

NESTE

Green Finance Framework

FEBRUARY 2024

Background & rationale

At Neste, we create solutions for combating climate change and accelerating a shift to a circular economy. We refine waste, residues and innovative raw materials into renewable fuels and sustainable feedstock for polymers and chemicals. We are the world's leading producer of sustainable aviation fuel, renewable diesel and renewable feedstock solutions for various polymers and chemicals industry uses. We are also developing chemical recycling technologies and capacity to combat the plastic waste challenge. The demand from businesses and consumers in different market segments for renewable and circular solutions is increasing. Our strategy is created to respond and adapt to the volatile business environment and increasing competition.

Everything we do at Neste serves one purpose: to create a healthier planet for our children. Neste's transformation journey has taken the company from a local oil refining company to becoming a global leader in renewable and circular solutions. Our purpose pushes us forward to search for new ways to reduce the amount of carbon released into the atmosphere, and to innovate circular solutions to reuse carbon again and again.

We participate in the development of our industry together with relevant associations and NGOs and actively engage in open dialogue with our stakeholders. We support the work of legislators and other decision makers by offering expertise and information from our field to support decision making. We cooperate with several international universities and research institutions.

Our success is built on our values: we care, we have courage, and we cooperate. The values are aligned with our purpose and reflect our strategy.

Green finance

Neste's key strategic target is to become a global leader in renewable and circular solutions, which is why sustainability is incorporated in everything we do, not only in our operational activities but also in our financing. We launched our first Green Finance Framework in 2021. The proceeds from green finance have been allocated to the renewable and circular solution projects. With this updated version of the framework, we deliver on our promise to update and amend our framework in line with recent developments within sustainable finance.



Helsinki, 2024-02-14

President & CEO
Matti Lehmus

CFO
Martti Ala-Härkönen

Vice President, Sustainability
Päivi Makkonen



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Our business

Neste's businesses are grouped under four reporting segments: Renewable Products, Oil Products, Marketing & Services, and Functions. Currently waste and residues account for over 90% of our global renewable raw material inputs.

Renewable Products

Our renewable products serve our different customer groups in aviation, polymers and chemicals business as well as road transportation, construction and mining. We produce renewable products at our refineries in Finland, the Netherlands and Singapore from 100% renewable raw materials with a current annual nameplate capacity of approximately 3.3 million tons. The ramp-up of Neste's Singapore refinery expansion and our joint operation, Martinez Renewables, with Marathon Petroleum in Martinez, California, will increase Neste's total production capacity of renewable products to 5.5 million tons in early 2024. Combining our Singapore expansion with our Rotterdam refinery's SAF optionality project, we target to reach an annual SAF production capacity of 1.5 million tons in the beginning of 2024. Furthermore, the completion of Neste's Rotterdam refinery capacity expansion project will further increase the company's total production capacity of renewable products to 6.8 million tons by the end of 2026. This will help us meet the increasing global demand for lower-emission products.

We invest heavily in researching, testing and deploying new raw materials and technologies. We also have high-quality technology and engineering competence.



¹⁾ Marketing & Services is led through an internal board and its EVP is not a member of the Executive Committee

Our renewable products

Neste MY Sustainable Aviation Fuel™ is commercially available and in use worldwide. Sustainable aviation fuel (SAF) is a lower-emission alternative and direct replacement for fossil jet fuel. Its use as such, unblended, helps reduce greenhouse gas (GHG) emissions by up to 80% over the life cycle of the fuel compared to fossil jet fuel (calculated with established life cycle assessment, LCA, methodologies, such as CORSIA methodology). The fuel is made from sustainably-sourced, 100% renewable waste and residue raw materials, such as used cooking oil and animal fat waste. We are actively working with partners through the aviation supply chain to grow the availability of SAF for the aviation industry globally. The fuel is already used by leading commercial airlines including United Airlines, Air France-KLM, Lufthansa, Ryanair and American Airlines, and cargo carriers such as DP-DHL, Amazon

Prime Air and UPS. It is available at an increasing number of major airports, including San Francisco International Airport, Los Angeles International Airport, Frankfurt Airport, Amsterdam Airport, Changi Airport and Narita International Airport. We also work with industry leading fuel distributors to provide Neste MY SAF to business aviation customers.

Neste MY Renewable Diesel™ enables our customers to reduce their GHG emissions by as much as 75% or 95% compared to fossil diesel over the fuel's life cycle. The GHG emission reduction varies depending on the region-specific legislation that provides the methodology for the calculations (e.g. EU RED II 2018/2001/EU for Europe and US California LCFS for the US), and the raw material mix used to manufacture the product for each market. The fuel is produced from 100% renewable raw materials. Neste MY Renewable Diesel is a drop-in

solution, which means that it can be used without any modifications to the diesel engines or the fuel distribution infrastructure.

Neste RE™ is a raw material for plastics production that is made out of renewable and recycled raw materials. It is a drop-in solution that can be used on its own or in a blend to create products of identical quality to those made out of conventional raw materials based on virgin fossil oil. Neste RE produced from 100% renewable raw materials has a more than 85% smaller carbon footprint over its life cycle compared with conventional fossil raw materials (Life cycle assessment of environmental impacts of Neste RE, June 2021). We are also developing chemical recycling technologies and capacity together with value chain partners to tackle the global plastics challenge and enable higher recycling rates.

Future raw materials and technologies



Oil Products

We are also a technologically advanced refiner of high-quality oil products. Our offering includes oil products and related services for the road transportation, non-road uses, aviation and marine sectors, as well as products for the oil and petrochemical industries. Neste is purely a buyer of crude oil; we do not own shares in any company producing crude oil, nor are we engaged in oil exploration or drilling. Additionally, we do not purchase crude oil from Arctic Sea areas, sanctioned countries, or conflict areas. At the start of the war in Ukraine, Neste decided to stop using Russian crude oil entirely and started replacing it with other qualities.

