

An aerial photograph of a snowy mountain landscape. A wooden walkway or staircase winds through the snow-covered terrain, which is dotted with evergreen trees. Several small buildings with white roofs are visible, nestled in the snow. The overall scene is serene and wintry.

# NEOT

## Due Diligence Statement

### 2022

Norwegian Transparency Act



# ABOUT THIS STATEMENT

This statement, prepared in accordance with the Norwegian Transparency Act covers the operations of NEOT AS, NEOT Oy and NEOT AB. NEOT AS is registered in Norway and is an obliged party under the Norwegian Transparency Act legislation.

Due to the nature of our business model, all NEOT's due diligence practices are similar across the whole Group and the practices are defined and managed on a Group level. Therefore, this report covers NEOT's operations and practices on a Group level. All due diligence practices are implemented

identically in all NEOT's subsidiaries, including NEOT AS.

The statement has been approved by the Board of Directors of NEOT AS and reviewed by the Board of NEOT Group.

In this statement, we describe the steps NEOT Group, covering all its subsidiaries, has taken during the financial year 2022 (January 1 – December 31, 2022) to identify, assess, and address the risks of violations of fundamental human rights and decent working conditions in our own operations and supply chains.

## WORDS FROM OUR CEO

"Sustainability runs through all our operations, and we acknowledge our impacts on people and the environment. Operating in a sensitive and challenging industry makes us even more motivated to do things as sustainably and respectfully as possible. We aim to operate in a way that makes our people proud of being a part of NEOT.

Due to the nature of our business, trading, we do not own or operate production facilities, and the execution of our logistics operations is also outsourced to external partners. This makes it especially crucial that our partners and suppliers share our respect for human rights and other sustainability principles. We respect the rights and dignity of all people, and we expect the same from our partners.

During recent years we have put special focus on developing our supplier management practices to gain better visibility, as well as influence, on the impacts occurring in our supply chains.

Deepening the understanding about the direct impacts of our operations, as well as the indirect and aggregated impacts we contribute to through our value chains, is at the core of our sustainability work. We strive to continuously develop our human rights due diligence practices and we also acknowledge the importance of telling our stakeholders about our work."

**Petri Appel**  
CEO, NEOT Group

## NEOT SPIRIT



### AGILITY

We prefer to do and decide things today rather than tomorrow. Ability to adapt to changes is the backbone of our way of working.



### SUSTAINABILITY

We acknowledge our impacts to people and the environment. We want to operate in a way that makes our people proud of being a part of NEOT.



