

# SUSTAINABILITY REPORT

# 2021

**NEOT**  
North European Oil Trade

# Contents

<b>Year 2021</b>	<b>3</b>	<b>The climate impact of our operations</b>	<b>24</b>
NEOT in brief	3	Climate impact from sold operations	25
Where we operate	4	The raw material of the renewable fuels	26
2021 at a glance	6	Climate impact from shipping operations	27
CEO's review	7	Climate impact from road transportation	28
<b>Our impact</b>	<b>8</b>	<b>Partnerships for Sustainable Development Goals</b>	<b>29</b>
Value creation	9	Climate legislation guiding our cooperation	30
Managing sustainability	10	Future outlook	31
<b>Personnel health and wellbeing</b>	<b>13</b>	Scope of the report	32
Health and safety in logistics	14	GRI index	33
Road transportation	14		
Rail transportation and shipping	16		
Terminals	17		
Supporting personnel well-being	19		
<b>Fair work</b>	<b>21</b>		
Fair work throughout our supply chain	22		
Sustainable sourcing	23		



# NEOT in brief

North European Oil Trade (NEOT) is a significant independent fuel procurement company in the Baltic Sea region. Operating in the global trading market, we specialise in oil and renewable products as a wholesaler in Finland (NEOT OY), Sweden (NEOT AB), and Norway (NEOT AS). The purpose of our business is to provide our owners, SOK and St1, with competitive and sustainable fuel solutions.

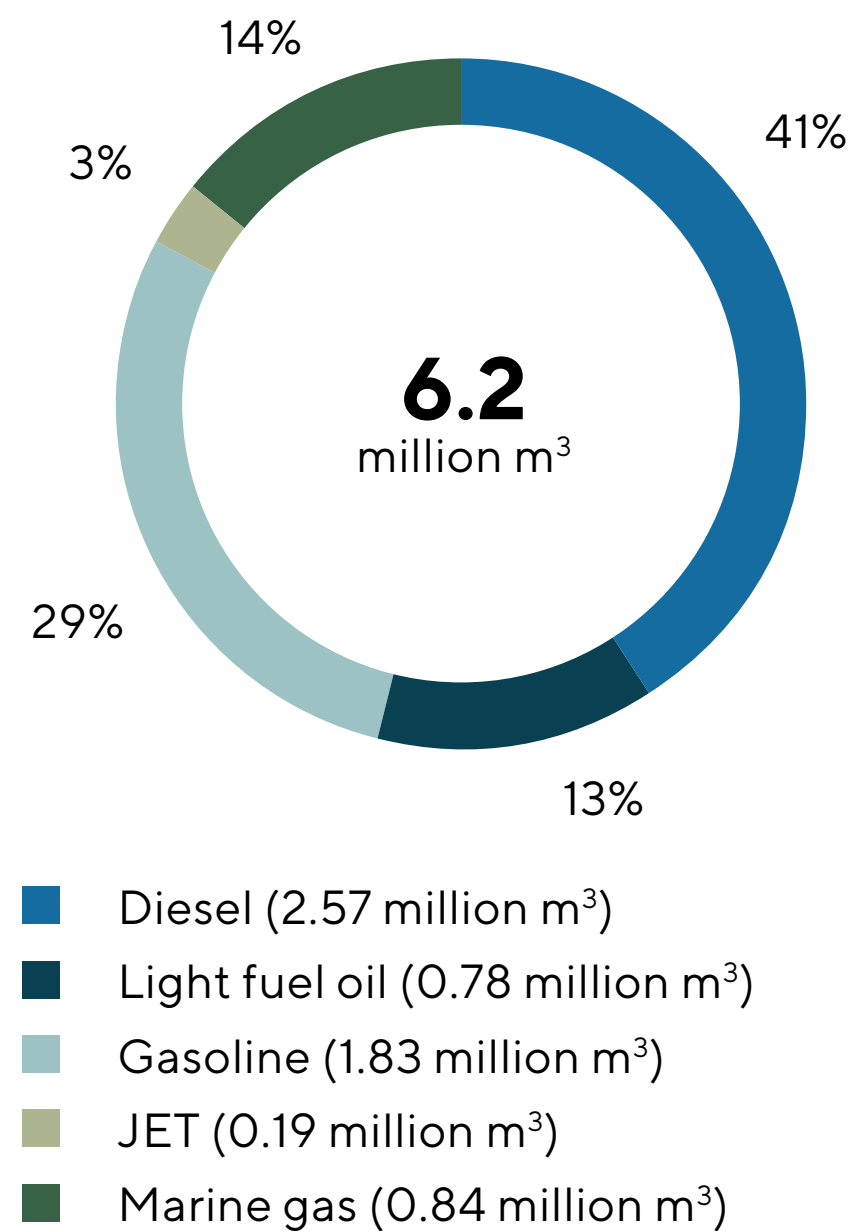
**5.3**  
EUR billion revenue

**6.2**  
billion litres supplied fuels

**70%**  
renewable fuel derived from waste or residues

**54**  
personnel

Supplied fuels by product type, %



We provide fuels to our owners' large network of 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.

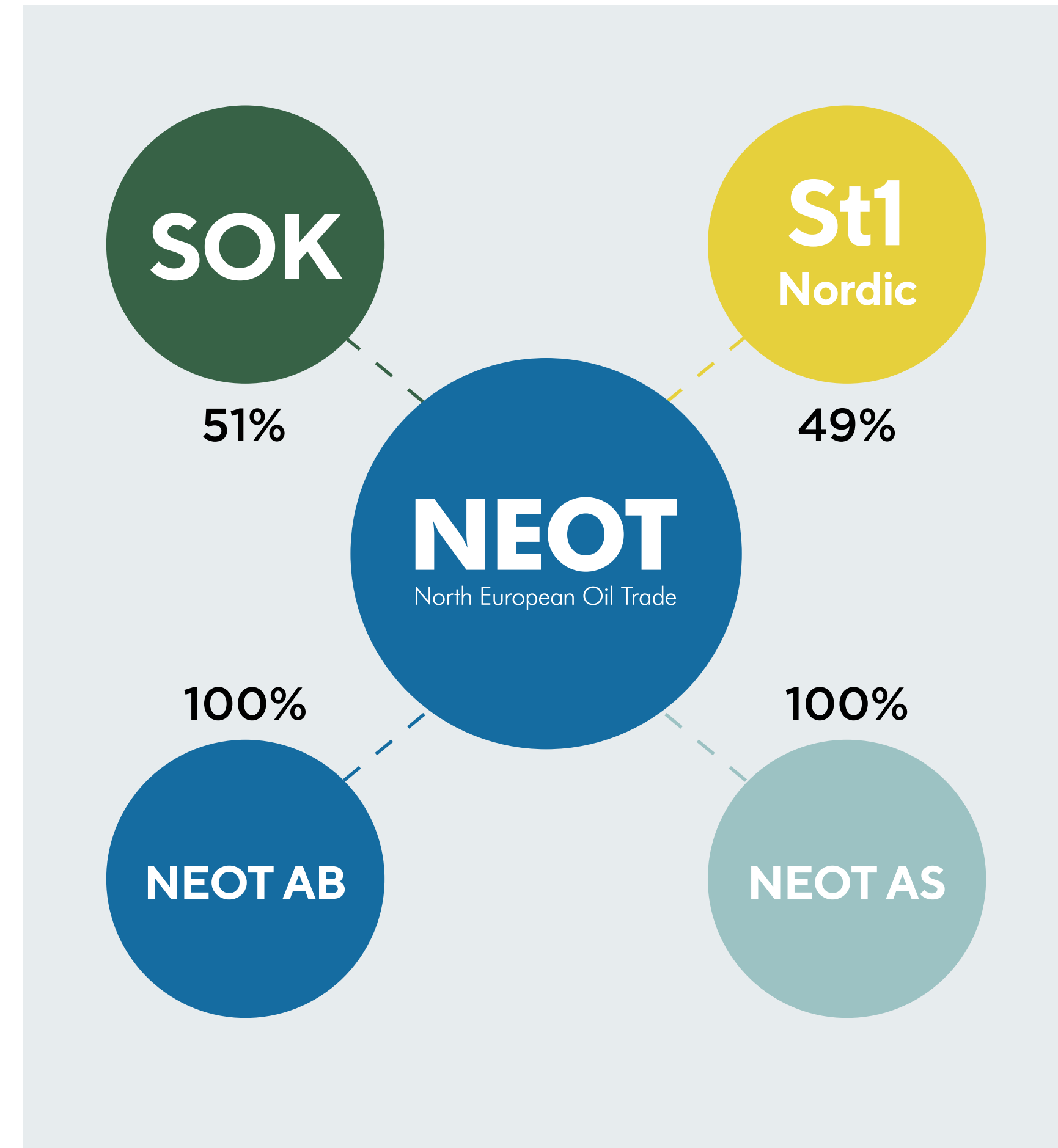
### Ownership structure

NEOT OY is owned 51% by SOK, a Finnish network of companies operating in the retail and service sectors with more than 1,600 outlets in Finland. SOK comprises cooperatives and SOK Corporation along with its subsidiaries.

The remaining 49% is owned by St1, 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 OY owns 100% of both NEOT AB, operating in Sweden, and NEOT AS, operating in Norway.

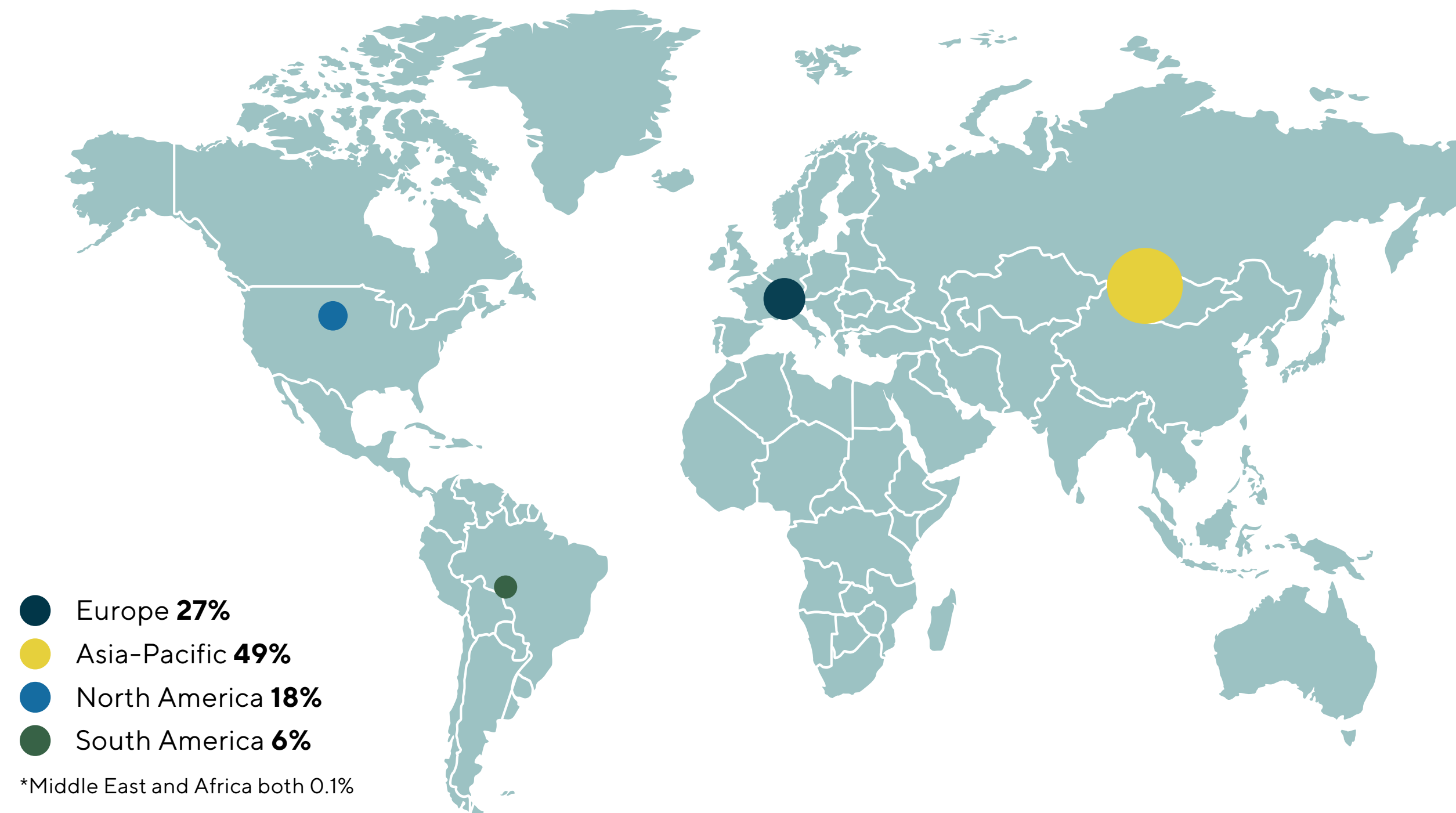
2021 was an important year for NEOT and our owners as a new partnership agreement was signed. The agreement, which became valid on January 1, 2022, will be in effect for the next 15 years.



# Where we operate

NEOT's operations focus on the Baltic Sea region. We run six terminals in Finland, and our network includes some thirty partner terminals in the Nordics. We source renewable fuels globally, and most of our oil products come from the Baltic Sea region. We supply products for our customers' operations in Finland, Sweden, and Norway.

## Origin of renewable feedstocks 2021



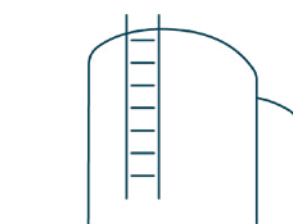
## Baltic sea region



Our shipping operations focus on the Baltic Sea



Origin of most of our oil products



Our terminal network covers Finland, Sweden and Norway



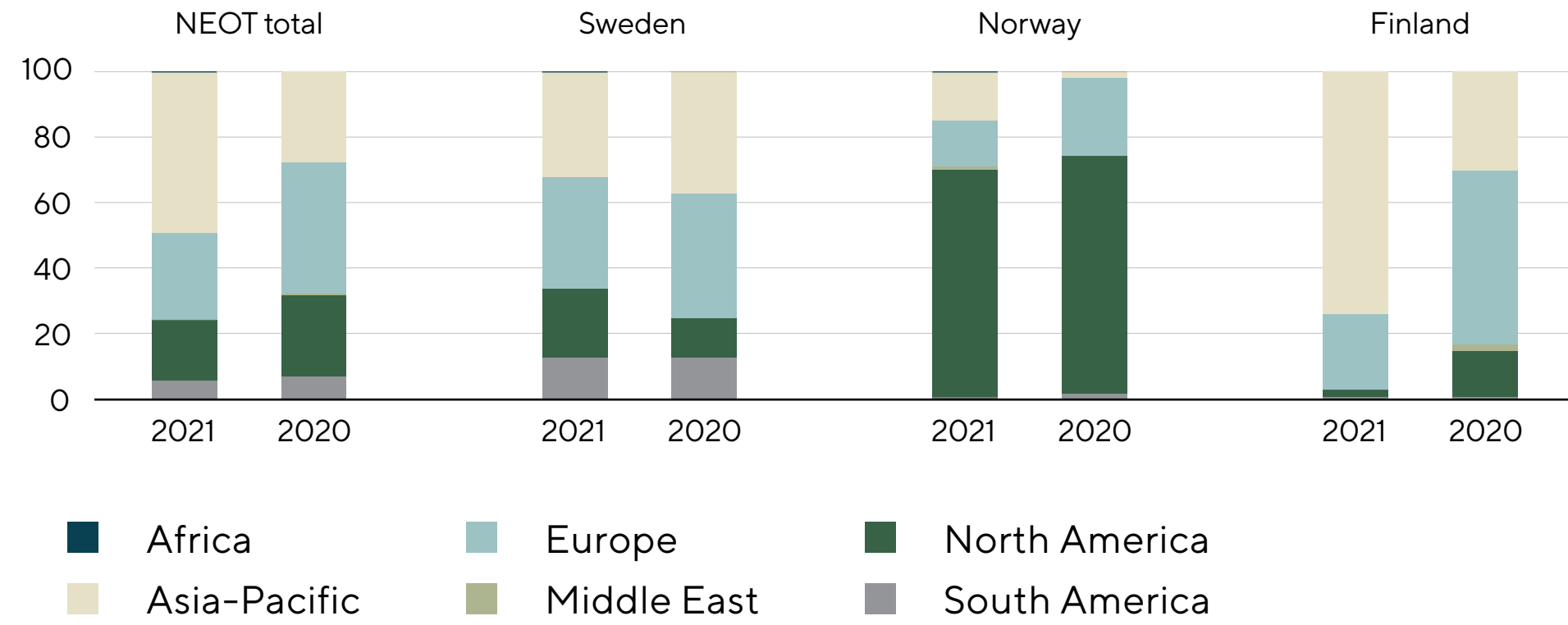
Our owner-customers operate a total of over 1,300 retail stations in Finland, Sweden and Norway