Neste's ambition is to make the Porvoo refinery the most sustainable refinery in Europe by 2030. In 2023, we

completed the strategic study on transforming the Porvoo refinery into a leading renewable and circular solutions refining hub in the mid-2030. Development of the refinery is already ongoing based on investment decisions to build a liquified waste plastic upgrading facility and moving into the basic engineering phase in the plans to produce renewable (green) hydrogen.

Transformation through innovation

Innovation has enabled our transformation from a local oil refining company towards global leadership in renewable and circular solutions, and it is the driving force of our strategy ensuring future success. We know how to turn low-quality raw materials into high quality products

and continue to work towards increasing the availability of renewable and recycled raw materials, while also developing technologies to diversify our current raw material portfolio further.

Neste's innovation work is about exploring new business opportunities around scalable future raw materials and related technologies that support reducing dependence on fossil resources and tackling climate change. Our long-term business development and innovation take place on several fronts, and we are targeting industrial-scale operations in at least one area by 2030:

- Algae – Cultivation of carbon dioxide absorbing microalgae

- Lignocellulose – Forestry and agricultural waste and residues
- Municipal solid waste – Various fractions of municipal solid waste that currently cannot be or are not recycled
- Renewable (green) hydrogen – Renewable hydrogen from electrolysis
- Power-to-X – PtX technology combines renewable electricity and captured carbon dioxide to produce sustainable fuels and raw materials for the petrochemical industry.

Sustainability at Neste

As the world's leading producer of sustainable aviation fuel, renewable diesel and renewable feedstock solutions for various polymers and chemicals industry uses, our business is built upon sustainability.

We set high standards for sustainability. Our work is guided by the Neste sustainability vision in which we have set ourselves aspirational targets for climate, biodiversity, human rights, as well as our supply chain and raw materials. Together with our partners we are aiming at a carbon neutral and nature positive value chain by 2040.

Our sustainability vision pushes our strategic actions forward. It is crucial especially in a world where issues are increasingly interlinked. We persistently make progress and take actions on many fronts – within all of our sustainability key areas and throughout our operating countries, the value chain and our partners.

Climate


The climate crisis demands prompt actions to reduce greenhouse gas emissions globally. To enable our customers to significantly reduce their GHG emissions with our products and solutions, we need to ensure our products have as low GHG emissions across their life cycle as possible and the climate impact in our own production and across the value chain is minimized. Our climate commitments are:

- We help our customers reduce greenhouse gas emissions by at least 20 million tons annually by 2030 with our renewable and circular solutions.
- We reduce emissions in our own production (scope 1 & 2) by 50% by 2030 compared to 2019 levels and reach carbon neutral production by 2035.
- We reduce the use phase emission intensity ¹⁾ of sold products by 50% by 2040 compared to 2020 levels.
- We work with our suppliers and partners to reduce emissions across the entire value chain (scope 3).


¹⁾ Use phase emission intensity is calculated by dividing the emissions from the use of fuel products sold by Neste (part of scope 3) with the total amount of sold energy (gCO₂e/MJ)



Climate
Neste leads transformation towards a carbon neutral value chain by 2040.



Biodiversity
Our vision is to drive a positive impact on biodiversity and achieve a nature positive* value chain by 2040.



Human rights
Neste strives to create a more equitable and inclusive value chain by 2030 in which everyone works with dignity.



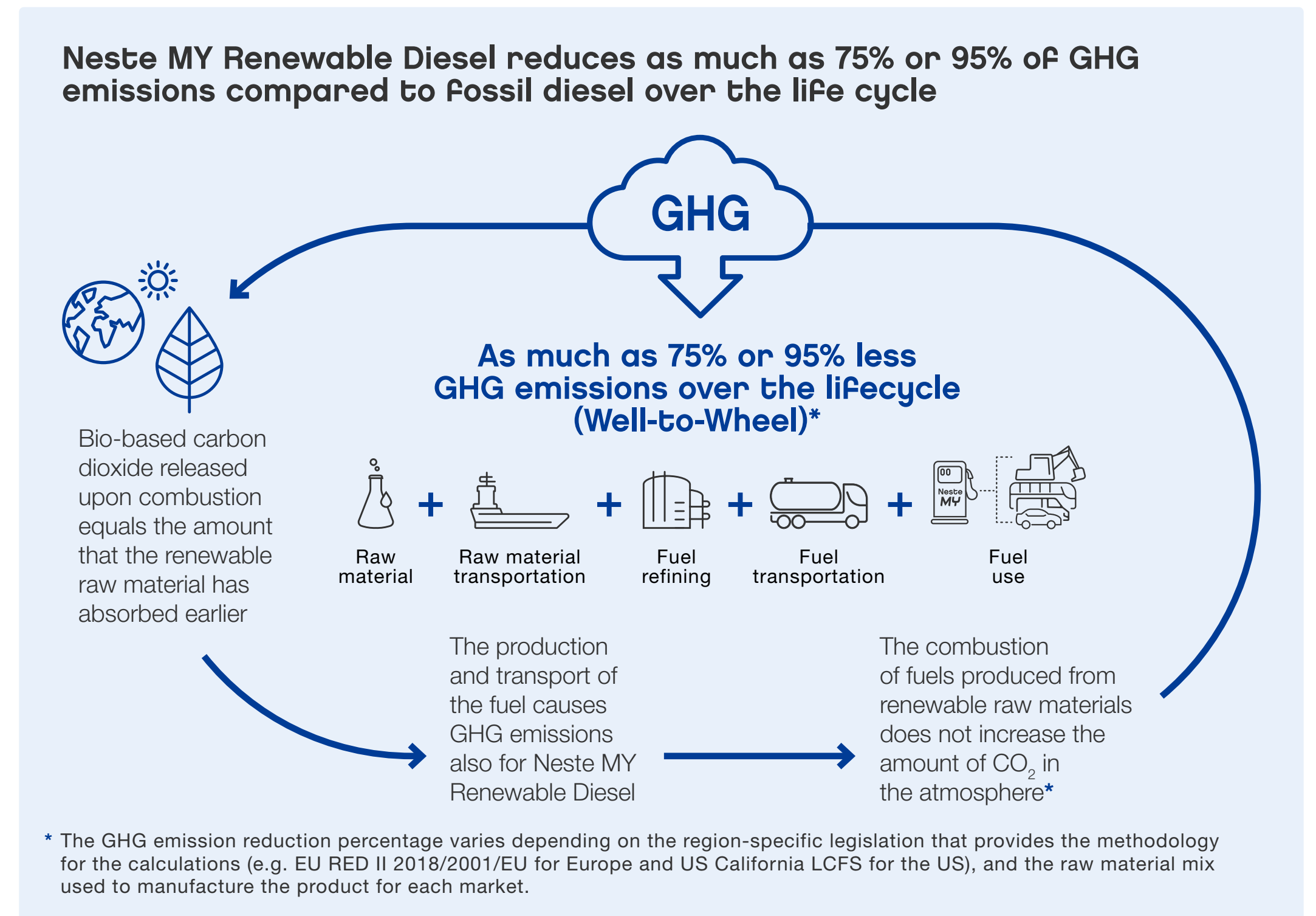
Supply chain & raw materials
Neste drives safe and healthy workplace, fair labour practices and increased sustainability commitment across the supply chain.

