

# NEOT

SUSTAINABILITY REPORT 2022



Basics

Sustainability

People

Fair work

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NEOT SPIRIT - THIS IS NEOT

*Agility*  
*Sustainability*  
*Competitive advantage*  
*Good vibes*

NEOT is a small but highly knowledgeable expert in fuel supply and distribution.

Among the industry giants, our way of challenging old ways of working makes us a positive revolutionist.

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We operate in a transforming industry where agility and capability to adapt to changes measures our success.

Our vision is to be the most innovative fuel solutions supply company.

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# NEOT in brief



9.1  
EUR billion revenue

85%  
Renewable fuels produced from waste or residue

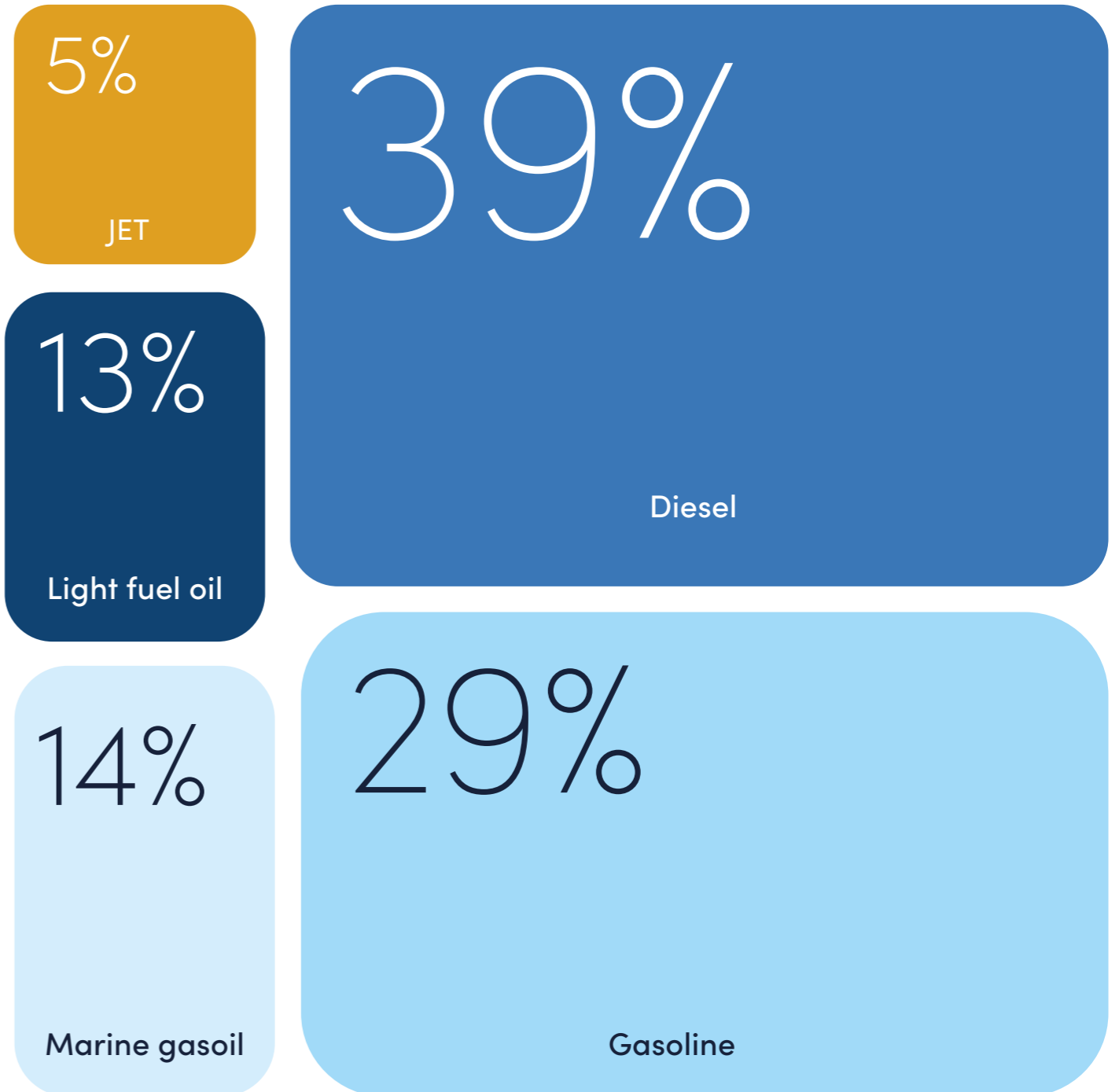
54  
Personnel

6.4  
Supplied fuels (billion liters)

NEOT 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. Each year we supply around 6 billion litres of fuel products to our owners SOK and St1.

**Ownership:** SOK (51%) / St1 (49%)

## Supplied fuels by product category, % (incl. fossil and renewable products)



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# 2022 at a glance

## Major changes in the energy industry

2022 was dominated by Russia's attack on Ukraine. The European decision-makers and operators in the energy industry reacted swiftly to the attack by voluntarily refusing to receive Russian crude and oil products and placing sanctions on these products. A clause for not accepting products of Russian origin has also been added to NEOT contracts. During the year the market was extremely volatile, and the prices for crude oil and oil products hit record levels. Thanks to our agile way of working and committed people, we were able to adjust our operations rapidly and even grow our business.



[READ MORE: CEO REVIEW / PAGE 8](#)



## Reviewing our sustainability agenda

Seeking to understand the impacts of our operations as comprehensively as possible is the core of our sustainability work. In 2022, we initiated a review process of our most material sustainability topics. The aim of the process is to identify the most important impacts resulting from our operations throughout our value chain and modify our sustainability agenda defined in 2018, if needed. The assessment includes sustainability impact assessment and consists of desktop research as well as engaging various stakeholders, such as our logistics partners.

[READ MORE: MANAGING SUSTAINABILITY / PAGE 14](#)

## Re-enforcing sustainability in finance

Sustainability is a core component in all NEOT's operations. In 2022, we re-enforced the link between sustainability and finance by including sustainability targets to our renewed Revolving Credit Facility (RCF) agreement. The sustainability KPIs were already included and thoroughly defined in the previous RCF so it was decided that the same KPIs would be included in the new one but with higher ambition level.

[READ MORE: MANAGING SUSTAINABILITY / PAGE 17](#)



## Working towards more sustainable shipping

Shipping emissions form the biggest share of our total logistics emissions which is why we are continuously seeking ways to improve the environmental performance of our shipping operations together with our partners. The most fundamental way to ensure good environmental performance is to use a modern and efficient fleet. In 2022, we continued investing in our advanced fleet and made an agreement to add an entirely new ship to our fleet in 2025. The new vessel will have the ability to use methanol as a fuel and has rotor sails which will significantly reduce emissions.

[READ MORE: CLIMATE / PAGE 45](#)

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CEO Review

# Year of fundamental changes



**In 2022, our thoughts were with Ukrainians as their lives were shattered by Russia's attack on their homeland. In addition to the concern and sorrow we felt for Ukrainians, the war also had practical implications on the lives of Europeans, especially through changes in the energy markets.**

**New order for energy industry**

The impacts of the war in Ukraine dominated the European energy markets in 2022. Voluntary refusal to receive, and the justified sanctions and import restrictions on Russian crude and oil products, resulted in significant changes in market fundamentals such as product flows and value chains. These changes were reflected in, for example, high product prices and challenging product availability. The market was extremely volatile, and we saw prices climb to unforeseen levels. The European energy markets needed to adapt to a new situation without energy imports from Russia.

Unlike for many other actors in the industry, the impacts to NEOT's supply flows were minor as we have not directly sourced products from Russia or been dependent on Russian imports even before the war.

The new circumstances challenged the energy industry and its operators in a different way to the COVID 19 pandemic. To put it simply, the war in Ukraine created a new order of things for the European energy markets and its operators. In the autumn, the European states were already preparing their citizens for major energy outages, which were luckily avoided thanks to a reasonably warm winter and proactive preparation.

**Climate commitments should be achievable during crisis**

The impacts of the geopolitical changes seen in 2022 were a wake-up call for Europe, and the rest of the world, too. The war in Ukraine showed how vulnerable our dependence on fossil energy makes us. It is clear that investing in new, renewable energy sources is important from the perspective of supply security in addition to combatting climate change. It is also a way to dismantle the unhealthy power structures around fossil oil.

*Unlike for many other actors in the industry, the impacts to NEOT's supply flows were minor as we have not sourced products from Russia or been dependent on Russian imports.*

**Agility proved its value again**

The effects of the war were very visible and concrete in NEOT's everyday operations and required immediate operational changes. Our agile way of working proved its value again. In our home market, Finland, we were able to grow our market share and volume and, together with changes happening in the fundamentals of the industry, this resulted in a very busy year for our people.

In addition to market conditions, prices and logistics, the war had a strong impact on people, both personally and professionally. At NEOT, the impact on people was seen in the results of our personnel satisfaction survey: the stress levels and workload had burdened our people clearly more than in previous years. Catching up and fixing this situation will be one of our main targets for 2023 as nothing is as crucial as the well-being of our experts.

During recent years, the world has moved from one crisis to another, and we can expect unstable conditions to be a permanent factor in the future. Despite what happens, for example, in geopolitics, one thing is for certain; we need to reduce emissions to mitigate the effects of climate change. Therefore, our solutions and legislation for combatting climate change should also be viable during a crisis. Our current legislation framework should have a wider selection of ways to reach emission reduction targets, and the means used should be efficient from the perspective of society and the environment, both in normal and exceptional times.

I want to thank our owners for their support and trust as well as our partners for their active cooperation in 2022. My most humble thank you goes to the NEOT people who showed extreme commitment and dedication during the volatile and tough times in 2022.

