



HVO verification Scheme Annual Report 2017

The HVO verification Scheme has been operational all year 2017 and provides the following report for 2017:

(a) the independence, modality and frequency of audits: all HVO certified operations have been audited during 2017 by 3rd party auditors of SGS or Control Union.

(b) the availability of, and experience and transparency in the application of, methods for identifying and dealing with non-compliance: the certification bodies have not reported serious non-conformities on the certified operations, neither those of Neste nor the operators in the supply chain.

(c) transparency, particularly in relation to the accessibility of the scheme: the scheme documentation is available in full at the web pages: www.hvoscheme.com. The material is available in English only, no translations have been made. At the pages, certificates granted to Neste are made available, but currently no other certified operators. A confidential list of certified operators is attached to this report (Annex 1).

(d) stakeholder involvement: the system has so far been applied in raw material side for palm fatty acid distillate (PFAD) only. PFAD is removed at the palm refineries as a processing residue, typically in an industrial landscape. Thus no need for consultation of indigenous and local communities has existed.

(e) the overall robustness of the scheme, particularly in light of rules on the accreditation, qualification and independence of auditors and relevant scheme bodies: the rules, requirements and procedures defined in the scheme have been followed. No shortcomings or deviations in the qualification of the auditors or certification bodies have been identified in current practices.

(f) market updates of the scheme, the amount of feedstocks and biofuels certified, by country of origin and type, the number of participants:

At the end of 2017, the following data covers the use of the HVO verification scheme:

- Certified PFAD volumes and their use at different Neste sites, by country of origin:

Row Labels	Sum of m_matched_free_quantity_kg
Porvoo Refinery	25 662 312
PFAD (waste/residue)	25 662 312
Indonesia	25 662 312
Rotterdam Refinery	222 531 900
PFAD (waste/residue)	222 531 900
Indonesia	214 084 618
Malaysia	8 447 282
Singapore Refinery	167 902 764
PFAD (waste/residue)	167 902 764
Indonesia	132 177 022
Malaysia	35 725 742
Grand Total	416 096 976



The number of valid certificates is 34. Three (3) of the certifications have expired.

(g) the ease and effectiveness of implementing a system that tracks the proofs of conformity with the sustainability criteria that the scheme gives to its member(s), such a system intended to serve as a means of preventing fraudulent activity with a view, in particular, to the detection, treatment and follow-up of suspected fraud and other irregularities and where appropriate, number of cases of fraud or irregularities detected;

The HVO certified raw material volumes have so far been used entirely by Neste Corporation. The Neste Biocriteria database is always used for these materials covering the whole lifecycle of the material all the way to the biofuels customers. The system is used for all biofuels Neste produces and is subject to annual third party audits as required by both Finnish Energy Authority and ISCC on top of HVO audits. No frauds or irregularities have been detected in 2017.

(h) options for entities to be authorised to recognise and monitor certification bodies; and (i) criteria for the recognition or accreditation of certification bodies;

Standard of independent verification

Verifiers of the HVO sustainability scheme are selected taking into account assessment and recognition requirements by the Commission, or relevant national accreditation bodies.

The relevant national accreditation bodies are official bodies that have been given the authority to accredit the operators for the verification processes in the national legislations imposing the RED.

Accreditation may be obtained through:

- a) Accreditation by a national accreditation body affiliated to the International Accreditation Forum (IAF)
- b) Accreditation as a full member or 'associate' member of ISEAL
- c) 'Commitment to comply' with ISO 17011: 2004 (General requirements for accreditation bodies accrediting conformity assessment bodies), or
- d) justified equivalent, within 3 years (consistent with ISEAL associate member)

Requirements for the verifier and verification process

Mandatory requirements for the verifier are the following:

- is external: the audit is not performed by the economic operator or the scheme itself
- is independent: auditors are from third party and free from conflict of interest
- has the generic skills: the verification body has the general skills for performing audits
- has the appropriate specific skills: auditor team has the skills necessary for conducting the audit related to the scheme's criteria e.g.:
 - land use
 - agriculture and ecology etc.
 - chain of custody system
 - mass balance
 - greenhouse gas calculations and management
 - experience and understanding of lifecycle assessment according to ISO 14040



- Experience of carrying out audits in conformity with standard ISO 14064-3 establishing specification with guidance for the validation and verification of greenhouse gas assertions.

