

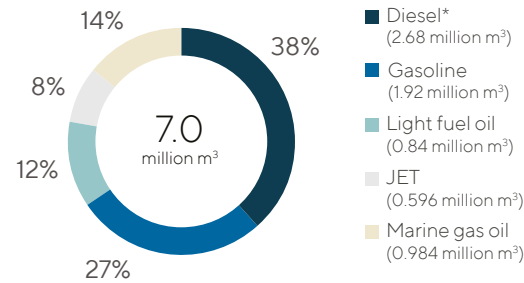
SUSTAINABILITY REPORT 2019

NEOT
North European Oil Trade

NEOT (North European Oil Trade) is a significant independent fuel procurement company in the Baltic Sea region. We specialise in oil and renewable products wholesale in Finland, Sweden and Norway and actively operate on the global trading market. The purpose of our operation is to provide our owners, SOK and St1, with competitive and sustainable fuel solutions.

We provide fuels to our owners' large Nordic service station chains St1, ABC and Shell. Our ability to provide our owners with competitive and sustainable fuel products increases their potential to invest in future sustainable solutions.

Supplied fuels by product type 2019



* Includes also off-road volumes in Sweden



5.5

EUR billion revenue

50

Personnel

7

**billion litres
supplied fuels**

1.3 million tons
of CO₂

**Reduction from the use
of supplied biofuels**

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GRI CONTENT INDEX
NEOT Sustainability Report 2019 applies the GRI standards (2016) reporting guidelines where applicable and contains selected GRI disclosures.

Only actions matter

Climate change has become a part of our everyday discussions. Nowadays, it is a component in our decision-making with respect to eating habits and, transportation preferences, as well as how we spend our holidays. The changes we have seen in people's mindsets are very important and encouraging.

Everyone can do their part by adjusting their consumption habits, but the most challenging factor causing climate change, energy use, can only be solved with the help of bigger players, the legislators and companies.



“ Treating carbon or carbon reductions as a commodity could offer huge boost to the combat against climate change.

In Spring 2019, we reviewed our strategy so that it would better reflect the current operating environment. Climate change was the single biggest driving topic in this review. Our strategy review confirmed what we already knew; the energy industry, our company included, needs to be able to offer new solutions if we want to solve the issue of climate change. Although the current statistics show vastly larger investment flows to fossil energy rather than towards renewable energy, we are determined to stay positive about the opportunities that new technology can offer both now and in the future. We need to find ways to turn the investment flows from fossil energy towards renewables, and we see that legislation will play a crucial role.

Carbon as a commodity

As a trading company we are experienced at dealing with commodity markets and their basic principles. We see that treating carbon, or carbon reductions, as a commodity could offer a huge boost to combating climate change. We believe that climate work will benefit from a marketplace that would serve as a trading platform for carbon. Businesses which contribute to carbon emissions would be mandated to reduce emissions by purchasing and distributing lower greenhouse gas components, or by

buying carbon credits to compensate for their emissions. These carbon credits could be gained from different types of carbon binding projects, for example, afforestation projects of carbon capture and storage (CCS) or from renewable energy production. This would steer the cash flow into renewable investments and the most cost-effective solutions would prevail. Economics at its simplest.

Efficiency should light the way

Efficiency is one of our most important guidelines in everything we do at NEOT, and we believe that we, as well as other companies, should be able to follow this guideline also when it comes to climate change. The EU's current GHG emission reduction framework sets strict limits to what kind of measures companies, at least in our sector, can use to reduce their emissions. In some cases, this might not be the most efficient way to do the reductions. Limiting the ways in which we can reduce emissions creates unnecessary financial burden to societies and consumers.

We see that creating a marketplace for carbon removal would increase the effectiveness of climate actions as well as increase equality between sectors. It would also create a market-based demand for carbon reductions, and most

probably attract further investment to carbon binding solutions.

Less talk - more action

In 2019 we celebrated NEOT's 15th birthday together with our employees and partners. NEOT has always been about 'rolling up our sleeves' and doing what needs to be done. I am truly happy that during our 15-year-long journey this mentality has become the essence of the company. We have always tried to avoid building too heavy management and governance structures, and this is our strong aim also in the future. Our goal has been, and will be, to talk less and do more.

I want to thank our entire personnel for all the great work they have done in 2019. Ultimately, the things that have actually been achieved are all that matter, in politics as well as in business, and also in our personal lives.

Petri Appel
CEO

RESOURCES

LOGISTICS

Road transportation (Finland)

11 haulier partners with over 120 trucks and 300 drivers



Rail transportation

Used for fuel transportation in Southern Finland between Porvoo, Varkaus and Hamina terminals

Shipping

5 time-chartered vessels of which two are powered by LNG



SPOT and COA shipping



Terminals

around **30** cooperation terminals in the Nordics

6 terminals operated by NEOT in Finland

Rented terminal capacity at one terminal in Inkoo, Finland

PERSONNEL

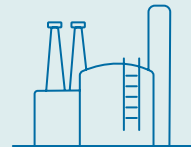


50 (54) employees

An average of **40** (47) people worked at the terminals operated by NEOT

PROCUREMENT

- St1 Gothenburg refinery is the most important source of supply
- Oil products from refineries in the Baltic Sea region
- Renewable fuels from global trading markets



FINANCIALS

- Stable owners committed to ensuring the continuity of NEOT's operations and buying fuel volumes via NEOT



UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)

- 3 Good health and well-being
- 8 Decent work and economic growth
- 13 Climate action
- 17 Partnerships for the goals

NEOT SPIRIT

- Agility
- Competitive advantage
- Sustainability
- Good vibes

VISION

Most innovative and cost-efficient fuel solutions company.

PURPOSE

Enable our owners to prosper by providing them with competitive and sustainable fuel solutions.

STRATEGIC STRENGTHS

Efficient logistics and terminal network

Strategic partnerships

Expertise and efficiency

Centered procurement

OUTPUT

MOTIVATED EXPERTS

- Wages and salaries EUR **3.9** (3.9) million
- NEOT's work satisfaction results are at an excellent level compared to industry standard.

SAFE AND TIMELY DELIVERIES

- **134,000** (135,000) retail site deliveries and **93,000** (97,000) heating and fuel oil deliveries in Finland
- **14.2** (14.1) million driven kilometres
- Over 400 sea voyages
- Safety in logistics
 - **0** (0) fatal accidents
 - **2** (2) accidents to drivers
 - **0** (0) significant spills

EFFICIENTLY SOURCED SUSTAINABLE PRODUCTS

- **7.0** (6.8) billion liters of supplied fuels
- **14** (14)% of sold traffic fuels were renewable
- **47** (63)% of sold renewable fuels were produced from waste and residues

STABLE ECONOMIC PERFORMANCE

- Revenue EUR **5.5** (5.5) billion
- Our good economic performance is reflected into our owners' result

IMPACT

PEOPLE AND SOCIETY

Our operations support our owners to enable their customers and goods to move around.

People working at NEOT are skilled, motivated and feeling good.

NEOT has been recognised as "The Most Inspiring Workplace in Finland" in the category of small organisations (2018)

NEOT's logistics operations support employment also in the peripheric areas of Finland.

NEOT collected excise duties to Finnish government a total of EUR 1.3 (1.3) billion



CLIMATE

CO₂ emissions from the use of sold products

Reduction of 1.3 (1.4) million tons of CO₂ from the use of renewable products supplied to customers

OWNERS

Owners benefit from cost-efficient fuel sourcing that supports their ability to invest in sustainable business.

All figures are from 2019 if not stated otherwise. Figures in parenthesis refer to the previous reporting year.

Product safety

– prerequisite for operations

When dealing with hazardous substances, such as liquid fuels, product safety and quality are of utmost importance. Safety and quality of the product, and its entire supply chain, form a prerequisite for NEOT and its owners' operations. Product quality is monitored at every step of the supply chain, from the supplier all the way to the consumer. In addition to NEOT's own monitoring activities, authorities also monitor product quality through random checks at the retail sites as well as at NEOT terminals.

Every product has its own quality standard

Every product sold by NEOT has its own strict quality standard and deviations from this standard make the product unusable.

Safety Data Sheets and Product Specifications for each fuel product sold by NEOT are available on the company, as well as retail chain (St1, ABC, Shell), websites. Safety Data Sheets include information about the safe use of the product as well as how to prepare for potential accidents. Product Specifications indicate the quality requirements for different product, including product quality and typical parameters.

MORE INFO

Safety Data Sheets and Product Specifications

- www.neot.fi/en/products/product-specifications-and-safety-data-sheets/
- www.neot.fi/en/products

SUPPLIER

Supplying fuels or components to NEOT

Product quality and specification is always agreed at the time of the commercial agreement.

