



Neste's 2015 Global Compact Communication on Progress

October 2014 – October 2015

Statement of continuing support for the UN Global Compact – September 2015

We are proud to celebrate our first year in the United Nations Global Compact.

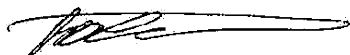
We are committed to respecting the Ten Principles of the United Nations Global Compact in our operations and strategy. We respect human rights, labour rights, environment and promote zero tolerance against corruption.

In June 2015, we changed our name from Neste Oil to Neste, because we are much more than a conventional oil refining company. We are the world's largest producer of renewable diesel and we are also seeking growth outside traffic solutions in the global renewable product-based market. We see a future full of opportunities and sustainability is part of everything we do.

Neste joined the UN Global Compact in order to strengthen our commitment to the implementation of human and labour rights. For the past year, we have made good progress in this area by making human and labor rights the key area of development in our sustainability work. We are also participating in the Global Compact Nordic Network to exchange good practices of implementing the Global Compact principles.

We are pleased to present our first Communication on Progress in which we describe how we integrate the Ten Principles into our business strategy, culture and daily operations. We are also committed to sharing this information with our stakeholders through our website, for example.

Sincerely,



Mr Matti Lievonen
President and CEO
Neste Corporation

NESTE

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses



Human Rights

Policy

Implementation

Outcomes

- Respect for human rights is included in
 - » [Neste's Code of Conduct](#)
 - » [Sustainability Policy](#)
 - » [Sustainability Principles for Biofuels](#)
 - » [HR Policy](#)
 - » [No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock](#)
- We operate in compliance with all applicable, national and international, laws and regulations, international conventions and generally accepted practices for good corporate governance.
- We are currently developing our human rights policy statement.
- We act responsibly in society and respect human rights wherever we operate.
- Every employee at Neste is entitled to fair treatment and equal opportunities, and we are committed to respecting the human rights and dignity of all employees. We do not tolerate any form of harassment at Neste, and we respect our employees' privacy and the confidentiality of their personal data.
- Neste requires its suppliers to act in accordance with good business ethics.
- Human rights and labor rights are part of the due diligence and certification criteria included in our selection process of raw material suppliers.
- We are expanding and improving our suppliers' due diligence system, to take into account our most current environmental and social risks assessment of our supply chain. Our aim is to make the due diligence process even more comprehensive and robust.

Read more:

[Our sustainability report 2014 on-line](#)

[Human Rights](#)

[Human rights in supply chain](#)

[Production](#)

[Remuneration](#)

[Collaboration with BSR](#)

[Cooperation with TFT](#)

[Support for communities](#)

Human Rights

Policy

Implementation

Outcomes

- Human and labour rights are key areas of development in Neste's sustainability work.
- In line with the UN Guiding Principles on Business and Human Rights, we have incorporated into our human rights policy commitments that reflect on international standards, including the International Bill of Human Rights (UDHR, ICCPR and ICESCR), the core principles of the ILO, as well as the ten principles of the UNGC.
- In addition to compliance with the applicable laws and regulations in their country/ countries of operation(s), Neste expects suppliers to:
 - support sustainable development and commit to continuous improvement of Health, Safety, Environment and Quality (HSEQ) issues in their operations, and actively work towards employees' safety.
 - respect human rights, comply with relevant ILO labour standards and relevant international human rights conventions.
- We are currently looking into ways and possibilities to support the 17 Sustainable Development Goals (SDGs).