* Nature positive aims at halting and reversing nature loss, positive impacts outweighing the adverse impacts

Carbon handprint

The idea behind carbon handprint is to offer solutions to our customers that decrease their carbon footprint. We are committed to help our customers reduce their greenhouse gas emissions by at least 20 million tons CO₂eq annually by 2030. We aim to achieve our target with the portfolio of renewable, lower-emission and circular solutions for road transportation, aviation, and marine uses, as well as for the plastics and chemicals industries.

In 2023, we enabled our customers to reduce GHG emissions by 11.0 millions tons. Growing our capacity for renewable and circular products is a key driver towards our carbon handprint target. Through our strategic investments, our production capacity of renewable and circular solutions will expand significantly in the coming years.



Carbon footprint

An organization's carbon footprint refers to the GHG emissions caused in its own operations, and often also across the value chain. Neste's carbon footprint includes GHG emissions across the value chain, for example from Neste's own production sites, logistics and sold products.

Our target is to reduce production (scopes 1 & 2) emissions by 50% by 2030 compared to 2019 and reach carbon neutral production by 2035. We are well on track to reach our targets as in 2022, our production (scopes 1 & 2) emissions totaled 2.5 Mt CO₂, which is 28% less

than in 2019. Our climate roadmap guides our work to reduce emissions from our production.

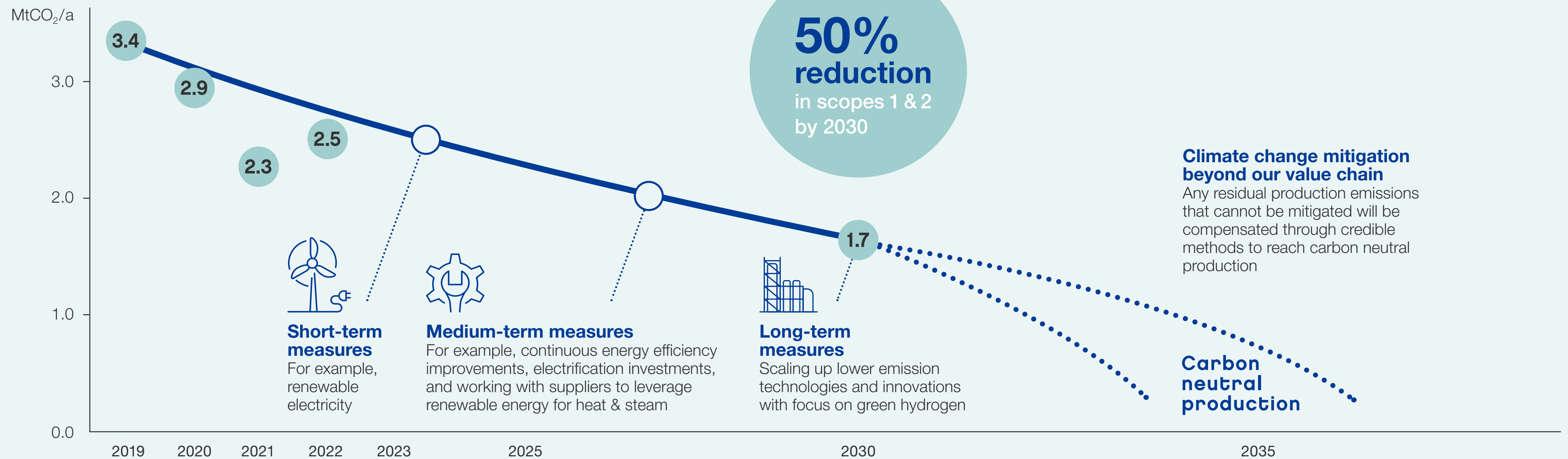
We have identified over 100 measures to decrease GHG emissions in our own production. Increasing the share of renewable electricity is an important action on Neste's climate roadmap. In 2022, the share of renewable electricity was 93.8% globally, and our aim is to reach 100% globally in 2023. We have already reached 100% renewable electricity in Finland in 2022. In the medium term, the focus will be on continuous energy efficiency improvement and electrification measures.

Longer-term actions on our climate roadmap include scaling up new technologies and innovations. The focus is still clear: renewable (green) hydrogen. Currently, the GHG emissions caused by the hydrogen production are the largest source of production emissions in the fuel refining sector. Renewable hydrogen is one of Neste's main innovation areas, and we have been building partnerships to advance the commercialization of the technology. Renewable hydrogen and other new technologies have potential to reduce our production-related emissions by 20% or more by 2030 compared to 2019.