Product is analysed by an external partner before it is shipped to NEOT terminals.

Supplier provides NEOT with a quality certificate as a guarantee of the agreed quality.

SHIPPING

Transporting products to blending hub

External partners check that the vessel's tanks are empty and clean before the loading to prevent contamination.

External partner takes product samples from the vessel's tanks to ensure that the product has not been contaminated during loading operations.

BLENDED HUB

Blending fuels into final product blends

The arriving product is analysed by an external partner and the results of the analysis are compared to the quality certificate or product specification received from the supplier.

LABORATORY

Analyses products and does product development for NEOT, if requested

Various partner laboratories

Does product analysis and compiles quality certificates



SHIPPING

Transporting the products to NEOT terminals

TERMINAL

Storing and distributing products to hauliers

NEOT's terminals operate under strict safety and environmental regulations.

Authorities conduct random quality checks for the products in the shoretanks.

The product arriving to the terminal is analysed and the results of the analysis are compared to the quality certificate or product specification received from the supplier, blending hub or laboratory.

Products are also analysed before releasing them to distribution. After that hauliers will transport products to retail sites and end users.

HAULIER

Delivering products to retail sites and end users

All drivers taking care of NEOT's deliveries need to have valid occupational competence required by the law and they need to each year pass NEOT's own online safety training.

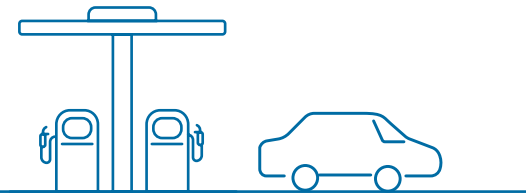
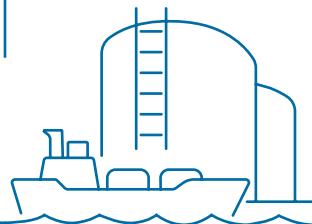
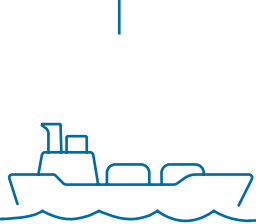
Drivers conduct visual quality checks for the products during loadings.

RETAIL SITE/END USER

Selling fuels to consumers and end customers.

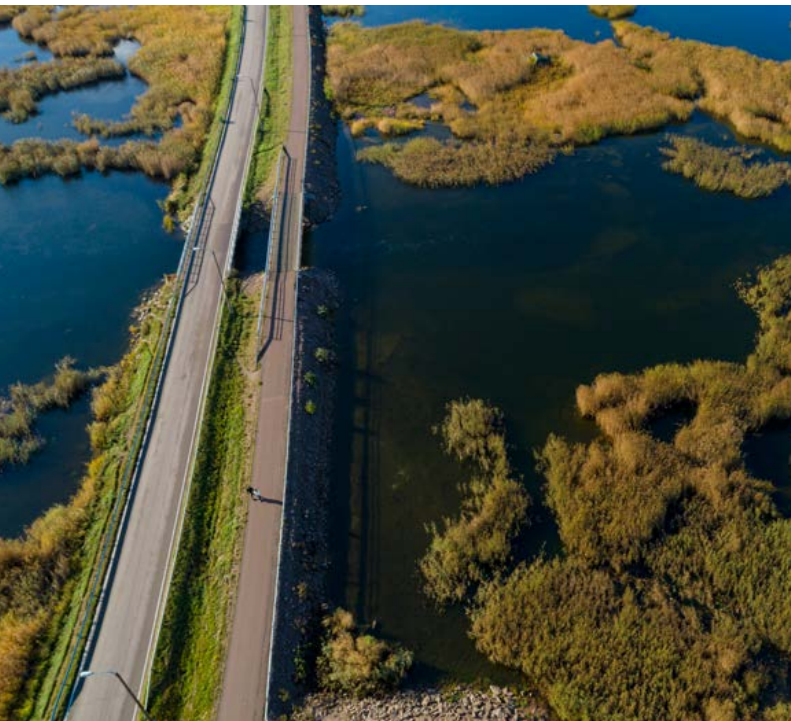
Retail site personnel conduct visual checks and basic quality analysis for the products, when needed.

Authorities conduct random quality checks at retail sites.



Geographical coverage

NEOT's operations focus on the Baltic Sea region. Our terminal network covers around 30 cooperation terminals in the Nordics and we operate six terminals in Finland. We source renewable fuels globally but most of oil products come from the Baltic Sea region. We supply products for our customers' operations in Finland, Sweden and Norway.



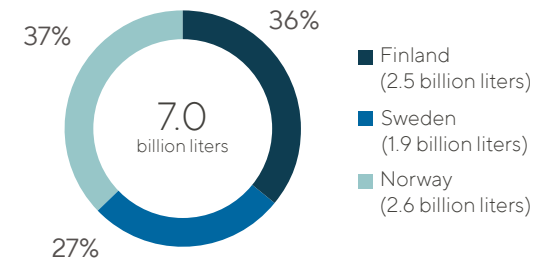
Traceability of renewable fuels is a prerequisite for market access

NEOT sources renewable fuels globally and all the renewable fuels we supply are traceable and fully compatible with the required regulations in the markets that we operate in. We source renewable fuels only from suppliers that comply with official EU sustainability criteria; either approved EU voluntary schemes, such as ISCC (International Sustainability & Carbon Certification), or nationally accepted sustainability schemes. Sustainability schemes verify compliance with the EU's biofuels sustainability criteria and they include a third-party audit process. Our own operations are also certified according to ISCC, the Finnish National scheme and Norwegian authorities' scheme and are audited annually. NEOT is also an official member of ISCC. We ensure that our contracts regarding renewable fuels take into consideration all necessary sustainability requirements.

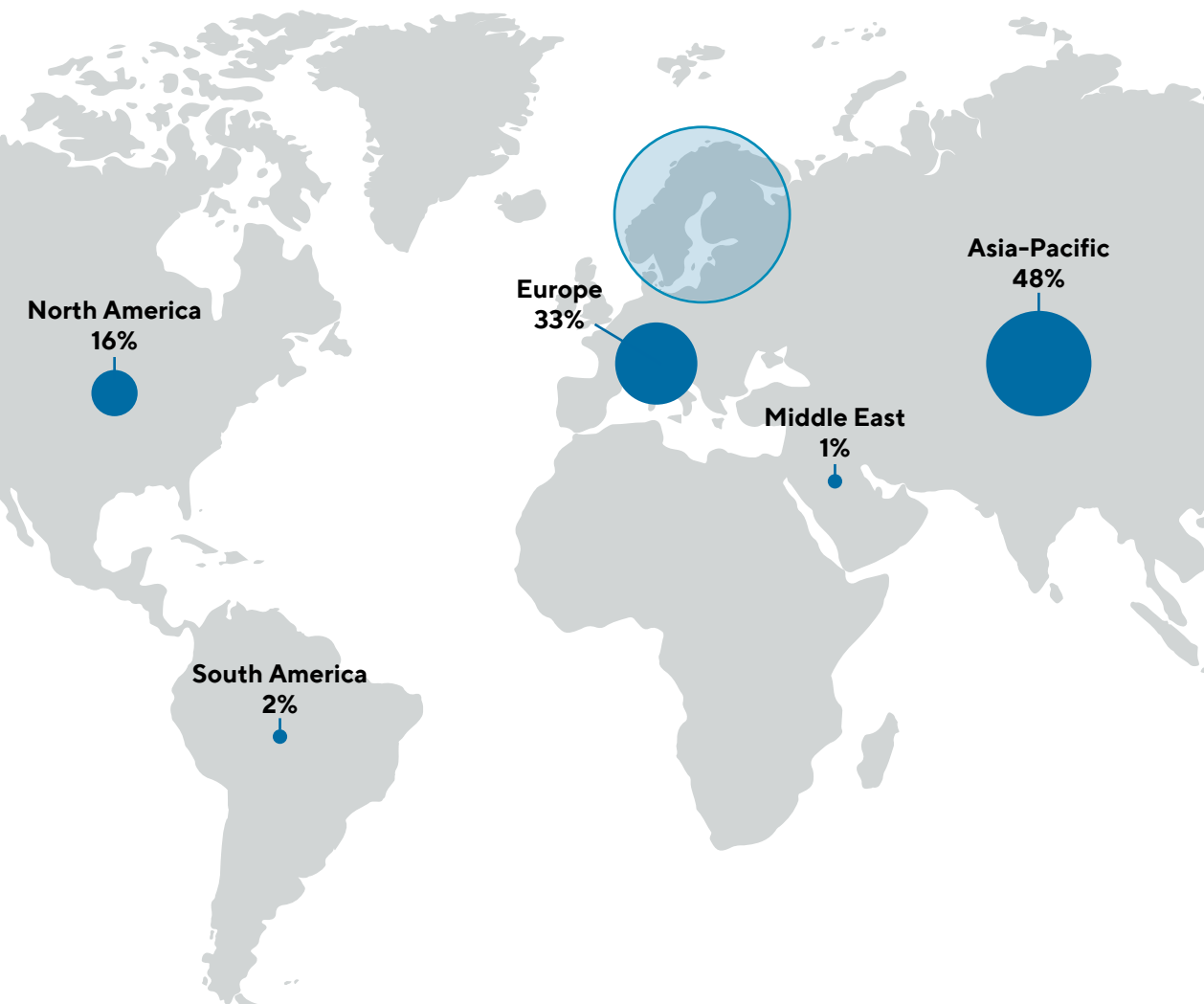
Traceability of fossil fuels proceeds with small steps

