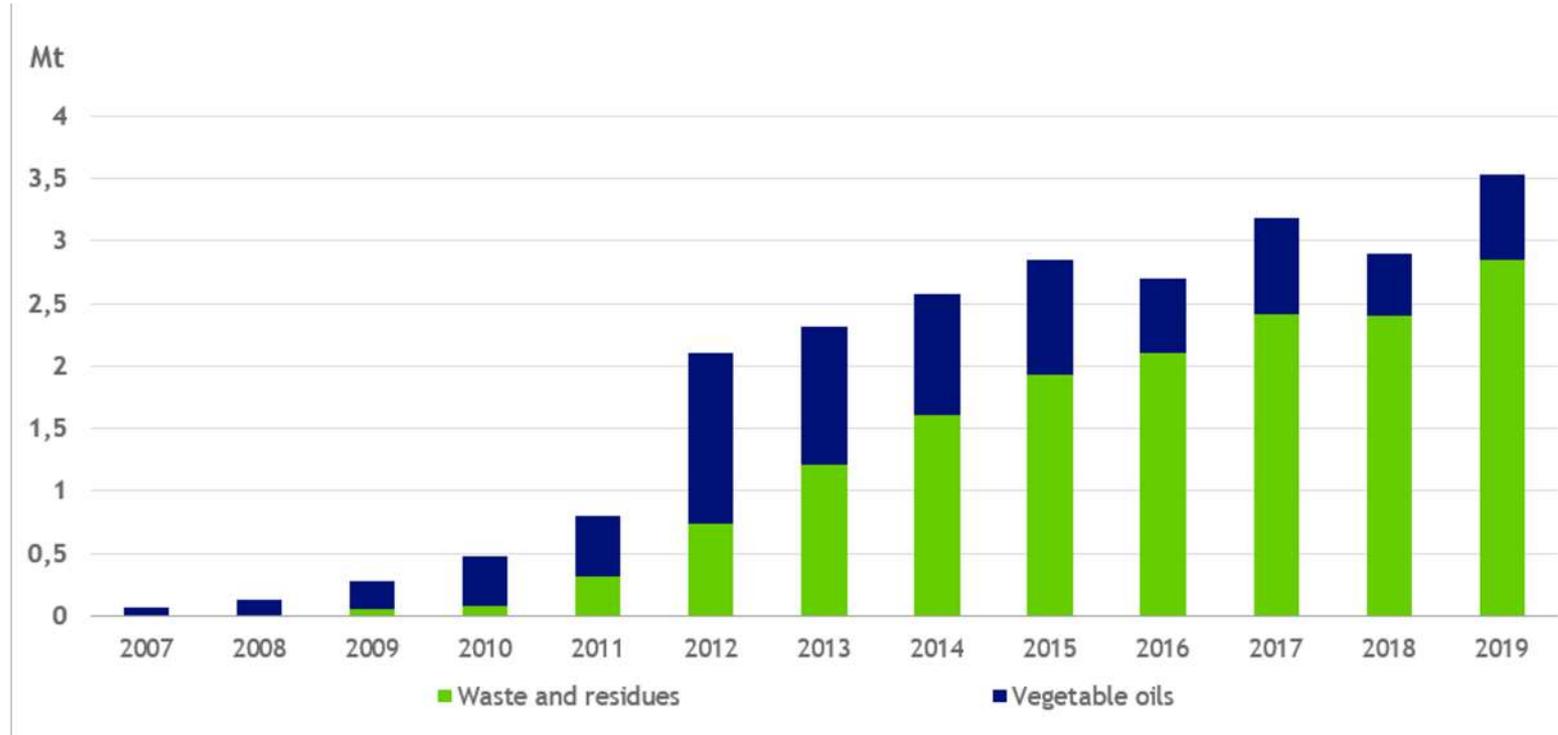
Camelina oil  
in projects only

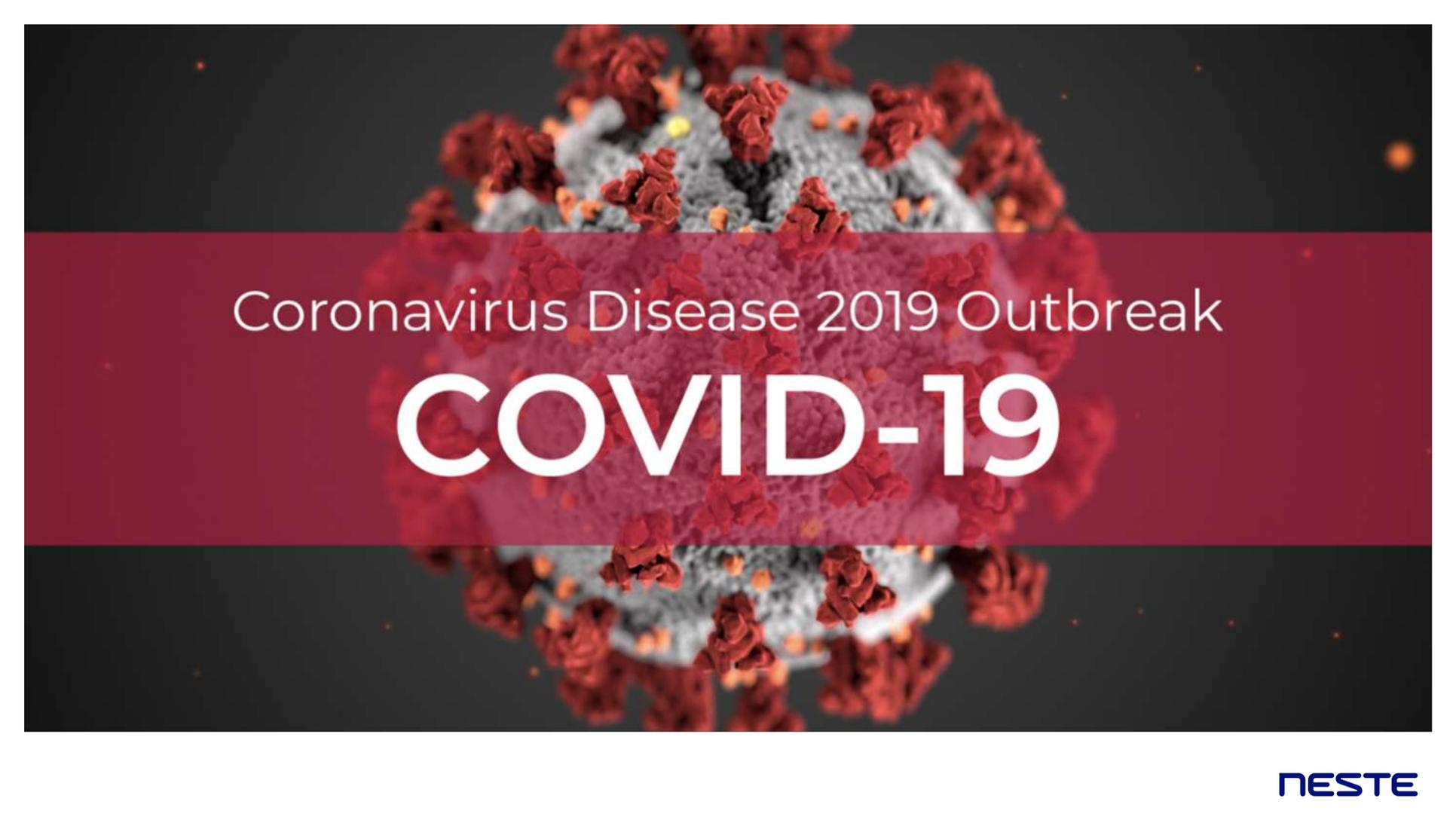


Jatropha oil  
in projects only

## Significant increase in waste and residue usage

80%  
waste and  
residues  
to 100%  
by 2025





Coronavirus Disease 2019 Outbreak

**COVID-19**

# Restrictions in Australia

## Stage 3 & 4:

- You can only leave home for one of the following 4 reasons, necessary goods and services, exercise, care and health care, work.
- **Stay within 5km from home for shopping and exercise.**
- Only one person per household can leave home to get necessary goods and services and only once a day
- **Food courts, pubs, bars and clubs will be closed. Restaurants and cafes can continue to open for takeaway and delivery only**
- If you can work from home, you must work from home.

## Stage 4 only:

- **Only Permitted Work Premises may operate with on-site operations during the restricted activity period in the Restricted Area, and only to the extent permitted.**

# Singapore circuit breaker

## Before June

- Closure of entertainment venues, tuition and enrichment centres and places of worship
- **Malls, retail establishments and tourist attractions were required to reduce their crowd density**
- Gather of more than 10 people outside of work and school are prohibited
- **All food establishments were only allowed to offer take-away, drive-thru and delivery of food.**
- All non-essential workplaces closed from Apr.7
- **Restrict entry to certain hotspots like some essential retail franchises.**

## Since June

### Phase 1: Safe Re-opening

- Business that do not pose high risk re-open (food shops, food manufacturing)
- Leave home only for essential activities

### Phase 2: Safe Transition

- More business re-open with safe management measures
- All students fully return to school

### Phase 3: Safe Nation

- Gatherings and events resume with sizes limited

# Restrictions in China

Q1

- Hubei province was quarantined from Jan.23 to Mar.25
- Almost all the CNY celebration activities were cancelled
- Halt business across almost all sectors and stepped up quarantine and transport restriction
- All the restaurants were closed or only offered take away and food delivery
- In many provinces and municipalities, only one or two person per household can leave home simultaneously

Q2

- Wuhan lifted its 76-day outbound traffic restrictions; and local work and daily life began to return to normal.
- From Apr. 30, the public health emergency response was lowered to Level 2 in provinces and municipalities.
- May 21-27: The Third Session of the 13th National Committee of the Chinese People's Political Consultative Conference was held in Beijing. May 22-28: The Third Session of the 13th National People's Congress was held in Beijing.