The verification has to fulfil the following mandatory requirements:

- Audits shall be carried out in conformity with standard ISO 19011 establishing guidelines for quality and/or environmental management systems auditing.
- Accreditation against standard ISO Guide 65 establishing general requirements for bodies operating product certification systems.
- Follow the ISO 17021 standard, Conformity assessment -- Requirements for bodies providing audit and certification of management systems
- Accreditation against standard ISO 14065 establishing requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition.

In the selection of the verifier, preference is given to auditors that

- have experience of carrying out audits in conformity with the International Standard on Assurance Engagements (ISAE) 3000
- are accredited for the kind of auditing tasks they are to undertake.

All verifiers are not only evaluated based on costs, but also on eagerness and capability to deliver verification services (completeness of offer and references etc.).

The verifier shall select members to the auditor team to ensure sufficient knowledge and skills to perform the audit they are undertaking. Auditors shall have sufficient knowledge and specific skills required to audit schemes criteria. Auditors must have university degree or work experience (minimum 3 years) at relevant work area that contributes to the development of knowledge and specific skills required to audit the schemes criteria.

All auditors must have completed training (minimum 15 hours) in audit principles, procedures and techniques by standard ISO 19011. Auditors should acquire audit experience under the supervision of an audit team leader (minimum 10 days). Audit team leader should have acquired additional audit experience working under the direction and guidance of an audit team leader (minimum 20 days).

(j) rules on how the monitoring of the certification bodies is to be conducted;

The HVO verification scheme is in continual dialogue with both the certification bodies and the operators. The monitoring of CBs is carried out as an integral part of this collaboration. Additionally, the operators do have an opportunity to contact directly the HVO scheme to bring up any potential obscurity in the auditing or certification process.

(k) ways to facilitate or improve the promotion of best practice.

HVO scheme monitors development of other verification schemes, especially ISCC in collaboration with certification bodies in order to promote best practice.



ANNEX 1 Valid HVO certificates by the legal entities

Certification body	Legal entity	Registration ID	Scope	Feedstock / end product
SGS	Neste Renewable Fuels Oy (Porvoo)	001	CP, TR, WH	AF cat 1 AF cat 2 AF cat 3 UCO (ent. veg) UCO (part. AF) SBO RSO camelina HVO bionaphta biopropane
SGS	Neste Renewable Fuels Oy (Rotterdam)	002	CP, TR, WH	AF cat 1 AF cat 2 AF cat 3 UCO (ent. veg) UCO (part. AF) CPO palm stearin palm olein SBEO POME PFAD HVO bionaphta biopropane
SGS	Neste Singapore Pte Ltd	003	CP, TR, WH	AF cat 1 AF cat 2 AF cat 3 UCO (ent. veg) UCO (part. AF) CPO palm stearin palm olein SBEO POME PFAD HVO bionaphta biopropane
SGS	Neste Oyj	004	TR, OP, WH	ETBE, TAEE, THxEE, MTBE, TAME, THxME
SGS	Neste (Suisse) S.A.	005	TR, WH	final biofuels
SGS	Neste Sweden AB	006	TR, WH	final biofuels



