

NESTE

Annual Report 2024

Review by the Board of Directors



Review by the Board of Directors

Review by the Board of Directors	91
Sustainability statement	100
Key figures	150
Calculation of key figures	152

Review by the Board of Directors 2024

The year 2024 was marked by geopolitical, economic and regulatory uncertainty. For Neste, the year was particularly challenging. We faced significant changes in the markets of both Renewable Products and Oil Products and several operational challenges at our refineries. Our 2024 full-year comparable EBITDA totaled EUR 1,252 (3,458) million. This level is not satisfactory, nor sustainable.

In Renewable Products, numerous new competitors and increased capacity entered the markets during 2024. While there are regional differences, this global overcapacity resulted in a decline in renewable fuel sales prices and intensified demand for waste and residue raw materials. In addition, the weakening fossil diesel price had a further negative impact on the Renewable Products' sales prices. Consequently, sales margins fell significantly below previous years' levels. Our full-year comparable sales margin was USD 377 (863)/ton and segment's comparable EBITDA EUR 514 (1,906) million. Our sales volumes in Renewable Products was 3.7 (3.4) million tons, increasing in the second half of the year, but falling below the level we had planned in the beginning of the year. The share of waste and residue feedstocks remained high throughout the year and averaged 90% (92%) of our total renewable material inputs in 2024.

As we have communicated, our renewable refineries faced operational challenges in 2024. We have tackled these, but they had a negative impact on renewable diesel production and sales especially in the fourth quarter. On a positive note, sustainable aviation fuel (SAF) sales increased in the final quarter of 2024.

In Oil Products, the product margins normalized from the high levels of 2023 and the full-year total refining margin decreased to USD 14.1 (21.1)/bbl. Oil Products' full-year comparable EBITDA was EUR 633 (1,434) million which was also affected by decreased sales volumes in the second quarter due to the Porvoo major turnaround. The average refinery utilization rate of the Porvoo refinery was 76% (88%) in 2024.

In 2024, we progressed with our strategic growth investment project in Rotterdam. However, due to the challenging contractor market, the scheduled start of commercial operations has been delayed from 2026 to 2027. At the same time, the investment cost is estimated to increase from EUR 1.9 billion to EUR 2.5 billion. We have taken action to ensure that from now on the project proceeds on-schedule and on-budget. We maintain strict capital discipline throughout the company and in the coming few years, our capital expenditure beyond the Rotterdam investment is expected to be on an annual level of approximately EUR 0.5 billion with focus on safety and reliability investments.

In Neste's current situation, it is obvious that a change of direction is needed. Shortly after Heikki Malinen took over as CEO, we launched a group-wide, comprehensive full potential analysis. This work has now been completed and we have today launched a performance improvement program. The goal is to enhance Neste's financial performance while securing our strong market position with better cost competitiveness in renewable fuels. There is no single silver bullet to improve our financial and operative performance. Instead, we need to take steps on many fronts and this work has already started. The planned efficiency measures have personnel impacts and are thus especially difficult for our employees, but at the same time necessary to ensure Neste's long-term competitiveness and success.

In line with changes in our operating environment and financial performance, we have updated our financial targets for 2025–2026 to reflect the actions required to respond to this. Firstly, we are targeting EUR 350 million EBITDA run rate improvement by the end of 2026 from our performance improvement program, of which EUR 250 million from operational costs. Secondly, we are committed to maintaining our investment grade credit rating and leverage below 40%.

As we look towards the future, the fundamental need to tackle climate change is stronger than ever as 2024 was characterized by record high temperatures globally. To reduce global CO₂ emissions, readily available solutions that can also decarbonize hard to abate sectors like aviation, are needed. Neste has a leading role in this: we have an established position in renewable diesel and we are also well positioned in SAF, thanks to our world-leading renewables platform and the needed competences in, for example, technology, pre-treatment and feedstocks. Going forward, we plan to focus more clearly on fuels, the products that have been at the core of our company for decades.

All in all, 2024 was a tough year in many ways from market changes to trade policy developments. In 2025, the renewables market continues to be challenging and we cannot expect a return to previous years' exceptional margin levels. Regulation continues to create uncertainties, e.g. in the US, and we need to fight for a level playing field, e.g. in the EU versus imports from China and US (SAF). However, we are confident that with a determined approach we can and we will reverse the current trend in our financial performance and maintain our investment grade credit rating, fund the critical investments in running projects and ensure Neste will be successful in the future.

The Board has today proposed a dividend payout of 0.20 euros (1.20) per share for the year 2024 to the Annual General Meeting. Figures in parentheses refer to the financial statements for 2023, unless otherwise noted.

The Group's results for 2024

Neste's full-year 2024 revenue totaled EUR 20,635 (22,926) million. Revenue decreased mainly due to lower market and sales prices, which had a negative impact of approximately EUR -1.6 billion. Renewable Products' sales volumes increased year-over-year, but group sales volumes had a negative impact of approximately EUR -1.4 billion in revenue mainly due to the Oil Products' major turnaround in Porvoo in Q2/2024. The increasing trading volumes, mainly in Oil Products, had a positive impact on the revenue by approximately EUR 0.7 billion. The exchange rate effect was minimal for full-year results.

The Group's comparable EBITDA was EUR 1,252 (3,458) million. Renewable Products' comparable EBITDA was EUR 514 (1,906) million, mostly affected by the weak market environment. The sales margin had a negative impact of EUR 1,483 million while higher sales volume impacted the result positively. Oil Products' full-year comparable EBITDA was EUR 633 (1,434) million, affected mostly by the Porvoo major turnaround and a lower total refining margin. Marketing & Services' comparable EBITDA was EUR 101 (118) million. Others' comparable EBITDA was EUR -1 (-2) million. The Group's fixed costs were EUR 1,312 (1,329) million, EUR 16 million below last year.

The Group's EBITDA was EUR 1,005 (2,548) million, which was affected by inventory valuation losses of EUR -359 (-827) million and changes in the fair value of open commodity and currency derivatives totaling EUR 84 (-98) million. Profit before income taxes was EUR -113 (1,596) million and net profit EUR -95 (1,436) million. Comparable earnings per share were EUR 0.17 (2.88) and earnings per share EUR -0.12 (1.87).

Group key figures, MEUR

	2024	2023
Comparable EBITDA	1,252	3,458
- inventory valuation gains/losses	-359	-827
- changes in the fair value of open commodity and currency derivatives	84	-98
- capital gains/losses	-2	7
- other adjustments	29	8
EBITDA	1,005	2,548

	2024	2023
Revenue		
Renewable Products	7,321	8,466
Oil Products	11,829	13,285
Marketing & Services	4,687	5,168
Others	125	100
Eliminations	-3,326	-4,094
Total	20,635	22,926

	2024	2023
Comparable EBITDA		
Renewable Products	514	1,906
Oil Products	633	1,434
Marketing & Services	101	118
Others	-1	-2
Eliminations	6	2
Total	1,252	3,458

	2024	2023
Operating profit		
Renewable Products	-347	568
Oil Products	345	1,068
Marketing & Services	72	84
Others	-51	-41
Eliminations	6	2
Total	25	1,682

Financial targets

Neste's key financial targets in 2024 were Comparable return on average capital employed after tax (Comparable ROACE) and leverage ratio. At the end of December, Comparable ROACE calculated over the last 12 months was below the target level (over 15%) at 2.5%, but leverage ratio remained within the target area (below 40%) at 36.1%.

	31 Dec 2024	31 Dec 2023
Comparable return on average capital employed after tax (Comparable ROACE), %	2.5	23.9
Leverage ratio (net debt to capital), %	36.1	22.7

Cash flow, investments, and financing

The Group's net cash generated from operating activities totaled EUR 1,183 (2,279) million during 2024. The change compared to last year mainly resulted from decreased EBITDA while net working capital change released cash in 2024. Cash flow before financing activities was EUR -313 (751) million during 2024 and the Group's net working capital in days outstanding was 39.4 days (41.0 days) on a rolling 12-month basis at the end of the fourth quarter.

	2024	2023
EBITDA	1,005	2,548
Capital gains/losses	1	0
Other adjustments	-150	108
Change in net working capital	454	21
Finance cost, net	-122	-91
Income taxes paid	-5	-307
Net cash generated from operating activities	1,183	2,279
Capital expenditure	-1,563	-1,607
Other investing activities	67	79
Free cash flow (Cash flow before financing activities)	-313	751

Cash-out investments totaled EUR 1,566 (1,621) million and were EUR 1,552 (1,431) million excluding M&A in 2024. The Porvoo major turnaround is reflected in the increased maintenance investments that accounted for EUR 579 (305) million. Productivity and strategic investments totaled for EUR 987 (1,316) million. According to Neste's strategy, significant growth investments continued into Renewable Products where investments amounted to EUR 1,012 (1,365) million. Oil Products' investments amounted to EUR 466 (208) million and Marketing & Services' investments totaled EUR 27 (16) million. Investments in Others were EUR 61 (32) million, consisting mainly of IT and business infrastructure upgrades.

Neste signed several bilateral green loan agreements in 2024, altogether EUR 550 million. IFRS 16 lease liabilities also increased by EUR 420 million.

Interest-bearing net debt was EUR 4,192 million at the end of December 2024, compared to EUR 2,488 million at the end of 2023. The average interest rate of borrowing at the end of December was 3.3% (3.6%) and the average maturity was 4.1 (5.1) years. At the end of the fourth quarter, the Net debt to EBITDA ratio was 4.2 (1.0) over the last 12 months. The leverage ratio was 36.1% (22.7%) at the end of December.

The Group's liquid funds and committed, unutilized credit facilities amounted to EUR 2,880 (3,480) million at the end of December. There are no financial covenants in the Group companies' existing loan agreements.

In accordance with its hedging policy, Neste hedges a large part of its net foreign currency exposure for the next 12 months, mainly by using forward contracts and currency options. The most important hedged currency is the US dollar. At the end of December, the Group's foreign currency hedging ratio was approximately 51% of the sales margin for the next 12 months.

US dollar exchange rate	2024	2023
EUR/USD, market rate	1.08	1.08
EUR/USD, effective rate	1.09	1.06

Segment reviews

Neste's businesses are grouped into three reporting segments: Renewable Products, Oil Products and Marketing & Services.

Renewable Products

Key financials	2024	2023
Revenue, MEUR	7,321	8,466
EBITDA, MEUR	242	1,049
Comparable EBITDA, MEUR	514	1,906
Operating profit, MEUR	-347	568
Net assets, MEUR	9,064	8,069
Return on net assets, %	-4.0	7.5
Comparable return on net assets, %	-0.9	18.9
Comparable sales margin, USD/ton	377	863

Key drivers	2024	2023
Biomass-based diesel (D4) RIN, USD/gal	0.59	1.35
California LCFS Credit, USD/ton	60	73
Palm oil price ¹⁾ , USD/ton	902	833
Waste and residues' share of total feedstock, %	90	92

¹⁾CPO BMD 3rd, Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price

Renewable Products' full-year comparable EBITDA was EUR 514 (1,906) million. The comparable sales margin was lower than in 2023 and reached USD 377 (863)/ton. The lower sales margin had a negative impact of EUR -1,483 million on the comparable EBITDA year-on-year. The BTC contribution was EUR 590 (417) million during 2024. The BTC expired at the end of 2024.

During the year, there were both planned and unplanned shutdowns in our refineries. This is reflected in the utilization rate, which was on average 65% (98%) at Neste's own renewables production facilities. The Singapore expansion and Martinez ramp-up were completed. Martinez continued to have a diluting impact on Neste's overall comparable sales margin.

Sales volumes increased and had an impact of EUR 94 million year-over-year. The US dollar exchange rate had a negative impact of EUR -6 million on the segment's comparable EBITDA compared to the previous year. The segment's fixed costs were EUR 7 million higher than in 2023. Renewable Products' comparable return on net assets was -0.9% (18.9%) at the end of December based on the previous 12 months. During the year approximately 51% (61%) of the volumes were sold to the European market and 49% (39%) to North America. The share of waste and residue inputs was 90% (92%) of our total renewable material inputs in 2024.

Overall, for waste and residue feedstocks in 2024, the US continued to attract import flows from other regions and impact pricing globally. In the first quarter, strong supply and weak demand led to lower waste and residue prices in the US. Then prices adjusted and found support against vegetable oils. During the second half, waste and residue as well as soybean oil prices initially increased, but soon came down due to strong US soybean crop expectations and a generally weak global market sentiment. Towards the end of the year, lower supply increased vegetable oil prices and this pulled waste and residue prices higher as well.

In Europe, German THG (greenhouse gas reduction quota) ticket carryover freeze and EU anti-dumping duties against Chinese biodiesel and HVO had a positive impact on markets. In the US, market activity was negatively affected by the delayed CFPC policy guidance causing uncertainty. Positive for the Californian Low Carbon Fuel Standard (LCFS) price was that an overhaul to the program got approved. Renewable Identification Number (RIN) D4 market weakened early in 2024 due to strong credit generation and lack of buying interest but then steadily recovered and ended the year at approximately 0.6 USD/gal.

Key drivers affecting the comparable sales margin in Renewable Products include feedstock and middle distillate market prices, the development of renewable diesel price premiums, bioticket and renewable credit price levels, SAF and Martinez sales volume development as well as margin hedging.

Production	2024	2023
Renewable Diesel ¹⁾ , 1,000 ton	2,981	3,267
SAF, 1,000 ton	526	251
Other products ²⁾ , 1,000 ton	87	101
Total	3,594	3,618
Utilization rate ³⁾ , own production, %	65	98

¹⁾Including production from Martinez joint operation.

²⁾Calculation formula has been adjusted to exclude fuel gas.

³⁾Based on a nameplate capacity of 4.5 Mton/a. Comparison periods of 2023 are based on nameplate capacity of 3.3 Mton/a.

Sales	2024	2023
Renewable Diesel, 1,000 ton	3,225	3,164
SAF, 1,000 ton	412	139
Other products, 1,000 ton	92	79
Total	3,729	3,382
Share of sales volumes to Europe, %	51	61
Share of sales volumes to North America, %	49	39

Oil Products

Key financials	2024	2023
Revenue, MEUR	11,829	13,285
EBITDA, MEUR	667	1,375
Comparable EBITDA, MEUR	633	1,434
Operating profit, MEUR	345	1,068
Net assets, MEUR	2,300	2,384
Return on net assets, %	14.0	42.6
Comparable return on net assets, %	13.2	45.0
Total refining margin, USD/bbl	14.1	21.1

Oil Products' full-year comparable EBITDA was EUR 633 (1,434) million. The total refining margin averaged USD 14.1/bbl (21.1/bbl) in 2024. The lower total refining margin had a negative impact of EUR -545 million on the comparable EBITDA compared to the previous year. Sales volumes were lower year-over-year due to the Porvoo major turnaround in the second quarter. In total, sales volumes had a negative impact of EUR -221 million on the full-year comparable EBITDA. Currency exchange rates decreased the comparable EBITDA by EUR -3 million while the segment's fixed costs were EUR 3 million lower than in 2023. Oil Products' comparable return on net assets was 13.2% (45.0%) at the end of December over the previous 12 months. The average refinery utilization rate of the Porvoo refinery was 76% (88%).

Crude oil prices were volatile during 2024, and Brent traded between USD 71/bbl and USD 93/bbl. During the first quarter, the price increased supported by geopolitical tensions but the trend reversed. The price started to decrease during the second and third quarter as the challenging macroeconomic environment and non-OPEC production growth impacted balances. Price volatility reduced in the fourth quarter as markets were trying to balance between OPEC+ delaying decision to cancel voluntary production cuts, still existing geopolitical risks and central banks cutting interest rates to support economic growth. The year ended at USD 74/bbl.

Overall, European refining margins were volatile but on a normalizing trend after transitory strength in 2022-2023. Margins weakened clearly during the second half of the year as global new refining capacity growth and refinery runs exceeded muted oil products demand. On average, both diesel and gasoline cracks were still above their long-term averages in 2024. Key utility prices were lower year-on-year and supported refining economics in Europe.

Production	2024	2023
Refinery		
Production, 1,000 ton	9,652	11,148
Utilization rate, %	76	88
Refinery production costs, USD/bbl	6.7	6.6

Sales from in-house production, by product category (1,000 t)	2024	%	2023	%
Middle distillates ¹⁾	4,626	46	5,631	47
Light distillates ²⁾	3,877	38	4,430	37
Heavy fuel oil	1,079	11	1,321	11
Other products	565	6	503	5
Total	10,147	100	11,885	100

¹⁾ Diesel, jet fuel, heating oil, low sulphur marine fuels

²⁾ Motor gasoline, gasoline components, LPG

Sales from in-house production, by market area (1,000 t)	2024	%	2023	%
Baltic Sea area ¹⁾	6,606	65	6,976	59
Other Europe	2,401	24	3,110	26
North America	443	4	1,038	9
Other areas	697	7	762	6
Total	10,147	100	11,885	100

¹⁾ Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Denmark

Marketing & Services

Key financials	2024	2023
Revenue, MEUR	4,687	5,168
EBITDA, MEUR	100	117
Comparable EBITDA, MEUR	101	118
Operating profit, MEUR	72	84
Net assets, MEUR	198	236
Return on net assets, %	30.9	34.6
Comparable return on net assets, %	31.4	35.2

Marketing & Services segment's full-year comparable EBITDA was EUR 101 (118) million. A year-over-year decline in diesel market demand and competitive market environment in Finland negatively affected sales volume, which had a negative impact of EUR -4 million on the comparable EBITDA. Average unit margins were lower, affecting the comparable EBITDA by EUR -9 million year-over-year. The decline was primarily due to inventory losses from falling global oil prices throughout 2024. The segment's fixed costs were EUR 7 million higher compared to 2023, mainly due to ERP replacement project expenses. Marketing & Services' comparable return on net assets was 31.4% (35.2%) at the end of December on a rolling 12-month basis.

Marketing & Services continued its rollout of electric charging at its largest stations.

Sales volumes by main product categories, million liters	2024	2023
Gasoline, station sales	608	620
Diesel, station sales	1,549	1,590
Heating oil	842	793

Net sales by market area, MEUR	2024	2023
Finland	3,657	4,114
Baltic countries	1,030	1,054
Total	4,687	5,168

Others

Key financials	2024	2023
Comparable EBITDA, MEUR	-1	-2
Operating profit, MEUR	-51	-41

Others consists of common corporate and functional costs. The allocation timing of these costs to business segments may vary year-over-year and by quarter. The full-year comparable EBITDA of Others totaled EUR -1 million (-2 million).

Shares, share trading, and ownership

Neste's shares are listed at NASDAQ Helsinki Ltd. The share price closed the year at EUR 12.13 down by 62.34% compared to the end of 2023. At its highest during the year, the share price reached EUR 33.60, while the lowest share price was EUR 10.98. Market capitalization was EUR 9.3 billion as of 31 December 2024. An average of 1.77 million shares were traded daily, representing 0.2% of the company's shares.

At the end of December 2024, Neste held 995,324 treasury shares. Neste's share capital registered with the Trade Register totaled EUR 40 million, and the total number of shares was 769,211,058. The Board of Directors has authorizations to issue and buy back shares, as decided by the AGM held on 27 March 2024.

As of 31 December 2024, the State of Finland owned directly 44.2% (44.2% at the end of 2023) of outstanding shares, foreign institutions owned 29.8% (36.8%), Finnish institutions 14.8% (10.6%), and households 11.2% (8.4%) of outstanding shares.

Largest shareholders as of 31 December 2024

Shareholder	Shares	% of shares
Prime Minister's Office	340,107,618	44.22
Ilmarinen Mutual Pension Insurance Company	19,726,508	2.56
Varma Mutual Pension Insurance Company	11,551,622	1.50
Elo Mutual Pension Insurance Company	10,877,000	1.41
The Finnish Social Insurance Institution	6,100,272	0.79
Kurikan Kaupunki	4,652,625	0.60
The State Pension Fund	4,200,000	0.55
St1 Nordic Corporation	3,530,000	0.46
OP-Finland	2,011,737	0.26
Nordea Bank Abp	2,002,277	0.26
Danske Invest Finnish Equity Fund	1,893,256	0.25
Society of Swedish Literature in Finland	1,450,200	0.19
Seligson & Co OMX Helsinki 25 Exchange Traded Fund (ETF)	1,327,661	0.17
Nordea Pro Finland Fund	1,289,436	0.17
Nordea Fennia Fund	1,187,235	0.15
OP-Henkivakuutus Ltd.	1,153,109	0.15
Aktia Capital Mutual Fund	1,083,000	0.14
Nordea Nordic Fund	1,055,000	0.14
OP-Finland Index Fund	1,049,076	0.14
Säästöpankki Kotimaa Mutual Fund	1,038,625	0.14
20 largest shareholders total	417,286,257	54.25
Nominee registered	228,182,638	29.67
Other shares	123,742,163	16.09
Number of shares, Total	769,211,058	100.00

Breakdown of share ownership as of 31 December 2024

By the number of shares owned

No. of shares	No. of shareholders	% of shareholders	Total no. of shares	% of shares
1–100	89,544	47.78	3,518,074	0.46
101–500	60,530	32.30	15,341,388	1.99
501–1,000	17,499	9.34	12,906,328	1.68
1,001–5,000	16,955	9.05	35,201,534	4.58
5,001–10,000	1,755	0.94	12,130,643	1.58
10,001–50,000	958	0.51	17,987,615	2.34
50,001–100,000	81	0.04	5,723,512	0.74
100,001–500,000	52	0.03	11,457,349	1.49
500,001+	39	0.02	654,944,615	85.15
Total	187,413	100.00	769,211,058	100.00
of which nominee registered	11	0.00	228,182,638	29.67

By the owner sector	% of shares
State of Finland	44.2
Non-Finnish shareholders	29.8
Households	11.2
General government	7.7
Financial and insurance companies	2.6
Corporations	2.8
Non-profit organizations	1.7
Total	100.0

Corporate governance

Neste's Corporate Governance Statement 2024 is issued separately from the Review by the Board of Directors. The Corporate Governance Statement can be found, in addition to the Annual Report, at www.neste.com/investors/corporate-governance.

The control and management of Neste Corporation is divided between shareholders, the Board of Directors, and the President and Chief Executive Officer (CEO). The General Meeting of Shareholders appoints the Board of Directors based on a proposal made by the Shareholders' Nomination Board. The term of office of the Board of Directors will expire at the end of the next Annual General Meeting of Shareholders (AGM) following its election. Neste's President and CEO is appointed and expelled by the Board of Directors.

Changes to the company's Articles of Association can be made at the General Meeting of Shareholders based on a proposal by the Board of Directors.

Neste Corporation's Annual General Meeting (AGM) was held on 27 March 2024 at Messukeskus, the Helsinki Expo and Convention Centre. The AGM supported all the proposals presented to the meeting and approved the remuneration report and the remuneration policy. The AGM also approved the amendment of the Charter for the Shareholders' Nomination Board resulting in, among other things, that the composition of the Nomination Board will in the future be determined according to the votes produced by the share ownership on the first banking day in June. The AGM adopted the company's Financial Statements and Consolidated Financial Statements for 2023 and discharged the Board of Directors and the President & CEO from liability for 2023.

Dividend payment

The AGM approved the Board of Directors' proposal that a dividend of EUR 1.20 per share would be paid on the basis of the approved balance sheet for 2023. It was decided to pay the dividend in two installments.

The first installment of the dividend, EUR 0.60 per share, was paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Oy on the record date for the first installment of the dividend, which was 2 April 2024. The first installment of the dividend was paid on 9 April 2024.

The second installment of the dividend, EUR 0.60 per share, was paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Oy on the record date for the second installment of the dividend, which was 2 October 2024. The second installment of the dividend was paid on 9 October 2024.

Composition and remuneration of the Board of Directors

In accordance with the proposal made by the Shareholders' Nomination Board, the AGM confirmed the number of members of the Board of Directors at ten.

The AGM decided that the following were re-elected to serve until the end of the next AGM: Matti Kähkönen, John Abbott, Nick Elmslie, Just Jansz, Heikki Malinen, Eeva Sipilä and Johanna Söderström. Conrad Keijzer, Pasi Laine and Sari Mannonen were elected as new members.

Matti Kähkönen was re-elected as Chair and Eeva Sipilä was re-elected as Vice Chair.

The AGM decided on the remuneration to the Board for the term starting at the end of the 2024 AGM and ending at the end of the 2025 AGM as follows:

- Chair: EUR 135,000;
- Vice Chair: EUR 75,000;
- Chair of Audit Committee: EUR 75,000 if he or she does not simultaneously act as Chair or Vice Chair of the Board; and
- Member: EUR 60,000.

The AGM decided on the remuneration for participation in Board or committee meetings:

- EUR 1,000 for meetings held in the member's home country;
- EUR 2,000 for meetings held in the same continent as the member's home country; and
- EUR 3,000 for meetings held outside the same continent as the member's home country.
- The meeting fee for meetings held over the telephone or through other means of data communication is paid according to the fee payable for meetings held in the member's home country.
- In addition, compensation for expenses is paid in accordance with the Company's travel guidelines.

The AGM decided that a portion of 40% of the fixed annual fee would be paid in the form of shares and the remainder in cash. Meeting fees would be paid in cash. The shares would be purchased directly on behalf of the Board members within two weeks as of the first trading day of the Helsinki Stock Exchange following the publication of the interim report for the period 1 January to 31 March 2024. If the shares had not been purchased and/or delivered based on a reason pertaining to the Company or the Board member, the fee would have been in cash in its entirety. The Company was responsible for any transfer tax potentially levied on the purchase.

Company Auditor

In accordance with a proposal by the Board of Directors, KPMG Oy Ab, Authorized Public Accountants, was re-elected as the company's Auditor, with Authorized Public Accountant Leenakaisa Winberg as the principally responsible auditor for Neste Corporation, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice approved by the Company.

Sustainability Reporting Assurer

In accordance with a proposal by the Board of Directors, KPMG Oy Ab, Authorized Sustainability Audit Firm, was elected as the company's Sustainability Reporting Assurer, with Authorized Public Accountant, Authorized Sustainability Auditor Leenakaisa Winberg as the principally responsible sustainability reporting assurer for Neste Corporation, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice approved by the Company.

Authorizing the Board of Directors to decide the buyback of Company shares

The AGM approved the authorization, under which the Board is authorized to decide the purchase of and/or take as security a maximum of 23,000,000 Company shares using the Company's unrestricted equity. The number of shares shall be equivalent to approximately 2.99% of the Company's total shares.

Shares may be purchased in one or more lots. The purchase price shall be at least the lowest price paid for Company shares in regulated trading at the time of purchase and no more than the highest price paid for Company shares in regulated trading at the time of purchase. In connection with the buyback of Company shares, derivative, share lending, or other agreements that are normal within the framework of capital markets may take place in accordance with legislative and regulatory requirements and at a price determined by the market. The authorization shall allow the Board to decide to purchase shares otherwise than in proportion to shareholders' current holdings (directed buyback).

Shares so purchased can be used as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, as part of the Company's incentive program, or be retained, conveyed, or canceled by the Company.

The Board of Directors shall decide the other terms related to the buyback of Company shares. The Buyback authorization shall remain in force for eighteen (18) months from the decision taken by the AGM.

Authorizing the Board of Directors to decide on share issue

The AGM approved the authorization, under which the Board is authorized to take one or more decisions on the issuance of new shares and/or the conveyance of treasury shares held by the Company, provided that the number of shares thereby issued and/or conveyed totals a maximum of 23,000,000 shares, equivalent to approximately 2.99% of all the Company's shares.

The new shares may be issued and/or the treasury shares held by the Company may be conveyed to the Company's shareholders in proportion to the shares they already own or through a directed share issue that bypasses shareholders' pre-emptive rights if the Company has a weighty financial reason for doing so, such as using the shares in question as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, or as part of the Company's incentive program.

The new shares may be issued and/or the treasury shares held by the Company may be conveyed against payment or free of charge. A directed share issue may only be made free of charge if there is a particularly weighty financial reason, in respect of the Company's interests and those of all of its shareholders, for doing so. The new shares may also be issued free of charge to the Company itself.

The Board shall decide on other terms and conditions of share issue. The authorization shall remain in force for eighteen (18) months from the decision taken by the AGM.

Amendment of the Articles of Association

The AGM approved the Board's proposal to amend the Company's Articles of Association as follows:

Due to new legislation concerning sustainability reporting assurer, a new Article 10 regarding sustainability reporting assurer was added to the Articles of Association, and as a result, previous Articles 10 and 11 became Articles 11 and 12, correspondingly.

Further, the current Article 12 (previous Article 11) was amended so that to the items on the agenda of the AGM, a reference of the fee of the sustainability reporting assurer was added (supplement to the current sub-item 8), and that a new reference to the election of the sustainability reporting assurer was added at the end of the article (new sub-item 12).

Innovation

Neste's innovation expenditure totaled EUR 86 (94) million in 2024. During the year, we increased our focus on supporting existing businesses and enhancing their competitiveness. We prioritized research investments to advance chemical recycling and develop innovative pretreatment technologies.