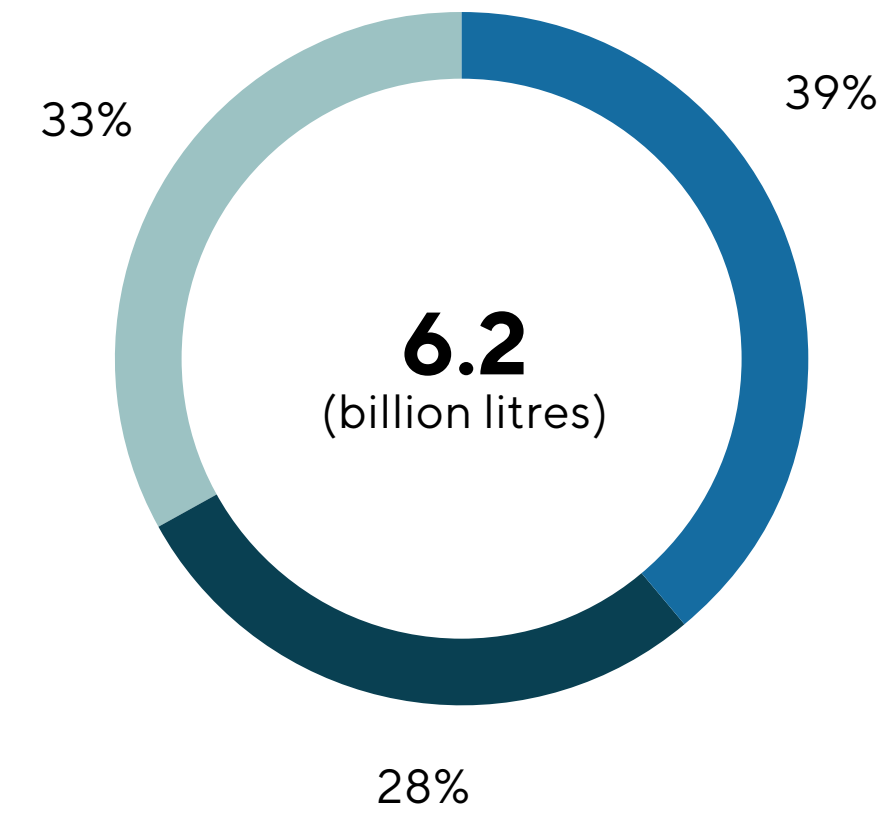
### St1 refinery in Gothenburg

is our most important supplier of liquid fuels and acts as our product blending hub.

## Biofuels feedstock country of origin by region (% volume)

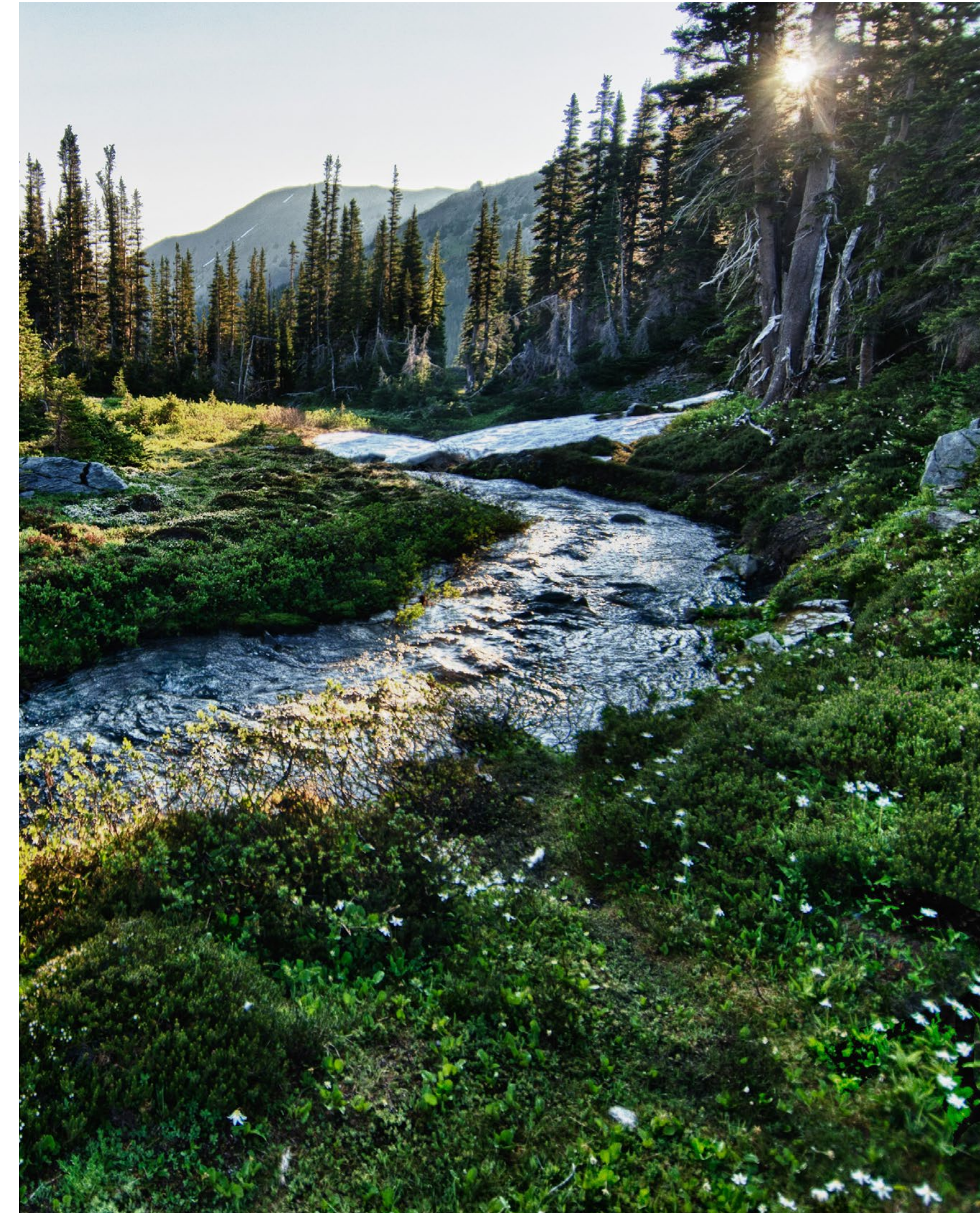


## Supply by countries, %



- Finland (2.45 billion litres)
- Sweden (1.74 billion litres)
- Norway (2.02 billion litres)

QUANTITY 2021, LITRES	NEOT TOTAL	SWEDEN	NORWAY	FINLAND
Africa	704,049	516,856	187,193	-
Asia-Pacific	382,281,980	102,457,567	14,070,281	265,754,132
Europe	207,421,935	108,998,663	13,082,141	85,341,131
Middle East	604,580	-	604,580	-
North America	144,588,082	68,642,320	66,896,634	9,049,128
South America	45,367,366	42,054,549	187,732	3,125,085
<b>Total</b>	<b>780,967,992</b>	<b>322,153,099</b>	<b>95,028,561</b>	<b>363,269,476</b>



# 2021 at a glance

## Agility at NEOT

2021 was another turbulent year, owing primarily to the COVID-19 pandemic. But we proved our strength and agility with our handling of the aftermath of both the pandemic and the recast of the Renewable Energy Directive, known as RED II, imposed on us.



## Human rights

Our ambitions in human rights due diligence are paying off as our supply contract negotiations improved further in 2021. During the reporting year, our development work focused on addressing the contractual obligations for our long-term suppliers, many of whom have begun to develop their internal policies addressing these aspects within their supply chain.



## Outlook 2022

- Collaborating with our partners to tackle the climate ambitions of the EU's Fit for 55 package
- Ensuring renewable fuels traceability continues to improve through the launch of the Union Database
- Finalising the EU LIFE CarbonFarmingScheme project
- Anticipating challenges in fulfilling the increasing biofuels mandates in our markets
- Welcoming new LNG vessel to the time-charter fleet
- Activating the sustainability-linked loan
- Considering the war in Ukraine and sanctions on Russia

## Our people

Our investments in personnel well-being continues to yield results as job satisfaction remains high. In 2021, NEOT was ranked as one of Finland's most inspiring workplaces.



## Sustainability throughout

We want sustainability to permeate all aspects of our business, including our financing. In 2021, we agreed, alongside our financial partners, to have KPIs included in a sustainability-linked loan. The KPIs are designed to further our efforts to reduce emissions in our shipping and sales products while continuing to transport our products as safely as possible to our end consumers.



CEO's review

# Growing need for cleaner energy challenges everyone

**2021 will be remembered as the second year of the global COVID-19 pandemic, and as the year when the global energy challenge started to truly reveal its impacts on people's everyday lives.**

In 2021, the effects of the global energy challenge became visible in our everyday lives more clearly than ever before. Energy prices began to surge, especially toward the end of the year, and the trend is only expected to continue in the near future.

Supplying sufficient energy for a growing world population while mitigating climate change, challenges all actors – from politicians to consumers – to rethink how we operate. It is now more evident than ever, that we desperately need a transformation of the global energy system to preserve the carrying capacity of our planet. Luckily, the issue has already been on the agenda of companies, nations and institutions for years. Now we just need to start walking the talk – one step at a time, with an accelerating pace.

**The imbalance between targets and available solutions**

The European Union has set the target of being the first climate-neutral continent by 2050. In

2021, the EU took its first steps toward making the 2050 target a reality with the adoption of Fit for 55, EU's new comprehensive plan for reducing net greenhouse gases by at least 55% by 2030. The legislative proposals included in the plan will revise the entire EU 2030 climate and energy framework. (Incidentally, Finland has set an even more ambitious target: carbon neutrality by 2035.)

We have been following the progress of setting climate targets and related policies closely at national as well as EU level. It is inspiring to see that climate issues have gained a priority seat in the heart of politics. Unfortunately, the political steering continues to be at a very high level and in many cases, actors obliged by the EU legislation are still waiting for guidelines. The legislative proposals have also focused on only a few selected solutions rather than supporting all ways to reduce emissions.

Biofuels and other politically supported solutions for reducing traffic emissions are simply not enough to

meet rising demand as limited scalability caps supply. The huge gap between supply and demand has raised the renewable energy prices so high that it is affecting the willingness to use it, even though using it is compulsory for some actors, and refusing to is sanctionable. This situation is something we cannot afford from a climate perspective.

**Strict condemnation to Russia's invasion**

On 24 February 2022 the world woke up to the devastating news of Russia's hostile invasion to Ukraine. We at NEOT strictly condemn Russia's aggression towards Ukraine and our thoughts go out to all affected by this war.

In addition to the tremendous human suffering, the war in Ukraine has already impacted and will continue to impact the energy markets and supply. We monitor the situation closely and our focus is to comply with all sanctions and other restrictions on Russia. At the moment NEOT does not have direct supply from Russia. Together with other operators in the energy sector, we have an important responsibility to secure supply to our markets in all circumstances.

**Committing to concrete actions**

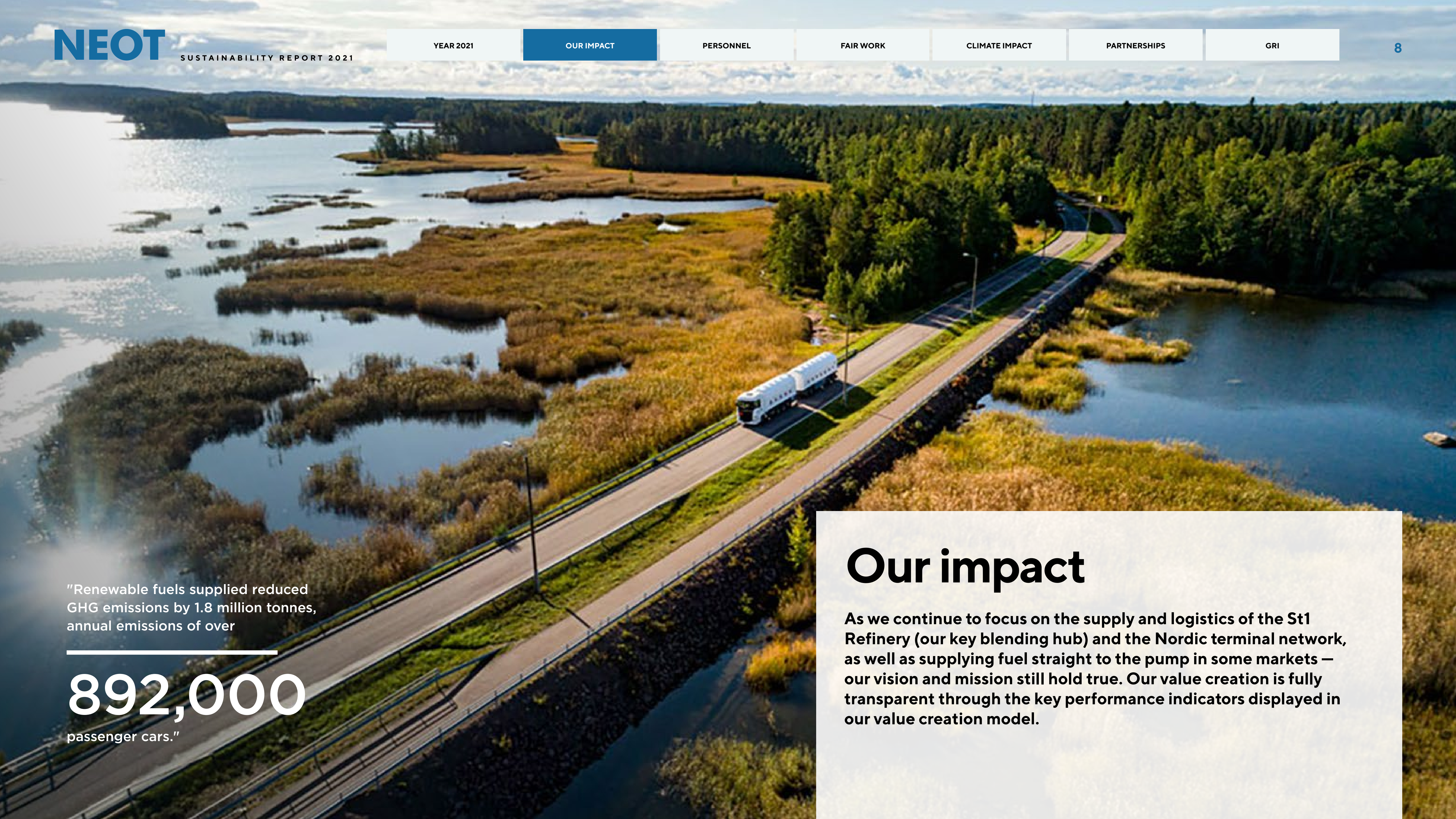
As a company, we alone cannot set grand goals for solving global challenges, but we can commit to concrete actions within our sphere of influence. The more concrete the goal is, the easier and more rewarding it is to achieve – without losing ambition. This is the logic that we aim to apply to our sustainability work.



Sustainability, with its vast spectrum of topics, has taken huge leaps toward the true core of companies' operations in the past decade. Also, at NEOT sustainability increasingly become an integrated part of the work. In 2021, this development was illustrated in our finance operations as we agreed on our first loans linked to sustainability KPIs. The preparation of these loans required efforts and expanding expertise in many teams from financing to risk control and operations to logistics.

I want to thank our partners and especially the NEOT people yet again for a successful and rewarding year. Although the turbulence in the energy sector will not subside in the coming years, I am certain that as an agile company we are able to make the most out of it, as we have done before.

**Petri Appel, CEO**



"Renewable fuels supplied reduced GHG emissions by 1.8 million tonnes, annual emissions of over

**892,000**

passenger cars."

