

NESTE

Annual Report 2023

# Sustainability





# Sustainability

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# Sustainability highlights 2023

## OUR SUSTAINABILITY VISION

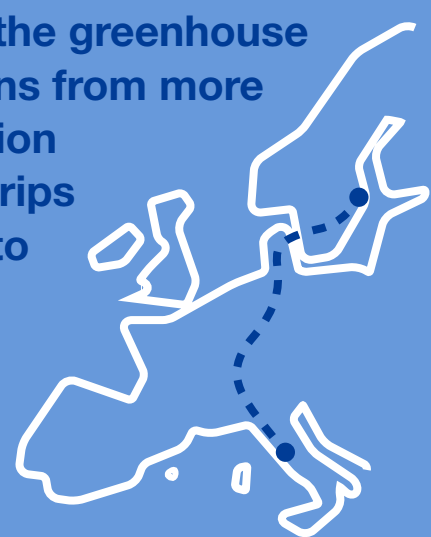


The amount of greenhouse gas emissions our customers reduced with our renewable products in 2023\*

# 11.0Mt



Equaling to the greenhouse gas emissions from more than 4.3 million road cargo trips from Rome to Stockholm



or from more than 22,000 full aircraft round trips from Amsterdam to San Francisco.

\* See calculation principles on page 115

# 3.3Mt

annual renewables production capacity by the end of 2023.



Neste selected for the initial target validation group for science-based targets for nature (SBTN).

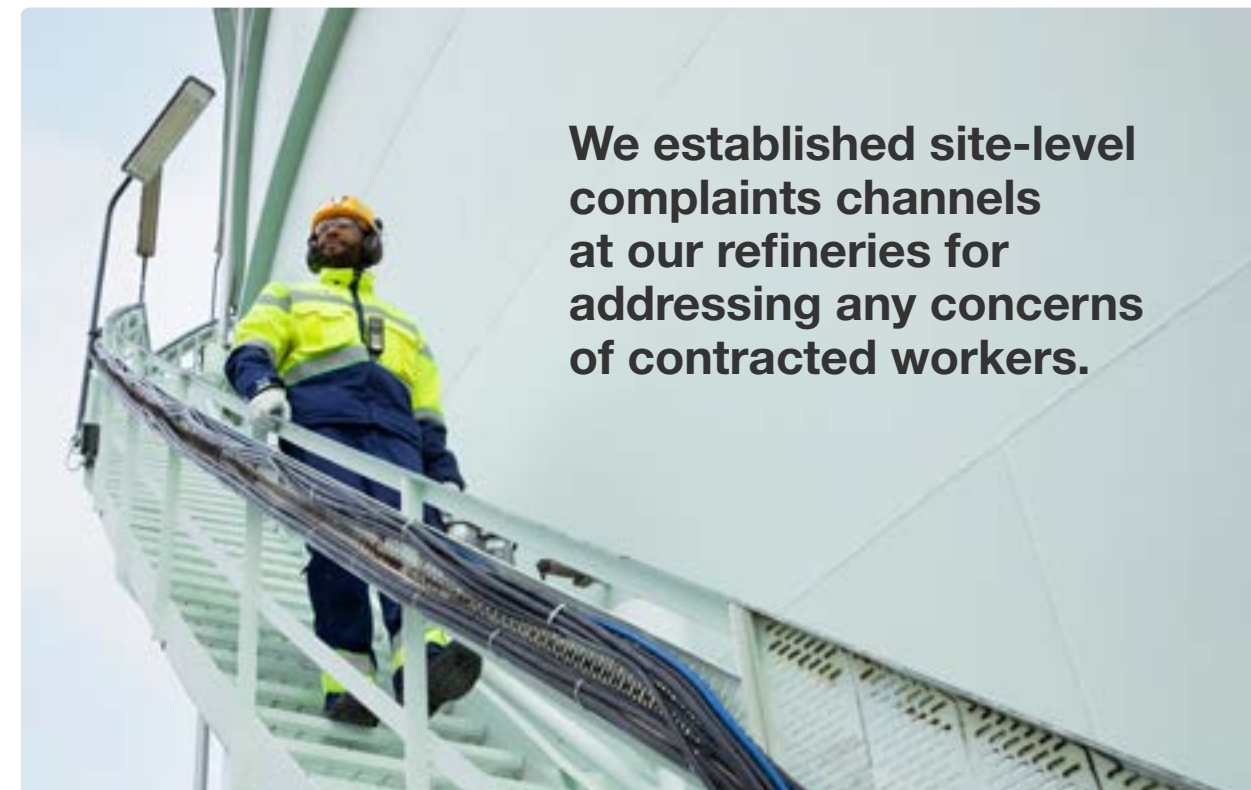


We conducted

# 215



anonymous worker voice surveys to engage with supply chain workers on their employment and living standards.



We established site-level complaints channels at our refineries for addressing any concerns of contracted workers.



# 278

safe days



# 100%

of our renewable raw material suppliers have committed to Neste Supplier Code of Conduct.



We conducted a total of 154 sustainability audits on our raw material suppliers, sub-suppliers, terminals and contractors.

We reduced our refinery inputs of conventional palm oil to

# zero

at the end of 2023.

## Sustainability at Neste

Sustainability is at the core of our strategy enabling our growth and purpose: Creating a healthier planet for our children.

As the world's leading producer of sustainable aviation fuel, renewable diesel and renewable feedstock solutions for various polymers and chemicals industry uses, Neste is driving the transition to renewable and circular solutions. We provide our customers and partners with low-emission solutions to the world's most pressing sustainability challenges. Our renewable and circular solutions are our contribution to keeping societies running more sustainably and helping to reduce the dependency on virgin fossil raw materials.

We refine waste, residues and other innovative raw materials into renewable fuels and more sustainable feedstocks for plastics and other materials. Our work is guided by the Neste sustainability vision, in which we have set ourselves aspirational targets for climate,

biodiversity, human rights, as well as our supply chain and raw materials – issues that are all increasingly interlinked. Together with our partners, we are aiming for a carbon neutral and nature positive value chain by 2040.

With our ambitious sustainability commitments and solutions, available already today, we are committed to limiting global warming to 1.5°C and meeting the objectives of the Paris Agreement.

### Our success is built on collaboration and innovation

Together with our partners, we are scaling up our renewable and circular solutions, increasing innovation through extensive research and value chain partners, and establishing mutually beneficial partnerships committed to sustainability. While working to tackle the global climate challenge and ecosystem decline, we also acknowledge our social and economic role regionally and locally.





We have an impact on people and the environment within our own operations, but also throughout our value chain. We care for our own employees' health, safety and wellbeing, while also paying close attention to diversity, equity and inclusion, and to the welfare of the most vulnerable groups of individuals in our supply chain.

Economic responsibility, ethics, compliance and corporate governance, as well as supply chain and raw material sustainability are the cornerstones of everything we do. We have identified several environmental, social and governance topics as relevant for our business and our everyday sustainability work, in line with the UN Sustainable Development Goals.

### Progress in 2023

In 2023, we continued to take concrete actions throughout our value chain and with our wide range of stakeholders. We strive to ensure that our performance meets and exceeds expectations.

### Our sustainability vision

		Targets			
 <p><b>Climate</b> We lead transformation towards a carbon neutral value chain by 2040.</p>	<p>Reduce our customers' greenhouse gas emissions by at least 20 million tons annually by 2030 with our renewable and circular solutions.</p>	<p>Reduce emissions in our own production (scopes 1 &amp; 2) by 50% by 2030 compared to 2019 level, and reach carbon neutral production by 2035.</p>	<p>Reduce the use phase emission intensity of sold products by 50% by 2040 compared to 2020 levels.</p>	<p>Work with our suppliers and partners to reduce emissions across the entire value chain (scope 3).</p>	
 <p><b>Biodiversity</b> Our vision is to drive a positive impact on biodiversity and achieve a nature positive value chain by 2040.</p>	<p>Aim at creating net positive impacts (NPI) for biodiversity from new own activities from 2025 onwards.</p>	<p>Target no net loss (NNL) of biodiversity from all ongoing own activities by 2035.</p>			
 <p><b>Human rights</b> We strive to create a more equitable and inclusive value chain by 2030 in which everyone works with dignity.</p>	<p>Commit to paying all of our employees at least a living wage; take action to promote living wages in Nestle's supply chains; and require strategic contractors and suppliers to pay their employees a living wage by 2030.</p>	<p>Commit to and promote the Employer Pays Principle, with implementation in high-risk areas by 2030 to ensure that no worker pays for a job and the costs of recruitment are paid for by the employer, not the worker.</p>	<p>Work together with our stakeholders to increase children's access to education by 2030; and promote respect for children's rights by actively supporting and participating in initiatives aimed at keeping children in school.</p>	<p>Reduce inequalities across the value chain and address the root causes of systemic human rights issues by 2030.</p>	
 <p><b>Supply chain &amp; raw materials</b> We drive safe and healthy workplace, fair labor practices and increased sustainability commitment across the supply chain.</p>	<p>Require 100% of suppliers and other business partners to be committed to Nestle Supplier Code of Conduct and have the best-in-class grievance processes.</p>	<p>Include human rights, biodiversity and climate targets as key criteria for suppliers as we drive diversification and increased availability of sustainable raw materials.</p>			

# Sustainability governance

Neste's sustainability work is managed by the Sustainability, Human Resources, and Health, Safety and Environment (HSSEQ) organizations.

The Executive Committee approves our sustainability priorities. Responsibility for individual corporate sustainability targets is shared between the members of the Executive Committee. The Vice President, Sustainability is responsible for ensuring that relevant management processes and impact assessments related to material corporate sustainability topics are developed and implemented as part of our strategy. The relevant business units and functions reserve the required resources within their scope to implement the actions commonly agreed in the Executive Committee. The Vice President, Sustainability leads a dedicated global Sustainability function.



Our sustainability impacts are reviewed and monitored frequently at many levels.

At corporate level, sustainability is steered by a cross-functional Sustainability Leadership Team and chaired by the VP, Sustainability. The Sustainability Leadership Team has members from different teams and functions, e.g., Climate Change and Circular Economy, Supply Chain Sustainability, Human Rights, Sustainability Reporting and Engagement, HSSEQ, Innovation, and Communications. The Sustainability Leadership Team meets monthly and prepares the sustainability priorities and proposals to be taken to the Executive Committee by the EVP, Renewables Supply Chain and Sustainability, with the relevant sustainability experts. The Executive Vice President is a member of the Neste Executive Committee and reports directly to the CEO.

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

Significant factors concerning the composition of the Board of Directors include that the members should possess a variety of competences that complement the other members of the Board: education and experience in different professional and industrial fields, and in business operations and management, all of which include competences on sustainability-related issues.



### Sustainability risk management

The Neste Corporate Risk Management Policy and supporting principles, requirements and processes also apply to sustainability risks, which are managed as a specific risk category in quarterly risk reviews. The assessment considers short-, medium- and long-term perspectives.

Our operations are associated with several sustainability-related risks. We aim to identify any threats and proactively prevent them. The most important risk issues are evaluated as part of the strategic planning and performance management cycle. The risk management team monitors the level of risks and ensures that the risks are

identified and mitigated appropriately by Neste's business units, functions and country units. We report on our most significant sustainability-related risks in our Annual Report and its Review by the Board of Directors. Our risk-based approach and our sustainability risks are further described in our Non-Financial Information (NFI) Statement.

Our sustainability impacts are reviewed and monitored frequently at many levels of the company in addition to the Board of Directors. Sustainability-related work, including climate change-related work, is steered by the company's EVP, Renewables Supply Chain and Sustainability.

# Compliance

We are committed to high ethical standards and conduct our business in compliance with applicable laws and regulations. That means acting transparently, responsibly, with integrity and in accordance with our values.

Nestle's [Code of Conduct](#) sets the framework for our company's global business operations and establishes the ethical practices to guide every Nestle employee in their day-to-day business tasks. We also require our suppliers and other business partners to comply with applicable laws and expect them to follow equivalent ethical business standards as stated in the Code of Conduct, and further described in our [Supplier Code of Conduct](#).

Raising awareness of and training in the Code of Conduct and its topics are central elements of the Nestle compliance program. We regularly communicate internally on compliance-related topics and train our employees through both e-learning courses and in-person training.

We constantly develop our compliance program with special efforts in the defined key focus areas: competition law compliance; anti-corruption; trade sanctions; privacy; and anti-money laundering. In 2023, we revised our Anti-Money Laundering and Counter Terrorism Financing Standard and re-issued the related anti-money laundering e-learning. The e-learning course was assigned to targeted employees, and it achieved a completion rate of 94%. We also revised our competition law e-learning course and relaunched it for the targeted group at the end of 2023. The Code of Conduct e-learning course

issued in 2021 is part of the new employee onboarding, and we further conducted targeted Code of Conduct workshops in 2023.