NEOT sources fossil-based oil products from various refineries located in the Baltic Sea region, mainly in Finland, Sweden, Denmark, Norway and Poland. Our most important source of supply is St1's oil refinery in Gothenburg. Due to the complex nature of fossil fuel supply chains and the lack of compulsory legislation to drive the industry towards traceability, it is not yet possible to demonstrate traceability of the crude oil supply chain at the same level as with renewable fuels.

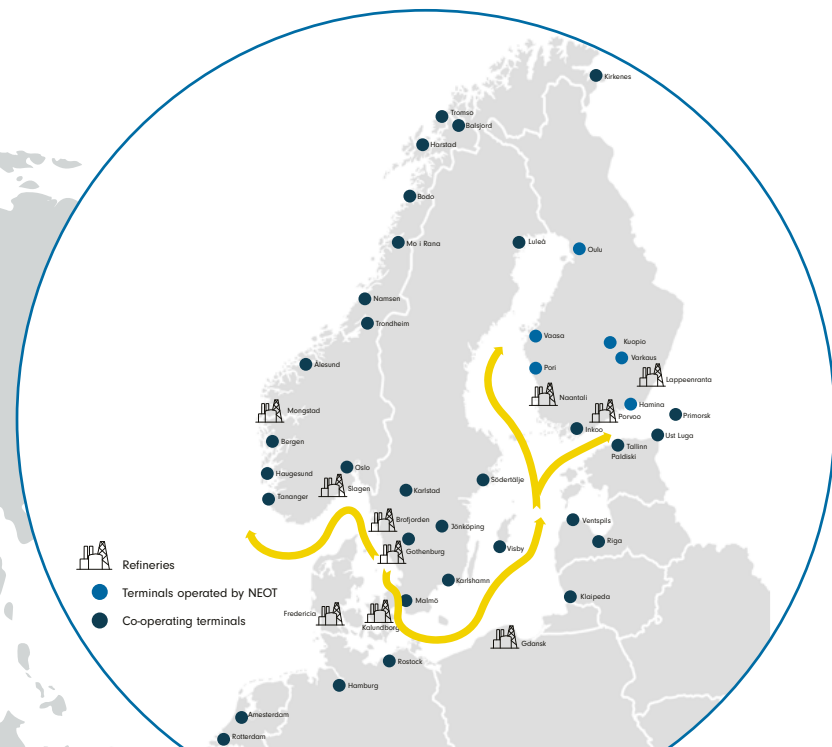
Supply by countries 2019



Origin of renewable feedstocks



● Origin of renewable feedstocks used in fuels supplied by NEOT



Significant independent fuel procurement company in the Baltic Sea region

Origin of most of our **oil products**

Our **shipping operations** focus on the Baltic Sea

St1 refinery in Gothenburg is our most important source of supply and also acts as our product blending hub

Our **terminal network** covers Finland, Sweden and Norway.

Our **customer-owners** have retail as well as b-to-b operations in Finland, Sweden and Norway

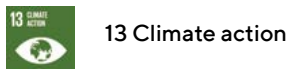
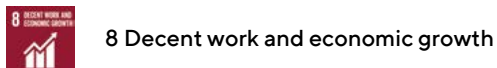
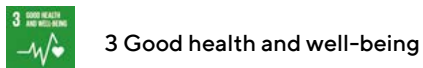
Managing sustainability

NEOT's core purpose is to provide our owners, SOK and St1, with competitive and sustainable fuel solutions. Therefore, sustainability is an essential part of the NEOT strategy. Sustainability is also an important part of NEOT Spirit, the value foundation of our company.

Guided by the SDGs

NEOT's sustainability approach and reporting are steered by material topics defined through materiality analysis which was conducted for the first time in 2018. NEOT's materiality analysis will be revised every third year, or whenever there are any major changes in our operations.

We acknowledge the importance of shared global sustainability goals which is why we have chosen four selected United Nations Sustainable Development Goals (SDGs) as the backbone of our sustainability work. We focus our efforts on the areas where we can make the biggest impacts. Our sustainability agenda is built to support achieving especially the following SDGs:



Stakeholders included in strategy work

We believe that the best results in the field of sustainability are achieved through cooperation. Thus our aim is to work closely with our owner–customers and other stakeholders on sustainability topics. Our first materiality analysis emphasised the insights of our most important stakeholders i.e. customers, owners and personnel, but our aim is to also gather insights from our other stakeholders to support our next materiality analysis process.

To include our stakeholders into our strategy work, we invited external stakeholders, such as NGOs, researchers and transport experts, to participate a co-creation workshop with our personnel in 2019. Climate change was the single biggest driving topic discussed in the workshop. The feedback and insights gathered from the participants were taken into consideration when defining and developing our strategy.

MORE INFO

NEOT Sustainability Governance structure

NEOT Sustainability agenda

www.neot.fi/en/sustainability/agenda/



People



SDG 3 Good health and well-being

What does it mean for NEOT?

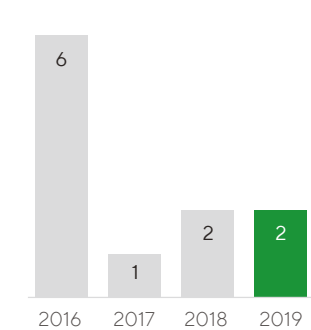
- Promoting health and safety
- Investing in personnel well-being

For us supporting the achievement of the SDG 3 ‘Good health and well-being’ means ensuring health and safety of the people working in our own operation as well as in our supply chain. We also aim to minimise health impacts caused by possible air, water or soil pollution resulting from our operations.

Work satisfaction level



Accidents to drivers*



* Accidents at work leading to at least one day sick leave.

HEALTH AND SAFETY IN LOGISTICS

People are entitled to get home safely after a workday. We aim for zero accidents and strive to promote a preventive safety culture in all our operations. Operating with hazardous substances requires paying special attention to safety throughout the supply chain.

Our aim is to avoid all road traffic injuries and fatalities resulting from our deliveries. In 2019, there were 2 (2) accidents to drivers and no (0) fatalities or (0) significant spills in our logistics operations. However, one external party fatal accident happened to a motorcyclist who drove under a tank truck at significant speed. In respect to preventive measures a total of over 400 job observations were carried out by terminal operators at NEOT terminals, haulier drivers or safety advisors during 2019. Thanks to development efforts the number of safety observations done by drivers has increased substantially from couple of dozens to over 360 observations during the last two years.

Open dialogue with our haulier partners

NEOT’s road transportation operations focus upon Finland. We do not have our own fleet or transportation personnel as all road transportation is outsourced to 11 reliable haulier partners. We have close relationships with every operator involved in our fuel deliveries. Continuous dialogue and communicative relations are important factors for ensuring efficient and safe deliveries.

Haulier partners are normally tendered every five years. The criteria used for tendering emphasises the importance of the candidate’s safety performance, continuity

management, economic stability, professional skills of the personnel as well as competitive pricing.

Drivers' capability development

To be allowed to take care of NEOT's deliveries, all drivers must take part, and pass, an annual online training. The training includes various sections including terminal safety, safe deliveries, data privacy and product quality. New drivers also receive a personal induction at the terminals.

Ensuring a high level of driver safety knowledge is our continuous focus. In 2019, NEOT organised 16 legal professional competency training days to over 300 drivers. In 2019, the trainings included topics such as personal safety, environmental product safety and technical equipment all of which aim to ensure high-quality operations and practices in emergency cases.

Efforts to personnel well-being and communications

In 2019, the importance of personal well-being (sleep, nutrition etc.) was also integrated into professional competency trainings. According to NEOT's driver feedback survey conducted in 2019, 83% of the respondents agreed, or somewhat agreed, that their employer understood the importance of sufficient free time and the role it has from the perspective of recovery.

