

Traceability



All the renewable inputs used by Neste Oil are traced back to the plantations and production sites from which they come. Vegetable oils are traced back to plantations and waste and residues to the place they are produced, typically production facilities. Traceability is used to ensure that renewable feedstocks are produced sustainably and that production has not infringed anyone's human rights or endangered rainforests or carbon-rich areas, such as wetlands and marshland.

In 2013, Neste Oil purchased palm oil from 212 plantations. The company knows the exact location of all the plantations that supply it with palm oil, as well as the history of these sites. Plantations that supply Neste Oil with palm oil have not extended their operations onto protected land nor do they have plans to

extend their operations. None of the plantations from which Neste Oil buys palm oil are involved in land disputes. Neste Oil buys its palm oil directly from producers, without the use of traders or intermediaries, which are widely used in the industry. By avoiding intermediaries, Neste Oil is able to gain a better understanding of the origin of its feedstocks.

Some of the palm oil used to produce renewable diesel is sourced using the mass balance principle and some in the form of segregated material. Using the mass balance principle, certified palm oil can become mixed with uncertified material at pressing plants or coastal storage facilities. The total amount of certified raw material purchased is verified using accurate accounting, however, to ensure that Neste Oil always receives the amount of certified palm oil that it has contracted for. The material balance principle is also used with other forms of renewable energy, such as green electricity. Segregated palm oil, in comparison, never comes into physical contact with uncertified material at any point in the supply chain. Regardless of which approach is used, the origin of the feedstock purchased by Neste Oil is traceable.

Neste Oil does not engage in oil exploration or production, and has only a limited potential to influence crude oil production as a result. To ensure the quality and sustainability of the crude oil it uses, Neste Oil aims to employ as direct a supply chain as possible and knows the origin, and typically also the production areas, of the crude that it buys. Neste Oil monitors the environmental reporting of crude producers closely and has initiated a dialogue on the sustainability of crude production with a number of major producers.

Origin of feedstocks used by Neste Oil in 2013

| Feedstock | Country of origin |
|---|---|
| Crude palm oil | Malaysia, Indonesia |
| Waste and residues (e.g. waste animal fat, waste fish processing fat, PFAD (palm fatty acid distillate), stearin, technical corn oil) | Australasia, South America, Europe, Southeast Asia, North America |
| Other types of vegetable oil (e.g. rapeseed and camelina oils) | South and North America, Europe |
| Crude oil | Russia (Western Siberia, fields east and west of the Urals), the North Sea, Kazakhstan, and Northern Africa |

Read more about [how Neste Oil uses waste and residues](#).

The origin of all renewable raw materials is traceable 

Collaboration with TFT aimed at promoting sustainable palm oil production

Neste Oil and The Forest Trust (TFT), an organization dedicated to combating deforestation, launched a collaborative program in 2013 aimed at eliminating problems affecting palm oil production and developing sustainable palm oil production outside Neste Oil's own supply chain. TFT reviewed all of Neste Oil's palm oil suppliers in 2013, and the reports produced following these audits will be used to draw up action plans to eliminate any possible shortcomings. TFT has been given access to all the non-

commercial information related to Neste Oil's supply chain. A set of principles known as Neste Oil's No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock was produced as part of the collaboration with TFT. These guidelines were published in April 2013.

See Neste Oil's [No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock](#).

Read more about [how Neste Oil collaborates with TFT](#).