Furthermore, we raised awareness and fostered open communication to encourage employees to speak up. We also revised our internal Misconduct Investigation Standard to align with the Whistleblower Directive and relevant applicable laws.

Nestle's Compliance Function regularly issues newsletters addressing various compliance topics and, in 2023, we also launched an internal news channel for such topics. Throughout the year, the newsletters covered subjects such as speaking up, anti-money laundering, privacy, conflict of interest, competition law, and gifts and hospitality.

Nestle also has an Anti-Corruption Principle that provides more detailed guidance on responsible business practices and the prevention of corruption. More information about Nestle's grievance process, including the related Misconduct Investigation Standard, is available in the Corporate Governance Statement and in the Report of the Board of Directors.

Nestle's compliance program and function is described in more detail as part of Nestle's Corporate Governance Statement and in the Report of the Board of Directors.





## Material sustainability topics

Understanding the views and expectations of our stakeholders is crucial for executing our sustainability vision and strategy.

To identify what topics we should particularly focus on in our sustainability efforts, we have conducted a GRI-based materiality assessment once every two years and engaged our key stakeholders in the process. Neste's previous materiality assessment was conducted in 2022 following the double materiality approach, which considers impact and financial materiality. The most material topics identified for Neste are based on their business and stakeholder influence, outward impact on the economy, environment and people, as well as the estimated magnitude of their impacts. Our materiality assessment process is built on four stages: identification, evaluation, prioritization and the integration of the most material sustainability topics.

**Identify**  
the sustainability issues significant for Neste's business and stakeholders.

**Prioritize**  
the sustainability topics based on the importance for stakeholders and Neste's business.



**Evaluate**  
the potential sustainability impacts, key risks and opportunities.

**Integrate**  
the material sustainability topics into Neste's sustainability work.

### Materiality assessment

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

In 2022, we updated our material topics to adjust for the impacts of immediate or future trends. These can be trends that influence the environmental, social or corporate governance (ESG) dimensions of sustainable development. In the materiality assessment, we utilized industry-specific aspects, external trends, stakeholder interviews, sustainability frameworks and standards, regulatory requirements, and Neste’s strategy and sustainability vision.

Material topics were refined by identifying ESG aspects relevant to our business and stakeholders. The topics were then evaluated based on actual and potential sustainability impacts and business-related key risks and opportunities.

The stakeholders involved in the materiality assessment process were grouped into categories (listed on [page 44](#)) and represent a large variety of key interest groups. Several people from different Neste departments participated in the process to update and identify key stakeholders. To obtain an understanding of impact and financial materiality, both internal and external

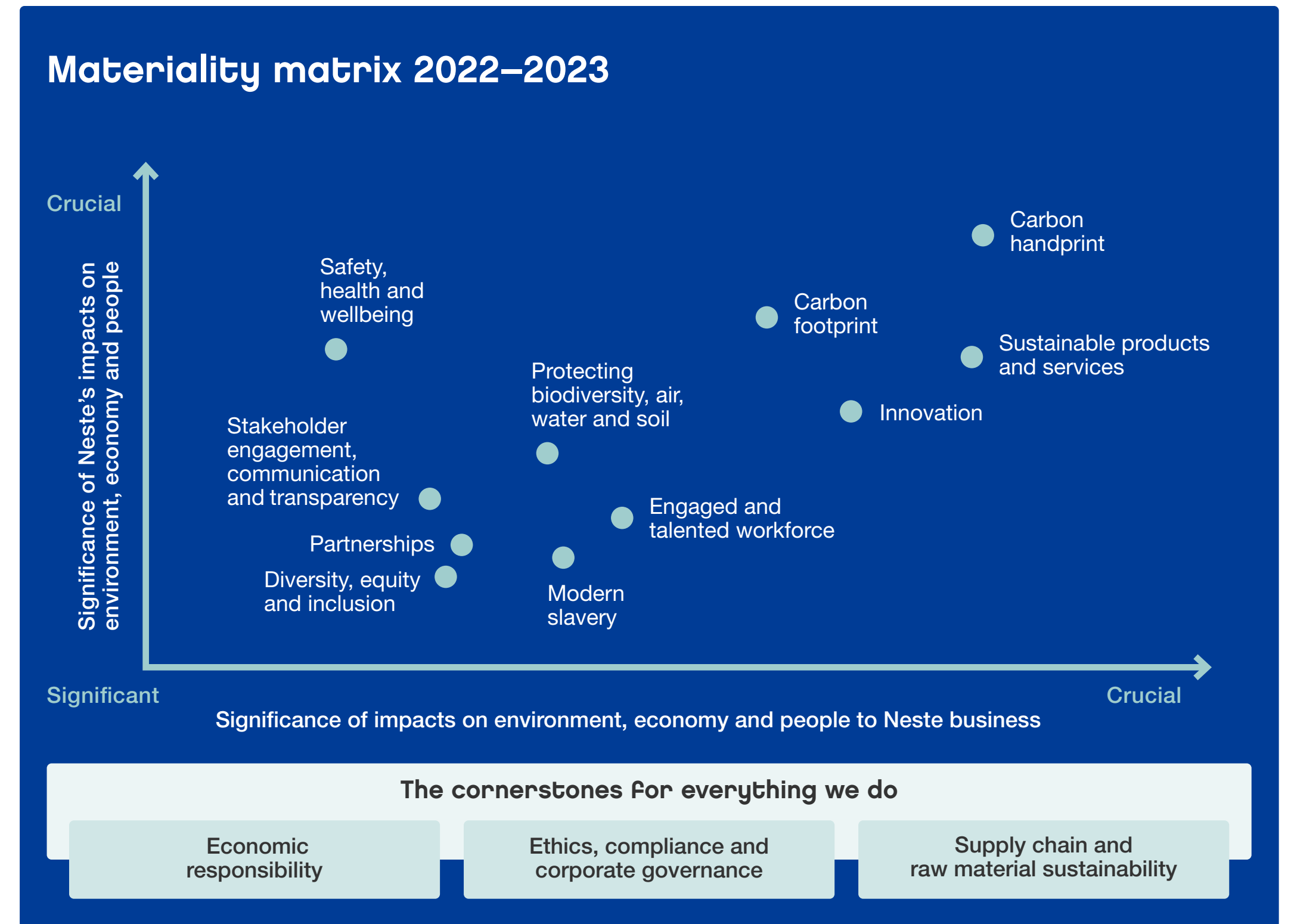
stakeholders were involved in the evaluation of the main current and future ESG risks and opportunities through interviews and surveys. Based on the results, topic owners and subject matter experts provided a final input to the results.

Based on the results of the assessment process, eleven material topics were prioritized (see the materiality matrix on this page). The horizontal axis of the matrix represents the significance of financial materiality; the vertical axis displays the significance of impact materiality. The topic disclosures of Neste’s sustainability report provide further descriptions for topic-specific material risks and opportunities, impacts, policies and commitments.

The materiality assessment results were evaluated by the Neste Advisory Council on Sustainability and New Markets to gain an objective round of external expert views. The material topics and the matrix were approved by the Neste Executive Committee.

A key element for the integration of the ESG factors throughout our value chain is defining the material indicators which guide our operations and business decisions. Neste is committed to measuring its performance on ESG issues to refine the objectives underlying our strategy.

In addition, we conduct an annual Neste Brand Health Research study into the key trends and perceptions of the main global players in renewable and circular solutions, as well as on our sustainability topics, across Asia, Europe and the Americas, representing a wide range of organizations. The research’s findings support the views stated in the materiality assessment and provide an insight into our progress against our goals.



### Our pathway toward CSRD

As part of building our abilities, processes and practices for the implementation of the new Corporate Sustainability Reporting Directive (CSRD), we carried out a double materiality assessment in 2023 to identify the relevance of sustainability matters and their relationship to non-financial and financial impacts in our own operations

and in our value chain. The defined material topics will form the coming sustainability related disclosures under the CSRD for information about financial year 2024. In this report for the financial year 2023, the information is based on our previous biannual materiality assessment.

## Sustainable Development Goals

The UN [Sustainable Development Goals](#) (SDGs) are a collection of 17 interconnected global goals to help achieve a better and more sustainable future for all. They represent an action plan for the planet and society to thrive by 2030, and explicitly call on businesses to help lead this transformation. We recognize the strategic importance of the SDGs to our business and the world and are committed to helping in their achievement.

We have identified nine priority SDGs as the goals to which we most significantly contribute and have used the SDG Compass to determine them. To understand and prioritize the most relevant SDGs for Neste, we have assessed both the positive and negative impacts our business has on the SDGs throughout our value chains. Our prioritization process is based on our sustainability materiality assessment, impact evaluation study, an external review and an internal expert analysis.

Our most relevant SDGs form a strong basis for our sustainability work. By identifying material sustainability topics and the relevant SDGs, we position Neste as part of society as well as part of the global sustainability framework. This work formed the basis of our sustainability KPIs. We monitor, measure and follow up our actions' effect on the broader context. The sustainability KPIs can be found in the table on [pages 38-42](#).

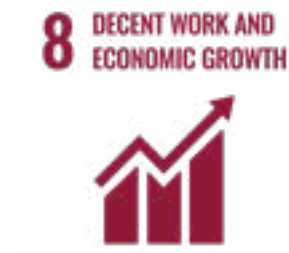


### Clean energy

- Neste increases the share of renewable energy in the global energy mix by producing and selling low-emission renewable fuels—for example, for [road transportation](#) and [aviation](#).
  - Neste finalized the expansion of its Singapore refinery, which will increase the refinery's total production capacity to 2.6 million tons per year, including up to one million tons of sustainable aviation fuel.
  - Neste enabled one of the world's largest international airlines, [Emirates](#), to operate the world's first Airbus A380 demonstration flight with one engine powered with 100% sustainable aviation fuel.
  - All the diesel-powered ground fleet runs on Neste MY Renewable Diesel™ at both [Amsterdam Schiphol](#) and [Cologne Bonn](#) airports.
  - Neste and [ScanOcean](#) introduced Neste's marine fuel to the Swedish market, enabling the marine sector to start reducing greenhouse gas emissions.
  - Neste and Mexican ultra-low-cost carrier [Viva Aerobus](#) signed a purchase agreement for one million liters of sustainable aviation fuel.
- Neste aimed for 100% renewable electricity use globally by 2023. The share of renewable electricity was 89.3%<sup>1)</sup>, and with so-called additional measures<sup>2)</sup> we were able to cover 99.6% of Neste's total purchased electricity.
- Neste signed a purchase agreement for [solar power](#) supply to Porvoo refinery in Finland in the end of 2023. Solar power supply is expected to start in spring 2024.

<sup>1)</sup> Martinez Renewables excluded from reported renewable electricity share as Neste does not control electricity supply agreements for the joint operations.

<sup>2)</sup> Additional measures include available market-based renewable electricity instruments.



### Decent work and economic growth

- We actively take steps to protect labor rights and promote [safe and secure working environments](#) for all workers, with special attention to vulnerable groups.
- We heightened our employees' safety awareness by organizing our first global Safety Week, centered on learning from everyday work.
- Neste is committed to implementing effective measures to eradicate exploitation, [modern slavery](#), and child labor.
- Neste respects and supports [children's rights](#) and was recognized as a Leader in the Global Child Forum's Benchmark Report, The State of Children's Rights and Business 2023.
- Neste provides good-quality employment, education and training for young people. In 2023, we hired 440 summer trainees in paid roles to work across different functions at Neste.
- We support our employees' individual development goals. The average time spent in learning programs for Neste employees in 2023 was 27.2 hours, and our company-wide development programs had more than 1,100 participants.
- Neste established site-level complaints channels at all its refineries, promoted with posters to inform migrant contract workers of their labor rights and encourage them to report any concerns directly to Neste.



## Industry, innovation and infrastructure

- Neste's growth and transformation is rooted in [innovation and technology](#). We invest the majority of our annual R&D expenditure in researching and testing future raw materials and technologies.
- Neste established an [Innovation Center](#) in Singapore to strengthen its global innovation and R&D capabilities.
- Neste and CINEA (the Climate, Infrastructure and Environment Executive Agency of the European Commission) signed the EU Innovation Fund's grant agreement for the waste plastic chemical recycling project [PULSE](#) in Porvoo, Finland.
- Building of the demonstration facility at VTT [Bioruukki Pilot Centre](#) was completed, and pilot runs were successfully conducted.
- Neste's [renewable hydrogen project](#) in Porvoo proceeded to the basic engineering phase.
- In Rotterdam, the electrolyzer system was successfully installed in the refinery within the EU-funded project [MultiPLHY, which demonstrates renewable hydrogen production](#).
- [Neste and the other leading energy companies in Finland joined forces to develop an industrial hydrogen valley](#). This joint effort creates industrial investment opportunities and supports Finland's and Europe's carbon neutrality goals.
- Neste advanced the preparation of its [algae pilot production](#) facility in order to further strengthen the growth of its global raw material pool.