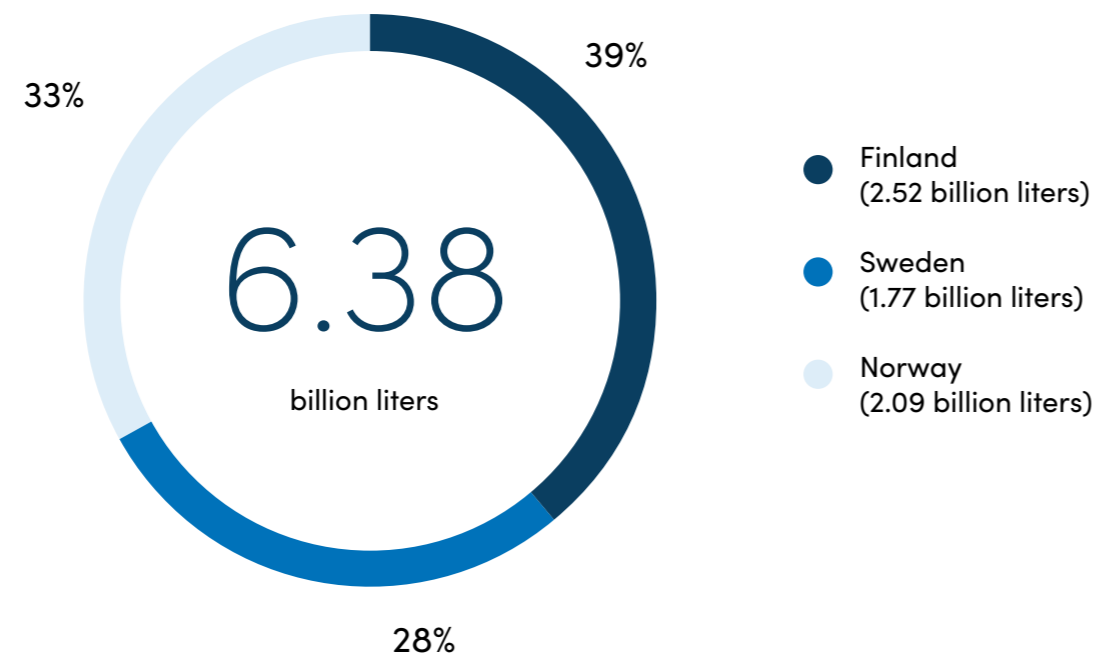
**Petri Appel**  
CEO

OUR IMPACT

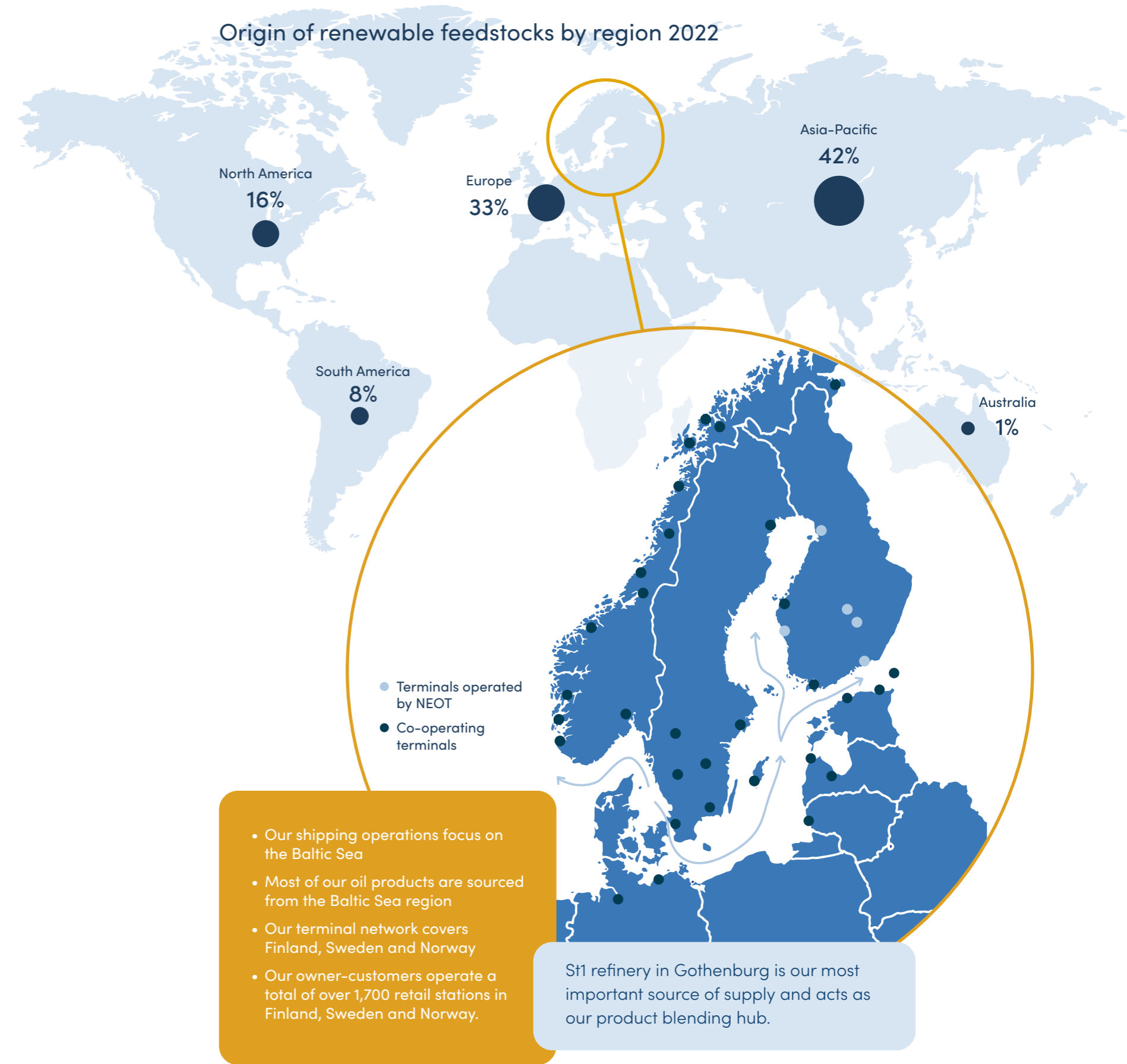
# Where we operate

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.

Supply by countries, %



[READ MORE: SUSTAINABLE SOURCING](http://www.neot.fi/en/sustainability/sourcing) [www.neot.fi/en/sustainability/sourcing](http://www.neot.fi/en/sustainability/sourcing)



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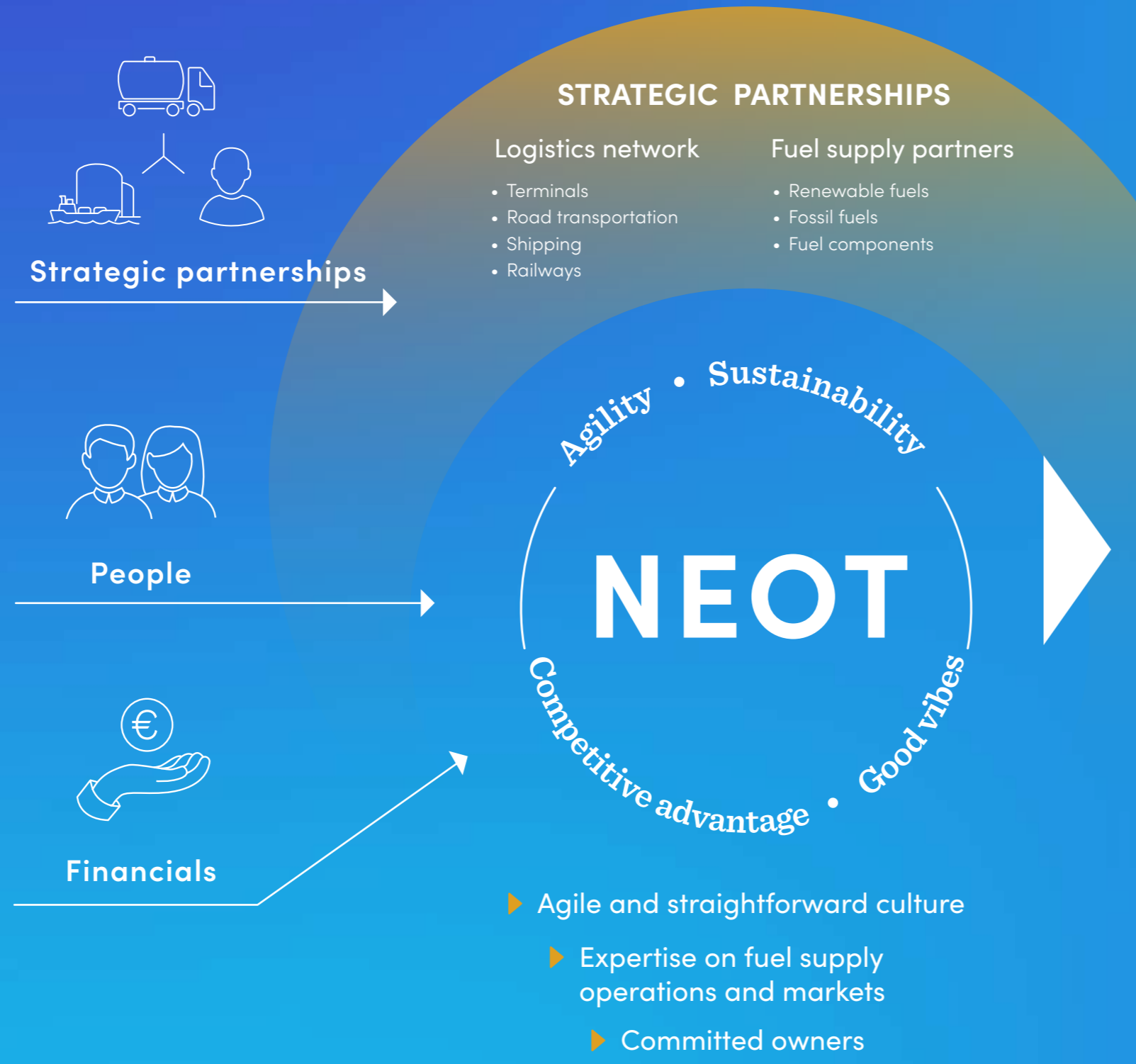
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# Value creation



**POWERING the society**

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

**ENABLING energy transition**

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

**SHARING valuable industry knowledge**

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



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# Managing sustainability

Energy sector needs to transform itself into a contributor to climate change mitigation. The purpose of NEOT's operations is to support our owners' efforts to accelerate the energy transition in the Nordics.

We do this by delivering competitive and sustainable fuel solutions and excellent results that can be invested forward to renewable energy solutions – by being an indirect enabler.

## Seeking to understand our impacts

Deepening the understanding about the direct impacts of our operations, as well as the indirect and aggregated impacts we contribute to through our value chains, is at the core of our sustainability work. We strive to eliminate or mitigate our negative impacts and support positive ones. We choose to direct our efforts to the areas where we can make the biggest difference.

NEOT's sustainability work and reporting focuses on the most material sustainability topics defined through the materiality assessment process. The process consists of identifying the actual and potential impacts our operations have on the environment and people directly or indirectly, prioritising them based on their severity and likelihood and defining the focus of our sustainability work.

Our first materiality assessment was carried out in 2018 and in late 2022 we started to review this work. The assessment process includes a desktop review as well as stakeholder engagement. Based on the significance of the operations, NEOT's assessment focuses on the value chains of our two main supply products, fossil and renewable fuels. For renewable fuels, the assessment focuses on the most used feedstocks and their geographical origins. The assessment work is done partly in cooperation with our other owner, ST1, as the fuel value chains of both companies are strongly intertwined. Results from the assessment work will be finalised and approved by the NEOT Management Team and the Board of Directors in 2023.

We continuously deepen our understanding about the impacts resulting from our operations and update our material topics and focus areas accordingly, when needed.

## NEOT's sustainability focus areas



### PEOPLE

- Health and safety
- Personnel well-being

#### 2022

- Excellent safety performance in all logistics operations with only one accident to a driver while making 228,000 product deliveries and driving 13.5 million kilometres.
- Significant increase in the amount of preventive safety measures, e.g. job observations and observation tours.
- Employee satisfaction survey results remained at an excellent level.