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SGS	PT Smart Tbk - Tarjun Refinery	007	FGP, PoO	PFAD
SGS	PT Smart Tbk - Surabaya Refinery	008	FGP, PoO, WH	PFAD
SGS	PT Ivo Mas Tunggal - Lubuk Gaung Refinery	009	FGP, PoO, WH	PFAD
SGS	PT. KARYAINDAH ALAM SEJAHTERA	010	FGP, PoO	PFAD
SGS	PT Binasawit Abadi Sinar Mas Land Plaza, Tower 2 30 Jalan M.H. Thamrin No 51 Kav 2 10350 Jakarta Indonesia	013	FGP, PoO	PFAD
CUC	Wilmar Trading Pte Ltd 56 Neil Road, Singapore 088830	014	FGP, TR, PoO	PFAD
CUC	PT. Sari Dumai Sejati Jl. Lubuk Gaung Kecamatan Sungai Sembilan Dumai - Riau 28826 Indonesia	015	FGP, PoO	
CUC	PT. Asianagro Agung Jaya Jl. Semarang Blok A6 No. 1 KBN Marunda 14150 Jakarta Utara Indonesia	016	FGP, PoO	PFAD
CUC	AAA Oils & Fats Pte Ltd 80 Raffles Place #50-1, UOB Plaza Singapore - 48624	017	TR	PFAD



CUC	PT. Sumber Indah Perkasa Dusun Sukamaju Desa Rangai Tritunggal Kecamatan Katibung Kabupaten Lampung Selatan Indonesia	018	FGP, PoO	PFAD
CUC	PT. SMART Tbk. Jalan Belmera Baru III Belawan II Sumatera Utara 20412 Indonesia	019	FGP, PoO	PFAD
CUC	PT. SMART Tbk. Kawasan Industri Marunda Center Blok D No. 1, Desa Segaramakmur Kecamatan Tarumajaya, Kabupaten Bekasi Indonesia	020	FGP, PoO, WH	PFAD
CUC	PT Kreasijaya Adhikarya Komplek Pelindo 1 Dumai- Riau Kelurahan Dumai Kota Kecamatan Dumai Timur Indonesia	021	FGP, PoO	PFAD
CUC	PT Steelindo Wahana Perkasa Desa Senyubuk Kecamatan Kelapa Kampit Kabupaten Belitung Timur Provinsi Kepulauan Bangka Belitung Indonesia	022	FGP, PoO, WH	PFAD
SGS	PT, Ciliandra Perkasa Kawasan Industri Dumai 28825 Pelintung, Dumai Riau Province Indonesia	024	FGP, PoO	PFAD



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SGS	PT. Adhitya Serayakorita Kawasan Industri Bangsal Aceh, Kelurahan Bangsal Aceh 28826, Kecamatan Sei Sembilan, Dumai-Riau, Indonesia	025	FGP, PoO	PFAD
SGS	INTERCONTINENTAL SPECIALTY FATS SDN BHD Lot 1, Lebu Sultan Hishamudin 2, Kaw 20, Bandar Sultan Suleiman in 42009 Port Klang, Malaysia	026	FGP, PoO	PFAD
SGS	PT Kutai Refinery Nusantara I. MT. Haryono Dalam RT 030 No.163 Sungai Nangka, 76115 Balikpapan Selatan, Kalimantan Timur, Indonesia	027	FGP, PoO	PFAD
SGS	Neste Renewable Fuels Oy Keilaranta 21 FI-00095 NESTE Finland	028	TR, WH, OP	AF cat 1,2,3 POME
SGS	Neste US, Inc. 3040 Post Oak Blvd, Suite 1700 Houston, TX 77056 USA	029	TR, WH	AF, UCO, YG, TCO,



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CUC	PT. Sinarmas Bio Energy Kawasan Industri dan Pergudangan Marunda Center Blok D no. 1, Jl. Marunda Makmur Tarumajaya, Bekasi 17112, INDONESIA	030	FGP, PoO	PFAD
CUC	PT. Tunas Baru Lampung Tbk. Jl. Yos Sudarso No. 29 Way Lunik, Bandar Lampung Indonesia	031	FGP, PoO	PFAD
CUC	PT. Tunas Baru Lampung Cabang Palembang Tbk.	032	PoO	PFAD
CUC	PT. Tunas Baru Lampung Tbk.	033	PoO	PFAD
SGS	PT. Bina Karya Prima	034	FGP, PoO, WH	PFAD
SGS	PT. Bina Karya Prima	035	FGP, PoO, WH	PFAD
SGS	Mewah Datu Sdn Bhd	036	FGP, PoO	PFAD
SGS	Mewah Oils Sdn Bhd	037	FGP, PoO	PFAD