The most relevant scope 3 emission category for Neste is the use phase emissions of the products produced and sold by Neste. Our target is to reduce use phase emission intensity of sold products by 50% by 2040 compared to 2020 through increasing the share of renewable and circular products in our product portfolio. We are also committed to working with our partners and suppliers to reduce emissions across the entire value chain (other relevant scope 3 emissions).

Towards climate neutral production by 2035

Our climate roadmap to reduce our production (scopes 1 & 2) emissions by 50% by 2030 and reach carbon neutral production by 2035.



Biodiversity

Our business is dependent on natural resources. Biodiversity is one of the cornerstones of Neste's sustainability vision, and we aim to drive a positive impact on biodiversity and achieve a nature positive value chain by 2040. Nature positive business means that the overall business creates more benefits than causes adverse impacts to nature.

We aim at creating net-positive impacts (NPI) for biodiversity from new activities from 2025 onwards, and we target no net loss (NNL) of biodiversity from all ongoing activities by 2035.

In 2022, our biodiversity work focused on developing understanding of our current impacts. We continued the materiality analysis of the key aspects related to biodiversity and nature in our value chain (scope 3) and

conducted an analysis for our direct (scope 1) aspects including sites that are owned or operated by Neste. The initial results for our direct impacts indicated that freshwater use and water pollutants are among the most material impacts we have on biodiversity. For our value chain, we continued the work to better understand our impacts on biodiversity from raw materials to end products. We find that our supply chain is a key asset especially for our renewables business. In 2023, we continued the work with defining materiality for the selected raw materials (scope 3).

In the longer term, we are looking for potential new renewable raw materials to turn into renewable hydrocarbons and fuels. We are currently assessing raw materials like algae, lignocellulosic waste and residues

and novel vegetable oils. In studying the new raw material opportunities and innovations, biodiversity has been integrated into criteria from the beginning. Neste's raw material sourcing for renewable fuels is strictly regulated by the sustainability criteria of, e.g., the EU Renewable Energy Directive. It defines no-go areas and restricts the use of materials originating from land with high biodiversity value. Similar restrictions are applied in the US and other markets as well, ensuring that raw material sourcing for renewables is environmentally sound.

In 2023, Neste was selected to the initial target validation group for science-based targets (SBTs) for nature, by the Science Based Targets Network (SBTN), aiming to set the global standard for ambitious and measurable corporate action on nature. In this pilot, a global framework for setting targets, and measuring and validating organisations' nature work will be launched and companies chosen for the validation group will submit their targets for review and approval.





Human rights

One of the cornerstones of Nestlé's sustainability vision is our human rights ambition to create a more equitable and inclusive value chain by 2030, in which everyone works with dignity. The priority areas for action under this ambition are Responsible recruitment, Living wages, Children & education, Reducing inequality. To meet our responsibility to respect human rights, we implement an ongoing process of human rights due diligence to identify, prevent, mitigate, and account for how we address adverse human rights impacts.

In line with the United Nations Guiding Principles on Business and Human Rights, Nestlé's Human Rights Principle, updated in 2022, sets the path and standards for a rights-based approach in all of our business decisions. We expect all of our suppliers and business partners to respect internationally-recognized human rights, and to comply with the minimum human rights requirements set out in Nestlé's Supplier Code of Conduct. Nestlé encourages and supports its business partners to continually improve and develop beyond the minimum, to reach the human rights standards and expectations set out in the Human Rights Principle.

Our Human Rights Principle outlines seven salient human rights issues, which are at risk of the most severe negative impacts through our activities or business relationships: Fair employment, Health & safety,

Equity, diversity & non-discrimination, Children & young workers, Modern slavery, Fair treatment, and Economic, social & cultural rights.

In 2022, we launched the use of a worker voice tool to capture workers' voices Nestlé's supply chains in a systematic manner. Our survey provides insights on various topics impacting workers, for example, inequality, living wages, recruitment fees and children's access to education – which all are priority areas of focus under our human rights ambition for 2030.

Supply chain

Our vision is to drive a safe and healthy workplace, fair labor practices and increased commitment to our sustainability requirements across the supply chain. Our commitments to responsible and ethical business depend not only on our own people but also upon forming relationships with business partners who share our commitments.

We require all our suppliers to commit to Neste Supplier Code of Conduct, with strict criteria on human and labor rights, occupational health and safety, climate, environment, and ethical business conduct. Identifying and selecting good partners is crucial to the sustainability of supply chains. To ensure our suppliers' compliance with the Supplier Code of Conduct, Neste has implemented systematic controls for counterparty screening and monitoring during which potential business partners undergo automated screening. Counterparties are screened for economic sanctions and similar compliance issues and selected ethical concern categories in third-party enforcement databases and major news outlet sources.

Raw material suppliers for our renewable products are subject to a rigorous sustainability due diligence process which includes a mandatory sustainability desktop review and sustainability audits in case of heightened risk.

Renewable raw materials

Neste's renewable raw material portfolio consists of a wide variety of waste and residue oils and fats and sustainably-produced vegetable oils. Neste continues focusing on waste and residue raw materials. In 2023, they accounted for 92% of Neste's total renewable raw material inputs globally. The share of waste and residue raw materials is expected to stay above 90% in the coming years, while in the longer term e.g. the growth in novel vegetable oils' availability may increase the share of sustainably produced vegetable oils.

Neste has an extensive raw materials portfolio, which provides us flexibility to meet varying market and customer demands and requirements.

Animal fat waste, used cooking oil and various wastes and residues from vegetable oils processing represent the top three largest waste and residue raw material categories in the order of their current and estimated shares of Neste's total annual renewable raw material inputs. In line with the target communicated in 2021, Neste reduced its refinery inputs of conventional palm oil to zero at the end of 2023.