Human Rights

Policy

Implementation

Outcomes

- We require all our palm oil suppliers to be members of the Roundtable on Sustainable Palm Oil (RSPO) and all our crude palm oil suppliers to be ISCC (International Sustainability and Carbon Certification) certified.
- We also request our palm oil suppliers to have standards and criteria for human rights.
- Our No-Deforestation and Responsible Sourcing guidelines advocate that all suppliers adopt the Free Prior and Informed Consent (FPIC) process to their operations on community lands.
- In spring 2015, we started a cooperation with the global nonprofit organization Business for Social Responsibility (BSR) to tackle human rights that we have identified in our palm oil supply chain.
- We interact with a number of communities and support workgroups for the public good. With our charity, we also support development in areas where society's resources are not sufficient to guarantee wellbeing and fundamental rights of the local communities, such as the right to education and health.
 - Our sponsored parties among children and young people include for example:
 - Finnish Figure Skating Association: proactive support to help prevent young national team skaters aged between 10 and 15 from being injured
 - Borneo Child Aid: enabling 265 Malaysian children annually to attend school
 - Lastenklินิกoiden Kummit (a Finnish based charity) and Espoo Blues: Neste donated EUR 100 for every goal scored by the Espoo Blues ice hockey team in a home game to the children's wards at Jorvi Hospital in Espoo via Lastenklินิกoiden kummit

Human Rights

Policy

Implementation

Outcomes

- In 2014, we organized trainings and workshops together with a Swiss based NGO The Forest Trust (TFT) for our palm oil suppliers to help them incorporate no-deforestation and FPIC principles into their policies. As a result, by 2015 all our palm oil suppliers have a no-deforestation and no exploitation policy.
- We organized a miniseminar on human right issues for our external and internal stakeholders in February 2015. The aim was to increase knowledge, hear NGOs' views on human rights and discuss about Neste's challenges in the supply chain.
- We are conducting a human rights impact assessment that covers the risk countries in our supply chain to identify new and possible human rights risks, with a mitigation plan for the near future.
- We attended the UN Global Compact Nordic Network Meetings in Stockholm and Copenhagen May 4th-5th 2015.
- Our sustainability team has attended FIBS', a nonprofit corporate responsibility network in Finland, training sessions on human rights in 2015.
- We have planned internal human rights training in October 2015.
- Human rights is a high priority in Neste's executive team's meeting agenda in November 2015.
- Our cooperation with the nonprofit organization, BSR, has led to the development of an human and labour rights assessment tool that is based on issues identified in our supply chain.

Labour

- Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining
- Principle 4:** the elimination of all forms of forced and compulsory labour
- Principle 5:** the effective abolition of child labour
- Principle 6:** the elimination of discrimination in respect of employment and occupation.



Labour

Policy

Implementation

Outcomes

- Respect for human and labour rights are included in
 - » [Neste's Code of Conduct](#)
 - » [Sustainability Policy](#)
 - » [Sustainability Principles for Biofuels](#)
 - » [HR Policy](#)
 - » [No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock](#)
- Every employee at Neste is entitled to fair treatment and equal opportunities.
- We take an unambiguous stand on harassment, discrimination, child labour, forced labour or any exploitation: it is neither compliant with our values nor acceptable.
- We are committed to respecting human rights and workers' rights, and we demand the same from all of our suppliers.
- We act in compliance with laws and regulations, which we see as our minimum standards, and we expect our business partners to act in accordance to our minimum standards.
- We apply and comply with the local labour legislation in all of our countries of operations, as well as any collective bargaining agreements that specify remuneration-related matters such as minimum wages, and separate supplements such as overtime pay.
- In accordance with ILO conventions and standards, all of Neste personnel have the right to organize themselves and to belong to union associations. However, not all personnel in all countries are covered by collective bargaining agreements.
- We believe that personnel diversity is a competitive advantage both in business operations and in competing for the best talent.
- We offer all our employees equal opportunities regardless of their gender, ethnic origin, age, creed, political convictions, or other corresponding matters. We are committed to respecting human rights and value all employees as individuals.
- We subscribe to RSPO and ISCC social standards.
- We ensure a fair working environment.