# News in Q1

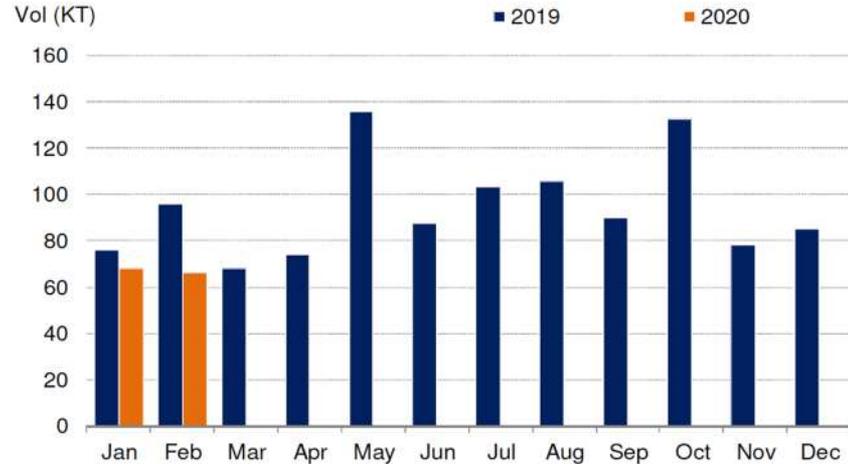
- Many overseas port authorities were increasing restrictions on vessels coming from China
- COVID-19 triggered unprecedented drops in economic activity in China. Retail sales fell 21% YoY during the first two months, while industrial production declined 13.5% YoY
- Europe's largest supplier in Asia, China, faced a disruption in collection during January and February.
- For the first time in decades, the Chinese economy contracted due to the COVID-19 outbreak. GDP shrank 6.8% YoY in the first quarter. While the government is lifting restrictions on movement and business activity, overseas lockdowns are weighing on exports and hindering efforts to bolster production.



# UCO shipments to Europe in Q1

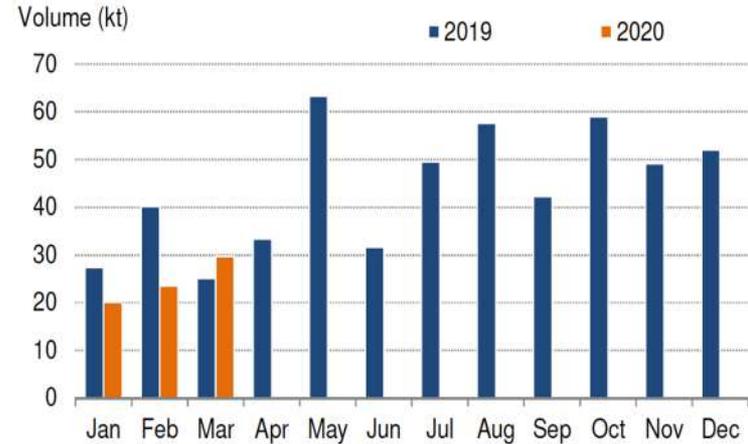
## Asia

European UCO imports from Asia continued falling in February



## China

EU imports from China fell in January and February amid COVID-19 outbreak



# News in Q2

- Some buyers see availability of waste and residue feedstocks being impacted significantly in the short-term due to COVID-19 related downturn in activity of restaurants, meat processing and ethanol production observed right now.
- China's UCO exports on a gradual recovery as COVID-19 restrictions ease. Domestic UCO availability has increased, UCO shipments to Europe are likely to continue recovering in the next few months, but the increase could be capped as Europe has yet to resume its full appetite for cargoes.
- China cooking oil demand recovering as more restaurants reopen. Inventories of China's most popular cooking oil are falling as the coronavirus shutdown in the country ends.





**DIGITAL  
SUSTAINABILITY  
PLATFORM  
FOR NESTE'S  
RENEWABLE  
FEEDSTOCK  
SUPPLIERS**



Invite New Suppliers



Suppliers & Sub-suppliers



Supply Chain



Delivery Forms

View delivery forms reported by the suppliers, and assign a status for the delivery forms.