Neste only accepts sustainably-produced renewable raw materials from carefully selected partners. Sustainability of the raw materials used in the production of renewable fuels is a minimum requirement for us. All the renewable raw materials we use comply with the strict sustainability criteria of the EU's Renewable Energy Directive (EU RED) or those set by the Environmental Protection Agency (EPA) in the US.

All of our contracts with renewable raw material suppliers include strict terms on sustainability; e.g. supplier code of conduct, commitment to sustainability, protecting biodiversity, and respecting human rights are requirements that must be met.



Commitments

Neste is an active member in multiple national and global industry associations and business networks. We promote active dialogue and develop good relations with our various stakeholders.

We contribute to the implementation of the Paris Agreement, and the United Nations' Sustainable Development Goals (SDG). We are also committed to supporting the Task Force on Climate-related Financial Disclosures (TCFD) reporting, and we are a signatory of the United Nations Global Compact (UNGC) initiative.

Sustainable Development Goals

We recognize the strategic importance of the UN Sustainable Development Goals (SDGs) to our business and the world and are committed to helping achieve them. We have identified nine priority SDGs as the goals we most significantly contribute to and have used the SDG Compass to determine them. These prioritized SDGs form a strong basis for our sustainability work. By identifying material sustainability topics and the relevant SDGs, we position Neste as part of society as well as part of the global sustainability framework. Neste's contribution to the prioritised SDGs are described in each Annual Report.

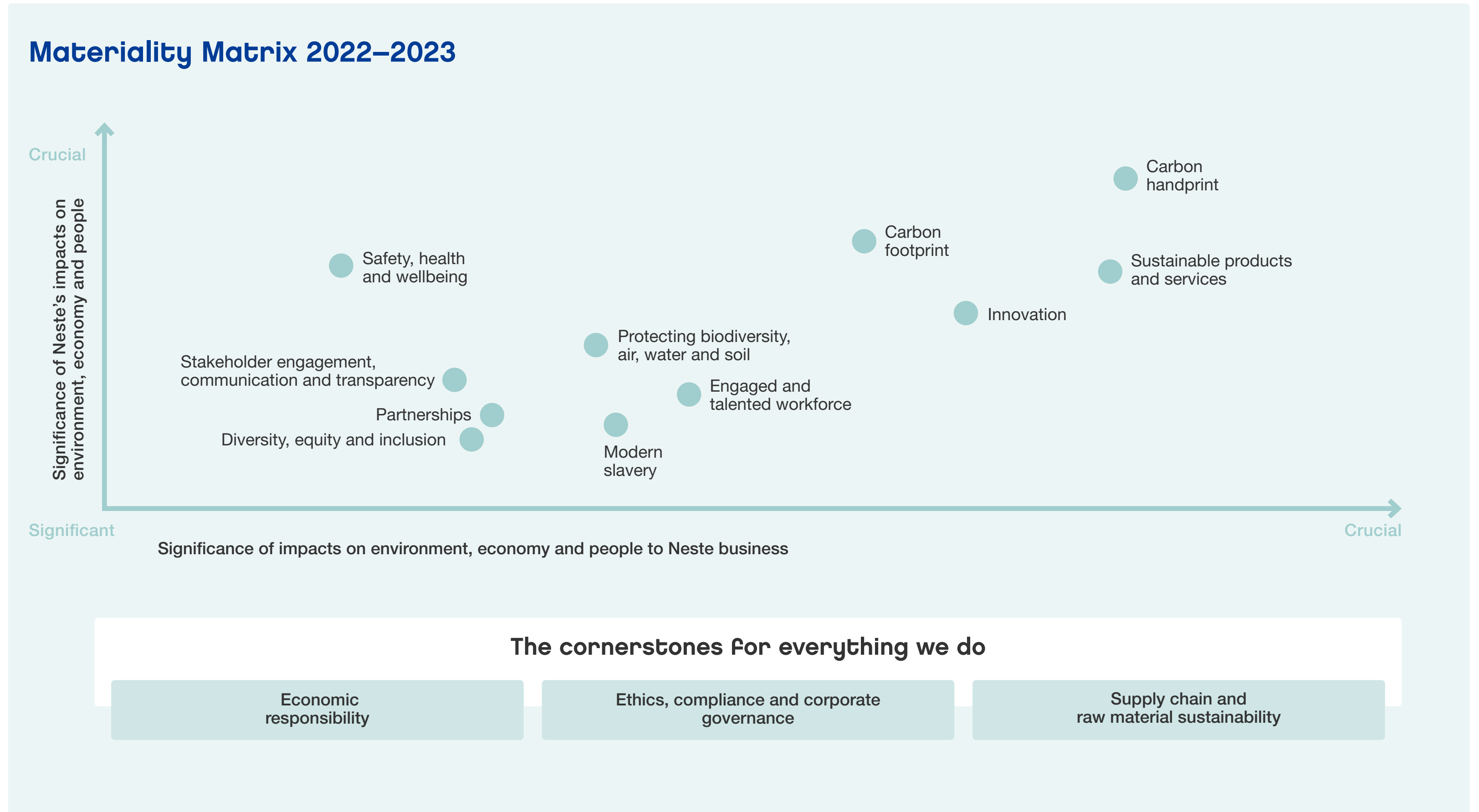


Materiality assessment

Understanding the views and expectations of our stakeholders is crucial to the success of our company and the acceptability of our operations. In order to identify what topics we should particularly focus on in our sustainability efforts, we conduct a materiality assessment once every two years and engage our key stakeholders in the process. The result of our most recent materiality assessment is described in our latest Annual Report.

Based on the results from the assessment process, eleven material topics were prioritized. The material topics reflect Nestlé's business operations, as well as strategic ambitions in combating climate change and creating a healthier planet for our children. The material topics represent different sustainability aspects, and they are relevant throughout our value chain. Supply chain sustainability and raw materials, economic responsibility, as well as ethics, compliance and corporate governance are not seen as individual material topics but as underlying themes that need to be taken into account when considering each of the eleven topics. These themes are the cornerstones of our sustainability agenda.