Read more:

[Our sustainability report 2014 on-line](#)

[Human Rights](#)

[Human rights in supply chain](#)

[Production](#)

[Remuneration](#)

[Equality and diversity](#)

[Collaboration with BSR](#)

[Cooperation with TFT](#)

Labour

Policy

Implementation

Outcomes

- Neste's **Code of Conduct** guides all employees and our business partners in understanding the kind of activities that reflect our values and principles, not forgetting legal requirements. Personnel has the opportunity to learn more about the Code through a number of channels, including an online game. All new employees are familiarized with the Code during induction programs.
- The importance of equality and diversity is highlighted in Neste's Human Resource Policy and in the Group's recruitment and remuneration principles. We guarantee all applicants equal opportunities and fair and equal treatment during the recruitment process.
- All our manufacturing sites are managed and operated according to OHSAS 18001 requirements.
- A comprehensive due diligence process is conducted on all potential suppliers. Suppliers' practices related to human and labour rights are reviewed in the audits.
- We only accept sustainability certified crude palm oil from traceable sources. To obtain certification, the supplier has to pass a thorough certification audit that includes matters related to human and labour rights, such as the use of child or forced labour. This certification audit is carried out by an external party.
- We require all of our palm oil suppliers to be members of the RSPO and all our crude palm oil suppliers to be ISCC certified.
- In spring 2015, we started a cooperation with the global nonprofit organization BSR to tackle labour rights issues that we have identified in our palm oil supply chain.
- Focusing on migrant workers in Malaysia we are currently working in partnership with BSR:
 - on assessing and improving the human and labour right practices in our supply chain.
 - to conduct suppliers' training and capacity building on best practices concerning human and labour rights.

Labour

Policy

Implementation

Outcomes

- No threats to the freedom of association were identified in any area of operations during 2014.
- 70,8% of Neste's employees are represented by an independent trade union or covered by collective bargaining agreements in 2014.
- Our equality work was recognized in Latvia in 2014, when Neste was awarded an official recognition of excellence as the company with the highest level of gender equality in the country's sustainability index.
- Neste's sustainability team has attended Corporate Responsibility Network FIBS' training on human rights in 2015.
- We have developed a human and labour rights assessment tool that is based on issues identified in our supply chain from our cooperation with BSR.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: encourage the development and diffusion of environmentally friendly technologies



Environment

Policy

Implementation

Outcomes

- Our environmental policies are described in [Neste's sustainability policy](#), [Sustainability Principles for Biofuels](#) and in the guideline [No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock](#).
- In [Neste's sustainability policy](#), we indicate the following statements:
 - We are environmentally responsible
 - All our actions are safe for our neighbors and the environment
- We are committed to the health, safety, and security of our people and others directly impacted by our activities, and to protecting the natural environment where we operate.
- We ensure sufficient risk treatment and control, especially in the areas of HSSE and sustainability.
- We live up to our responsibility for sustainability.
- We are committed to engaging with our stakeholders and participating in multi-stakeholder initiatives to help develop more sustainable solutions.
- Climate change is a global challenge, and responding to it calls for a number of parallel approaches. The reduction in greenhouse gases achieved through the use of our NEXBTL renewable diesel is our most significant contribution.
- We are continuously seeking ways to increase the material efficiency of our operations. Our refineries operate efficiently and only a very small fraction of their raw materials end up as waste.

Read more:

[Our sustainability report 2014 on-line](#)

[Climate and resource efficiency](#)

[Cooperation with TFT](#)

[Finnish Climate Leadership Council](#)

[Innovative marine technology helps to save the environment](#)

[Our impact on the climate](#)

[Resource wisdom and circular economy](#)

[Production](#)

[Intensive environmental impact monitoring](#)

[Societal engagement](#)

Environment

Policy

Implementation

Outcomes

- Our three most material environmental issues show our way of taking responsibility in environmental issues, responding to the environmental challenges and developing environmentally friendly technologies:
 - Environmental innovation and developing cleaner products -
Cleaner solutions
 - We have increased production capacity to exceed 2.3 million t/a in 2015 and aim to reach 2.6 million tons by 2017 - **Aiming to increase NEXBTL production capacity.**
 - Environmental permits and energy efficiency - **Efficient energy use**
 - Neste has set an energy-saving target of 660 GWh to be achieved by 2016 - **Efficient energy use.**
 - Operational eco-efficiency and the use of wastes and residues -
Resource wisdom and circular economy
 - We have achieved the capability to use only waste and residues in our renewable diesel production - **Renewable products.**