Main events published during 2024

On 31 January, Neste announced that the Shareholders' Nomination Board had forwarded to the Board of Directors of the Company its proposals to the 2024 AGM. The Nomination Board proposed that Matti Kähkönen be re-elected as the Chair of the Board of Directors. In addition, the current members of the Board, John Abbott, Nick Elmslie, Just Jansz, Heikki Malinen, Eeva Sipilä and Johanna Söderström were proposed to be re-elected for a further term of office. The Nomination Board proposed that Eeva Sipilä should be re-elected as the Vice Chair of the Board. Further, the Nomination Board proposed that the Board should have ten members and that Conrad Keijzer, Pasi Laine and Sari Mannonen should be elected as new members.

On 29 April, Neste announced that the Board of Directors of Neste Corporation and Matti Lehmus, President and CEO since May 2022, had reached a mutual agreement that Matti Lehmus will leave his position as the President and CEO. In order to secure an orderly transition to the new President and CEO, Lehmus continued as President and CEO until his successor started.

On 2 May, Neste announced that the Board of Directors had appointed Heikki Malinen, M.Sc. (Econ.), MBA (Harvard) as the President and CEO of Neste as of 2 November 2024, at the latest. Malinen joined Neste from Outokumpu Corporation where he had held the position of President and CEO since 2020. Malinen was a member of the Board of Directors of Neste, from which position he stepped down before assuming the duties of the President and CEO.

On 8 May, Neste announced that Katja Wodjereck, Executive Vice President, Renewable Products business unit and a member of the Executive Committee since 1 April 2023 stepped down from her position as of 8 May and left the company to pursue other opportunities. Carl Nyberg, Executive Vice President, Renewables Supply Chain and Sustainability and a member of the Executive Committee since 2019, took the interim lead in the Renewable Products business in addition to his existing responsibilities.

On 14 May, Neste revised downwards its 2024 comparable sales margin guidance for Renewable Products. The rest of the guidance for Renewable Products as well as the guidance for Oil Products remained unchanged.

On 7 June, Neste announced that the following members had been appointed to Neste's Shareholders' Nomination Board: Director General Maija Strandberg of the Ownership Steering Department in the Prime Minister's Office of Finland, as the Chair, and Senior Vice President, Investments Timo Sallinen of Varma Mutual Pension Insurance Company and President and CEO Jouko Pölonen of Ilmarinen Mutual Pension Insurance Company, as its members. Matti Kähkönen, the Chair of Neste's Board of Directors, acts as an expert to the Nomination Board.

On June 13, Neste announced that Heikki Malinen, a member of the Board of Directors of Neste Corporation, had announced his resignation from the Board of the company as of 13 June. The reason for the resignation was his appointment as Neste's President and CEO as of 2 November 2024, at the latest. After Malinen's resignation Neste's Board comprised nine members.

On 2 September, Neste announced that Heikki Malinen would assume the role of Neste's President and CEO on 15 October 2024. He succeeds Matti Lehmus, who continued as the President and CEO of Neste until 14 October 2024 and acted as an advisor to the company and its management until mid-November 2024 to ensure a smooth transition.

On 11 September, Neste revised downwards its 2024 comparable sales margin guidance for Renewable Products. Neste also revised its Renewable Products' total sales volume and SAF sales volume forecasts based on its latest sales outlook. Neste optimizes its production capacity utilization in Renewable Products according to the market situation.

On 28 October, Neste appointed a new Leadership Team and Eeva Sipilä as CFO. The new Leadership Team was appointed in order to improve operational efficiency and performance. Heikki Malinen, in addition to his President and CEO role, took the lead of Neste's Renewable Products business area. Markku Korvenranta continues in the Leadership Team and was appointed Executive Vice President, Oil Products, and Chief Operating Officer (COO) of the company. Eeva Sipilä was appointed Chief Financial Officer (CFO) and she joins Neste from Metso Corporation where she has served as CFO and Deputy CEO. She has been Vice Chair of the Board of Neste since 2023 and Member of the Board since 2022. She will start at Neste no later than 1 May 2025. Until then Anssi Tammilehto, Vice President, Investor Relations, will act as interim CFO. Hannele Jakosuo-Jansson continues in the Leadership Team as Executive Vice President, People & Culture.

On 8 November, Neste changed its guidance due to an unplanned shutdown of Rotterdam refinery. Neste's Rotterdam refinery was shut down due to a fire on 8 November 2024. The fire did not cause any injuries. The Rotterdam refinery production was down for several weeks impacting the renewable diesel customer deliveries. As a result, Neste changed its Renewable Products total sales volume guidance for 2024.

On 18 December, Neste announced that the Shareholders' Nomination Board had forwarded to the Board of Directors of the Company its proposals to the 2025 AGM. The Nomination Board proposed that the Board should have eight members. The current members John Abbott, Nick Elmslie, Just Jansz, Conrad Keijzer, Pasi Laine and Sari Mannonen were proposed to be re-elected for a further term of office. The Nomination Board proposed that Anna Hyvönen and Essimari Kairisto should be elected as new members. Matti Kähkönen, the Chair of Neste's Board of Directors, is stepping down from his Board position as planned and will not be available for re-election for the next term of office. The Nomination Board proposed that Pasi Laine should be elected as the Chair and John Abbott as the Vice Chair of the Board. In addition to Matti Kähkönen, the current Board member Johanna Söderström has informed that she will not be available for re-election for the next period of office. Eeva Sipilä will start as Neste's CFO no later than 1 May 2025, and will resign from the company's Board before the AGM.

Events after the reporting period

On 13 February, Neste announced a new performance improvement program, and updated financial targets and capital allocation for 2025-2026 as well as Board's dividend proposal for the year 2024. In 2025-2026, Neste plans to refocus from growth and development to efficiency and profitability, including capital discipline. To improve profitability and cost-competitiveness, Neste plans to further simplify its operating model and increase internal efficiency. As a result, the company starts change negotiations that cover Oil Products and Renewable Products business areas and all global functions, targeting total annual cost savings of approximately EUR 65 million. The planned organizational changes are expected to lead to a permanent reduction of approximately 600 positions, of which approximately 450 in Finland.

Personnel

Neste employed an average of 5,796 (6,018) employees during 2024, of which 2,153 (2,114) were based outside Finland. At the end of December, the company had 5,481 (6,014) employees, of which 2,133 (2,190) were located outside Finland.

Risk Management

Neste considers risk management an integral part of daily management processes and good corporate governance. Systematic risk management practices are the means to ensure that Neste is successful in achieving its strategic targets and business objectives and can maintain continuous operations. Neste's risk management framework and processes are aligned with internationally recognized best practices: the COSO Enterprise Risk Management framework; and the International Standard for risk management, ISO 31000.

Neste's risk management framework and risk management principles have been defined in the Corporate Risk Management Policy, approved by the Neste Board of Directors. The Risk Management Policy is supplemented by risk management principles, guidelines and instructions for specific risk disciplines. Communication regarding the most important risks takes place during the strategic planning and performance management cycle. Formal risk reporting is directed to the business management and function management teams, the Neste Leadership Team, the Audit Committee and the Board of Directors.

Risks related to Neste's business

Neste's growth and financial performance may be affected by the general macroeconomic and geopolitical development. In addition, regulatory changes on the European Union or individual member state level or in the US may adversely affect particularly Neste's renewables businesses. As an example, implications from the transition from Blender Tax Credit (BTC) to Clean Fuels Production Credit (CFPC) in the US could have an impact on the relative competitiveness of US vs. foreign fuel producers. There are also trade policy related risks. All of these could lead to changes in optimization of Neste's overall production of renewables as well as balancing of sales between different solutions and end markets.

The continuing war in Ukraine and the escalated crisis in the Middle East have intensified geopolitical risks that could have a material impact on the global and European energy markets. The war and the crisis may result in further trade sanctions, impact supply chains as well as influence market supply and demand conditions. These could also create further pressure on the prices of feedstock, materials, services, logistics and utilities and affect energy markets as a whole, particularly in Europe.

Main market risks to Neste's businesses relate, for example, to changes in feedstock and product market prices, overall supply-demand balance, the growth rate in demand and Neste's competitive situation. Fluctuations in commodity prices affect Neste's production costs, product pricing, profitability, earnings, and credit availability.

Other risks potentially affecting Neste's financial results in the next 12 months include any scheduled or unexpected shutdowns at Neste's refineries, delays in or cost overruns in Rotterdam growth project, potential strikes, cyber and IT related risks, counterparty risks and outcome of legal proceedings. Neste operates its refineries in integrated industrial complexes with exposure to off take and delivery of utilities, in particular.

For more detailed information on Neste's risks and risk management, please refer to the Annual Report and the Notes to the Financial Statement.

Sustainability risks

The Neste Corporate Risk Management Policy and supporting principles, requirements and processes also apply to sustainability risks.

For more detailed information about Neste's risks and risk management, please refer to Risk Management in the Annual Report's Governance chapter and the Notes to the Financial Statements. For more information about Neste's sustainability risks, please see Sustainability statement (CSRD).

Outlook

Market outlook for 2025

The uncertainty in the global economic outlook and geopolitical situation is expected to cause ongoing market volatility. The market in renewable fuels is expected to be oversupplied and therefore challenging in 2025. Possible changes in the regulatory framework especially in the US and Europe will have an impact on Neste's overall supply chain optimization. Changes in trade policy, such as tariffs in different forms, can also affect Neste's competitiveness.

Guidance for 2025

- Renewable Products' sales volumes in 2025 are expected to be higher than in 2024.
- Oil Products' sales volumes in 2025 are expected to be higher than in 2024.

Additional information

- There will be two scheduled maintenance turnarounds in 2025, a 5-week turnaround in Rotterdam in Q4 2025 and a 6-week turnaround starting in mid-December 2025 in Singapore. There are no planned turnarounds in Porvoo.
- The Group's comparable total fixed costs in 2025 are expected to be below 2024 level excluding one-off costs.
- The Group's full-year 2025 cash-out capital expenditure excluding M&A is estimated to be approximately EUR 1.1–1.3 billion.

Dividend distribution proposal

In light of the current financial position of the company, the Board has decided to cancel the dividend policy announced on 19 June 2023, and proposes a dividend payout of EUR 0.20 per share based on the approved balance sheet for 2024 to the Annual General Meeting. Going forward, the company seeks to maximize operating cash flow in order to strengthen the balance sheet with the potential to review the dividend in the future.

The dividend shall be paid in one installment EUR 0.20 per share to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the dividend payment, which shall be 27 March 2025. The Board proposes to the AGM that the dividend would be paid on 3 April 2025.

The proposed total dividend EUR 0.20 per share represents a yield of 1.6% (at year-end 2024 share price of EUR 12.13). The total dividend payout in 2025 amounts to approximately EUR 154 million.



Sustainability statement

General information	101
ESRS 2 General disclosures	101
Environmental information	110
EU taxonomy	110
E1 Climate change	116
E2 Pollution	124
E4 Biodiversity and ecosystems	127
E5 Resource use and circular economy	130
Social information	132
S1 Own workforce	132
S2 Workers in the value chain	137
Governance information	141
G1 Business conduct	141
Appendixes	144

Sustainability statement

General information

ESRS 2 General disclosures

General basis for preparation of the Sustainability statement

Neste Sustainability statement covers the entire Neste Group. The scope of consolidation is in principle the same as for the financial statements. Entities that are subsidiaries or controlled similarly to subsidiaries are fully included in the reporting scope. The scope of consolidation differs from the financial statements for joint operations, joint ventures and associates, including Martinez Renewables: they are excluded from sustainability reporting as they are outside of Neste's operational control and hence treated as part of Neste's value chain and excluded from information related to Neste's own operations. Individual exceptions are communicated in the reporting principles of specific metrics. See the Accounting Policies of the consolidated Financial statements for more information on the scope of consolidation.

Based on 2024 evaluation, Neste Markkinointi Oy, Neste Shipping Oy, Neste Netherlands B.V., Neste Demeter B.V., Neste Components B.V., Neste Eesti AS, SIA Neste Latvija, UAB Neste Lietuva, Neste AB and Neste Germany GmbH are exempted from publishing individual sustainability reports from financial year 2025 onwards, as conditions set out in Directive 2013/34/EU Article 19a paragraph 9 or Article 29a paragraph 8 are met. Applicability for the exemption is evaluated annually.

The Sustainability statement is published annually as part of the Review of the Board of Directors. Similarly to the Financial statements, the reporting period of the Sustainability statement is the financial reporting year, January 1–December 31, 2024. The Sustainability statement is prepared in accordance with the sustainability

reporting standards referred to in Chapter 7 of the Finnish Accounting Act and with Article 8 of the Taxonomy regulation. An independent third party, KPMG Oy Ab, has assured the Sustainability statement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board IAASB. Historical information presented in this report is not in the scope of the assurance.

The disclosed sustainability information is based on Neste's double materiality assessment. The assessment covers Neste's value chain, including upstream and downstream, and its own operations. Value chain information is included in this report where material. For policies, targets and action plans disclosed in this report, Neste specifies which parts of the value chain or own operations it covers. The reporting principles for metrics are described at the end of each topic-specific section.

Neste has not omitted information corresponding to intellectual property, know-how or the results of innovation or used the exemption from disclosure of impending developments or matters in the course of negotiation in its Sustainability statement.

Disclosures in relation to specific circumstances

Neste applies same time horizons as in its Performance Management Process to align Sustainability statement with relevant internal processes such as financial outlook, risk management and strategy. Short-term is defined as 1 year, medium term is defined as 1–3 years, and long

term as 3+ years. Medium- and long-term time horizons applied differ from the time horizons defined in ESRS 1 General principles.

Specific circumstances applying to metrics are disclosed in the reporting principles of relevant metrics. The figures in the tables in the Sustainability statement are subject to rounding, which may cause some rounding inaccuracies in aggregate column and row totals.

Governance

The role of the administrative, management and supervisory bodies

The Board of Directors of Neste Corporation ("Board") is in charge of sustainability matters of major significance to the Neste Group including, among other things, the approval of the long-term ambition and targets for the Neste Group's sustainability vision, adoption of Neste's statutory sustainability reports and reviewing the sustainability performance. The Board also approves Neste Group's corporate values, policies and the most important corporate principles, including Neste's Sustainability Policy, which outlines Neste's approach to managing material sustainability impacts, risks and opportunities. The outcome of the double materiality assessment is reviewed by the Board. The Board has the ultimate responsibility for sustainability matters and risk oversight of major significance to Neste. The Annual General Meeting selects the Sustainability Reporting Assurer.

The Audit Committee of the Board ("Audit Committee") monitors and supervises the statutory

sustainability reporting process including the related controls, the assurance of the sustainability report and most material risks of Neste Group. These responsibilities are reflected in the Charter for the Board and the Audit Committee, respectively, and in the Sustainability Policy.

Proposal for the composition of Neste's Board of Directors is prepared annually by the **Shareholders' Nomination Board** consisting of three members appointed by the Company's three largest shareholders and the Chair of the Board of Directors. The Nomination Board's most important responsibility is to ensure that the Board of Directors and its members have sufficient expertise, knowledge and qualifications for the Company's needs, including capabilities related to sustainability matters. In the preparation of its proposal it will pay attention to achieving a good and balanced gender distribution and diversity in the Board of Directors, evaluating the competence of the Board of Directors as a whole.

The members of the Board of Neste have diverse backgrounds in terms of education and experience in different professional and industrial fields and in business operations and management, all of which include competences on sustainability-related issues. The diversity of the Board of Directors is also supported by experience in industrial fields and markets that are strategically significant for Neste. Several of the members on the Board have experience within industries and products relevant for Neste, including e.g., biofuels, chemicals and fossil fuels. The members of the Board have gained an understanding of business conduct matters through various leadership and board positions in other companies. The

members of the Audit Committee especially have knowledge and experience of accounting practices, preparation of financial statements and statutory sustainability reporting. The Board also calls on external expertise if and when it deems such expertise appropriate. Neste's Board does not include employee representatives.

Neste's President and CEO prepares and makes necessary proposals to the Board on the above matters and in particular: related to corporate strategy (including the long-term ambition and targets for the sustainability vision). The **Neste Leadership Team** approves Neste's sustainability priorities and sustainability is represented in the Leadership Team through Executive Vice President, People & Culture. Responsibility for monitoring individual corporate sustainability targets is shared among the members of the Neste Leadership Team and reviewed periodically by the Leadership Team. **Neste's sustainability work is managed by the Sustainability, Human Resources, and Safety units** and is implemented across all applicable business areas and functions, supported by internal policies, principles and standards.

Material sustainability risks are identified and managed in quarterly risk reviews as part of annual Enterprise Risk Management (ERM) process at Neste in line with the Corporate Risk Management Policy and supporting principles and standards.

Information provided to and sustainability matters addressed by Neste's administrative, management and supervisory bodies

Neste's Board of Directors reviews the sustainability performance for topics in the sustainability vision at least once a year. Other sustainability topics are also regularly reviewed by the Board. Risks are reported to the Board of Directors at least two times a year as a part of strategy and performance planning processes. Formal risk reporting is directed to the business management teams, Neste Leadership team, Audit Committee and Board of Directors. Material sustainability risks are presented to the Audit Committee in connection with the risk reviews.

During 2024, the Audit Committee and the Board had specific focus on the new sustainability reporting requirements under the Corporate Sustainability Reporting Directive (CSRD). The Board reviewed the results of Neste's double materiality assessment, and the Audit Committee and Board reviewed throughout the year the progress of the reporting readiness according to the European Sustainability Reporting Standards ESRS. The Board had external sessions with industrial benchmark companies on their climate and emission reduction roadmaps and the role of SAF in delivering aviation emission reduction targets.

At the Board's annual strategy meeting, sustainability topics such as impact of climate and ESG related regulation on Neste's business as well as sustainability as part of Neste's value proposition to its customers were discussed. Climate policy is especially relevant when considering Neste's material risks and opportunities related to climate change, as changes in governmental policies supporting low-carbon transition can materially impact Neste's business. During the year, the Board also discussed topics relating to resource use and circular economy when reviewing Neste's innovation business platforms with initiatives for circular growth and new renewable raw material pools.

Safety is addressed by the Board at every meeting, also relating to Neste's material impacts, risks and opportunities on the health and safety of its own employees. The Board also reviewed and approved the updated Sustainability Policy for Neste and Modern Slavery Statement 2024. The annually published Modern Slavery Statement details the steps Neste is taking to identify, assess and address the risks of modern slavery in its business operations and supply chains.

Integration of sustainability-related performance in incentive schemes

Neste's Remuneration Policy aligns remuneration with the successful delivery of its long-term strategic and sustainability goals. The Neste Board of Directors is responsible for deciding the remuneration to the President and CEO and the members of the Neste Leadership Team, and for deciding the long- and short-term incentive plans. The Personnel and Remuneration Committee is responsible for drafting the remuneration-related matters and proposals for the BoD.

Neste's climate commitments are connected with the remuneration of Neste's key personnel, as they are a performance measure in Neste's long-term incentives (LTIs). In 2024, Combined Greenhouse Gas Impact represents

20% of the LTI and includes greenhouse gas emissions (GHG) emission reductions achieved with Neste renewable products by customers and GHG emissions from Neste production. These metrics are also directly related to the company's climate targets, as described under [the E1 Climate change](#) -section. Additionally, measures related to the improvement in both process and personnel safety constitute at least 20% of the short-term incentives' measures in 2024.

Risk management and internal controls over sustainability reporting

Neste's assurance functions consist of risk management, compliance and internal controls. Neste is committed to accurate and transparent sustainability reporting. Neste manages risks within this process through a robust internal control system. Neste's internal control framework is based on the Committee of Sponsoring Organizations framework (the "COSO framework", 2013), it covers both financial and sustainability reporting and it promotes a unified approach to risk management and control activities.

Internal control requirements, as defined in the Neste Internal Control Principle and Controls over Financial and Sustainability Reporting Standard, are implemented across all levels of the organization. Operational management owns the risks and controls related to sustainability data within their respective areas, while Group Finance has overall responsibility for the Sustainability statement, mirroring the financial reporting responsibility structure. Specialists in sustainability reporting provide guidance and support.

Neste has assessed and prioritized risks based on their potential impact on the reliability of its reporting, considering factors such as data materiality, process complexity and potential for human error. The company continues to mature in its sustainability reporting processes and systems, however some data collection and input

Specification of administrative, management and supervisory bodies	2024
Number of executive members	0
Number of non-executive members	9
Average percentage of male board members, %	69.3
Average percentage of female board members, %	30.7
Board members diversity (average female to male ratio), %	44.6
Percentage of independent board members, %	100.0

still rely on manual processes. Risks identified include accuracy and completeness of the data. These risks are mitigated by clearly defined roles and responsibilities for data collection and reporting, and a common reporting guideline provided in Neste manual for CSRD reporting. Neste has implemented preventive and detective control activities based on the identified risks, including reconciliation controls and review controls for quantitative and qualitative sustainability data.

Internal Control function monitors the control performance and assesses control adequacy, reporting regularly to the Neste Leadership Team. Deficiencies are promptly reported to responsible parties for corrective action, with appropriate escalation to management and the Audit Committee of the Board of Directors. This process is consistent with financial reporting control deficiency reporting.

Strategy, business model and value chain

Neste's business model and value chain

Neste is the world's leading producer of sustainable aviation fuel (SAF) and renewable diesel and a forerunner in developing renewable and circular feedstock solutions for polymers and chemicals. Neste's businesses are grouped into three reporting segments: Renewable Products (RP), Oil Products (OP) and Marketing & Services (M&S).

Neste's upstream value chain consists of the sourcing of raw materials for production, indirect procurement and the sourcing of materials and products for trading. Indirect procurement activities cover the sourcing, purchasing, contract and supplier management of goods and services that are not included in the sourcing and delivery of crude oil and other fossil raw materials or renewable and recycled raw materials. Neste's own operations

cover refining activities, investment projects as well as commercial operations. Downstream activities include further processing, distribution and use of Neste's products. In addition, logistics and storage, distribution of products, innovation and R&D activities and end-of-life management occur across Neste's value chain.

The value chains of Renewable Products, Oil Products and Marketing & Services, including their key inputs and outputs are further described below.

The Renewable Products segment produces, markets and sells renewable diesel, sustainable aviation fuel, and renewable and recycled feedstock for polymers and chemicals. Neste's renewable raw material portfolio consists of a wide variety of waste and residue oils and fats and smaller amounts of sustainably-produced vegetable oils. The raw material supply chains for Neste's renewable products are extensive and global. Neste procures raw materials from suppliers across Europe, North America, South America, Asia, Africa and Australia. Neste produces renewable products at its refineries in Finland, the Netherlands and Singapore, as well as through a joint operation with Marathon Petroleum in Martinez, California, the U.S., entirely from renewable raw materials. Significant customer groups include retailers, airlines, and aviation fuel suppliers, as well as polymers and chemicals producers. In 2024, the main market areas are Europe and North America.

The Oil Products segment produces, markets and sells high-quality oil products and related services for the road transportation, heavy machinery, agriculture, aviation and marine sectors, as well as products for the oil and petrochemical industries. In 2024, the company's major crude oil and fossil raw material sources were Norway, the United Kingdom and the US. The product range includes diesel, gasoline, aviation and marine fuels, light and heavy fuel oils, gasoline components, and special fuels such as small-engine gasoline, solvents, liquid

gases and bitumens. Neste's oil products are refined at Neste's refinery in Porvoo, Finland. The main customers for the Oil Products include retailers and distributors, oil majors and trading companies, petrochemical companies and companies marketing lubricants and solvents. The main market areas include the Baltic Sea area, Europe and the Americas.

Marketing & Services segment markets and sells lower-emission fuels and high-quality oil products and associated digital solutions to its customers in Finland, Estonia, Latvia, and Lithuania. The most important customers include consumers, transport service providers, customers in aviation, shipping, industrial and agricultural sectors, municipalities and heating fuel customers. Transport fuels and high power EV charging services are marketed through Neste's own service station network in Finland and the Baltics.

Neste's strategy and relation to sustainability matters

Sustainability work at Neste is guided by the Neste sustainability vision covering climate, biodiversity, human rights, as well as supply chain and raw materials:

- **Climate:** Neste leads transformation towards a carbon neutral value chain by 2040.
- **Biodiversity:** Neste aims 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 a safe and healthy workplace, fair labor practices and increased commitment to sustainability across the supply chain.

Key elements of Neste's strategy that relate to or affect material sustainability matters are providing solutions to reduce reliance on fossil resources and transition to a renewable and circular solutions provider:

- Neste's renewable products enable customers to reduce their GHG emissions. Renewable diesel, SAF and renewable feedstocks for polymers and chemicals offer significant GHG reduction over the product life cycle compared to fossil alternatives. Neste's target is to enable its customers to reduce their GHG emissions with Neste's renewable and circular solutions by at least 20 Mt CO₂e annually by 2030.
- Neste ambition is to gradually transform the oil refinery in Porvoo, Finland into a leading renewable and circular solutions refining hub in the mid-2030s. To achieve the ambition at the Porvoo refinery, Neste is, for example, building an upgrading unit for liquefied waste plastic, and has started modifying existing refinery units to enable co-processing of renewable and recycled raw materials with fossil raw materials in the conventional refining process. With the help of co-processing in Neste's oil refining processes, the company can produce additional volumes of products that have lower GHG emissions.

Business relationships

Neste requires all its suppliers and other business partners to comply with applicable laws and expect them to follow equivalent ethical business standards as stated in the Neste Code of Conduct, further described in the Neste Supplier Code of Conduct. Neste aims to include Supplier Code of Conduct in the contract terms for suppliers, contractors and other business partners participating in the delivery of raw materials, products, components, materials or services to Neste. Companies consolidated through mergers and acquisitions are also expected to implement the Neste Supplier Code of Conduct in their sourcing. Neste's suppliers and business partners are expected to comply with requirements set by Supplier Code of Conduct for five elements: Compliance with laws and regulations; Business Conduct; Occupational health, safety and security; Environmental impact and climate change; and Human and labor rights.

Practices related to the collection and development of inputs are further described under [G1 Business Conduct](#) - Management of relationships with suppliers.

Revenue by segment

Total revenue by segment, MEUR	2024
Renewable Products	7,321
Oil Products	11,829
Marketing & Services	4,687
Others	125
Eliminations	-3,326
Total revenue	20,635

Reporting principles for revenue metrics are included in Note 5 Revenue in the Consolidated Financial statements. Reporting reconciles with Neste's operating segments as defined by IFRS 8.

Revenues from and CapEx related to fossil fuel activities

Neste has operations in the fossil fuels sector and revenues from these sectors are presented below. Revenue from gas is reconciled with fossil gas-related activities presented as part of the EU taxonomy reporting. Neste has no revenue from coal and Taxonomy-aligned economic activities related to fossil gas.

Breakdown of total revenue from fossil fuel, MEUR	2024
Revenue from oil	13,442
Revenue from gas	142
Total revenue from fossil fuel sector	13,584

CapEx related to fossil fuel activities, MEUR	2024
Significant CapEx for oil-related economic activities	387
Significant CapEx for gas-related economic activities	0

Headcount

Headcount of employees by geographical areas	2024
Europe	4,203
Americas	878
Asia-Pacific	493
Total employees	5,574

Reporting principles for headcount are included under [S1 Own workforce](#)

Interests and views of stakeholders

Neste aims for continuous, active and open dialog with its stakeholders and regularly seeks external views on its operations. The company's key stakeholders include stakeholders who the business can influence as well as those that have the opportunity to influence Neste; including suppliers, employees, customers, investors, policymakers, non-governmental organisations (NGOs), academic institutions, and the media.

Through Neste Sustainability Policy, Neste is committed to engaging and collaborating with its stakeholders

and taking an active role in multi-stakeholder initiatives to help develop more sustainable solutions. Neste also provides stakeholders with relevant information on its value chains and solutions in order to ensure acceptability of Neste offerings in the key markets. Stakeholder considerations are taken into account when considering the ambitions of policies or setting targets as relevant.

Neste actively engages with policy makers globally to drive and advance sustainability policies. The company shares its views on policies, laws and regulations with officials and legislators through public consultations,

meetings, as well as part of a larger stakeholder dialogue with policymakers. Neste also participates in the work of industry associations. Neste seeks to consider their inputs in developing the company's sustainability work.

The Stakeholder Advisory Panel has been established to promote discussion between Neste and its stakeholders on subjects such as the company's operations, business development, and changes in its operating environment. The Advisory Panel, which includes representatives from members of the Parliament of Finland

and Neste's personnel, ensures that the management and supervisory bodies are kept informed about stakeholders' views, particularly on sustainability-related impacts.

