




# Material sustainability KPIs

Material topic	Objective	Key performance indicator	Target	Performance in 2021	SDG link
Carbon handprint	Helping our customers to reduce their GHG emissions	Avoided GHG emissions by Neste customers with Neste's products (compared to fossil fuel) in MtCO <sub>2</sub> e <sup>1)</sup>	20 MtCO <sub>2</sub> e annually by 2030	10.9 MtCO <sub>2</sub> e (10.0 MtCO <sub>2</sub> e)	
		Share of waste and residue used in renewables' production (%)	While Neste continues to focus on waste and residue raw materials in the short term, we expect to use also other types of raw materials besides waste and residues in the mid and longer term	92% (83%)	
Carbon footprint and environmental impacts	Reaching carbon neutral production and ensuring environmental quality	Neste's absolute CO <sub>2</sub> emissions in Scope 1 and 2 (production)	50% reduction by 2030 in comparison to 2019 baseline 3.4 MtCO <sub>2</sub>	2.3 MtCO <sub>2</sub> (2.9 MtCO <sub>2</sub> ) 32% reduction compared to baseline.	
		Use phase emission intensity of sold fuel products (gCO <sub>2</sub> e/MJ)	50% reduction by 2040 in comparison to 2020 baseline 58 gCO <sub>2</sub> e/MJ	55 gCO <sub>2</sub> e/MJ (58 gCO <sub>2</sub> e/MJ) 5% reduction compared to baseline.	
		Energy consumption savings achieved during reporting year (GWh) and cumulative energy consumption savings during 2017–2025 compared to 500 GWh target (%)	2017–2025 target: 500 GWh	Energy consumption savings during reporting year 95.8 GWh (33 GWh) Cumulative savings 2017-2021 compared to target: 41% (22%) achieved	
		Share of renewable electricity of total purchased electricity (%)	Aiming for 100% renewable electricity by 2023	36.5% (4.7%)	
		Availability of pollution prevention technology	100% availability of pollution prevention technology at refineries and terminals	Availability of pollution prevention technology on average 94% (96%) at refineries and terminals	
		Number of permit violations	Zero permit violations for Oil Products (OP) and Renewable Products (RP)	Permit violations: 2 (2), of which 2 (1) in OP and 0 (1) in RP	
Protecting biodiversity, water and soil	Protecting biodiversity, water and soil and mitigating negative impacts in Neste business operations and supply chains	Biodiversity workplan and criteria approved	Workplan and criteria presented during 2021	Workplan and criteria presented during 2021	
		Support for biodiversity, water and soil projects relevant for Neste	At least one raw material-related biodiversity, water and soil project ongoing annually	We continued a sustainability impact project in the Siak and Pelalawan regions in Indonesia. The project aims to improve the region's environmental performance, including conservation and protected areas. We also initiated a biodiversity assessment at the Porvoo refinery and Naantali terminal in Finland.	
		Biodiversity, water and soil issues in expansion projects	All production expansion projects' biodiversity impacts evaluated and biodiversity, water and soil aspects included in all investment decisions	Biodiversity aspects were included in the environmental impact assessment conducted for the Rotterdam capacity growth decision. (New KPI.)	

<sup>1)</sup> Annual greenhouse gas (GHG) reduction achieved with Neste's renewable fuels compared to 100% crude oil based fuel. Calculation method complies with the EU Renewable Energy Directives; until the end of H1/2021 with RED 2009/28/EC and in H2/2021 with RED II (EU) 2018/2001.

Material topic	Objective	Key performance indicator	Target	Performance in 2021	SDG link
Safety, health and wellbeing	Ensuring the health and safety of employees and contractors in all Neste locations and supply chain	Total Recordable Incident Frequency (TRIF) <sup>2)</sup>	1.7 for 2020 and 2021 Long-term target: Zero accidents	TRIF 1.4 (1.3)	8
		Process Safety Event Rate (PSER) <sup>3)</sup>	1.7 for 2020 and 2021 Long-term target: Zero accidents	PSER 1.4 (1.6)	
		Safe days (including environmental permit violations)	310 for 2020 and 315 for 2021 Long-term target: Continuously increasing the number of Safe Days	306 (325) Safe Days	
	Promoting working culture that protects the physical and mental wellbeing of employees while at work	Wellbeing index from employee engagement survey	Baseline 2019 results: Engagement 71, wellbeing 61, change adaptation 64. Target is to maintain results on a good level.	Engagement 66 (70), wellbeing 59 (60), change adaptation 60 (62) <sup>4)</sup>	
		The voluntary exit level / voluntary turnover for the year	To attract and retain highly skilled employees	Leaving rate of permanent employees 13.0% (6.9%). Hiring rate of permanent employees 12.1% (9.2%)	
Forced labor and vulnerable groups	Managing forced labor risks in Neste operations and supply chains	(X) number of critical and major forced labor non-compliances found in Neste Sustainability Audits, of which (X) number have been remedied.	100% of critical and major forced labor non-compliances remedied.	No critical or major forced labor non-compliances were identified in sustainability audits conducted.	8 9 10 17
		Number of Neste employees who have received training on forced labor and vulnerability	To increase the number of employees who have received training on forced labor and vulnerability, prioritizing those involved in supply chains and procurement	Training on forced labor and vulnerable groups carried out for 3381 employees as part of the new Code of Conduct E-Learning, 627 employees as part of the Neste Global Induction, 125 employees as part of the Supplier Code of Conduct e-learning, and 15 employees in a specialised in-person training session for human rights risks under new feedstock projects in Innovation.	
		Human Rights Due Diligence (HRDD) <sup>5)</sup> carried out for key business areas/functions	To strengthen Neste's capacity to identify, assess, and address human rights risks in our operations and supply chains	Four major assessments/initiatives undertaken in 2021:  1) Corporate-wide assessment to review Neste's salient issues and understand gaps in mitigation activities. 2) Human Rights Risk Assessment completed for potential Rotterdam Refinery Expansion Project. 3) Human rights risk assessments completed for Lignocellulose and Algae Innovation platforms. 4) Development and implementation of a new channel for all onsite workers to raise grievances and access effective remedy during the 2021 Turnarounds.	