**Supplier Approval Process**  
*Only sourcing from approved, sustainable counterparties*

**INVITE A NEW SUPPLIER**

**Sustainable Deliveries**  
*Sustainability and traceability for every physical delivery*

# Our journey towards a digital platform for renewable raw materials



May 2017

## Sustainability hackathon

Outside in ideas for Neste's supply chain sustainability



Nov 2017

## Proof of Concept

Further scoping of supplier and internal needs



Nov 2017

## Decision for own platform

- Link to operational activities
  - Data & Ownership
  - Flexibility & Control



May 2018

## Agile development

Gradual improvement & constant engagement with the end users



Dec 2018

## Beta version

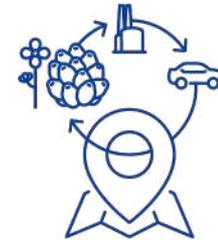
Minimum Viable Product for testing and use based improvement



2020 -

## Future

Prospect pool, data & analytics, new markets & feedstocks, enhanced sustainability support...

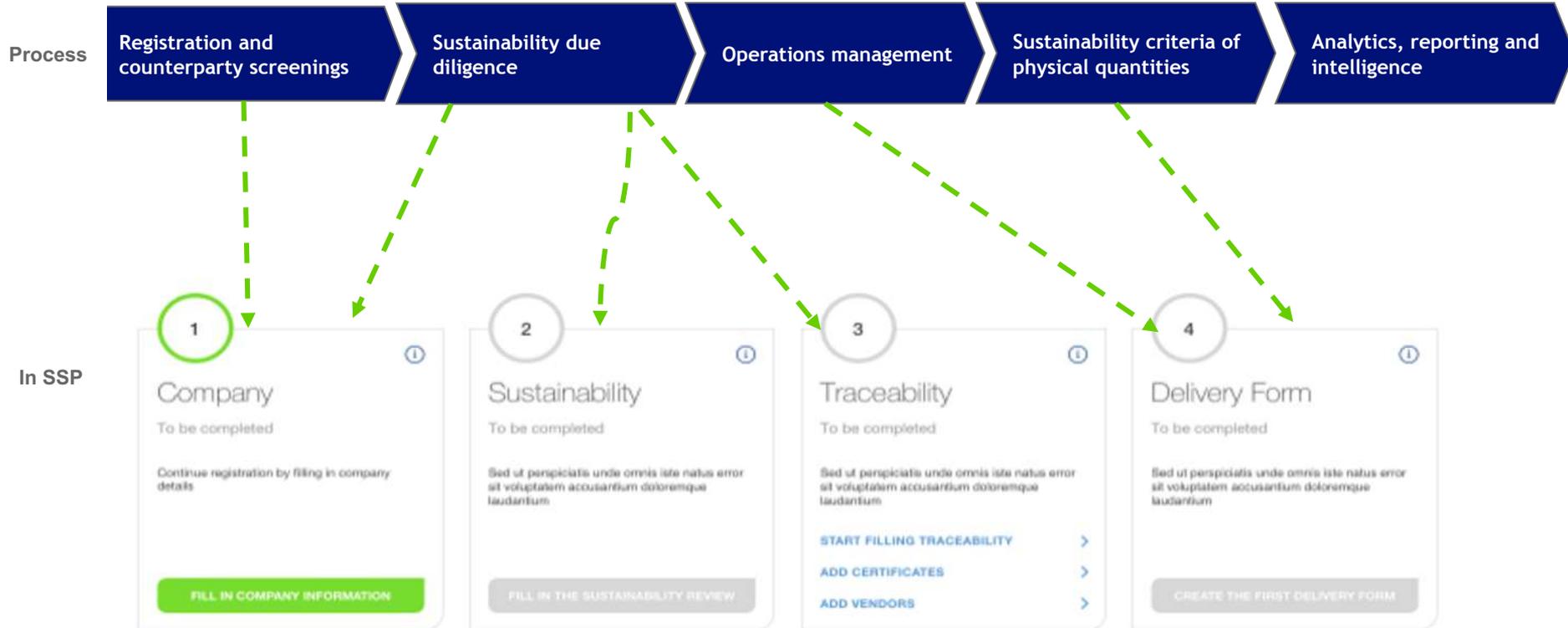


Dec 2019

## SSP 1.0 version

Fully functional with supplier on-boarding and delivery documentation processes

# SSP supports gathering information on suppliers' Sustainability performance





We accept only sustainably-produced renewable raw materials from suppliers who

- meet our strict criteria and
- fully comply with the industry-specific regulatory requirements in our key markets.

# Development of Virtual Audit

- Online platform: Team server, Skype, Go To Meeting, Google Hangouts.
- Others requirements: shared folders such as google drive, sharepoint, box for exchanging large documents, or screen sharing if data storing is a concern, IT security to ensure confidentiality, identify physical constraints (signature needed, access to company's management system), test feasibility and identify obstacles in advance (technology, language, culture, time zone)



**NESTE**  
The only way is forward