## Our impact

As we continue to focus on the supply and logistics of the St1 Refinery (our key blending hub) and the Nordic terminal network, as well as supplying fuel straight to the pump in some markets — our vision and mission still hold true. Our value creation is fully transparent through the key performance indicators displayed in our value creation model.



# Value creation

## RESOURCES

### LOGISTICS

#### Road transportation (Finland)

11 haulier partners with over 117 trucks and 311 drivers and planners

#### 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 37 cooperation terminals in the Nordics
- 6 terminals operated by NEOT in Finland
- Rented terminal capacity at one terminal in Inkoo, Finland

### PERSONNEL

- 54 (52) employees
- An average of 35 (35) 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

**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

**NEOT SPIRIT**  
Agility  
Sustainability  
Competitive advantage  
Good vibes

## OUTPUT

### MOTIVATED EXPERTS

- Wages and salaries EUR 4.3 (4.2) million
- NEOT's work satisfaction results are at an excellent level compared to industry standard.

### SAFE AND TIMELY DELIVERIES

- 135,000 (125,000) retail site deliveries and 83,000 (87,000) heating and fuel oil deliveries in Finland
- 13.3 (14.5) million driven kilometres
- Over 330 sea voyages
- **Safety in logistics**
  - 0 (0) fatal accidents
  - 1 (1) accidents to drivers
  - 1 (0) significant spills

### EFFICIENTLY SOURCED SUSTAINABLE PRODUCTS

- 6.2 (6.2) billion liters of supplied fuels
- 18 (14)% of sold traffic fuels were renewable
- 70 (55)% of sold renewable fuels were produced from waste and residues

### STABLE ECONOMIC PERFORMANCE

- Revenue EUR 5.3 (4) 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 in 2020 and 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

- CO<sub>2</sub> emissions from the use of sold product.
- Reduction of 1.8 (1.2) million tons of CO<sub>2</sub> 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.



### 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

# Managing sustainability

**NEOT’s purpose is to provide our owners, SOK and St1, with competitive and sustainable fuel solutions. Sustainability is, therefore, integral to our strategy and NEOT Spirit, the value foundation of our company.**

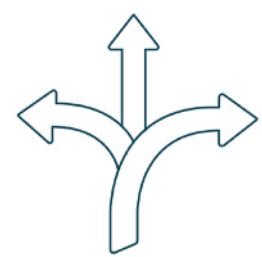
NEOT’s sustainability approach and reporting are governed by material topics that will be defined through a materiality analysis that will be conducted for the second time during 2022. NEOT’s materiality analysis will be revised every third year or following any major changes in our operations. Our first materiality analysis, conducted in 2018, emphasised the insights of our most important stakeholders: our customers, owners and personnel. The best sustainability results are achieved through cooperation and our aim is, therefore, to collaborate

closely with our owner-customers and other stakeholders on sustainability topics.

## UN Sustainable Development Goals

We recognise the importance of shared global sustainability goals, which is why we have chosen United Nations Sustainable Development Goals (SDGs) as the backbone of our sustainability work. We focus our efforts on the areas and accompanying SDGs where we can make the greatest impact.

## 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.



### Competitive advantage

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



### 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.



### 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.

## WHY we exist

- We enable our owners to prosper by providing them with competitive and sustainable fuel solutions

## HOW we do things

- Sustainability, agility, competitive advantage, good vibes
- Policies and principles

## WHAT is expected of us

- Following legislation and regulation
- Meeting stakeholder expectations
- Embracing Sustainable Development Goals

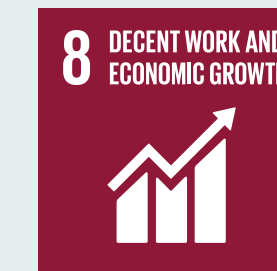
## NEOT FOCUS ON SUSTAINABILITY WORK



**3 Good Health and well-being**

### People:

- Health and safety (increased training and controls at terminals)
- Personnel well-being (Auntie service and Hints programme for all)



**8 Decent work and economic growth**

### Fair work:

- Supply chain transparency (traceability, country of origin reporting)
- Labour rights (built into most term contracts)



**13 Climate action**

### Climate impact:

- Products (increase renewable + low carbon fuels)
- Logistics (Efficiency + LNG and environmentally friendly fleet)



**17 Partnerships for the goals**

### Partnerships and business integrity:

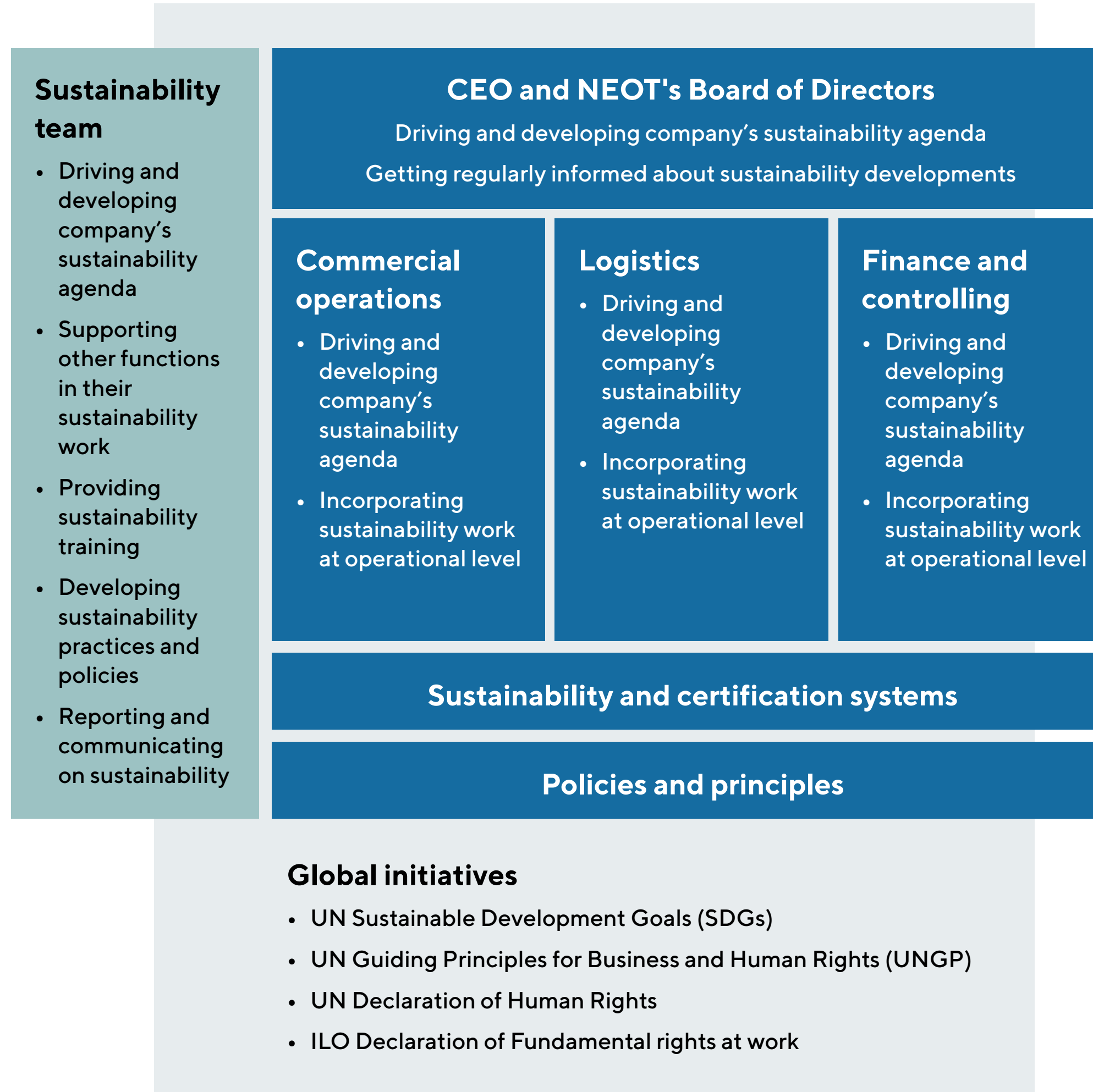
- Ethical behaviour
- Collaboration with St1 to promote impactful and efficient legislation in the biofuel industry
- Sustainability-linked loan development with our banking syndicate
- Carbon disclosure project (CDP) work with SOK

## Sustainability governance at NEOT

### Driving the sustainability agenda

In the past, the sustainability team was the only driving force behind the sustainability agenda, which was also shown in the sustainability governance description. But with the powerful base of our principles, UN SDGs and strong NEOT Spirit to guide our decisions, the entire organisation has now been driving and developing the sustainability agenda.

NEOT has therefore decided to update the sustainability governance structure to accurately portray the current reality and show sustainability is driven throughout our organisation.



**Our Code of Conduct and ability to listen to stakeholders’ concerns**

NEOT complies with all applicable laws and regulations, and we expect the same from our partners. Our operations, and the behaviour of NEOT employees, is 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.

We take misconducts or breaches seriously and encourage our employees to react to actions contradicting our Code. In 2020, we introduced an anonymous compliance channel through which our employees and external stakeholders can communicate their concerns and observations of violations of our Code of Conduct. In 2021, we received no reports of misconducts.

All reported cases are handled confidentially by dedicated members of NEOT’s Compliance Committee through a recorded process. According to case category relevant experts are invited to participate in the investigation. NEOT also has a Health and Safety Committee, and our employees are also encouraged to inform their concerns to the members of this group. The Committee met four times during 2021.

**Stakeholder expectations**

**Customers/owners**

- Supply of competitive and sustainable fuels
- Transparency and open reporting
- Seamless cooperation
- Efficiency and continuous development

**Authorities and decision-makers**

- Facts, expertise
- Industry insights
- Compliant business behaviour
- Open and accurate reporting

**Personnel**

- Fair and equal treatment
- Development opportunities
- Training and development
- Appealing compensation
- Continuity
- Supportive working environment
- ‘Good vibes’

**→ MORE INFO**

- NEOT Sustainability Governance structure
- NEOT Sustainability agenda
- NEOT Code of conduct

**Logistics partners**

- Predictability
- Long-term partnerships
- Seamless cooperation
- Open communication
- Fair contracts

**Suppliers**

- Straightforward and efficient cooperation
- Open communication
- Fair competition
- Solid liquidity

**CASE**

**NEOT strengthened the link between financing and sustainability**

Sustainability is an integral part of NEOT’s spirit – the way we work at NEOT. To further strengthen our integrated approach to sustainability we announced our first sustainability-linked Revolving Credit Facility (RCF), a loan that ties our sustainability ambitions and financing more tightly together. The margin of the RCF is linked to NEOT’s performance on specific sustainability KPIs. The value of the RCF is EUR 300 million.

The sustainability linked KPI structure of the RCF covers NEOT’s core operations and is based on our performance on

- greenhouse gas intensity reduction of sold products
- environmental efficiency of shipping operations and
- preventive safety measures at the terminals and in road transportation.

“Linking our new RCF with sustainability targets was a very welcomed alternative. The products and logistics we supply form the core of our operations and have the most significant impact on people and the environment. Therefore, I am pleased that financing has now even stronger link to these parts of our value chain,” says **Henrik Työppönen, Treasury Manager, NEOT.**

In addition to financial aspects, strengthening the link between financing and sustainability also offered a great opportunity to deepen the sustainability knowledge across NEOT’s organisation.

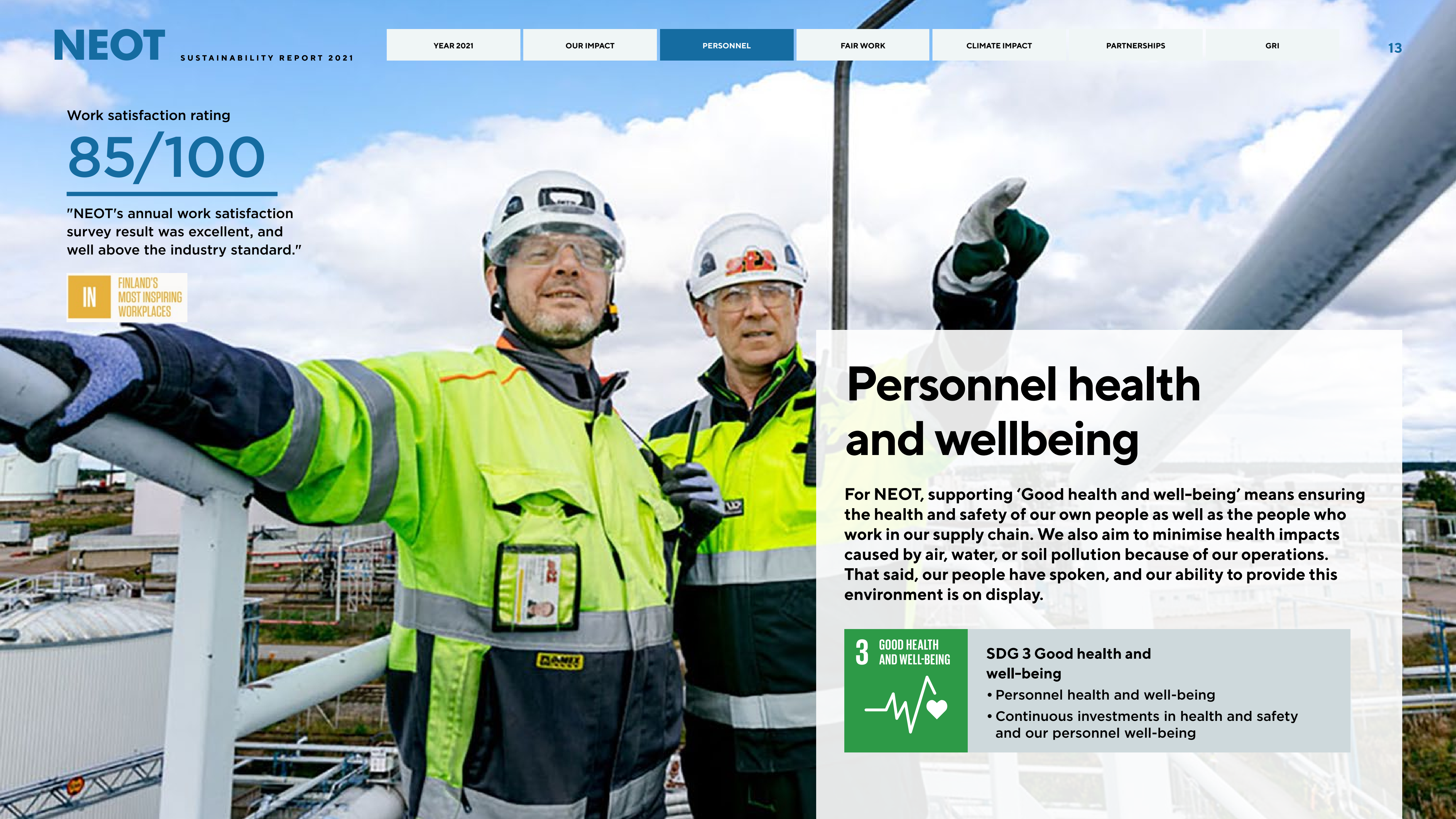
“Launching the sustainability linked RCF was a companywide effort that required seamless cooperation between our experts in the fields of sustainability, logistics, commercial operations, and finance. Not to mention the good cooperation with our banking group,” says **Työppönen.**

Work satisfaction rating

**85/100**

"NEOT's annual work satisfaction survey result was excellent, and well above the industry standard."

**IN** FINLAND'S MOST INSPIRING WORKPLACES



## Personnel health and wellbeing

For NEOT, supporting 'Good health and well-being' means ensuring the health and safety of our own people as well as the people who work in our supply chain. We also aim to minimise health impacts caused by air, water, or soil pollution because of our operations. That said, our people have spoken, and our ability to provide this environment is on display.

**3** GOOD HEALTH AND WELL-BEING



**SDG 3 Good health and well-being**

- Personnel health and well-being
- Continuous investments in health and safety and our personnel well-being

# Health and safety in logictics

**Operating with hazardous substances requires paying special attention to safety throughout the supply chain. Our priority in safety is to ensure everyone comes home safely after a working day. We strive to continuously develop and promote a preventive safety culture and we believe that the only acceptable goal in safety is zero accidents.**

## Road transportation

### A good level of safety in road transport

NEOT's road transport operations focus upon Finland. We do not have our own fleet or transport personnel as we have outsourced all road transport to eleven dependable haulier partners. We have close relationships with every operator involved in our fuel deliveries. Continuous dialogue and communicative relations through daily discussions and tailored training sessions are important factors in ensuring efficient and safe deliveries.