## Reducing inequalities

- Neste views inequality as a systemic risk that requires urgent action from business and is taking actions to address it.
- Neste is an active member of the [WBCSD Business Commission to Tackle Inequality](#) (BCTI), a multi-stakeholder coalition of organizations that place addressing inequality at the heart of the business agenda for sustainable growth.
- Neste's [human rights ambition for 2030](#) is to create a more equitable and inclusive value chain in which everyone works with dignity.
- Neste expanded and completed living wage gap assessments for its own employees across global locations and took further steps to promote living wages in its supply chains.
- Neste is using anonymous worker voice surveys to engage directly with supply chain workers on their employment and living standards.
- Neste is a signatory to the UN Women's Empowerment Principles (WEPs) and conducts an annual WEPs gender gap analysis.
- Neste has signed two Unilever Partner Promises — the Supplier Equity, Diversity and Inclusion Promise and the Living Wage/Living Income Promise.
- Team value discussions on diversity, equity and inclusion were carried out across Neste in 2023. By the end of the year, 95% of teams had participated in these discussions.



## Sustainable cities and communities

- Neste creates value for society and helps customers to reduce greenhouse gas emissions by offering lower-emission renewable fuels for aviation and road transportation. Our renewable products can also help reduce transportation-related local emissions and improve local air quality in urban areas.
- Neste helps cities fight climate change by reducing GHG emissions with renewable fuels: We power the fleets of cities and municipalities with renewable diesel across the [US west coast](#) and partnered with [PetroCard](#) to expand access to renewable diesel in the Pacific Northwest region of the US.
- Neste supplies Neste MY Sustainable Aviation Fuel™ to the Swedish [Trollhättan-Vänesborg Airport](#) enabling it to become the world's first airport to use sustainable aviation fuel on all flights, together with [Västflyg Airlines](#).
- Neste's renewable diesel was introduced to the [Danish](#) and the [French](#) markets.
- Neste has introduced public high-power charging (HPC) at its service stations in Finland for light and medium-duty electric vehicles. The number of charging stations in Finland is increasing, and the first stations in the Baltics were opened in 2023.
- In Finland, Neste participates in the nationwide "Down a Degree" energy-saving campaign by reducing energy consumption at its facilities.
- The Ham Trick Campaign encourages households in Finland to recycle Christmas waste fats into renewable diesel.



## Responsible consumption and production

- Neste creates solutions for combating climate change and accelerating a shift to a circular economy. We refine waste, residues and innovative raw materials into renewable fuels and more sustainable feedstock for polymers and chemicals.
- Climate, biodiversity, human rights and supply chain sustainability aspects are integrated in our investment process and criteria to better guide investment planning from the sustainability impact perspective.
- Neste finalized the expansion of its Singapore refinery and continued with the Rotterdam refinery expansion project. Martinez Renewables refinery in the US also started operating in 2023.
- Neste enables PET bottles produced with bio-based materials with [Suntory, ENEOS and Mitsubishi Corporation](#). The introduction of bio-based materials will reduce fossil resource dependence in the PET value chain.
- Neste, [Uponor, Wastewise Group and Borealis](#) successfully produced pipes made of cross-linked polyethylene (PEX). The project demonstrates that chemical recycling can process hard-to-recycle waste plastics into high-quality polymer products.
- Neste decided to invest in a [liquefied waste plastic upgrading unit](#) at its Porvoo refinery.
- We completed Sedex self-assessment for our refinery in Porvoo, allowing us to thoroughly assess gaps in our management systems and human rights due diligence. The same assessments are ongoing for Rotterdam and Singapore refineries.



## Climate action

- Neste's climate vision is to lead transformation towards carbon neutral value chain by 2040. Our climate commitments cover the entire value chain (scopes 1, 2 & 3).
- Neste completed the strategic study on transitioning its refinery in Porvoo, Finland, into a leading renewable and circular solutions refining hub in the mid-2030s. The ambition is to make the Porvoo refinery the most sustainable refinery in Europe, in which production of renewable hydrogen will play a key role.
- Neste includes its climate commitments in long-term incentives for Neste's key personnel and its climate impact in the investment criteria.
- Neste uses the internal carbon price as a strategic tool to support its climate commitments.
- Neste and [SQUAKE](#) enable businesses to opt for sustainable aviation fuel in flight booking systems to reduce their air-travel-related carbon emissions.
- Neste joined COP28, the 2023 UN Climate Change Conference, as a partner of the Finland Pavilion.
- In Finland, Neste joined a green transition campaign by Climate Leadership Coalition (CLC) to highlight the importance and opportunities of the green transition for Finnish businesses and society.



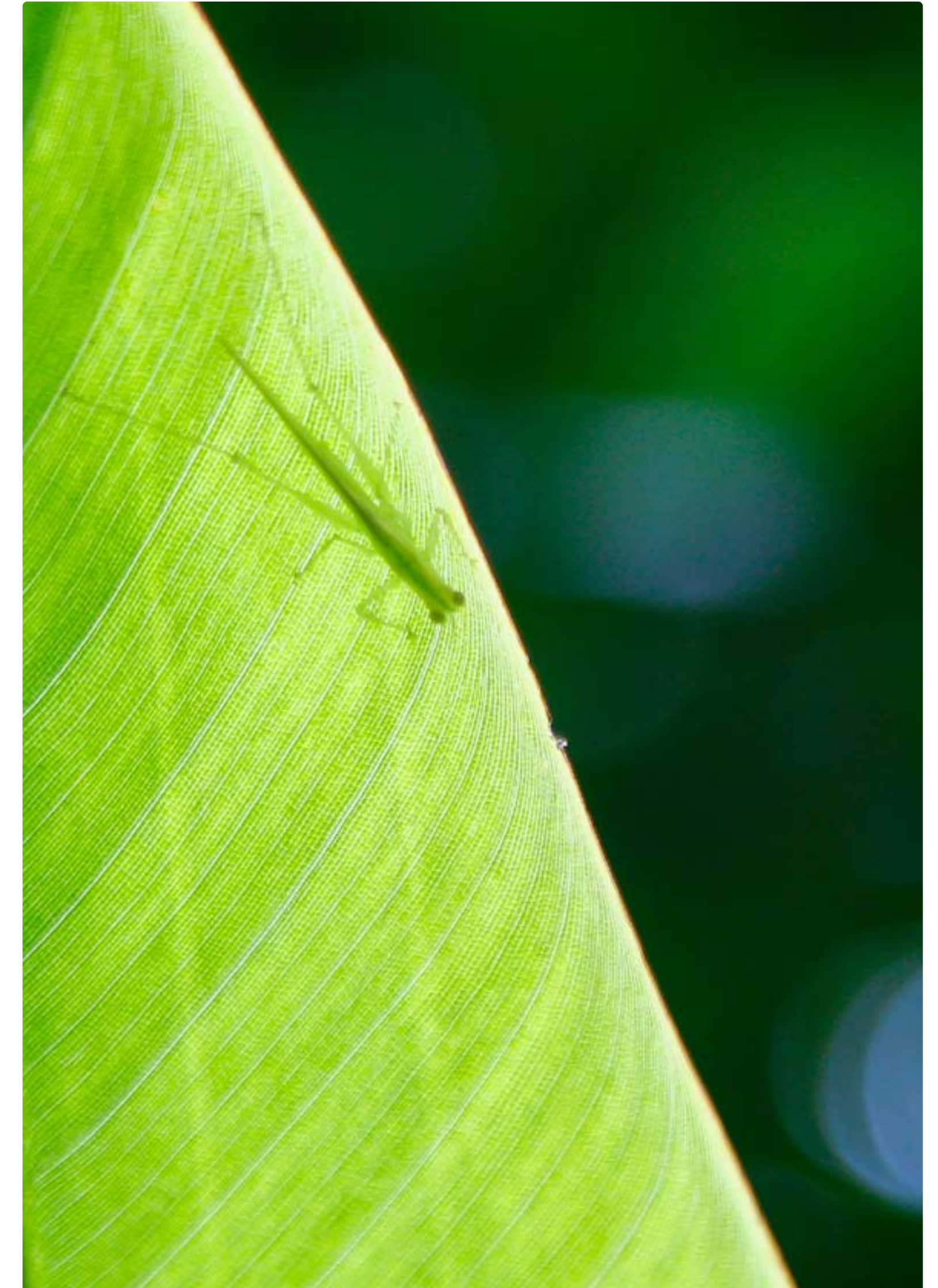
## Life on land

- Neste is committed to protecting biodiversity with a vision to drive a positive impact on biodiversity and achieve a nature positive value chain<sup>1)</sup> by 2040. We aim to create net positive impacts for biodiversity from new activities from 2025 onwards, and target no net loss (NNL) of biodiversity from all ongoing activities by 2035.
- Neste is committed to [preventing deforestation](#) and requires the same from its suppliers.
- As an active member of the Consumer Goods Forum (CGF) Forest Positive Coalition, Neste drives wider collaboration on preventing deforestation across industries.
- Biodiversity and climate topics are key when assessing potential raw materials. Neste's raw material sourcing for renewable fuels is regulated by strict biodiversity criteria as outlined in the EU RED II ((EU) 2018/2001).
- Neste engages in ongoing local activities to protect biodiversity, such as, continuous environmental monitoring in the vicinity of the Porvoo refinery.
- Neste works closely with NGOs and research partners who have a strong understanding of biodiversity, such as Fauna & Flora.
- Neste has joined the Science Based Targets Network's (SBTN) Corporate Engagement Program to develop and set science-based targets for nature. In 2023, Neste was one of the few companies who were selected in the [initial target validation group](#) for science-based targets for nature.
- Neste participates in the World Business Council for Sustainable Development's (WBCSD) Nature projects, focusing on collaboration in biodiversity metrics development.



## Partnerships for the goals

- Partnerships are at the core of the SDGs and we see them as the key to advancing sustainable business. Here are some recent examples of our partnerships:
  - Neste is collaborating with ITOCHU to supply [sustainable aviation](#) fuel to All Nippon Airways and Japan Airlines, as well as in making [Neste My Renewable Diesel](#) more widely available in the Japanese market.
  - Neste, [ISCC and DHL Group](#) successfully piloted a new system enabling credible and traceable transfer of sustainability benefits from use of sustainable aviation fuel along the value chain.
  - Neste and [Scania](#) piloted a digital solution to make renewable fuels use easier to track
  - Neste's collaboration with [Bell, Safran Helicopter Engines, GKN Aerospace and Virent](#) contributed to the milestone of the world's first 100% SAF powered single engine helicopter flight.
  - Neste supports research on the Baltic Sea and climate change at the [CoastClim research center](#).
  - Neste and [ILLIG](#) partnered to showcase more sustainable solutions for thermoformed plastic packaging through demonstration cases.
- Read more about our [engagements and commitments](#) as well as the work we do with our stakeholders, on [pages 43-46](#).



<sup>1)</sup> A nature positive value chain means that throughout our value chain, we are creating more positive impacts on nature than causing adverse ones.

## Material sustainability KPIs

Material topic	Objective	Key performance indicator	Target	Performance in 2023	SDG link
Carbon handprint	Helping our customers reduce their GHG emissions	Reduced GHG emissions by Neste customers with Neste's products (compared to fossil fuel) in MtCO <sub>2</sub> e <sup>1)</sup>	20 MtCO <sub>2</sub> e annually by 2030	11.0 MtCO <sub>2</sub> e (11.1 MtCO <sub>2</sub> e)	
Carbon footprint	Leading transformation toward carbon neutral value chain and reaching carbon neutral production	Absolute GHG emissions in our own production (scopes 1 & 2)	50% reduction by 2030 in comparison to 2019 baseline 3.4 MtCO <sub>2</sub>	2.8 MtCO <sub>2</sub> e (2.5 MtCO <sub>2</sub> ) 19% reduction compared to baseline	
		Indirect value chain emissions (scope 3): Use phase emission intensity of sold fuel products (gCO <sub>2</sub> e/MJ)	50% reduction by 2040 in comparison to 2020 baseline of 58 gCO <sub>2</sub> e/MJ	58 gCO <sub>2</sub> e/MJ (57 gCO <sub>2</sub> e/MJ) 0% reduction compared to baseline	
		Energy consumption savings achieved during reporting year (GWh) and cumulative energy consumption savings during 2017–2025 compared to 500 GWh target (%)	2017–2025 target: 500 GWh	Energy consumption savings during reporting year 27.2 GWh <sup>2)</sup> (42.6 GWh). Cumulative savings 2017–2023 compared to target: 55% (50%) achieved.	
		Share of renewable electricity of total purchased electricity (%) - scope 2 (market-based) measures (%) - additional measures <sup>3)</sup> (%)	Aiming for 100% renewable electricity by 2023	89.3% <sup>4)</sup> (93.8%) scope 2 (market-based) measures 10.3% additional measures <sup>3)</sup>	
Protecting biodiversity, air, water and soil	Driving a positive impact on biodiversity and achieving a nature positive value chain by 2040	Management of biodiversity impacts	Implementing a program to create net positive impacts (NPI) for biodiversity from Neste's own direct new activities from 2025 onward, and no net loss (NNL) of biodiversity from all Neste's own direct ongoing activities by 2035	Materiality analysis according to SBTN guidance for upstream and direct operations completed, with freshwater and land use aspects concluded as significant for biodiversity and nature in Neste's value chain. Biodiversity included in our major investment decision making process.	
		Direct driver of biodiversity change: Freshwater use and effluents	Introducing Neste's own direct water impacts to the nature positive roadmap	Freshwater-related impacts in each Neste site, as well as upstream supply chain, was assessed as part of our SBTN Initial Target Validation Pilot work.	
		Availability of pollution prevention technology <sup>5)</sup>	100% availability of pollution prevention technology at refineries, terminals and retail sites	Availability of pollution prevention technology on average 91% (98%) at refineries, terminals and retail sites	
		Number of permit violations	Zero permit violations for Oil Products (OP), Renewable Products (RP) and Marketing & Services (M&S)	Permit violations: 13 (3), of which 6 (2) in OP, 6 (1) in RP and 1 in M&S	

<sup>1)</sup> Annual greenhouse gas (GHG) reduction achieved with Neste's renewable products compared to 100% crude oil based fuel. Calculation method complies with the EU Renewable Energy Directive II (EU) 2018/2001 and the California LCFS methodology, which has been applied in the GHG reporting for volumes sold in the US since the beginning of 2022

<sup>2)</sup> The savings consist of energy efficiency measures started during 2023, which have been scaled to cover the full year.