In 2019, we strengthened our safety communications directed at drivers by launching our 'Lessons Learnt' packages about near miss cases and accidents as well as introducing a monthly newsletter on topical issues including safety.

Sharing is caring in safety

Awareness building and information sharing is a crucial component of safety at work when working in a partner network model. In NEOT's road transportation partner network, safety know-how is shared, for example, via NEOT Safety Management Academy which comprises of NEOT's haulier partners' top management as well as NEOT's own experts. The Academy is development-focused and offers a great platform for cascading safety-related improvements to our partner network. Four Safety Management Academies were organised during 2019. Safety was also one of the topics on the agenda of our annual NEOT Customer Day event.

NEOT also facilitates a network of safety advisors that aim to share safety knowledge and promote new developments in the area of occupational safety. Every haulier partner has a designated safety advisor who is a member of this network. Safety advisors met three times in 2019 and had two training days regarding legal requirements for customer technical equipment and environmental issues.

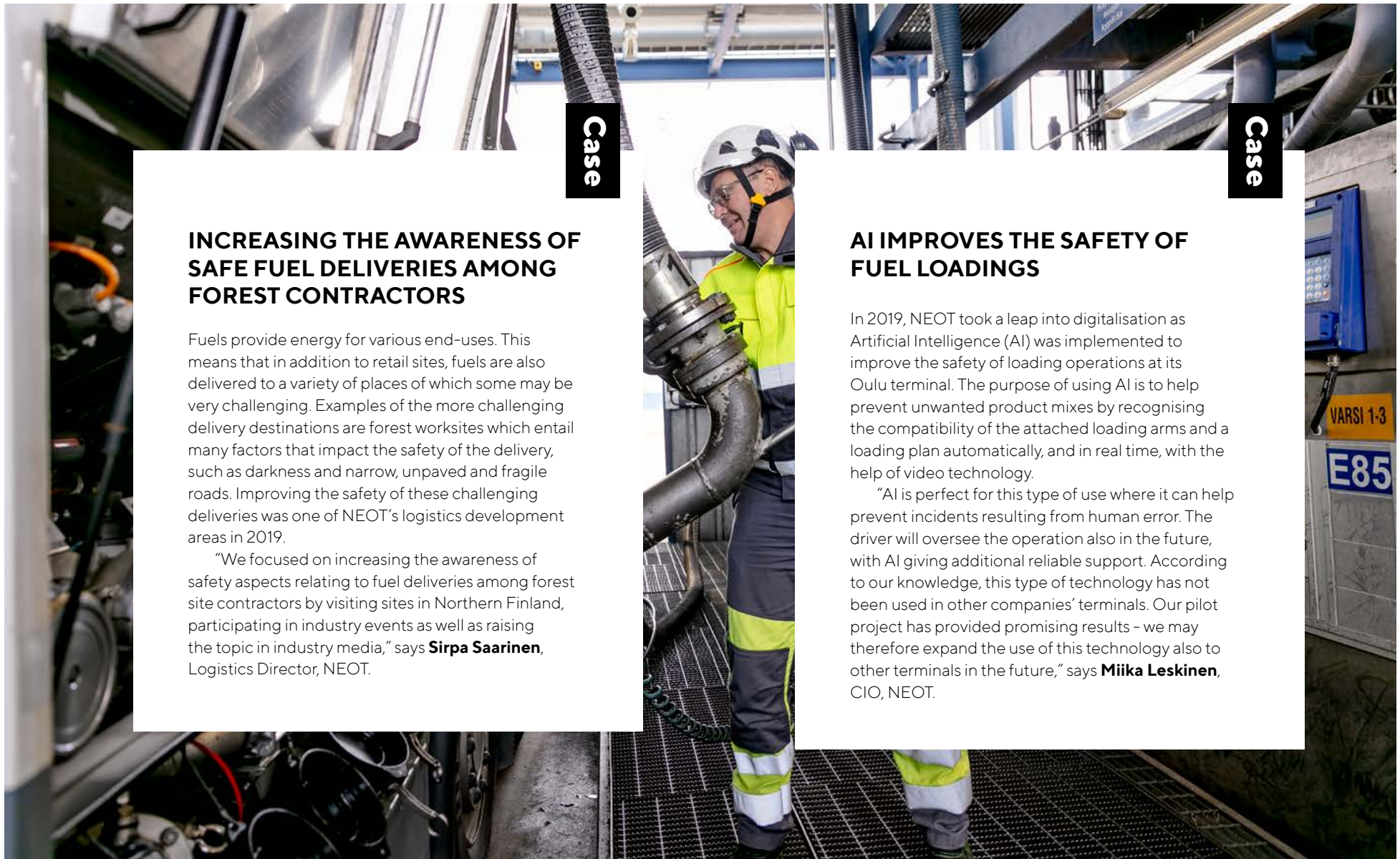
Road safety key figures	Target	2019	2018	2017	2016	2015
Safety observations done by drivers		368	397	46	n/a	n/a
Fatal accidents	0	0 ⁽²⁾	0	0	0 ⁽³⁾	0
Accidents to drivers ⁽¹⁾	0	2	2	1	6	1
Overtaken tank trucks	0	0	2	3	6	2
Number of significant oil spills	0	0	0	1 ⁽⁴⁾	0	0
Oil spills, total m ³	0	1	6	7	25	3

⁽¹⁾Accidents at work leading to at least one day sick leave.

⁽²⁾ One external fatality; a motorcyclist drove under a tank truck at a speed of 240 km/hour.

⁽³⁾ Two external fatalities; the drivers drove under a tank truck in both cases.

⁽⁴⁾ Tank truck fell over and oil product was spilled into the nearby river.



Case

INCREASING THE AWARENESS OF SAFE FUEL DELIVERIES AMONG FOREST CONTRACTORS

Fuels provide energy for various end-uses. This means that in addition to retail sites, fuels are also delivered to a variety of places of which some may be very challenging. Examples of the more challenging delivery destinations are forest worksites which entail many factors that impact the safety of the delivery, such as darkness and narrow, unpaved and fragile roads. Improving the safety of these challenging deliveries was one of NEOT's logistics development areas in 2019.

"We focused on increasing the awareness of safety aspects relating to fuel deliveries among forest site contractors by visiting sites in Northern Finland, participating in industry events as well as raising the topic in industry media," says **Sirpa Saarinen**, Logistics Director, NEOT.

Case

AI IMPROVES THE SAFETY OF FUEL LOADINGS

In 2019, NEOT took a leap into digitalisation as Artificial Intelligence (AI) was implemented to improve the safety of loading operations at its Oulu terminal. The purpose of using AI is to help prevent unwanted product mixes by recognising the compatibility of the attached loading arms and a loading plan automatically, and in real time, with the help of video technology.

"AI is perfect for this type of use where it can help prevent incidents resulting from human error. The driver will oversee the operation also in the future, with AI giving additional reliable support. According to our knowledge, this type of technology has not been used in other companies' terminals. Our pilot project has provided promising results - we may therefore expand the use of this technology also to other terminals in the future," says **Miika Leskinen**, CIO, NEOT.

Safety at the terminals

NEOT operates six terminals (in Hamina, Vaasa, Varkaus, Pori, Kuopio and Oulu) and holds rented capacity in one terminal (Inkoo) in Finland. Co-operation terminals in Sweden and Norway are operated by third parties, mainly St1. In 2019, the total product throughput of the terminals operated by NEOT in Finland and the rented capacity was 2.3 (2.3) million m³.

All NEOT's terminal operations are regulated by legislative safety requirements. Monitoring safety is included in the terminals' management system and each terminal also has a safety development plan. All terminals are located in industrial or harbour areas which are obliged by the law to organise joint safety practices and drills in case of an emergency.

Environmental performance at the terminals ⁽¹⁾	2019	2018	2017
VOC emissions, tonnes	67	88	52
Waste water, m ³	984	984	562
Waste, tonnes	359	285	243
Non-hazardous waste	147	55	92
Hazardous waste	212	230	151

Terminal safety figures ⁽¹⁾	Target 2019	2019	2018	2017
Observation tours	1,200	1,661	1,636	967
Near miss case reports	100	68	84	46
Number of lost-time injuries, own personnel ⁽²⁾	0	0	0	1
Number of lost-time injuries, contractors ⁽²⁾	0	0	1	3

⁽¹⁾ The figures cover six terminals operated by NEOT in Finland.

⁽²⁾ Accidents at work leading to at least one day sick leave.