### FAIR WORK

- Supply chain transparency
- Labour rights

#### 2022

- We strengthened our supplier management by further developing our clearance process for new fuel suppliers.
- As a part of our materiality assessment review work we conducted a sustainability impact assessment including our impacts on people.



### CLIMATE IMPACT

- Products
- Logistics

#### 2022

- The renewable fuels we supplied to our customers helped to reduce greenhouse gas emissions by 2.1 (1.8) million tonnes. This equates to the annual emissions of over 1 million passenger cars.
- We were able to slightly decrease the total emissions per kilometre resulting from our road transport.
- Our total shipping emissions grew slightly as a result of increased shipping activities and decreased use of LNG due to challenging gas market situation.



### PARTNERSHIPS AND BUSINESS INTEGRITY

- Collaboration to promote impactful and efficient legislation in the biofuels industry
- Ethical behaviour

#### 2022

- We strengthened our expertise in Public Affairs by hiring a full-time Public Affairs Manager.
- Sustainability-linked KPIs were included in our renewed Revolving Credit Facility (RCF) loan.
- We participated as experts in several political hearing processes and had active dialogue with decision-makers related to energy industry regulation.
- We received one notification of possible misconduct via our compliance channel in 2022. The case was investigated and did not require further action.

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## Sustainability governance

NEOT's culture fosters agile decision-making as well as an unbureaucratic way of working. This principle applies to our sustainability work. NEOT's sustainability team, with the lead of the Sustainability Director, has the main responsibility for driving and developing the company's sustainability agenda. With the support from sustainability team, all NEOT Management Team members are responsible for ensuring sustainable operations, e.g. safety and environmental performance, in their respective fields. NEOT's sustainability priorities are reviewed and approved by the company's top management and the Board of Directors.

## Sustainability certifications and traceability of fuels

All biofuels distributed in the European Union must comply with the sustainability criteria set out in the Renewable Energy Directive (RED II). NEOT ensures that the renewable fuels we supply are traceable and fully compliant with the required regulations in the markets where we operate. Compliance with the EU's biofuels sustainability criteria is verified with sustainability schemes that include a third-party audit process.

We only source renewable fuels from suppliers that comply with either approved EU voluntary schemes, such as ISCC EU (International Sustainability & Carbon Certification), or nationally accepted sustainability schemes. NEOT's own operations are certified in accordance with ISCC EU, the Finnish national scheme, the Swedish national scheme and the Norwegian authorities' scheme. All NEOT's schemes were audited in 2022 and no non-conformities were found in the audits.

Unlike renewable fuels, fossil-based oil products do not have obligatory sustainability or traceability requirements. The lack of compulsory requirements creates challenges for the availability of information about the origin of the crude oil. NEOT sources most of its fossil oil products from various refineries in the Baltic Sea region, mainly in Finland, Sweden, Denmark and Norway. Our most important source of supply is St1's oil refinery in Gothenburg. The majority of the crude oil used in our products comes from Norway and the North Sea. NEOT has not directly sourced oil products from Russia or been dependent on Russian imports even before Russia's attack to Ukraine in 2022.

[READ MORE: SUSTAINABLE SOURCING](https://www.neot.fi/en/sustainability/sourcing)  
www.neot.fi/en/sustainability/sourcing

## Fostering and monitoring ethical behaviour

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 requirements we have for our partners are presented in our Supplier Expectations. In 2022, NEOT's sustainability requirements or suppliers' own corresponding requirements were included in fuel term contracts representing 96 (77) % of our supplied fuels.

All our stakeholders have an opportunity to communicate their concerns and observations of violations of our ethical principles set out in NEOT Code of Conduct as well as Supplier Expectations via an anonymous compliance channel. All reported cases are handled confidentially by dedicated members of NEOT's Compliance Committee through a recorded process.

In 2022, we received one notification of possible misconduct through our compliance channel. The report was related to our sourcing practices and did not require further action.

NEOT also has a Health and Safety Committee, and our employees are encouraged to communicate their concerns to the members of this group. The committee met four times during 2022.

[READ MORE: POLICIES AND PRINCIPLES](https://www.neot.fi/en/sustainability/policies-and-principles)  
www.neot.fi/en/sustainability/policies-and-principles

## New reporting requirements

The non-financial reporting on companies' sustainability performance has taken significant leaps during the past decade and the good development is continuing. In 2022, the European Union published a new Corporate Sustainability Reporting Directive (CSRD) introducing more sustainability reporting requirements to a larger group of companies. NEOT is also within the scope of the new directive. The reporting requirements will be phased in over time for different kinds of companies, and NEOT's first report complying the new directive will be published in 2026. We have started to develop our reporting to comply with the new requirements.

NEOT's subsidiary in Norway, NEOT AS, must comply with the Norwegian Transparency Act legislation on company's due diligence practices and human rights performance. The legislation entered into force in 2022 and the first report presenting NEOT's human rights performance required by the Norwegian legislation will be published by 30 June 2023 on our website.

## 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'

### Logistics partners

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

### Suppliers

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

## CASE



## RE-ENFORCING THE ROLE OF SUSTAINABILITY IN FINANCE

Sustainability runs through all NEOT's operations – including finance. In 2021, we announced our first ever sustainability-linked Revolving Credit Facility (RCF), and in 2022 this facility was renewed. Just as in the previous RCF, the margin of the loan is linked to our performance on specific sustainability KPIs. The sustainability KPIs were thoroughly defined in the previous RCF so the same KPIs were therefore included also in the new one – with somewhat higher ambition level. We were able to meet the targets for 2022.

The sustainability KPI structure of the new RCF covers NEOT's core operations and is based on our performance for:

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

Even though the KPIs remain the same, the target level for the GHG intensity of sold products is more ambitious and the safety KPI was also complemented with a conditional term.

"We were very pleased to include the already well-designed sustainability KPIs in our new RCF. Sustainability work is never finished, and certainly not within few years, but requires determined and consistent work instead. We appreciate the way our finance partners keep challenging us in regards of sustainability which this time resulted in raising the degree of ambition for two of the sustainability KPIs included in our new loan", says **Mika Myöhänen**, Head of Treasury and Group Risk, NEOT.



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# People – Safety and well-being

OUR PRIORITY IS TO ENSURE THAT EVERYONE, OUR OWN PEOPLE AS WELL AS OUR PARTNERS' EMPLOYEES, FEEL GOOD AT WORK AND GET HOME SAFELY AFTER A WORKDAY. FOR US, THE ONLY ACCEPTABLE GOAL IN SAFETY IS ZERO ACCIDENTS.

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# Safety management and performance

**Operating with hazardous substances requires paying special attention to safety throughout the supply chain. Due to the nature of NEOT’s field of business, trading, our safety work focuses mainly on our outsourced logistics operations instead of our own operations.**

## Safety performance 2022 in brief

The safety performance in all our logistics operations continued to be at an excellent level in 2022. No accidents leading to sick leave occurred to our own personnel or to our contractors’ personnel in terminal operations. In road transport we had one accident to a driver while making 228,000 product deliveries and driving 13.5 million kilometers. No major accidents occurred in shipping operations either. We continued to invest in preventive safety measures and increased significantly, for example, the number of job observations and risk assessments in road transport and observation tours at the terminals.

[READ MORE: SAFETY DATA/ PAGES 30-31](#)

## Building a preventive safety culture

Maintaining and strengthening a preventive safety culture is the core of our safety work. We believe that safety is an attitude that needs to be integrated into everything we do. We focus a lot of effort on preventive safety measures, and ensuring a high level of safety knowledge among tank truck drivers has been an important focus area for years.

## Promoting safety in our partner network

NEOT does not own road transport, rail or shipping fleets or employ transport personnel, as our logistics operations have been outsourced to reliable and long-term partners. We have close relations with the operators involved in our fuel deliveries. Continuous dialogue and open communication through daily discussions and tailored training sessions are crucial factors in ensuring efficient and safe deliveries when working in 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 Advisors**. In 2022, NEOT organised two (2) Safety Academies, and Safety Advisors met three (3) times.



### NEOT Safety Management Academy

The Academy consists of haulier partners’ top management as well as NEOT’s experts. The network meets regularly and offers a great platform for disseminating knowledge about safety-related improvements to our partner network.

### Safety Advisor

Each haulier partner taking care of NEOT’s deliveries has a designated Safety Advisor who is responsible for promoting and developing safety practices in the road transport partner network.

## CASE



### SAFETY JOURNEY STARTS FROM ONBOARDING

NEOT has divided its road transport operations in Finland into 10 transportation areas. We have currently 10 reliable haulier partners taking care of our product deliveries to retail stations, consumers, and business customers in Finland. Our partner agreements are tendered regularly and in 2021 it was time to put out to tender the transportation areas in Northern Finland. As a result of tendering, one new haulier partner entered our cooperation network in 2022.

Safety is a crucial part of our road transport operations and integrating new partners into our safety culture starts from onboarding. All new haulier partners get acquainted with their new transportation area and delivery destinations in advance by making risk assessments, for example. All drivers need to pass safety training and also the management of haulier partners goes through training before starting as NEOT’s partner.

“The core of successful onboarding is good preparation and comprehensive change management. As our haulier partners are working with hazardous substances, we cannot take any risks or compromise our standards for safety and quality in any situation. Our partners need to be ready and prepared from day one. In our tendering we also emphasise the importance of continuity management. It is important that haulier partners have good plans and resources in case of changes in their operations.”, says **Heikki Hiiros**, Logistics Manager, NEOT.

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# Preventive safety measures



## Job observations

Job observation is a risk evaluation of a work process, such as a loading and unloading event at the terminal. The target of the observation is to identify potential risks related to work tasks. At NEOT, job observations are conducted by terminal operators, haulier managers as well as safety advisors.



## Near miss reporting

Reporting near miss cases helps to establish and improve safe working practices at the workplace.

We encourage the actors in our logistics chain to report all near miss cases.

The activity of reporting near- miss cases is monitored continuously.



## Safety trainings

Operating with hazardous substances requires thorough and continuous training, some of which are legally required.

- Professional qualification days for drivers and terminal personnel. 4 (6) qualification days were organised in 2022.
- Inductions at the terminals
- Annual online training for drivers and terminal personnel. Passing this training is a prerequisite for taking care of NEOT's deliveries.



## Safety audits and inspections

Authorities regularly conduct safety audits at the terminals.

All vessels used for NEOT's deliveries need to be approved by at least two oil companies who conduct physical vessel inspections.



## Safety drills and major exercises

All NEOT's terminals are located in industrial or harbor areas and are legally obliged to organise joint safety practices and drills.

As a company defined as critical to the society from the perspective of energy supply, NEOT participates in major exercises related to supply security.