<sup>3)</sup> Additional measures include available market-based renewable electricity instruments, e.g. I-RECs in APAC/Singapore, which are not currently eligible for scope 2 market-based accounting. JV operations excluded from the figure.

<sup>4)</sup> Martinez Renewables excluded from reported renewable electricity share as Neste does not control electricity supply agreements for the joint operations.

<sup>5)</sup> Retail sites included for the first time in 2023.

SDG7: Clean energy

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SDG9: Industry, innovation and infrastructure

SDG10: Reducing inequalities

SDG11: Sustainable cities and communities

SDG12: Responsible consumption and production

SDG13: Climate action

SDG15: Life on land

SDG17: Partnerships for the goals

## Material sustainability KPIs

Material topic	Objective	Key performance indicator	Target	Performance in 2023	SDG link
Safety, health and wellbeing	Ensuring the health and safety of employees and contractors in all Neste locations and supply chain	Total Recordable Incident Frequency (TRIF) <sup>6)</sup>	2.0 for 2023, long-term target: Zero accidents	TRIF 2.3 (2.0)	
		Process Safety Event Rate (PSER) <sup>7)</sup>	1.4 for 2023, long-term target: Zero accidents	PSER 1.2 (1.4)	
		Safe days (including environmental permit violations)	305 for 2023, long-term target: Continuously increasing the number of Safe Days	278 (314) Safe Days	
	Strengthening Neste culture that supports the physical and mental wellbeing of our employees	Wellbeing index from employee engagement survey (Forward Survey), consisting of elements and scores in engagement, wellbeing and change adaptation	Target is to maintain results on a good level	Engagement 70 (66), wellbeing 66 (61), change adaptation 66 (62) <sup>8)</sup>	
Modern slavery	Managing modern slavery risks in Neste operations and supply chains	Number of Neste employees who have received training on modern slavery	To increase the number of employees who have received training on modern slavery, prioritizing those involved in supply chains and procurement	Training on forced labor and vulnerable groups carried out for 1,667 (2,689) employees as part of Neste's Code of Conduct e-learning	
		Human Rights Due Diligence (HRDD) <sup>9)</sup> carried out for key business areas/functions	To strengthen Neste's capacity to identify, assess, and address human rights risks in our operations and supply chains	Four major assessments/initiatives undertaken in 2023: 1) Corporate-wide assessment to review Neste's salient issues and mitigation actions. 2) Surveyed Neste's time charter vessel partners on their human rights and labor practices. 3) Living wage gap assessments completed for Neste's own employees globally. 4) Sedex assessments completed for our Porvoo refinery, and ongoing for Rotterdam and Singapore refineries.	
		Improve HRDD maturity level for Neste's own operations using the Consumer Goods Forum HRC assessment framework and KPIs. <sup>10)</sup>	Achieve CGF Leadership Level for 100% of our own operations by 2025	100% of the "Established" maturity level achieved in 2023	

<sup>6)</sup> Number of cases per million hours worked. Includes both Neste's and contractors' personnel, except for Demeter, Walco and SeQuential, and green-field expansion project, which were reported internally and followed-up separately in 2023.

<sup>7)</sup> Number of cases per million hours worked.

<sup>8)</sup> Demeter, Mahoney, SeQuential and Agri Trading not included.

<sup>9)</sup> HRDD refers to any activities carried out to identify, assess, address, prevent or mitigate forced labor risks, such as developing internal processes, carrying out impact assessments, risk mapping, gap assessments, etc

<sup>10)</sup> The Consumer Goods Forum HRDD maturity assessments for Neste's own operations have three achievement levels: Launched, Established, and Leadership.

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## Material sustainability KPIs

Material topic	Objective	Key performance indicator	Target	Performance in 2023	SDG link
Diversity, equity and inclusion	Fostering a diverse and inclusive workplace that ensures fair treatment and development of the skills base and innovation power needed for company growth	Multi-country teams (%)	Increasing trend	18% (15%) are multi-country teams	
		Women in personnel (%), female representation in line manager positions (%) and senior management (%)	To increase women's representation in line manager positions and senior management close to the representation of females in personnel (%)	Women in personnel 32.6% (32.2%) 32.9% (30.7%) women in line manager positions 29.1% (27.4%) women in senior management	
		Response rate to employee engagement survey (%)	Maintain a high response rate of 80% or above	84% (80%) <sup>8)</sup>	
Engaged and talented workforce	Ensuring engaged, well-led and competent employees  Strengthening Neste culture that supports strong sense of belonging and versatile growth opportunities	Employee engagement score from employee engagement survey (Forward Survey)	Maintain a good level of employee engagement	Employee engagement score 70 (66). Majority of employees thought favorably of working at Neste and would recommend Neste as a workplace. 73% (66%) felt happy working at Neste, 84% (80%) understood how their own work contributed to company's success, 79% (75%) thought Neste acts in a responsible way, 82% (76%) said their team has everything they need be safe at work and 83% felt comfortable being themselves at work. <sup>8)</sup>	
		Leadership score from employee engagement survey (Forward Survey), indicating the support received from the line manager	To maintain or exceed previous year's level	Manager support score 77 (74) <sup>8)</sup>	
		Training hours per employee	To maintain or exceed previous year's level	27.2 hours (20.8)	
		The external turnover for the year	To maintain the rate on a good level	Leaving rate of permanent employees 9.6% (10.2%) Hiring rate of permanent employees 15.3% (18.3%)	

<sup>8)</sup> Demeter, Mahoney, SeQuential and Agri Trading not included.

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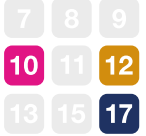


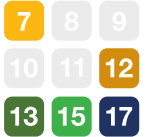
SDG13: Climate action


SDG15: Life on land

SDG17: Partnerships for the goals




## Material sustainability KPIs

Material topic	Objective	Key performance indicator	Target	Performance in 2023	SDG link
Stakeholder engagement, communication and transparency	Ensuring the appropriate scope and quality of information disclosure related to own operations and business practices in the supply chain and ensuring an ongoing, meaningful process of interaction and dialog with our stakeholders	Monthly supply chain grievance log updates	To roll out 12x annually updated supply chain grievance logs	12 (12) monthly logs	
		Regular supply chain transparency via Traceability Dashboard (Palm oil & PFAD)	To publish information twice yearly	2 (2) publications	
Innovation	Fostering innovative solutions for sustainable development	Research and development expenditure	Fostering innovative solutions for sustainable development	EUR 94 million (EUR 85 million)	
		Number of granted patents Number of pending patent applications	A moderately increasing trend for granted patents and a constant inflow of patent applications	2,027 (2,073) granted patents 697 (683) pending patent applications	
Partnerships	Initiating and fostering partnerships between Neste and its partners to address the challenges of and innovate solutions for sustainable development	Collaborations with research institutions and universities	Initiating and fostering partnerships between Neste and its partners	37 (35) collaboration partnerships	
Sustainable products and services	Ensuring that sustainability is integrated into Neste's product and service portfolio	Volume of liquefied waste plastic processed (t/a)	To process more than 1 Mt of liquefied waste plastics to increase circularity of plastics and reduce crude oil dependence in refining and petrochemical processes	3,900 (1,400) tons of liquefied waste plastic	
		Production of Neste Renewable Diesel and SAF, 1,000 tons	Increasing trend	3,518 (2,988)	
		Share of Clean Revenue from Group revenue, %; and Share of investments consisting of Clean CAPEX, Clean R&D and Clean M&A (Clean Investments), %	To maintain the annual share compared to previous year	Clean Revenue 37.7% (38.9%) Clean Investments 85.5% (88.3%)	

 SDG7: Clean energy

 SDG8: Decent work and economic growth


 SDG9: Industry, innovation and infrastructure

 SDG10: Reducing inequalities

 SDG11: Sustainable cities and communities



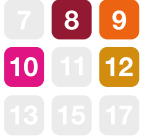
 SDG12: Responsible consumption and production

 SDG13: Climate action

 SDG15: Life on land

 SDG17: Partnerships for the goals


## Material sustainability KPIs

Material topic	Objective	Key performance indicator	Target	Performance in 2023	SDG link
Supply chain and raw material sustainability	Ensuring sustainability of Neste suppliers and business partners and raw materials' sustainability	Percentage of business partners who have committed to Neste's minimum sustainability requirements in the Supplier Code of Conduct (%)	100% of business partners committed	100% (99%) of the renewable raw material volumes, 86% (84%) of the crude oil and fossil raw materials volumes, and 91% (73%) of overall indirect contracted spend were covered by Neste Supplier Code of Conduct or equivalent	
		The number of renewable raw material supplier's sustainability due diligence and their outcome	To assess all new renewable raw material suppliers against sustainability criteria	Total: 388 (325), New approved suppliers: 249 (223), All approved: 279 (236), Pending: 102 (74), Rejected: 7 (15) <sup>11)</sup>	
		The percentage of new fossil raw material suppliers that have undergone sustainability due diligence	To assess all new fossil raw material suppliers against sustainability criteria	100% (100%) of the new fossil raw material suppliers assessed	
		Total of sustainability audits conducted	To increase the number of sustainability audits conducted, prioritized through a risk-based approach	154 (118) sustainability audits	
		Share of waste and residues of global renewable raw material inputs (%)	Growing the sourcing of waste and residue raw materials globally <sup>12)</sup>	92% (95%)	
Ethics, compliance and corporate governance	Ensuring good corporate governance practices in accordance with the laws and regulations applicable as well as to operate in an ethical way in the society	A total of suspected misconducts reported in person or via the whistleblowing line to the Investigations Group	To further encourage employees and external stakeholders to report observed or suspected misconduct	A total of 30 (14) suspected misconducts of which 4 concerning the same issue, were reported in person or via the whistleblowing line to the Investigations Group in the following categories: HR 10 (2), discrimination and harassment 6 (2), conflict of interest 3 (0), bribery, corruption and facilitation payment 0 (1), fraud 3 (4), theft, asset misuse & embezzlement 0 (3), supplier/business partner misconduct/unethical behavior 4 (1), inappropriate behavior 2 (0), sustainability 1 (0), unethical conduct towards clients/suppliers/business contacts 1 (0), and 0 (1) in the category Other.	
		Code of Conduct training rate	All Neste employees completed the training	99%, including new joiners, have completed the Neste Code of Conduct e-learning course. <sup>13)</sup>	
		Corporate governance reporting in the Corporate Governance Statement			
Economic responsibility		Reporting in the Financial Statements			

<sup>11)</sup> Figures include existing suppliers, which undergo a sustainability assessment process every 3–5 years. Supplier data includes only main contractual parties, excluding sub-suppliers.


<sup>12)</sup> The share of waste and residue raw materials of Neste's renewable raw material inputs globally is expected to stay above 90% in the coming years, while in the longer term, the growth in novel vegetable oils' availability may increase the share of sustainably produced vegetable oils

<sup>13)</sup> 2021, 2022 and 2023 completions included. Mahoney and Sequential excluded due to change of learning platform.

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# Stakeholder engagement

We aim for continuous, active and open dialog with our stakeholders and regularly seek external views on our operations.

We follow the business environment actively and engage with relevant stakeholder groups. We also involve our stakeholders in our materiality assessment process to seek their views on sustainability topics. Active engagement is essential throughout our value chain and in the collaboration with suppliers and non-governmental organizations.

We believe in collaboration and want to be actively involved in developing a more sustainable future. We participate in the development of our industry, relevant associations and NGOs, and aim to actively engage in open dialog with all our stakeholders.