NEOT has developed a risk analysis framework for each terminal which is revised at least every third year, or whenever needed. NEOT also conducts more detailed risk analysis for certain equipment and practices. Also, all other safety documentation and practices are revised every third year. Authorities regularly conduct safety audits at the terminals.

In 2019, an investment programme, started in 2018, continued at the Oulu terminal where new tank and environment-based renewal of the secondary concrete wall (STC) was finalised. Another big project was conducted at the Hamina terminal, where a new fire extinguisher container with all relevant pipelines was finalised, and taken into active use. The safety performance of the projects has been excellent, and no accidents have occurred during either of the projects.

Environmental performance at the terminals

All NEOT's terminals are regulated by environmental permits. Terminals are also obligated to take part in major incident drills that cover environmental aspects including water protection. In 2019, major accident drills were conducted at all terminals operated by NEOT.

In 2019, environmental development projects were focused on vapor recovery and the biggest project was the renewal of the vapour recovery unit (VRU) at the Hamina terminal. Also, the oil-water separator for rainwater was renewed at the Pori terminal.

Relatively low amounts of waste and waste water are generated in normal terminal operations. The variation in waste and waste water quantities are usually as a result of anticipatory maintenance operations or construction projects. During 2018 and 2019, a record number of tanks were cleaned and inspected at the terminals which has resulted in an increased waste water amount compared to previous years. The increase in the amount of non-hazardous waste was mainly due to construction projects at the terminals in Pori and Oulu as well as terminal area cleanup project in Vaasa.

Rail transportation based on close cooperation

NEOT uses rail transportation for fuels between terminals located in Porvoo, Hamina and Varkaus in Southern Finland. Our railway transportation is operated by VR Transpoint Oy. We work in close cooperation with VR Transpoint to ensure safe and efficient railway operations between our terminals. In 2019, NEOT started testing VR's new L360 online and real-time customer portal that has been created to better monitor railway transportation of dangerous goods, such as fuels. During the reporting year we also executed improvements, such as renewing safety instructions, resulting from risk assessments conducted during the previous year.

Safety in shipping

NEOT's shipping activities are conducted with time-chartered vessels as well as with contracts of affreightment (COA) and spot-chartered vessels. All our shipping partners are guided by our vetting policy which sets the minimum standard, for example, with safety and the age of the vessel. Our shipping experts and the owners of the time-chartered vessels regularly meet and go through operational issues, such as any near miss cases. The vessels used for NEOT's deliveries need to be approved by at least two oil companies who conduct physical vessel inspections. No significant accidents or near-miss cases occurred in NEOT's shipping operations in 2019.

INVESTING IN PERSONNEL WELL-BEING

At the end of 2019, NEOT employed a total of 50 (54) people of which 98 (98) % worked full-time and 98 (93) % were permanent employees. This is well in line with our principle of offering mainly permanent and full-time employment. Other type of employment is used only in special cases or if requested by the employee. In 2019, we hired 9 (14) new employees and our employee turnover was 21 (14) %.

Expertise as strategic strength

Maintaining high levels of expertise and developing these further are one of the cornerstones of our strategy. To ensure our future competitiveness, we started to develop our approach and practices related to talent management in 2019. We believe that everyone has strengths and the aim of talent management practices at NEOT is to enable everyone to use and develop their strengths at work. As a starting point, we organised a manager workshop where NEOT's approach to talent management was discussed

and developed together with all managers. In 2020, we will continue to deepen our knowledge on the topic and implement new harmonised practices.

All our employees are entitled to have regular performance and career development reviews. In 2019, these reviews covered 100 (100) % of NEOT's personnel.

Focus on self-management and managerial work

We acknowledge the important role of continuous self-development, self-management skills and good communication skills in work life, especially in the future. To support the development of these skills we provided our entire personnel with a three-day training programme on team intelligence in 2019. The training offered tools for developing motivation, finding shared purpose as well as strengthening positive communication, strong self-awareness and resilience skills. In 2020, our personnel trainings will be focusing on, for example, employees' capabilities for giving and receiving constructive feedback.

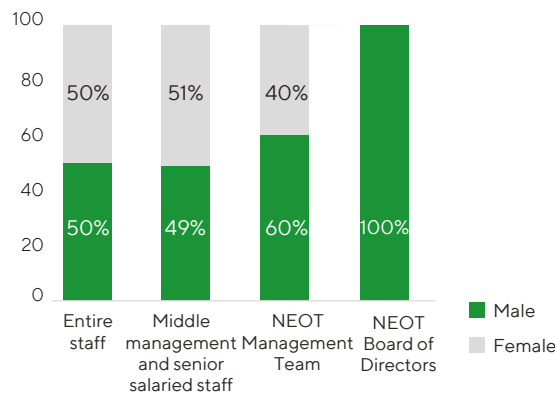
We believe that also good managerial work will maintain its power in the future, and thus we continue to offer manager training days to all managers at NEOT on an annual basis.

Work satisfaction remains at an excellent level

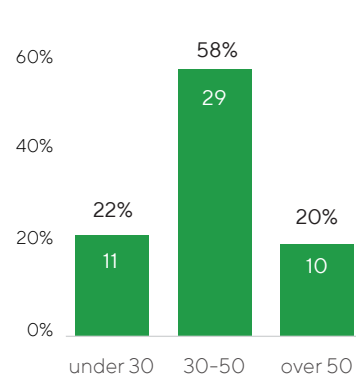
Employee satisfaction at NEOT is measured annually with an employee satisfaction survey. In 2019, the response rate in the survey was 92% (96) %. Employee satisfaction at NEOT continues to stay at an excellent level, among the highest levels in Finland. In the latest survey, NEOT got the strongest scores in the areas of efficient decision making, investing in work well-being and fair compensation.

The latest employee satisfaction survey results were discussed with the entire personnel as well as in teams via an online training tool. The aim of the tool was to help the teams to turn survey result into concrete development ideas that could be implemented into daily practices. The implementation of these practices will be monitored on a team level in 2020.

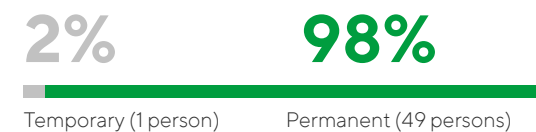
Gender distribution 2019



Employees by age group 2019



Employees by employment contract 2019





Case

SUPPORT FOR DRIVERS' PERSONAL SAFETY

Drivers in road transportation work very independently and take care of deliveries according to an agreed schedule, which sometimes means that they might work alone during the nighttime. These factors, together with the fact that the loads they carry are very valuable, can create risks to the drivers' personal safety. To reduce these risks to a minimum, NEOT launched a cooperation with security service provider Securitas. In practice, this cooperation means that all drivers taking care of NEOT's fuel deliveries, have a direct hotline through which the Securitas patrol closest to the driver will get alerted, if required.

"Feeling safe at work, at all times, is a basic right and we want to make sure that drivers taking care of our deliveries can rest assured that help is nearby in case they happen to need it," says **Heikki Hiiros**, Logistics Manager, NEOT.

Case

TRAINING AIMED AT STRENGTHENING PSYCHOLOGICAL SAFETY

'Good vibes' is one component of NEOT Spirit, the company's value foundation launched in 2018. 'Good vibes' entails a principle of respect towards everyone's work and individuality. In 2019, all NEOT employees were offered a three-day-training programme aimed at strengthening trust and psychological safety within the working community.

"We want to help our employees to be the best versions of themselves and to give their best, in a safe and trustful environment. Team intelligence training offered everyone at NEOT an opportunity to understand differences in themselves and in others. The discussions we had during the training gave new insights about colleagues as individuals. In addition, everyone got to search the basis of their motivation and strengths which offered a great platform for self-development as well as developing one's job", says **Petri Appel**, CEO, NEOT.

Fair work

8 DECENT WORK AND ECONOMIC GROWTH



SDG 8 Decent work and economic growth

What does it mean for NEOT?

- Increasing visibility across our supply chain
- Ensuring labour rights are respected in our supply chain and own operation

We contribute to SDG 8 ‘Decent work and economic growth’ by aiming to ensure fair working conditions and making good living possible for the people impacted by our operations. Our target is to continuously increase the transparency of our supply chain and the working conditions it entails. We respect the rights and dignity of all people and expect the same from our partners.

MORE INFO

NEOT Human Rights Policy

 www.neot.fi/en/humanrights

NEOT Policies

 www.neot.fi/en/policies

Mapping the most salient human rights risks

NEOT’s approach to human rights is based on the UN Guiding Principles of Business and Human Rights (UNGPs). Deepening our understanding, as well as developing practices related to managing human rights impacts resulting from our operations, have been among our most important sustainability topics during the past few years.