NEOT's safety performance was at a good level in 2021. In 2021, there was 1 (1) accident to a driver, 0 (0) fatalities, and 1 (0) significant spill in our logistics operations. The significant spill was around 6 m3 of heating oil and occurred when the truck overturned and punctured during the incident. The spill was reported and investigated, and all necessary

protocols were followed. The spill was cleaned and processed as hazardous waste in a treatment plant.

Thanks to continuous investments in improving safety culture and the level of knowledge among our haulier partners and drivers, NEOT's safety performance in road transport has been at an excellent level in recent years. In terms of preventive measures, a total of 350 (438) job observations were carried out by terminal operators at NEOT terminals, haulier drivers or safety advisors in 2021.

### Continuous training as the foundation for good safety performance

Taking care of NEOT's deliveries requires different types of training. The topics covered in the provided training are, for example, terminal safety, safe deliveries, data privacy, and product quality. New

drivers also receive a personal safety induction at the terminals.

In 2021, ensuring a high level of safety knowledge among drivers remained as an important focus. Due to the changed way of working resulting because of the COVID-19 pandemic, many driver courses were again held online. All tank trucks used in NEOT's deliveries continue to have a tablet device that gives the drivers an easy access to the training materials regardless of time and place. The training sessions held in 2021 were focused on, for example, preparing for an accident and NEOT was able to organise 6 (1) training days for legal professional competency for drivers.

Moreover, we extended the period of validity of various fixed-term professional qualifications because of exceptional circumstances. Various other training sessions were, for example, held using video training materials in the DreamBroker app; during 2021, these videos were viewed 686 times (1094). Carriers also made their own training videos using the DreamBroker app.

### Sharing is caring: building and maintaining cross-organisational safety practices

Awareness-raising and information sharing is a crucial part of occupational safety when working in



Road safety key figures	2021	2020	2019	2018	2017	2016
Safety observations done by drivers	354	438	368	397	46	n/a
Fatal accidents	0	0	0 <sup>(2)</sup>	0	0	0 <sup>(3)</sup>
Accidents to drivers <sup>(1)</sup>	1	1	2	2	1	6
Overtaken tanker trucks	2	0	0	2	3	6
Number of significant oil spills	1	0	0	0	1	0
Oil spills, total m <sup>3</sup>	7	1	1	6	7	25

<sup>1)</sup>Accidents leading to at least one day sick leave.

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

<sup>3)</sup>Two external fatalities; the drivers drove under a tank truck in both cases.

a partner network model. In our logistics network, safety know-how is shared, for example, through the NEOT Safety Management Academy and a network of safety advisor. The Academy consists of haulier partners' top management as well as NEOT's experts and offers a great platform for disseminating knowledge about safety-related improvements to our partner network. However, due to the pandemic, only 2 (3) remote Safety Management Academies were organised in 2021.

Safety advisors play a key role in knowledge sharing. The network of safety advisors consists of designated safety experts from each NEOT's haulier partner company. Safety advisors met 3 (3) times in 2021 to discuss the legal requirements for

customers' technical equipment, new standards and requirements for the retail stations as well as environmental issues.

We also work closely with our owners on safety topics, especially related to safety at the terminals. In 2021, NEOT offered 6 professional qualification days in Pori in collaboration with the Rescue Training Foundation of Western Finland. The theme of the Professional Qualifications Day was how to prepare for an accident. The criteria and requirements for vocational qualification training are clearly defined and the training was tailored together with NEOT. A total of 137 participants took part in the training, including drivers, representatives of carriers and market companies and NEOT's own staff.

**CASE**

**NEOT goes 3D**

In 2021, a 3D animation training package was started. This type of training will be used at the terminals for training drivers as well as safety training for service stations and fuel oil deliveries. We will also create material in the training packages on the prevention of accidents.

“It is important for NEOT to dive into the root causes of accidents and to present situations to tackle the issues in a visual way that more personnel will understand. The 3D animation adds to NEOT’s visual toolbox of training material. It will further strengthen the health and safety and operational excellence of our drivers and terminal personnel,” says Heikki Hiros, Logistics Manager at NEOT.

In addition to this improvement, the use of QR codes in training materials was tested both internally and for critical contractors and proved to be very functional. NEOT will continue to develop training through new innovative methods as it strives to continuously deliver on the goal of zero accidents.

# Rail transportation and shipping

## Rail transportation in cooperation with VR Transpoint

NEOT normally uses rail transport for fuel deliveries between terminals in Porvoo, Hamina and Varkaus in Southern Finland. Our railway transportation is operated by VR Transpoint Oy and over 80% of the rail transport deliveries are powered by electricity.

We work closely with VR Transpoint to ensure safe and efficient railway operations between terminals.

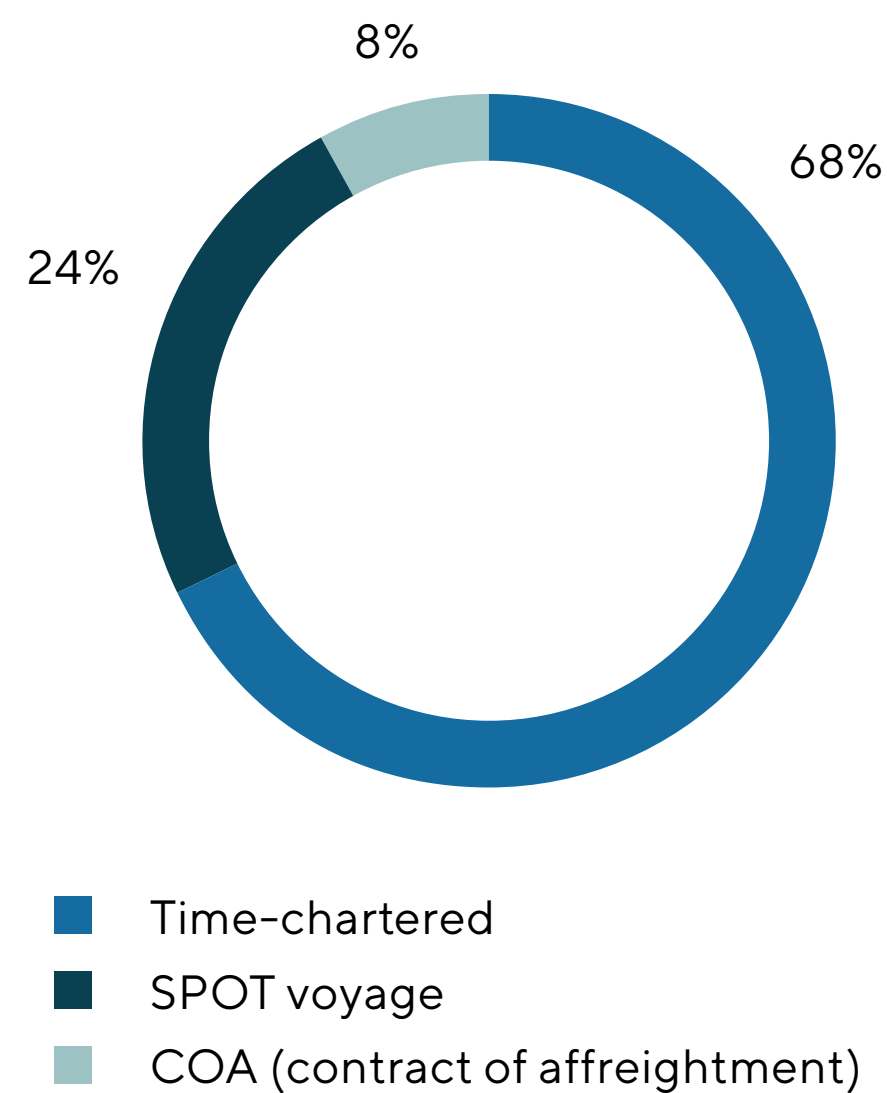
## Safety in shipping

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 the vessel's safety and age. Our shipping experts and the owners of the time-chartered vessels meet regularly to 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 that conduct physical vessel inspections. No significant accidents or near-miss cases occurred in NEOT's shipping operations in 2021.

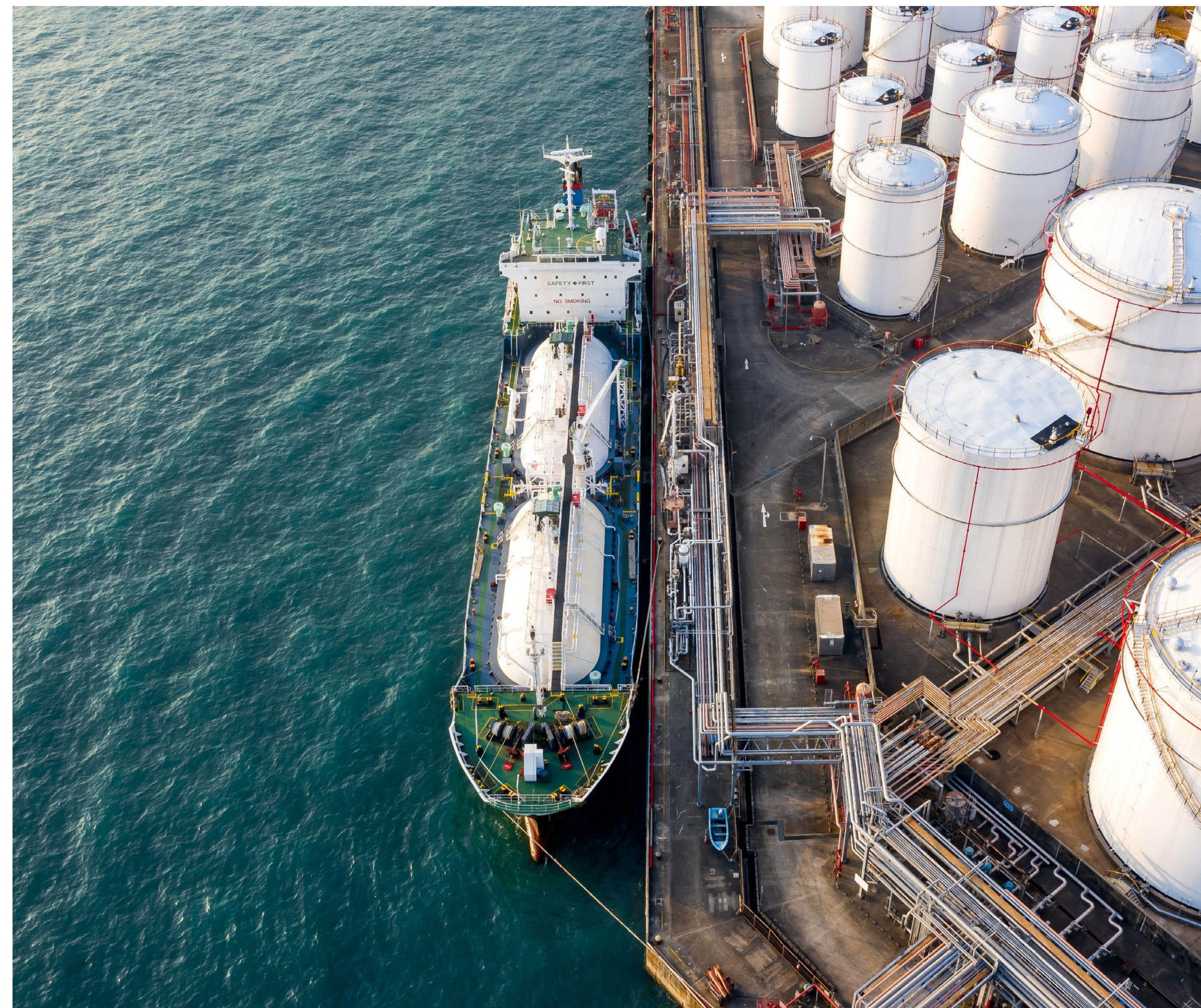
However, the Corona year 2021 also changed the operating methods for ships and port visits to avoid incidents. The port visits were carried out contactless and the ship's personnel did not leave the ships in the harbour.

**80% of rail transport deliveries are powered by electricity.**

## Sea transportation by contract type, %



The calculation is based on the amount of transported products.





# Terminals

## Terminal throughput approaching record figures

NEOT operates six terminals (in Hamina, Vaasa, Varkaus, Pori, Kuopio and Oulu) and holds rented capacity in one terminal (Inkoo) in Finland. Cooperation terminals used by NEOT in Sweden and Norway are operated by third parties, primarily St1. In 2021, the total product throughput of the terminals operated by NEOT in Finland and the rented capacity was 2.3 (2.4) million m<sup>3</sup>. The Kuopio terminal increased throughput significantly and this development will most likely continue until the spring of 2022. Hamina terminal ceased all handling of chemicals in 2021.

To be able to develop our terminal operations and ensure that the drivers who load products at the terminals feel safe to operate there, we are conducting a bi-annual survey aimed at tank truck drivers and haulier partners.

## Terminal audits and safety exercises in 2021

All NEOT's terminal operations are regulated by statutory safety requirements. Monitoring safety is part of the terminals' management system and each terminal has a safety development plan. All terminals are in industrial or harbour areas and are legally obliged to organise joint safety practices and drills in the event of an emergency.

Authorities regularly conduct safety audits at the terminals. Finnish Safety and Chemicals Agency (Tukes) conducted two audits in 2021 at terminals in Vaasa and Kuopio. None of the inspections found any significant issues and the terminal inspection interval remained for three years. The findings of all inspections are processed and reviewed regularly at terminals. In addition, NEOT's electricity controllers conducted inspections at each terminal (6) and compiled site-specific reports.

In 2021, major accident and rescue exercises were organised at all terminals in cooperation with the authorities within the limits of the COVID-19 pandemic. A major accident exercise was held in Pori and Vaasa during the autumn, and Kuopio practiced in accordance with an external rescue plan. If the exercises reveal good ideas for how to improve operations and infrastructure, then they will be considered and disseminated at all NEOT terminals.

The joint HSEQ working group of St1 and NEOT, established in 2018, continued its quarterly activities in 2021 with the aim of developing cooperation in both safety and environmental matters.

Drivers and terminal personnel underwent NEOT's electronic training system and Cloub's annual general and terminal training in spring 2021. Scoring

Terminal safety performance <sup>(1)</sup>	2021	2020	2019	2018	2017	2016
Observation tours	1,436	1,370	1,661	1,636	967	n/a
Near miss case reports	72	51	<sup>68</sup>	84	46	0 <sup>(3)</sup>
Number of lost-time injuries, own personnel <sup>(2)</sup>	0	0	0	0	1	6
Number of lost-time injuries, contractors <sup>(2)</sup>	3	0	0	1	3	6

<sup>1)</sup>The figures cover six terminals operated by NEOT in Finland.

<sup>2)</sup>Accidents at work leading to at least one day sick leave.

100% is a prerequisite for the validity of terminal loading permit cards. In 2021, the use of the current affairs section continued in connection with deviations in the induction of drivers. This way, we will immediately alert drivers to corrective actions and doctrines following incidents. In 2022, NEOT will change the training system and create more new training materials for carriers and terminals.

## Terminal safety performance at the terminals

In 2021, no work accidents occurred with staff or drivers in the terminal area. During the year, there were three accidents at work for contractors, two of which were at the Varkaus terminal and one in Oulu. All accidents at work were related to major construction projects.

## Environmental performance at the terminals

All NEOT's terminals are regulated by environmental permits. The terminals are also obligated to take part in major incident drills that cover environmental aspects including water protection. In 2021, Centre for Economic Development, Transport and the Environment (ELY) conducted audits at the terminals.

In 2021, the heat conductor and pump of the Volatile Gas Recovery System (VRU) malfunctioned at the Hamina terminal, which resulted in equipment downtime. Access to spare parts was difficult due to the pandemic, which delayed repairs. Owing to the VRU's downtime, total volatile organic compound (VOC) emissions at the Hamina terminal were higher in 2021 compared to the previous year.

Because of a tank leakage at the Vaasa terminal, more than 600 tonnes of ground material were assessed as hazardous waste, requiring removal and treatment.