## Our key stakeholders are:

- Our own employees and management
- Corporate customers and consumers
- Analysts and shareholders
- Policymakers, authorities and legislators
- Suppliers of goods, raw materials and services
- Non-governmental organizations, industry associations and cooperation bodies
- Universities, think tanks and research organizations
- Local communities
- Media



Key stakeholder	Key topics of dialog	How we engage
<b>B2B customers</b>	<ul style="list-style-type: none"> <li>• Responding to the customers’ needs with sustainable and high-quality products and services; security of supply;</li> <li>• Accelerating emission reductions with renewable and circular solutions; building a circular economy; achieving climate commitments; recycling of plastic waste;</li> <li>• Cooperation; innovation and R&amp;D; safety; local operation sites such as refineries.</li> </ul>	<ul style="list-style-type: none"> <li>• Meetings, newsletters, and technical, marketing or sustainability-related training sessions;</li> <li>• Collaboration at top management level to drive sustainable actions across organizations;</li> <li>• Surveys monitoring satisfaction;</li> <li>• Joint communications with partners, or co-branding;</li> <li>• Partnerships to reduce carbon footprints across all organizations;</li> <li>• Co-creating new services and solutions;</li> <li>• Ongoing dialog;</li> <li>• Sales of Neste products.</li> </ul>
<b>Consumers</b>	<ul style="list-style-type: none"> <li>• Product, service and operations sustainability and quality; customer relationships and cooperation; innovation and R&amp;D;</li> <li>• General information about products, pricing, raw materials and the value the products provide.</li> </ul>	<ul style="list-style-type: none"> <li>• Gathering insight through consumer surveys;</li> <li>• Providing regular fact sheets, press releases and news to consumers;</li> <li>• Working with local distributors;</li> <li>• Advertising campaigns to create awareness;</li> <li>• Responding promptly to questions and concerns via phone, email, social media and Neste website.</li> </ul>
<b>Investors and equity analysts</b>	<ul style="list-style-type: none"> <li>• Climate change mitigation as a business opportunity; biodiversity; environmental and social sustainability of raw materials and supply chains; diversity, equity and inclusion;</li> <li>• Growth strategy; financials and future outlook.</li> </ul>	<ul style="list-style-type: none"> <li>• Financial communications, including financial reporting, stock exchange releases, conference calls, roadshows, individual or group meetings, and annual Capital Markets Day;</li> <li>• Proactive communications regarding business developments, investments, and progress;</li> <li>• Transparent and regular reporting and disclosures;</li> <li>• Cooperation with rating agencies and investor assessments.</li> </ul>
<b>Governmental organizations</b>	<ul style="list-style-type: none"> <li>• Climate and emission reduction targets;</li> <li>• Renewable fuels in transportation and other industries like construction, mining and agriculture;</li> <li>• Renewable and recycled materials; plastics recycling; circular economy;</li> <li>• Sustainable finance.</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing views on policies, laws and regulations with policymakers;</li> <li>• Supporting policymakers by providing industry insights and technological capabilities.</li> <li>• Responding via public consultations; meeting with policymakers and local and national officials working on climate and energy topics;</li> <li>• Active membership in industry associations.</li> </ul>
<b>Suppliers and contractors</b>	<ul style="list-style-type: none"> <li>• Neste Supplier Code of Conduct and Neste Responsible Sourcing Principle expectations and criteria, including human and labor rights, occupational health and safety, climate, the environment and ethical business conduct;</li> <li>• Sufficient volumes of raw materials, as well as other products and services, for Neste’s needs;</li> <li>• Living wages and incomes;</li> <li>• Potential avenues for enhanced collaboration and alignment.</li> </ul>	<ul style="list-style-type: none"> <li>• Arranging annual sustainability workshops, training and seminars to share information and support capacity building of contractors and raw material suppliers;</li> <li>• Collaborating closely with contractors and suppliers to enhance sustainability performance, ensure a high level of safety, efficiency and quality, and to find common development avenues;</li> <li>• Providing practical guidance on our sustainability requirements and living wages for suppliers and contractors. Improving visibility of working conditions and living standards through worker interviews and anonymous worker voice surveys;</li> <li>• Collecting information on our scope 3 emissions annually;</li> <li>• Monitoring sustainability performance of our suppliers and contractors through audits. Helping them to perform corrective actions in cases of non-compliance;</li> <li>• Sharing information with contractors at Neste sites through regular meetings, info sessions, training and newsletters. Providing site-level complaint channels at all refineries for raising any work-related complaints;</li> <li>• Continuous search for and evaluation of potential new raw material suppliers.</li> </ul>

Key stakeholder	Key topics of dialog	How we engage
<b>NGOs</b>	<ul style="list-style-type: none"> <li>• Climate change mitigation; sustainability; biodiversity;</li> <li>• Human rights; children’s rights;</li> <li>• Sustainable raw material sourcing; circularity and recycling aspects.</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous dialog with NGOs, e.g., on biodiversity and human rights;</li> <li>• Collaboration in joint projects (e.g., projects aiming for transformative sustainability improvements regionally and to support smallholders in improving their sustainability performance and certification);</li> <li>• Ongoing dialog, e.g., transparent reporting on sustainability performance, including the status and progress of sustainability-related grievances linked to Neste’s raw material sourcing;</li> <li>• Dialog with the Neste Advisory Council on Sustainability and New Markets;</li> <li>• Sustainability of supply chains and suppliers, commitment to sustainability, protecting biodiversity (e.g., preventing deforestation), and respecting human rights (e.g., forced labor and freedom of association).</li> </ul>
<b>Industry associations</b>	<ul style="list-style-type: none"> <li>• Climate change mitigation; transport emissions reductions;</li> <li>• Renewable and circular solutions; circular economy; plastics recycling;</li> <li>• Industry competitiveness; sustainability.</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in dialog and working with and as members of industry associations;</li> <li>• Providing insight, analysis and our views on different topics;</li> <li>• Taking part in events and seminars;</li> <li>• Memberships in associations including (but not limited to): Renewable Carbon Initiative (RCI); FuelsEurope; the European Biodiesel Board; the Advanced Biofuels Association (US); and, the European Chemical Industry Council (CEFIC);</li> <li>• The complete list of Neste’s memberships is available on <a href="https://neste.com">neste.com</a>.</li> </ul>
<b>Cooperation bodies</b>	<ul style="list-style-type: none"> <li>• Sustainability; climate commitments; climate change mitigation; emission reduction; biodiversity;</li> <li>• Renewable and circular solutions; plastics recycling; resource efficiency; circular economy; innovation;</li> <li>• Human rights; just transition to net zero; living wages; diversity and inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in dialog with cooperation bodies and supporting initiatives;</li> <li>• Participating in working groups for developing industry-related matters within initiatives;</li> <li>• Ensuring the sustainability of our supply chain with certifications;</li> <li>• Cooperating with, e.g., Task Force on Climate-Related Financial Disclosures (TCFD), Nordic Business Network for Human Rights, UN Global Compact, World Business Council for Sustainable Development (WBCSD), Business Commission to Tackle Inequality (BCTI), and, International Sustainability &amp; Carbon Certification (ISCC);</li> <li>• The complete list of Neste’s commitments and engagements is available on <a href="https://neste.com">neste.com</a>.</li> </ul>
<b>Universities and research organizations</b>	<ul style="list-style-type: none"> <li>• Innovation and R&amp;D; raw material and technology development; artificial intelligence;</li> <li>• Green hydrogen; e-fuels; industrial chemistry; catalyses;</li> <li>• Renewable and circular solutions; life cycle analyses (LCA).</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in dialog with universities, different research organizations as well as researchers all over the world;</li> <li>• Strategic cooperation with, e.g., Aalto University, Åbo Akademi and VTT (The Technical Research Centre Finland) and international partners mainly in Europe and in the US;</li> <li>• Further strengthening our global innovation and R&amp;D capabilities by opening an Innovation center in Singapore in 2023 and continuously exploring the research landscape and opportunities in the area;</li> <li>• Competence ecosystem in renewable and circular solutions by building a portfolio of R&amp;D&amp;I projects in cooperation with universities, research institutions and companies in Finland.</li> </ul>
<b>Local communities</b>	<ul style="list-style-type: none"> <li>• Employment and cooperation opportunities;</li> <li>• Health and safety matters;</li> <li>• Site investments and development projects;</li> <li>• Environmental and social impacts on local communities.</li> </ul>	<ul style="list-style-type: none"> <li>• Engaging in dialog and collaboration with local communities and production site neighbors via newsletters, meetings, regional websites and social media;</li> <li>• Arranging site tours for various interest groups;</li> <li>• Engaging and collaborating with local authorities and city representatives;</li> <li>• Volunteer initiatives from employees at local level (e.g., Food Bank, beach cleaning);</li> <li>• Conducting a stakeholder study biennially to assess the local community and authority perspectives on Porvoo refinery’s environmental, social and safety impacts and communications;</li> <li>• Complaints channels available for local communities to raise any concerns they have directly with Neste.</li> </ul>

Key stakeholder	Key topics of dialog	How we engage
<b>Media</b>	<ul style="list-style-type: none"> <li>• Company news and other announcements; interim and annual results;</li> <li>• Company strategy and growth; mergers and acquisition activities; different projects;</li> <li>• Customer stories and cooperation; societal and economic topics; innovation and R&amp;D; sustainability;</li> <li>• Fuel taxing and pricing; renewable and circular products and solutions.</li> </ul>	<ul style="list-style-type: none"> <li>• Press releases and other materials (e.g., on website);</li> <li>• Following and responding to media inquiries;</li> <li>• Connecting the media with the correct spokespersons at Neste;</li> <li>• Organizing media visits and events, background briefings.</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>• Neste strategy and values; sustainability; climate commitments;</li> <li>• Financial results and outlook; key projects and company milestones;</li> <li>• Learning and development;</li> <li>• Health, safety and wellbeing; business ethics and code of conduct; diversity, equity and inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>• Sharing information about Neste's strategy, regular updates on its implementation and key milestones reached, financial performance;</li> <li>• Promoting diversity, equity and inclusion as part of Neste culture development work;</li> <li>• Ensuring regular discussions around development, values and wellbeing, individually and in teams, and providing development tools and programs;</li> <li>• Measuring employee engagement and collecting employee feedback through several methods, e.g., regular pulse surveys, team and individual discussions, town hall meetings and team days;</li> <li>• Proactive and systematic communication and training regarding topics of interest, responsive communication and dialog on topics raised by employees;</li> <li>• Emphasizing the importance of social interaction and sharing of thoughts and ideas;</li> <li>• Systematic support for health, safety and wellbeing;</li> <li>• Flexible ways of working and tools to support them;</li> <li>• Fit-for-purpose leadership development, e.g., tailored leadership program We Lead;</li> <li>• Support provided to all employees during the changes.</li> </ul>

## Global increase in efforts to combat climate change

Our commitment to limiting global warming means we actively engage around the globe with policymakers, regulators and the wider stakeholder community to demonstrate the benefits of renewable fuels as a decarbonization solution. Renewable fuels, like all decarbonization technologies, can be supported or implemented through environmental and energy policies or laws.

In particular, we focus on driving ambition for renewable fuel targets in the road, aviation and maritime sectors, as well as nascent policies for renewable polymers and chemicals to support decarbonization targets in the plastics and chemicals industries.

Throughout much of this work, we show the importance of allowing waste and residue raw materials in the creation of renewable fuels, as well as working toward favorable policy environments for new energies such as renewable hydrogen and Power-to-X.

Neste highlights the growing impact and importance of innovation in biofuels to encourage their continued acceptance and use to reach global decarbonization goals.

## Main policy and legislation impacts on business in 2023

### Europe

Priorities continued to focus on the European Union's Fit-for-55 package, particularly:

- Driving higher ambition for decarbonization policies for transportation. Examples of Neste's advocacy work here include support for the implementation of European-wide and national Sustainable Aviation Fuel (SAF) policies to decarbonize aviation, and for EU lawmakers to introduce a mechanism that accounts for GHG savings from renewable fuels in heavy-duty vehicles through the HDV CO<sub>2</sub> Regulation and the Euro 7 Regulation;
- Calling for a broad base of sustainable raw materials for renewable fuel creation, for example, through the EU's Renewable Energy Directive, in addition to seeking regulatory certainty on feedstock eligibility for long-term investment decisions;
- Encouraging a range of decarbonization solutions, as well as faster permitting processes to access EU financing schemes for HVO, SAF, eFuels and bio-based material production plants;
- Collaborating to develop sustainability criteria for bio-based materials and chemicals;
- Monitoring legislation as it comes into force, seeking clarity on new requirements, and ensuring full compliance with new rules, for example, the EU's Deforestation Regulation.
- Leading advocacy on non-fossil targets in the chemical and plastic sector.

In Europe, the varying eligibility of feedstocks, methods of calculating GHG emissions and certification methods can slow down investment decisions.