The table below summarizes Neste's engagement with its key stakeholders:

Stakeholders	Purpose and key topics	How engagements are organized	How outcomes are taken into account by Neste
Suppliers, contractors and value chain workers	<ul style="list-style-type: none"> Implementing Neste Supplier Code of Conduct and Responsible Sourcing Principles Improving supplier engagement and collaboration through information sharing and capacity building Driving performance improvements across sustainability matters Ensuring availability of raw materials, products and services Collecting information on Neste's scope 3 emissions annually Advancing positive social and environmental impacts in the supply chain 	<ul style="list-style-type: none"> Sustainability workshops, trainings and seminars Collaboration initiatives, such as awareness building e.g. social toolbox meetings and landscape projects Monitoring and auditing supplier sustainability, incl. worker interviews, worker voice surveys, contractor social audits Evaluating new raw material suppliers Information sharing through meetings and newsletters Site-level grievance channels at Neste refineries designed to address concerns of contracted and subcontracted workers, incl. migrant workers 	<ul style="list-style-type: none"> Ensuring Neste sourcing process adheres to own sustainability goals Supplier due diligence, audits and monitoring
Employees	<ul style="list-style-type: none"> Engaging employees in executing company strategy Increase understanding of Neste business outlook and priorities Strengthening Neste culture, values and ways of working (Code of Conduct) Supporting and enabling learning and development Promoting health, safety and wellbeing 	<ul style="list-style-type: none"> Employment relations and local cooperation committees or work councils Regular communication on Neste's strategy and financial results Goal setting and development plans Development and wellbeing discussions Measuring employee engagement regularly via surveys Encouraging employees to participate in voluntary work 	<ul style="list-style-type: none"> Follow-up of engagement actions Discussing results from surveys and agreeing on measures and actions plans Proactive and systematic communication and training regarding topics of interest, dialog on topics raised by employees Ensuring employee cooperation in line with local collective agreements
Local communities	<ul style="list-style-type: none"> Employment and cooperation opportunities Sharing information on health and safety matters, site investments and development projects Understanding environmental and social impacts on local communities 	<ul style="list-style-type: none"> Engaging via newsletters, meetings, websites, and social media Arranging site tours for interest groups Collaborating with local authorities and city representatives Conducting biennial stakeholder studies on refinery impacts at the Porvoo refinery Providing complaint channels for local communities 	<ul style="list-style-type: none"> Community development initiatives Maintaining open dialogue with local communities Encouraging employee volunteering for local charities
Universities and research organizations	<ul style="list-style-type: none"> Development and collaboration in key R&D and innovation topics, incl. raw material and technology development 	<ul style="list-style-type: none"> Exploring research opportunities by engaging with universities and research organizations globally 	<ul style="list-style-type: none"> Cooperation with Aalto University, Åbo Akademi and VTT in Finland, and international partners Building R&D&I project portfolio related to the development of existing and new renewable and circular solutions Promoting Neste as an employer of choice by traineeships, master's thesis projects, part-time employment etc.

Stakeholders	Purpose and key topics	How engagements are organized	How outcomes are taken into account by Neste
Investors and equity analysts	<ul style="list-style-type: none"> Informing capital markets and investors about Neste's strategy, financials, outlook and demand drivers related to green transition Sharing progress and gathering expectations on Neste's sustainability vision, covering climate, biodiversity, human rights and supply chain and raw materials 	<ul style="list-style-type: none"> Financial communications via reports, releases, calls, meetings, and Capital Markets Day Proactive updates on business developments and investments Transparent, regular reporting and disclosures Cooperation with rating agencies and investor assessments 	<ul style="list-style-type: none"> Developing Neste strategy and sustainability commitments and processes to meet expectations Neste Green Finance Framework Developing reporting and disclosure practices Responding to questionnaires by rating companies and investors
Governmental organizations	<ul style="list-style-type: none"> Driving ambitious and technology neutral policies on climate and GHG emission reduction targets Advocating for renewable fuels in transportation and other industries Advancing market development for renewable and recycled materials, circular economy Advancing sustainable finance 	<ul style="list-style-type: none"> Sharing views on policies, laws and regulations with policymakers Supporting policymakers with industry insights and information on technological capabilities Responding to public consultations and meeting with officials on climate and energy topics Maintaining active membership in industry associations 	<ul style="list-style-type: none"> Monitoring regulatory and legislative development that can affect e.g. the demand outlook of renewable and circular solutions to influence strategy planning Developing processes and operations to ensure compliance with relevant laws and regulations
Media	<ul style="list-style-type: none"> Sharing company news, interim and annual results Informing stakeholders about company strategy, business development, mergers and acquisitions and major projects Sharing information on customer cooperation, sustainability, innovation, renewable and circular solutions 	<ul style="list-style-type: none"> Engaging with media Following and responding to media inquiries Organizing interviews, media visits and events, background briefings 	<ul style="list-style-type: none"> Press releases and other materials Media service by Neste's communications following and responding to media inquiries
NGO's	<ul style="list-style-type: none"> Collaboration on climate change mitigation, biodiversity, human rights, sustainable raw material sourcing and circularity 	<ul style="list-style-type: none"> Maintaining continuous dialogue with NGOs Collaborating on joint projects for regional sustainability and smallholder support Transparent reporting on sustainability performance and grievances 	<ul style="list-style-type: none"> Enhancing supply chain sustainability Developing the company sustainability approach
B2B customers	<ul style="list-style-type: none"> Accelerating GHG emission reductions with renewable and circular solutions, building a circular economy, progressing towards climate commitments, recycling of plastic waste Cooperation e.g., on innovation and R&D Informing and educating on Neste's strategy, sustainability commitments, safety and operations 	<ul style="list-style-type: none"> Meetings, newsletters and training Monitoring customer satisfaction with surveys Engaging in joint communications Partnerships to reduce customers' carbon footprint and enhance sustainability Facilitating sales Arranging site visits 	<ul style="list-style-type: none"> Responding to the customer needs by providing high-quality renewable and circular solutions, and securing supply chains Forming partnerships and co-creating new solutions and services
Consumers	<ul style="list-style-type: none"> Enhancing product, service and operations quality and sustainability Providing information about products, their safety, pricing, raw materials and the value the products provide 	<ul style="list-style-type: none"> Gathering insights via surveys Providing regular fact sheets, press releases and news Working with local distributors Running advertising campaigns Responding to consumer inquiries 	<ul style="list-style-type: none"> Expanding availability of renewable products through station networks Developing Neste's offering of lower-emission solutions, e.g. by expanding the availability of Neste MY Renewable Diesel and public electric vehicle charging service
Industry associations	<ul style="list-style-type: none"> Collaboration in key topics, including safety, climate change mitigation, transport emissions reductions, renewable and circular solutions, circular economy, plastics recycling, industry competitiveness 	<ul style="list-style-type: none"> Memberships in key associations and certifications Engagement and cooperation Participating in events seminars and working groups 	<ul style="list-style-type: none"> Memberships in relevant organizations, e.g. FuelsEurope, European Biodiesel Board, Advanced Biofuels Association (US), The Chemical Industry Federation of Finland, Cefic, Renewable Carbon Initiative (RCI)
Cooperation bodies	<ul style="list-style-type: none"> Development and collaboration in key topics, incl. climate, biodiversity, renewable and circular solutions, plastics recycling, resource efficiency, circular economy, innovation, human rights Advocating supply chain sustainability 	<ul style="list-style-type: none"> Engagement and cooperation Participating in industry-related working groups 	<ul style="list-style-type: none"> Cooperating with e.g. International Sustainability & Carbon Certification (ISCC), UN Global Compact, World Business Council for Sustainable Development (WBCSD), Nordic Business Network for Human Rights, Concawe

Material impacts, risks and opportunities

The renewable energy sector, where Neste operates, is subject to risks including regulatory changes, market volatility, and technological shifts. However, it also presents opportunities such as the growing global demand for more sustainable alternatives to traditional fossil fuels and chemicals.

Neste also operates in the Oil & Gas sector (O&G). Oil & Gas sector specific sustainability impacts include greenhouse gas (GHG) emissions for example from the extraction and use of fossil resources and use of fossil raw material based products. In addition, there are potential pollution and land-use change effects related to sourcing and extraction of fossil resources. Transition to a low-carbon economy creates both material transition risks and opportunities in the O&G sector.

The adjacent table summarizes material impacts, risks and opportunities for Neste and how they relate to its business model, value chain and strategy. More detailed descriptions of each material impact, risk and opportunity is provided in the topical sections under Environment, Social and Governance.

Growing pressure to combat climate change and reduce greenhouse gas emissions is primarily a positive driver for Neste's business. However, political and societal focus on the low-carbon transition and the energy sector's carbon footprint also creates risks. The indirect economic and political consequences of climate change may contribute to the general uncertainty in the business environment and hence have an adverse effect on Neste's business. Various governments have been forced to consider the affordability and funding of the green energy transition. As a result, the market has seen temporary reductions in climate ambition and targets. It has also slowed down the implementation of the climate policies that support demand for Neste's solutions. In addition, changes in carbon emission trading schemes or similar initiatives at EU, US or individual Member-State-level may have a significant effect on Neste's business.

Material topics	Summary of material impacts, risks and opportunities for Neste as evaluated in the double materiality assessment	
Environment		
Climate change	Impacts	<ul style="list-style-type: none"> Renewable and circular solutions enable reducing dependency on fossil resources and GHG emission reductions by Neste's customers (positive impact) GHG emissions across the value chain (negative impact) Impacts associated with energy consumption of operating in energy-intensive sector (negative impact)
	Risks	<ul style="list-style-type: none"> Regulatory uncertainty related to implementation of climate policies that support demand for Neste's solutions or impact competitiveness of key raw materials
	Opportunities	<ul style="list-style-type: none"> Innovate and scale-up new renewable and recycled raw materials and technologies Demand growth in renewable and circular solutions Strengthening flexibility in supply chain by sourcing and processing diverse renewable and recycled raw materials
Pollution	Risks	<ul style="list-style-type: none"> Neste needs to recognize, evaluate and implement all the existing, emerging and evolving regulatory requirements applicable to Neste's operations in the area of chemical compliance and safety
Biodiversity and ecosystems	Impacts	<ul style="list-style-type: none"> For renewable products, the use of waste and residue raw materials can contribute to positive impacts for biodiversity in the upstream value chain (positive impact) Upstream sourcing of fossil raw materials and utilities potentially damaging terrestrial and marine ecosystems, habitats and species or resulting in soil and marine pollution (negative impact)
	Risks	<ul style="list-style-type: none"> Stringent regulatory and market requirements on raw materials
	Opportunities	<ul style="list-style-type: none"> Ability to use difficult waste materials to avoid land use impacts from agriculture
Resource use and circularity	Risks	<ul style="list-style-type: none"> Price volatility of renewable waste and residue raw materials and recycled raw materials due to e.g. challenges in material availability, or competition within or outside of the industry
	Opportunities	<ul style="list-style-type: none"> Increased availability of new raw materials
Social		
Own workforce	Impacts	<ul style="list-style-type: none"> Neste's own employees' health and safety could be directly impacted in the short-term due to hazardous processes in the company's operations (negative impact)
	Risks	<ul style="list-style-type: none"> Workplace injuries and/or ill-health
	Opportunities	<ul style="list-style-type: none"> With a robust safety management system Neste aims to prevent injuries, reduce sick leaves and downtimes caused by incidents and accidents. Neste aims to implement preventive measures for health and safety hazards.
Workers in the value chain	Impacts	<ul style="list-style-type: none"> Forced labor in the value chain (negative impact)
Governance		
Business conduct	Impacts	<ul style="list-style-type: none"> Driving policies and practices that contribute to improved working conditions, ethical business practices, health and safety and environmental sustainability in the supply chain (positive impact)

Changing regulation presents both an opportunity and a threat to Neste's business. Neste's business areas mainly benefit from increased support for biofuels and renewable fuels (for example, requirements related to renewable content in diesel and gasoline). However, changes in regulation, especially in the European Union and the United States, also create uncertainties, as these may influence the speed at which the demand for renewable products develops, and new raw materials sources are brought into use. For renewable products, a significant source of uncertainty is the fragmented regulation around the acceptability and use of waste and residue feedstock and incentives supporting domestic production.

Material opportunities regarding climate change, biodiversity or circular economy have not significantly impacted 2024 financial position, financial performance or cash flows. From the risk side, the main materialized risks in 2024 include weaker demand for renewable solutions, lower margins due to well supplied markets and operational challenges at Neste refineries. Material risks identified under climate change and biodiversity relate to changes in regulation or policies. While the overall regulatory support and demand development in 2024 were weaker than expected, none of the major regulatory risks alone had a material impact on financial position, financial performance and cash flows. In 2024, Neste did not have financially material safety incidents (PSE tier 1 events, >50 MEUR impact) that would have resulted in negative health and safety impacts (TRI) on its own workforce. However, in 2024, the environmental authorities (i) imposed an order subject to a penalty on the Neste Rotterdam site relating to the exceeding of emission limits for volatile organic carbon components (VOC) and (ii) initiated an investigation under criminal law following an alleged violation associated with the flaring system.

Processes to identify and assess material impacts, risks and opportunities

The disclosed sustainability information is based on Neste's double materiality assessment. The double materiality assessment (DMA) was divided into four phases based on general steps outlined in ESRS 1 General principles. This is the first time that Neste has undertaken a double materiality assessment in line with ESRS requirements.

1. Value chain mapping

The purpose of the value chain mapping was to describe Neste's value chain and related business activities in both upstream, own operations and downstream. The focus was on specific activities, business relationships, geographies or other factors that could give rise to a heightened risk of adverse impacts. The value chain mapping was conducted by internal stakeholders for a comprehensive knowledge and understanding of Neste's business. The results of the mapping were validated internally.

Neste's double materiality assessment covered the whole value chain including activities in the upstream, own operations and downstream. In the double materiality assessment process, all identified business activities were screened to identify actual and potential impacts, risks and opportunities (IROs).

2. Impact assessment

The purpose of the impact assessment was to identify actual and potential impacts of Neste business activities. A sustainability matter is material from an impact perspective when it pertains to Neste's material actual or potential, positive or negative impacts in relation to environmental, social and governance matters over short-, medium-, or long-term. The impact assessments included impacts connected with Neste's own operations and value chain (upstream and downstream) and it considered inputs from Neste's ongoing due diligence activities and impact assessments.

For each relevant business activity identified in the value chain mapping phase, the driver of impact as well as the effect of the impact on the environment or people were defined. In addition, each impact was characterized (positive/negative, actual/potential, time horizon), and linked to relevant ESRS sub-topics, and sub-sub topics, if applicable. The time horizons defined in ESRS for medium and long term were modified in the assessment to be in line with time horizons defined in Neste's relevant internal processes such as financial outlook, risk management and strategy. The time horizons used by Neste are: short 1 year, medium 1–3 years, and long 3+ years.

3. Financial assessment

The purpose of the financial assessment was to identify risks and opportunities that materially influence or may reasonably be expected to materially influence Neste's financial development, performance and position. A sustainability matter is material from a financial perspective if it triggers material financial effects for Neste. This is the case when a sustainability matter generates or may generate risks or opportunities that have a material influence on Neste's development, financial position, financial performance, cash flows, access to finance, or cost of capital over the short-, medium-, or long-term.

For the risk and opportunity identification, the identified risks or opportunities, and their associated financial impact to Neste, geographical location and time horizon, were described. In the financial assessment, the time horizons used were modified similarly as in the impact assessment. The identified risks and opportunities were linked to relevant ESRS sub-topics and sub-sub topics, if applicable, and to value chain location (upstream, own operations, downstream or cross-cutting).

The assessment utilized already identified risks and opportunities as defined and managed within Neste's Enterprise Risk Management (ERM). Furthermore, consideration was given to any potential significant risks or opportunities that may arise as a result of the impacts and dependencies that were identified during the impact materiality assessment phase.

4.1 Scoring

Impacts, risks and opportunities that had been identified in the previous phases of the materiality assessment were scored. The purpose of the scoring was to assess materiality of impacts based on a combination of severity (scale, scope, irremediability) and likelihood, and risks and opportunities based on a combination of likelihood and magnitude of financial effects. Financial impacts were assessed based on risk assessment scales in Neste Corporate Risk Management Policy.

- For actual negative impacts, materiality is based on the severity of the impact, while for potential negative impacts it is based on the severity and likelihood of the impact. Severity is based on scale, scope, and irremediable character of the impact.
- For positive impacts, materiality is based on the scale and scope of the impact for actual impacts and the scale, scope, and likelihood of the impact for potential impacts.
- The materiality of risks and opportunities was assessed based on a combination of the likelihood of the occurrence and the potential magnitude of the financial effect.

4.2 Determination

In the determination phase, appropriate thresholds were set to determine which IROs were material for Neste. Topics that exceeded the thresholds from either an impact or financial impact perspective or both, were deemed as material. The thresholds are based on the average score of likelihood and severity (impact materiality) or financial magnitude (financial materiality). The criteria for the thresholds are based on impact and financial materiality assessments, considering a range of factors, including but not limited to the significance of the IRO on stakeholders, environment and society, potential financial implications, risk appetite and tolerance and the strategic importance of the topic. Topics, which did not exceed

the set materiality threshold but were seen as central for Neste's strategy and core values, or hold importance due to external stakeholder interest and strong industry relevance, were deemed material based on a separate management decision.

The thresholds set in the double materiality assessment are not static and may be subject to periodic review and adjustment.

4.3 Validation

Neste Leadership Team and Board of Directors reviewed the outcomes of the double materiality assessment. Each double materiality process step was also validated with a group of internal subject matter experts, and Neste Leadership Team and Board of Directors were kept informed throughout the assessment. During 2024, Neste has defined specific internal controls to ensure the fulfillment of relevant requirements when conducting the double materiality assessment. The controls aim to ensure valid, complete and accurate results. Through the controls, it is ensured that the views of key experts, stakeholders and decision-makers are taken into account, and that a pre-defined approach is followed consistently.

Integration with Neste processes

Sustainability-related risks are identified and managed in quarterly risk reviews as a part of Enterprise Risk Management (ERM) at Neste in line with the Corporate Risk Management Policy and supporting principles and standards. The assessment considers short-, medium- and long-term perspectives. The prioritization of risks is based on the risk assessment scales according to the Neste Corporate Risk Management Policy.

Stakeholder engagement

The double materiality assessment was supported by internal subject matter experts and informed by Neste's ongoing due diligence activities. Stakeholder views were considered in different ways during the assessment process. For example, Neste has several ongoing projects, related to topics such as biodiversity and affected communities, in which external stakeholders are involved.

Findings and views from these projects were considered when identifying material impacts, risks and opportunities. Neste also engages in dialog and collaboration with local communities and production site neighbors, covering environmental, social, and safety impacts. At the end of the double materiality assessment process, Neste interviewed selected key stakeholders to gain their insight on the sustainability topics deemed material for Neste. Neste's approach to stakeholder engagement is further described under the Interests and views of stakeholders section of this report.

Identification of environmental, social and business conduct -related impacts, risks and opportunities

Neste continuously identifies and assesses relevant environmental and business-conduct related impacts, risks and opportunities. These activities serve as inputs for Neste's DMA and when determining material topics and sub-topics:

Environmental impacts, risks and opportunities:

Neste operations are responsible for identifying, assessing and monitoring environmental impacts related to their operations, including issues related to emissions, water and waste generation. At the Porvoo refinery, continuous environmental monitoring is conducted to comply with the requirements of the site's environmental permit issued by local authorities, and Neste participates in the monitoring activities. Similar monitoring is in place at selected retail sites in Finland, Estonia, Lithuania, and all sites in Latvia. In Rotterdam and Singapore, Neste sites are located on broad industrial areas together with other companies' sites. Authorities conduct environmental monitoring outside the site fence line of these industrial areas. In cases where specific impact monitoring requirements are not stipulated by local authorities or legislation, expert judgment is used to assess potential impacts.

According to Neste's company-wide Environmental Management Principle, major investment projects include an Environmental Compliance Analysis and a compliance review when building new production capacity or

increasing current capacity. Environmental Management Principle is further described under [E2 Pollution](#) -section of this report. Environmental impacts, risks and opportunities in the value chain are further identified through ongoing due diligence activities, which are described in detail in the [G1 Business Conduct](#) -section of this report.

Business conduct -related impacts, risks and opportunities: 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. Neste also assesses the country risk in its supply chains to better understand risks related to ethical business practices, among other topics. These ongoing due diligence activities support Neste in identifying impacts, risks and opportunities in relation to the management of business conduct matters.

The identification of climate- and biodiversity related impacts, risks and opportunities are described in detail in the related topical chapters.

Policies to manage material sustainability matters

A summary of the relevant policies and principles at Neste to address material sustainability matters is summarized in the table below. Neste policies define the organization's overall purpose, goals, mission and vision; while principles describe the minimum requirements that are common to all Neste locations and operations. Details of each policy are further described under relevant sustainability matter standards. For all mentioned policies throughout the report, the most senior level in Neste's organization that is accountable for implementing the policies is the CEO. The accountability for implementing principles lies with the respective leadership team members.

Type	Name	E1	E2	E4	E5	S1	S2	G1
Code of Conduct	Neste Code of Conduct	x		x			x	x
	Supplier Code of Conduct	x		x	x		x	x
Policies	People Policy					x		
	Sustainability Policy	x		x	x			
	Operations Excellence Policy	x	x			x		
Principles	Sustainability Principle	x		x	x			
	Human Rights Principle					x	x	
	Environmental Management Principle	x	x					
	Product & Chemical Safety Principle		x					
	Anti-corruption Principle							x
	Safety Leadership Principle					x		
	Responsible Sourcing Principle			x	x		x	x
Supplier Sustainability Approval Principle			x	x			x	

Environmental information

EU taxonomy

The EU taxonomy is a classification system for sustainable economic activities. It aims to provide robust definitions and transparent reporting to support increased finance for activities that substantially contribute to solving the climate and environmental crisis.

Neste is required to disclose information about how and to what extent business activities are associated with environmentally sustainable economic activities as defined in the Taxonomy Regulation. The EU taxonomy is reported in financial terms as the proportion of economic activities that is determined to be non-eligible, eligible and aligned in turnover, Capital expenditure (CapEx) and Operating expenses (OpEx). The framework defines economic activities contributing to six environmental objectives. Neste has operations that contribute to the climate change mitigation objective.

Assessment of compliance with the Taxonomy Regulation

Taxonomy eligibility for an activity is determined by the activity description in the Annexes of the climate and environmental delegated acts in the Taxonomy Regulation. Neste has screened its business areas and innovation initiatives to identify activities within the scope of the taxonomy. Eligible activities are identified based on the description of the activity in Annex I of the Climate Delegated Act of the Taxonomy Regulation. Taxonomy alignment for an activity is evaluated by the technical screening criteria for substantial contribution and “do no significant harm” (DNSH), as set out in the relevant Annexes. An activity is taxonomy-aligned when it substantially contributes to at least one environmental objective while doing no significant harm to the other environmental objectives set by the technical screening criteria. Neste has evaluated the substantial contribution and DNSH criteria for each activity identified to recognize the share of taxonomy-aligned economic activities. Additionally, an entity needs to comply with the minimum safeguards.

Based on this process, the following activities in the taxonomy have been identified as relevant for Neste:

4.13 Manufacture of biogas and biofuels for use in transport and of bioliquids

- Manufacture of renewable fuels
- Renewable co-processing of fuels

6.15 Infrastructure enabling low-carbon road transport and public transport

- Electric vehicle charging services

9.1 Close to market research, development and innovation

- R&D activities in Neste’s innovation business platforms, including renewable hydrogen and Power-to-X

Neste also has economic activities that are currently not covered by the EU taxonomy while contributing to circularity and climate goals. For example, Neste provides circular economy solutions and renewable feedstocks for the chemical industry that are not currently covered in the activities listed in the EU taxonomy. As the EU taxonomy continues to develop, Neste will continuously re-evaluate its activities contribution to the taxonomy’s environmental objectives.

Substantial contribution of Neste’s core business

Substantial contribution criteria

The EU taxonomy refers to the manufacture of biofuels for use in transport as a sustainable activity, and Neste has assessed its manufacturing of renewable fuels for the road transport and aviation sectors, as well as the co-processing of renewable raw materials to be taxonomy-relevant economic activities based on the Climate Delegated Act of the Regulation. Neste’s Renewable

Products provides renewable, lower-emission solutions for transportation, aviation, marine and other industrial uses. Co-processing of renewable raw materials aims to replace crude oil input in the production of fuels used in various transport sectors. Neste’s activities relevant to the EU taxonomy are climate change mitigation solutions and are in line with the company’s climate targets.

The EU taxonomy technical screening criteria for the Climate Delegated Act including climate change mitigation establishes criteria for the “Manufacture of biogas or biofuels for use in transport and of bioliquids” activity. The recognized activities, manufacturing biofuels and renewable co-processing of fuels, make a substantial contribution to climate change mitigation. The substantial contribution criteria 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 Directive (EU) 2018/2001. Additionally, the criteria require that no food and feed crops are used in the manufacturing. The share of manufacturing of waste and residue raw materials is therefore included in the alignment figures for this activity. The alignment figures for biofuel sales outside the EU are reported separately because the GHG emission calculation and verification methodologies differ. Neste’s renewable products comply with market-specific sustainability criteria and meet the GHG emission saving thresholds for EU taxonomy.

The activity “Infrastructure enabling low-carbon road transport and public transport” includes Neste’s electric vehicle charging service. The electric charging stations serve both companies and consumers. The activity is fully eligible for the taxonomy.

Neste’s innovation and R&D focuses on converting low-quality raw materials into high-quality solutions. The research and innovation activities reported under the “Close to market research, development and innovation” activity meet the activity-specific taxonomy

alignment criteria and include projects in Neste’s portfolio related to renewable hydrogen and Power-to-X. Neste has decided to withdraw from investing into a 120 MW electrolyzer project to produce renewable hydrogen at its Porvoo refinery in Finland. The company is actively evaluating alternative pathways for securing renewable hydrogen. Innovation and R&D that support the company’s taxonomy-eligible and -aligned activities, such as the development of Neste’s existing renewable solutions, are accounted for in the taxonomy figures of the activity which they support.

Do no significant harm -criteria

The relevant activity-specific DNSH criteria from Annex I have been evaluated for each taxonomy-aligned economic activity. Neste has established and implemented procedures to minimize any adverse impacts of the company’s operations on the environment and all Neste operations must comply with relevant legal requirements and environmental objectives. Neste’s approach to environmental management, including biodiversity, pollution and water, is further described in the Sustainability statement. The identification of climate risks, including physical climate risks, is included in Neste’s annual risk management cycle. The identified climate risks are included in the Enterprise Risk Management (ERM) process, and risk mitigation plans are implemented where appropriate. Neste’s material climate-related risks are further described in the Sustainability statement.

Minimum safeguards

Compliance with the minimum safeguards has been assessed at the group level based on the Report on Minimum Safeguards published by the EU Platform on Sustainable Finance in October 2022. Neste has assessed its operations to be compliant with the minimum safeguards as determined in the Neste Code of Conduct, which includes the topics of human rights, including workers’ rights, bribery and corruption, taxation and

fair competition. No violations have been identified with the safeguards. Neste's approach to human rights and anti-corruption is described in more detail in the [S1 Own workforce](#), [S2 Workers in the value chain](#) and [G1 Business conduct](#) -sections of the Sustainability statement. More information about Neste's compliance program, including competition law compliance, is disclosed in the Annual Review. Neste also publishes a Tax Footprint annually.

Accounting policy

The definitions of taxonomy key performance indicators (KPIs) are based on the Disclosures Delegated Act, which supplements the Taxonomy Regulation and follows requirements that apply to the disclosures under Article 8(2) of Regulation (EU) 2020/852. The taxonomy reporting scope is aligned with the Consolidated Financial statements and covers Neste's global operations. The calculations follow general materiality principles. Taxonomy KPIs are calculated using the financial information presented in Notes to the Consolidated Financial statements in Neste's Annual Report 2024. To avoid double counting in the reported figures, allocations were made for each activity separately based on reporting structures, and a reconciliation has been carried out for the final figures. Neste does not present a table for the extent of eligibility and alignment per environmental objective, as 100% of the KPIs are related to the climate change mitigation objective.

Turnover

In calculating the proportion of turnover from products associated with taxonomy-eligible and -aligned economic activities, Neste includes revenue from goods and services which have a clear relationship with the identified economic activities. Turnover for the manufacture of biofuels and co-processing includes sales of bio-based fuels, biofuel credits related to the physical product and exchange rate hedges. Turnover for infrastructure enabling low-carbon road transport activity includes sales from electric charging services. The denominator is Neste's total sales and refers to Note 5 Revenue in the consolidated financial statements.

Capital expenditure

Capital expenditure (CapEx) includes investments related to activities identified as taxonomy-eligible or -aligned. The CapEx figures consist mainly of investments enabling Neste's renewable production capacity growth. To provide an accurate allocation of CapEx for taxonomy-aligned activities, Neste has used the share of taxonomy-aligned production volumes to allocate the proportion to the CapEx alignment figures. For example, allocations for the manufacture of biofuels activity are made based on production volumes which fulfil the GHG emission savings and raw material criteria outlined in the technical screening criteria for the activity.

The breakdown of the CapEx figures is based on the Disclosures Delegated Act and includes taxonomy-eligible and -aligned CapEx. These taxonomy CapEx figures refer to additions in Note 13 Intangible assets (IAS38) and Note 14 Property, plant and equipment (IAS16). Right-of-use assets refer to Note 29 Leases (IFRS16) in the consolidated financial statements. However, the taxonomy

figures only include the proportion of the investments within the scope of the EU taxonomy and therefore cannot be directly derived from the Notes. CapEx also covers additions to tangible and intangible assets resulting from business combinations.

Based on the Disclosures Delegated Act, companies can report aligned CapEx, when it is a part of a plan to expand taxonomy-aligned economic activities or to allow taxonomy-eligible economic activities to become taxonomy-aligned, as part of a so-called CapEx plan. Neste's taxonomy figures include investments made to expand the production capacity of existing taxonomy-aligned economic activities, which contribute to the climate change mitigation objective. Allocations to taxonomy-aligned CapEx for these activities are made based on the production volumes. The taxonomy requires figures to be restated if the current allocation to taxonomy-aligned CapEx is not fulfilled in the scope of the CapEx plan. The status of the CapEx plan will be followed up annually.