### COMPETITIVE ADVANTAGE

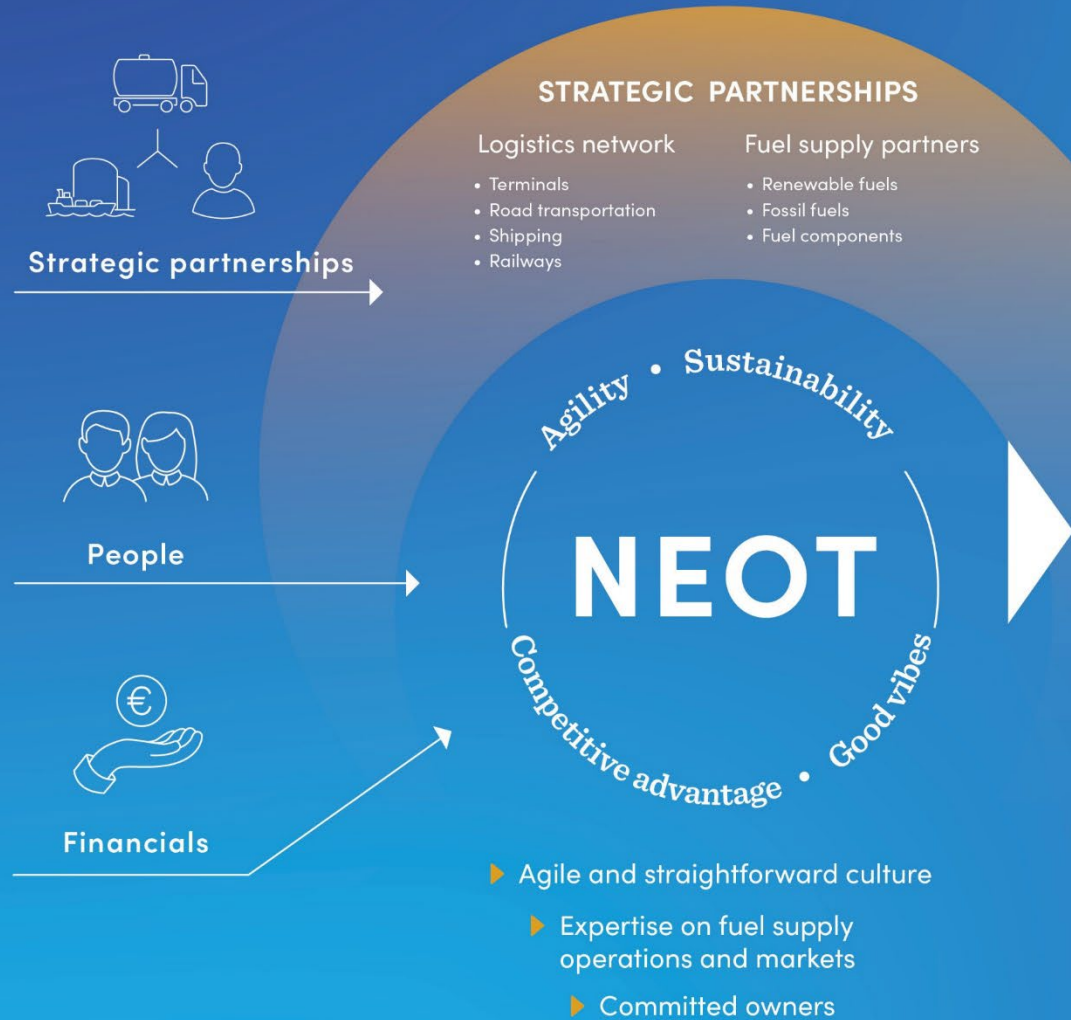
Everything we do leads to a competitive advantage for our owners. In business you cannot succeed without being efficient.



### GOOD VIBES

Success is made of motivation, health and good vibes. That's why we want to help our people to be the best versions of themselves.

# Value creation



**POWERING the society**

Moving around and having a warm home and goods available are the basic fundamentals of our lives. NEOT's operations play an important role in enabling these everyday necessities in the Nordics. In Finland, we also actively participate in ensuring national energy security in emergency situations.

**ENABLING energy transition**

The purpose of our operations is to support our owners' efforts to accelerate the energy transition in the Nordics. We do this by delivering excellent results that can be invested forward to renewable energy solutions – by being an indirect enabler.

**SHARING valuable industry knowledge**

We actively share our knowledge on fuel product and energy markets, especially on biofuels, to decision makers to make the climate regulation as efficient as possible from the perspective of the society and environment.



# STRUCTURE, BUSINESS AND SUPPLY CHAINS

NEOT is a significant independent fuel procurement company operating in the Baltic Sea region. We are a small but highly knowledgeable expert in fuel supply and distribution. Our purpose is to provide our two owners with competitive and sustainable fuel solutions, and we strive to be the most innovative fuel solutions supply company.

NEOT specializes in oil and renewable products wholesale in Finland, Sweden and Norway and actively operates on the global trading market. Each year we supply around 6 billion liters of fuel products to our owners SOK and St1. In 2022, NEOT Group employed 54 people and our revenue was 9.1 billion euros.