**Investing in the operational safety and environmental performance**

In 2021, activity at NEOT terminals was still lively despite the COVID-19 pandemic. As in the previous year, the focus was on investments at the Oulu terminal, where the largest investments were made. In addition, a new fire extinguishing system was built at the Varkaus terminal, whose design work was carried out in 2020.

In addition to significant investment projects, the safety and environmental performance at

**In 2021, no work accidents occurred with staff or drivers in the terminal area.**

the terminals are improved with continuous upgrading. In 2021, the renewal of the ventilation and air conditioning system of the cavern in Kuopio began; this will be completed during spring 2022. The sensors in the oil separator system of the groundwater pumping plant in the caves were renewed during the year, with the aim of reducing emissions risks.

Environmental performance at the terminals <sup>1)</sup>	2021	2020	2019	2018	2017	2016
VOC emissions, tonnes	93	65	67	88	52	n/a
Wastewater, m <sup>3</sup>	1,863	3,284	<sup>984</sup>	984	562	0 <sup>6)</sup>
Waste, tonnes	1051	105	359	285	243	6
Non-hazardous waste	268	67	147	55	92	6
Hazardous waste	783	38	212	230	151	n/a

<sup>1)</sup>The figures cover six terminals operated by NEOT in Finland

**CASE**

**NEOT working to ensure strong terminal cybersecurity**

The importance of cybersecurity has continued to be high on companies' risk management agendas during the past few years, especially after the "colonial" pipeline hack in the United States paralyzed their operational integrity and the livelihood of the public. NEOT has also made significant efforts to ensuring sufficient level of cybersecurity for its operations. As the terminals are an integral part of NEOT's operations, they not only require advanced physical security, but also cybersecurity backed by advanced information technology (IT) and operation technology (OT). These systems need to work together to ensure a complete terminal and supply network.

"I have said this before, but it bears repeating: cybersecurity is like a chain; it is only as strong as its weakest link. At NEOT we need to think of all the possible weak links and work hard to strengthen them. In doing so, we ensure all our operations will not be compromised, and that we can continue supplying our essential product to the markets in which we operate without interruptions," says Miika Leskinen, Chief Information Officer at NEOT.

# Supporting personnel well-being

**At the end of 2021, NEOT employed a total of 54 (53) people of which 98% (98) worked full-time and 98% (98) were permanent employees. In 2021, we hired 9 (2) new employees and our employee turnover was 13% (2).**

## Strengths and attitude are at the core of personal development

In 2021, NEOT continued to develop our feedback culture and focused on performance and mental health. We offered mental well-being support along with performance coaching.

This support adds to our focus on self-assessment reflecting strengths and attitude. The self-assessment continues to be used as a basis for discussion between the manager and team member during development discussions.

All NEOT employees are entitled to regular performance and career development reviews. In 2021, these reviews covered 100% (100) of NEOT's personnel.

## Strengthening the feedback culture through Teamspective

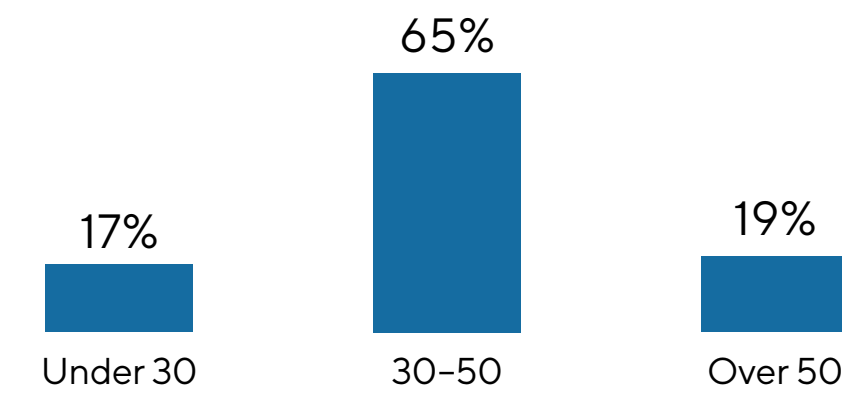
In 2021, we continued our efforts to develop our feedback culture. We see a functioning feedback culture as a prerequisite for getting the right things done and feeling good at work.

Teamspective, which is an online platform that enables asking personal feedback from colleagues and other peers, includes a team pulse questionnaire feature for measuring the well-being in teams on a weekly basis.

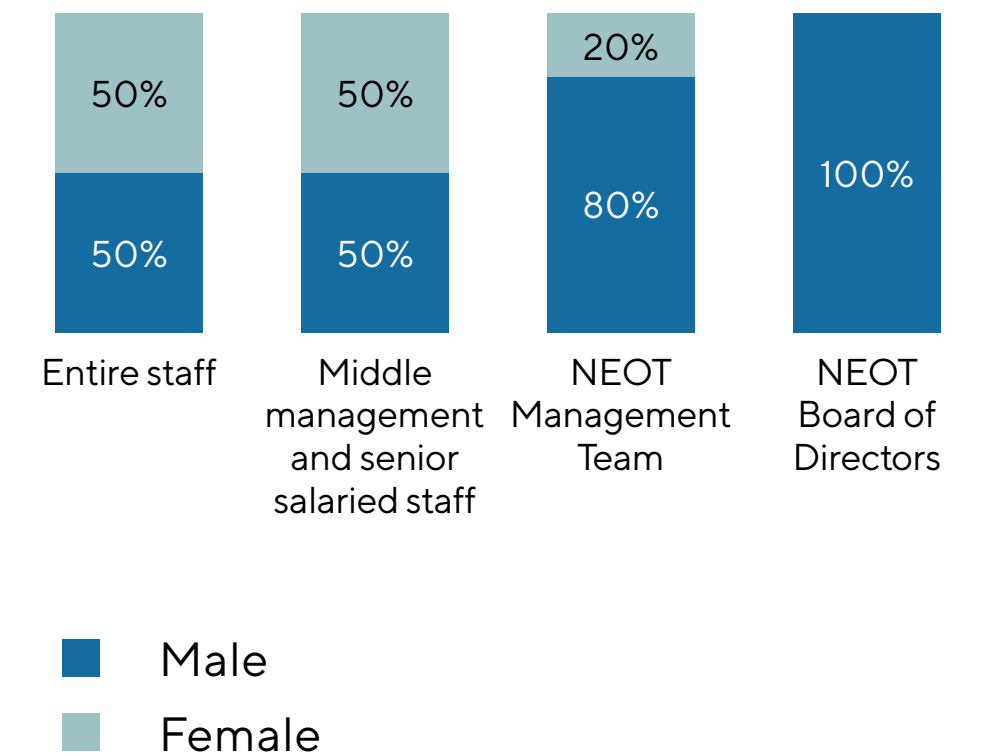
## Facilitating the foundation for mental well-being

We believe that supporting self-reflection and good mental well-being improves personal performance

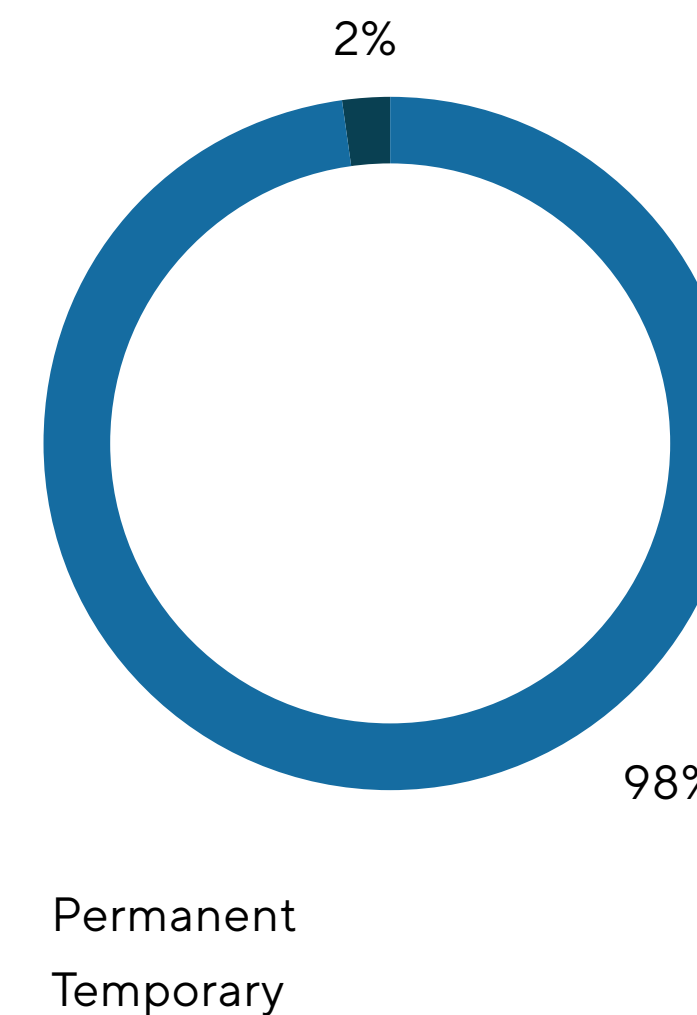
Age distribution, %



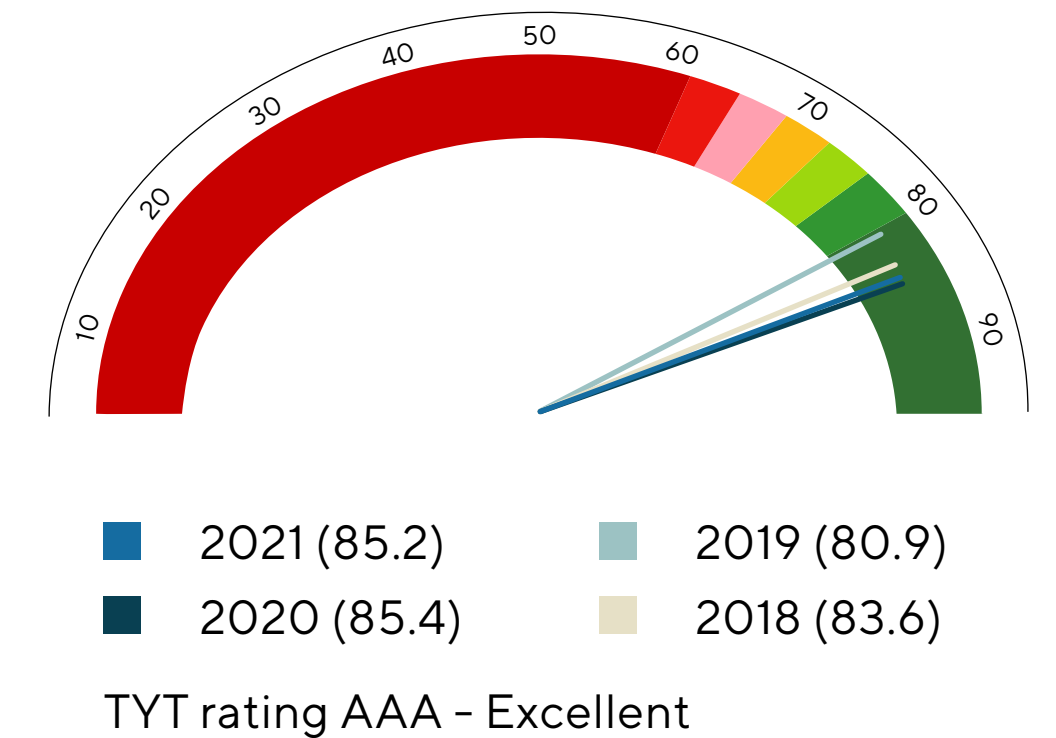
Gender distribution, %



Employees by employment contract, %



Work satisfaction level



as well as creates a better working environment by easing tensions. In 2021, we supported the mental well-being of our personnel through access of the Auntie service. The service, which is confidential, offers personal mental coaching with a practical approach.

In 2021, NEOT also provided the Hints performance programme to our personnel. This programme's foundation is that a better life leads to better performance. The programme, which focuses on the well-being of an individual, gives access to one-on-one coaching and a Firstbeat lifestyle assessment.

**Work satisfaction holding strong**

Employee satisfaction at NEOT is measured weekly through the new Teamspective platform and annually with an employee satisfaction survey. In 2021, the response rate in the annual survey was an extraordinary 98% (100). Employee satisfaction at NEOT remained at an excellent level, on par with last year and among the highest in Finland. The strongest scores continue to be in the areas of efficient decision making, investing in work well-being and cooperation between departments.

**CASE**

**The Perspective of Teamspective**

Since NEOT began using of Teamspective in 2020, we have continued to use this tool to improve our feedback. The pulse questionnaire, which tries to break through the information barriers, gives the personnel an outlet to offer feedback on topics ranging from wellbeing and psychological needs to collaboration and processes within their respective teams and the company as a whole.

“The Teamspective platform – especially the pulse feature – has been a key tool for the managers at NEOT to truly get the ‘pulse’ of their team: ‘Is the workload too heavy? Do we have enough resources for this task? Is everyone being challenged enough with their work?’ These are questions that I, as a manager, ask myself when going through the results. It also helps to have added features on the platform, such as the ‘Open playbook’, which has helped facilitate discussions on the many themes in the questionnaire,” says Chad Edwards, Director of Sustainability at NEOT.

NEOT’s remote work continued for most of 2021 due to the pandemic, and the Teamspective platform is one of the many cloud-based tools that has been utilized during these difficult years.



“Contracts representing

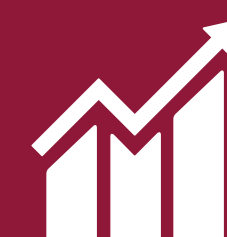
**77%**

of our supply included clauses addressing sustainability and human rights concerns.”

## Fair work

We contribute to SDG 8 ‘Decent work and economic growth’ by aiming to ensure fair working conditions for the people affected by our operations. Our goal is to increase transparency in our supply chain and bring about the working conditions it demands. We respect the rights and dignity of all people and expect the same from our partners.

**8** DECENT WORK AND ECONOMIC GROWTH



**SDG 8 Decent work and economic growth**

- Increasing visibility across NEOT supply chain
- Ensuring labour rights are respected in our supply chain and operations

# Fair work throughout our supply chain

NEOT’s approach to human rights is based on the United Nations Guiding Principles on Business and Human Rights (UNGP). Deepening our

understanding of and developing methods for managing human rights impacts of our operations, remained important sustainability issues in 2021.

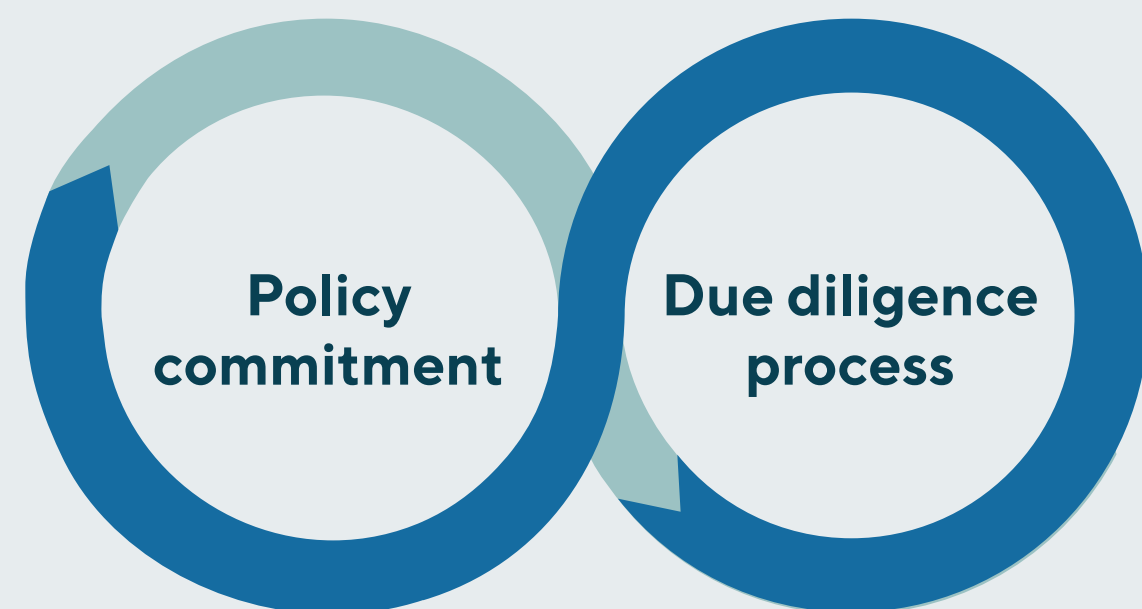
Building on the human rights risk mapping conducted in 2019, we continued focusing on our sourcing processes. Thus, we continued our efforts to include sustainability and human rights clauses in our long-term contracts. By the end of 2021, such sustainability clauses were included in contracts that together represented 77% (21) of our supply volume. Sourcing processes will be the primary focus of our human rights work also in 2022.