Breakdown of the CapEx KPI	Taxonomy-aligned activities (A.1)	Taxonomy-eligible but not taxonomy-aligned activities (A.2)
Additions to property, plant and equipment	833	170
Additions to intangible assets	0	0
Additions to capitalized right-of-use assets	353	68
Additions related to acquisitions	0	0
Total CAPEX (A.1 + A.2)	1,185	238

Operating expenses

Taxonomy-eligible and -aligned Operating expenses (OpEx) cover direct non-capitalized expenses related to research and development, short-term leases (IFRS 16) and maintenance and repair. OpEx figures also include costs related to personnel, identified as other direct expenses related to the day-to-day servicing required to maintain tangible fixed assets. The allocation of OpEx to activities that are partially taxonomy-aligned follows the same methodology as Neste uses in the taxonomy CapEx calculation, and the expenses are therefore allocated using the share of taxonomy-aligned production volumes.

Neste's taxonomy OpEx figures include expenses presented in Note 9 Other expenses, but since the figures only include the proportion of expenses within the scope of the Taxonomy Regulation, they cannot be derived directly from the note.

Breakdown of the OpEx KPI	Taxonomy-aligned activities (A.1)	Taxonomy-eligible but not taxonomy-aligned activities (A.2)
Costs of R&D	51	5
Costs of short-term leases	4	1
Costs of maintenance and repair	89	17
Total OPEX (A.1 + A.2)	144	22

Turnover

Financial Year	Codes	2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						2023				
		Turnover (MEUR)	Proportion of Turnover (%)	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) turnover (%)	Category enabling activity (E)	Category transitional activity (T)	
Economic activities																				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
	Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	2,703	13	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	18	-	-
	Manufacture of biogas and biofuels for use in transport and of bioliquids ¹⁾	CCM 4.13	2,605	13	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	11	-	-
	Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		5,308	26	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	28		
	Of which Enabling		0	0	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0	-	
	Of which Transitional		0	0	0%						Y	Y	Y	Y	Y	Y	Y	0		-
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
	Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	689	3	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4		
	Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	1	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
	Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		690	3	100%	0%	0%	0%	0%	0%								4		
	A. Turnover of Taxonomy eligible activities (A.1+A.2)		5,998	29	100%	0%	0%	0%	0%	0%								32		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
	Turnover of Taxonomy-non-eligible activities		14,637	71																
	Total (A+B)		20,635	100																

Y Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 EL Taxonomy-eligible activity for the relevant objective
 N/EL Taxonomy-non-eligible activity for the relevant objective

¹⁾ Share of waste & residue based renewable fuels sold outside of the EU

Capital expenditure

Financial Year	Codes	2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						2023				
		CapEx (MEUR)	Proportion of CapEx (%)	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx (%)	Category enabling activity (E)	Category transitional activity (T)	
Economic activities																				
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
	Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	542	27	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	32	-	-
	Manufacture of biogas and biofuels for use in transport and of bioliquids ¹⁾	CCM 4.13	643	32	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	35	-	-
	Close to market research, development and innovation	CCM 9.1	0	0	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0	E	-
	CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,185	59	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	68		
	Of which Enabling		0	0	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0	E	
	Of which Transitional		0	0	0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	0		-
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
	Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	228	11	EL	N/EL	N/EL	N/EL	N/EL	N/EL								9		
	Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	10	1	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
	CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		238	12	100%	0%	0%	0%	0%	0%								9		
	A. CapEx of Taxonomy eligible activities (A.1+A.2)		1,424	71	100%	0%	0%	0%	0%	0%								77		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
	CapEx of Taxonomy-non-eligible activities		573	29																
	Total (A+B)		1,997	100																

Y Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 EL Taxonomy-eligible activity for the relevant objective
 N/EL Taxonomy-non-eligible activity for the relevant objective

¹⁾ Share of waste & residue based renewable fuels sold outside of the EU

Operating expenses

Financial Year

Economic activities	Codes	2024		Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')						2023			
		OpEx (MEUR)	Proportion of OpEx (%)	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx (%)	Category enabling activity (E)	Category transitional activity (T)
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	76	26	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	21	-	-
Manufacture of biogas and biofuels for use in transport and of bioliquids ¹⁾	CCM 4.13	62	21	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	17	-	-
Close to market research, development and innovation	CCM 9.1	5	2	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	3	E	-
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		144	49	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	40		
Of which Enabling		5	4	4%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	6	E	
Of which Transitional		0	0	0%						Y	Y	Y	Y	Y	Y	Y	0		-
A.2. Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13	22	8	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15	0	0	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		22	8	100%	0%	0%	0%	0%	0%								4		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		166	56	100%	0%	0%	0%	0%	0%								45		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		128	44																
Total (A+B)		294	100																

Y Yes, Taxonomy-eligible and Taxonomy-aligned activity with the relevant environmental objective
 EL Taxonomy-eligible activity for the relevant objective
 N/EL Taxonomy-non-eligible activity for the relevant objective

¹⁾ Share of waste & residue based renewable fuels sold outside of the EU

Fossil gas related activities

Template 1 Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Template 4 Taxonomy-eligible but not taxonomy-aligned economic activities

Row	Economic activities	Proportion of turnover					
		(CCM+CCA)		Climate change mitigation		Climate change adaptation	
		Amount	%	Amount	%	Amount	%
5	4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuels	39	27	39	27	-	-
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of turnover	103	73	103	73	-	-
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of turnover	142	100	142	100	-	-

Neste reports its fossil gas related activities in accordance with the Complementary Climate Delegated Act (2022/1214). Neste has exposures to natural gas related activities through its 40% ownership of Kilpilahti Power Plant Ltd, which is a joint venture company operating a combined heat and power plant. Taxonomy-eligible turnover for the activity 4.30. High-efficiency co-generation of heat/cool and power from fossil gaseous fuel

includes Neste's sales of natural gas to Kilpilahti Power Plant and other fossil gas related turnover relates to Neste's natural gas sales to other parties.

Taxonomy-eligible OpEx related to natural gas should cover direct expenses in accordance with the definitions in the Disclosures Delegated Act. As there have been no significant operating expenses during the reporting period and the information is financially immaterial,

Neste does not disclose the template for natural gas related OpEx.

Additionally, CapEx related to natural gas is not disclosed because the investments related to the Kilpilahti Power Plant are not included in Neste's total capital expenditure. Neste did not recognize any nuclear related activities as defined in the Complementary Climate Delegated Act.

E1 Climate change

Material impacts, risks and opportunities

Neste has identified the following material impacts, risks and opportunities with regards to climate change:

Climate change mitigation		
Carbon handprint (entity-specific topic)		
Positive impacts	Whole value chain	Neste's customers can reduce their dependency on fossil resources and their GHG emissions by utilizing renewable and circular solutions. Neste's carbon handprint refers to the GHG emissions reduction achieved by customers when using its products. Additionally, transforming the raw material and product portfolio composition, and utilizing waste and residues as raw materials instead of fossil-based raw materials leads to GHG reductions and a less carbon-intensive raw material pool. These impacts apply across the short-, medium- and long-term.
Negative impacts	Whole value chain	GHG emissions occur upstream in fossil raw material sourcing, in own operations from e.g., refining and other production related activities, and downstream from the use and further processing of Neste's products. GHG emissions throughout Neste's value chain contribute to global warming and climate change, affecting the environment and society. Global impacts of climate change include changes in water availability, loss of biodiversity, altered weather patterns, more frequent natural disasters (including sea-level rise and extreme weather events), health risks, economic costs and disproportionate effects on vulnerable communities. These impacts apply across the short-, medium- and long-term.
Opportunities	Whole value chain	Demand growth in renewable and circular solutions driven by businesses, regulation and environmentally conscious consumers provides opportunities for Neste, with a primary financial effect on Neste's revenues in the long-term. Innovative solutions like new raw materials, products and renewable hydrogen can offer additional revenues but also higher product value in the medium- and long-term.
Risks	Whole value chain	Regulatory uncertainty related to implementation of climate policies that support demand for Neste's solutions and the undermined competitiveness of key raw materials could lead to lowered product sales or margins in the short-, medium- and long-term.
Climate change adaptation		
Opportunities	Upstream	Capabilities to source and process diverse renewable and recycled raw materials, including wastes and residues, strengthen the flexibility in supply chain. These capabilities may lead to increased product value and reduce upstream costs in the long-term.
Energy		
Negative impacts	Own operations	Impacts associated with energy consumption are linked to Neste operating in an energy-intensive sector. Energy consumption in Neste's refining processes, commercial operations, innovation and R&D are connected to various environmental impacts on short-, medium- and long-term time horizons, such as increased pressure on natural resources and ecosystems, GHG emissions and global warming and increased pollution and waste. Additionally, energy consumption may contribute to higher energy costs and potential resource scarcity.

Processes to identify climate-related impacts, risks and opportunities

Neste uses scenario analysis and enterprise risk management to identify and assess risks and opportunities, and evaluate the resilience and adaptability of Neste's strategy to climate change. The risks and opportunities are incorporated into Neste's double materiality assessment, further described under [ESRS 2 General disclosures](#). Neste does not conduct a separate climate resilience analysis.

The scope of the annual scenario analysis covers Neste's entire value chain at a high level. Analysis includes assessment of scenario drivers, implications on the business environment and on Neste's businesses and strategy. The analysis focuses on transition risks such as the anticipated financial effects related to e.g., climate policy developments. Neste calculates the impacts and tests its strategy resilience against the scenarios by estimating the impact on Neste's profitability compared to a base case, for example. The results are used to support Neste's strategy development and financial planning, and the identified climate risks are included in Neste's Enterprise Risk Management (ERM) process. Risk mitigation plans are implemented where appropriate, as described in ESRS 2 General disclosures.

Climate scenarios describing different global warming outcomes are one of the key input factors. Neste bases the scenario analysis on the internationally acknowledged climate pathways that represent benchmarks for the energy industry, for example, published by the International Energy Agency (IEA). Neste complements the climate scenarios through internal analysis and identification of trends and factors relevant to its business. The complementary assumptions and weighings vary between the scenarios. In 2024, the implications for Neste were analyzed in three climate scenarios:

- Net Zero World 2050, which is in line with the 1.5 °C pathways;
- Net Zero EU and North America by 2050, consistent with a 2 °C trajectory; and
- Compromised Climate Targets, reflecting global warming of 2.5 °C or more by the end of the century.

Each scenario takes into consideration the development of global climate ambitions, projections of economic growth, globalization and geopolitics and development of key technologies. These drivers are relevant due to their effects on the demand of Neste's products, supply and deployment of key and new raw materials, availability of capital and Neste's overall position in supporting the global energy transition and global climate goals.

Neste's strategic planning focuses on the next 10 years, with the scenario analysis extending to 2050 to account for the increasing impact of climate change. The time horizons used in the scenario assessment are defined as short-term (1–2 years), medium-term (3–5 years) and long-term (over 6 years), to align with and cover strategic planning, capital allocation as well as expected lifetime of assets.

Uncertainties related to scenario analysis include the pace and scope of regulatory changes, technological advancements, market dynamics, the varying impacts of climate change across geographies and industries as well as the use of national or regional data. These factors affect the considered projections for energy demand, the adoption of lower-carbon technologies and the global transition to renewable solutions. The impact potential of these drivers on Neste are evaluated in short-, medium- and long term time horizons with varying degrees of certainty.

Neste believes that the applied scenarios represent material risks, opportunities and uncertainties related to climate change. Key climate-related assumptions made in the financial statements are described in Note 2 Accounting Policies in Neste's Consolidated Financial Statements, under the heading 'Climate related topics'. The assumptions are based on the same scenario analysis and identified risks and opportunities as described in this section. Hence, Neste incorporates application requirement 15 in the E1 Climate change -standard by reference to its Financial statements.

Climate impacts

To assess, quantify and manage the impacts to climate, Neste follows the Greenhouse Gas Protocol guidance for screening and calculating GHG emission sources related to its operations and value chain. The evaluation of GHG emissions is integrated into Neste's investment processes, to increase transparency and control the climate impacts of the company's investments. In addition to earlier scope 1 & 2 assessments, Neste has conducted a thorough scope 3 materiality assessment in 2024 to ensure all relevant scope 3 categories for the company have been identified. Relevant categories are selected based on their materiality and business relevance, while ensuring completeness and availability of consistent emissions data.

GHG- or energy-intensive assets

Neste operates energy- and GHG-intensive assets in its refineries. Neste has identified its Porvoo refinery and oil refining business as assets and activities at risk due to climate policy developments and the transition to a lower-carbon economy. Neste's ambition is to gradually transform the oil refinery in Porvoo, Finland into a leading renewable and circular solutions refining hub in the mid-2030's. Neste ended refinery operations at its Naantali oil refinery in 2021, and the refinery has been fully decommissioned. When finalized, the transformation of Porvoo refinery will complete Neste's journey to a 100% renewable and circular solutions producer.

Identified risks and opportunities

Neste has identified two material climate-related transition risks related to climate policy developments. Firstly, the development in legislation could lead to a competition disadvantage or to the loss of existing or potential markets for Neste. The other identified transition risk relates to policy developments, which could also lead to the undermined competitiveness of Neste's key raw materials. No material physical climate risks were identified in the double materiality assessment.

The transition to a lower-carbon economy will shift the energy mix from fossil fuels towards lower-carbon fuels, and the magnitude of the transition is expected to depend on technological development and growing use of a number of more sustainable solutions. Development of sustainable technologies is expected to continue to be progressive, supported by relatively stable macro-economy in the long-term, despite temporary ups and downs. The growing global population and economic growth continue to drive increased energy demand, yet energy efficiency improvements counterbalance the net impact.

Potential implications of climate change to Neste

	Net Zero World 2050	Net Zero EU and North America by 2050	Compromised Climate Targets
Description	Rapid and radical emission reductions globally to meet Net Zero emissions by 2050 and limit global warming to 1.5°C, building on the IEA Net Zero 2050 Scenario.	Advanced economies demonstrate strong climate action while developing economies follow slower, consistent with a 2°C trajectory, building on the IEA Announced Pledges Scenario.	Failure to take climate action leads to the continuation of the current trends, causing global warming of 2.5°C to 3°C or more by the end of the century. Scenario is partly building on the IEA Stated Policies Scenario.
Opportunities	The accelerated global demand for renewable and circular solutions provides Neste opportunities to leverage global reach, expand to new markets, and optimize across feedstocks, countries and customer sectors.	Continued demand growth in renewable and circular solutions; regulatory markets supported by voluntary climate ambitions.	Modest demand growth in renewable products due to less favorable regulatory framework gives room for differentiation and serving selected voluntary markets efficiently.
Risks	Accelerated global demand for renewable and circular solutions and supportive regulatory landscape may present transition risks related to stringent competition of key raw materials and in entering new markets.	Identified transition risks relate to regulation limiting the competitiveness of renewable fuels or narrowing the eligibility of key raw materials. A decline of fossil fuel demand could also be seen as a transition risk for Neste's current business. Risks related to accelerated alternative technology development have also been identified.	Transition risks include downscaled regulatory drivers, slowing down the demand growth for renewable products. In the long-term, physical risks related to chronic and acute climate change impacts can have significant negative effects on raw materials availability, supply chains and assets.
Indicative financial impact to Neste	Positive	Base case	Slightly negative

Resilience analysis

Impacts, risks and opportunities identified and assessed as material in the double materiality assessment are central to Neste's strategy and included e.g., in decision-making considering major investments and capital allocation. Neste believes to be well positioned to adjust its strategy and business models to climate change. Neste's strategy aims at growing in more sustainable solutions, which supports business resilience, and for instance raw material and business model choices can be adjusted depending on the conditions in the business environment.

Policies

Neste addresses material climate-related impacts, risks and opportunities in the following policies and principles: **Sustainability Policy, Sustainability Principle, Environmental Management Principle, Neste Supplier Code of Conduct and Operations Excellence Policy**. In addition, the **Neste Code of Conduct** sets

out the company's commitment to reduce its emissions, reach its climate targets and use energy-efficient solutions in its operations. The Code of Conduct is described more in detail in the [G1 Business conduct](#) -section of this report.

The purpose of **Neste Sustainability Policy** is to give clear guidance to Neste's sustainability commitments and governance. The aim, through the Policy, is to ensure sustainability is embedded in Neste's everyday business and to contribute to sustainable development. This includes ensuring socially, environmentally and economically sustainable business conduct in all Neste's activities throughout the value chain, while creating value to the company's stakeholders. Through Neste's climate and other sustainability commitments, the company wants to show leadership and determination and play its part in limiting global warming to 1.5°C to meet the objectives of the Paris Agreement. Neste also recognizes the importance of just transition as envisaged by the Paris Agreement.

The Sustainability Policy covers IROs related to climate change mitigation and adaptation, and energy. The CEO, on behalf of the Board, has the ultimate accountability for sustainability matters and risk oversight of major significance to the Neste Group.

The purpose of the **Sustainability Principle** is to set out Neste's core sustainability commitments and define what living up to these commitments means. The Principle also describes how sustainability and its risks are managed at Neste. It covers Neste's approach to climate change mitigation and climate change adaptation and sets out Neste's ambition in relation to renewable energy and energy efficiency.

The Sustainability Policy and Principle are applicable in all Neste operating locations and apply to all Neste employees and to anyone working for or representing any business entity within the Neste Group. They are available in English on Neste's webpage. The Neste Sustainability Policy and Principle addresses several international frameworks, of which the most relevant ones

for climate change are the Task Force on Climate-related Financial Disclosure (TCFD) reporting principles to disclose climate-related financial risks and the ten principles of the UN Global Compact.

The **Neste Supplier Code of Conduct** defines the minimum climate requirements for the company's suppliers and business partners. Neste's suppliers are expected to, at a minimum, consider the climate impact of their operations and undertake greenhouse gas reduction measures where reasonable. More detail on the Supplier Code of Conduct and its implementation is provided in the [G1 Business conduct](#) -section.

The **Neste Operations Excellence Policy** and **Environmental Management Principle** further describe how Neste ensures the efficient use of resources and energy in its operations. Ensuring the energy efficiency of investment projects is included in the Environmental Compliance Analysis, which is executed for all major investment projects when building new production capacity or increasing current capacity. The Operations

Excellence Policy is further described in the [S1 Own workforce](#) -section and the Environmental Management Principle is further described in the [E2 Pollution](#)-section.

General governance, including the highest level of accountability for policies, and stakeholder engagement related to policy implementation are described in the [ESRS 2 General disclosures](#) -section of this report.

Transition plan for climate change mitigation

Increasing the availability of renewable and circular solutions to reduce reliance on fossil resources is central to Neste's strategy. Neste's renewable products enable customers to reduce their GHG emissions. Neste's ambition is to gradually transform the oil refinery in Porvoo, Finland into a leading renewable and circular solutions refining hub. Neste does not have a separate climate transition plan as detailed in the ESRS but its targets, actions, resource plans and internal carbon price are intended to support the transition for climate

change mitigation. Neste will evaluate the development of specific climate transition plan e.g. based on and to align with the EU Corporate Sustainability Due Diligence Directive. All Neste's strategic plans are governed by the Neste Board of Directors, including actions and related investments needed to meet Neste's climate targets. Neste is excluded from the EU Paris-aligned Benchmarks (PABs), as the company derives revenue from the refining of fossil fuels.

Targets

As part of Neste's sustainability vision, Neste leads transformation toward a carbon neutral value chain by 2040, including reaching carbon neutral production by 2035. Neste has three quantifiable, time-bound targets for climate change mitigation (Table: Neste's targets on climate change mitigation). Neste's climate targets are linked to its overall business strategy, and considered in financial planning and resource allocation, for example, through the use of internal carbon price.

For target setting, Neste has been using leading climate frameworks, such as the Science Based Targets initiative (SBTi, incl. both the general guidance and the draft guidance for oil & gas sector), Transition Pathway Initiative (TPI) (GHG emission intensity pathways incl. scope 1 & 2 and scope 3 use of sold products based on IEA Net Zero 2050 scenario) and Exponential Roadmap Initiative (ERI) (50 % reduction every decade) to guide the development of climate targets towards being in line with the latest climate science and the 1.5°C pathways. Neste has and continues to consider the views of both internal and external stakeholders when developing and setting its climate targets. Neste considers its scope 1 & 2 target for 2030 to be in line with the scientific research and pathways to limit global warming to 1.5°C.

Neste's GHG emissions reduction targets align with the GHG inventory boundaries, following the same scope and category breakdowns and using the same calculation approach as explained in the reporting principles for the climate metrics in this report. The baseline

values for Neste's climate targets generally represent the company's overall activities covered as well as any external influences that would lead to major deviations from annual emissions. Key Performance Indicators (KPIs) associated with targets on scope 1 and 2 are in accordance with ESRS metrics. Carbon handprint and related KPI, as well as scope 3 Use phase emission intensity KPI are entity-specific. Scope 1 & 2 and scope 3 use phase emission intensity targets' baselines have been compared to previous years values to ensure no major changes or external impacts have taken place. The baseline values include all activities included in the operational control reporting boundary. Market-based scope 2 emissions are considered in the scope 1 & 2 target.

Neste's targets related to climate change mitigation

Targets	Target details	2024
Scope 1 & 2: Reduce GHG emissions in Neste's own production by 50% by 2030 compared to 2019 baseline	Key performance indicator: Absolute Scope 1 & 2 GHG emissions (MtCO ₂ e) Unit: % reduction in tCO ₂ e Baseline year: 2019 Period: Until 2030 Scope: Own operations	2.68 MtCO ₂ e 24% reduction compared to baseline
Scope 3: Reduce the use phase emission intensity of sold products by 50% by 2040 compared to 2020 levels	Key performance indicator: Use phase emission intensity (gCO ₂ e/MJ) Unit: % emission intensity reduction in tCO ₂ e Baseline year: 2020 Period: Until 2040 Scope: Downstream supply chain (sold products)	54 gCO ₂ e/MJ 7% reduction compared to baseline
Carbon handprint: Help Neste' customers to reduce their greenhouse gas emissions by at least 20 million tons annually by 2030 with renewable and circular solutions	Key performance indicator: Reduced GHG emissions by Neste customers with Neste's products during the reporting year (compared to fossil fuel) (MtCO ₂ e) Baseline year: n.a. Period: Annually and until 2030 Scope: Own operations and upstream and downstream value chain, customer use of products	12.1 MtCO ₂ e

Neste does not have separate measurable, time-bound and outcome-oriented targets in place for IROs related to climate change adaptation and upstream IROs related to climate change mitigation, but does nevertheless track the effectiveness of its policies and actions as set out below.

Climate change adaptation: To address the opportunity to enhance flexibility in the supply chain through waste and residue raw materials, Neste continues growing and diversifying its raw materials portfolio. These actions are relevant for Neste's upstream activities.

Climate change mitigation: Neste continues to work with the company's suppliers and partners to reduce GHG emissions across its value chain. The scope of these activities are upstream and downstream scope 3 emissions, e.g., purchased goods, services, transportation and logistics. Progress will be reflected in relevant scope 3 GHG emissions.

Progress in targets

Neste's climate targets are monitored and reviewed as part of e.g., the remuneration of Neste's key personnel, as scope 1 & 2 and Handprint targets are a performance measure in Neste's long-term incentives (LTIs). Performance towards climate targets in 2024 is presented below:

- **Scope 1 and 2 GHG Emissions:** To date Neste has achieved 0.83 MtCO₂e (24%) reduction in its scope 1 & 2 GHG emissions compared to the 2019 baseline of 3.52 MtCO₂e.
- **Scope 3 Use phase emission intensity:** To date Neste has achieved 7% reduction to its use phase emission intensity compared to its 2020 baseline of 58 gCO₂e/MJ.
- **Reduced GHG emissions by Neste customers with Neste's products (compared to fossil fuel):** In 2024, Neste's renewable products enabled its customers to reduce GHG emissions by 12.1 million tons.

Progress towards targets is in general in line with planned. Due to the nature of Neste's operations, progress towards targets is not expected to be linear

year-on-year but depend on e.g., market conditions reflected in sales volumes and product mix, and turn-arounds. There have not been significant changes or trends that would have affected 2024 performance towards climate targets. However, Porvoo refinery turn-around 2024 contributed to lower scope 1 & 2 emissions, while weaker than expected demand and operational challenges in renewable products led to lower Carbon Handprint performance.

Actions

Table below summarizes Neste's key actions to address material climate-related impacts, risks and opportunities, and progress towards its climate targets.

Identified climate change mitigation levers

		Relevance for Neste's climate targets (indicative)		
		Scope 1 & 2	Scope 3 Use phase emission intensity	Carbon handprint
Renewable and recycled raw materials and reducing reliance on fossil fuels	Actions Past actions include: <ul style="list-style-type: none"> • Singapore refinery expansion and a joint operation Martinez Renewables • Naantali refinery closure Ongoing actions and initiatives under evaluation: <ul style="list-style-type: none"> • Production capacity for renewable products, e.g., Rotterdam expansion • Diversifying raw materials portfolio, increasing the use of raw materials with lower GHG impact throughout product lifecycle • On-going investment in recycled raw materials processing capacity in Porvoo 	x	x	x
Renewable energy	<ul style="list-style-type: none"> • Continuous: Renewable electricity, such as Power Purchase Agreements and Guarantees of Origin • Other initiatives under evaluation: Renewable steam, e.g., renewable energy boilers and potential future investments 	x		x
Energy efficiency and electrification	<ul style="list-style-type: none"> • Continuous energy efficiency improvements to e.g. reduce steam consumption • Future opportunities: Exploring options for electrification of process heating 	x		x
Replacing fossil hydrogen with alternative solutions	Initiatives under evaluation <ul style="list-style-type: none"> • Evaluate alternative pathways for replacing fossil hydrogen use at refineries • Explore opportunities to expand to new solutions for sale such as Power-to-X 	x	x	x
Estimated GHG reduction potential	~1.5 MtCO ₂ e of scope 1 & 2 GHG emissions by 2030			
Financial resources	Reaching Neste's climate targets are expected to require significant financial resources (>50 MEUR CapEx and/or OpEx)			

Expected outcomes

The expected outcomes of these actions include reduced scope 1 & 2 GHG emissions, improved energy efficiency, lower use phase emission intensity of sold products and higher carbon handprint. These actions contribute to the management of material negative impacts associated with GHG emissions from Neste's own operations and value chain, energy consumption, as well as positive impacts related to reduced GHG emissions by Neste's customers. Through these actions, Neste is contributing to the objective of the Sustainability Policy to lead transformation towards a carbon neutral value chain.

Resources to implement actions

Implementation of the actions required to meet Neste's climate targets are expected to require significant operational and/or capital expenditures (>50 MEUR). Implementation of these actions may be subject to individual investment decisions and depend on various factors, including external drivers such as supportive policy and market development. In 2024, relevant material financial resources allocated to achieving climate targets are included under Neste's reporting in accordance with the EU taxonomy. Neste's taxonomy reporting also includes investments made to expand the production capacity of existing taxonomy-aligned economic activities as part of a so-called CapEx plan, which contribute to the climate change mitigation actions described above. Further information on the CapEx plan is provided in Neste's [taxonomy reporting](#).

Internal carbon pricing

Neste applies an internal carbon price for its scope 1 & 2 GHG emissions in investment calculations, business case evaluations and in strategic planning. The internal shadow price for carbon is utilized globally, across Neste's business areas and functions.

In 2024, Neste's internal carbon price was 100 EUR/tCO₂e in the short term. The internal carbon price is planned to increase to above 120 EUR/tCO₂e by 2030. When setting the internal carbon price, Neste utilizes various sources, for example the EU Emission Trading System (ETS) allowance price and forecasts, and other external references such as carbon prices used in International Energy Agency (IEA) climate scenarios. While the EU ETS is chosen as a source based on its direct financial relevance for Neste, the IEA also provides indication of sector- or industry-specific price levels required to reach the climate goals in the Paris Agreement, especially for time horizons where the visibility to detailed climate policies is unclear. Neste regularly reviews internal carbon price as part of its strategic planning process. Neste internal carbon price does not cover Scope 3 GHG emissions.