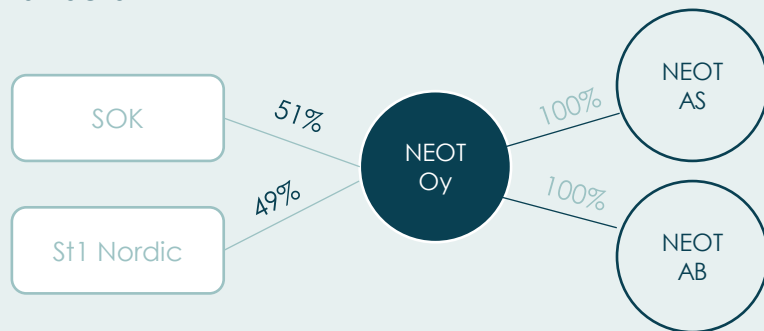
We have a highly optimized supply chain and logistics processes through which our products finally reach our owner-customers. However, since the nature of our business is trading, we do not own or operate production facilities, and the execution of our logistics operations is also outsourced to reliable external partners.

**Supply**  
St1's Gothenburg refinery is our most important

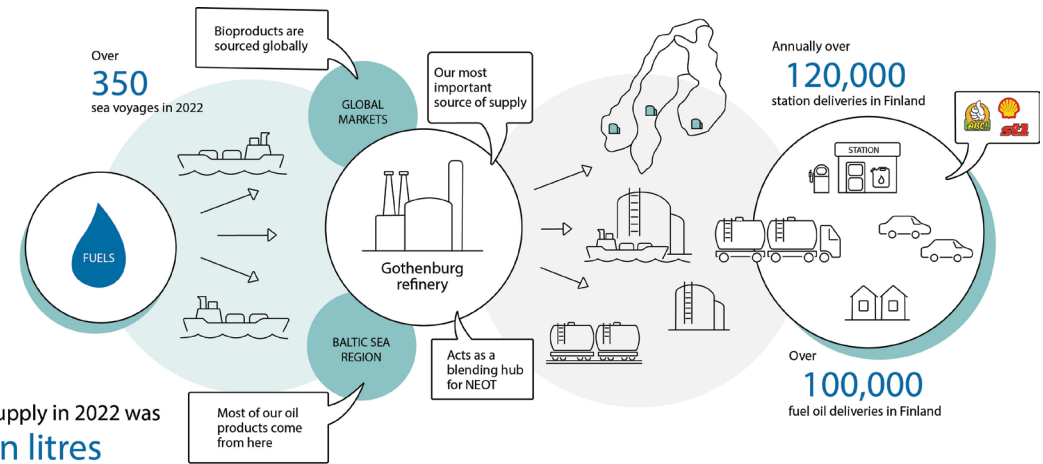
source of supply and acts as our product blending hub. Most of our oil products come from refineries in Finland, Sweden, Denmark, Norway. Renewable fuels are sourced globally.

**Logistics**  
NEOT's road transport operations focus upon Finland where we cooperate with 10 reliable haulier partners. Majority of our shipping operations are conducted with time-chartered (TC) vessels. The rest is done with Contracts of Affreightment (COA) and SPOT chartered vessels. NEOT also operates six terminals in Finland (Hamina, Vaasa, Pori, Oulu, Varkaus and Kuopio) and holds rented capacity in one terminal (Inkoo) in Finland. We use railways for transfers between three terminals in Finland.