### The Americas

The main priority for Neste in the Americas has been enhancing the market acceptability of renewable fuels in both new and existing markets. This has been done through advocacy work supporting:

- An overhaul of the California Low Carbon Fuel Standard (LCFS) program and the British Columbia Clean Fuel Standard program;
- Changes to the US federal Renewable Fuel Standard (RFS) program;
- An extension of US federal blenders tax credits and modification of future Clean Fuels Production Credit;
- The startup of LCFS programs in Canada and Washington State;
- New incentives for SAF in several states;
- Stakeholder engagement to create policy frameworks for renewable polymers and chemicals;
- Market entry into Brazil in line with growing demand, and new mandates for SAF.

The market in the United States has seen an increase in coalitions to promote the adoption of clean-fuel policies in North America. However, there is also increased competition among renewable fuel suppliers, a political prioritization of electrification policies, and a relatively slow adoption of the Inflation Reduction Act.

### Asia-Pacific

In Asia-Pacific, Neste has sought to drive favorable climate change regulations across the region. This work has centered around:

- A strong drive in the region for decarbonization policies and regulations in aviation;
- Further initiatives and government consultations on decarbonizing road transportation;
- Relaying circular economy solutions across regional governments and stakeholders to build support for renewable polymers and chemicals;
- Supporting regulators in Japan upon the announcement of a 10% SAF mandate;
- Contributing upon request to Singapore's Sustainable Aviation Blueprint, and in India partnering the Observer Research Foundation on a joint study to highlight the associated health risks of the continued re-use of used cooking oil;
- Contributing to several consultations related to biofuels and climate change in Australia and New Zealand;
- Providing support to the governments of Japan and South Korea in achieving their bio-based targets by 2030.

Neste was involved in stakeholder consultations for the development of the Sustainable Biofuels Obligation Bill in New Zealand for the last three years. Regrettably, this was canceled in 2023, with a range of factors cited, including the current cost-of-living challenges. Neste continues to support Singapore's Sustainable Aviation Blueprint development and is a member of the SAF Working Group in Sustainable Aviation Aotearoa, a forum for industry, government and other bodies to discuss the technology and regulatory challenges in encouraging the adoption of SAF in New Zealand.

### Research cooperation

In 2023, we continued to strengthen our cooperation with companies, startups, universities and research institutions:

- Neste’s Veturi ecosystem brings together Finnish companies, startups, universities and research institutions to jointly build the future capabilities needed to establish new value chains in renewable and circular solutions.
- Strategic cooperation with VTT (The Technical Research Centre Finland), which fosters the joint use and development of research infrastructures in Finland.
- Strategic cooperation with Aalto University and Åbo Akademi University, with the aim of improving the competitiveness of parties while increasing Finnish chemical industry expertise, including fields such as chemical and process engineering, bioeconomy, digitalization, and the circular economy.
- With UPM and Borealis Polymers, Neste is supporting a chemistry professorship specializing in the circular economy at the University of Helsinki.
- A five-year sponsorship for [Helsinki University’s Centre for Coastal Ecosystem and Climate Change Research](#) (CoastClim) to further understand how the condition of the seas and climate change are linked.
- The cooperation also continued in our projects related to green hydrogen in Rotterdam and Porvoo, for example.

In addition, we actively engage in a dialog with several universities and research institutes on collaboration opportunities.

[➤ Read more about our research cooperation.](#)

### The Advisory Council on Sustainability and New Markets

In 2019–2023, the Advisory Council on Sustainability and New Markets has provided Neste strategic insight and guidance for its sustainability work and supported the company in accelerating transformation and broadening its sustainability leadership activities. The independent external council convened three times a year and was chaired by John Elkington, one of the pioneers of the global sustainability movement. The other members of the council included James Cameron, Marcius Extavour, Louise Kjellerup Roper, Bernice Lee and Geoffrey Weston.



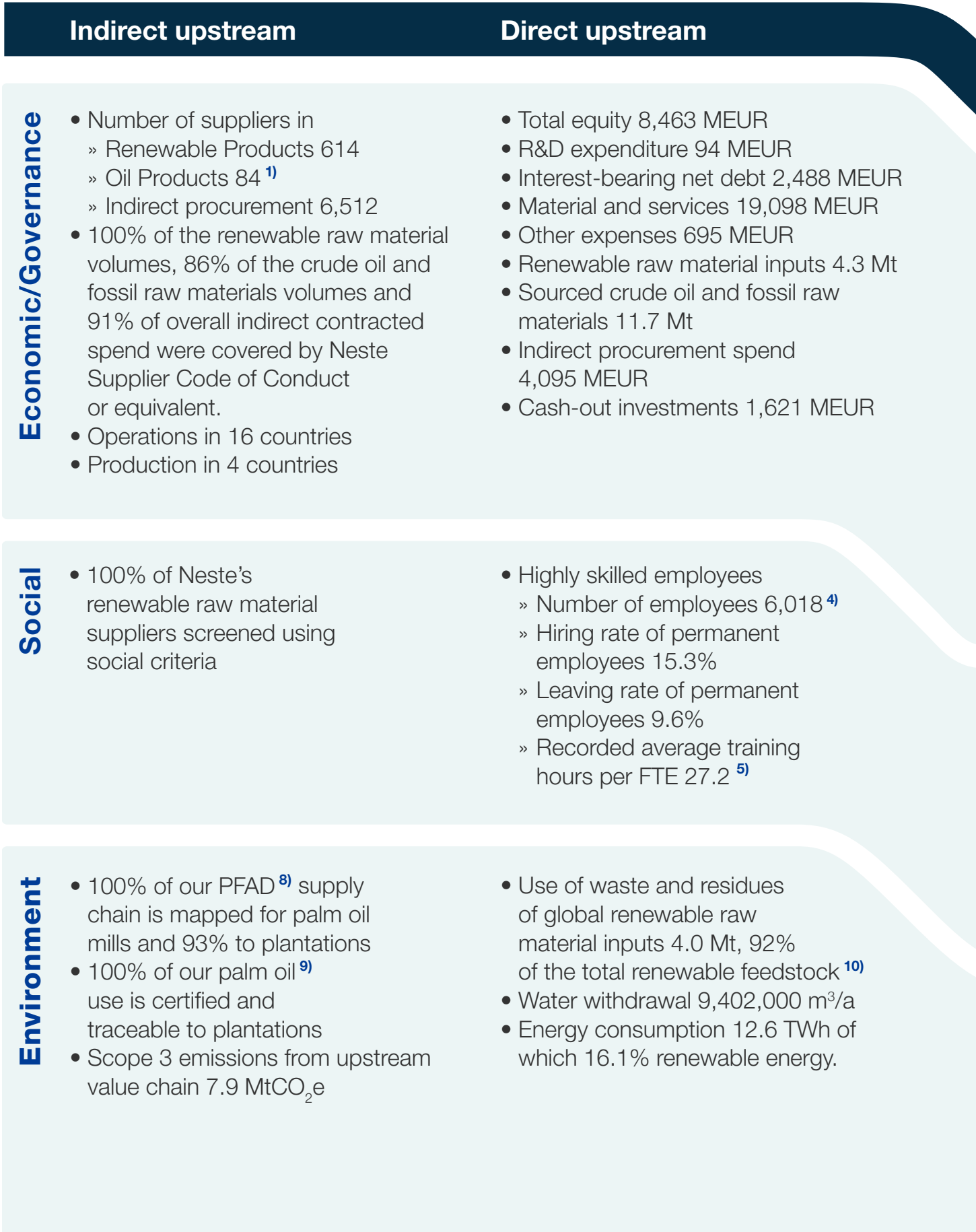
### External recognitions

- CDP Climate Change (A–), Water (B) and Forests (A–) Assessments
- Corporate Knights Global 100: among the 100 most sustainable companies in the world for the 18th consecutive time
- Dow Jones Sustainability Indices: 17th consecutive time in the index, included in DJSI World and DJSI Europe listings
- Ecovadis Platinum rating
- European Inventor Award 2023, Industry category winner
- MSCI ESG Rating Index, AAA
- S&P Global Sustainability Yearbook
- Sustainalytics’ 2024 ESG Top-Rated Companies List



# Value creation

## Input



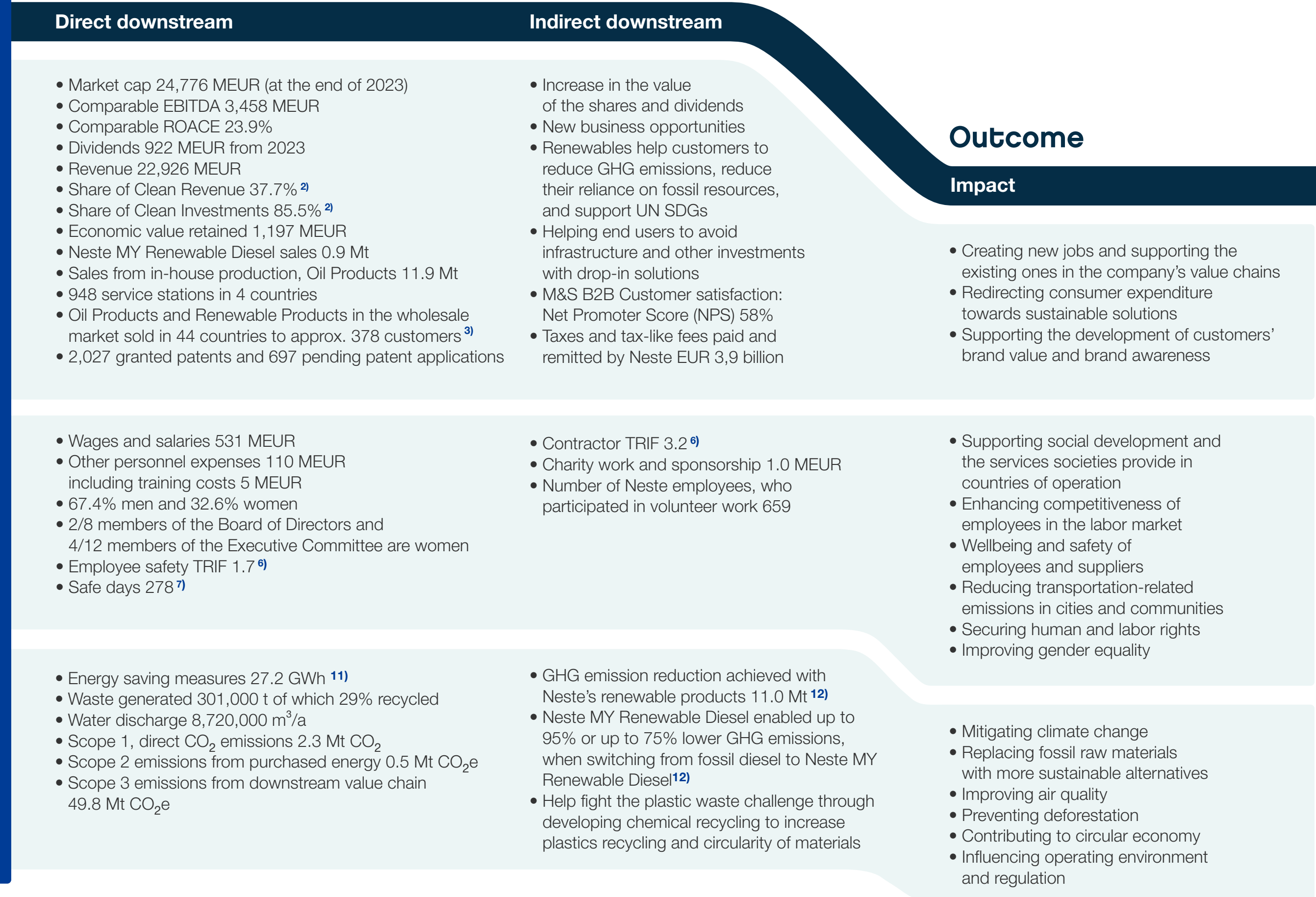
## Neste's business model

We provide value for society by developing renewable, low-emission and circular solutions for the aviation, chemical and plastics industries, transport sector and cities.



We do this by taking the lead to transform towards a carbon neutral value chain by 2040, and setting ourselves aspirational targets for climate, biodiversity, human rights, supply chain and raw materials.