Metrics

Energy consumption and mix

Energy consumption and mix	2024
Fuel consumption from coal and coal products, MWh	0
Fuel consumption from crude oil and petroleum products, MWh	7,322,000
Fuel consumption from natural gas, MWh	858,000
Fuel consumption from other fossil sources, MWh	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources, MWh	1,577,000
Total fossil energy consumption, MWh	9,757,000
Share of fossil sources in total energy consumption, %	80
Total consumption from nuclear sources, MWh	600
Share of consumption from nuclear sources in total energy consumption, %	0
Fuel consumption from renewable sources, including biomass, MWh	994,000
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources, MWh	1,520,000
The consumption of self-generated non-fuel renewable energy, MWh	10
Total renewable energy consumption, MWh	2,514,000
Share of renewable sources in total energy consumption, %	20
Total energy consumption, MWh	12,272,000

Energy production	2024
Renewable energy production, MWh	1,000
Non-renewable energy production, MWh	176,000

Energy intensity per net revenue	2024
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors, MWh/MEUR	595

Gross scopes 1, 2, 3 and Total GHG emissions

	Retrospective	
	Base year (2019)	2024
Scope 1 GHG emissions		
Gross scope 1 GHG emissions from the consolidated accounting group, tCO ₂ eq		2,290,000
Gross scope 1 GHG emissions from investees for which Neste has operational control, tCO ₂ eq		0
Gross scope 1 GHG emissions, tCO₂eq	2,580,000	2,290,000
Percentage of scope 1 GHG emissions from regulated emission trading schemes, %		94
Scope 2 GHG emissions		
Gross location-based scope 2 GHG emissions from the consolidated accounting group, tCO ₂ eq		470,000
Gross location-based scope 2 GHG emissions from investees for which Neste has operational control, tCO ₂ eq		100
Gross location-based scope 2 GHG emissions, tCO₂eq	513,000	470,000
Gross market-based scope 2 GHG emissions from the consolidated accounting group, tCO ₂ eq		393,000
Gross market-based scope 2 GHG emissions from investees for which Neste has operational control, tCO ₂ eq		0
Gross market-based scope 2 GHG emissions, tCO₂eq	936,000	393,000
Significant scope 3 GHG emissions		
Total Gross indirect (scope 3) GHG emissions, tCO ₂ eq		56,490,000
1 Purchased goods and services, tCO ₂ eq		7,390,000
3 Fuel and energy-related Activities (not included in scope 1 or scope 2), tCO ₂ eq		100,000
4 Upstream transportation and distribution, tCO ₂ eq		820,000
5 Waste generated in operations, tCO ₂ eq		310,000
9 Downstream transportation, tCO ₂ eq		720,000
11 Use of sold products, tCO ₂ eq		45,070,000
12 End-of-life treatment of sold products, tCO ₂ eq		900,000
15 Investments, tCO ₂ eq		1,180,000
Total GHG emissions		
Total GHG emissions (location-based), tCO₂eq		59,250,000
Total GHG emissions (market-based), tCO₂eq		59,173,000

GHG intensity per net revenue	2024
Total GHG emissions (location-based) per net revenue, tCO ₂ eq/MEUR	2,871
Total GHG emissions (market-based) per net revenue, tCO ₂ eq/MEUR	2,868

Carbon handprint

Carbon handprint	2024
Reduced GHG emissions by Neste customers with Neste's products during the reporting year (compared to fossil fuel), MtCO ₂ e	12.1

Reporting principles

Majority of the **energy consumption** and production data is collected either from Neste's own measurement devices or via energy invoices. Estimates were used for minor energy consumption sources like small rented offices and own logistics. Data coverage is estimated to be > 99 %.

Neste follows GHG Protocol Corporate Standard and its supplement Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The reporting includes emissions of the GHGs covered by the GHG Protocol (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆ and NF₃). Emissions have been converted into carbon dioxide equivalents.

Scope 1 and 2: Neste's scope 1 accounting is based on fuel consumption and emissions calculations. To calculate scope 1 emissions, activity data (MWhs contained by consumed fuel) is multiplied with site and fuel-specific emission factors to arrive at the total GHG emissions impact. In cases that the emissions are reported under EU ETS or other regulations the same emission factors are used as in these reporting schemes. Otherwise country based published emission factors are used.

Other relevant GHG emissions than CO₂ are calculated separately to all combustion taking place in the refinery facilities and other sources are excluded as negligible.

To calculate scope 2 emissions, activity data (MWhs of purchased energy consumption) is multiplied by emission factors to arrive at the total GHG emissions impact of purchased energy (electricity, heat, steam) use. Market-based scope 2 emissions are based on supplier-specific emission factors when available. In other cases, residual grid mix or country-specific emission factors are used. Location-based scope 2 emissions are based on country-specific emission factors published by IEA, Motiva and other country based public sources. Emission factors for CO₂eq are used when available.

Market-based scope 2 accounting covers contractually purchased electricity bundled with instruments, such as Guarantees of Origin (GoOs). Unbundled renewable energy certificates are not utilized for Neste's scope 2 market-based accounting. In 2024 86.2% of Neste's total electricity usage was covered by GoOs.

Biogenic scope 1 emissions were 421,000 tCO₂ and scope 2 biogenic emissions 58,000 tCO₂ in 2024. Scope 1 figure include process emissions that are partially based on the estimation.

GHG intensity and energy intensity is calculated based on the revenue as presented in Note 5 Revenue in the consolidated financial statements. All Neste operations in operational control are included in the energy intensity figure. Neste considers as relevant high climate impact sectors (based on NACE) activities related to Neste's refining operations, sale and trading of fuels and raw materials, retail sale of fuels and related products, shipping operations and other supporting activities, such as terminal operations.

Scope 3: For the scope 3 GHG emissions, each reported category can have different methodologies as detailed in the Technical Guidance for Calculating Scope 3 Emissions from GHG Protocol. Neste has used the following methodologies per categories: Average data method (categories 1 & 3); Spend-based method (category 1); Supplier-specific method (category 1); Distance-based method (categories 4 & 9); Waste-type-specific method (category 5 & 12); Methodology for

direct use-phase emissions according to Standard ISO 14083 (category 11); Investment-specific method (category 15); Life Cycle Assessment biofuel regulation methodology from Renewable Energy Directive (EU) 2018/2001 or from CARB Regulation (categories 1, 4, 9 & 11). Methodologies have been chosen based on the availability and accuracy of the data and, when possible, on involvement of a third-party certification process.

When actual GHG emission factors are not available, industry or location specific GHG emission factors from industry databases or scientific reports are used. Sources include European Commission JRC studies, UK Department for Energy Security & Net Zero, EN ISO 14083 standard, Renewable Energy Directive (EU) 2018/2001 and Commission Implementing Regulation (EU) 2022/996, WWF, California Air Resources Board, Tilastokeskus (Statistics Finland), Ecoinvent, ICCT and S&P Global.

With upstream (category 4) and downstream (category 9) transportation, Neste's categorization of transportation emissions into upstream and downstream (product flow approach) differs slightly from the financial flow approach stated in the GHGP Corporate Value Chain (scope 3) Accounting and Reporting Standard.

All Neste's scope 3 GHG emissions are measured using inputs from Neste specific activities using data from enterprise resource planning systems for supply, sales or procurement and from operating systems for production and site data. Neste's renewable business also provides input through product and feedstock biocriteria management and traceability systems. 3.4 % of emissions are calculated using primary data obtained from suppliers or other value chain partners.

For a part of transportation emission (category 4 & 9) and purchased goods and services (category 1), in the case where reliable data is not available, sector average data is used. For some subsidiaries, joint ventures or other entities outside Neste's operational control, estimation based on quantitative data, such as production capacity, has been done. The estimations are compared to the known part of activity data and/or use industry average data, to ensure a sufficient level of accuracy. To improve access to reliable value chain data, as part of the

company's actions related to climate change mitigation, Neste continues to work with suppliers and partners.

Significant scope 3 categories for Neste include category 1, 3, 4, 5, 9, 11, 12 and 15. Excluded categories include:

- Capital goods (category 2): Compared to Neste's supplier spend, capital goods spend is not relevant. Currently capital goods and other purchased materials are included in category 1 through spend data.
- Business travel (category 6): based on qualitative assessment, the significance of the emissions related to business travel are assessed to be minimal (<0,5%) compared to other scope 3 categories.
- Employee commuting (category 7): based on qualitative assessment, the significance of the emissions related to employee commuting are assessed to be minimal (<0,5%) compared to other scope 3 categories.
- Upstream leased assets (category 8): based on qualitative assessment, Neste does not operate upstream leased assets and therefore the category is not relevant.
- Processing of sold products (category 10): based on qualitative assessment, GHG emissions from the processing of Neste's sold products are accounted for in category 11.
- Downstream leased assets (category 13): based on qualitative assessment, the significance of the emissions related to downstream leased assets is assessed to be minimal (<0,5%) compared to other scope 3 categories.
- Franchises (category 14): based on qualitative assessment, the significance of the emissions is assessed to be minimal based on the overall value of the aspect as Neste does not engage in franchising activity.

In the upstream and downstream value chain of Neste, 12.3 Mt of biogenic CO₂ is emitted from the combustion or biodegradation of biomass.

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

Energy and climate metrics described above have not been validated separately by an external third party. Some underlying data sources are covered by certification and emission trading schemes and related validation processes.

Carbon handprint: Carbon handprint describes the difference of carbon footprint of a product or service and a baseline product or service. The bigger the handprint, the better. It is expressed in mass, e.g., tons of CO₂ equivalent. In addition to data included in line with the [ESRS 2 General disclosures](#) General basis for preparation of the Sustainability statement, the metric includes deliveries from the joint operation Martinez Renewables.

Neste's customer GHG emissions reduction is calculated by aggregating the customer's GHG emission reduction for each batch of renewable products delivered to Neste's customers. For each batch of product, Neste collects the quantity of energy and the emission factor for the product in gCO₂e/MJ. Biofuel and biochemical industry traceability requirements, i.e. Renewable energy directive, California CARB regulations or CORSIA, ensure that these emission factors are allocated correctly to a unique batch by a third party audited biocriteria management system. Moreover, these emission factors are calculated based on third-party certified actual production data, or approved default value, according to industry and market regulations listed above. Renewable products sold to the petrochemical industry are considered as combusted as fuels in this calculation methodology. The GHG emission related to each batch is compared with the GHG emission that the same quantity of a fossil fuel reference (baseline) would emit. Emission factors for the fossil references are dependent on the market where the product was sold and its regulation.

E2 Pollution

Material impacts, risks, and opportunities

Neste has identified the following material risk with regards to pollution:

Substances of concern

Risk	Across the value chain	Neste needs to recognize, evaluate and implement all the existing, emerging and evolving regulatory requirements applicable to Neste's operations in the area of chemical compliance and safety. Some of Neste's products (in the group of crude oil based products) and chemicals used in Neste refineries fall under the category of substances of concern. Thus, part of Neste's revenue is based on manufacturing and selling substances of concern. Neste carefully follows and takes due care in implementing various chemical compliance and safety regulations, like the EU REACH and CLP Regulations, that aim to ensure a high level of protection of human health and the environment. Failure in this work could pose health or environmental concerns or risk of negative brand or financial impacts.
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The identification and assessment of material impacts, risks and opportunities

Neste assesses all of its products according to health and environmental impacts. This is a regulatory requirement for chemicals. Results of these assessments are documented in e.g. the chemical safety data sheet that is supplied to customers. Also, the raw materials used in manufacturing of Neste products are assessed for health and safety impacts.

Many crude oil based Neste products as well as some chemicals used in the manufacturing processes in Neste refineries are or contain substances of concern (SoC) as defined in the CSRD. The definition of substances of concern is purely based on the hazard properties of a substance, not on the likelihood of the exposure or risk considerations. In all countries of Neste's operations there are regulatory requirements, relating to protecting human health and the environment. The implementation of such regulations aim to manage the risks from hazardous chemicals. In addition to following and implementing

these requirements, Neste also has its own safety management system, internal instructions and processes to follow performance. Part of Neste's revenue is based on manufacturing and selling products that contain substances of concern – chemicals like transportation and marine fuels. Substances of concern are thus considered material to Neste, while the safety management systems are in place to protect people and the environment from actual impacts.

All Neste operations must comply with relevant legal requirements and environmental objectives. The legal requirements have been set by regulators for the purposes of protecting human health and the environment from pollution. In the EU, for example, an environmental permit is required for operations that cause a risk of environmental pollution. The requirements for operations are based on air and water quality standards set by the authorities based on latest scientific research. By following these permit conditions and limits, no significant harm is caused to the environment or human health. Therefore, emissions within the permit limits are

typically not material. Neste reports emissions (emission components) classified as substances of concern for its refineries. The selected reporting scope complies with the general requirement of the E2 Pollution standard for consolidated emissions from facilities for which the applicable E-PRTR (current IEPR) threshold is exceeded.

Policies

The foundations of safety excellence and continuous improvement are defined by **Neste's Operations Excellence Policy** and **Operations Excellence Management System (OEMS)**, which includes Operations Excellence Policy, Principles and supplementary detailed Standards. The Operations Excellence Policy sets out Neste's approach to preventing incidents and ensuring effective safeguards for people and the environment. Under the Policy, substances of concern are addressed through ensuring that product compliance and chemical safety hazards are effectively managed. More information on the Operations Excellence Policy is provided under [S1 Own workforce](#).

Through the implementation of the Neste OEMS, the company aims to ensure that product compliance and chemical safety hazards are effectively managed in its operations. The OEMS includes the **Neste Product & Chemical Safety Principle**, which outlines mandatory chemical legislation requirements and their handling across its operations. It covers the mitigation of material risks related to Neste's use and processing of substances of concern. Neste is dedicated to product and chemical safety, ensuring compliance with regulations, minimizing risks, and fostering a sustainable approach to chemical management.

The Product & Chemical Safety Principle mandates the identification of substances of concern. Neste is actively working towards substituting chemicals with less harmful alternatives where possible and increasing the use of renewable raw materials and products. This shift towards renewable resources is key in gradually reducing the presence of substances of concern in Neste operations.

The Principle covers all chemicals used, stored, sold, manufactured, purchased, or imported by Neste, including substances of concern. It applies to all Neste employees and anyone working on behalf of the company, including service providers and contractors. The implementation of the Principle is a collaborative effort involving Neste's Business areas, Procurement, R&D, and the Safety organization. Business areas are responsible for compliance in sales, trade and production, as well as the safe handling and disposal of chemicals. The Safety organization plays a crucial role in identifying regulatory requirements, raising awareness, providing training, assessing hazards, and supporting the minimization of occupational exposure.

The requirements of the Principle are based on legal requirements applicable to Neste's operations, including the REACH and CLP Regulations in the EU, the TSCA in the US, the Workplace Safety and Health Act in Singapore, and international agreements like the ILO Chemical Convention. The Principle is available internally in the Neste Management System and the requirements are monitored through OEMS audit procedures and continuous internal engagement with relevant stakeholders.

Neste's **Environmental Management Principle** describes key aspects and minimum requirements for environmental protection and related environmental improvements in Neste operations, and provides an approach to ensure such requirements are performed in a uniform way. Neste operations are responsible for understanding and managing their environmental aspects and impacts. This includes e.g., identifying and mitigating emissions, as well as recognizing and mitigating potential environmental risks. For the purposes of avoiding incidents and accidents with significant environmental impact, Neste operations identify environmentally critical operations, systems and equipment, and prepare management plans accordingly. The Principle also concerns the management of material risks related to substances of concern by requiring that production sites evaluate presence and current or earlier use of substances of very high concern (SVHCs) and establish a program for risk management, control or removal and proper handling.

The Environmental Management Principle is applicable to all Neste owned or operated production sites and terminals and Neste operated logistics, Marketing & Services operations and other Neste operations like Technology and Projects. It is available internally in the Neste Management System, while a description of the key contents of the Principle is available publicly. The implementation of the Principle is done through a dedicated program during 2024–2026 and furthermore, monitored through internal audits and monthly environmental compliance reporting.

General governance, including the highest level of accountability for policies, and stakeholder engagement related to policy implementation are described in the [ESRS 2 General disclosures](#) -section of this report.

Targets

Neste complies with regulatory requirements for product and chemical safety, as described in the Neste Operations Excellency Policy and Product and Chemical Safety principle to address impacts associated with substances of concern in its supply chain and products. Neste does not have separate targets in place with regards to substances of concern but tracks the effectiveness of its policies with e.g., the below entity-specific KPI. Neste aims to minimize the number of non-compliances related to the health and safety requirements of its products. Neste has not defined a base year for the key performance indicator.

Actions and resources

Actions

Key actions during the reporting year include the continued development of practices in ensuring compliance and maintaining safety standards and requirements in Neste's own operations and the supply chain in accordance with product and chemical safety legislation. Neste ensures chemical compliance and safety through implementing internal monitoring systems, maintaining and developing instructions, training, awareness campaigns, networking and practical tools for managing product and chemical safety compliance, and conducting systematic self-assessments and audits to ensure compliance. These actions are continuous and will be undertaken also over the medium- to long-term.

Going forward, Neste will continue to develop and improve internal systems to ensure chemical compliance and safety, including tools for compliance assurance. Current actions will also be continued on an ongoing basis over the long term. Information about how safety incidents (including those related to substances of concern) is disclosed in the [S1 Own Workforce](#) section of this report.

Expected outcomes

As a result of the actions, Neste expects its products to continue being in compliance with chemical safety requirements, while also minimizing chemical compliance or safety incidents.

The progress towards these actions is followed through continuous monitoring of incidents of non-compliance concerning the health and safety requirements of products, including the compliance with product and chemical safety legislation and Neste's policies and principles.

Resources to implement actions

Implementation of actions related to substances of concern are covered by e.g., process safety investments under prioritized maintenance operational or capital expenditures to ensure safety and reliability of operations. Actions related to compliance with regulatory requirements for product and chemical safety are business-as-usual activities that are not expected to require significant (> 50 MEUR) financial resources. In addition, future financial resources allocated to actions listed above may be subject to individual investment decisions and depend on various internal and external factors.

Key performance indicator

Incidents of non-compliance concerning the health and safety requirements of products

Performance and progress in 2024

One case relating to a lacking authority notification in 2023, which Neste received an authority warning/notice for in 2024.

Metrics

Substances of concern, kilotons	Health hazard class 2024	Environmental hazard class 2024
Total amount of substances of concern that are generated or used during production or that are procured	10,467.9	0.0
Amount of substances of concern that leave facilities as products	6,378.5	22.3
Amount of substances of concern that leave facilities as part of products	5,307.1	0.0
Total amount of substances of concern that leave facilities as products or as part of products	11,685.5	22.3
Amount of substances of concern that leave facilities as emissions	0.6	0.0
Total amount of substances of concern that leave facilities as emissions, as products, or as part of products	11,686.1	22.3

Reporting principles

Substances of concern are recognised and tracked in Neste's internal IT systems. There are a variety of existing regulatory requirements in place for notifying manufactured and imported chemicals and their yearly volumes to the national authorities. By managing these and many other EU and national requirements Neste has gathered depositories of data on hazardous chemicals. Reporting substances of concern as defined in the ESRS are managed together with the work related to these regulatory requirements. Neste continues to develop accounting of substances of concern for CSRD reporting.

Chemical substances

The substance is a substance of concern (SoC) if it

- Is a Substance of Very High Concern (SVHC) as identified in accordance with the EU REACH Regulation and added by ECHA to the candidate list for authorization (subsection i. in the definition of SoC in EC 2023/2772);
- Has harmonized classification in Part 3 of Annex VI to CLP Regulation with one of the hazard classes or hazard categories declared in the subsection ii. in the definition of SoC in EC 2023/2772;
- Has negative effects on reuse and recycling according to the EU product-specific ecodesign requirements. Ecodesign for Sustainable Products Regulation (ESPR) entered into force in July 2024, and it establishes a framework for setting ecodesign requirements on specific product groups.

Chemical substances are identified by the CAS/EC number that is declared in the SVHC list and in Annex VI to CLP. Neste has introduced CAS/EC numbers of the chemicals in the ERP systems so that substances of concern can be screened and amounts calculated.

None of the chemicals Neste supplies as feedstock or manufacturers is listed in the SVHC list by ECHA. However, many of the petroleum products are included in the Annex VI to CLP due to harmonized classification of health effects such as carcinogenicity. Majority of the reported amounts are from substances that are

hazardous to health because there is no harmonized environmental classification in CLP Annex VI e.g., for petroleum products. However, petroleum products have properties that are hazardous to the environment and thus self-classified to indicate the environmental hazards. The self-classification is declared e.g., in the safety data sheets.

Emissions

Production sites shall evaluate SoC emissions that are identified as significant in accordance with their environmental permits or other authority or legal requirements. The main reference for the identification is the Annex II of the Industrial Emission Portal Regulation (EC) No. 2024/1244, which also covers the most significant SoC/SVHC polluting substances.

In 2024, Neste reports the total amount of substances of concern that leave its refineries as emissions to the environment and that can be identified with certainty, for example based on the CAS number. The reporting refers to the Annex II of the EU's Industrial Emissions Portal Regulation (2024/1244) and focuses on those substances that exceed the threshold values of the aforementioned Regulation for air, water and soil. In terms of air emissions, reported pollutants are carbon monoxide (over 95% of total reported SoC emissions) and benzene. Carbon monoxide is formed in the combustion processes, but upon entering the atmosphere, it oxidizes further into carbon dioxide, which is not classified as a SoC. Less than 0.1% of total SoC emissions (such as phenol, nickel and zinc) end up in water courses. These emissions have not been found to have a significant impact on, for example, the state of receiving water bodies.

Benzene has been identified and reported as the most significant SoC substance of NMVOC emissions at the Porvoo refinery. Neste is aware that other SoC substances can potentially also be present in NMVOC emissions. The total NMVOC of oil refineries is calculated as total carbon and the exact composition has not been reported. As the reporting definitions become more precise and the general knowledge base accumulates, the reporting of SoC emissions will be re-evaluated.

Validation by an external body other than the assurance provider: Neste is subject to annual environmental authority inspections and conducts emission reporting to competent authorities in the EU. Neste shall annually report to its competent authority data on the releases to air, water and land of any pollutant listed in IEPR Annex II for which the applicable threshold specified in that Annex is exceeded. The authorities assess the quality of the data, in particular the accuracy, completeness, consistency and credibility. This process is based on the requirements of the Industrial Emissions Portal Regulation (IEPR).

In Singapore the national water agency (PUB) regulates the sewerage system, as well as the treatment and discharge of industrial wastewater into public sewers. The industrial wastewater from the Singapore refinery is discharged to these sewers. If necessary, they must be treated to specified standards before being discharged into a sewer.

Incidents of non-compliance concerning the health and safety requirements of products (entity-specific KPI), is an incident involving non-compliance with regulations resulting in a fine, penalty or warning. Incidents of non-compliance concerning the health and safety requirements of chemicals are reported according to the Neste management system. The metric is based on the definitions in GRI indicator 416-2. The KPI has not been validated separately by an external third party.

E4 Biodiversity and ecosystems

Material impacts, risks and opportunities

Neste has identified the following material impacts, risks and opportunities with regards to biodiversity:

Direct impact drivers of biodiversity loss		
Positive impacts	Upstream	For renewable products, the use of waste and residue raw materials can contribute to positive impacts for biodiversity in the upstream value chain. These short-term impacts include reduced pressures or dependencies on deforestation and other land conversion, as well as preventing pollution. Neste is constantly working to diversify its current portfolio with scalable new raw materials as well as to develop technologies enabling their use.
Negative impacts	Upstream	Neste's crude oil supply chain and sourcing of fossil utilities such as natural gas and hydrogen have material short- to medium-term implications for biodiversity and can lead to negative impacts to terrestrial and marine ecosystems, habitats, and species and soil and marine pollution.
Opportunities	Upstream	Neste continues to invest in R&D and take advantage of its ability to use difficult waste materials to increase the growth of its waste and residue value chain, thus further decreasing land use impacts from agriculture in the short-term. Opportunities to expand the raw material portfolio may lead to e.g. strengthened brand value and/or access to new markets.
Risks	Upstream	Companies are increasingly expected to ensure their raw materials are sourced responsibly. This means understanding the origin of these materials and their environmental impacts, such as deforestation. Failure to do so could harm Neste's reputation. The more stringent regulatory and market requirements towards the supply chains can also limit the availability of accepted raw materials and increase the costs of the raw material sourcing in the medium-term.

Neste's material biodiversity-related impacts arise from the upstream value chain. No material biodiversity-related negative impacts or negative effects on biodiversity-sensitive areas have been identified for Neste sites. The company's evaluation of the biodiversity status on its own sites indicates that it has some vulnerable species and habitats to protect on its land in Porvoo and Naantali, even though the land is for the most part not considered areas of high biodiversity value. Neste ended refinery operations at its Naantali oil refinery in 2021, and the refinery has been fully decommissioned. However, there are forest areas in the area of the former refinery in Naantali, which the company has voluntarily protected in accordance with national legislation. The protected area is three hectares of the total 300 hectares in Naantali. Material negative impacts in Neste's value chain are not related to land degradation, desertification and soil sealing.

Processes to identify biodiversity- and ecosystem-related impacts, risks and opportunities

Neste has increased its understanding of biodiversity-related risks and opportunities through holistic materiality analyses. These assessments have covered both transition- and systemic biodiversity risks and opportunities.

The initial Neste biodiversity impact and risk materiality assessment was conducted in 2021. Assessment consisted of in-house interviews focusing on evaluating anticipated magnitude, irreversibility, frequency and likelihood of impacts and risks. The approach is aligned with Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) recognized pressures on biodiversity and ecosystem change. Material topics were identified in Neste's supply chain, and included land use and land use change, fresh water use and water pollution. The materiality assessment and prioritization of the upstream and direct operations material

biodiversity impacts and risks continued in 2022 with the Science Based Targets Network (SBTN) methodology for nature and further in 2023-2024 within the SBTN initial validation pilot by assessing, interpreting and prioritizing impacts and dependencies for developing land and freshwater targets. Methodology includes screening of key biodiversity aspects and pressures based on ISIC sector related risk categories.

Engagement with SBTN and the materiality assessment tool used therein has helped Neste develop its understanding of the resilience of its business to biodiversity related risks. Based on the screening, Neste's upstream value chain was identified as material when considering biodiversity. Collaboration with the non-governmental organization (NGO) Fauna & Flora has supported Neste to gain local knowledge of its material supply chains.

The opportunities and dependencies assessments were further developed in the double materiality assessment process in line with ESRS requirements, including

transition and physical risks and opportunities related to biodiversity and ecosystems. Neste assessed and identified also impacts to or dependencies on ecosystems or ecosystem services. Neste continues to assess and refine its understanding of biodiversity risks and opportunities.

Neste's materiality assessments for biodiversity have been conducted with internal stakeholders and external biodiversity experts, including Fauna & Flora and SBTN. As described in the ESRS 2 General section of this report (see Stakeholder engagement and Double materiality assessment process), Neste engages with local communities, production site neighbors and other stakeholders to identify and mitigate biodiversity impacts in the value chain. Neste is participating in landscape initiatives in Brazil and in Indonesia, where collaboration with local communities has provided insights on biodiversity in Neste's upstream renewable value chain. Affected communities have not directly been involved in Neste's biodiversity materiality assessment.

The work done so far does not yet fulfill all ESRS requirements for a resilience analysis of Neste's business model to biodiversity-related transition and systemic risks.

Identified impacts, risks and opportunities

Neste's crude oil supply chain and the sourcing of natural gas can lead to implications for land and marine ecosystems, habitats and species, as described in the impact descriptions under E4 Biodiversity and ecosystems Material impacts, risks and opportunities -table. Neste aims to advance circular economy and resource efficiency for example through utilising waste and residue raw materials in the production of its renewable products. As a result, the demand for virgin materials could be decreased, alleviating the pressure on natural resources and reliance on crude oil and other fossil resources.

Neste undertook biodiversity baseline inventories at its Porvoo and Naantali sites in Finland between 2022 and 2023 to identify potential mitigation measures. Certain areas with moderate biodiversity values with potential for biodiversity impact mitigation were defined, based on national and European regulation.

Policies

Neste's key policies and principles concerning biodiversity are the **Sustainability Policy** and the **Neste Supplier Code of Conduct**. Additionally, the **Sustainability Principle, Responsible Sourcing Principle** and **Supplier Sustainability Approval Principle** set requirements for how biodiversity matters are considered in the company's upstream value chain and in its relationships with suppliers. The **Neste Code of Conduct** sets Neste's commitment on reducing environmental impacts, which includes strengthening the protection of biodiversity and high conservation value areas, promoting and supporting the resilience of their natural values as well as eliminating deforestation.

Neste Sustainability Policy includes promoting sustainable land and water use and minimizing pollution. **Neste Sustainability Principle** further defines what living up to these commitments means. Neste is

committed to protecting the natural environment in the areas where it operates, as well as the surrounding communities. The company continuously monitors environmental quality, including air, marine, and groundwater, and is committed to rectifying any potential environmental damage caused by its operations.

The Sustainability Principle also sets out Neste's commitment on biodiversity in its sourcing activities. Neste is committed to preventing deforestation in its supply chain. Neste avoids the conversion of habitats with valuable biodiversity for biomass production and encourages strengthening the protection of biodiversity and high conservation value areas. The company accepts only renewable raw materials that fulfill the regulatory requirements for traceability at minimum. The Sustainability Policy and Sustainability Principle are described more in detail in the [E1 Climate Change](#) -section of this report.

More detailed biodiversity requirements for Neste's renewable raw material suppliers are set out in the **Neste Responsible Sourcing Principle**. Neste expects its suppliers to share its commitment to promote positive impacts and prevent habitat conversion. Through its business activities and interventions, Neste works to eliminate deforestation and habitat conversion, as well as other environmental impacts. The Responsible Sourcing Principle covers the management of material biodiversity-related impacts, risks and opportunities related to the sourcing of renewable raw materials.

The Responsible Sourcing Principle prohibits sourcing from areas where feedstock production has adversely affected land use and habitat conversion of forested areas, wetlands, grasslands, and other natural ecosystems. The Responsible Sourcing Principle also contains requirements on community land rights and food security, sustainable land practices, direct impact drivers of biodiversity and impacts on ecosystem services, the extent and condition of ecosystems and the state of species.

All Neste's renewable raw material suppliers are approved in accordance with the **Neste Supplier Sustainability Approval Principle**, which outlines requirements relevant for the protection of biodiversity, such

as the traceability of renewable raw materials. The Principle and the outlined approach for sustainability due diligence supports the management and mitigation of Neste's material impacts and risks related to biodiversity in its renewable raw material value chain. The Principle is described in detail within the [G1 Business conduct](#) -section of this report.