## OWNERSHIP STRUCTURE

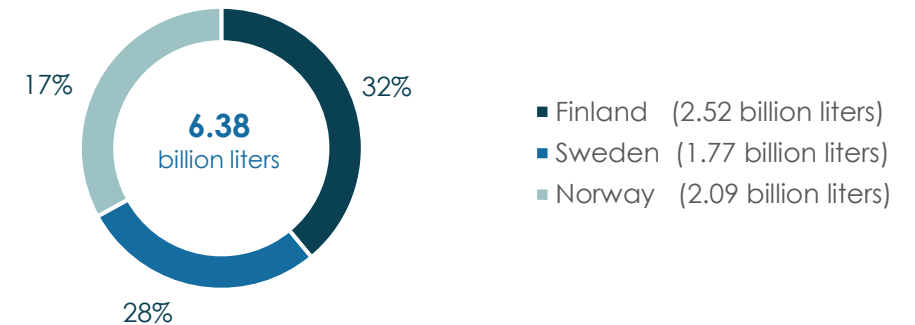


## NEOT SUPPLY CHAIN



## SUPPLY BY COUNTRIES

in 2022, % of total supply



# PRODUCTS AND FEEDSTOCKS

Traceability and sustainability of supply chain is one of our strategic development areas and we are committed to continuously improving our performance. We operate only with suppliers and partners who can demonstrate sustainable operations.

## Renewable fuels

We source renewable fuels globally and all renewable fuels supplied by NEOT are traceable and fully compatible within the required regulations in the markets we operate in. We source renewable fuels only from suppliers complying with the EU's sustainability criteria.

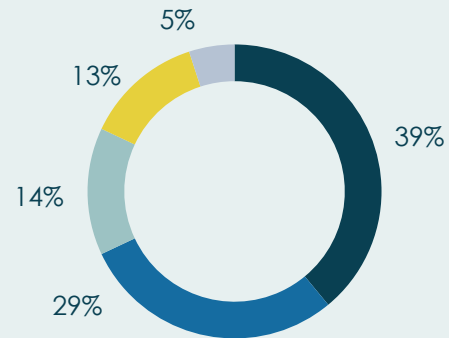
## Fossil fuels

NEOT sources fossil fuels from trusted long-term partners and most of our fossil-based products are sourced from the Baltic Sea region, mainly from refineries in Finland, Sweden, Denmark and Norway.

Unlike renewable fuels, fossil-based oil products do not have obligatory sustainability or traceability requirements. The lack of compulsory requirements creates challenges for the availability of information about the origin of the crude oil. According to publicly available information and the information received from our suppliers, the majority of the crude oil utilised in NEOT's supply chain originates from Norway or the North sea. Other countries or areas of origin for crude oil in our supply chain include, e.g. US and West Africa.

## SUPPLIED FUELS BY PRODUCT CATEGORY

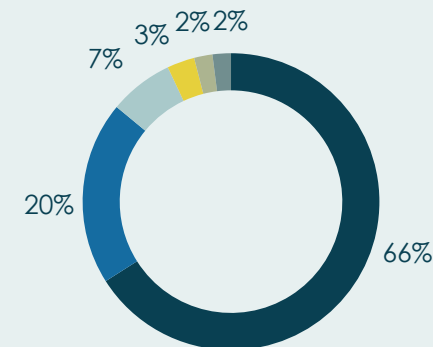
% in 2022, incl. fossil and renewable products