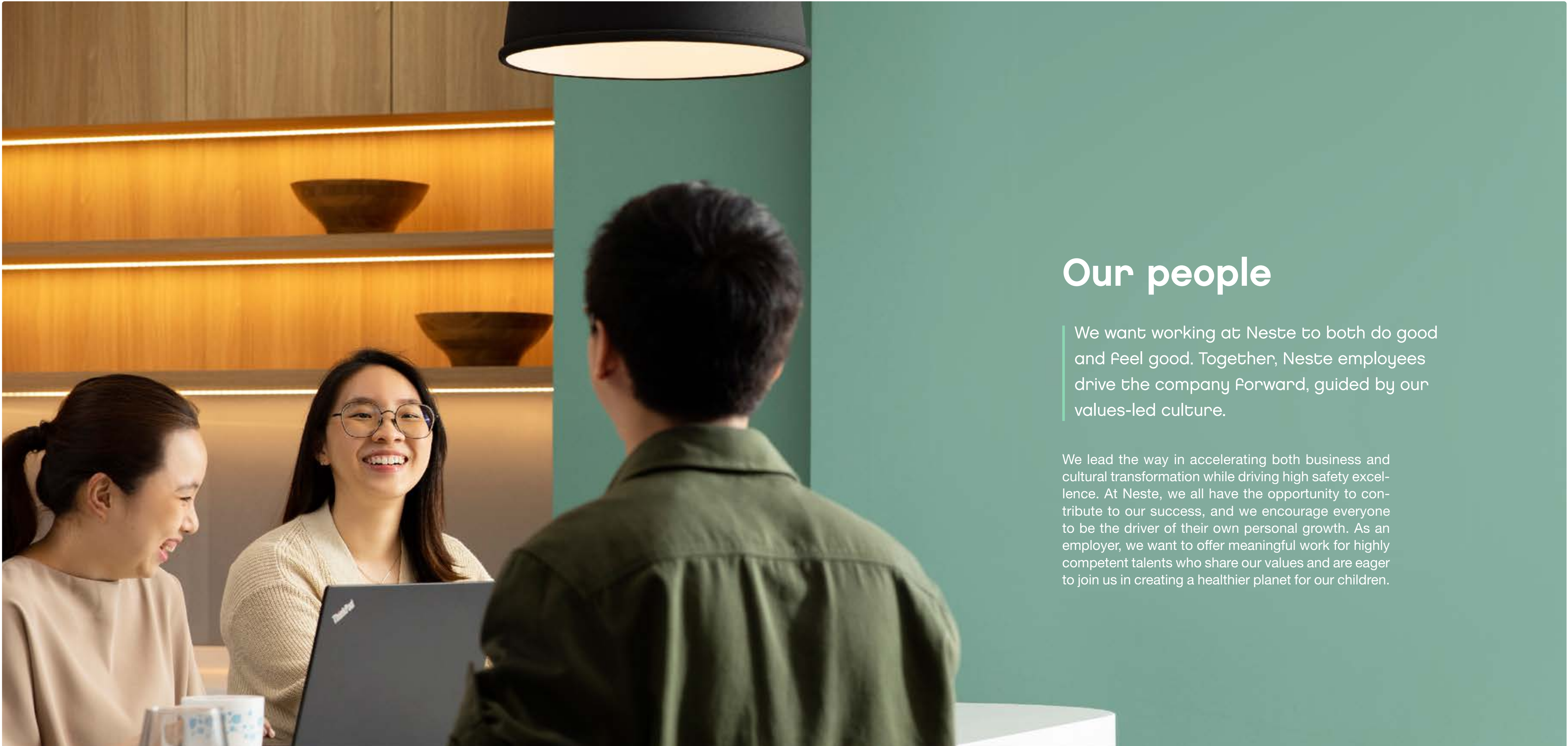
## Output



<sup>1)</sup> Includes natural gas and industrial gas suppliers. <sup>2)</sup> See Principles for calculating the key indicators. <sup>3)</sup> Customers of recently acquired companies included for the first time. <sup>4)</sup> Annual average number of employees. <sup>5)</sup> Full-time equivalent (FTE). <sup>6)</sup> Total Recordable Injury Frequency. <sup>7)</sup> A day without a TRI accident, process safety events, fire or ignition, breach of environmental permit, or traffic accident. <sup>8)</sup> Palm fatty acid distillate <sup>9)</sup> Contains the use of conventional palm oil that has been earlier processed into renewable products and sold to market. <sup>10)</sup> The volumes are presented in millions of tons. The share of the volumes are calculated from exact figures and consequently the rounded figures presented may deviate from the share of volumes disclosed. <sup>11)</sup> The savings consist of energy efficiency measures started during 2023, which have been scaled to cover the full year. <sup>12)</sup> Compared to crude oil-based fuel. Calculation principles can be found on [page 115](#).



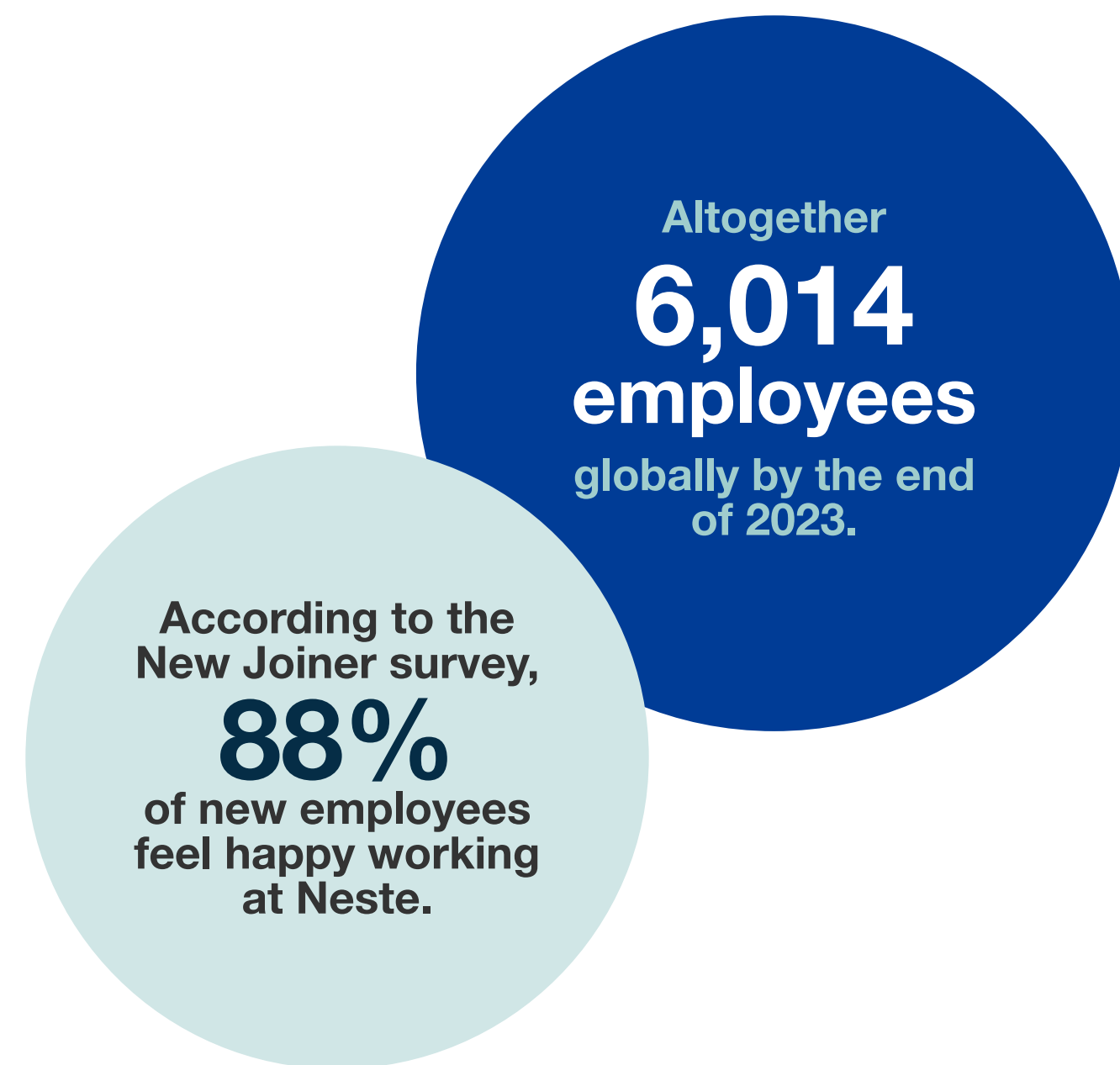
View Neste's [tax footprint](#) report on our website. Read more about [Neste's value creation](#) on our website.



## Our people

We want working at Nestle to both do good and Feel good. Together, Nestle employees drive the company forward, guided by our values-led culture.

We lead the way in accelerating both business and cultural transformation while driving high safety excellence. At Nestle, we all have the opportunity to contribute to our success, and we encourage everyone to be the driver of their own personal growth. As an employer, we want to offer meaningful work for highly competent talents who share our values and are eager to join us in creating a healthier planet for our children.



In 2023, we celebrated several strategic milestones such as Neste's 75th anniversary and the opening of expansion of the Singapore refinery. We experienced strong growth, and we are now present in 16 countries, including new operations in India and Brazil. The average number of Neste personnel in 2023 was 6,018, and about 1,400 new employees had been hired globally by the end of 2023. Most of our recruitments, about 66%, were for permanent positions. According to the survey targeted at new joiners, 88% of new employees feel happy working at Neste.

In November 2023, Neste published plans to simplify its organizational structure and operational model to secure the execution of its growth strategy with

improved cost-efficiency and to strengthen long-term competitiveness. With the planned changes and simplified structure, the aim is to strengthen accountabilities and efficient decision making. It is estimated that the planned organizational changes may lead to a reduction of approximately 400 roles globally. The final decisions on the possible personnel effects will be done during Q1 2024. According to the plan, the new organization will be effective as of April 2024.

### We are creators of change

Neste's transformation and growth offered our people many career opportunities and personal growth possibilities in new projects. Our key to learning is engaging people broadly, bringing units together.

The transition of our Porvoo refinery to becoming the most sustainable refinery in Europe by 2030 and the goal of reaching carbon neutral production by 2035 is a transformation made possible by people. Neste's capabilities and the versatility of the Porvoo refinery create an excellent platform for change. Our focus is on a sustainable people-centric transformation, and we have widely implemented development initiatives to support change leadership by training more than 300 key people on the topic. Increasing our optionality in raw materials, products and markets also requires technical readiness capabilities. Our competence and capability development has evolved through change projects and field engagement.

Part of our growth strategy is to merge with or acquire other companies, and this requires strong capabilities to succeed. In 2023, we built our competence further by creating an extensive mergers and acquisitions

playbook for HR and establishing a network of subject matter experts to support HR activities related to M&As.

We renewed our employer branding framework and messages with a new global people promise (= employer value proposition, EVP) to retain and attract the right talent. Our new people promise "For creators of change" is aligned with our strategy, as we can all make a difference and be creators of change.

### Neste is built by people with passion

To support Neste's transformation journey, we arranged strategy events for our employees to ensure clarity toward our strategic goals and to strengthen engagement and feeling of belonging across the company.

In 2023, Neste's short-term incentive plan (STI) was renewed to accelerate the execution of our strategy, annual performance plans and sustainable profitability. The STI plan supports our strategy in the form of a flexible, competitive and regional approach to ensure we can attract and retain the key talents. Our aim is to reach and exceed the planned results and to drive performance while supporting the mindset of succeeding together.

To support our growth, HR's operating model development continued in 2023 with the scaling-up of our Employment and Recruitment Hubs in Finland. Centralized employment management and recruitment partner support for managers raised operational efficiency and process quality in Neste's people operations globally. As the next step in the operating model development, the hub will be deployed within Oil Products at the beginning of 2024.

### The thoughts and ideas of our people matter

Engaging and communicating proactively with Neste's employees is crucial to us everywhere we operate to ensure information sharing and facilitate discussion with our employees. At a global level, all employees are invited quarterly to personnel info sessions to hear about Neste's strategy, business updates and financial results. In the sessions, our people have the opportunity to ask questions from senior management.

We also conduct global employee engagement surveys, including an annual employee survey and a shorter quarterly survey. The surveys engage employees on a range of topics, like, Neste's transformation, strategic goals, company culture, inclusion and belonging. The global employee engagement survey results are regularly discussed, and both measures and action plans agreed within teams at each level of the organization. In addition, we have other employee surveys targeted at specific groups, for example, new joiners and summer trainees, as well as employees leaving the company.

Business units and functions engage more directly with employees (or employee representatives if applicable) at a more detailed level on developments relevant to the employees in question. At a local level, a key element of employee cooperation is that it 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; there is currently a cooperation committee or works council in Finland, Rotterdam and Singapore.

Examples of 2023 cooperation are a joint effort to develop a white-collar salary system in Finland within a Salary Working Committee. In Rotterdam, a Compensation and Benefits package was developed together, and development groups were also formed for themes such as elderly policy.

### Further developing our innovation capabilities

Innovation has always been in Neste's DNA. In 2023, we identified the unique capabilities that enable and drive the commercialization of new technologies and innovations. In the innovation organization, the combinations of technical, commercializing and leadership capabilities

are developed as part of our Technical Expert and Project Management career paths, as well as in cooperation with commercial competence development programs. To ensure the reach and impact of different learning opportunities, we have focused on the individual level through enhanced individual development plans, building capability-based communities, and on company-level innovation programs and awards that encourage our innovation culture.