As part of building our abilities, processes and practices for the implementation of the new Corporate Sustainability Reporting Directive (CSRD), we carried out a double materiality assessment in 2023 to identify the relevance of sustainability matters and their relationship to non-financial and financial impacts in our own operations and in our value chain. The defined material topics will form the coming sustainability related disclosures under the CSRD for information about financial year 2024.





Sustainability Governance

At Neste, the Executive Committee approves the sustainability priorities. Responsibility for individual corporate sustainability targets is shared between the members of the Executive Committee. The Vice President, Sustainability, is responsible for ensuring that relevant management processes relating to material corporate sustainability topics are being developed and implemented as part of our strategy. The relevant Business Units and Functions will reserve the needed resources within their scope to implement the actions commonly agreed in the Executive Committee.

Sustainability vision is part of the Neste strategy and goes through the same Neste Executive Committee and Board review as any other strategic priority. The Board approves the long-term ambition and targets for the sustainability vision, based on the proposal from the Executive Committee and the Sustainability function, and regularly reviews the sustainability performance.

At Neste, Sustainability has been linked to the remuneration of the members of the Board of Directors and the President and CEO. Measures related to the improvement in both process and personnel safety constitute 20% of the short-term incentives' measures and strategic sustainability targets are reflected in long-term incentives, where 20% of measures are based on our combined Greenhouse Gas impact. The remuneration structure aims to reinforce and support our key strategic target to become a global leader in renewable and circular solutions, which support sustainable, long-term value creation for all stakeholders. For our President and CEO a significant proportion of remuneration is derived from variable pay to ensure that there is strong alignment between sustainable value creation for shareholders, company performance and reward. The Board of Directors sets the targets for both short- and long-term incentives and the variable payouts are directly linked to both operational, ESG and strategic measures.

EU Taxonomy

Neste supports the ambitious goals set by the EU Commission in the EU Taxonomy and is committed to the transformation towards a carbon neutral value chain. Neste has operations that substantially contribute towards the climate change mitigation objective and to the stabilization of greenhouse gas concentrations in the atmosphere at a level which prevents dangerous anthropogenic interference with the climate system, consistent with the Paris Agreement's long-term temperature goal.

As the EU taxonomy continues to develop and is subject to interpretation, Neste will continuously re-evaluate how its activities contribute to the environmental objectives under the taxonomy. Neste has carried out assessments to identify activities that are aligned with the technical screening criteria for substantial contribution towards climate change mitigation, the do no significant harm (DNSH) criteria and minimum safeguards. In the Annual Report for the year 2022, Neste reported 1.651 MEUR of all CapEx investments as aligned with the EU taxonomy. Neste is continuously developing the approach used to assess alignment with the taxonomy.

The EU taxonomy refers to the manufacture of biofuels for use in transport as a sustainable activity, and we have assessed Neste's manufacturing of renewable fuels for the road transport and aviation sectors to be taxonomy-relevant economic activities based on the climate delegated act of the regulation. The substantial contribution criteria within the EU taxonomy sets the threshold for greenhouse gas (GHG) emission savings from the manufacture of biofuels and biogas for use in transport to at least 65% in relation to the GHG emission saving methodology and the relative fossil fuel comparator in accordance with RED II directive (Directive (EU) 2018/2001). Additionally, the criteria requires that no food and feed crops are used in the manufacturing. The share of manufacturing from waste and residue raw

materials is therefore taxonomy-aligned. The alignment figures for biofuel sales outside the EU are reported separately because the GHG emission calculation and verification methodologies differ. Neste complies with local legislation and the sales of biofuels meet the GHG emission saving and other sustainability requirements for each market, such as the Low Carbon Fuel Standard in California, US. Neste will describe its current interpretation of the EU Taxonomy Regulation and the Delegated Acts in each Annual Report and is committed to report the taxonomy alignment for future green bonds through its Green Finance Reports.

Green Finance Framework

This Green Finance Framework (“the Framework”) is an update of the original Green Finance Framework that Neste launched in 2021. This Framework has been developed as an extension of Neste’s sustainability work with the idea of sharing knowledge and understanding around Neste’s sustainability commitment. The framework will serve as a platform to enable engagement with investors and other market participants regarding Neste’s solutions. Solutions combat climate change and accelerate a shift to a circular economy by refining waste, residues and innovative raw materials into renewable fuels and more sustainable feedstocks for polymers and chemicals.

The Framework will set out the terms under which Neste may issue Green Debt Instruments including, but not limited to, Green Bonds, Loans or Commercial Paper. The structure of the Framework is developed in

alignment with both the ICMA Green Bond Principles (GBP) 2021 (with June 2022 Appendix 1), as well as the APLMA, LMA and LSTA Green Loan Principles (GLP) 2023. For added transparency and to raise awareness of Neste’s climate transition-related purposes and strategy, Neste is also guided by the recommendations outlined in the ICMA Climate Transition Finance Handbook (CTFH) 2023.

The framework consists of the key core components for alignment with the GBP and GLP, as well as the recommended External Review component:

1. Use of proceeds
2. Process for project evaluation and selection
3. Management of proceeds
4. Reporting
5. External Review

It is Neste’s intention to follow best practices, in relation to Green Bonds and Loans, as the market standards develop. Therefore, this Green Finance Framework will be updated to reflect the changes in market practice. S&P Global Ratings have provided a Second Party Opinion on this Green Finance Framework, which together with the Green Finance Framework, will be publicly available on Neste’s website.

In accordance with the Green Bond Principles, Neste will continue to provide an annual Green Finance Report until the maturity of any issued Green Debt Instruments.