- Diesel
- Gasoline
- Marine gas
- Light fuel oil
- JET

## ORIGIN OF FINAL FOSSIL FUELS BASED ON PLACE OF LOADING

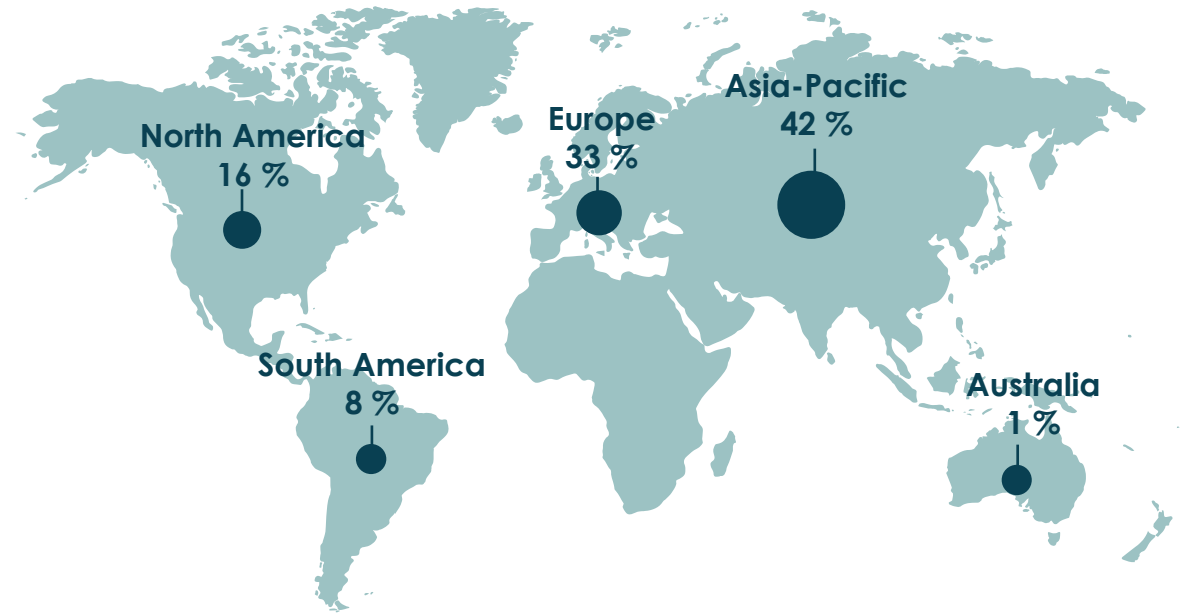
% in 2022



- Sweden
- Norway
- Netherlands
- Denmark
- Finland
- Other

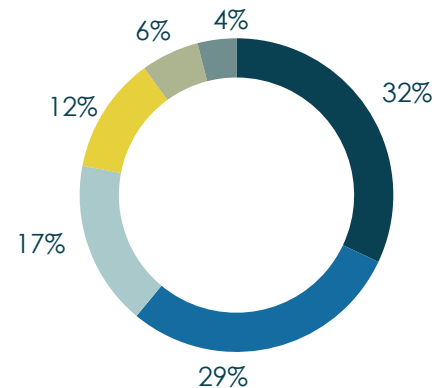
## RENEWABLE FEEDSTOCK ORIGINS

by region in 2022, % of total supply



## FEEDSTOCK BREAKDOWN OF RENEWABLE FUELS

in 2022, % of total supply



- Animal fats
- PFAD
- UCO
- Other
- Sugar cane
- Wheat

# POLICIES AND PRINCIPLES

We acknowledge our operations may directly or indirectly cause adverse impacts to people and human rights.

Our approach to human rights is based on the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGP). The UNGP outlines the duty of governments to protect human rights and businesses' responsibility to respect them as well as offer appropriate and effective remedies if those rights are breached.

We respect the rights stated in the International Bill of Human Rights and the International Labour Organization's (ILO) Declaration on Fundamental Principles and Rights at Work. Our official Human Rights Commitment was adopted in 2018.

Our everyday work and decision-making is guided by NEOT policies and principles and our respect towards human rights is embodied in these policies:

- **Human Rights Policy** – outlines our commitment to respect fundamental human rights
- **Code of Conduct** – sets the ground rules for NEOT employees
- **Supplier Expectations** – sets the ground rules for our suppliers within our supply chain

Key components of NEOT's Human Rights Policy:

- Human Rights Commitment
- Fair wages and working hours

- Freedom of association and collective bargaining
- Discrimination
- Health and safety
- Forced labour
- Child labour and young workers
- Communities
- Corruption
- Privacy

For us, it is important that our stakeholders are heard, and that we foster open dialogue in all aspects of our value chain. We take any misconduct or breaches seriously. All our employees and stakeholders are encouraged to react to any unethical behaviour or action contravening NEOT Code of Conduct or current legislation. Our employees can report their observations of misconduct to their supervisor, NEOT's employee health and safety representative, occupational health care professionals or through SpeakUp®, an anonymous communication channel that is open to all our stakeholders. The notifications received through SpeakUp® service will be processed confidentially in NEOT Compliance Committee.