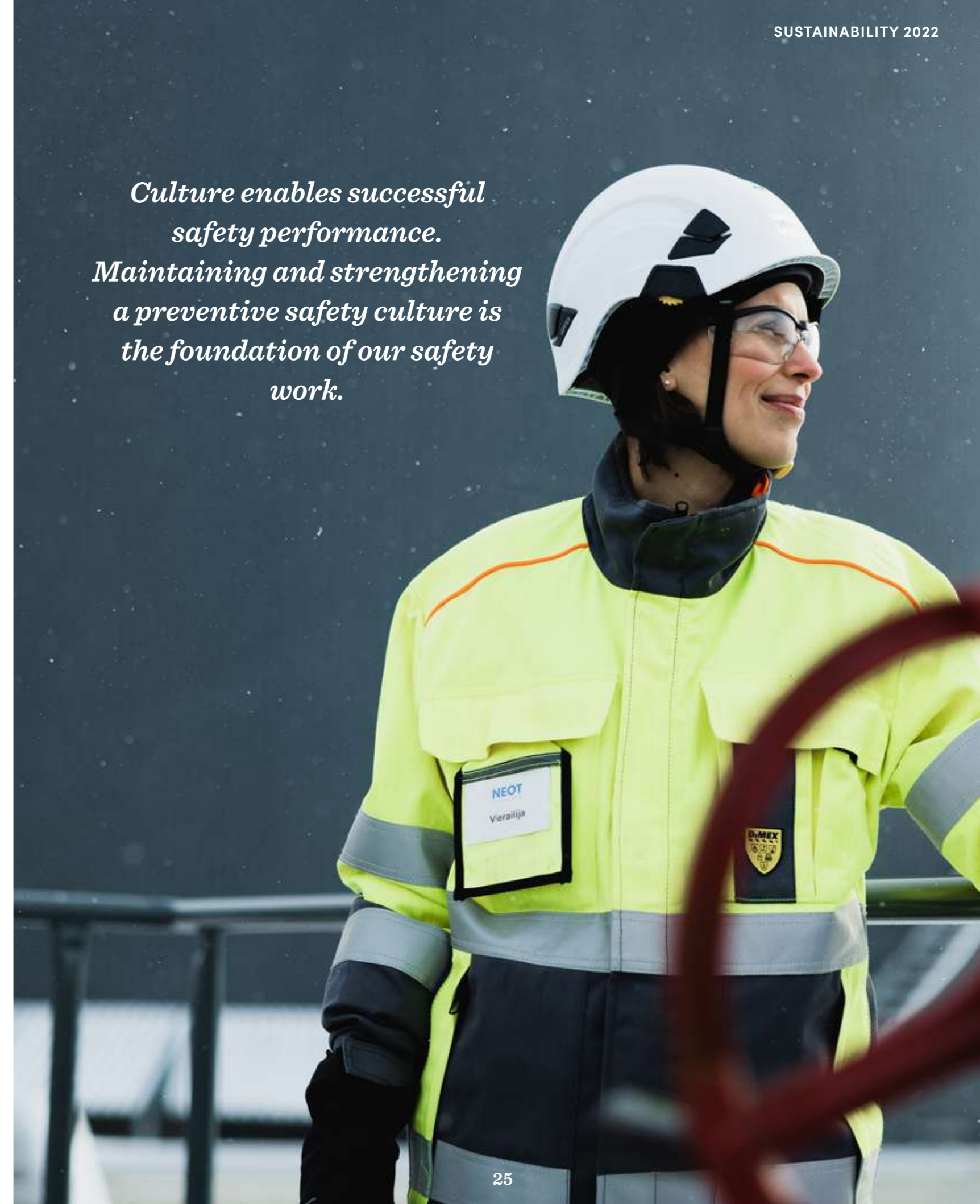


## Basic safety requirements

All NEOT's terminals are regulated by statutory safety requirements. Monitoring safety is part of the terminals' safety management system.

All NEOT's shipping partners are guided by NEOT's vetting policy which sets a minimum standard also for safety issues.

*Culture enables successful safety performance. Maintaining and strengthening a preventive safety culture is the foundation of our safety work.*



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# Safety in practice 2022

Culture and mindset are the foundation for successful safety performance but actions are what count in the end. Safety is a part of our logistics operations every day of the year.



## Safety target included in the terms of NEOT's new loan agreement

We consider safety to be an integral part of our culture and operations. Therefore, safety was an obvious topic to include as a sustainability KPI in the terms of NEOT's new loan agreement signed in late 2022. Our safety performance has been at an excellent level for years, which is why the safety target in the loan focuses on preventive safety measures that are essential for ensuring good safety levels in the future, too.

● ROAD TRANSPORT ● TERMINALS

## Focus on emergency supply capabilities and preparedness

The war in Ukraine had a major impact on the energy markets in Europe during 2022. The presence of war in Europe also emphasised the importance of emergency supply as well as the ability to adjust operations to a quickly changing operating environment. We gave these topics even more emphasis than usual during 2022 throughout our logistics chain, for example, through numerous practical exercises and drills with various external stakeholders.

● ROAD TRANSPORT ● TERMINALS

- **ROAD TRANSPORTATION**  
NEOT's road transport operations focus upon Finland. We cooperate with 10 reliable haulier partners who take care of our deliveries.
- **TERMINALS**  
NEOT operates six terminals in Finland (Hamina, Vaasa, Pori, Oulu, Varkaus and Kuopio) and holds rented capacity in one terminal (Inkoo) in Finland.

- **SHIPPING**  
Majority of NEOT's shipping operations are conducted with time-chartered (TC) vessels. The rest is done with Contracts of Afreightment (COA) and SPOT chartered vessels.
- **RAILWAYS**  
We use rail transport for fuel deliveries between terminals in Porvoo, Hamina and Varkaus in Finland. Rail transportation is operated by VR Transpoin Oy.

## Raising awareness of the importance of driving behaviour

Driving behaviour plays a critical role in ensuring safety in traffic. We are continually investing in increasing awareness of the importance of driving behaviour among our haulier partners and their drivers. In 2022, we started piloting a new monitoring system that enables drivers to monitor the impact their driving style and particular actions during driving, such as accelerations in certain conditions etc., has on safety. In addition to safety, the driving behaviour also affects emissions.



● ROAD TRANSPORT

## NEOT + St1 Safety Day 2022

We work closely with our owners on safety topics. To strengthen our shared safety culture with our partners, we arranged a Safety Day at each of our six terminals in Finland in cooperation with our other owner St1. In addition to terminal personnel, our haulier partners as well as our own logistics personnel took part in the events. The topics for the events were crowdsourced from terminal personnel and included themes like operating at accident sites and tank truck technology.

● ROAD TRANSPORT ● TERMINALS

## New safety training and reporting systems for road transport

Culture and behaviour are at the core of a successful safety performance, but efficient systems also contribute by making it easy to take part in creating a better safety culture. In 2022, we renewed our training system used for annual compulsory training for drivers and terminal partners. The new training materials are designed to be more insightful and illustrative and include, for example, 3D modelling videos showing the technology within the vehicles.

During the reporting year, we renewed our error reporting and reclamation system. The new, app-based system makes it easier to report errors and improves the visibility of the handling process of the reported errors.

● ROAD TRANSPORT

## Learnings from a near-miss case in shipping

The year 2022 was a busy period in the shipping operations. During the reporting year, NEOT strengthened its time-chartered fleet due to the increased demand for sea transport. No significant accidents occurred in NEOT's shipping operations, but one near-miss case was reported. The case was a result of a power outage while the vessel was approaching the harbour. The situation stayed under control and there were no damages. The event has been investigated and root causes were found and knowledge for preventing this type of situation was shared.

● SHIPPING

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**Investing in safe and efficient operations at the terminals**

Ensuring a good level of asset integrity is a crucial safety factor in industrial facilities. Annually we invest several millions of euros in maintaining and improving the safe and efficient operative performance of our terminals. In 2022, we invested, for example, in new extinguishing systems at our terminals in Varkaus and Vaasa. The new extinguishing systems enable more prompt control over fires and help to optimise the use of extinguishing foam.

● TERMINALS



**Searching for opportunities to save energy**

Energy efficiency has been a topical issue at the terminals, both from an environmental as well as a financial perspective. The pumps are the biggest user of electricity at the terminals, and we have been able to reduce consumption of electricity by optimising the operation of pumps at several terminals. Possibilities to optimise are always explored when renewing pumps. Energy can be saved also by utilising gravity when making product transfers between tanks.

● TERMINALS

**Improvements to water treatment at the terminals**

All NEOT's terminals are regulated by environmental permits, but we continuously strive to improve our environmental performance beyond legal requirements. All wastewater resulting from terminals' operations is always treated before it leaves terminal facilities. In 2022, we improved the water treatment of rainwater at the Pori terminal by adding a sand separator as a part of the process. Sand absorbs impurities and thus separating the sand from wastewater improves the quality of treated wastewater even further. In addition, the oil separation system protecting the water system in the cave storages in Kuopio was modernised during 2022.

● TERMINALS



*We annually invest several millions of euros in maintaining and improving the safety and efficiency of operations at our terminals.*

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**SAFETY PERFORMANCE**

	2022	2021	2020	2019	2018
<b>Road transport</b>					
Fatal accidents	0	0	0	0 <sup>(4)</sup>	0
Accidents to drivers <sup>(1)</sup>	1	1	1	2	2
Overtaken tank trucks	3	2	0	0	2
Number of significant oil spills <sup>(2)</sup>	2	1	0	0	0
Oil spills, total m <sup>3</sup>	12	7	1	1	6

**PREVENTIVE SAFETY**

	2022	2021	2020	2019	2018
<b>Road transport</b>					
<b>Job observations</b>	694	354	438	368	397
Online training, <sup>(5)</sup> number of views	2,302	2,735	1,094	-	-
<b>Terminals<sup>(3)</sup></b>					
Observation tours	1,799	1,436	1,370	1,661	1,636
Near miss reporting, number of reported cases	50	72	51	68	84
<b>Terminals<sup>(3)</sup></b>					
Number of lost-time injuries <sup>(1)</sup> , own personnel	0	0	0	0	0
Number of lost-time injuries <sup>(1)</sup> , contractors	0	3	0	0	1

**ENVIRONMENTAL PERFORMANCE AT THE TERMINALS<sup>(3)</sup>**

	2022	2021	2020	2019	2018
VOC emissions, tonnes	34	93	65	67	88
Wastewater, m <sup>3</sup>	1,143	1,863	3,284	984	984
Waste, tonnes	504	1,051	105	359	285
Non-hazardous waste	202	268	67	147	55
Hazardous waste	302	783	38	212	230

(1) Accident leading to at least one day sick leave  
 (2) Spills over 1,000 litres. Two separate cases where 7,500 liters and 3,955 liters of products were spilled to the ground during transportation. All necessary rescue measures and corrective actions were taken, and root causes investigated.  
 (3) The terminal figures cover six terminals operated by NEOT in Finland.  
 (4) One external fatality; a motorcyclist drove under a tanker truck at a speed of 240 km/h.  
 (5) Includes compulsory annual trainings and other trainings on topical safety issues. 2020 figure does not include compulsory trainings.