In 2019, we partnered with an external sustainability advisor to identify the most salient human rights risks in our supply chain, as well as understanding how to prioritise our future development work. The human rights risk mapping project consisted of a desktop risk analysis, assessment of NEOT’s relevant documents and business processes as well as interviews and workshops with NEOT’s management and other key personnel. The desktop risk analysis was based on, for example, various country and industry reports and guidelines as well as the advisor’s own insights and expertise on human rights.

Defining the focus for our future work

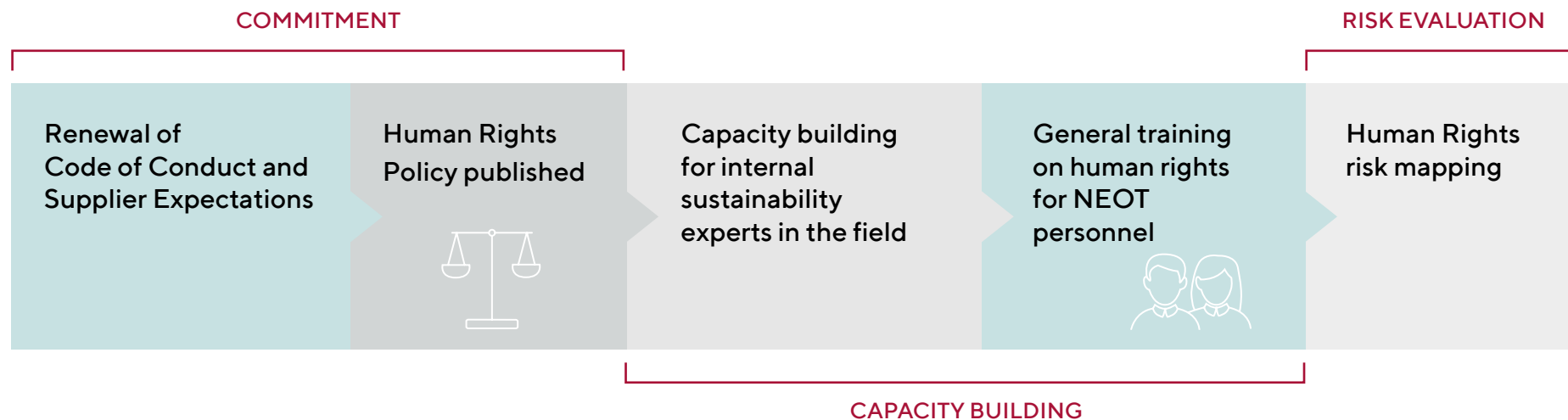
Based on the human rights risk mapping we defined the focus of our human rights development work for the following years. In 2020, the emphasis of our work will be on integrating human rights aspects more strongly into our sourcing processes. Human rights aspects will also be integrated into our next tendering process for

haulier partners. In 2020, we aim at defining the specific operations in our supply chain that might need further assessment in the near future. We will also continue training our personnel with a specific emphasis on experts working with the sourcing process. In 2020, we will also launch an anonymous whistleblowing channel open to our personnel as well as external stakeholders.

Working towards better traceability

In 2019, we continued implementing the improvements identified from our development project, started in 2018, aimed at improving the reliability of traceability data flows. We also started developing our supplier data gathering methods and we will continue this work in 2020 by developing a more systematic way to manage and take advantage of the available sustainability information.

NEOT HUMAN RIGHTS WORK SUMMARY 2018-2019



Climate impact from products and operations



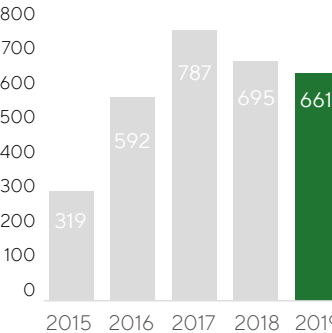
SDG 13 Climate action

What does it mean for NEOT?

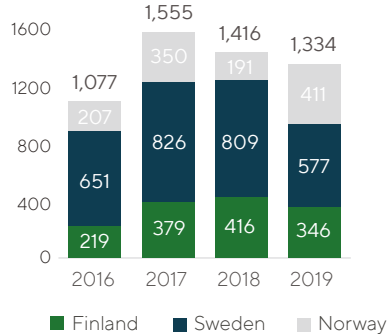
- Helping customers reduce emissions by offering low-carbon fuel solutions
- Reducing environmental impacts from logistics by increasing efficiency and seeking fuel solutions with lower environmental impact

Our contribution to achieving the targets of Sustainable Development Goal 13 'Climate action' is focused on minimising the negative climate impacts resulting from the use of the products we supply, as well as from our logistics operations.

Volume of sold biofuels, million litres



CO₂ reduction from the use of biofuels supplied by NEOT, 1,000 tons



CLIMATE IMPACT FROM SOLD PRODUCTS

NEOT's most significant climate impact results from the use of the products we supply. We aim to help our customers to reduce their CO₂ emissions by offering renewable alternatives to fossil fuels. In the future we aim to develop also other possible options for our customers to decrease their climate footprint. In 2019, the renewable fuels we supplied to our customers helped to reduce greenhouse gas emissions by 1.3 (1.4) million tonnes, which equates to the annual emissions of over 640,000 passenger cars*.

CLIMATE IMPACT FROM LOGISTICS

Using LNG vessels reduces emissions

The majority, over 60%, of NEOT's shipping operations are conducted as time-chartering. The five most used vessels in NEOT's operations are time-chartered from the Swedish

shipping company Terntank Rederi A/S. Two of the vessels are dual-fuel vessels which are mainly powered by LNG (liquefied natural gas). The vessels using LNG technology have a significantly smaller impact on the environment compared to traditional tankers as they generate less sulphur oxides (SO_x), nitrogen oxides (NO_x) and particle emissions. The total amount of local NO_x emissions resulting from the five time-chartered vessels was 615 (655) tonnes in 2019. Compared to conventional, but still highly efficient, vessels the reduction of NO_x emissions resulting from using LNG-powered vessels totaled 467 (427) tonnes in 2019.

In addition, the LNG vessels have lower CO₂ emissions compared to conventional ones. The CO₂ reduction achieved with LNG vessels compared to a conventional vessel in 2019 was 3,100 (3,500) tonnes and the total GHG

emissions from NEOT's time-chartered vessels totaled 52,000 (53,000) tonnes. NEOT's time-chartered vessels mainly operate at an economical speed to ensure the best fuel efficiency both economically and environmentally. At the moment our emissions reporting covers only time-chartered operations but we have also started gathering emission data from COA and SPOT deliveries in 2019.

Good condition of a road transportation fleet improves environmental performance

The condition and age of trucks has a significant impact on the environmental performance of road transportation. All tank trucks used for NEOT's deliveries are inspected regularly by a third party. In 2019, 291 (387) transportation units were inspected. The amount of inspected units was reduced in 2019 as register changes were not included. 95 (94) % of the tank trucks used for NEOT's deliveries in 2019 were rated in the two less-polluting categories (5 and 6) of the Euro emission standard which indicates the acceptable limits for exhaust emissions.

In 2019, the total CO₂ emissions resulting from NEOT's road transportation, was 14,300 (14,200) tonnes. The distance driven while taking care of NEOT's deliveries was 14.2 (14.1) million kilometers. In 2019, the CO₂ emissions per kilometre for NEOT's road transportation deliveries remained at same level compared to previous year. The emissions per kilometre were 1.01kg CO₂e (1.00). The calculation principles for road transportation emissions were adjusted in 2019 to better reflect the actual emissions. Figures from previous years have been adjusted accordingly.

Carbon Dioxide emissions, tCO ₂	2019	2018	2017
Direct CO ₂ emissions (Scope 1) ⁽¹⁾	-	-	-
Indirect CO ₂ emissions (Scope 2) ⁽²⁾			
Electricity ⁽³⁾	0	0	0
Heat	439	676	550
Other indirect CO ₂ emissions (Scope 3)			
Sea transport (time-chartered vessels)	52,000	53,000	49,000
Road transport	14,300	14,200	14,500
Business travel (flights)	54	68	67
Use of products sold ⁽⁴⁾	21,530,000	20,540,000	20,650,000

1) Due to the trading nature of its business, NEOT's operations do not cause material direct CO₂ emissions.

2) Energy and heat consumption at the terminals operated by NEOT (6).

3) NEOT uses 100% renewable electricity at the terminals it operates. The emission coefficient for 100% renewable electricity is zero.

4) Calculation applies the guidelines set out in the EU Fuel Quality Directive (FQD) Article 7a

Since 2018, the emissions resulting from NEOT's business flights have been compensated through a Finnish carbon removal market place called Puro.