## NEOT'S HUMAN RIGHTS DUE DILIGENCE APPROACH



# RISK ASSESSMENT AND MANAGEMENT

In 2022, we initiated a group-wide sustainability impact assessment. The aim of the assessment was to identify the actual and potential impacts on people and the environment present in our own operations as well as in our value chain.

Based on the significance of operations, the impact assessment focused on the supply chains of our main products - renewable and fossil fuels. For renewable fuels, the assessment focused on the most used feedstocks and their geographical origins. We have also previously performed a company-level human rights impact assessment. Both assessments cover negative as well as positive impacts. The severity of the impacts was evaluated based on their scale, scope and remediability.

Based on these assessments we have defined the

salient human rights issues present in our value chain. According to our current knowledge and understanding, the most salient adverse human rights impacts are found in the upstream operations of our value chain, i.e. feedstock point of origin and feedstock processing both in renewable and fossil fuel chains. This makes supplier management the most important tool for preventing or mitigating negative impacts resulting from our operations.

The impact assessment included desktop research as well as stakeholder engagement and the process was supported by an external expert. The impact assessment was partly made in cooperation with our other owner, St1, as the value chains of these two companies are strongly intertwined.

## NEOT'S SALIENT HUMAN RIGHTS ISSUES



### HEALTH AND SAFETY

Health and safety of employees, sub-contractors, and all workers throughout our value chain



### FUNDAMENTAL LABOUR RIGHTS

Freedom of association and collective bargaining  
Forced labour  
Employment conditions  
Working conditions



### VULNERABLE GROUPS AND LOCAL COMMUNITIES

Women rights  
Migrant workers' rights  
Children  
Livelihoods and health of local communities



# SUPPLIER DUE DILIGENCE

The salient adverse human rights impacts are found in the upstream operations of our value chain, where we have only limited visibility or influence. Therefore, the supplier management practices are the most important tool for preventing or mitigating the most severe negative impacts present in our value chains.

As a buyer of final products, we have limited visibility to the upstream parts of our supply chains. Therefore, we are continuously developing our supplier management practices to gain better visibility, as well as influence, on the impacts occurring in our supply chains.