In accordance with the Neste Supplier Code of Conduct, Neste's suppliers are encouraged to establish and implement procedures to minimize any adverse impact of its operations on the environment, while also demonstrating continuous improvements. Neste does not have a specific policy covering sustainable oceans practices in its value chain, but the Supplier Code of Conduct addresses environmental impacts, including impacts on oceans. The Supplier Code of Conduct contributes to the mitigation of Neste's material impacts and risks related to biodiversity and covers several factors that directly contribute to impacts on biodiversity, such as emissions to air and water.

General governance, including the highest level of accountability for policies, and stakeholder engagement related to policy implementation are described in the [ESRS 2 General disclosures](#) -section of this report.

Transition plan for biodiversity and ecosystems

All Neste's material biodiversity impacts, risks and opportunities are related to systemic green transition in society. The key strategic choice by Neste that addresses material impacts, risks and opportunities related to biodiversity is the growth in renewable and circular solutions, as well as the decision to gradually transform Porvoo oil refinery into a renewable and circular solutions refining hub. Neste continues to work toward increasing the availability of renewable and recycled raw materials, while developing technologies to diversify its current portfolio with new scalable raw materials.

Neste is also addressing its material biodiversity risks through landscape initiatives. These projects aim to prevent deforestation, develop sustainability awareness and drive structural change to promote forest conservation

in Neste's renewable raw material supply chain.

Neste has utilized the SDG Compass by the United Nations Global Compact to identify Sustainable Development Goals (SDGs) that are the most significant for the company. The company's work on biodiversity contributes to SDG 15 - Life on land - on protecting, restoring and promoting sustainable use of terrestrial ecosystems. In addition, Neste's sustainability vision contributes towards the Global Biodiversity Framework target 1 to reduce biodiversity loss. The EU Biodiversity Strategy goal of prioritizing renewable energy solutions favorable to biodiversity is promoted by Neste through the use of waste materials instead of crop-based raw materials.

Targets

As part of its sustainability vision, Neste aims to drive a positive impact on biodiversity and achieve a nature positive value chain by 2040. Neste is committed to develop its biodiversity approach and science-based methodology to assess, prioritize, mitigate and track impacts identified for land, water and pollution, in line with EU Corporate Sustainability Due Diligence Directive. This commitment supports the policy objectives of Neste Sustainability Policy, Responsible Sourcing Principle and Supplier Code of Conduct. Neste does not have separate measurable, time-bound and outcome-oriented targets specific to upstream material biodiversity impacts, risks and opportunities. Neste tracks the effectiveness of policies and actions through other relevant metrics and key performance indicators. These include for example, KPIs under the E1 Climate change and G1 Business conduct -sections of this report, which focus on the reduced reliance on fossil resources and driving environmental sustainability within the supply chain, respectively.

Actions and resources

Actions

To cover its biodiversity-related impacts, risks and opportunities in its upstream value chain, Neste works with suppliers to implement the Supplier Code of Conduct requirements. Neste's due diligence process for its suppliers are further described as part of the [G1 Business conduct](#) -section. The company has evaluated crude oil sourcing opportunities with the aim to reduce impacts to the environment and ensure suppliers have sufficient environmental policies and practices in place.

With Fauna & Flora, Neste continued in 2024 to develop and validate its biodiversity methodology. Through the SBTN validation pilot, key development areas for Neste's renewable supply chain were identified. Neste identifies which areas of its raw material supply chain to prioritize for action and pilot requirements for land targets.

Going forward, Neste will continue to assess biodiversity risks, prioritize material supply chains and develop impact mitigation activities e.g., through landscape engagement initiatives. Neste is developing action plans on land, water and pollution across the value chain.

Local and indigenous knowledge has not been directly incorporated in the actions reported above. Actions related to material upstream impacts, risks and opportunities do not include nature-based solutions. Scope of the actions is in the upstream value chain, especially focused on the sourcing of renewable raw materials. Neste expects current and planned actions to take place over the short, medium and long-term.

Expected outcomes

These actions are expected to mitigate biodiversity risks in Neste's supply chains, and eventually reduce impacts identified for land, water and pollution and enhance waste material utilization, in line with Neste's Sustainability Policy and other biodiversity and ecosystems-related policy commitments.

Resources to implement actions

Implementation of the actions reported above are not expected to require significant (> 50 MEUR) financial resources. Actions and resources related to Neste's climate targets and to reduce reliance on fossil fuels are described under [E1 Climate change](#).

Impact metrics related to biodiversity and ecosystems change

Neste follows key frameworks and engages in collaborations in developing impact metrics related to biodiversity. For example, Neste has been collaborating with Fauna & Flora and SBTN to develop a methodology for Neste.

E5 Resource use and circular economy

Material impacts, risks and opportunities

Neste has identified the following material risks and opportunities with regards to resource use and circular economy:

Resource inflows, including resource use

Opportunity	Upstream value chain	Circular economy and enhanced recovery and utilization of waste materials can increase the availability of new raw materials, for example by collecting and utilizing used cooking oil (UCO) and liquefied waste plastics (LWP). This presents a medium-term opportunity for Neste to strengthen sales volumes or reduce the costs associated with raw materials.
Risk	Upstream value chain	Price volatility of renewable waste and residue raw materials and recycled raw materials due to e.g. challenges in material availability, or competition within or outside of the industry. This poses a short-term risk for Neste, impacting raw material costs.

Considering E5 Resource use and circular economy, four aspects are relevant for Neste's strategy and business model: renewable and recycled raw materials, resource efficiency and environmental impacts in own operations, renewable and circular products and innovation and collaboration. Based on the double materiality assessment, upstream risks and opportunities related to renewable and recycled raw materials were deemed material for Neste.

- **Renewable and recycled raw materials:** Neste is committed to resource efficiency and circular economy practices, ensuring sustainable management of resources throughout its operations. Neste is constantly working to diversify its current portfolio with scalable new raw materials as well as to develop technologies enabling their use.
- **Resource efficiency and environmental impacts in own operations:** All sites operated by Neste are required to be aware of any significant environmental impacts related to their operations, including issues related to waste generation. Waste in Neste's own operations is handled by contracted third parties locally. Neste follows the local waste legislation in its operations and is also continuously seeking new opportunities to minimize the waste sent to landfill and find new waste recovery solutions.

- **Renewable and circular products:** Neste's renewable and circular solutions have significantly lower GHG emissions over the product life cycle when compared to fossil alternatives. Neste's renewable and circular solutions cater to the demanding needs of transportation, aviation, marine and other industrial uses, as well as the chemical and plastics industries.
- **Innovation and collaboration:** Innovation has enabled Neste's transformation from a local oil refining company towards global leadership in renewable and circular solutions. The focus of Neste's innovation work is about exploring new business opportunities around scalable future raw materials and related technologies. Neste collaborates with various stakeholders, including governments, industries, and academic institutions, to advance circular economy solutions and ensure the widespread adoption of sustainable practices. By leveraging advanced technologies and fostering partnerships, Neste is driving the transition towards a more sustainable and circular economy. Neste invests in research and development to enhance the sustainability of its products. In 2024, Neste's R&D expenditure was EUR 86 million in innovation, research and development, and testing raw materials and the technologies that could enable their use.

The above elements of Neste's strategy and business model support resilience with relation to the risks and opportunities identified regarding resource use and circularity.

Policies

The policies and principles described below are utilized to manage Neste's material risks and opportunities related to the use of renewable and recycled raw materials.

Through the **Neste Sustainability Policy**, Neste commits to using natural resources responsibly and actively working towards a more sustainable resource and energy-efficient value chain by providing solutions taking advantage of waste and residue raw materials and contributing to a circular economy. In the related **Sustainability Principle**, Neste sets out relevant requirements for the sustainable sourcing and use of renewable resources, in alignment with relevant regulatory requirements. More detailed information regarding the Sustainability Policy and Principle is available under the [E1 Climate change](#) -section.

Neste's key principles relating to the sustainability of its renewable raw material supply chains are the **Neste Supplier Code of Conduct** and the **Responsible Sourcing Principle**. Additionally, The **Supplier Sustainability Approval Principle** sets the minimum

sustainability requirements for approving renewable raw material suppliers. The Supplier Code of Conduct, applicable for all Neste's raw material suppliers, and the Supplier Sustainability Approval Principle are described more in detail under [G1 Business Conduct](#).

In addition to the Supplier Code of Conduct, renewable raw material suppliers need to comply with **Neste's Responsible Sourcing Principle**. Neste expects its suppliers to have the same commitment to promote positive impacts and to prevent habitat conversion throughout its supply chain. Neste works to eliminate deforestation, habitat conversion, and other social and environment negative impacts. The Responsible Sourcing Principle is aligned with relevant regulatory requirements, such as the EU RED II and the US Renewable Fuels Standard (RFS), and the UN Guiding Principles on Business and Human Rights.

Neste monitors the implementation of these principles through rigorous sustainability due diligence, as described in the [G1 Business Conduct](#) -section. General governance, including the highest level of accountability for the policy, and stakeholder engagement related to policy implementation are described in the [ESRS 2 General disclosures](#) -section of this report.

Targets

To address the material risks and opportunities related to resource use and circular economy, Neste continues to strengthen and expand its raw materials portfolio and global sourcing capabilities. Neste does not have separate measurable, time-bound and outcome-oriented targets in place for the material risks and opportunities related to resource use and circular economy but does nevertheless track the effectiveness of its policies and actions as described in the section below.

Actions and resources

Actions

Neste's main actions related to resource use and circular economy are producing renewable and circular solutions and investing in research and development.

These actions span over the short-, medium and long term and are further described below.

- Explore new markets and sourcing capabilities globally: Neste continues to work towards increasing the availability of renewable and recycled raw materials. The company sources renewable raw materials globally for its renewables refineries in Finland, the Netherlands and Singapore, and for its joint operation in California in the U.S.
- Developing technologies to diversify raw material portfolio: Neste develops technologies to diversify the raw materials portfolio with new scalable raw materials. Neste has also invested in technologies for chemical recycling, which will enable the conversion of hard-to-recycle plastic waste into high-quality feedstock for new plastics.
- Expanding raw material portfolio e.g. through R&D and innovation: Neste continuously searches for even lower-quality waste and residues for use in the production of fuels, polymers and chemicals. Neste is also exploring novel vegetable oils from regenerative agricultural practices. In the long term, e.g., renewable hydrogen and lignocellulosic waste and residues can be viable more sustainable raw material alternatives.

- Continuous development in supplier relationships: Neste expects all its business partners and suppliers to uphold the company's policies and principles, including the Neste Supplier Code of Conduct, which is a key element of its supplier management system.

To align with the material risks and opportunities identified, the scope of the actions is especially focused on the company's upstream value chain and the use of renewable (particularly waste and residue) and recycled raw materials. These activities do not include remediation actions.

Expected outcomes

By implementing these actions, Neste aims to manage the identified material risks and opportunities related to the use of renewable (particularly waste and residue) and recycled raw materials. The actions are also related to the implementation of the objectives in Neste's Sustainability Policy on providing solutions taking advantage of waste and residue raw materials and contributing to a circular economy.

Resources to implement actions

Implementation of the actions listed above are expected to require significant (>50 MEUR) financial resources. Implementation of these actions may be subject to individual investment decisions and depend on various factors, including external drivers such as market development and supportive policy environment.

Metrics

Resource inflows

	2024
Overall total weight of products and technical and biological materials used during the reporting period, tons	15,285,000
Biological materials, %	25
The absolute weight of secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture Neste's products and services, tons	2,000
Secondary reused or recycled components, secondary intermediary products and secondary materials used to manufacture Neste's products and services, %	0

Reporting principles

The following materials are included in the resource inflow metric:

- Total weight of renewable and fossil raw materials used in production, including co-processed volumes;
- Purchased hydrogen used in production;
- Natural gas used in production;
- Recycled (liquefied waste plastic) raw materials used for production;
- Ethanol used in production;
- Propane used in production (purchased externally);
- Raw materials used for blending.

The metrics described above have not been validated separately by an external third party. Neste's material risks and opportunities related to resource inflows are

linked to the use of biological materials, which include renewable raw materials used by Neste, and recycled raw materials, which includes the use of liquefied waste plastics in production. Neste uses only sustainably-produced renewable raw materials that fully meet the sustainability requirements specified in the legislation in its key markets. Neste further addresses sustainability in its renewable fuel production chain through certifications such as European Commission-approved voluntary schemes like ISCC EU and national verification schemes. All Neste renewable product refineries have EU-compliant International Sustainability and Carbon Certification (ISCC) certificates. The data for resource inflows metrics are collected directly from Neste's internal source systems.

Social information

S1 Own workforce

Material impacts, risks and opportunities

Neste has identified the following material impacts, risks and opportunities with regards to own workforce:

Working conditions: Health and safety		
Negative impact	Own operations	Neste's own employees' health and safety could be directly impacted in the short-term due to hazardous processes in the company's operations.
Risk	Own operations	Workplace injuries and/or ill-health of Neste's employees can represent a short-term risk for the company. Injuries, sick leave costs, and potential safety related process shutdowns could lead to various financial effects from one-off costs to prolonged production disruptions.
Opportunity	Own operations	With a robust safety management system Neste aims to prevent injuries, reduce sick leaves and downtimes caused by incidents and accidents. Neste aims to implement preventive measures for health and safety hazards.

Safety is a precondition for sustainable business at Neste. Ensuring and improving safety and operational excellence enables Neste to achieve its safety vision of "No Harm. Together". Safety is an integral part of Neste's values and culture in creating a psychologically safe and open working environment. Material risks and opportunities related to employee safety arise from dependencies on Neste's workforce. Ensuring a robust safety management system can enable Neste to prevent and reduce negative impacts on employees working at the company's refineries and sites. Safety awareness and understanding of hazards, risks and opportunities enables managing safety systematically and effectively. All Neste's own employees are included in the scope of disclosure in this report.

Material negative impacts related to the health and safety of Neste's employees may affect its employees working on production sites, in commercial operations or in construction and maintenance projects. Impacts related to health and safety can range from individual cases to more widespread or systemic cases. Neste operates in a high-hazard industry and systematic safety management is key in safeguarding individuals and the environment, as well as protecting the company's operations, assets, information and brand from any harm and

negative impact. Workplace assessments and regular safety reporting support Neste in developing an understanding of the material negative impacts that may affect its employees.

Policies

Working conditions

The following policies, principles and management systems are in place at Neste to address impacts, risks and opportunities related its own workforce, i.e. own employees' health and safety, workplace injury and/or ill-health:

Neste People Policy provides a framework for Neste's people processes and practices to support executing company strategy and improve the business performance. Neste's values – we care, we have courage, we cooperate – create the foundation for a values-led culture, inclusive leadership and ways of working. The Policy also outlines Neste's commitment to a safe and healthy workplace. The Policy is applicable to the whole Neste Group. A summary of the Policy is available on the Neste website, while the Policy as a whole is available internally in the Neste Management System.

Neste Operations Excellence Policy and Operations Excellence Management System

The foundations of safety excellence and continuous improvement are defined by **Neste's Operations Excellence Policy** and **Operations Excellence Management System (OEMS)**. OEMS includes Operations Excellence Policy, Principles and supplementary detailed Standards. The requirements of the OEMS are applicable to all employees of Neste and to anyone working for or representing any business entity within the Neste Group. The objectives of Operations Excellence at Neste are to:

- Prevent fatalities, injuries, and incidents;
- Ensure effective safeguards that protect people, the environment, and property;
- Assure employee and contractor health and wellbeing;
- Manage product compliance and chemical safety hazards;
- Sustain asset integrity and reliable operations;
- Optimize resource and energy use;
- Ensure product and service quality meets customer needs;
- Comply with laws, regulations, and permits; and
- Drive continuous improvement in OEMS implementation.

The Neste OEMS is based on the principles of continual improvement and process-based thinking and aligned with ISO Standards 9001, 14001 and 45001. The leadership teams of Neste's business areas and functions are responsible for executing the requirements of the Policy in daily operations and the implementation of the Policy is monitored through on-site OEMS audits within the company's operations. Neste organizations in scope of the OEMS are covered by an internal audit specified in the company's Continual Improvement Principle. This means that each Principle (element) is covered by an internal audit every three years. The Policy is available publicly on Neste's website, while detailed Principles and Standards are available internally in the Neste Management System. The Policy covers impacts, risks and opportunities related to employee safety, and defines Neste's approach to the prevention of accidents at the workplace.

The Safety Leadership Principle sets the minimum requirements and expectations for safety leadership and accountability within Neste. The Principle includes Neste's Life Saving Rules and Stop Work Authority and covers impacts, risks and opportunities

related to employee safety. The Principle is applicable to all employees of Neste and to anyone working for or representing any business entity within the Neste Group. It is available internally in the Neste Management System. Members of the Neste Leadership team are responsible for overseeing the implementation of the Safety Leadership Principle in business areas and functions, where relevant.

Human Rights

Neste Human Rights Principle describes Neste's commitment to respect human rights and engage in the remediation of adverse human rights impacts throughout its business operations and value chains. As stated in the Principle, Neste demonstrates and meets this commitment by implementing, and acting in accordance with, the United Nations Guiding Principles on Business and Human Rights (UNGPs) and OECD Guidelines for Multinational Enterprises. Neste respects internationally recognized human rights as set out in the International Bill of Human Rights (consisting of the Universal Declaration of Human Rights, the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights) and the principles concerning fundamental rights set out in the ILO Declaration on Fundamental Principles and Rights at Work.

The Human Rights Principle explains how Neste implements an ongoing process of human rights due diligence to identify, prevent, mitigate and account for how it addresses adverse human rights impacts on people. This covers actual and potential human rights impacts that Neste may cause or contribute to through its own activities, or which may be directly linked to its business operations, products or services. The Principle outlines seven priority areas for human rights at Neste: Fair Employment, Health & Safety, Equity, Diversity & Non-Discrimination, Children & Young Workers, Modern Slavery, Fair Treatment, and Economic, Social & Cultural Rights.

Stakeholder engagement is a key component of Neste's human rights due diligence activities. Neste implements stakeholder engagement as an ongoing process of interaction and dialogue with its affected stakeholders, including its own employees, employees of contractors and service providers, supply chain workers, communities and customers. The Human Rights Principle also outlines Neste's approach to remediating adverse impacts. Neste provides access to appropriate and effective remedy by making efficient grievance mechanisms available. Where Neste identifies that it has caused or contributed to adverse impacts, Neste provides for or cooperates in remediation through legitimate processes intended to deliver remedy. Where adverse impacts have occurred that Neste has not caused or contributed to, but which are directly linked to Neste's activities through its business relationships, Neste seeks to use its leverage to prevent or mitigate the risk of the impacts continuing or recurring.

The Human Rights Principle explicitly addresses trafficking in human beings, forced labour or compulsory labour and child labour. It also specifically addresses discrimination and harassment, and the promotion of equal opportunities and other ways to advance diversity and inclusion. The Human Rights Principle prohibits discrimination on the basis of any grounds, including race, ethnicity, age, gender, gender identity, sex, sexual orientation, disability, medical condition, genetic information, color, religion, country of origin, nationality, ancestry, caste, marital status, pregnancy, dependants, social class, role, union membership, political views or any other characteristic protected by local law or regulation. This applies to all areas of employment. The Neste Human Rights Principle applies to the entire Neste group and is publicly available on Neste's website.

Major updates to the Human Rights Principle are informed by extensive consultation with both internal and external stakeholders. During the external consultation process, Neste seeks recommendations for improvements from a range of recognized topic experts, such as human rights NGOs, government representatives and trade union experts. Internally consultation and

feedback is gathered broadly with for example Sustainability, Human Resources, Safety, Public Affairs, Compliance and Legal.

General governance, including the highest level of accountability for policies, and stakeholder engagement related to policy implementation are described in the [ESRS 2 General disclosures](#) -section of this report.

Processes for engaging with own workers and workers' representatives

Continuous engagement and communication ensures information sharing with and consultation of employees at Neste. Neste conducts global employee engagement surveys annually to understand how the company's operations impact its employees and what expectations employees have on Neste. The surveys engage employees directly on a range of topics, like, engagement, strategy, belonging, leadership, wellbeing and safety. The global employee engagement survey results are regularly discussed, and both measures and action plans are agreed and followed within teams at each level of the organization. The effectiveness of the defined actions is evaluated e.g. based on the employee engagement score in the next conducted survey. The EVP, People & Culture is responsible for ensuring these engagement activities take place at Neste.

At a local level, employee cooperation is driven by local requirements in each country of operation. Neste is committed to following applicable local collective agreements. Neste also has local cooperation bodies; In 2024, there is a cooperation committee or works council in Finland, the Netherlands and Singapore.

Neste's Safety Leadership Principle sets requirements for engaging the workforce in occupational health and safety issues, development of work practices, investigation of incidents and risk assessments throughout Neste globally. Neste conducts OEMS audits to follow the fulfilment of requirements and evaluate the effectiveness of the processes and management system. The President and CEO and members of the Neste Leadership Team are responsible for overseeing the implementation of the Safety Leadership Principle in business areas and functions, where relevant.

Safety topics are further discussed in team safety discussions, with the purpose of enabling sharing of knowledge and experience and learning directly between team members. Team leaders are accountable for ensuring that team safety discussions are held regularly, and target frequency and amount of team safety discussion are defined on the organization-level. Feedback from the team safety discussions is used to improve safety management and culture in the organization.

Processes to remediate negative impacts and channels for own workers to raise concerns

Grievance channel

Neste provides mechanisms for employees to express concerns or grievances without fear of retaliation, and is committed to addressing issues fairly, confidentially and promptly. Neste's process for reporting and handling grievances is described more in detail under the [G1 Business Conduct](#) -chapter. Adverse impacts are remediated by providing and promoting access to grievance mechanisms and complaints channels, and by cooperating in the remediation of the adverse impacts that Neste has caused or contributed to.

Remediation process for material negative impacts related to employee safety

In addition to general grievance channels, **Neste's Hazard Identification, Risk Assessment and Control Principle** includes processes, Standards and Work Procedures for workers to identify, assess and control workplace hazards. Key common requirements include process hazard analysis, process risk classification, process safety information and work risk management. Neste applies the hierarchy of controls to guide hazard elimination and control. All Neste's employees and contractors have the license to use the Stop Work Authority which authorizes anyone to stop work and remove personnel from hazardous situations.

Neste's OEMS also includes **Emergency Management and Crisis Management Principles**. The purpose of these principles is to ensure sufficient capability

exists in Neste's businesses to be able to detect and effectively respond to emergent situations which have the potential to impact health and safety of workers and the environment. Neste's businesses are expected to meet the requirements of these principles to ensure this capability is in place.

Neste's OEMS Incident Learning Standard underpins the process by which workers can report hazardous situations, engage in incident learning and identify improvement actions. When a safety incident or near miss is reported, relevant corrective actions are defined and executed and the effectiveness of these actions is followed up in the responsible organization. OEMS audits are also used to assess the effectiveness of safety processes within Neste.

Targets

Neste's safety targets contribute to the safety-related commitments set out in the Operations Excellence policy, Safety Leadership Principle and People policy.

Neste's safety targets have been set in line with Neste's safety vision "No harm. Together", Neste's Operations Excellence Policy, Neste Safety Leadership Principle and industry best-practices to ensure minimal harm to the company's own workforce. The targets are continuous and compared to the company's performance in the previous year. Key performance indicators on total fatalities and total recordable injuries (TRIF) are in accordance with ESRS metrics, while Process Safety Event (PSER) is an entity-specific KPI.

Neste engages in a dialogue with its own workforce to share the safety vision through for example, I Act Safe workshops. Neste incorporates changes as needed, including changing safety targets, tracking performance and identifying lessons or improvements as a result of performance.

Progress in targets

In 2024, Neste's occupational safety performance (TRIF) 2.2 did not meet the target level (1.8). Process safety performance (PSER) was 1.3, which also did not meet the target level (0.9). Improvements were achieved in

TRIF which reduced from 2.3 in 2023 to 2.2, while process safety performance was behind 2023 performance where PSER was 1.2. Neste's safety performance and performance in targets is reviewed monthly, including at Neste Leadership Team and at every Board of Directors meeting.

Actions and resources

Actions

Neste's process for identifying and addressing health and safety matters is in line with its safety vision. Neste's Safety Leadership Principle outlines the expectations and accountabilities for safety leadership across all employees and anyone working for the company. The foundation of safety excellence and continual improvement is defined by Neste's OEMS, which includes Operations Excellence Principles and supplementary detailed standards. The requirements extend not only to the company's employees but also to its suppliers and partners.

Key actions around safety of own workforce are in line with Neste Operations Excellence Policy:

- Continual improvement of the maturity of Neste's Operations Excellence Management System:** This activity is aimed at establishing high impact safety improvement programs in Neste's businesses. Key initiatives include conducting safety workshops and enhancing safety leadership and culture through training. In addition, Neste aims to improve process safety, through the design and construction of safe facilities, operations, life cycle asset management and regular inspections. Neste Process Safety Fundamentals (PSF), a learning resource with best practices for enhancing process safety understanding among frontline workers in their daily tasks, are also being implemented.

- Safety included in prioritised maintenance OpEx and CapEx:** Incorporating safety into projects such as investments, change initiatives, and turnarounds remained Neste's focus in 2024. Neste places significant emphasis on

Neste's targets related to health and safety of own workforce

Targets	Key performance indicator	Performance and progress in 2024 ¹⁾
Permanent annual safety target of zero fatalities and serious accidents in own operations.	Total fatalities, own employees	0 fatalities
Long term target to continuously reduce the risk of all accidents and increase the number of Safe Days in own operations.	Process Safety Event Rate (PSER) in own operations ²⁾	1.3
	Total recordable injury frequency (TRIF) in own operations ²⁾	2.2

¹⁾ Excludes green-field expansion projects where Neste is not responsible for the construction site.

²⁾ Includes contractors working on Neste's sites.

organizational learning to ensure its success in this area. Additionally, strengthening safety protocols, improving hazard identification and risk assessment processes are part of these actions.

- Prevention of fatalities and serious incidents:** Neste's Life Saving Rules serve as guidance for preventing fatal and life-changing injuries and incidents, empowering everyone with the authority, as well as the responsibility, to stop work when necessary to ensure their own or others' safety. Neste also conducts comprehensive safety training through Neste's Process Safety Fundamentals and I Act Safe workshops.

These actions are continuous and part of Neste's daily operations and practices. Action areas are developed in line with Operations Excellence Policy. Furthermore, it is ensured that the above practices do not cause or contribute to any further impacts on Neste's own workforce. These initiatives are focused on Neste's own workforce, with some additional initiatives aimed at contractors and value chain workers. The effectiveness of the safety processes at Neste is followed through regular monitoring of the safety performance in the organization and OEMS audits in Neste's own operations.

Expected outcomes

These activities are expected to lead to an enduring culture for safety and effective control of hazards and risks. Through these actions, Neste can improve the proactive identification and mitigation of workplace hazards, and reduce the incidence of injuries. The progress and effectiveness in the actions is monitored through Neste's targets described above (TRIF, PSER).

Resources to implement actions

Safety-related investments are part of prioritized maintenance operational or capital expenditures to ensure safety and operational reliability. Future financial resources allocated to safety and actions listed above may be subject to individual investment decisions and depend on various internal and external factors.

Metrics

Characteristics of Neste's employees

Headcount by gender

Gender	2024
Male	3,830
Female	1,744
Total employees	5,574

Headcount by Neste's main countries

Country	2024
Finland	3,439
United States (USA)	870
The Netherlands	511
Singapore	451
Others	303
Total	5,574

Headcount by contract type, broken down by gender in 2024

	Female	Male	Total
Number of employees	1,744	3,830	5,574
Number of permanent employees	1,641	3,294	4,935
Number of temporary employees	36	55	91
Number of non-guaranteed hours employees	67	481	548
Number of full-time employees	1,648	3,733	5,381
Number of part-time employees	96	97	193

Headcount by contract type, broken down by region in 2024

	Europe	Americas	Asia-Pacific	Total
Number of employees	4,203	878	493	5,574
Number of permanent employees	4,062	385	488	4,935
Number of temporary employees	86	0	5	91
Number of non-guaranteed hours employees	55	493 ¹⁾	0	548
Number of full-time employees	4,010	878	493	5,381
Number of part-time employees	193	0	0	193

¹⁾ US: Based on local legislation, no contractual obligation exists to offer the employees specified under this group a minimum or fixed number of working hours per day, week, or month. However, in practice, employees specified under this group have typically worked full-time hours in 2024.

The total number and rate of employees who have left Neste during the reporting period

	2024
The total number of employees who have left the Neste during the reporting period	1,184
The rate of employee turnover in the reporting period, %	21.2

Health and safety

Health and safety	2024
Percentage of people in own workforce who are covered by health and safety management system	100%
Number of fatalities in own workforce as result of work-related injuries	0
Number of fatalities in own workforce as result of work-related ill health	0
Number of fatalities in own workforce as result of work-related injuries and work-related ill health	0
Number of fatalities as result of work-related injuries of other workers working on Neste's sites	0
Number of fatalities as result of work-related ill health of other workers working on Neste's sites	0
Number of fatalities as result of work-related injuries and work-related ill health of other workers working on Neste's sites	0
Number of recordable work-related accidents for own workforce ¹⁾	29
Rate of recordable work-related accidents for own workforce ¹⁾	2.8

¹⁾ Excludes green-field expansion projects where Neste is not responsible for the construction site.