Read more about Puro: www.puro.earth.

* Basis for calculation: the latest data (2018) from Statistics Finland on average annual mileage of a passenger car (13,794) The emissions of 1515 g CO₂/km (Lipasto)

Partnerships and business integrity

17 PARTNERSHIPS FOR THE GOALS



SDG 17 Partnerships for the goals

What does it mean for NEOT?

- Operating according to high ethical standards
- Collaboration with owners and other energy sector operators to provide perspectives to policymakers and regulators concerning sustainability impacts of legislative frameworks

NEOT is committed to doing business with integrity and high ethical standards. Our approach to SDG 17 'Partnerships for the goals' is to cherish partnerships with our different stakeholders as a tool for promoting actions that will support reaching the Sustainable Development Goals (SDGs). At the same time, we acknowledge the importance of ensuring ethical behavior in our own operations.

MORE INFO

NEOT Policies and principles

 www.neot.fi/en/policies

Close cooperation on sustainability topics

We maintain close cooperation on sustainability topics with our owners. During the past two years we have been collaborating especially on climate-related topics. Together with our owners we share an aspiration for a more efficient climate policy and continuously work to provide perspectives supporting this aspiration to the decision-makers. As legislation has a strong guiding effect on companies, developments in the climate policy framework have a huge role to play in combating climate change. Our message to the decision-makers is that climate change requires a large selection of supported strategies and it cannot be solved with the few solutions supported by the legislation.

We see that in addition to emissions reductions, negative emissions should be taken as an active tool to reduce carbon from the atmosphere. We hope that in the future, legislation supports reducing carbon dioxide from the atmosphere, for example by capturing carbon through afforestation projects and promoting the development of low-carbon technologies and efficiency gains in the transportation sector. We see a market-based carbon removal as a one great way to boost climate change actions.

Ensuring possible concerns are heard

NEOT complies with all applicable laws and regulations and we expect the same from our partners. NEOT's operations and the behavior of our employees are guided by the guidelines and requirements set out in our Code of Conduct (Code). The purpose of the Code is to guide decision-making and encourage responsible action at NEOT. In 2020, we will continue training our personnel on Code of Conduct as well as integrating it as a more integral part of our induction process for new employees.

We take misconducts or breaches very seriously and encourage our employees to react to actions contradicting our Code. In 2019, we started developing our compliance channel setting in order to make sure that all possible misconducts would be reported. In 2020, we will launch an anonymous compliance channel service through which our employees and external stakeholders can report their observations of violations of integrity in the future. All cases reported via the compliance channel will be handled confidentially by dedicated members of NEOT Compliance Committee. According to case category relevant experts are invited to participate the investigation.

Case

CARBON MARKET AS A WAY TO BOOST EFFICIENT CLIMATE ACTIONS

We see a carbon removal marketplace driven by emission reduction mandates as one great way to boost efficient climate actions, as it would harness market forces to the fight against climate change. Carbon market would serve as a trading platform for carbon; the supply of the market would consist of carbon reductions resulting from verified carbon binding projects and the demand would be created by companies wanting to voluntarily compensate their emissions or fulfill their regulatory emission reduction obligations.

Climate change requires a large selection of supported strategies and it cannot be solved with the few solutions supported by the legislation. A carbon market would encourage operators from all sectors to develop carbon binding practices and expand the selection of supported climate measures for the companies with regulatory emission reduction obligations. Getting the full advantage of carbon market's climate potential requires significant changes to current legislative framework.

Scope of the report

NEOT Group comprises of NEOT Oy, NEOT AB and NEOT AS. NEOT Oy operates in Finland, NEOT AB in Sweden and NEOT AS in Norway.

NEOT reports its sustainability performance at group level. Sustainability Report 2019 applies the Global Reporting Initiative (GRI) standards (2016) reporting guidelines where applicable and contains selected GRI disclosures (18 selected GRI topics). The report is not compliant with the GRI Standards in accordance criteria either at the "Comprehensive" nor "Core" level. The reporting period of NEOT's Sustainability Report is the financial year (1 January – 31 December). This is NEOT's third published Sustainability Report.

NEOT has identified the most relevant topics related to the company's operations, products and stakeholders, and the reporting focuses on those topics, as guided in the GRI Standards. NEOT's most relevant sustainability topics are presented on page 12 and in more detail in the beginning of each section focusing on a specific sustainability topic (pages 14, 20, 22 and 24).

Restatements of information

Throughout the report, the figures presented in parenthesis refer to NEOT's performance in the previous reporting period. If there are any restatements of figures compared to the information presented in the previous report, the rationale for significant adjustments is presented in connection with the figure in question.

Data boundaries and calculation principles

Safety

In addition to NEOT's own personnel, the company's safety reporting covers accidents and injuries occurred in

the company's terminal operations in Finland as well as its transportation partner's operations related to NEOT's deliveries.

Logistics

Data related to environmental and safety performance of terminal operations covers the terminals operated by NEOT in Finland (6). The reporting related to product throughput in the Finnish terminals covers also a terminal in Inkoo where NEOT holds rented capacity.

All environmental data related to NEOT's shipping operations covers the company's time-chartered vessels (5). SPOT and COA shipments are excluded from reporting due to lack of accurate data. Data concerning road, marine and railway transportation is based on the information provided by NEOT's logistics partners.

HR

NEOT's HR operations are outsourced to SOK's human resources function. All HR data originates from SOK's HR systems and it covers 100% of NEOT's personnel i.e. all employees with active employment contracts. If not otherwise noted, HR data is reported as at the end of the reporting period (31 December).

Number of leavers includes temporary and permanent employees as well as voluntary leavers and redundancies. Employee turnover is calculated against the average number of employees including both temporary and permanent employees.

Greenhouse gas emissions

Due to trading nature of NEOT's business, the company's operations do not result in significant direct (scope 1) CO₂ emissions.

Indirect (scope 2) CO₂ emissions cover emissions from purchased electricity and heat. NEOT uses market-based

approach in its scope 2 emission reporting where the emissions are based on energy supplier specific emission factors. NEOT purchases only renewable electricity thus the used emission factor for purchased electricity is zero. The emission calculation of heat is based on emission factor for fuel oil (266 kg CO₂ / kWh).

Calculation of scope 3 emissions from the use of sold products and related CO₂ reduction applies guidelines set in the EU Fuel Quality Directive (FQD) Article 7a. Scope 3 emissions resulting from road and marine transportation are based on actual fuel consumption data provided by NEOT's logistics partners. Reporting of scope 3 emissions resulting from business flights is based on the information received from NEOT's business travelling agency. Only the most relevant Scope 3 categories with reliable data available are included in the report.

Product volumes

Renewable raw materials are classified as waste and residue according to the information stated in the Proof of Sustainability (PoS) documents.

Assurance practices

The information presented in NEOT's Sustainability Report 2019 has not been assured by an external third party.

Contact information for feedback

Milla Kaikuluoma

Director, Sustainability, Communications & People Development
milla.kaikuluoma@neot.fi