Environment

Policy

Implementation

Outcomes

- We undertake open and proactive measurement and use of monthly in-house reporting.
- We are running several environmental monitoring programs in Porvoo and Naantali, Finland.
 - We have been running environmental programs for over 40 years in Porvoo on a voluntary basis.
 - The order of the programs reflect development of environmental awareness and concerns. Neste's response has always been to proactively start voluntary response programs.
- Neste will install smart software that reduces emissions and yields great savings in fuel costs in the ships used by us.
- All manufacturing sites are managed and operated according to ISO-9001, ISO-14001 and OHSAS 18001.
- We are currently finding our ways to support the 17 Sustainable Development Goals (SDGs).

Environment

Policy

Implementation

Outcomes

- We are an active member of the RSPO.
- We are engaged in an active dialogue with local NGOs and officials on developing the palm oil industry towards a more sustainable direction with regard to deforestation and social aspects, for example.
- We have been collaborating with TFT, an organization focusing on preventing deforestation, since 2013.
 - No-deforestation commitment with TFT includes no exploitation and FPIC for supplier operations.
- We are a member of the Finnish Climate Leadership Council where Finnish companies and organizations can advance cooperation to combat climate change and to develop new business opportunities.
- We have significantly increased the share of waste and residues of the total consumption of renewable raw materials. We have achieved the capability to use only waste and residues in our renewable diesel production.
- We are involved in international university-led algae research projects in Australia and the Netherlands that develop ways to produce algae oil cost-efficiently. Micro-algae can be used as a feedstock for our NEXBTL renewable diesel.

Environment

Policy

Implementation

Outcomes

- Our environmental performance in 2014 is available on [our website](#)
- Performance in our three most material environmental issues:
 - Environmental innovation and developing cleaner products: new cleaner solutions and premium quality products with a smaller impact on the environment - [Results 2014](#)
 - Environmental permits and energy efficiency - [Results 2014](#)
 - Operational eco-efficiency and the use of wastes and residues - [Results 2014](#)
- During 2014 we released notifications to control authorities regarding environmental incidents and we maintained a voluntary web-based information system to inform our refinery neighbors in Porvoo, Finland.
- In May 2015, we organized an environmental seminar where we set a working group for developing our environment reporting and setting environmental targets. The working group will present a model according to which we will set environmental targets during 2016.
- In 2014, we organized trainings and workshops with TFT to help our suppliers to incorporate no-deforestation and FIPC principles into their policies.
 - As a result, by 2015 all our suppliers have a no-deforestation and responsible sourcing policy.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery



Anti-Corruption

Policy

- Neste does not engage in bribery or corruption in any form, and we expect our suppliers, customers and other business partners to behave in the same way. This is stated in [Neste Code of Conduct](#)

Read more:

[Our sustainability report 2014 on-line](#)

Implementation

- [Neste Code of Conduct](#) categorically prohibits any forms of bribery and corruption.
- Neste has been putting together a specific Supplier Code of Conduct document to ascertain that its suppliers (direct and in-direct ones) understand the importance of having integrity in their business. The Code takes a strict stance against bribery or corruption.
- The Code is intended to be finalized by the end of 2015 and thereafter rolled out to Neste suppliers.
- Neste has an internal Fraud Management Principle -instruction.

Outcomes

- During 2015, Neste has been developing detailed anti-corruption and anti-bribery instructions for its employees complemented with an e-learning tool. Objective is to have these finalized by the end of 2015 and thereafter rolled out to targeted Neste personnel.
- The Supplier Code of Conduct is intended to be finalized by the end of 2015 and thereafter rolled out to Neste suppliers.
- We have not been involved in any legal cases, investigations or proceedings relating to bribery or corruption.