Reporting principles

Headcount: The reported headcount reflects the end of the reporting period (31.12.2024) and includes all Neste employees. The headcount typically increases during the summer months due to the summer trainees. The total headcount compared to previous year has decreased due to organizational change and related change negotiations. Note 8 Employee benefit costs in the Consolidated Financial statements includes the number of personnel in the reporting year. The number in the Financial statements is reported as an average and does not include temporary hourly workers.

Neste does not disclose employee figures for the categories 'Other' and 'Not reported' in the Headcount by gender table. The main countries presented in the Headcount by Neste's main countries breakdown include countries where Neste has employees representing at least 10% of its total number of employees, and countries where Neste has production capacity.

The rate of employee turnover includes the number of permanent employees who have resigned or left due to dismissal, retirement, death or mutual consent divided by number of permanent employees (incl. non-guaranteed hours permanent employees in the US) at the end of the reporting period.

Safety

Workplace accidents are those accidents that occur at work or while performing work duties. Total Recordable Injuries (TRI) includes the recorded accidents at work which result in absence from work, restriction to work, medical treatment or fatality. Reported fatalities include workplace accidents or accidents during work-related travel causing an injury resulting in death within one year of the day of the accident.

Total Recordable Injury Frequency (TRIF): The formula for calculating accident frequency (number of accidents at work per million working hours): total number of accidents at work × 1,000,000 / hours worked. Neste's entity specific KPI for TRIF includes contractors working on Neste's sites, while ESRS-metrics related to health and safety refer to Neste's own employees.

Process Safety Event Rate (PSER) is the rate of process safety events per million hours worked. It includes PSE1 and PSE 2 cases in Neste's own operations.

PSE1 (Process Safety Event) is an unplanned and uncontrolled release of any material, including non-toxic and non-flammable materials, from a process resulting in a consequence according to the PSE1 classification. Possible consequences:

- Injury leading to absence (LWI, RWI) or fatality.
- A hospital admission and/or fatality of a third party.
- Fires or explosions with direct costs (excluding loss of production) higher than EUR 100,000.
- An officially declared community evacuation or community shelter-in-place, including precautionary community evacuation or community shelter-in-place.
- An unignited release of material greater than or equal to the threshold quantities described in the American Petroleum Institute (API) Recommended Practice (RP) 754 Table 1, in any 1-hour period.
- Pressure relief discharge / upset emission to atmosphere that exceeds the PSE1 threshold value and has one or more of these consequences: Rainout; Discharge to a potentially unsafe location; An on-site shelter-in-place or on-site evacuation, excluding precautionary on-site shelter-in-place or on-site evacuation; Public protective measures, including precautionary public protective measures.

PSE2 (Process Safety Event) is an unplanned and uncontrolled release of any material, including nontoxic and non-flammable materials from a process, resulting in consequences according to the PSE2 classification. Possible consequences:

- Workplace accident requiring medical treatment (MTC).
- Fires or explosions with direct costs (excluding loss of production) higher than EUR 2,500.
- An unignited release of material greater than or equal to the threshold quantities described in API RP 754 Table 1, in any 1-hour period.
- Pressure relief discharge / upset emission to atmosphere that exceeds the PSE2 threshold value and has one or more of these consequences: Rainout; Discharge to a potentially unsafe location; An on-site shelter-in-place or on-site evacuation, excluding precautionary on-site shelter-in-place or on-site evacuation; Public protective measures, including precautionary public protective measures.

All incident and near miss cases are recorded in Synergi as per the Incident Learning standard and related instructions. If these cases are related to the process safety, they will get PSE classification in Synergi. Cases with PSE1 and PSE2 classification are taken into account in determining the PSER value.

Hours worked: The hours worked by the whole personnel and contractors during the period under review. When recording the working hours of contractors, an estimate (e.g. accounting hours) can be used if the accurate number of hours is not known.

The metrics related to own workforce described above have not been validated separately by an external third party.

S2 Workers in the value chain

Material impacts, risks and opportunities

Neste has identified the following material impact with regards to workers in the value chain:

Other work-related rights: Forced labor

Negative impacts	Upstream value chain	Forced labor in the value chain can severely impact workers by harming their physical and mental health, restricting their freedom, eroding their dignity, and depriving them of basic human rights. Value chain workers at risk of forced labor include workers in Neste's upstream supply chains for renewable raw materials, and third-party workers carrying out construction and maintenance activities at Neste's refineries. Migrant workers are a particularly vulnerable group. Neste's core business model and strategy is not assessed as being a direct cause of forced labor, yet Neste is exposed to forced labor risks through its business relationships, particularly in high risk geographies and sectors where forced labor is a systemic issue. These systemic issues present long-term, ongoing risks that necessitate continuous mitigation efforts.
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Neste has proactively adapted its actions to ensure effective modern slavery risk mitigation. Neste uses a bespoke, industry leading, country risk assessment methodology from Verisk Maplecroft to map modern slavery risks for the countries in which the company operates and has supply chains. Neste implements rigorous human rights due diligence measures, such as risk assessments, supplier onboarding surveys, on-the-ground sustainability audits, and audiovisual worker voice surveys. Additionally, the company actively participates in multi-stakeholder coalitions to collectively address and combat these structural issues within its supply chains.

While Neste acknowledges that modern slavery can be found in all countries and industries, the company has identified its renewable products supply chains in the palm oil sector ¹⁾ in Southeast Asia as having the highest risks for child, forced and indebted labor, with migrant workers being particularly vulnerable to negative impacts in these supply chains. As detailed in Neste's modern slavery statements, this is based on the results of a third-party corporate-wide human rights impact assessment by BSR on Neste's business and value chains (2016); social and labor studies on the ground in Indonesia and Malaysia (2015–2016); supplier engagement activities (2015–2024); findings from sustainability

audits (2017–2024); an ethical recruitment survey of the company's Malaysian palm suppliers (2020); collaboration in various multi-stakeholder initiatives (2016–2024), and ongoing work to map the company's supply chains and assess human rights risks by sector and geography. Based on the assessments, these forced labor risks are systemic, pre-existing structural issues in the palm industry in Southeast Asia, and not caused through Neste's business model or strategy.

In its own operations, Neste has identified construction and maintenance projects at its refineries in Singapore, Rotterdam and Porvoo as being high risk for exploitative practices and forced labor. During such projects, large numbers of third-party construction and maintenance workers temporarily work onsite at Neste's refineries, with numbers peaking during refinery shutdowns, turnarounds and expansion projects. This includes third-party migrant workers who may not be familiar with the local working language, culture, labor standards or legal requirements, which makes them more vulnerable to becoming victims of labor exploitation.

Recognizing these risks and understanding that exploitation is systemic in the construction industry, Neste has proactively adapted its sustainability work to safeguard the rights of third-party and migrant workers on its sites.

Policies

The following policies and principles within Neste cover the management of material impacts related to forced labor in Neste's upstream value chain:

The **Neste Code of Conduct** applies to the entire Neste Group and contains the key human rights requirements and expectations with which all Neste employees are to comply in their daily work. The Code of Conduct is described more in detail in the [G1 Business conduct](#) section.

Neste's minimum human rights requirements for suppliers are outlined in the **Supplier Code of Conduct**, which references the Universal Declaration of Human Rights and ILO Fundamental Principles and Rights at Work. The Supplier Code of Conduct prohibits child labor and all forms of forced and compulsory labor. It also explicitly requires that all Neste suppliers ensure any recruitment fees and associated costs are not borne by their workers, and that all employees are made aware of the key terms of their employment prior to commitment to work. These requirements are aimed at reducing the risk of precarious work, in combination with minimum requirements for suppliers to ensure a safe and secure workplace and comply with local labor laws. Human trafficking is included under Neste's definition of forced labor, as explained in Neste's supplementary Supplier

Code of Conduct Guide for Suppliers. The supplementary guide also provides further references to specific applicable ILO standards, such as the ILO Minimum Age Convention, 1973 (No. 138). The Supplier Code of Conduct is described in more detail in the [G1 Business conduct](#) section.

The **Neste Human Rights Principle** describes Neste's commitment to respect human rights and engage in the remediation of adverse human rights impacts throughout its business operations and value chains. It explains Neste's approach to implementing the UN Guiding Principles on Business and Human Rights and carrying out ongoing human rights due diligence and stakeholder engagement. The Human Rights Principle sets the standards for a rights-based approach in all of Neste's business decisions. As stated in the Principle, Neste encourages and supports its business partners to continually improve and develop beyond the minimum requirements in the Supplier Code of Conduct to reach the human rights standards and expectations set out in the Human Rights Principle.

In accordance with the Human Rights Principle, Neste will not engage in or support the use of any form of forced or child labor, and is committed to identify, assess and address these risks in its global operations and value chains. This includes all situations of exploitation that a

¹⁾ Neste does not source crude palm oil but uses different palm oil industry residues in the production of renewable fuels.

person cannot refuse or leave, because of threats, violence, coercion, abuse of power or deception, including, but not limited to trafficking in persons, slavery, servitude, forced marriage, forced labor, compulsory labor, debt bondage, involuntary prison labor, deceptive recruiting for labor or services, and child labor. The Principle also prohibits practices that can lead to forced labor such as document retention, recruitment fees, deceptive practices regarding employment contracts and violations of freedom of movement. The Human Rights Principle is described in more detail in the [S1 Own Workforce](#) -section.

The **Responsible Sourcing Principle** sets out additional requirements for all Neste's renewable raw material suppliers. The Principle includes Neste's commitment to respect the human rights of all workers and communities in its supply base. Neste is committed to proactively prevent adverse human rights impacts throughout its business operations and value chains.

Neste communicates about the above policies on forced labor in various ways, including, for example making policies available on Neste's public website in various languages, implementing mandatory e-learning on policies for Neste employees, and providing training workshops for contractors, suppliers and sub-suppliers.

General governance, including the highest level of accountability for policies, and stakeholder engagement related to policy implementation are described in the [ESRS 2 General disclosures](#) -section of this report.

Processes

Neste conducts ongoing human rights due diligence in its operations and supply chains to identify, prevent, mitigate and, where necessary, remediate the occurrence of forced and child labor. Human rights due diligence refers to an ongoing risk management process and activities carried out to identify, prevent, mitigate and/or remedy human rights risks, such as developing internal processes, carrying out impact assessments, risk mapping and gap assessments. Due diligence activities may be carried out internally by Neste and/or by credible third party experts on Neste's behalf.

In addition, Neste has a sustainability due diligence process in place for renewable, recycled and fossil raw material suppliers. Forced labor risks, as well as potential incidents are monitored as part of the due diligence process. Neste has put in place ongoing management processes to identify, prevent, mitigate and remedy adverse human rights impacts. The company continuously monitors and tracks the effectiveness of its response, with transparent reporting and communication on how impacts are addressed. Neste's Sustainability unit has the operational responsibility for ensuring Neste's ongoing human rights due diligence and the related stakeholder engagement mechanisms.

Processes for engaging with value chain workers about impacts

Stakeholder engagement, including engagement with workers in the value chain, is a key component of Neste's human rights due diligence. Neste implements stakeholder engagement as an ongoing process of interaction and dialogue with its affected stakeholders in order to hear, understand and respond to their interests and concerns, including through collaborative approaches. Neste takes a proactive approach in identifying affected and potentially affected stakeholders, and the best ways to engage with them or their legitimate representatives, paying special attention to individuals and groups who may be particularly vulnerable to adverse impacts.

Neste seeks to engage with potentially affected groups early on and before decisions are made, not only when a decision is imminent or a situation is already escalating. Neste seeks to take the perspectives of affected stakeholders into account in its decision-making, and in designing prevention, mitigation and remediation actions to address adverse human rights impacts. Neste takes steps to design stakeholder engagement processes that are inclusive, participatory, accessible, transparent, credible, culturally-appropriate, context-specific and gender sensitive. When assessing human rights risks, the company pays special attention to vulnerable groups such as women, children, migrant workers and Indigenous peoples.

Neste engages with value chain workers both directly and through representatives. Examples include:

- **Audiovisual worker voice technology:** Neste has implemented worker voice technology to scale up the number of workers the company engages with in its operations and value chains, and to improve the company's overall understanding of workers' experiences. The technology uses an audiovisual survey to enable direct and anonymous engagement with workers via mobile devices. The surveys are designed to be easily accessible for illiterate workers, can be taken in their mother-tongue language, and function even in remote regions without internet access, allowing Neste to engage with even the most vulnerable groups of workers. The technology is used on an ongoing basis throughout the year across Neste's global sourcing regions. The worker voice surveys provide direct insights from value chain workers on a range of topics including but not limited to indicators of forced labor, recruitment fees, children's rights, living wages, inequality, living standards, and issues impacting vulnerable groups such as young workers, migrant workers, women and workers with disabilities. The insights gathered through these engagements inform the annual human rights saliency assessment, which underpins Neste's human rights policies, and approach to risk mitigation.
- **Sustainability audits:** Neste's sustainability audits prioritize the assessment of impacts on people and identifying any signs of forced labor. The audits in the company's upstream supply chains for renewable raw materials include one-on-one interviews with different employee groups, including management, workers with different job profiles, third-party employees and, when possible, union or worker's committee representatives.

- **Human rights impact assessments:** Neste assesses human rights risks when planning to enter new sourcing regions for its renewable raw materials. This can involve on-the-ground field research and interviews with rights-holders and/or their legitimate representatives. For example, in 2023-24, Neste collaborated with third-party experts at the Solidaridad Foundation to assess the human rights impacts associated with its Brazilian supply chains. The assessment included gender-sensitive interviews with various groups, including representatives of value chain workers and Indigenous peoples.
- **Engaging with third-party workers on Neste sites:** Neste engages actively with third-party workers at its refineries through a variety of practices designed to ensure open communication and support. The company prioritizes educating third-party workers on their labor rights during site-entry-permit inductions and social toolbox meetings. These sessions provide a safe space for two-way conversations, allowing workers to voice concerns and discuss social issues directly with Neste representatives. In addition, Neste actively promotes the availability of site-level grievance channels and suggestion boxes, encouraging workers to share feedback and concerns in a manner that respects their anonymity and safety. Recognizing that migrant workers are a particularly vulnerable group, Neste ensures that key engagement materials are available in the languages most commonly spoken by these workers, for example, site induction pamphlets and posters informing workers of their rights and how to spot and report signs of exploitation.

The effectiveness of engagement channels is primarily assessed through direct worker feedback and ongoing monitoring of the number and quality of responses received via different engagement channels.

Processes to remediate negative impacts and channels for value chain workers to raise concerns

Neste is committed to the remediation of adverse human rights impacts in its business operations and value chains, in accordance with its Human Rights Principle. Neste provides access to appropriate and effective remedy by making efficient grievance mechanisms available to its rights-holders, including at the operational level and site level and seek to ensure that grievances are addressed early and remediated directly.

Where Neste identifies that it has caused or contributed to adverse impacts on the human rights of others, the company provides for or cooperates in the remediation of the adverse impacts through legitimate processes intended to deliver an appropriate and effective remedy. This may include cooperating in good faith in the provision of remedy through state-led mechanisms, such as the OECD national contact points.

Where adverse impacts have occurred that Neste has not caused or contributed to, but which are directly linked to Neste's activities through its business relationships, Neste seeks to use its leverage to prevent or mitigate the risk of the impacts continuing or recurring. This may include supporting the company's business partners in the remediation of those impacts through their own grievance management processes, or support collaboration to provide for non-judicial remediation through third parties.

Neste takes seriously any allegations that human rights are not properly respected in its business or supply chains, and encourages individuals, communities, business partners or other stakeholders who have reason to believe such activity is taking place to raise their concerns, without fear of retaliation, via Ethics Online. Ethics Online is further described under [G1 Business conduct](#) -section of the report. Ethics Online is available 24/7 and is accessible in multiple languages. Reports can be made anonymously via phone or web service, and can be made by anyone, including value chain workers.

Neste has established procedures for tracking and processing grievances at the group-level, including a

cross-functional team that ensures speed and consistency in managing grievance cases and assessing the effectiveness of its actions. The company publicly discloses and tracks the number and type of grievances that have been raised in person or via Ethics Online.

Neste has also established permanent site-level complaints channels at its refineries to address concerns of contracted and subcontracted workers, including migrant workers. These channels, accessible via both suggestion boxes and QR codes on posters discreetly placed around the sites, enable workers to submit anonymous complaints directly to Neste. The posters inform workers of their rights in various languages and use illustrations and simple terminology to encourage them to report situations in which they may be experiencing exploitation. The complaints are received and managed by local committees, who implement remediative actions and assess the effectiveness of these actions on an ongoing basis. Workers also have the option to report concerns directly to supervisors, or to use Neste's company-wide Ethics Online whistleblowing channel. All channels guarantee confidentiality and protection from retaliation.

Neste maintains a publicly available log of sustainability-related concerns and complaints raised in its renewable raw materials supply chains on its website. This grievance log is updated on a monthly basis to include new grievances, provide status updates on the remediation of existing grievances, and track the effectiveness of the remedial actions taken. Reports documented in the grievance log may involve cases of forced labor or severe human rights issues. The log also encompasses cases of actual or suspected non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the OECD Guidelines for Multinational Enterprises that involve value chain workers. Descriptions of the nature of such cases are provided within the log. In addition, Neste reports annually on the percentage of human rights and labor violations identified through its sustainability audits, which also assess compliance with these international standards. Certain cases are further

detailed in Neste's annual Modern Slavery Statement to provide additional context and transparency.

Neste encourages its suppliers to put in place appropriate complaints channels and grievance mechanisms that workers can use to report actual or suspected cases of human rights violations, and have transparent processes for receiving and following up on reports. This is outlined in the Neste Supplier Code of Conduct Guide for Suppliers and included as a regular topic in Neste-led capacity building sessions for its renewable raw materials suppliers. Neste uses worker voice technology and in-person interviews conducted during sustainability audits to assess whether value chain workers are aware of and trust the grievance channels in their workplace as a way to raise their concerns and have them addressed.

Targets

Human Rights are part of Neste's sustainability vision, as Neste aims to create a more equitable and inclusive value chain by 2030, in which everyone works with dignity. Neste is committed to implement and sustain comprehensive sustainability due diligence across its own

operations and supply chains in line with Corporate Sustainability Due Diligence Directive requirements. Neste does not have a separate measurable, time-bound target related to human rights-related issues in the value chain but does track the effectiveness of its policies and actions with e.g., an entity-specific Key Performance Indicator (KPI) of Human Rights Due Diligence carried out for key business areas/functions. The scope of the KPI is focused on Neste's upstream and own activities. The KPI has not been validated by an external third party.

Monitoring: Neste annually analyzes the saliency of its human rights impacts based on severity and likelihood. The assessments evaluate Neste's actual and potential impacts on people throughout the value chain at a practical and granular level. This enables Neste to monitor its progress, account for any new risks resulting from changes in the business and accurately focus and prioritize work. As part of this assessment, Neste also tracks and evaluates the effectiveness of current prevention and mitigation measures in place, and assesses whether existing practices are sufficient in scale and complexity to address its salient human rights issues.

Key performance indicator	Performance in 2024
Human Rights Due Diligence carried out for key business areas/functions (# and description) ¹⁾	Four major assessments/initiatives undertaken in 2024: <ol style="list-style-type: none"> 1) Corporate-wide assessment to review Neste's salient issues and mitigation actions. 2) Human rights impact & risk assessment completed for the potential construction and operation of a new unit at Porvoo Refinery. 3 Human rights due diligence assessments completed for Neste-owned terminals in Finland, Rotterdam and Baltics. 4) Living wage gap assessments completed for Neste's own employees globally.

¹⁾ See description of Human Rights Due Diligence process under 'Processes'.

Actions and resources

Actions

Neste has undertaken several initiatives to identify and understand how human rights risks, including modern slavery and child labor, may be present in its operations and supply chains, including contractors. For Neste to prioritize its activities, the company's risk assessment includes mapping supply chains and operations including contractors, country risk assessments, individual project risk assessments, desk-based research, supplier and contractors surveys and self-assessment questionnaires, supplier and contractor engagement, audits and discussions with expert stakeholders.

Neste conducts ongoing human rights due diligence in its operations and supply chains to identify, prevent, mitigate and, where necessary, remediate the occurrence of forced and child labor. Potential business partners undergo automated pre-screening for economic sanctions and selected ethical concern categories in third-party enforcement databases and major news outlets, which in practice can include topics on modern slavery. On top of this, renewable raw material suppliers and select contractors operating on Neste sites are subject to additional human rights due diligence on forced and child labor, such as country and sector risk assessments, supplier desktop evaluations, supplier engagement, sustainability audits, document reviews, and training for suppliers, contractors and staff.

Neste addresses adverse sustainability impacts once the company becomes aware of them, including any adverse human rights impacts, as further detailed under the description of Neste's remediation process below, a key part of its due diligence process. Remediation takes place in cases where adverse impacts are identified. The company's primary means of action is engagement and cooperation with its suppliers and contractors to remedy issues. This is because Neste seeks to prioritize the wellbeing of those whose rights have been harmed, and ending purchases does not resolve problems or provide access to remedy for affected rights holders.

Remediation activities include:

- Conducting a thorough and impartial investigation and depending on the severity of the impact, selecting the course of action (e.g. supplier engagement, audits by the company's own local sustainability specialists or a third-party auditor).
- Implementing immediate actions to address any urgent or critical issues identified during the investigation.
- Requiring a detailed plan with a timeline for corrective actions from the supplier.
- Cooperating with the supplier and other stakeholders to help develop their operations, practices and processes, perform necessary corrective actions, and monitor the outcomes.
- Monitoring and reporting on the progress online via Neste's log of renewable raw material supply chain grievances.
- Ending purchases if Neste does not see adequate progress or if the supplier loses relevant certifications
- Reviewing, improving and adjusting the company's processes where needed.
- The company also conducts training of its own employees and capacity building of suppliers.
- The company tracks its progress and effectiveness of implementing these actions through KPI's and its Grievance Tracking process.

Neste believes that close engagement and collaboration with contractors on its sites and raw material suppliers provides it the best opportunities to advance human rights and proactively mitigate modern slavery risks within company supply chains. Neste therefore engages regularly in capacity building with its suppliers and contractors. The company also monitors supplier information and engages with its suppliers through its Supplier Sustainability Portal (SSP), a digital platform that is used to facilitate the evaluation of potential and existing renewable raw material suppliers, to support performance monitoring and to enable active supplier engagement. This, and engagement with other stakeholders

(as described in [ESRS 2 General disclosures](#)) informs Neste's ambition for addressing forced labor in the value chain.

Neste aims to continue the above actions until the context, best practice or requirements change. Neste continues to strengthen its due diligence system towards compliance with the EU Corporate Sustainability Due Diligence directive.

Expected outcomes

Through these actions, Neste aims to ensure respect for human rights and mitigate the risk of forced labor across the value chain. In addition, these actions support improving social and environmental conditions in the supply chain and enhance supplier sustainability performance over the short and medium term. Above actions are also relevant in ensuring alignment with the Supplier Code of Conduct requirements for Environment, Social, Business Conduct, Safety and Human rights issues. Human Rights Due Diligence KPI is one indicator to monitor progress in these actions.

Resources to implement actions

Implementation of the actions reported above are not expected to require significant (> 50 MEUR) financial resources.

Governance information

G1 Business conduct

Material impacts, risks and opportunities

Neste has identified the following material impact with regards to the company's business conduct:

Management of relationships with suppliers		
Positive impact	Upstream value chain	Neste drives policies and practices that contribute to improved working conditions, ethical business practices, health and safety and environmental sustainability in its supply chains. Neste aims to include its Supplier Code of Conduct in the contract terms for suppliers and other business partners, setting strict criteria on human and labor rights, occupational health and safety, climate, the environment and ethical business conduct. All Neste's raw material suppliers are subject to additional sustainability due diligence. The positive impact potential is particularly relevant to Neste's renewable and recycled raw material sourcing and applicable across short- to long-term time horizons.

Business conduct policies

Neste's Code of Conduct sets the framework for the company's global business operations. The Code of Conduct applies to the entire Neste Group. It contains the company's main principles and key requirements for all Neste employees to comply with in their daily work, as well as in interactions with customers, suppliers and other business partners and stakeholders. It also contains references to more detailed requirements and guidance in other governing documents. Neste management is responsible for ensuring the implementation of the Code of Conduct, supported by Neste's Compliance Function.

The Neste Code of Conduct references several international frameworks. In line with the United Nations Guiding Principles on Business and Human Rights, Neste respects internationally recognized human and labor rights as laid out in the International Bill of Human Rights and the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Neste is also committed to upholding and implementing the ten principles of the UN Global Compact, to which the company is a signatory. Neste Code of Conduct is publicly available for Neste's stakeholders. Raising awareness of and training in the Code of Conduct and its topics are central elements of the Neste compliance program. Neste regularly communicates internally

on compliance-related topics and trains its employees through both e-learning courses and in-person training. Selected business conduct topics are trained annually. The Code of Conduct e-learning course is part of the new employee onboarding and is also regularly issued to the organization.

The Compliance Function, headed by the Chief Compliance Officer, regularly reports on compliance activities to the Neste Leadership Team and the Board of Directors' Audit Committee. Neste also has an Ethics and Compliance Committee, which oversees and steers the management of the ethics and compliance program in Neste. Compliance topics and risks are also regularly reported and managed on a Business area and Function level.

As stated in the company's Code of Conduct, Neste has zero tolerance of corruption and bribery of any kind in connection with Neste's operations, whether committed by Neste employees or third parties acting on behalf of Neste. Neste's **Anti-Corruption Principle** sets the rules for preventing corruption in connection with Neste's business operations and provides more detailed guidance on responsible business practices and the prevention of corruption. The Principle applies to all Neste employees and to anyone working for or representing any business entity within the Neste Group. The principle is consistent with the United Nations Convention

against Corruption. The Anti-Corruption Principle and related guidance is internally available in Neste's global intranet and further communicated and trained via an anti-corruption e-learning issued to all office workers, targeted trainings and via regular newsletters. Neste management is responsible for ensuring the implementation of the Anti-Corruption Principle, supported by Neste's Compliance Function.

Risks of corruption and bribery are typically treated as inherent risks in the oil and gas sector due to its global nature, contractual relationships with local governments, and involvement in complex networks with various suppliers and contractors. As a preventive measure, Neste has developed a compliance program, which includes policy statements (Code of Conduct, Anti-Corruption Principle), dedicated e-learning packages, an annual compliance acknowledgment, regular communication and Ethics Online for the reporting of suspected misconduct. Neste's counterparties are required to comply with the Supplier Code of Conduct and/or their own equivalent principles and undergo a compliance clearance and counterparty risk assessment. As stated in the Code of Conduct, Neste has processes in place to carry out due diligence on its business partners. The compliance clearance and counterparty risk assessment covers the following risks: trade sanctions; politically exposed persons; money laundering; corruption and bribery.

Employees are encouraged and required to report their concerns, or observed or suspected violations of Neste's Code of Conduct or Anti-Corruption Principle to their own manager, Neste's HR, and the Compliance or Internal Audit functions. The Code of Conduct e-learning course includes guidelines on how to report observed or suspected violations of Neste's Code of Conduct, other Neste policies or principles or applicable legislation or regulations. In addition to other reporting channels, Neste has an externally operated misconduct reporting system, Ethics Online, available to all Neste's internal and external stakeholders, including various actors in its supply chains. Ethics Online serves as a grievance mechanism and enables Neste's stakeholders to anonymously raise concerns related to alleged misconduct in Neste's operations. The Ethics Online can be used by phone or via the website. To assess the effectiveness of Neste's reporting channels, the number of reports submitted through the channels is followed regularly. Neste may seek feedback from its employees on the channels, for example, through employee engagement surveys.

Neste's Investigation Group is responsible for evaluating and investigating reported cases in a professional, objective, confidential and prompt manner. The Investigation Group will decide on the investigation lead and approach to investigate depending on the nature of the reported allegation and/or concern. All investigations

shall be impartial, unbiased and based on fact finding and managed by appropriate resources. Upon need and depending on the nature of the investigation, Neste Investigation Group regularly retains independent external forensic and/or legal expertise to conduct the investigation. Misconduct investigations and their outcome are regularly reported to Neste's Ethics and Compliance Committee and at least annually to the Neste Board Audit Committee.

Neste has a strict non-retaliation policy for concerns reported in good faith. Neste's main principles and policy followed in internal misconduct investigations is described in the Company's internal Misconduct Investigation Standard. The Standard is aligned with the Directive (EU) on the protection of persons who report breaches of Union law (2019/1937).

Management of relationships with suppliers

Policies

One of Neste's sustainability vision areas is to drive a safe and healthy workplace, fair labor practices and increased commitment to sustainability across the supply chain. Neste's commitments to responsible and ethical business depend not only on its own people but also on forming relationships with business partners who share the company's commitments.