32

People working at the terminals

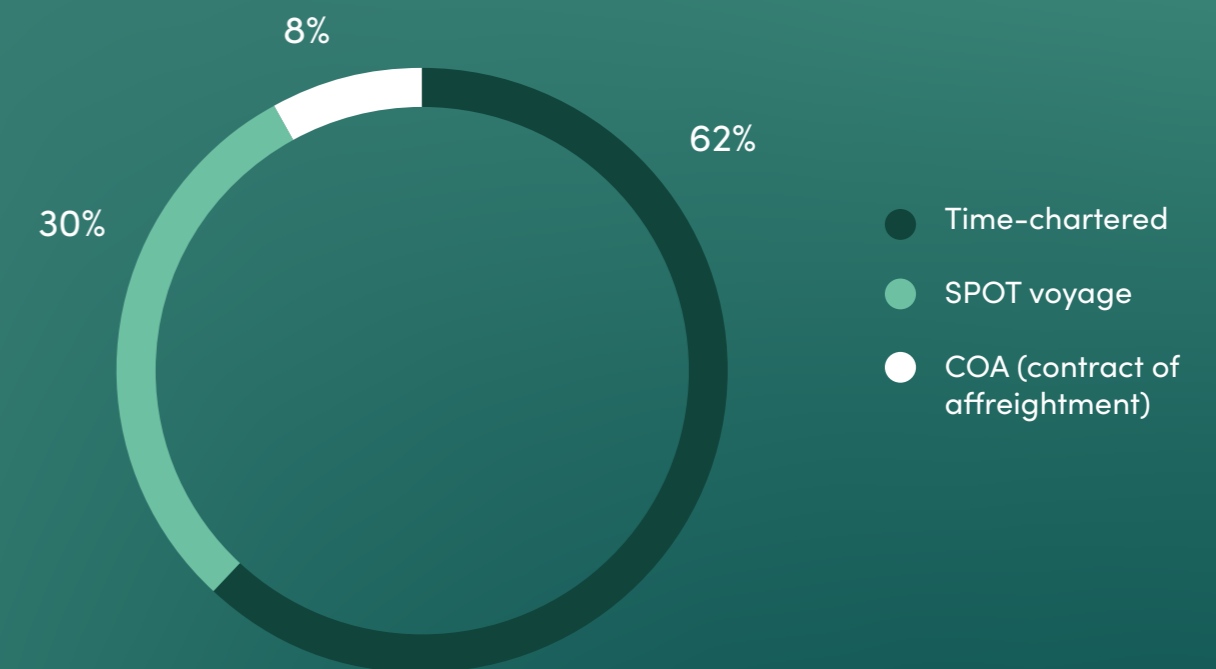
13.5

million driven kilometres

291

Tank truck drivers and planners

**Sea transportation by contract type, %**



The calculation is based on the amount of transported products.



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# Personnel well-being

As an expert organisation we acknowledge the importance of personnel well-being and development in ensuring our competitiveness now and in the future. Maintaining high levels of expertise and developing our people further is one of the cornerstones of our operations.

## Personnel 2022 in brief

At the end of 2022, NEOT employed a total of 54 (54) people. In 2022, we hired 10 (9) new people and our employee turnover was 19 (13)%. Based on our personnel satisfaction survey results, our personnel satisfaction remained at an excellent level despite a slight decrease in the results compared to the previous year. The change in the results was mainly due to increased stress levels and workload. One factor impacting workload and stress levels during 2022 was the sudden and demanding change in the operating environment resulting from the war in Ukraine. The response rate of the survey remained at an excellent level of 98 (98)%.

## Well-liked and practical support for mental well-being

Since 2021, we have been supporting the mental well-being of our personnel by offering access to an external mental health coaching service. The confidential service offers personal mental health coaching with a practical approach and can be accessed with a low threshold. The results and feedback from the service have been very positive; 100% of the users would recommend the service and the total well-being of the users has improved over 20% according to feedback survey received after using the service. Offering this type of mental health support has been especially important as stress levels and workload increased in 2022.

## Realisation of equality at a very good level

The realisation of equality at NEOT is monitored annually via a personnel satisfaction survey. Based on the results for 2022, the situation on equality and equal opportunities at NEOT can be regarded as very good. The survey gives insights into the general perception of equality among personnel, gender equality and equal treatment of employees of different ages. The realisation of equality in general is at a significantly higher level compared to the Finnish expert norm. Other survey questions related to equality are company-specific and therefore no external comparison data is available.



### The equality of pay

can be considered excellent at NEOT as the pay gap between males and females among senior salaried personnel is only 1.3% to the benefit of men.



### Efficient decision-making

and smooth cooperation between teams remain the most significant strengths for NEOT (Personnel satisfaction survey 2022).

## Good personnel satisfaction on managerial work

Despite the increasing emphasis on self-direction and self-reflection as a prerequisite of a successful organisation, we believe that good managerial work and leadership skills will maintain their power in the future. Based on the personnel satisfaction survey results, the level of managerial work in teams is at a good level compared to the Finnish expert norm. To maintain a good level of leadership, we strive to

enable continuous learning for our managers by offering training. In 2022, the annual managerial training day "NEOT People Day" focused on recruitment, and in 2023 it will focus on sharing the best leadership and management practices used in teams.

As a basic requirement, all NEOT employees are entitled to regular performance and career development reviews. In 2022, these reviews covered 100 (100)% of NEOT's personnel.

## CASE



### BACK TO BASICS – GIVING THE POWER TO TEAMS WHEN DISCUSSING ABOUT THE SATISFACTION SURVEY RESULTS

To ensure team members' voices are heard as loudly as possible, we decided to create space and time for an open discussion about the results of the personnel satisfaction survey 2022. The discussions were supported by discussion maps – simple physical templates built around well-designed questions – to get the discussion flowing. This time, team leads did not participate in the team discussions, however, the results of the discussions were delivered to them. During the discussion events, everyone made a

personal commitment to advance well-being in their team. In addition, all teams chose action points on how to improve well-being at team level. These commitments and action points will be discussed during 2023, for example, in development discussions and manager training.

"In the past, we have tried several ways to process personnel survey results, for example, gamified online platforms, but they have not felt very engaging or efficient. So, this time we wanted to get back to basics and give full focus to sharing and hearing others' thoughts – simple and quite brilliant", says **Milla Kaikuluoma**, Director, Sustainability, Communications and People Development, NEOT.

After the results have been discussed together in teams, all team leads will receive sparring support from an external occupational psychologist.

# People data

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Fair work

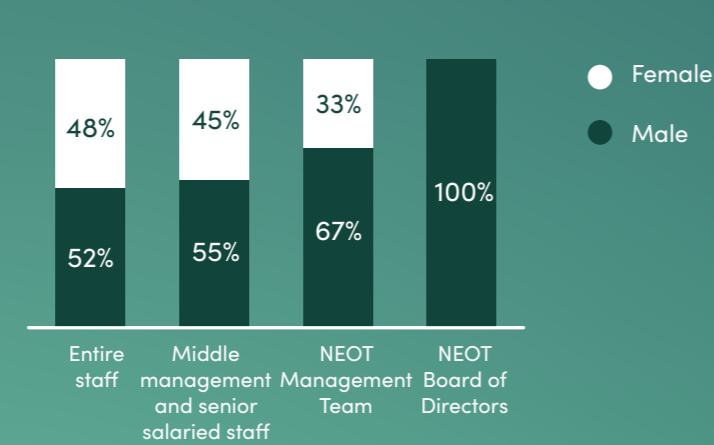
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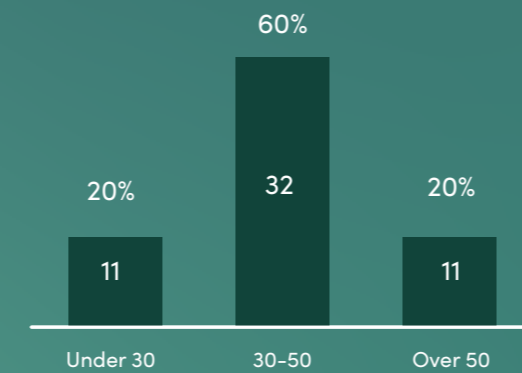
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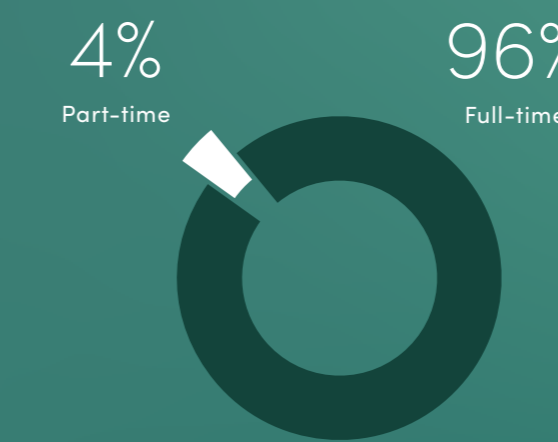
Gender distribution 2022, %



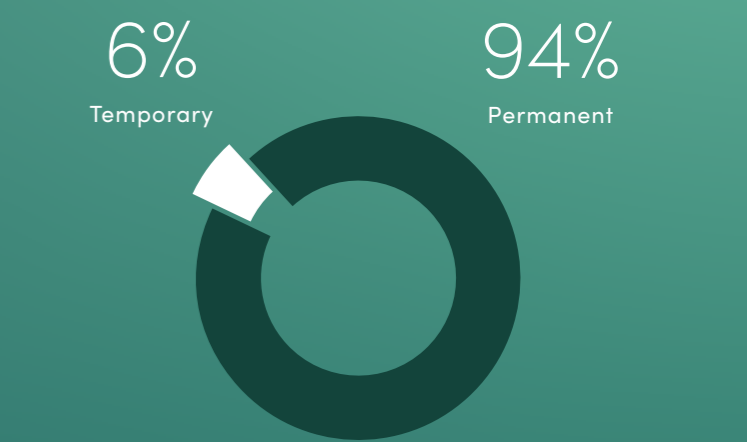
Age distribution 2022, %



Employees by contract type



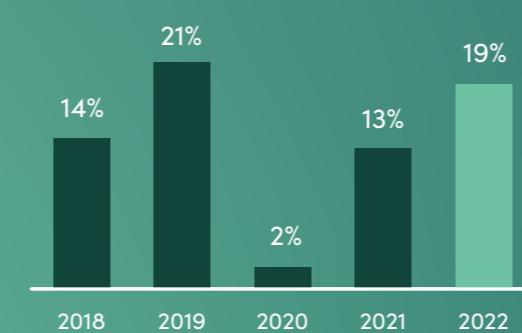
Employees by employment contract



Work satisfaction level 0-100



Employee turnover, %



Realisation of equality

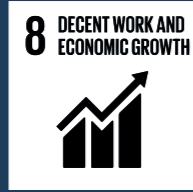
(Based on annual personnel well-being survey results, scale 1-4)

	2022	2021	2020
General perception of equal treatment <sup>(2)</sup>	3.29 <sup>(1)</sup>	3.35	3.41
Gender equality <sup>(2)</sup>	3.78	3.82	3.75
Equality regarding age <sup>(2)</sup>	3.69	3.71	3.73
Pay ratio between men and women <sup>(3)</sup>			
Average	1.01		
Median	1.0		

(1) The reference value for Finnish experts in 2022 was 2.91.

(2) Based on annual personnel well-being survey results, scale 1-4

(3) Other personnel groups in addition to senior salaried personnel are so small that it would be possible to identify the pay information of individual persons. Therefore, the pay information for these groups is not published. However, the information has been reviewed with the HR representative. Pay ratio calculation: men's salaries/women's salaries.