Use of proceeds

The proceeds from Neste's issuances of Green Debt Instruments will exclusively be used to finance Eligible Assets and Projects within Neste, its subsidiaries, Joint Ventures, or any acquired entities.¹⁾ Proceeds will finance Eligible Assets and Projects according to this framework in part or in full that identifies and manages environmental and societal risks as determined by Neste within the sustainability policy. The proceeds raised based on this Green Finance Framework can be applied towards R&D, pre-treatment, production, construction, expansion, facilities, tools, processes, and machines according to the eligibility criteria below. Green Debt Instruments

issued under this framework will be referenced in the associated legal document.

Financing and refinancing

The net proceeds raised from green debt will be allocated to finance and refinance Eligible Assets and Projects as determined by Neste's Green Finance Committee in accordance with this Green Finance Framework.

Financing is defined as allocating proceeds to current or future Eligible Assets and Projects realized after green debt issuance, with a look back period of up to 12 months.

Refinancing is defined as allocating proceeds to Eligible Assets and Projects with a look back period between 12–36 months prior to any green debt issuance.

Eligible Assets and Projects are reviewed annually and will qualify for financing/refinancing subject to meeting the eligibility criteria below at the time of allocation of proceeds.

Information about the split between financed and refinanced assets will be included in the annual Green Finance Report.

Exclusions

This framework excludes funding activities that relate to fossil fuel refining or fossil-based feedstocks, this exclusion also includes co-processing activities where fossil raw materials are co-processed together with renewable feedstocks in the refining process. These exclusions are in line with Neste's materiality assessment and commitment to ensure that we do not promote one sustainable solution at the expense of another.

¹⁾ Only the value of Eligible Assets and Projects as defined in this framework within subsidiaries, joint ventures or acquired companies is eligible for green financing. i.e not the entire financing cost. Neste will also make sure those projects and assets are not financed with other green debt instruments to safeguard double counting avoided annual CO₂ emissions.

Eligible Asset and Project Categories

■ ■ Dark to Medium green according to S&P Global Ratings' Second Party Opinion

ICMA Green Project Category: Eco-efficient and circular economy adapted products, production technologies and processes

Substantial Contribution to Environmental Objective:	Climate Change Mitigation	<p>Raw Materials: Neste is increasing the availability of renewable materials by refining waste, residues and innovative raw materials. Neste's raw material sourcing for renewable fuels is strictly regulated by laws. In addition, Neste requires all suppliers to be committed to the Supplier Code of Conduct with criteria on human and labour rights, occupational health and safety, climate, environment, biodiversity and ethical business conduct. In addition all raw material suppliers are subject to additional sustainability due diligence. To ensure that suppliers comply with the Supplier Code of Conduct, Neste has implemented systematic controls for counterparty screening and monitoring during which potential business partners undergo automated screening and are escalated to a manual review if any issues are found or the counterparty's business case matches predefined criteria.</p> <p>Greenhouse Gas (GHG) Emissions Calculations: Neste calculates the greenhouse gas (GHG) emissions of renewable raw materials over their entire life cycle, from the production of the raw materials to the end use of the final product. For renewable fuels, the life cycle ends in the use phase, and for other (non-fuel) products such as renewable feedstock for new polymers and chemicals, the life cycle ends in the end-of-life treatment and potential recycling. The carbon emissions from the use of renewable fuels amount to zero, as the amount of bio-based carbon dioxide released upon combustion equals the amount the renewable raw material has absorbed earlier.</p>
Criteria:	<p>Renewable and circular solutions Financing of Assets and Projects that contribute to climate change mitigation accelerating the shift to a circular economy by reducing greenhouse gas (GHG) emissions through refining of waste, residues, and innovative raw materials into renewable fuels and renewable and recyclable feedstocks for polymers and chemicals to replace fossil raw materials. All Neste's renewable production refineries are International Sustainability & Carbon Certification (ISCC) certified or approved by the U.S. Environmental Protection Agency (EPA).</p> <p>Renewable fuels Refining waste, residues and innovative raw materials into renewable sustainable aviation fuels reduces GHG emissions up to 80% over the fuel's life cycle compared to fossil jet fuel.¹⁾ For renewable diesel the greenhouse gas (GHG) emission reduction is as much as 75% or 95% compared to fossil diesel over the fuel's life cycle.²⁾</p> <p>Renewable polymers and chemicals Refining waste, residues and innovative raw materials into drop-in solutions that are produced from 100% renewable raw materials provide more than 85% smaller carbon footprint over the life cycle compared with conventional fossil raw materials for polymer and chemicals production.³⁾</p>	
Sustainable Development Goals:	This category refers to the SDGs 7.2, 7.3, 7.a, 9.4, 9.5, 12.2, 12.5 and 13.1	

¹⁾ Calculation method: CORSIA ²⁾ The GHG emission reduction varies depending on the region-specific legislation that provides the methodology for the calculations (e.g. EU RED II 2018/2001/EU for Europe and US California LCFS for the US), and the raw material mix used to manufacture the product for each market. ³⁾ Life cycle assessment of environmental impacts of Neste RE, June 2021

Eligible Asset and Project Categories

 **Medium green** according to S&P Global Ratings' Second Party Opinion

ICMA Green Project Category: Renewable energy

Substantial Contribution to Environmental Objective:	Climate Change Mitigation	<p>Clean energy: Increasing the share of renewable electricity has been and is still one of the most important short-term actions on Neste's climate roadmap to reduce our production emissions. We aim for 100% renewable electricity use globally by 2023. This has been enabled by wind power as well as hydropower agreement.</p> <p>In 2022 we reached our target of 100% renewable electricity in Porvoo. For our operations in the Netherlands (including Rotterdam refinery), we were able to reach a share of 99% in 2022 through the use of Guarantees-of-Origin.</p> <p>In Singapore, the availability of renewable electricity in the local grid remains challenging, and we have engaged in additional measures to contribute to the use of renewable energy to produce electricity in South-East Asia.</p>
Criteria:	<p>Renewable energy Financing of Assets and Projects related to renewable energy production including supporting infrastructure, technologies, and solutions such as renewable (green) hydrogen which reduce refinery Greenhouse gas (GHG) emissions and Power-to-X technology which combines renewable electricity and captured carbon dioxide to produce sustainable fuels and raw materials for the petrochemical industry.</p>	
Sustainable Development Goals:	This category refers to the SDGs 7.2, 7.3 and 7.a	

Process for Project Evaluation and Selection

To ensure that proceeds from Neste's Green Debt Instruments are allocated to assets aligned with the criteria of this Framework Neste has established a Green Finance Committee ("GFC"). The GFC is made up of members from management, treasury, and sustainability. The sustainability representative holds a veto. The GFC meets on a yearly basis or when appropriate.