GRI content index

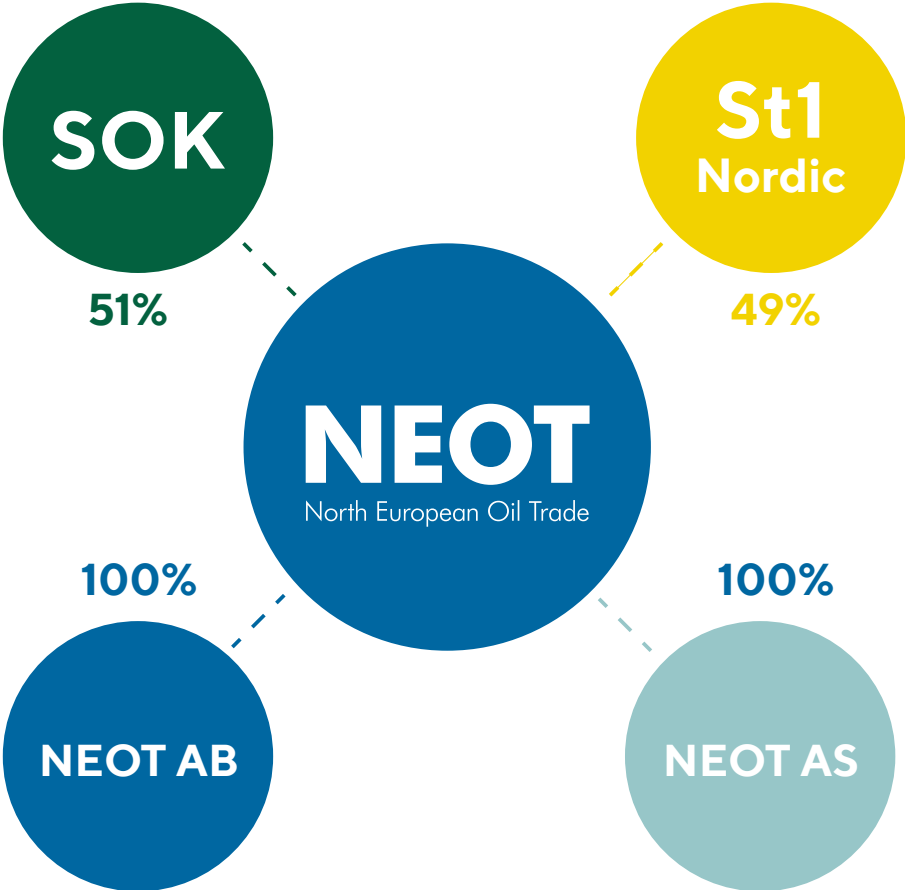
	STANDARD AND DISCLOSURE	References and location
GRI 102	GENERAL DISCLOSURES	
	ORGANISATIONAL PROFILE	
102-1	Name of the organisation	p. 2
102-2	Activities, brands, products, and services	p. 2, 6-11
102-3	Location of headquarters	Back cover
102-4	Location of operations	p. 2, 10-11
102-5	Ownership and legal form	Inner back cover
102-6	Markets served	p. 2, 10-11
102-7	Scale of the organisation	p. 2, 6-7
102-8	Information on employees	p. 18
102-9	Supply chain	p. 8-11
102-10	Significant changes to the organisation and its supply chain	No significant changes in 2019.
102-12	External initiatives	p. 12
102-13	Membership of associations	NEOT is a member in the following associations: Finnish Transport and Logistics SKAL, Finnish Association of Safety Advisors, Finnish Standards Association (SFS), International Sustainability & Carbon Certification (ISCC), Leaders of Sustainable Biofuels (LSB), Kemianteollisuus ry
	STRATEGY	
102-14	Statement from senior decision-maker	p. 4-5
102-15	Key impacts, risks, and opportunities	p. 4-7, 12-13, 24-25
	ETHICS AND INTEGRITY	
102-16	Values, principles, standards, and norms of behaviour	p. 12-13, 24-25
102-17	Mechanisms for advice and concerns about ethics	p. 24-25

	GOVERNANCE	
102-18	102-18 Governance structure	www.neot.fi/en/sustainabilityagenda
		Members of NEOT's Board of Directors: Arttu Laine, SOK (Chair); Jari Annala, SOK; Antti Heikkinen, SOK; Harri Tuomaala, SOK; Jorma Vehviläinen, SOK; Mika Wiljanen, St1 Nordic Oy; Mika Anttonen, St1 Nordic Oy; Henkka Talvitie, St1 Nordic
	STAKEHOLDER ENGAGEMENT	
102-40	List of stakeholder groups	p. 13
102-41	Collective bargaining agreements	98 (96) % of NEOT employees were covered by collective bargaining agreements in 2019. The CEO was the only person not covered by bargaining agreements.
102-42	Identifying and selecting stakeholders	p. 12-13
102-43	Approach to stakeholder engagement	p. 12-13
102-44	Key topics and concerns raised	p. 4-5, 12-13, 24-25
	REPORTING PRINCIPLES	
102-45	Entities included in the consolidated financial statements	p. 26
102-46	Defining report content and topic Boundaries	p. 12-13, 26
102-47	List of material topics	p. 12, 14, 20, 22, 24
102-48	Restatements of information	p. 26
102-49	Changes in reporting	No significant changes in 2019
102-50	Reporting period	1 January - 31 December 2019
102-51	Date of the most recent report	2 April 2019
102-52	Reporting cycle	Annual
102-53	Contact point for questions regarding the report	p. 26
102-54	Claims of reporting in accordance with the GRI Standards	p. 26
102-55	GRI content index	p. 27-30
102-56	External assurance	p. 26. The content of the report has not been verified by an external third-party.
GRI 103	MANAGEMENT APPROACH	
103-1	Explanation of the material topic and its Boundary	p. 12, 26
103-2	The management approach and its components	p. 12-13, 24-25, www.neot.fi/en/policies , www.neot.fi/en/sustainabilityagenda
103-3	Evaluation of the management approach	p. 12-13, 24-25, www.neot.fi/en/policies , www.neot.fi/en/sustainabilityagenda
GRI 200	ECONOMIC STANDARD SERIES	

GRI 201	ECONOMIC PERFORMANCE	
201-1	Direct economic value generated and distributed	p.7. NEOT is a collector of excise duty, and in 2019 the company remitted a total of 1.3 (1.3) billion euros of excise duties to the Finnish tax authority.
201-4	Financial assistance received from the government	No financial assistance received during the reporting period.
GRI 205	ANTI-CORRUPTION	
205-3	Confirmed incidents of corruption and actions taken	No cases in 2019
GRI 206	ANTI-COMPETITIVE BEHAVIOUR	
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No cases in 2019
300 ENVIRONMENTAL STANDARD SERIES		
GRI 301	MATERIALS	
301-1	Materials used by weight or volume	p. 7, 10-11
GRI 305	EMISSIONS	
305-1	Direct (Scope 1) GHG emissions	Due to the nature of the business, NEOT's operations do not result in significant direct (scope 1) GHG emissions.
305-2	Energy indirect (Scope 2) GHG emissions	p. 23
305-3	Other indirect (Scope 3) GHG emissions	p. 23
305-5	Reduction of GHG emissions	p. 23
305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	p. 23
GRI 306	EFFLUENTS AND WASTE	
306-1	Water discharge by quality and destination	p. 17
306-2	Waste by type and disposal method	p. 17
306-3	Significant spills	p. 15, 17
GRI 307	ENVIRONMENTAL COMPLIANCE	
307-1	Non-compliance with environmental laws and regulations	No cases in 2019
400 SOCIAL STANDARD SERIES		
GRI 401	EMPLOYMENT	
401-1	New employee hires and employee turnover	p. 18
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	All NEOT's own employees have the same benefits regardless of their employment type or contract type.

GRI 403	OCCUPATIONAL HEALTH AND SAFETY	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	p. 14-17. Due to the nature of NEOT's business, the company's safety work focuses on logistics partners. NEOT's own employees work in office environment. No lost-time injuries or work-related fatalities related to own personnel occurred in 2019.
GRI 404	TRAINING AND EDUCATION	
404-1	Average hours of training per year per employee	p. 15, 18
404-3	Percentage of employees receiving regular performance and career development reviews	p. 18
GRI 405	DIVERSITY AND EQUAL OPPORTUNITY	
405-1	Diversity of governance bodies and employees	p. 18
GRI 406	NON-DISCRIMINATION	
406-1	Incidents of discrimination and corrective actions taken	No cases in 2019
GRI 412	HUMAN RIGHTS ASSESSMENT	
412-1	Operations that have been subject to human rights reviews or impact assessments	p. 20-11
412-2	Employee training on human rights policies or procedures	p. 20-21
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	No such investments made during 2019.
GRI 415	PUBLIC POLICY	
415-1	Political contributions	NEOT does not offer financial support to political parties or entities associated with them.
GRI 416	CUSTOMER HEALTH AND SAFETY	
416-1	Assessment of the health and safety impacts of product and service categories	All products supplied by NEOT are REACH registered and have material safety data sheets. www.neot.fi/en > Products > Safety Data Sheets and Product Specifications
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No cases in 2019.
GRI 417	MARKETING AND LABELLING	
417-1	Requirements for product and service information and labelling	www.neot.fi/en > Products > Safety Data Sheets and Product Specifications
417-2	Incidents of non-compliance concerning product and service information and labelling	No cases in 2019.
417-3	Incidents of non-compliance concerning marketing communications	Not applicable to NEOT
GRI 418	CUSTOMER PRIVACY	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No cases in 2019
GRI 419	SOCIOECONOMIC COMPLIANCE	
419-1	Non-compliance with laws and regulations in the social and economic area	No cases in 2019

Ownership structure



S Group

S Group is a Finnish network of companies operating in the retail and service sectors with more than 1,600 outlets in Finland. S Group comprises of cooperatives and SOK Corporation along with its subsidiaries.

St1

St1 is a Nordic energy company operating in Finland, Sweden and Norway. The company has around 1,400 St1 and Shell branded retail stations in Finland, Sweden and Norway.

NEOT

North European Oil Trade

Contact information

Urho Kekkosen katu 5 C, 5. krs
00100 Helsinki