In 2021, similar sustainability aspects were included in our hauler tendering process and will continue to be considered in the future.

For accountability and transparency our stakeholders will continue to have the opportunity to voice their concerns on our anonymous whistleblowing channel.

## Neot’s recent development work on human rights

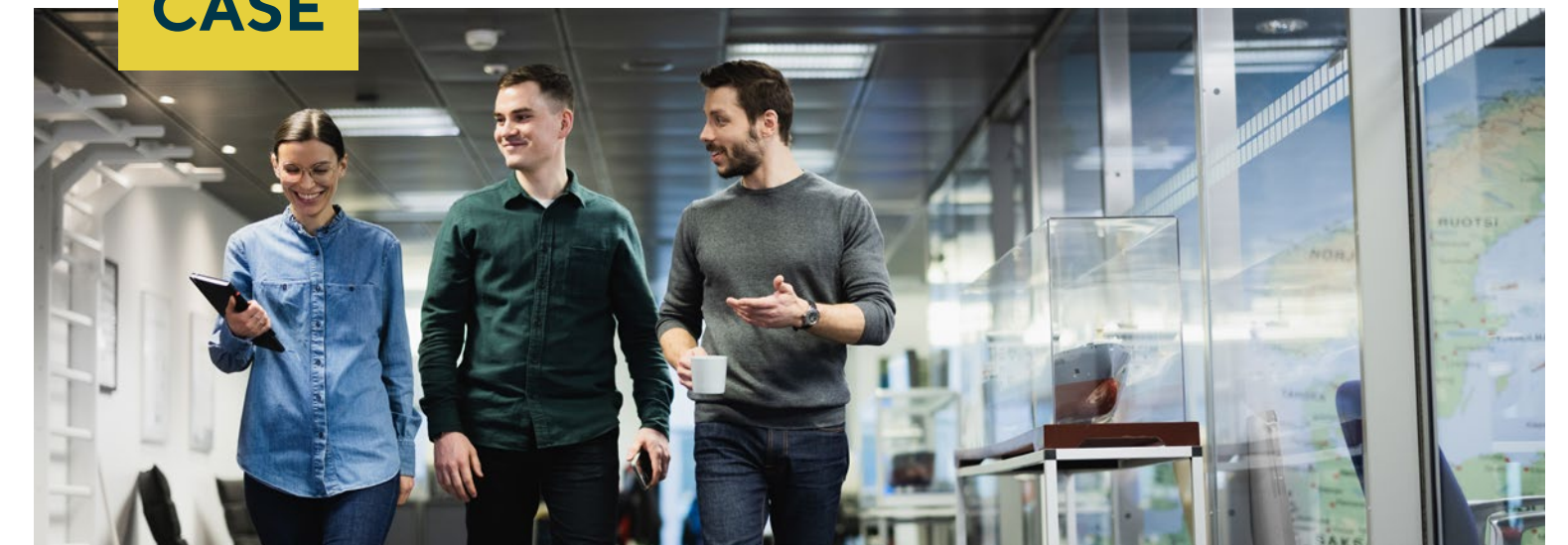
**COMMIT:**  
Renewal of Code of Conduct and Supplier Expectations (2018)  
Human rights policy published (2018)



**IDENTIFY:**  
Human rights risk mapping (2019)

**PREVENT AND MITIGATE:**  
Developing sourcing process to manage human rights risks (2020 >)

### CASE



## Working together to advance human rights and fairness in the supply chain

We at NEOT believe open dialogue and collaboration are key to ensuring that our expectations of suppliers are met. Consequently, we continue to work with suppliers to address human rights issues throughout the supply chain.

In 2021, NEOT and its suppliers continued committing to specific sustainability and fair work aspects defined in NEOT’s supplier expectations, Code of Conduct, and human rights policies. In 2022, NEOT will also increase the supply volume with these commitments by 56%.

“Working with suppliers that take human rights seriously has been the key for successful commitments throughout the supply chain. Having key stakeholder groups pushing for this change has definitely helped. From NGO’s to key suppliers – all are committed to ensure that our push for a greener future does not jeopardise the fairness, equality, and overall well-being of the people within our supply chains,” says Chad Edwards, Director of Sustainability, NEOT.

# Sustainable sourcing

**NEOT continues to push for transparency within its supply chain. This is why traceability is such an important topic to ensure that our products are as sustainable as possible. Without traceability, it is difficult to pinpoint high-risk factors or other problematic aspects within the supply chain.**

## 100% traceability within our renewable supply chain

NEOT sources renewable fuels globally and all the renewable fuels we supply are traceable and fully compatible with the required regulations in the markets we operate in.

We only source renewable fuels from suppliers complying with the EU's sustainability criteria; either voluntary EU approved schemes like ISCC (International Sustainability & Carbon Certification) or nationally recognised sustainability schemes. These sustainability schemes verify compliance with the EU's biofuels sustainability criteria, and include a third-party audit process.

Our operations are also certified in accordance with International Sustainability and Carbon Certification (ISCC) EU, the Finnish national schemes and the Norwegian authorities' scheme and are audited annually. Moreover, NEOT is certified under the Swedish national scheme, which is audited on request.

As a ISCC member, we ensure that our renewable fuels contracts take into consideration all necessary sustainability requirements, including traceability.

## Traceability: legislative neglect lets fossil fuel producers off the hook

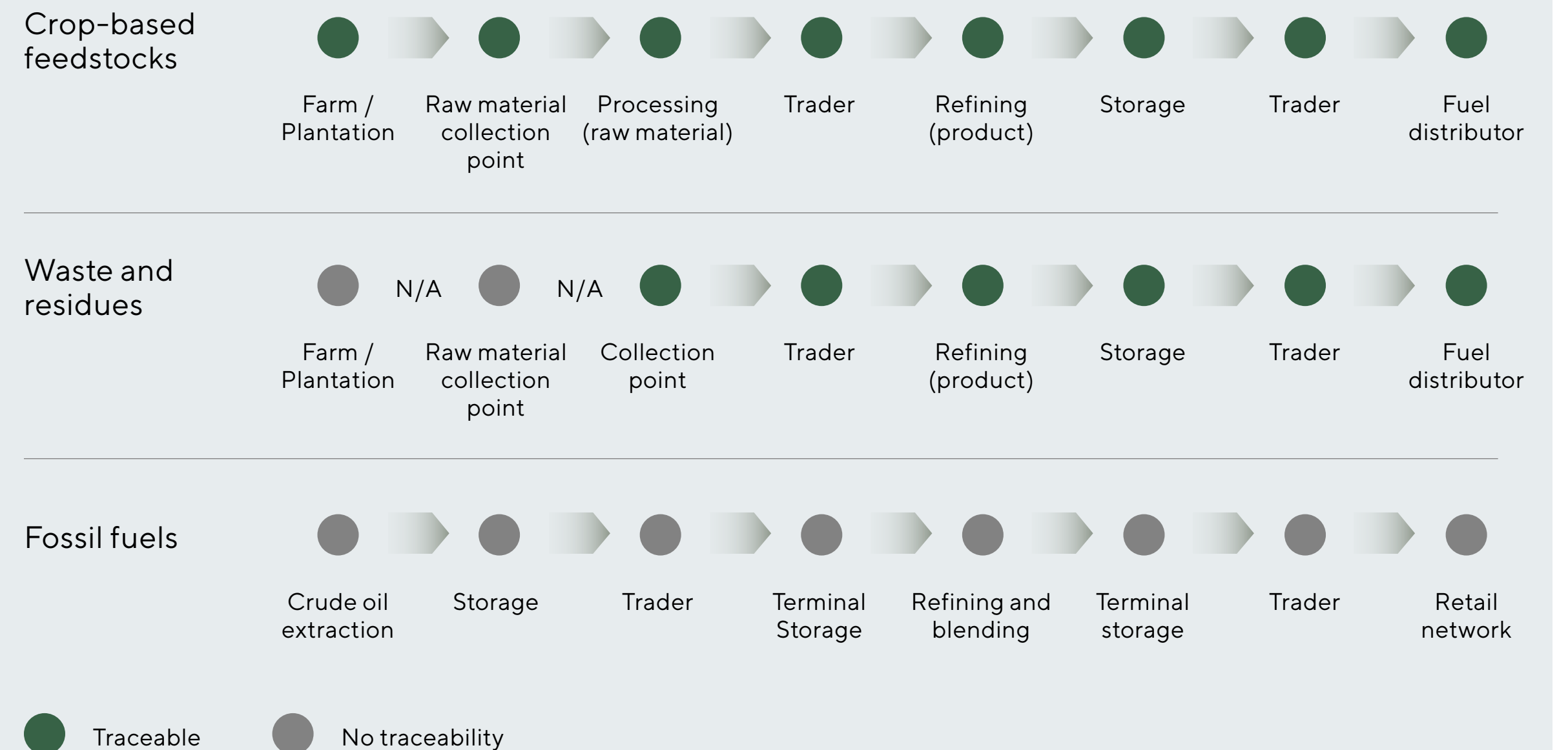
NEOT sources fossil-based oil products from various refineries in the Baltic Sea region, mainly in Finland, Sweden, Denmark, Norway, and Poland. Our most important source of supply is St1's oil refinery in Gothenburg. But due to the complex nature of fossil fuel supply chains and the lack of legislation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

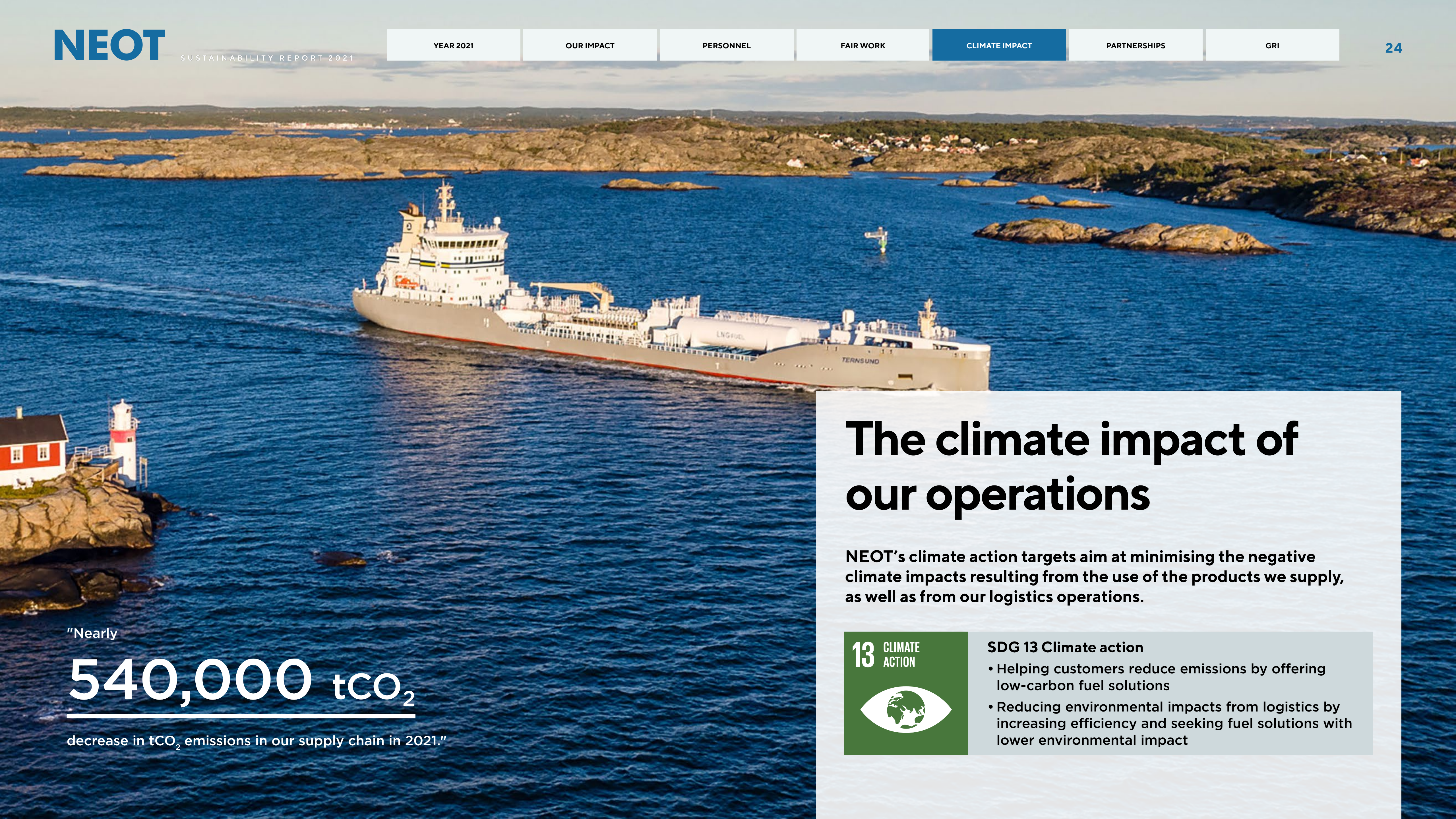
**→ MORE INFO**

- NEOT Human Rights Policy
- NEOT Policies

## Feedstocks used in biofuels must be traced back to their origin

The Sustainability Declaration / Proof of Sustainability (PoS) document follows the batch throughout the supply chain (Chain of Custody). For fossil fuels there is no traceability.





# The climate impact of our operations

NEOT's climate action targets aim at minimising the negative climate impacts resulting from the use of the products we supply, as well as from our logistics operations.

"Nearly

**540,000 tCO<sub>2</sub>**

decrease in tCO<sub>2</sub> emissions in our supply chain in 2021."