<sup>2)</sup> Number of cases per million hours worked. The figure includes both Neste's and contractors' personnel.

<sup>3)</sup> Number of cases per million hours worked.

<sup>4)</sup> Demeter and Mahoney not included.

<sup>5)</sup> HRDD refers to any activities carried out to identify, assess, address, prevent or mitigate forced labor risks, such as developing internal processes, carrying out impact assessments, risk mapping, gap assessments, etc.

Material topic	Objective	Key performance indicator	Target	Performance in 2021	SDG link
Diversity, equality and inclusion	Fostering a diverse and inclusive workplace that ensures fair treatment while maintaining and developing the skills base within the company	Multi-country teams (%)	Increasing trend	16% (14%) are multi-country teams <sup>4)</sup>	8 10
		Women in staff (%)	We recruit personnel based on their experience, expertise, skills and values through structured process and job criteria guaranteeing that all applicants have equal opportunities and treatment during the recruitment process	31.5% (30.2%)	
		Female representation in people manager positions (%) and senior management (%)	Women's representation in people managerial positions and women in senior managers in proportion to the overall number of women in the Neste workforce (%)	29.8% (29.0%) women in people manager positions 25.8% (25.9%) women in senior management	
		Employee engagement	Maintain a good level of employee engagement	Employee engagement score <sup>4)</sup> 66 (70), which was in line with global benchmark result. Majority of employees thought favorably of working at Neste and would recommend Neste as a workplace. 65% (70%) felt happy working at Neste, 64% (66%) understood how Neste plans to achieve its strategic goals, 70% (79%) thought Neste acts in a responsible way, 79% (83%) saw safety as a priority for Neste.	
		Response rate to employee engagement survey (%)	To maintain a good level of response rate	81% (81%) <sup>4)</sup>	
Tackling plastic waste challenge	Tackling plastic waste challenge by developing solutions to utilize waste plastic as a raw material for new plastics and chemicals	Volume of liquefied waste plastic processed (t/a)	To process more than 1 Mt of liquefied waste plastics from 2030 onwards to increase the circularity of plastics and to reduce crude oil dependence in refining and petrochemical processes	In 2021 we successfully completed industrial-scale processing runs with 400 (400) tons of liquefied waste plastic in Finland.	12 13 15 17
Ethics, transparency and open communication	Ensure the appropriate scope and quality of information disclosure related to own operations and business practices in the supply chain and operating in an ethical and responsible way in society	Monthly grievance log updates	To roll out monthly updated grievance logs	12 (11) monthly logs	10 12 17
		A total of suspected misconducts reported in person or via the whistleblowing line to the Investigations Group	To further encourage employees and external stakeholders to report observed or suspected misconduct	A total of 18 (16) suspected misconducts were reported in person or via the whistleblowing line to the Investigations Group in the following categories: HR 4 (6) reports, discrimination and harassment 2 (4), conflict of interest 3 (0), bribery, corruption and facilitation payment 2 (0) fraud 0 (1), competition law and infringement 0 (1), health and safety 0 (1), and 7 (3) reports which fell outside of these categories in "Other".	
		Regular supply chain transparency via traceability dashboard (palm oil & PFAD)	To publish information twice yearly	2 (2) publications	

<sup>4)</sup> Demeter and Mahoney not included.

SDG7: Clean energy

SDG11: Sustainable cities and communities

SDG8: Decent work and economic growth

SDG12: Responsible consumption and production





SDG9: Industry, innovation and infrastructure

SDG13: Climate action

SDG10: Reducing inequalities

SDG15: Life on land

SDG17: Partnerships for the goals

Material topic	Objective	Key performance indicator	Target	Performance in 2021	SDG link
Innovation and partnerships	Initiating and fostering partnerships between Neste and its partners to address the challenges of and innovate solutions for sustainable development	Share of Clean Revenue area revenue from Group revenue, %	To maintain the annual share compared to previous year	Clean Revenue 39.3% (36.8%)	
		Share of investments consisting of Clean CAPEX, Clean R&D and Clean M&A (Clean Investments), %	To maintain the annual share compared to previous year	Clean Investments 68.5% (69.4%)	
Supply chain sustainability	Ensuring sustainability of Neste suppliers and business partners	Percentage of business partners who have committed to Neste's minimum sustainability requirements in the Supplier Code of Conduct (%)	100% of business partners committed	86% (100%) of the new indirect procurement supplier contracts, 99% (100%) of the renewable raw material volume and 88% (78%) of the fossil raw material volume delivered to Neste in 2021 were covered by the Neste SCoC or equivalent.	
		The number of renewable raw material supplier's sustainability assessments and their outcome	To assess all new renewable raw material suppliers against sustainability criteria	Total: 223 (219), New approved suppliers: 171 (120), All approved: 186 (133), Pending: 33 (65), Rejected: 4 (21) <sup>6)</sup>	
		A total of sustainability audits conducted	To increase the number of sustainability audits conducted, prioritizing through a risk-based approach	27 (9) sustainability audits	
Economic responsibility	Reporting financial statements				
Corporate governance	Reporting in the corporate governance statement				

<sup>6)</sup> New approved suppliers include Demeter existing suppliers that were excluded in 2020 due to ongoing integration. All other figures include existing suppliers, which undergo a sustainability assessment process every 3-5 years. Supplier data includes only main contractual parties, excluding sub-suppliers.