

# An ESG risk and opportunity assessment for Neste Corporation

## Client's objectives

Neste Corporation was looking to adopt a pragmatic approach to environmental, social and governance (ESG) risk and opportunity management appropriate to the geographic scale of the organization, its business activities, and overall strategic objectives. The CSR team wanted to meet the dual aims of: 1) enabling Neste to identify the potential for value creation associated with improved sustainability performance; and 2) conducting a high-level review of corporate communications and external disclosure to understand the opportunities for improvement (i.e from a sustainability perspective).

## The project

Anthesis conducted an ESG assessment to explore the importance and relevance of specific factors to the individual markets and geographies where Neste Corporation operates. Through an evaluation of the most material risks, we applied these insights to shape an improved understanding of the practical realities of, as well as opportunities for, proactively managing ESG risk, improving ESG performance, and facilitating recognition of existing good practices through improved disclosure.

## Key services delivered

- A screen of the most material ESG risk factors by Neste's primary industry sectors and geographies of operation.
- An evaluation of the potential ESG risks, including current trends, in the context of Neste's current operations.
- An evaluation of the primary areas of opportunity, either for risk management or value creation, specifying corporate wide or geography specific opportunities.
- A review of Neste's current management systems, current programs and related ESG performance.
- A high-level benchmarking exercise of three competitors to help inform our recommendations for Neste and calibrate key areas of focus from an external market perspective.

## Key project outputs

Anthesis drew on this analysis and facilitated a working session with internal Neste stakeholders to share the project's findings and observations, those being:

- The working definition of ESG applicable to Neste
- An ESG risk matrix for each facility/geography illustrating the key areas of vulnerability
- Evidence-based insight into the actions and management systems within Neste to mitigate risks and improve ESG performance
- Practical and informed recommendations to improve ESG performance

## Project impact

Overall, the assessment provided Neste with the ability to pinpoint ESG issues with the greatest potential for value creation associated with improved sustainability performance. We also helped highlight the potential for Neste to further leverage 'big data' to provide tangible solutions. For the CSR team, we were able to consider the challenges and opportunities linked to circular economy thinking; for instance joint ownership of the potential risk management and value creation opportunities for Neste.

## What our clients said

"We wanted the ESG screen as we were keen understand the definition of ESG and to see the criteria you would be using. We were also interested to see how others would view us through this lens. The Anthesis screen provided us with a "mirror". The value to Neste was that it confirmed we are on a right track to addressing ESG issues. It also helped us to identify some potential improvement opportunities, several of which we are working on, and others that warrant further evaluation."

## For further information

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