**13** CLIMATE ACTION



**SDG 13 Climate action**

- 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

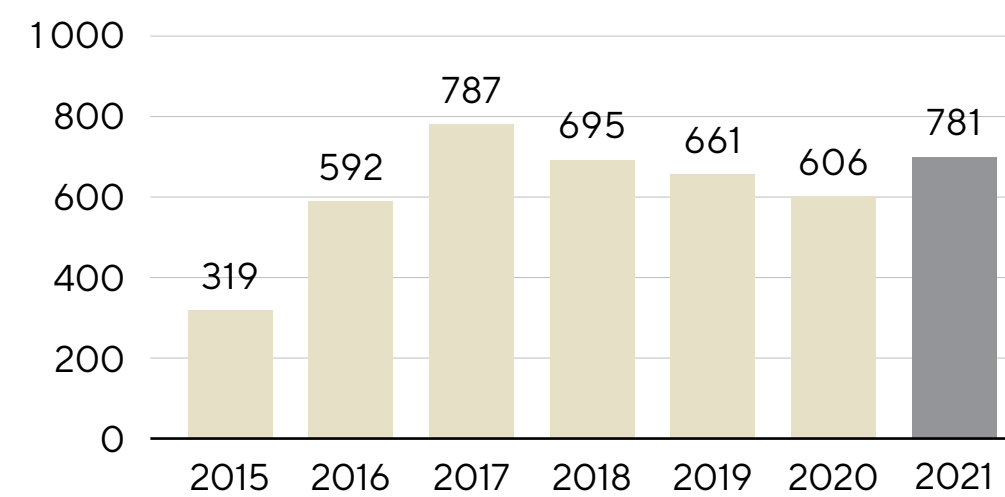


# Climate impact from sold products

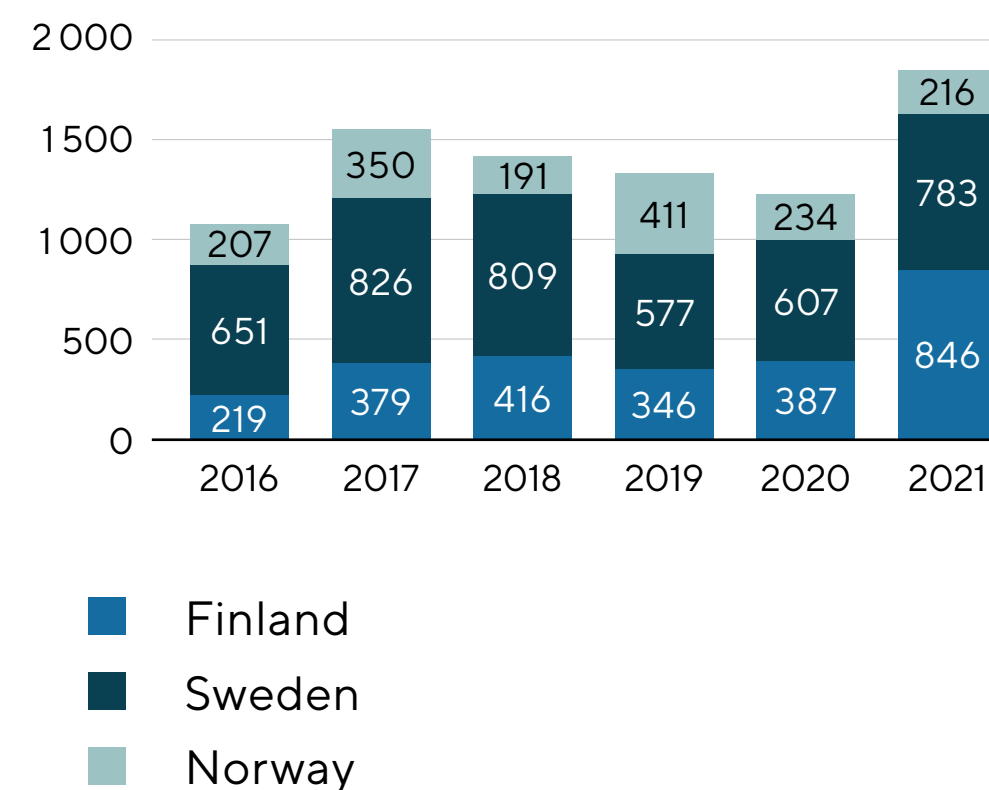
NEOT's most significant climate impact results from the use of the products we supply. We aim to help our customers to reduce their CO<sub>2</sub> emissions by offering renewable alternatives to fossil fuels. In the future, we also aim to develop alternatives that help our customers to decrease their climate footprint. In 2021, the renewable fuels we supplied to our customers helped to reduce greenhouse gas emissions by 1.8 (1.2) million tonnes, which equates to the annual emissions of over 892,000 passenger cars.\*

\* Basis for calculation: the latest data (2019) from Statistics Finland on average annual mileage of a passenger car (13,600) The emissions of 1520 g CO<sub>2</sub>e/km (Lipasto)

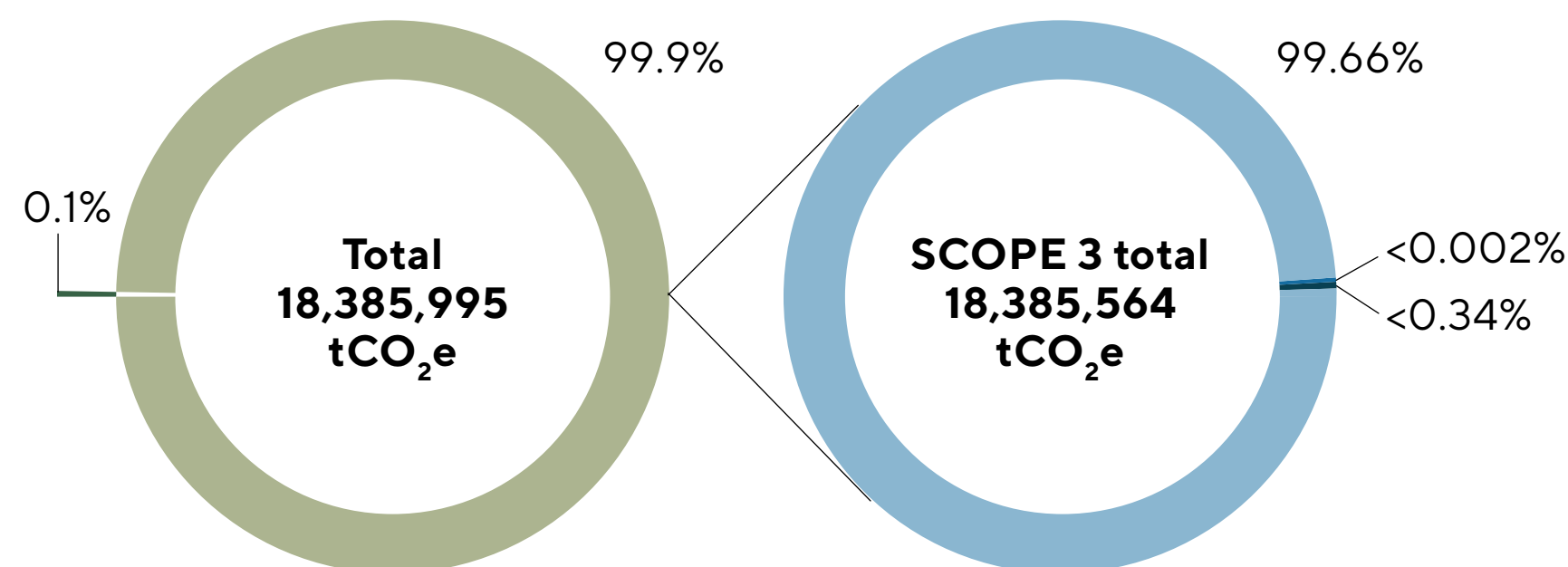
**Volume of sold biofuels, million liters**



**CO<sub>2</sub> reduction from the use of supplied biofuels by country, 1,000 tons**



**Value chain emissions 2021, tCO<sub>2</sub>e**



- SCOPE 1 Own production **N/A**
- SCOPE 2 Purchased electricity and heat **431 tCO<sub>2</sub>e**
- SCOPE 3 TOTAL **18,385,564 tCO<sub>2</sub>e**
- SCOPE 3 Use of sold products **18,322,960 tCO<sub>2</sub>e**
- SCOPE 3 Purchased goods and services **4 tCO<sub>2</sub>e**
- SCOPE 3 Upstream transportation and distribution **62,600 tCO<sub>2</sub>e**

For more details, see table on page 28.

**CASE**

## NEOT adds renewable diesel to its product range

In 2021, NEOT expanded its range of diesel products with NEOT Renewable Diesel. The new diesel is made from renewable feedstocks (hydrotreated vegetable oil, HVO) and can reduce greenhouse gas (GHG) emissions by more than 90% compared to fossil diesel. NEOT Renewable diesel is primarily made from waste and residues.

Thanks to cleaner combustion, NEOT Renewable Diesel helps to reduce local emissions and results in better air quality, especially in urban areas.

“NEOT Renewable Diesel is a simple way to reduce greenhouse gas emissions from traffic as it does not require any investments in infrastructure, and it is also compatible with diesel engines. Now the biggest challenges of HVO products are the limited availability of sustainable feedstocks and the high price levels,” says **Ida-Kaisa Kemppi**, Head of Customer Service & HSEQ, NEOT.

In addition to the new NEOT Renewable Diesel, NEOT's E85 ethanol fuel also offers a way to reduce GHG emissions from traffic. E85, which can reduce GHG emissions by as much as 80%, can be used in flexible-fuel vehicles or gasoline engines with an ethanol fuel conversion kit.

NEOT sources renewable diesel products globally from suppliers that comply with official EU sustainability criteria. We ensure that all renewable fuels we supply are traceable and compatible with the required regulations in the markets where we operate.

# The raw material of the renewable fuels

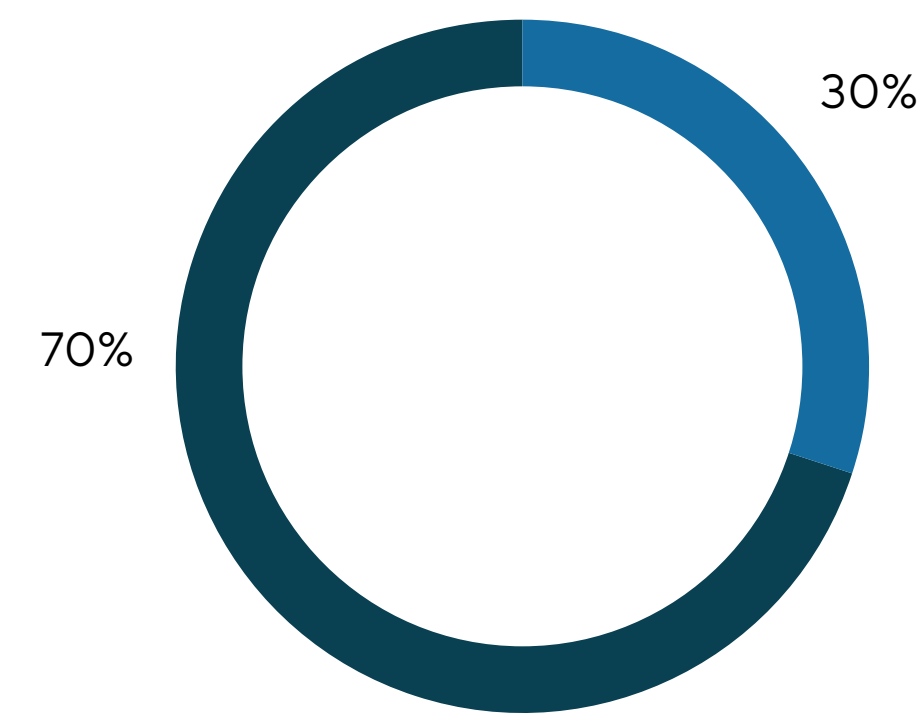
NEOT uses a variety of renewable fuels in its blending of final products sold to our customers. The renewable fuels NEOT purchases from its suppliers are produced from a specific raw material and allocated through mass balancing principles. Proof of sustainability (PoS) documentation is issued showing all the necessary sustainability details pertaining to the raw material linked to the final renewable fuel.

NEOT's most significant volumetric raw materials (also considered 'feedstocks') that were delivered to our customers in 2021 were Palm Fatty Acid Distillate (PFAD) (31%), Animal fats (23%), Palm-derived feedstocks (15%), Used cooking oil (UCO) (7%), and Sugar cane (5%). Meaning, we derive 61% of the most significant feedstocks from waste or residues.

Our overall breakdown of our raw material is 30% from crop or feed and 70% from waste or residues.

An important aspect to highlight regarding the climate impact of our raw material choices is that three (3) out of our top five (5) raw materials – totalling 61% – have the highest gCO<sub>2</sub>e reduction per litre values. So the raw materials we mostly use therefore mitigate climate change by providing higher GHG savings per litre of raw material utilised in our final products to our customers.

**Feedstock type by vol, %**



■ Crop-based  
■ Waste and residues

In the end, NEOT continues to strive to bring the most competitive and sustainable raw materials to our customers.

**Feedstock gCO<sub>2</sub>e reduction per litre**

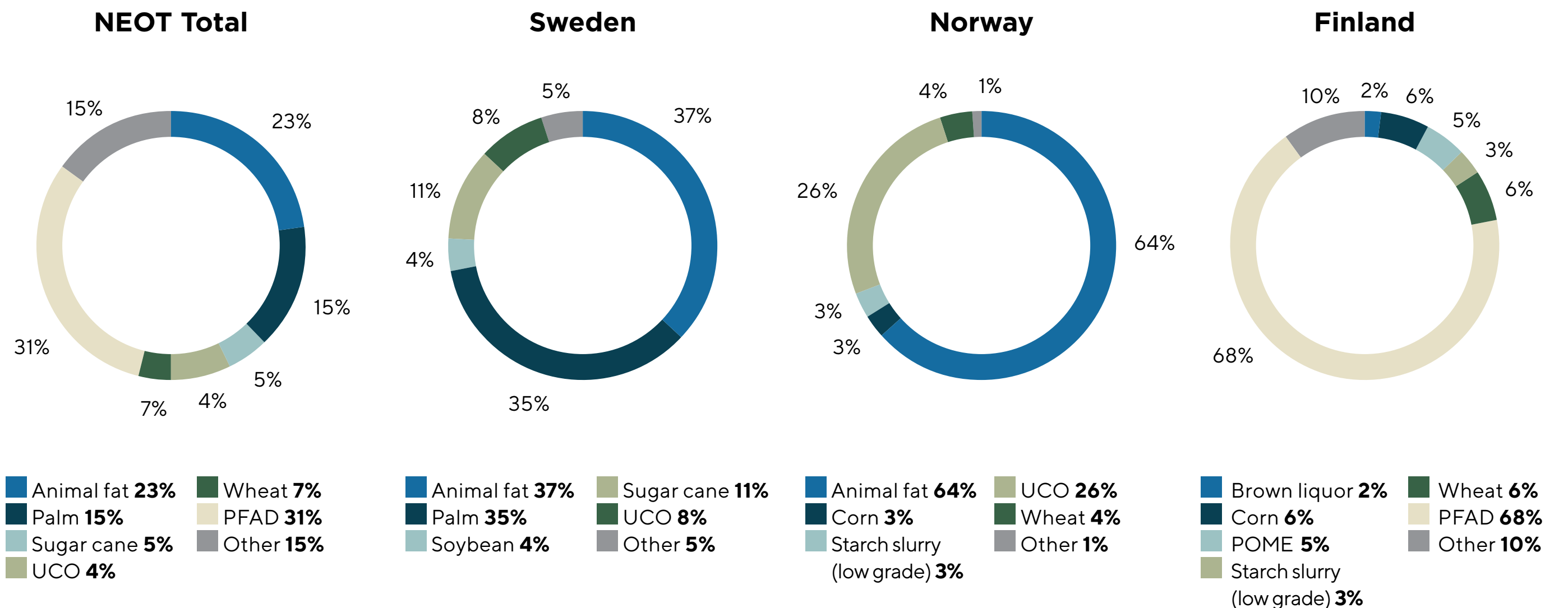
**Top 4 feedstocks**

Feedstock type	gCO <sub>2</sub> e reductions/l
PFAD	2,692
Animal fat	2,629
UCO	2,608
Palm	2,432

**Bottom 4 feedstocks**

Feedstock type	gCO <sub>2</sub> e reductions/l
Straw	886
Manure	857
Crude glycerine	798
Organic MSW	797

**Feedstock split, %**



■ Animal fat **23%** ■ Wheat **7%**  
 ■ Palm **15%** ■ PFAD **31%**  
 ■ Sugar cane **5%** ■ Other **15%**  
 ■ UCO **4%**

■ Animal fat **37%** ■ Sugar cane **11%**  
 ■ Palm **35%** ■ UCO **8%**  
 ■ Soybean **4%** ■ Other **5%**

■ Animal fat **64%** ■ UCO **26%**  
 ■ Corn **3%** ■ Wheat **4%**  
 ■ Starch slurry (low grade) **3%** ■ Other **1%**

■ Brown liquor **2%** ■ Wheat **6%**  
 ■ Corn **6%** ■ PFAD **68%**  
 ■ POME **5%** ■ Other **10%**  
 ■ Starch slurry (low grade) **3%**

# Climate impact from shipping operations



The majority of NEOT’s shipping operations are conducted as time-chartering. The six (five) most used vessels in NEOT’s operations are time-chartered from the Swedish shipping company Terntank Rederi A/S.

During 2021, the reliable Ternvik vessel turned 20 years old, and therefore it was retired from our time-chartering agreement. In its place Ternvag came on board, which is why NEOT used six instead of five time-chartered vessels during 2021.

Two of the vessels are dual-fuel vessels that are mainly powered by LNG (liquefied natural gas). The vessels using LNG have a significantly smaller impact on the environment compared to traditional tankers as they generate less sulphur oxides (SOx), nitrogen oxides (NOx) and particle emissions.

The total amount of local NOx emissions resulting from the six (five) time-chartered vessels was 615 (578) tonnes in 2021. Compared to conventional but still highly efficient vessels, the reduction of NOx emissions resulting from using LNG-powered vessels totalled 467 (504) tonnes in 2021.

In addition, the LNG vessels have lower CO<sub>2</sub> emissions compared to conventional ones. The CO<sub>2</sub> reduction achieved with LNG vessels compared to a conventional vessel in 2021 was 2,200 (2,100) tonnes and the total GHG emissions from NEOT’s time-chartered vessels totalled 51,000 (48,000) 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 begun gathering emission data from COA and SPOT deliveries, and plan to report on these for our 2022 reporting period.