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## Fair work

NEOT IS COMMITTED TO RESPECTING THE RIGHTS AND DIGNITY OF ALL PEOPLE AND WE EXPECT THE SAME MINDSET FROM OUR PARTNERS. BASED ON OUR ASSESSMENTS, THE MOST SIGNIFICANT IMPACTS ON PEOPLE ARE FOUND IN THE UPSTREAM OPERATIONS OF OUR VALUE CHAIN.



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# Human and labour rights

## Understanding our impacts on people

NEOT’s approach to human rights is based on the United Nations Guiding Principles on Business and Human Rights (UNGP) and OECD Guidelines for Multinational Enterprises. In 2022, we initiated a sustainability impact assessment as part of our materiality analysis review process. The aim of the assessment is to identify the actual and potential impacts on people and the environment present in our own operations as well as in extended areas of our value chain.

Based on their significance compared to our other purchases and operations, the current impact assessment is focused on the supply chains of our main products, renewable and fossil fuels. For renewable fuels, the assessment focuses on the most used feedstocks and their geographical origins. We have also previously performed a company-level human rights impact assessment. Both assessments cover negative as well as positive impacts.

Based on these assessments we will define the most salient human rights issues present in our value chain. According to our current view, the most salient adverse human rights impacts are found in the upstream operations of our value chain, i.e. feedstock point of origin and feedstock processing. This makes supplier management the most important tool for preventing or mitigating negative impacts resulting from our operations. The final results of the impact assessment and materiality analysis will be published during 2023.

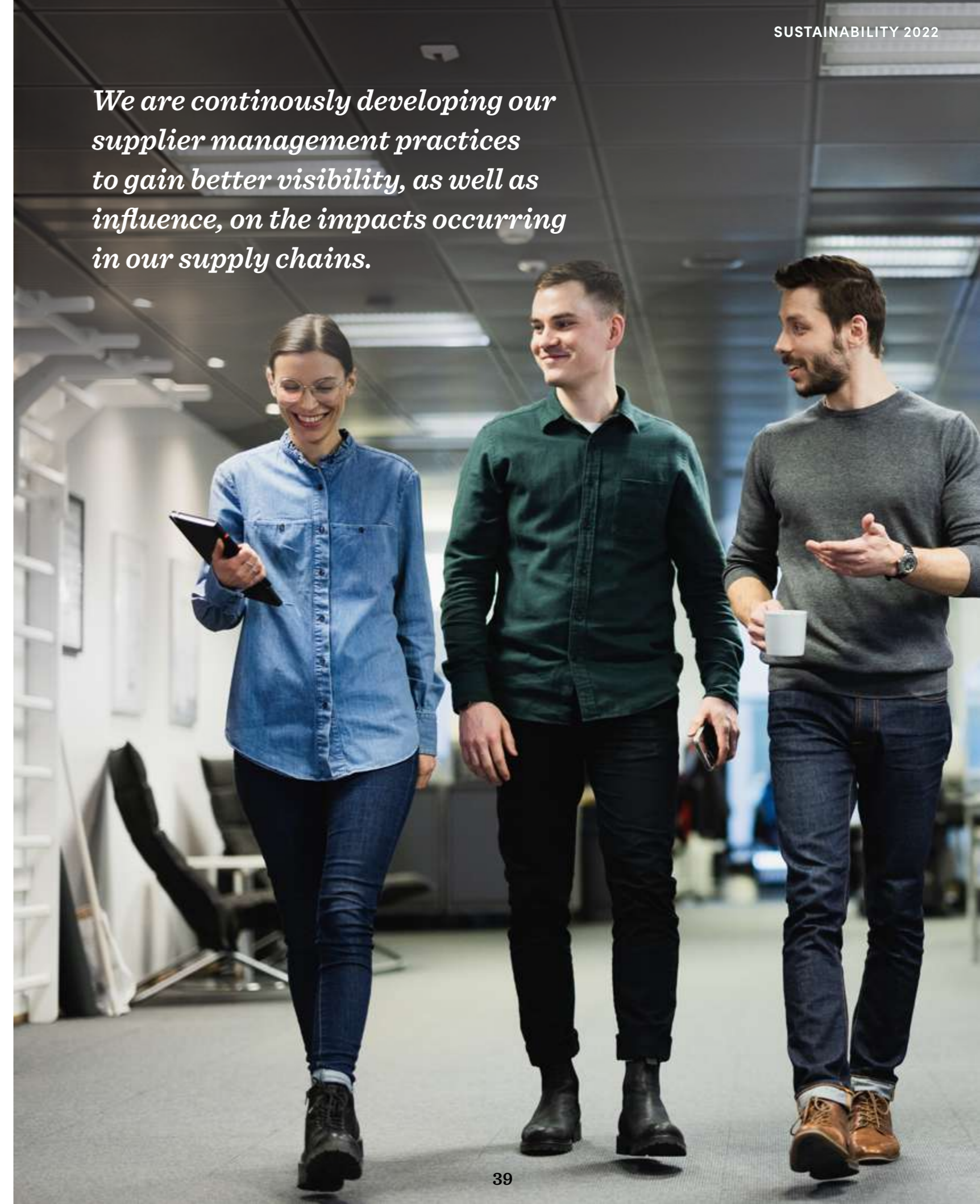
## Towards more systematic supplier management

As a buyer of final products, we have limited visibility of the upstream parts of our supply chains. Therefore, we are continuously developing our supplier management practices to gain better visibility, as well as influence, on the impacts occurring in our supply chains. In 2022, we started developing our evaluation process for new suppliers. The development is mainly focused on expanding and systemising the sustainability approach to the clearance process for new suppliers. In addition to the currently used financial clearance, the updated process includes e.g. a country risk overview, adverse media screening, and a review of external Environmental, Social, and Governance (ESG) ratings. The new process will be applied first to new fuel suppliers.

## New legal requirements on human rights reporting

NEOT has a subsidiary registered in Norway (NEOT AS), and therefore we are obliged to comply with the requirements set out in the Norwegian Transparency Act. The legislation came into force in July 2022 and is aimed at making sure human rights and decent working conditions are respected in companies’ operations and supply chains. The obligated companies must report on their human rights performance and practices, and the NEOT AS’ report will be published annually on NEOT’s website [www.neot.fi/humanrights](http://www.neot.fi/humanrights).

*We are continuously developing our supplier management practices to gain better visibility, as well as influence, on the impacts occurring in our supply chains.*





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## Climate impact

CLIMATE CHANGE IS THE MOST SIGNIFICANT CHALLENGE OF OUR TIME AND EVERYONE NEEDS TO DO THEIR SHARE IN THE COMBAT AGAINST IT. ENERGY INDUSTRY HAS A PARTICULAR RESPONSIBILITY IN THIS FIGHT AND WE ARE COMMITTED TO DOING OUR PART.

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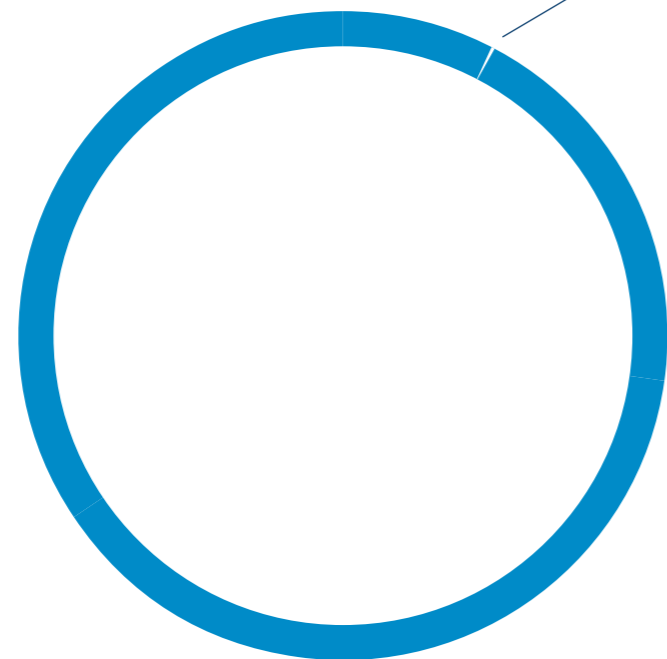
# Impact on climate

NEOT's most significant climate impact results from the use of the products we supply. These emissions account for over 99% of our annual total CO<sub>2</sub> emissions. The second biggest share of emissions results from our shipping operations.

Due to the trading nature of business, NEOT's operations do not cause material direct CO<sub>2</sub> emissions

SCOPE 1:

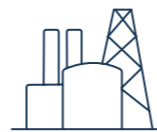
0%



SCOPE 2:

0.1%

Used electricity and heat at terminals operated by NEOT



SCOPE 3:

99.9%

Sea transportation  
Road transportation  
Business travel  
Use of products sold



## Climate impact 2022 in brief

There were no significant changes in NEOT's emission profile, total emissions or main emission sources in 2022. The total amount of CO<sub>2</sub> emissions resulting from our operations grew slightly due to increased supply volumes and logistics activities. In shipping operations, also longer voyages and decreased use of LNG due to

The emission reductions achieved with renewable fuels are tightly linked to the feedstocks used to produce the fuel. The fuels we purchase from our suppliers are produced from specific feedstocks and allocated to fuel products through mass balancing principles. Each renewable fuel batch comes with a Proof of Sustainability (PoS) documentation which shows the

*85% of the renewable fuels we delivered to our customers were produced from waste and residues.*

changes in product availability and challenging gas market caused by Russia's attack to Ukraine increased the total emissions in 2022. In road transportation we were able to slightly decrease the amount of CO<sub>2</sub> emission per kilometre.

necessary sustainability details, including feedstocks and the achieved GHG emission reduction compared to fossil fuel. The emission reduction is higher with feedstocks categorised as waste and residues. In 2022, 85 (70)% of the renewable fuels we supplied to our customers were produced from waste and residues.

## Impact from sold products

Our most significant climate impact results from the use of the products we supply. Currently the most straightforward way to reduce emissions resulting from the use of sold products is to offer our customers renewable fuel solutions. The share of renewable fuels of our total supply is continuously increasing. Renewable fuels represented 19 (18)% of our total sold traffic fuels in 2022. The renewable fuels we supplied to our customers helped to reduce greenhouse gas emissions by 2.1 (1.8) million tonnes. The reduced amount equates to the annual emissions of over 1 million passenger cars\*.

\*Basis for calculation: data (2019) from Statistics Finland on average mileage of a passenger car (13,600 km). The emissions of 1,520 g CO<sub>2</sub>e/km (Lipasto)

**i** NEOT has disclosed for CDP in collaboration with our other owner SOK since 2020. In the first reporting round in 2020 the focus was on deforestation, and since then, it has shifted to climate change. In 2022 we disclosed climate change information for the second time and were able to improve our rating from D to C. Our aim is to continuously improve our performance and rating in CDP.