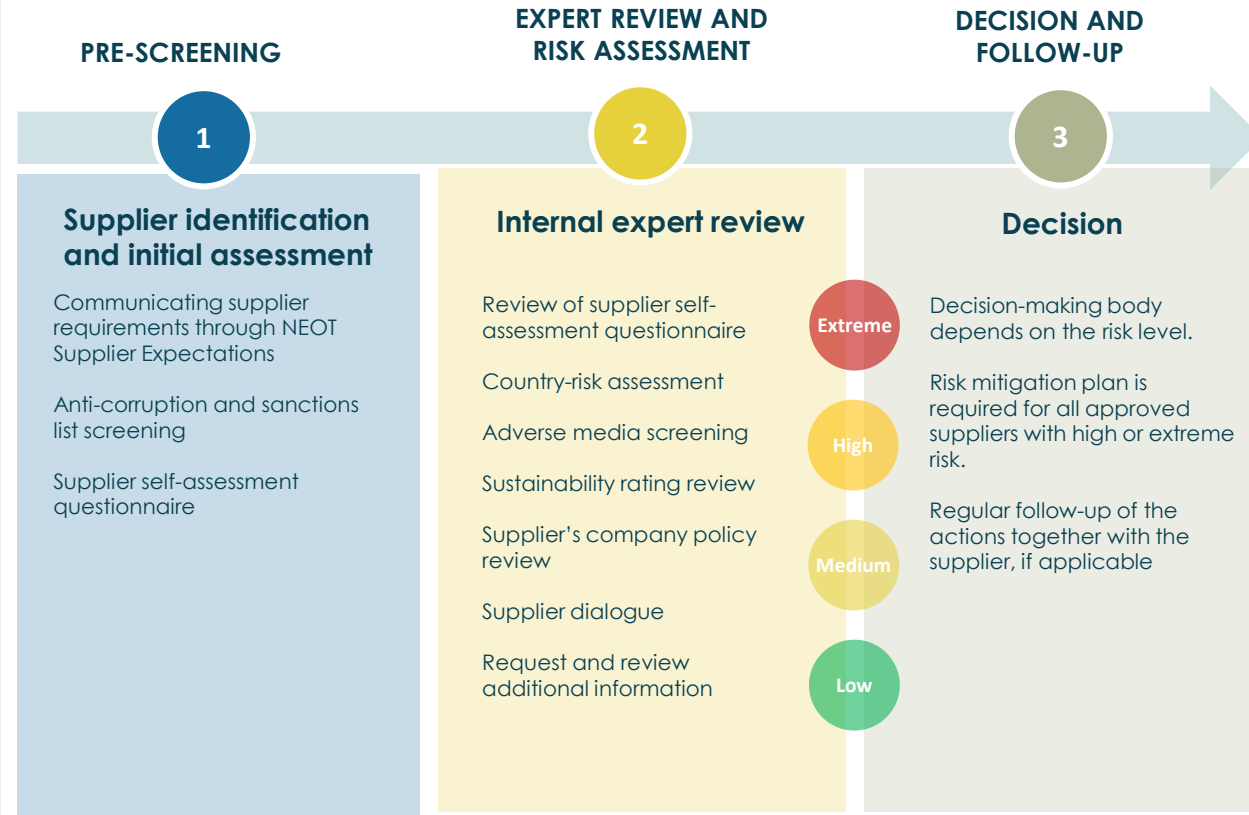
In 2022, we started developing a more comprehensive evaluation process for new fuel suppliers. The development is mainly focused on expanding and systemising the sustainability approach to the clearance process for new suppliers. In addition to the currently used financial clearance, the updated process includes, e.g. a country risk overview, adverse media screening, and a review of external Environmental, Social, and Governance (ESG) ratings.

Several factors, including country exposure and industry exposure, determine the sustainability risk of a supplier. During the year, we have taken upon country risk evaluation model by using country indicators across 15 different topics. These include fundamental labour rights, corruption, modern slavery, child labour, migrant workers' rights, land rights, climate change, and biodiversity, among other factors. In addition, a

supplier self-assessment questionnaire helps us analyse the supplier's ability to mitigate the abovementioned risks.

All new suppliers are subject to desktop research by NEOT's internal sustainability experts. The assessment involves an extensive country risk overview, adverse media screening, and a review of external Environmental, Social, and Governance (ESG) ratings. Minimum, all suppliers categorized as either high or extreme high-risk suppliers are contacted, and a sustainability dialogue is initiated. Next steps in the process could include development of follow-up actions and developing auditing processes.

## SUPPLIER DUE DILIGENCE PROCESS



## TRAINING

We continuously develop our approach to managing human rights impacts throughout our supply chain and to ensure the integration of these principles in our day-to-day activities. We are committed to improving our internal awareness and expertise in the field of human rights through training and communications.



## NEXT UP

We strive to continuously deepen our understanding about human rights and the impacts our operations have on people throughout our value chain. We are continuously working to improve our due diligence processes and align them with the OECD Due Diligence Guidelines and the United Nations Guiding Principles on Business and Human Rights.

In 2023, we aim to improve our performance on human rights due diligence, for example, with the following actions:

- Finalising the materiality analysis process initiated in 2022 and communicate the results to our stakeholders.
- Increasing the knowledge of our employees and partners about our ethical principles and human rights by offering training.
- Further developing our fuel supplier due diligence and clearance process.
- Conducting sustainability screenings to our current fuel suppliers
- Continue integrating NEOT Supplier Expectations or corresponding requirements to new fuel supply contracts.



## Signatures to the Norwegian Transparency Act Statement for the year 2022

Board of Directors of NEOT AS



Henrikki Talvitie  
Chair



Petri Appel  
Board Member





# NEOT

North European Oil Trade