## CASE

### Preparing for our new vessels with less emissions

NEOT aims to continuously reduce the environmental impacts resulting from its operations, including shipping. One way of achieving this target is to use a modern fleet causing less emissions and having excellent safety performance in our marine transport. Most of our shipping operations are conducted with five time-chartered vessels that are renewed on a regular basis.

In 2022, the hybrid solution vessels Tern Island and Tern Fors will join NEOT’s time chartered fleet. There was clear need, for both Terntank and NEOT, to deepen our knowledge and understanding about new vessels’ technical and operational improvements to reduce environmental impact in shipping.

“Terntank developed and launched an interactive course through a web platform called Seably, intended for all personnel involved in the hybrid solution’s operations. The course delves into the basics of what a Terntank hybrid solution vessel is, and gives a crash course on some of the typical international shipping efficiency values. The course has been a great way to communicate and ensure that the NEOT personnel interacting with these hybrid solution vessels are aware of all its benefits and know how to operate the vessels on a daily basis to lower its environmental impact on a daily basis,” says Satu Mattila, Director, Shipping and Operations, NEOT.

All personnel that complete the course receive a certificate of completion from Seably, which is certified by DNV in accordance with the Standard of Certification for Maritime Training Centres.

# Climate impact from road transportation

The condition and age of trucks has a significant impact on the environmental performance of road transport. All tank trucks used for NEOT's deliveries are regularly inspected by a third party. In 2021, 399 (382) units were inspected. 97% (97%) of the tank trucks used for NEOT's deliveries in 2021 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 2021, the total CO<sub>2</sub> emissions from NEOT's road transport was 11,600 (14,400) tonnes.

The distance driven while taking care of NEOT's deliveries was 13.3 (14.5) million kilometres. This decrease in kilometres and CO<sub>2</sub> emissions was a result of less movements of products between terminals, and efficiency adjustments of which terminals specific products are lifted. In 2021, the CO<sub>2</sub> emissions per kilometre for NEOT's road transport deliveries improved compared to previous year, which primarily can be tied to the emissions reduction % increase in NEOT's diesel supply. The emissions were 0,87 kg CO<sub>2</sub>e/km (0,99).

Carbon dioxide emissions, tCO <sub>2</sub>	2021	2020	2019	2018
Direct CO <sub>2</sub> emissions (Scope 1) <sup>(1)</sup>	-	-	-	-
Indirect CO <sub>2</sub> emissions (Scope 2) <sup>(2)</sup>				
Electricity <sup>(3)</sup>	0	0	0	0
Heat	431	251	439	676
Other indirect CO <sub>2</sub> emissions (Scope 3)				
Sea transport (time-chartered vessels)	51,000	48,000	52,000	53,000
Road transport	11,600	14,400	14,300	14,200
Business travel (flights)	4	12	54	68
Use of products sold <sup>(4)</sup>	18,320,000	18,860,000	21,530,000	20,540,000

<sup>1)</sup> Due to the trading nature of its business, NEOT's operations do not cause material direct CO<sub>2</sub> emissions.  
<sup>2)</sup> Energy and heat consumption at the terminals operated by NEOT (6).  
<sup>3)</sup> NEOT uses 100% renewable electricity at the terminals it operates. The emission coefficient for 100% renewable electricity is zero.  
<sup>4)</sup> Calculation applies the guidelines set out in the EU Fuel Quality Directive (FQD) Article 7a.



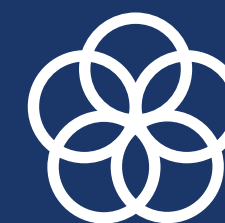
## D CDP score for 2021

"We have the ambition to improve this score for the 2021 reporting that takes place in 2022."

# Partnerships for Sustainable Development Goals (SDGs)

NEOT is committed to doing business with integrity and high ethical standards, and we acknowledge the importance of ensuring ethical behaviour in our operations. Our approach is to offer our expertise to strengthen our actions, in particular via legislative frameworks and public disclosures that, in cooperation with our stakeholders, will advance the Sustainable Development Goals (SDGs).

**17** PARTNERSHIPS FOR THE GOALS



### SDG 17 Partnerships for the goals

- Collaboration with owners and other energy sector operators to provide perspectives to policymakers and regulators concerning sustainability impacts of legislative frameworks.

# Climate legislation guiding our cooperation

In 2021, we continued cooperating with our owners on the climate-related topics, especially concerning legislation linked to emission reduction targets for transportation and biofuels. Together with our owners, we share an aspiration for a more effective climate policy and continuously work to provide decision-makers perspectives that support this goal. As legislation has a strong guiding effect on companies, the development of the climate policy framework plays a important role in combating climate change. Our message to the decision-makers is that climate change requires a large selection of supported strategies, and that it cannot be solved with the few solutions currently supported by legislation.

NEOT hopes that the Fit for 55 package can be further amended to be this truly supportive legislation.



[→ MORE INFO](#)

NEOT policies and principles

## CASE

### Carbon Disclosure Project (CDP)



In 2021, we agreed to further develop our voluntary reporting through the Carbon Disclosure Project (CDP) in collaboration with our owner SOK. In 2020, the focus was only on disclosing forest risks in connection with our supply chain, and NEOT will continue to disclose forest risks and report through the climate change questionnaire developed by CDP.

We are grateful for our owners, SOK, for spearheading this initiative. Although NEOT only scored a D in the latest CDP assessment, which states we are transparent about climate issues, we have the ambition to improve this score for the 2021 reporting that takes place in 2022.

“The CDP is an excellent tool for transparency, and to push our climate change ambitions and overall reduction of our emissions throughout our supply chain. It is great to see our owners, SOK, leading by example and NEOT was happy to participate. Overall, it was a great learning experience for our company and team in disclosing these topics, and I am sure we will be leaders in Europe and our industry on our score report in no time,” says Rebecca Dukpa, Sustainability Expert, NEOT.

In addition to CDP, NEOT annually reports our environmental actions through this sustainability report and provides key performance indicators (KPIs) of our supply chain to our owners and customers, SOK and St1, and they in turn also disclose our performance through their respective integrated reports.

# Future outlook

## RED II is implemented

The Renewable Energy Directive (RED) drives the use of renewable energy in transport in the European Union (EU) and is the most important legislation regulating the emission reductions in the transport sector. The renewed version of this directive, RED II, was implemented in the national legislation of each EU member state by the end of June 2021. While both Finland and Sweden proceeded with the implementation, Norway, which recognises and accepts RED II, did not fully implement it in the national legislation during 2021.

In 2021, our teams and owners made the necessary adjustments to comply with RED II within our supply chain. The main adjustments occurred at the audit level, with stricter guidance for the voluntary EU schemes and greenhouse gas emissions calculations.

## Our position on RED III within the Fit for 55 package

NEOT operates in markets that have one of the highest emission reduction targets for the transport sector in the EU and Europe. In the transport sector, most of the chosen means for emission reduction are already in use. Biofuels, chosen as the main means for emission reduction in transport sector, cannot be scaled up from the current level as the pool of sustainable renewable feedstocks is reaching its limits. The use of renewable energy is also planned to be extended to the aviation and

maritime sectors, which would then draw from the same renewable feedstock pool.

RED II and the proposed RED III further restrict the use of certain feedstocks (feed and food crops, palm oil, and feedstocks listed in Annex IX B), which significantly limits the flow of raw material available. The removal of double counting of advanced biofuels in RED III will additionally increase the demand for raw materials. The cascading principle proposed for wood as a feedstock limits the available feedstocks further still.

Rising demand and prices threaten to lead to a situation where it is more profitable for operators in some Member States to pay a penalty fee instead of supplying renewable energy. In such a situation, emission reductions would not occur.

To be able to fulfil the growing demand of biofuels, all available sustainable biomass feedstocks need to be utilised. Some feedstocks are better suitable for producing gaseous biofuels than liquid biofuels. Therefore, biogas should be given a bigger role in transport emission reductions.

The sub-target for synthetic fuels (Renewable Fuels of Non-Biological Origins or RFNBOs) in RED III will encourage companies to make the necessary investments in the development and production of

synthetic fuels. However, it must be emphasized that industrial-scale production of RFNBOs does not yet exist in Europe. Therefore, the possibility of integrating the proposed sub-target into the existing sub-target for advanced fuels should be considered as this would make it cost-effective to meet the obligation.

To scale up the production of RFNBOs as soon as possible, the legislation should clearly indicate the path for RFNBOs in the short- and long-term. To facilitate the production of RFNBOs, a prerequisite for increasing volume and thus lowering prices, all regulations must be put in place quickly.

The renewable fuel obligations under RED II have not been fully technology neutral as biofuels have been given a great weight in mitigating the road transport emissions. Therefore, NEOT welcomes the Commission's proposal of changing the renewable fuel mandate from an energy source-based obligation to a GHG emission reduction-based one.

NEOT believes that a GHG emission reduction-based obligation will better incentivize actual GHG savings by spurring the production of renewable fuels with as high GHG emission savings as possible. We also welcome the proposed credit system for renewable transport electricity suppliers (article 25(2)), as accounting electricity in the renewable fuel obligation increases technology neutrality.



# 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 2020 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 fifth 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 7 and in more detail in the beginning of each section focusing on a specific sustainability topic (pages 9, 15, 17 and 20).

## 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 also covers 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) CO<sub>2</sub> emissions.

Indirect (scope 2) CO<sub>2</sub> 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 CO<sub>2</sub> / kWh).

Calculation of scope 3 emissions from the use of sold products and related CO<sub>2</sub> 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 2021 has not been assured by an external third party.

Contact information for feedback

### Chad Edwards

Director of Sustainability  
chad.edwards@neot.fi



# GRI CONTENT INDEX

**Standard and disclosure**

**References and location**

**GRI 102 GENERAL DISCLOSURES (2016)**

**ORGANISATIONAL PROFILE**

102-1 Name of the organisation	p. 3
102-2 Activities, brands, products, and services	pp. 3-4, 9
102-3 Location of headquarters	Back cover
102-4 Location of operations	p. 4
102-5 Ownership and legal form	p. 3
102-6 Markets served	pp. 3-4
102-7 Scale of the organisation	pp. 3, 9
102-8 Information on employees	pp. 13-14
102-9 Supply chain	pp. 5-6
102-10 Significant changes to the organisation and its supply chain	No significant changes in 2021.
102-12 External initiatives	pp. 7-8, 11
102-13 Membership of associations	NEOT is a member in the following associations: Finnish Transport and Logistics SKALL, Finnish Association of Safety Advisors, Finnish Standards Association (SFS), International Sustainability & Carbon Certification (ISCC) & Advanced Biofuels Coalition (LSB).

**STRATEGY**

102-14 Statement from senior decision-maker	p. 7
102-15 Key impacts, risks, and opportunities	pp. 9, 30-32

**ETHICS AND INTEGRITY**

102-16 Values, principles, standards, and norms of behaviour	pp. 9-12
102-17 Mechanisms for advice and concerns about ethics	p. 12

**GRI 102 GENERAL DISCLOSURES (2016)**

**GOVERNANCE**

102-18 Governance structure	<a href="http://www.neot.fi/en/sustainabilityagenda">www.neot.fi/en/sustainabilityagenda</a>
	Members of NEOT's Board of Directors: Arttu Laine, SOK (Chair); Tapio Finer, 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. 12
102-41 Collective bargaining agreements	98 (98) % of NEOT employees were covered by collective bargaining agreements in 2020. The CEO was the only person not covered by bargaining agreements.
102-42 Identifying and selecting stakeholders	pp. 10-12
102-43 Approach to stakeholder engagement	pp. 10-12
102-44 Key topics and concerns raised	pp. 7, 12

**REPORTING PRINCIPLES**

102-45 Entities included in the consolidated financial statements	p. 32
102-46 Defining report content and topic Boundaries	pp. 10-11, 32
102-47 List of material topics	pp. 10, 13, 21, 24, 29
102-48 Restatements of information	p. 32
102-49 Changes in reporting	No significant changes in 2021.
102-50 Reporting period	1 January - 31 December 2021
102-51 Date of the most recent report	26 April 2021
102-52 Reporting cycle	Annual
102-53 Contact point for questions regarding the report	p. 32
102-54 Claims of reporting in accordance with the GRI Standards	p. 32
102-55 GRI content index	pp. 33-37
102-56 External assurance	p. 32 The content of the report has not been verified by external third-party.

**GRI 102 GENERAL DISCLOSURES (2016)**

**GRI 103 MANAGEMENT APPROACH (2016)**

103-1 Explanation of the material topic and its Boundary	pp. 10, 32
103-2 The management approach and its components	pp. 10-12, 29-30, <a href="http://www.neot.fi/en/sustainability/agenda/">www.neot.fi/en/sustainability/agenda/</a>
103-3 Evaluation of the management approach	pp. 10-12, 29-30, <a href="http://www.neot.fi/en/sustainability/agenda/">www.neot.fi/en/sustainability/agenda/</a>

**GRI 200 ECONOMIC STANDARD SERIES**

**GRI 201 ECONOMIC PERFORMANCE (2016)**

201-1 Direct economic value generated and distributed	p. 9, NEOT is a collector of excise duty, and in 2021 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 (2016)**

205-3 Confirmed incidents of corruption and actions taken	No cases in 2021.
---	-------------------

**GRI 206 ANTI-COMPETITIVE BEHAVIOUR (2016)**

206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No cases in 2021.
--	-------------------

**300 ENVIRONMENTAL STANDARD SERIES**

**GRI 301 MATERIALS (2016)**

301-1 Materials used by weight or volume	pp. 4, 9
--	----------

**GRI 305 EMISSIONS (2016)**

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. 28
305-3 Other indirect (Scope 3) GHG emissions	p. 28
305-5 Reduction of GHG emissions	p. 28
305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	pp. 27-28

**GRI 306 EFFLUENTS AND WASTE (2016)**

306-1 Water discharge by quality and destination	pp. 17-18
306-2 Waste by type and disposal method	pp. 17-18
306-3 Significant spills	pp. 9, 14-15

**GRI 102 GENERAL DISCLOSURES (2016)**

**GRI 307 ENVIRONMENTAL COMPLIANCE (2016)**

307-1 Non-compliance with environmental laws and regulations No cases in 2021.

**400 SOCIAL STANDARD SERIES**

**GRI 401 EMPLOYMENT (2016)**

401-1 New employee hires and employee turnover p. 19

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 (2018)**

403-2 Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities pp. 15, 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 2021.

**GRI 404 TRAINING AND EDUCATION (2016)**

404-1 Average hours of training per year per employee pp. 14-15

404-3 Percentage of employees receiving regular performance and career development reviews p. 19

**GRI 405 DIVERSITY AND EQUAL OPPORTUNITY (2016)**

405-1 Diversity of governance bodies and employees p. 19

**GRI 406 NON-DISCRIMINATION (2016)**

406-1 Incidents of discrimination and corrective actions taken No cases in 2021.

**GRI 412 HUMAN RIGHTS ASSESSMENT (2016)**

412-1 Operations that have been subject to human rights reviews or impact assessments pp. 21-22

412-2 Employee training on human rights policies or procedures pp. 21-22

412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening No such investments made during 2021.

**GRI 415 PUBLIC POLICY (2016)**

415-1 Political contributions NEOT does not offer financial support to political parties or entities associated with them.

**GRI 102 GENERAL DISCLOSURES (2016)**

**GRI 416 CUSTOMER HEALTH AND SAFETY (2016)**

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. <a href="http://www.neot.fi/en">www.neot.fi/en</a> > 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 2021.

**GRI 417 MARKETING AND LABELLING (2016)**

417-1 Requirements for product and service information and labelling	<a href="http://www.neot.fi/en">www.neot.fi/en</a> > Products > Safety Data Sheets and Product Specifications
417-2 Incidents of non-compliance concerning product and service information and labelling	No cases in 2021.
417-3 Incidents of non-compliance concerning marketing communications	Not applicable to NEOT.

**GRI 418 CUSTOMER PRIVACY (2016)**

418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	No cases in 2021.
--	-------------------

**GRI 419 SOCIOECONOMIC COMPLIANCE (2016)**

419-1 Non-compliance with laws and regulations in the social and economic area	No cases in 2021.
--	-------------------

# NEOT

North European Oil Trade

Urho Kekkosen katu 5 C

00100 Helsinki

[www.neot.fi](http://www.neot.fi)