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**Climate impact from shipping operations**

The condition and age of the fleet have a significant impact on the environmental performance of shipping operations. The majority of NEOT’s shipping operations are conducted as time-chartering, with six modern vessels hired from Swedish shipping company Terntank Rederi A/S. The average age of NEOT’s current time-chartered vessels is about seven years.

In addition to the condition of the fleet, the fuel used and the way of operating the vessel have a significant impact on environmental performance. Five out of our six time-chartered vessels are dual-fuel vessels that can be powered by LNG (liquefied natural gas). The vessels using LNG have a significantly smaller impact on the environment compared to traditional tankers thanks to lower sulphur oxides (SOx), nitrogen oxides (NOx), and particle emissions. In addition, the LNG vessels have lower CO<sub>2</sub> emissions compared to conventional ones.

Due to the challenging market situation caused by the war in Ukraine, we were only able to use lower amounts of LNG in our fleet in 2022, which has resulted in an increase in our shipping emission figures for the reporting year.

Currently, our GHG emission reporting from shipping covers only the emissions resulting from our time-chartering fleet. In 2022, time-chartering represented 62 (68)% of our total shipping operations and the total GHG emissions from time-chartered vessels totalled 56,500 (51,000) tonnes. In addition to using less LNG, the increase in emissions resulted mainly from increased shipping activities and longer voyages as the war in Ukraine required use of alternative routes and loading ports. The EEOI (Energy Efficiency Operating Indicator) that measures the energy efficiency of shipping operations was 25.72 (25.19) for NEOT’s TC fleet in 2022.

Currently the emission data for SPOT and COA shipments is not available due to lack of accurate data. Gathering of the data for SPOT and COA shipments has been started and actual data for these operations will be presented for the next reporting period.

**Climate impact from road transport**

Just as in other logistics operations, in road transport the condition and age of the fleet has a significant impact on environmental performance. All tanker trucks used for NEOT’s deliveries are inspected regularly by a third party. In 2022, 428 (399) transportation units were inspected. 98 (97) % of the tanker trucks used for NEOT’s deliveries in 2022 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 2022, NEOT’s total CO<sub>2</sub> emissions from road transport were 11,200 (11,600) tonnes. The distance driven while taking care of NEOT’s deliveries was 13.5 (13.3) million kilometres. In 2022, the CO<sub>2</sub> emissions per kilometre for NEOT’s road transport deliveries remained at the same level as the previous year. The emissions were 0.83 kgCO<sub>2</sub>e/km (0.87).

**CASE**



**MODERN FLEET ENABLES GOOD OPERATIONAL AND ENVIRONMENTAL PERFORMANCE**

As shipping emissions form the biggest share of our total logistics emissions, we continuously seek ways to improve our performance in this field. The most foundational way to ensure good environmental performance is to use a modern and efficient fleet.

We have been systematically investing in our fleet for years, and in 2022 we replaced one older vessel with a newer one and added one vessel into our fleet. Both added vessels were dual-fuel vessels. We also agreed to add an entirely new ship to our fleet in 2025. The new vessel will have the possibility to use methanol as a fuel and it has rotor sails which reduces emissions significantly.

“We are extremely proud of our modern time-chartered fleet and great cooperation with our long-term partner Terntank. We feel privileged to work with a shipping partner that has such high ambitions regarding sustainability and environmental performance”, says **Marc Scheller**, Director, Shipping and Operations, NEOT.

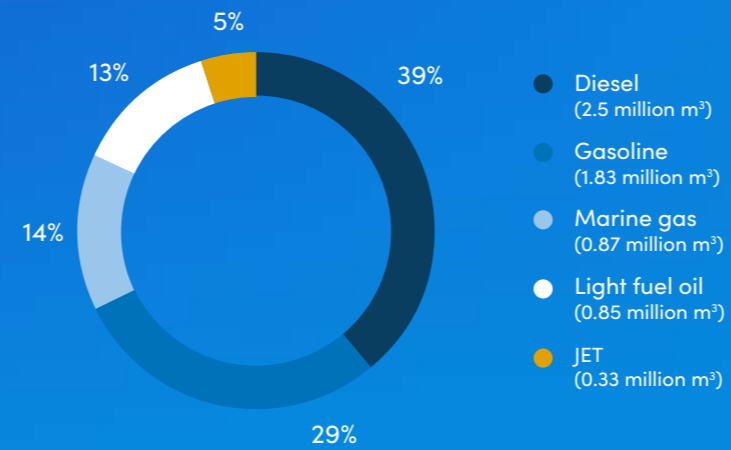
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# Climate impact data

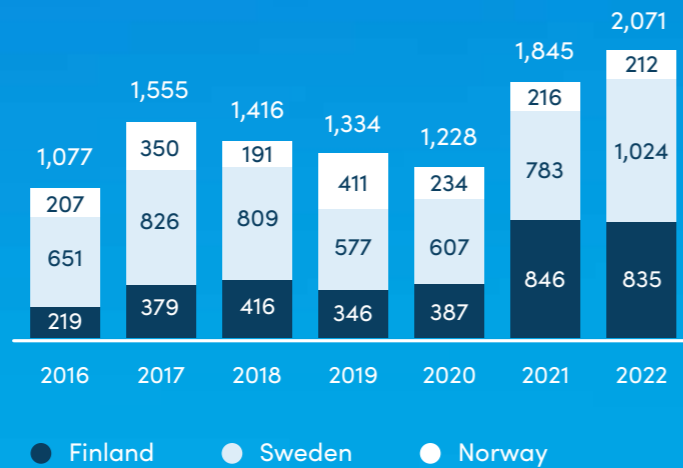
**Volume of sold biofuels,**  
million liters



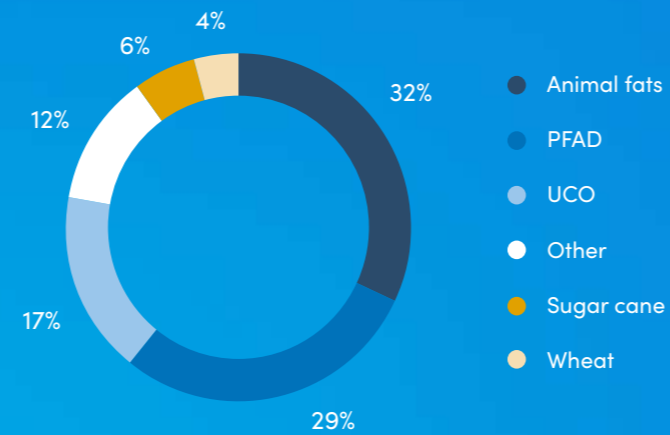
**Supplied fuels by product category, %**  
(incl. fossil and renewable products)



**CO<sub>2</sub> reduction from the use of supplied biofuels by country,**  
million liters



**Feedstock breakdown of renewable fuels, %**



**Sold renewable fuels by feedstock category, %**



**Carbon dioxide emissions, tCO<sub>2</sub>**

	2022	2021	2020	2019
<b>Direct CO<sub>2</sub> emission (Scope 1) <sup>1</sup></b>				
Electricity <sup>3</sup>	0	0	0	0
Heat	318	431	251	439
<b>Indirect CO<sub>2</sub> emissions (Scope 2) <sup>2</sup></b>				
Sea transport (time-chartered vessels)	56,500	51,000	48,000	52,000
Road transport	11,200	11,600	14,400	14,300
Railways	224	249		
Business travel (flights)	12	4	12	54
Use of products sold <sup>4</sup>	19,900,000	18,320,000	18,860,000	21,530,000

1) Due to the trading nature of its business, NEOT's operations do not cause material direct CO<sub>2</sub> 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

**Other environmental performance of time-chartered fleet**

	2022	2021	2020	2019
NOx emissions, tonnes	1,085	615	578	615
NOx reduction from using LNG*, tonnes	1,256	467	504	467
CO <sub>2</sub> reduction from using LNG*, tonnes	3,700	2,200	2,100	3,400

\*Compared to conventional but still highly efficient vessels.





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## Partnerships

REGULATION CAN BE AN EFFECTIVE TOOL FOR COMBATTING CLIMATE CHANGE. TOGETHER WITH OUR OWNERS WE SHARE AN ASPIRATION FOR MORE EFFICIENT CLIMATE LEGISLATION AND WORK CONTINUOUSLY TO SHARE OUR EXPERTISE ON BIOFUEL MARKETS WITH DECISION-MAKERS.



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# Participation in societal discussions

NEOT is a significant market operator in the biofuel markets in the Nordics as well as an obligated party under the biomandate legislation regulating the use of biofuels in Finland. We actively share our knowledge with decision-makers to provide them market perspective to complement their views.

NEOT takes active part in political discussion and participates in public hearings on topics related to climate, energy, and transport. We focus our efforts especially on legislation linked to emission reduction targets for transport and biofuels.

Our message to decision-makers is that climate actions must be ambitious, but they must also be effective both for the society and nature. The cost of GHG reductions in the transport sector, achieved by using biofuels, is many times higher than costs for achieving reductions in other sectors. The transport sector is a significant source of emissions and therefore requires ambitious reduction targets, but operators should have a larger selection of supported strategies and solutions to fulfill their obligations. Reduction targets cannot be achieved efficiently with only a few solutions supported by current legislation.

## Reaching emission reduction targets cost-efficiently requires more scalable solutions

As a reaction to the energy crisis resulting from Russian's attack on Ukraine, the government of Finland lowered the biomandate level for 2022 from 18% to 12% and made a proposal for a lower mandate level for 2023 as well. However, the Government also decided to raise the biomandate target level for 2030 from 30% to 34% to compensate the lost GHG reductions caused by the lower mandates in 2022 and 2023.

Finland has decided to be carbon neutral by 2035, which requires ambitious climate action. In 2022, the government of Finland released a comprehensive action plan, National Climate and Energy Strategy, for reaching this target. NEOT participated in the hearing and, in our response, we emphasised the importance of cross-sectoral emission reduction actions as a cost-effective and scalable solution to help reach climate neutrality. The current measures chosen in legislation for reducing emissions in the transport sector, mainly the use of biofuels, is no longer scalable due to the limited global supply of sustainable feedstocks for the fuels.

In 2022, the synthetic RFNBO (Renewable Fuels of Non-Biological Origin) fuels were approved as a way to fulfill the biomandate and we warmly welcomed this development. We also want to emphasise the need for research and development funding, developing charging infrastructure and taking into account the increased demand for renewable electricity caused by RFNBO production. Measures such as allowing fuel suppliers to fulfill part of their emission reduction obligations by supporting carbon farming through a carbon market mechanism would alleviate the pressure of the rising biomandate levels.

## CASE



## SHOWCASING THE POTENTIAL OF CARBON SEQUESTRATION AND VOLUNTARY CARBON MARKETS

The two-year (2020-2022) partnership project called 'The EU LIFE Carbon Farming Scheme', aimed at promoting carbon sequestration in agriculture and forestry, was finalised in 2022. The project was led by St1 and partly (60%) funded by the EU Commission. In addition to NEOT and St1, the Baltic Sea Action Group (BSAG), Natural Resources Institute Finland (LUKE), Puro. earth and Tyynelä farm were project partners. The goal of the project was to identify and accelerate the development and adoption of novel incentives and give guidance for carbon sequestration in Europe.