Neste requires all its suppliers and other business partners to comply with applicable laws and expect them to follow equivalent ethical business standards as stated in the Neste Code of Conduct, further described in the **Neste Supplier Code of Conduct**. The Neste Supplier Code of Conduct outlines the basic requirements Neste expects its suppliers and their first tier suppliers, contractors and business partners to adhere to and implement throughout their businesses. Neste aims to include Supplier Code of Conduct in the contract terms for suppliers, contractors and other business partners participating in the delivery of raw materials, products, components, materials or services to Neste. Companies consolidated through mergers and acquisitions are also expected to implement the Neste Supplier Code of

Conduct in their sourcing. The Supplier Code of Conduct includes requirements on Compliance with laws and regulations; Business Conduct; Environmental impact and climate change; Occupational health, safety and security; and Human and labor rights. It references the Universal Declaration of Human Rights and the fundamental rights in the eight core conventions of the International Labor Organization.

The Supplier Code of Conduct is publicly available on Neste's webpages in several languages. Neste carries out training and provides a guide with practical recommendations to support the implementation and help its suppliers meet their obligations to comply with the Supplier Code of Conduct.

Additionally, Neste requires all its renewable raw material suppliers to comply with **Neste Responsible Sourcing Principle**. The requirements of the Responsible Sourcing Principle are described more in detail in the [E5 Resource Use](#) -section. The Supplier Code of Conduct and related Principles are a key tool for enhancing the positive impact Neste aims to achieve throughout its value chains.

General governance, including the highest level of accountability for policies, and stakeholder engagement related to policy implementation are described in the [ESRS 2 General disclosures](#) -section of this report.

Targets

Neste is committed to implement and sustain comprehensive sustainability due diligence across Neste's own operations and supply chains in line with Corporate Sustainability Due Diligence Directive (CSDDD) requirements. Specific targets in line with the European Sustainability Reporting Standard and the CSDDD requirements may be developed where relevant.

Neste's sustainability due diligence process is a key element in addressing material impacts and implementing its policy commitments related to the management of relationships with suppliers. Neste's sustainability due diligence process covers renewable, recycled and fossil raw material suppliers, and includes country risk assessment, supplier due diligence and audits, supplier engagement and grievance investigations.

As a key performance indicator, Neste tracks percentages of business partners who have committed to Neste's minimum sustainability requirements covered in the Supplier Code of Conduct or equivalent as detailed in the table below. As a target level, Neste expects all its suppliers and other business partners to comply with applicable laws and expect them to follow equivalent ethical business standards as stated in the Neste Code of Conduct, further described in the Neste Supplier Code of Conduct. Neste has not defined a separate base year for the key performance indicator.

Actions

Key actions related to the management of relationships with suppliers are described below:

Risk assessment in supply chains: A key element in understanding the sustainability risks in the company's supply chains is assessing country risks. Neste uses a bespoke, industry-leading country risk assessment methodology from Verisk Maplecroft to identify countries or geographical areas in which it operates and has raw material supply chains with high sustainability risks. Neste maintains an up-to-date country risk categorization based on country risk indices such as ethical business practices, human and labor rights, health and safety, and the environment. The categorization also includes a list of no-go countries and regions based on considerations including trade sanctions, conflicts and sustainability risks. The country risk assessment allows Neste to effectively prioritize its activities by identifying the most significant sustainability risks in certain countries or geographical areas.

Conducting sustainability due diligence: Assessing sustainability risks in the company's supply chains begins before agreements have been signed or raw materials, products, components, materials or services are delivered. To ensure its 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. All Neste's raw material suppliers are subject to additional sustainability due diligence. Neste uses a risk based approach to determine the type of assessment, which can include desktop reviews, the mapping of supply chains and operations, supplier engagement and sustainability audits. The risk-based approach uses country risk as one element of the risk assessment. Knowing the origin of raw materials is a fundamental supplier requirement. Where possible, the aim is to gain visibility throughout the raw material supply chain, including Neste's suppliers' suppliers.

Key performance indicator	Performance in 2024
Business partners who have committed to Neste's minimum sustainability requirements covered in the Supplier Code of Conduct or equivalent ¹⁾	100% of the renewable and recycled raw material volumes
	81% of crude oil and fossil raw materials volumes
	91% overall indirect contracted spend

¹⁾ After the assessment of the supplier's or business partner's own policies and principles, Neste may agree that compliance with their own code of conduct is sufficient for the purpose of complying with the Neste Supplier Code of Conduct.

Renewable raw materials sourcing: Neste requires all its renewable raw material suppliers to comply with Neste Supplier Code of Conduct and Neste Responsible Sourcing Principle. All Neste's renewable raw material suppliers are also subject to rigorous sustainability due diligence, as stated in Neste's Supplier Sustainability Approval Principle. The Principle applies globally to any Neste company which is establishing a business relationship with a supplier of renewable raw materials. It sets the minimum sustainability requirements for approving suppliers through a five-step process, including raw material evaluation, risk assessments, counterparty screening, a sustainability review and audits. The Principle is available internally.

Neste verifies suppliers' compliance with Neste's Supplier Code of Conduct with the sustainability review, encompassing a range of topics such as governance, labor standards and practices, human rights, the environment and health and safety. The company continues commercial negotiations only with approved parties that meet its sustainability requirements, and all partners must continue to meet these criteria. The validity period of the sustainability approval for a supplier is three or five years, depending on, e.g. country risk, raw material volumes supplied to Neste and the outcome of the sustainability review. Once the validity period expires, the supplier undergoes a new review.

Liquefied waste plastics sourcing: Neste requires its liquefied waste plastic suppliers to fulfill the requirements in the Neste Supplier Code of Conduct and only accept liquefied waste plastic that is traceable and complies with the ISCC Plus certification requirements.

Crude oil and other fossil raw material sourcing: The due diligence process for the company's crude oil and other fossil raw material suppliers includes a country risk assessment and a counterparty screening. Neste also conducts a sustainability review of all new suppliers based on publicly available information regarding topics outlined in the Neste Supplier Code of Conduct, suppliers' climate and environmental commitments, and crude oil production-specific issues such as flaring and spills. The sustainability review is renewed for fossil raw material suppliers every three years.

Indirect Procurement: Neste's indirect procurement is responsible for the sourcing, purchasing, contract and supplier management of goods and services that are not included in the sourcing and delivery of crude oil and other fossil raw materials or renewable and recycled raw materials. In addition to the automated counterparty compliance screening, Neste has carried out category and supplier specific risk assessments to enhance its understanding of the sustainability risk in Neste's indirect procurement supply chains. Neste has completed Sedex self-assessment questionnaires for its refineries in Porvoo, Rotterdam and Singapore, allowing the company to thoroughly assess gaps in its management systems and human rights due diligence. The company plans to further integrate sustainability into indirect procurement and continues to work proactively to promote respect for labor rights across its production sites. See [S2 Workers in the value chain](#) for a more detailed description of Neste's processes for engaging with value chain workers about impacts.

Sustainability audits: Neste carries out audits to mitigate sustainability risks in the supply chains. When selecting suppliers to be audited, special attention is paid to suppliers, raw materials or countries with the highest sustainability risks. Sustainability audits are one way of verifying that Neste's suppliers comply with the Neste Supplier Code of Conduct. All audits adhere to the requirements of the Neste Sustainability Audit Standard, which is regularly benchmarked against globally recognized methodologies such as SMETA and SA8000. After the audit, Neste follows up cases of non-compliance and requires its suppliers to remediate significant open issues within a specified timeframe. The sustainability audits are conducted either by Neste's own local sustainability specialists or a third-party auditor. Where possible, the company also conducts audits on its suppliers' suppliers (second-tier suppliers or even beyond).

Capacity building: Neste understands that due diligence processes and sustainability audits alone are insufficient for a positive impact in its value chain. The company therefore engages regularly in capacity building with its suppliers. Neste regularly organizes training sessions and workshops on topics such as the Neste

Supplier Code of Conduct requirements, sustainability policy development, due diligence, traceability and grievance management. The company is also committed to training its employees on its policies. To support implementation across its business, Neste has issued an e-learning to train relevant Neste employees on the Supplier Code of Conduct requirements, while also providing live training sessions for selected Neste teams, led by the company's human rights and sustainability specialists.

Grievances and concerns in the supply chain: Neste investigates all complaints and allegations of suspected sustainability violations. This includes any suspected breaches of the Neste Supplier Code of Conduct or the Neste Responsible Sourcing Principle. Engagement and cooperation with the company's suppliers and contractors are its primary ways of addressing any grievances and concerns. Ending purchases does not necessarily solve the problem, while by working with the suppliers, Neste can work for improvements. If the sustainability criteria or contractual requirements included in contracts have been verifiably breached, their nature is considered serious, and progress to resolve those issues is not made in a reasonable time, Neste will terminate its contract with the supplier or contractor in question. See [S2 Workers in the value chain](#) for a more detailed description of Neste's processes to remedy negative impacts and ensure grievance mechanisms are available for value chain workers to raise concerns.

In the future, Neste will continue developing its supplier due diligence in accordance upcoming regulations, such as the Corporate Sustainability Due Diligence Directive.

Expected outcomes

Through these actions, Neste aims to improve social and environmental conditions in the supply chain and enhance supplier sustainability performance over the short and medium term. The actions support in ensuring alignment with the Supplier Code of Conduct requirements for environment, social, business conduct, safety and human rights issues. The progress in these actions is monitored by the KPI presented on the previous page.

Resources to implement actions

Implementation of the actions reported above are not expected to require significant (>50 MEUR) financial resources.

Reporting principles

Supplier Code of Conduct: The share of renewable and recycled raw material volumes and crude oil and fossil raw materials volumes covered by the Neste Supplier Code of Conduct or equivalent is calculated based on the volumes delivered to Neste during the reporting year. The share of the Neste Supplier Code of Conduct coverage for indirect procurement is calculated based on spend. An external third party has not validated the KPI.

Appendixes

Statement on due diligence

Core elements of due diligence	Sections in the Sustainability statement	Page
a) Embedding due diligence in governance, strategy and business model	S2 Workers in the value chain	137-138
	G1 Business Conduct	142-143
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 General disclosures	105-106
	S1 Own workforce	133-134
	S2 Workers in the value chain	138-139
c) Identifying and assessing adverse impacts	ESRS 2 General disclosures	108-109
	S1 Own workforce	132
	S2 Workers in the value chain	137, 138
	G1 Business conduct	142-143
d) Taking actions to address those adverse impacts	S1 Own workforce	134
	S2 Workers in the value chain	139-140
e) Tracking the effectiveness of these efforts and communicating	S1 Own workforce	133-134
	S2 Workers in the value chain	137-140

Disclosure Requirements in ESRS covered by Neste's Sustainability statement

The following table lists all ESRS disclosure requirements in ESRS 2 and the seven topical standards which are material to Neste and included in the Sustainability statement. Neste omits all disclosures related to topical standards E3 Water and marine resources, S3 Affected communities and S4 Consumers and end-users, as

these were not deemed material in the double materiality assessment. Relevant disclosure requirements have been identified by linking material impacts, risks and opportunities, and their related sub-topics or sub-sub topics, to the relevant ESRS. Additional entity-specific disclosures have been defined based on implemented targets and for the entity-specific topic 'carbon handprint'.

ESRS 2 General Disclosures	
Disclosure requirement	Page
BP-1 General basis for preparation of sustainability statement	101
BP-2 Disclosures in relation to specific circumstances	101, 122–123, 126, 131, 136, 143
GOV-1 The role of the administrative, management and supervisory bodies	101–102
GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	102
GOV-3 Integration of sustainability-related performance in incentive schemes	102
GOV-4 Statement on due diligence	144
GOV-5 Risk management and internal controls over sustainability reporting	102–103
SBM-1 Strategy, business model and value chain	103–104
SBM-2 Interests and views of stakeholders	105–106
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	107–108
IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	108–109
IRO-2 Disclosure requirements in ESRS covered by the undertaking's sustainability statement	145–149

ESRS E1 Climate change	
Disclosure requirement	Page
ESRS 2 GOV-3 Integration of sustainability-related performance in incentive schemes	102
E1-1 Transition plan for climate change mitigation	103–104, 119–121
ESRS 2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model(s)	107–108, 116–118
ESRS 2 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	108–109, 117–118
E1-2 Policies related to climate change mitigation and adaptation	109, 118–119
E1-3 Actions and resources in relation to climate change policies	120–121
E1-4 Targets related to climate change mitigation and adaptation	119–120
E1-5 Energy consumption and mix	121, 122–123
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	122–123
E1-8 Internal carbon pricing	121
ESRS E2 Pollution	
Disclosure requirement	Page
ESRS 2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	108–109, 124
E2-1 Policies related to pollution	109, 124–125
E2-2 Actions and resources related to pollution	125
E2-3 Targets related to pollution	125
E2-5 Substances of concern and substances of very high concern	126
ESRS E4 Biodiversity and ecosystems	
Disclosure requirement	Page
E4-1 Transition plan on biodiversity and ecosystems	103, 128–129
ESRS SBM 3 Material impacts, risks and opportunities and their interaction with strategy and business model	107–108, 127–128
ESRS 2 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	108–109, 127–128
E4-2 Policies related to biodiversity and ecosystems	109, 128
E4-3 Actions and resource related to biodiversity and ecosystems	129
E4-4 Targets related to biodiversity and ecosystems	128
E4-5 Impact metrics related to biodiversity and ecosystems change	129

ESRS E5 Resource use and circular economy	
Disclosure requirement	Page
ESRS 2 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	108–109
E5-1 Policies related to resource use and circular economy	109, 130
E5-2 Actions and resources related to resource use and circular economy	131
E5-3 Targets related to resource use and circular economy	131
E5-4 Resource inflows	131
ESRS S1 Own workforce	
Disclosure requirement	Page
SBM-2 Interest and views of stakeholders	105–106
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	107–108, 132
S1-1 Policies related to own workforce	109, 132–133
S1-2 Processes for engaging with own workers and workers' representatives about impacts	133
S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	133–134, 141–142
S1-4 Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	134
S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	134
S1-6 Characteristics of Neste's employees	135, 136
S1-14 Health and safety indicators	135, 136

ESRS S2 Workers in the value chain	
Disclosure requirement	Page
SBM-2 Interest and views of stakeholders	105–106
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	107–108, 137
S2-1 Policies related to value chain workers	109, 133, 137–138
S2-2 Processes for engaging with value chain workers about impacts	138
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	139, 141–142
S2-4 Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	140
S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	139
ESRS G1 Business conduct	
Disclosure requirement	Page
ESRS 2 GOV-1 The role of the administrative, supervisory and management bodies	101–102
ESRS 2 IRO-1 – Description of the processes to identify and assess material impacts, risks and opportunities	108–109
G1-1 Corporate culture and business conduct policies	109, 141–142
G1-2 Management of relationships with suppliers	104, 142–143

List of datapoints in cross-cutting and topical standards that derive from other EU legislation

The table below includes all of the data points that derive from other EU legislation as listed in ESRS 2 appendix B. The table indicates on which page the data points can

be found in Neste's Sustainability statement. Excluded data points are marked as i) 'Not material' based on the results of the double materiality assessment, ii) 'Not disclosed', if the disclosure requirement is phased in based on the provision in Appendix C of ESRS 1, or iii) 'Not applicable' if the disclosure requirement is not relevant for Neste's business.

Disclosure requirement and related datapoint	SFDR	Pillar 3	Benchmark regulation	EU Climate Law	Page reference in Sustainability statement
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	X		X		102
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			X		102
ESRS 2 GOV-4 Statement on due diligence paragraph 30	X				144
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	X	X	X		104
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	X		X		Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	X		X		Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			X		Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				X	119–121
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		X	X		119
ESRS E1-4 GHG emission reduction targets paragraph 34	X	X	X		119–120
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	X				121
ESRS E1-5 Energy consumption and mix paragraph 37	X				121
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	X				121, 123
ESRS E1-6 Gross Scope 1, 2, 3, and Total GHG emissions paragraph 44	X	X	X		122
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	X	X	X		122, 123
ESRS E1-7 GHG removals and carbon credits paragraph 56				X	Not material
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			X		Not disclosed
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a)		X			Not disclosed
ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)		X			Not disclosed
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c)		X			Not disclosed
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69			X		Not disclosed
ESRS E2-4 Amount of each pollutant listed in Annex II of the E- PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	X				Not material
ESRS E3-1 Water and marine resources paragraph 9	X				Not material

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark regulation	EU Climate Law	Page reference in Sustainability statement
ESRS E3-1 Dedicated policy paragraph 13	X				Not material
ESRS E3-1 Sustainable oceans and seas paragraph 14	X				Not material
ESRS E3-4 Total water recycled and reused paragraph 28 (c)	X				Not material
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	X				Not material
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	X				Not material
ESRS 2- IRO 1 - E4 paragraph 16 (b)	X				127
ESRS 2- IRO 1 - E4 paragraph 16 (c)	X				127
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	X				128
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	X				128
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	X				128
ESRS E5-5 Non-recycled waste paragraph 37 (d)	X				Not material
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	X				Not material
ESRS 2- SBM3 - S1 Risk of incidents of forced labor paragraph 14 (f)	X				Not material
ESRS 2- SBM3 - S1 Risk of incidents of child labor paragraph 14 (g)	X				Not material
ESRS S1-1 Human rights policy commitments paragraph 20	X				133
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph 21			X		133
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	X				133
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	X				132
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	X				133, 141–142
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	X		X		135
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	X				Not disclosed
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	X		X		Not material
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	X				Not material
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	X				Not material
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	X		X		Not material
ESRS 2- SBM3 - S2 Significant risk of child labour or forced labour in the value chain paragraph 11 (b)	X				137
ESRS S2-1 Human rights policy commitments paragraph 17	X				137–138, 142
ESRS S2-1 Policies related to value chain workers paragraph 18	X				137–138, 142
ESRS S2-1 Non- respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	X		X		139

Disclosure Requirement and related datapoint	SFDR	Pillar 3	Benchmark regulation	EU Climate Law	Page reference in Sustainability statement
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			X		137–138, 142
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	X				139
ESRS S3-1 Human rights policy commitments paragraph 16	X				Not material
ESRS S3-1 non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	X		X		Not material
ESRS S3-4 Human rights issues and incidents paragraph 36	X				Not material
ESRS S4-1 Policies related to consumers and end-users paragraph 16	X				Not material
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	X		X		Not material
ESRS S4-4 Human rights issues and incidents paragraph 35	X				Not material
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	X				Not applicable
ESRS G1-1 Protection of whistle-blowers paragraph 10 (d)	X				Not applicable
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	X		X		Not material
ESRS G1-4 Standards of anti-corruption and anti-bribery paragraph 24 (b)	X				Not material

Key Figures

Income statement		2024	2023	2022
Revenue	EUR million	20,635	22,926	25,707
EBITDA	EUR million	1,005	2,548	3,048
- of revenue	%	4.9	11.1	11.9
Operating profit	EUR million	25	1,682	2,410
- of revenue	%	0.1	7.3	9.4
Profit before income taxes	EUR million	-113	1,596	2,279
- of revenue	%	-0.5	7.0	8.9
Profit for the period	EUR million	-95	1,436	1,891
- of revenue	%	-0.5	6.3	7.4
Comparable EBITDA	EUR million	1,252	3,458	3,537
Comparable net profit	EUR million	131	2,216	2,336
Profitability				
Return on equity (ROE)	%	-1.2	17.9	25.1
Comparable return on average capital employed, after tax (Comparable ROACE)	%	2.5	23.9	30.1
Financing and financial position				
Interest-bearing net debt	EUR million	4,192	2,488	1,344
Leverage ratio	%	36.1	22.7	13.9
Equity-to-assets ratio	%	47.7	53.1	56.3
Net Debt to EBITDA	%	4.2	1.0	0.4
Other indicators				
Capital employed	EUR million	12,564	12,532	10,942
Net working capital in days outstanding		39.4	41.0	35.4
Capital expenditure and investments in shares	EUR million	2,006	2,351	2,218
- of revenue	%	9.7	10.3	8.6
Research and development expenditure	EUR million	86	94	85
- of revenue	%	0.4	0.4	0.3
Average number of personnel		5,796	6,018	5,244

Share-related indicators		2024	2023	2022
Earnings per share (EPS)	EUR	-0.12	1.87	2.46
Comparable earnings per share	EUR	0.17	2.88	3.04
Equity per share	EUR	9.65	11.02	10.83
Cash flow per share	EUR	1.54	2.97	1.56
Dividend per share	EUR	0.20 ¹⁾	1.20	1.52
Dividend payout ratio	%	-162.3 ¹⁾	64.3	61.8
Dividend yield	%	1.6 ¹⁾	3.7	3.5
Share prices				
Closing price	EUR	12.13	32.21	43.02
Average price	EUR	19.26	37.66	42.26
Lowest price	EUR	10.98	28.55	30.81
Highest price	EUR	33.60	48.50	52.18
Market capitalization	EUR million	9,331	24,776	33,091
Trading volumes				
Number of shares traded	1,000	443,798	242,189	270,643
- of weighted average number of shares	%	58	32	35
Weighted average number of shares outstanding		768,212,287	768,175,637	768,060,103
Number of shares outstanding at the end of the period		768,215,734	768,199,747	768,083,170

¹⁾ Board of Directors' proposal to the Annual General Meeting. 2022 key figures include an ordinary dividend of EUR 1.02 per share, an extraordinary dividend of EUR 0.25 per share, and a discretionary second extraordinary dividend of EUR 0.25 per share.

Reconciliation of key figures to IFRS Financial Statements

Reconciliation between comparable EBITDA, EBITDA and operating profit is presented in Note 4, Segment information.

Reconciliation between comparable EBITDA and comparable net profit

EUR million	2024	2023	2022
Comparable EBITDA	1,252	3,458	3,537
IS Depreciation, amortization and impairments	-980	-866	-638
Items in depreciation, amortization and impairments affecting comparability	15	0	27
IS Total financial income and expenses	-138	-86	-131
IS Income tax expense	19	-160	-388
IS Non-controlling interests	0	-3	-3
Tax on items affecting comparability	-37	-128	-68
Comparable net profit	131	2,216	2,336

Reconciliation of comparable return on average capital employed, after tax (Comparable ROACE), %

EUR million	2024	2023	2022
Comparable EBITDA, last 12 months	1,252	3,458	3,537
IS Depreciation, amortization and impairments	-980	-866	-638
Items in depreciation, amortization and impairments affecting comparability	15	0	27
IS Financial income	47	45	9
IS Exchange rate and fair value gains and losses	-29	-9	-80
IS Income tax expense	19	-160	-388
Tax on other items affecting Comparable ROACE	-59	-145	-76
Comparable net profit, net of tax	266	2,324	2,391
Capital employed average	12,398	11,514	9,823
Assets under construction average	-1,756	-1,789	-1,880
Return on comparable average capital employed, after tax (Comparable ROACE), %	2.5	23.9	30.1

Reconciliation of equity-to-assets ratio, %

EUR million	2024	2023	2022
BS Total equity	7,417	8,463	8,327
BS Total assets	15,581	15,983	14,917
Advances received	-42	-39	-138
Equity-to-assets ratio, %	47.7	53.1	56.3

Reconciliation of net working capital in days outstanding

EUR million	2024	2023	2022
Operative receivables	1,488	1,788	1,902
BS Inventories	2,898	3,366	3,648
Operative liabilities	-2,159	-2,581	-3,057
Net working capital	2,227	2,573	2,494
IS Revenue	20,635	22,926	25,707
Net working capital in days outstanding	39.4	41.0	35.4

Calculation of key figures

Neste presents Alternative Performance Measures to enhance comparability between financial periods as well as to reflect operational performance and financial risk level. These indicators should be examined together with the IFRS-compliant performance indicators.

Key figure		Calculation	Reason for use
EBITDA	=	Operating profit + depreciation, amortization and impairments	EBITDA is an indicator to measure the operational performance and cash flow generation.
Comparable EBITDA	=	EBITDA +/- inventory valuation gains/losses +/- changes in the fair value of open commodity and currency derivatives +/- capital gains/losses - insurance and other compensations +/- other adjustments	Comparable EBITDA describes underlying operational performance and cash flow generation. ¹⁾
Items affecting comparability	=	Inventory valuation gains/losses, changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations, impairments and other adjustments	Items affecting comparability are linked to unpredictability events of a significant nature that do not form part of normal day-to-day business. ¹⁾
Comparable net profit	=	Comparable EBITDA - depreciation, amortizations and impairments +/- items in depreciation, amortization and impairments affecting comparability - total financial income and expense - income tax expense - non-controlling interests - tax on items affecting comparability	Comparable net profit is used to provide additional financial performance indicators to support meaningful comparison of underlying net profitability between periods.
Return on equity (ROE), %	= 100 x	$\frac{\text{Profit before income taxes - income tax expense, last 12 months}}{\text{Total equity average, 5 quarters end values}}$	Return on equity provides additional information on the profitability of operations.
Comparable return on average capital employed, after-tax (Comparable ROACE), %	= 100 x	$\frac{\text{Comparable EBITDA - depreciation, amortizations and impairments +/- items in depreciation, amortization and impairments affecting comparability + financial income + exchange rate and fair value gains and losses - income tax expense - tax on other items affecting Comparable ROACE, last 12 months}}{\text{Capital employed average - assets under construction average, 5 quarters end values}}$	Comparable return on average capital employed after-tax (Comparable ROACE) is one of Neste's key financial targets. It is a long-term over the cycle indicator measuring Neste's profitability and efficiency of capital usage.
Capital employed	=	Total equity + interest bearing liabilities	Capital employed is primarily used to determine the comparable return on average capital employed (Comparable ROACE) which is Neste's key financial target.
Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents - current investments	Interest-bearing net debt is an indicator to measure the total external debt financing.
Leverage ratio, %	= 100 x	$\frac{\text{Interest-bearing net debt}}{\text{Interest bearing net debt + total equity}}$	Leverage ratio is one of Neste's key financial targets. It provides useful information regarding Neste's capital structure and financial risk level.

Key figure		Calculation	Reason for use
Equity-to-assets ratio, %	= 100 x	$\frac{\text{Total equity}}{\text{Total assets - advances received}}$	Equity-to-assets ratio provides useful information regarding financial risk level.
Net working capital in days outstanding	= 365 x	$\frac{\text{Net working capital}}{\text{Revenue, last 12 months}}$	Net working capital in days outstanding measures efficiency in turning net working capital into revenue.
Net Debt to EBITDA	=	$\frac{\text{Interest-bearing net debt}}{\text{EBITDA, last 12 months}}$	Net debt to EBITDA measures capital structure and ability to cover debt.
Return on net assets, %	= 100 x	$\frac{\text{Segment operating profit, last 12 months}}{\text{Average segment net assets, 5 quarters end values}}$	Neste uses return on net assets to follow the operational performance of its operating segments.
Comparable return on net assets, %	= 100 x	$\frac{\text{Segment comparable EBITDA, last 12 months - depreciation, amortization and impairments +/- items in depreciation, amortization and impairments affecting comparability}}{\text{Average segment net assets, 5 quarters end values}}$	Neste uses comparable return on net assets to follow the underlying operational performance of its operating segments.
Segment net assets	=	Property, plant and equipment + goodwill + intangible assets + investments in associates and joint ventures + inventories + interest-free receivables and liabilities - provisions - pension liabilities allocated to the business segment	Segment net assets are primarily used to determine the return on net assets and comparable return on net assets.
Calculation of share-related indicators			
Earnings per share (EPS)	=	$\frac{\text{Profit for the period attributable to the owners of the parent}}{\text{Weighted average number of shares outstanding during the period}}$	
Comparable earnings per share	=	$\frac{\text{Comparable net profit}}{\text{Weighted average number of shares outstanding during the period}}$	
Equity per share	=	$\frac{\text{Shareholder's equity attributable to the owners of the parent}}{\text{Number of shares outstanding at the end of the period}}$	
Cash flow per share	=	$\frac{\text{Net cash generated from operating activities}}{\text{Weighted average number of shares outstanding during the period}}$	

Key figure		Calculation	Reason for use
Dividend payout ratio, %	= 100 x	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$	
Dividend yield, %	= 100 x	$\frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$	
Average share price	=	$\frac{\text{Amount traded in euros during the period}}{\text{Number of shares traded during the period}}$	
Market capitalization	=	Number of shares at the end of the period x share price at the end of the period	

Calculation of key drivers

Oil Products total refining margin (USD/bbl)	=	$\frac{\text{Comparable sales margin x average EUR/USD exchange rate for the period x standard refinery yield}}{\text{Refined sales volume x standard barrels per ton}}$	Oil Products total refining margin measures the segment's comparable sales margin per refined unit sold. USD/bbl is a standard unit used in the oil industry.
Renewable Products comparable sales margin (USD/ton)	=	$\frac{\text{Comparable sales margin x average EUR/USD exchange rate for the period}}{\text{Sales volumes of renewable diesel, sustainable aviation fuel and other products}}$	Renewable Products comparable sales margin measures the sales margin per unit sold.

¹⁾ In the business environment where Neste operates, commodity prices and foreign exchange rates are volatile and can cause significant fluctuations in inventory values and operating profit. Comparable EBITDA eliminates both the inventory valuation gains/losses generated by the volatility in raw material prices and changes in open derivatives, and better reflects the company's underlying operational performance. Also, it reflects Neste's operational cash flow, where the change in operating profit caused by inventory valuation is mostly compensated by changing net working capital. Items affecting comparability are linked to unpredictability events of a significant nature that do not form part of normal day-to-day business. They include among others impairment losses and reversals, gains and losses associated with the combination or termination of businesses, restructuring costs, and gains and losses on the sales of assets. Only items having an impact of more than EUR 1 million on Neste's result will be classified as items affecting comparability.