The GFC follows Neste's Investment Committee which is chaired by the CEO and guided by Neste's investment principles which define governance, key roles and responsibilities, requirements, phased processes and decision making for investments. The Investment Committee seeks to align Neste's strategy, policies, and long-term targets with social and environmental sustainability. Neste's investment principle includes assessment of various sustainability topics (incl. GHG emissions). Evaluation of scope 1 and 2 GHG emission impacts is a mandatory requirement for all investments. The principles are also front-end-loading sustainability topics such as climate, biodiversity, human and labor rights. Sustainability requirements are thereby embedded into the decision-making process at initiative shaping, pre-study and feasibility stages, prior to all execution.

The GFC follows the below process when selecting and evaluating projects for the Eligible Assets and Projects.

1. Following Neste Investment Committee approval, chaired by the CEO, the GFC will be informed of potential projects to be included in the Green Debt Register.
2. The GFC verifies the eligibility of the potential Assets and Projects and makes the final approval after the potential Assets and Projects have been approved by the Neste Investment Committee and/or Neste Board of Directors.
3. Furthermore, the GFC monitors the Eligible Assets and Projects to make sure they remain aligned with the eligibility criteria in this Framework. In the case where an asset from the Green Debt Register no longer meets the eligibility criteria outlined in this Framework (e.g. following divestment, liquidation, other concerns regarding alignment with eligibility criteria), the GFC will adjust the Eligible Green Asset Portfolio accordingly.

Management of Proceeds

Neste will maintain a Green Debt Register in relation to Green Debt Instrument issued by Neste for the purpose of monitoring the Eligible Assets and Projects and the allocation of the proceeds from Green Debt Instrument to Eligible Assets and Projects.

Neste intends to allocate the proceeds of the Green Debt Instrument at the earliest convenience and commits on a best effort basis to reach full allocation within two years after the issuance. There may be periods when the total outstanding proceeds of Green Debt Instruments exceed the value of the Eligible Assets and Projects in the Green Debt Register. Any such portion will be held in accordance with Neste's normal liquidity management policy and held in cash or placed in liquid instruments such as interest-bearing securities. The Green Debt Register will form the basis for the impact and allocation reporting.

Reporting

Over the duration of outstanding Green Debt Instruments, Neste will publish a Green Finance Report on the allocation and impact of the Green Debt Instruments issued under the Green Finance Framework. Where relevant, Neste will seek to align the reporting with the latest standards and practices as identified by ICMA. The impact report will, to the extent feasible, also include a section methodology, baselines, and relevant impact metrics. The information will be made publicly available via Neste's website. If competitive considerations, or a large number of underlying Assets and Projects limit the amount of detail that can be made available Neste may present information in generic terms or on an aggregated basis.

In addition to Green Debt Instruments issued by Neste in the capital market, the company may have Green Loans provided by lending institutions. Green Loans taken by Neste may be provided by lending institutions that finance these by issuing Green Bonds. Neste will report the aggregate amount of Green Loans taken and specify Eligible Assets and Projects that have been financed by a Green Loan in a separate section of the Green Finance Report.

Allocation reporting

The allocation report will, to the extent feasible, include the following components:

- Eligible Assets and Projects funded including amounts allocated
- The amount of unallocated proceeds
- Descriptions and case studies of selected Eligible Assets and Projects financed
- Ratio of new financing to refinancing
- Amounts invested in each category as defined in the Use of Proceeds section and the relative share of new financing versus refinancing
- Geographical distribution
- The EU Taxonomy eligibility/alignment estimation (if feasible)

Impact reporting

For allocated Eligible Assets and Projects, Neste will strive to report on the actual or expected impact of the investments financed with this framework according to the proposed metrics outlined in the below table. Neste has developed relevant impact metrics (KPIs) for Eligible Assets and Projects which are presented in the table below. These KPIs may change over time subject to providing a relevant understanding of the impact.

For Eligible Assets and Projects where KPIs cannot be systematically measured and reported on (e.g. R&D), Neste will seek to report the estimated impact and to provide information on the goals and results of the activities financed.

Category	Examples of impact indicators
Eco-efficient and circular economy adapted products, production technologies and processes	<ul style="list-style-type: none"> • Annual CO₂ emissions avoided through the use of renewable products • Annual CO₂ emissions avoided through the use of renewable products per invested MEUR • Amount of fossil-based raw materials avoided/replaced • Neste will for all Eligible Assets and Projects consider and report on applicable CO₂ intensity of the energy mix at the production site as well as throughout the lifecycle.
Renewable energy	<ul style="list-style-type: none"> • Annual GHG emissions reduced/avoided • Annual renewable energy generation • Additional capacity of renewable energy constructed

External Review

Second Party Opinion (pre-issuance)

Neste engaged S&P Global Ratings as an external reviewer to provide, in accordance with the Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews developed by the Green and Social Bond Principles, an independent, ex-ante Second Party Opinion on Neste's Green Finance Framework. The Second Party Opinion will be made publicly available on the company website.

External verification (post issuance)

On an annual basis, Neste will engage an independent external auditor to provide a limited assurance on the processes and systems for the selection and evaluation of Eligible Green Assets and Projects, as well as on the allocation of proceeds from Neste's Green Debt Instruments to Eligible Green Assets and Projects. The Green Finance Report and the related limited assurance report will be available on Neste's website.