In the project, NEOT focused specifically on exploring the dynamics and structure of the trading scheme for sustainable carbon removal credits gained from carbon sequestration.

During the project, efficient factors of carbon markets were identified and recognised. The value chain of carbon credits was tested with a pilot related to the supply of carbon credits and sales in the voluntary carbon markets. Based on the knowledge gained from the project, a set of instructions was created for political decision-makers to propose the regulatory framework for certification of carbon removals. The project was also able to show the carbon sequestration potential of carbon farming in various areas in Europe.

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# 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.

NEOT Sustainability Report 2022 applies the Global Reporting Initiative (GRI) Universal Standards (2021) and Topic Standards with Standard versions indicated in the GRI Index. NEOT reports with reference to the GRI Standards, and the report is not compliant with the GRI Standards in accordance criteria.

The reporting period of NEOT's Sustainability Report is the financial year (1 January – 31 December).

This is NEOT's sixth 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 15. Each sustainability focus area has its own section in the report presenting the progress achieved in each area.

## Restatements of information

Throughout the report, the figures presented in parenthesis refer to NEOT's performance during 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 partners' 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).

All environmental data related to NEOT's shipping operations covers the company's time-chartered vessels (6).

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 resource 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 material 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 2022 has not been assured by an external third party.

## Contact information for feedback

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GRI Standard	Disclosure	Location	Reporting
<b>GRI 1 Foundation</b>			
<b>GRI 2 General Disclosures 2021</b>			
<b>1. THE ORGANIZATION AND ITS REPORTING</b>			
	2-1 Organizational details	Back cover, p. 4-5, 10-11	HQ in Helsinki, Finland. NEOT Oy is registered in Finland, NEOT AB in Sweden and NEOT AS in Norway
	2-2 Entities included in the organization's sustainability reporting	p. 52-53	NEOT Group (NEOT Oy, NEOT AB and NEOT AS)
	2-3 Reporting period, frequency and contact point	p. 52-53	The report has been published on 5 May 2023.
	2-4 Restatements of information	p. 52-53	
	2-5 External assurance	p. 52-53	The report has not been externally assured. NEOT's top management review the report and Board of Directors is informed about the report contents.
<b>2. ACTIVITIES AND WORKERS</b>			
	2-6 Activities, value chain and other business relationships	p. 10-11, 12-13	No significant changes in 2022.
	2-7 Employees	p. 32-35	NEOT only provides breakdowns (e.g. age and gender) for total number of employees.
	2-8 Workers who are not employees	p. 30-31	NEOT's summer trainees are employed by an external recruitment agency. Summer employees perform entry-level tasks and support replacing permanent workers during the holiday season.
<b>3. GOVERNANCE</b>			
	2-9 Governance structure and composition	p. 34-35	Members of NEOT's Board of Directors in 2022: Arttu Laine (Chair), Mika Anttonen, Henkka Talvitie, Harri Tuomaala, Jorma Vehviläinen, Antti Heikkinen, Mathias Kivikoski, Timo Huhtisaari
	2-10 Nomination and selection of the highest governance body		The Board of Directors is selected and nominated by the Annual General Meeting. NEOT is owned by S11 and SOK, and the Board comprises of representatives of these companies.
	2-11 Chair of the highest governance body		The Chair of NEOT's Board of Directors is not employed by NEOT. NEOT CEO cannot be a member of the Board of Directors.
	2-12 Role of the highest governance body in overseeing the management of impacts	p. 14-16	Operative management is responsible for planning and executing the management of impacts. The Board of Directors approves plans and monitors implementation.
	2-13 Delegation of responsibility for managing impacts		The Board of Directors appoints the CEO who has the highest operative responsibility for NEOT's operations.
	2-14 Role of the highest governance body in sustainability reporting		NEOT's Sustainability Report is reviewed by the management team. The Board of Directors is informed about the report including the material topics.
	2-16 Communication of critical concerns	p. 16	NEOT's CEO is responsible for communicating concerns to the Board. No reported cases in 2022.
	2-17 Collective knowledge of the highest governance body		Sustainability topics are included on the Board's agenda at least once a year. Specific training is provided according to needs.

GRI Standard	Disclosure	Location	Reporting
<b>4. STRATEGY, POLICIES AND PRACTICES</b>			
	2-22 Statement on sustainable development strategy	p. 8-9	
	2-23 Policy commitments		<b>Policies and Principles</b> (website*)
	2-24 Embedding policy commitments	p. 14-17	
	2-25 Processes to remediate negative impacts	p. 14-17	
	2-26 Mechanisms for seeking advice and raising concerns	p. 14-16	<b>Policies and Principles</b> (website*)
	2-27 Compliance with laws and regulations		No significant instances during the reporting period.
	2-28 Membership 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).
<b>5. STAKEHOLDER ENGAGEMENT</b>			
	2-29 Approach to stakeholder engagement	p.14-16	
	2-30 Collective bargaining agreements		98% of NEOT employees was covered by collective bargaining agreements in 2022. The CEO was the only person not covered by bargaining agreements.
<b>GRI 3: Material Topics 2021</b>			
	3-1 Process to determine material topics	p. 14-16	
	3-2 List of material topics	p. 14-16	
	3-3 Management of material topics	p. 14-16, 22-35, 38, 42-47	
<b>GRI 201 Economic Performance 2016</b>	201-1 Direct economic value generated and distributed	p. 4	Wages and salaries: 3.9 million EUR in 2022. NEOT is a collector of excise duty and in 2022 the company remitted a total of 1.4 (1.3) billion euros of excise duties to the Finnish tax authority.
	201-4 Financial assistance received from government		No financial assistance received during the reporting period.
<b>GRI 205 Anti-corruption 2016</b>	205-3 Confirmed incidents of corruption and actions taken		No incidents during the reporting period.
<b>GRI 206 Anti-competitive Behavior 2016</b>	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		No incidents during the reporting period.
<b>GRI 301 Materials 2016</b>	301-1 Materials used by weight or volume	p. 4-5, 46	NEOT is a supply company who does not have own production. NEOT reports only the amounts of final products sold to customers.
<b>GRI 303 Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	p. 28, 30	Water is mainly used at the terminals. Terminals receive their water from municipal water system. All used water is treated according to laws and other regulations before discharging.
	303-2 Management of water discharge-related impacts		The requirements of water discharge are included in environmental permits of the terminals.

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	303-3 Water withdrawal		Water is mainly used at the terminals. Terminal receive their water from municipal water system.
	303-4 Water discharge	p.30-31	Waste water is generated at the terminals. NEOT reports the total amount of waste water generated at 6 terminals in Finland operated by NEOT. All used water is treated according laws and other regulations before discharging.
	303-5 Water consumption		NEOT's operations do not consume material amounts of water. Water is consumed for the terminal operations, mainly for washing the tanks.
<b>GRI 305 Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions		Due to the nature of the business, NEOT's operations do not result in material direct (Scope 1) GHG emissions.
	305-2 Energy indirect (Scope 2) GHG emissions	p. 46-47	
	305-3 Other indirect (Scope 3) GHG emissions	p. 46-47	
	305-5 Reduction of GHG emissions	p. 46-47	
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p. 46-47	
<b>GRI 306 Waste 2020</b>	306-3 Waste generated	p. 30	Waste is generated mainly at the terminals operated by NEOT in Finland.
	306-5 Waste directed to disposal	p.30	Hazardous waste is generated mainly at the terminals operated by NEOT in Finland.
<b>400 SOCIAL STANDARD SERIES</b>			
<b>GRI 401 Employment 2016</b>	401-1 New employee hires and employee turnover	p. 32, 34	
	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.
<b>GRI 402 Labor/ Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes		NEOT follows the local laws (Finnish) and bargaining agreements (YTN)
<b>GRI 403 Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system		NEOT does not have a certified management system but similar aspects are taken into account in our own safety management system as in the certified ones.
	403-2 Hazard identification, risk assessment, and incident investigation		Due to the nature of NEOT's business safety work is focused on our logistics operations. Hazard identification, risk assessment, and incident investigation are continuous part of our operations. Risk assessment is a part of our management system and the cases together with their root causes are reported and corrective actions taken are monitored regularly. Incidents are processed regularly in all logistics operations.
	403-3 Occupational health services		All NEOT employees are covered by health care system required by law. The service is provided by an external service provider.
	403-4 Worker participation, consultation, and communication on occupational health and safety	p. 16, 22-27	
	403-5 Worker training on occupational health and safety	p. 22-28	
	403-6 Promotion of worker health	p. 32-33	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p. 22-27	NEOT's safety work focuses on logistics operations, which are outsourced to reliable logistics partners.
	403-9 Work-related injuries	p. 30	

GRI Standard	Disclosure	Location	Reporting
<b>GRI 404 Trainig and education</b>	404-3 Percentage of employees receiving regular performance and career development reviews	p. 33	
<b>GRI 405 Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	p. 34-35	
	405-2 Ratio of basic salary and remuneration of women to men	p. 32	Due to privacy matters, NEOT reports the pay ratio of women to men only for the biggest personnel group (senior salaried personnel).
<b>GRI 406 Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken		No reported incidents during the reporting period.
<b>GRI 407 Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	p. 38-39	The topic was included in NEOT's impact assessment started in late 2022. Results of this assessment will be published during 2023.
<b>GRI 408 Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	p. 38-39	The topic was included in NEOT's impact assessment started in late 2022. Results of this assessment will be published during 2023.
<b>GRI 409 Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	p. 38-39 <b>Policies and principles (website*)</b>	The topic was included in NEOT's impact assessment started in late 2022. Results of this assessment will be published during 2023. Zero tolerance for forced labour is included in NEOT Supplier Expectations.
<b>GRI 412 Human rights assessment 2016</b>	412-1 Operations that have been subject to human rights reviews or impact assessments	p. 14,38	Impacts on people was included in NEOT's impact assessment started in late 2022. Results of this assessment will be published during 2023.
	412-2 Employee training on human rights policies or procedures	p. 14-16, 38	
	412-3 Significant investments and contracts that include human rights clauses or that underwent human rights screening		No such investments during 2022.
<b>GRI 414 Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	p. 38-39	NEOT's sustainability assessment for all new suppliers includes also social aspects. The assessment process was developed further in 2022 and taken into use in Q1 2023.
	414-2 Negative social impacts in the supply chain and actions taken	p. 38-39	The developed process was not yet fully in use during 2022.
<b>GRI 415 Public Policy 2016</b>	415-1 Political contributions		NEOT does not offer financial support to political parties or entities associated with them.
<b>GRI 416 Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	<b>www.neot.fi</b> > Products > Safety Data Sheets and Product Specifications	All products supplied by NEOT are REACH registered and have material safety data sheets.
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services		No cases in 2022.
<b>GRI 417 Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	<b>www.neot.fi</b> > Products > Safety Data Sheets and Product Specifications	
	417-2 Incidents of non-compliance concerning product and service information and labeling		No cases in 2022.
	417-3 Incidents of non-compliance concerning marketing communications		Not applicable to NEOT.

\* <https://www.neot.fi/en/sustainability/policies-and-principles/>

**NEOT**

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