### Our leadership model is built around our values

Leadership is one of the most important elements driving our company culture. Our leadership model is built

around our values – We care, We have courage, We cooperate – and it describes how we want to lead, as well as behave, to deliver on our strategy and ensure that work at Neste does good and feels good.

At Neste, we support our employees' individual development goals, develop our competences to meet business targets, and prepare our people for the growing and changing demands of future work. Line managers and employees have regular Forward discussions in which development and career plans are updated, and learning goals are agreed. The average time spent in learning programs for Neste employees in 2023 was 27.2 hours, and our company-wide development programs had more than 1,100 participants.

To support our people in leading both strategy and people, we run several strategic development programs with our partners. The programs are built around the latest research on leadership and strategy, and are delivered by top of the field professors to ensure an inspiring learning experience. By bringing together people from different business units, we ensure cross-functional cooperation and build the foundation for future success.

Neste acknowledges that all people have different preferences when it comes to learning and development, and to support this, we have an ongoing project to build a tailored learning experience platform for Neste. This platform will gather learning content from our existing learning libraries and enable our employees themselves to create and share development activities and curate suitable content from an external learning library. The platform is expected to launch in 2024 with content tailored to support Neste's strategy and all our change creators' individual learning aspirations.

### Our 440 summer trainees gained skills for the future

We recognize the importance of developing and supporting young people's professional growth, as well as learning ourselves from the insights of young talents. In 2023, 440 summer trainees of 19 different nationalities worked in 18 different locations at Neste, including offices, refineries, laboratories and terminals. We provided a variety of summer jobs in 25 different job families, from sales to production and from logistics to research and development.

At Neste, summer trainees are paid employees, and we invest in their training and development to

promote future employability in the transition to a carbon neutral society. We provided the summer trainees with a program so they can network, get to know Neste as a company and learn about our business units, regardless of where in our organization they work. Based on feedback, 84% of our summer trainees would recommend Neste as a great place to work.

[Read more about summer traineeships.](#)



### Advancing diversity, equity and inclusion

Diversity, equity and inclusion (DEI) are central to our values-led culture and ways of working, human rights work and sustainability vision. DEI is embedded in our values, policies and principles such as our Code of Conduct, People Policy and Human Rights Principle.

We strive toward a feeling of belonging and want everyone to feel safe, respected and encouraged to be themselves at work. As an increasingly diverse multicultural company, enhancing DEI is at the core of developing our employee experience and working toward our strategic goals on "Taking charge of change."

### Team value discussions on DEI carried out across Neste

As part of advancing DEI, all team leaders were assigned mandatory team value discussions on diversity, equity and inclusion to be carried out with their teams in 2023. The aim was to build awareness and understanding of DEI topics and of how we all play a role in creating an inclusive workplace. The team value discussions on DEI consisted of a short self-study video and discussion material covering topics such as unconscious bias and intersectionality, as well as team commitments, feedback and follow-up. Info sessions, guidelines and additional learning material were provided to team leaders to support them in carrying out the discussions. By the end of the year, 95% of teams had had a team value discussion. Based on feedback, 88% of managers found the team value discussion useful or very useful.



Our DEI priorities for 2023 included:

- Building awareness and understanding of diversity, equity and inclusion across Neste
- Strengthen DEI in our people practices
- Developing DEI reporting

As part of development work, we also piloted ways to support the inclusion of minority groups. For example, we carried out accessibility mapping at Neste headquarters and included people with disabilities in test groups that tested fueling robots at our service stations.

Our Executive Committee follows the progress of our DEI development work and efforts on a quarterly basis, and DEI is also regularly discussed with the Board of Directors.

Neste's approach to remuneration is to be fair and transparent by running performance and rewards processes ethically and with integrity and supporting this

with clear communication. Pay equity and pay transparency work has started with the creation of a Neste roadmap to proceed toward the requirements based on the EU's Pay Transparency Directive and requirements related to transparency and equity in other Neste countries outside Europe.

### We want work at Neste to do good and feel good

At Neste, health, safety and wellbeing at work are interrelated. Our wellbeing model defines the different aspects of wellbeing, in which each individual, manager and the whole work community all play their part.

Neste's occupational healthcare aims to create a healthy and safe working environment and a well-functioning work community. To align the quality of our health services, we follow the Neste Occupational Health Principle throughout the organization, subject

to local legislation and requirements. In Finland, Neste also investigates the health and safety factors related to work and working conditions, including office visits, also taking into account exposure agents present at the workplace.

Work-life balance has a significant effect on wellbeing at work. In 2023, we supported the wellbeing of our employees by providing various services and additional support like webinars on sleep and recovery and flexible ways of working, depending on the job description.



### Voluntary work and donations

We engage positively with all the communities close to our operations. In 2023, we offered our employees two paid full days dedicated to voluntary work, as we believe volunteering activities are a way to build closer ties with our society. Many of our employees opted to dedicate their time to charitable endeavors, including raising money for charity through sponsored sports challenges and waste collection. The number of Neste employees who participated in volunteer work increased to 659 volunteers (2022: 356).

In addition to voluntary work, our goal is to have a positive impact through charitable donations to causes that are aligned with our purpose, values and strategy. We make donations in line with three key themes: innovation and education; climate and environment; and equality and human rights. In 2023, we made donations to Plan, UNICEF, Trees for Houston, The Food Bank in Houston and Singapore, as well as Mahila Housing Sewa Trust and UN World Food Programme, among others. For the tenth year in a row, Neste donated the fuel needed by the Children's Mobile Health Care Center in Latvia, which provides diagnostic and preventive medical services for children. Neste was also one of the key partners of John Nurminen Foundation, which aims to save the Baltic Sea and its heritage for future generations.

[Read more about our donations.](#)

# Safety

At Neste, managing safety is the Foundation of everything we do. We aim to do no harm to people nor the environment – which is the essence of our safety vision “No harm. Together.”

In alignment with our safety vision, our commitment extends beyond safeguarding individuals and the environment. We are equally dedicated to protecting our operations, assets, information and brand from any harm and negative impact. We believe that this can be achieved when everyone working at Neste is truly committed to managing and improving safety.

**Our safety vision:  
No harm. Together.**





### We are all leaders of safety

Safety leadership is a shared responsibility at Neste – it is a collective effort, integrated into our daily operations and workplaces. Our Safety Leadership Principle outlines the expectations and accountabilities for safety leadership across all employees and anyone working for the company. We are guided by our company values: We care, We have courage, We cooperate. We continuously evolve our ability to identify and manage hazards while learning from our experiences.

In 2023, comprehensive safety discussions were carried out throughout the company to generate conversations at all organizational levels, emphasizing the need for more efficient hazard and risk management in our operations. The aim was for these discussions to be translated into tangible actions within teams to enhance safety performance. The Neste Executive Committee took a deep dive into safety in a customized “I Act Safe” workshop focusing on critical safety aspects in high-hazard industries and the effective implementation of our Operations Excellence Management System (OEMS).

At Neste, we prioritize uncompromised safety of our people and partners.

The foundation of safety excellence and continual improvement are defined by Neste’s OEMS, which includes Operations Excellence Principles and supplementary detailed standards. The requirements extend not only to our employees but also our suppliers and partners.

In 2023, we continued to streamline and simplify the OEMS implementation process, conducting systematic self-assessments and audits to ensure compliance. We performed 23 on-site OEMS audits within our operations. Our safety management prioritized the identification, analysis and mitigation of high-potential incidents with severe consequences.

### Always ensuring people safety

At Neste, we prioritize the uncompromised safety of our people and partners. Our 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.

In 2023, our “I Act Safe” workshops reached a broad audience, and we organized a total of 55 workshops with approximately 750 participants. The workshops focused on personal safety leadership, awareness and management. Additionally, we provided practical training to over 200 tank truck drivers in Finland and the Baltic countries, enhancing their safe deliveries in the challenging Nordic climate.

Beyond our employees, we expect our contractors to uphold an uncompromised commitment to safety. We ensure that contractors can work safely and are informed of any risks related to their work. We only work with business partners who comply with all applicable laws and regulations. In 2023, we conducted approximately 2,100 contractor health, safety, security, environment and quality performance evaluations during contract execution, and over 60 contractor safety management system audits provided valuable insights for performance improvement.

All contractors complete site safety training before accessing our sites, and any incidents involving contractors are thoroughly investigated and included in Neste safety statistics. We continuously strive to improve contractor safety performance through audits, a rigorous selection process, regular performance evaluations, mutual feedback and an increased focus on safe subcontracting.

In 2023, we heightened safety awareness by organizing our first global Safety Week, centered on learning from everyday work. Both local and global events catered to all Neste employees, whether on the frontlines of our operations or within office environments.

Furthermore, we recognized and awarded several contractors across Neste locations worldwide for their exceptional commitment to safety. The Contractor Safety Award was granted to several contractors selected by Neste’s local organizations globally.

### Safe operations are the basis of our process safety

Process safety at Neste encompasses the design and construction of safe facilities, safe operations, life cycle asset management and regular inspections. In 2023, our focus was on implementing the Neste Process Safety Fundamentals (PSF), a learning resource with best practices for enhancing process safety understanding among frontline workers in their daily tasks. We also conducted a benchmarking study to improve our process hazard analysis practices, ensuring the definition and implementation of critical safety controls. In response to environmental concerns, we initiated a project to transition away from Per- and Polyfluorinated Alkyl Substances (PFAS) fire-fighting foams at our sites before the mandatory deadlines.

To maintain robust fire-fighting capabilities, we collaborated with the global Large Atmospheric Storage Tanks project (LASTFIRE). We also participated in a research study with other organizations in Finland to better understand the recovery of renewable products and liquid waste plastic from the sea in the event of oil spills.

### Safety is assured throughout the product life cycle

Providing the required registrations and carefully compiled safety data sheets in all the countries of our operations is the core of product safety at Neste. This work requires constant cooperation and monitoring of global chemical legislation. One important task has been to follow the development of the EU's Chemicals Strategy for Sustainability.

In 2023, we continued to refine our internal systems, including instructions, training, awareness campaigns, networking and practical tools for managing the different regulatory requirements related to chemicals.

We assured our employees' chemical safety by conducting exposure measurements for example in connection with the liquefied waste plastic (LWP) handling at different stages, thus generating information to guarantee safe work.

### Performance in key projects remained a focal point

Incorporating safety into projects such as investments, change initiatives, and turnarounds remained our focus in 2023. We placed significant emphasis on organizational learning to ensure our success in this area.

The Singapore expansion project, concluded in 2023, achieved an overall Total Recordable Injury Frequency (TRIF) of 0.5. This was well within our target, and high-consequence work-related injuries were avoided.

In Rotterdam, the capacity growth project proceeded smoothly, with 2 million work hours worked without any recordable injuries. We identified excellent contractor onboarding processes as a key success factor, sharing this knowledge across the organization.

The Naantali refinery demolition project, completed in 2023, safely navigated its unique challenges without high-consequence work-related injuries. This success can be attributed to a thorough hazard analysis, strong cooperation with our demolition partner, and adaptive learning based on field and worker insights.

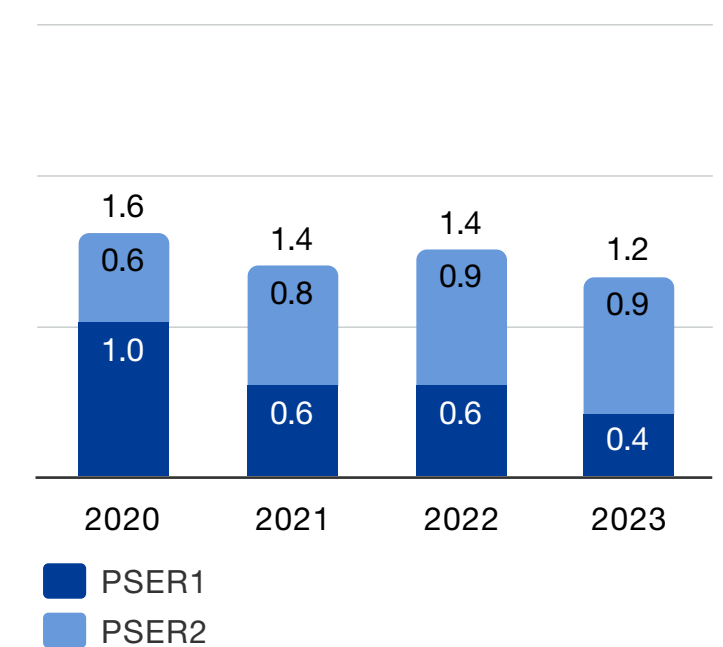
### Safety performance in 2023

In 2023, Neste's occupational safety performance rate including contractors (TRIF, or rate of accidents requiring medical treatment per million hours worked) did not reach the target level (2.0) and was 2.3 (2022: 2.0). The biggest challenges were experienced in contractor safety, where TRIF was 3.2.

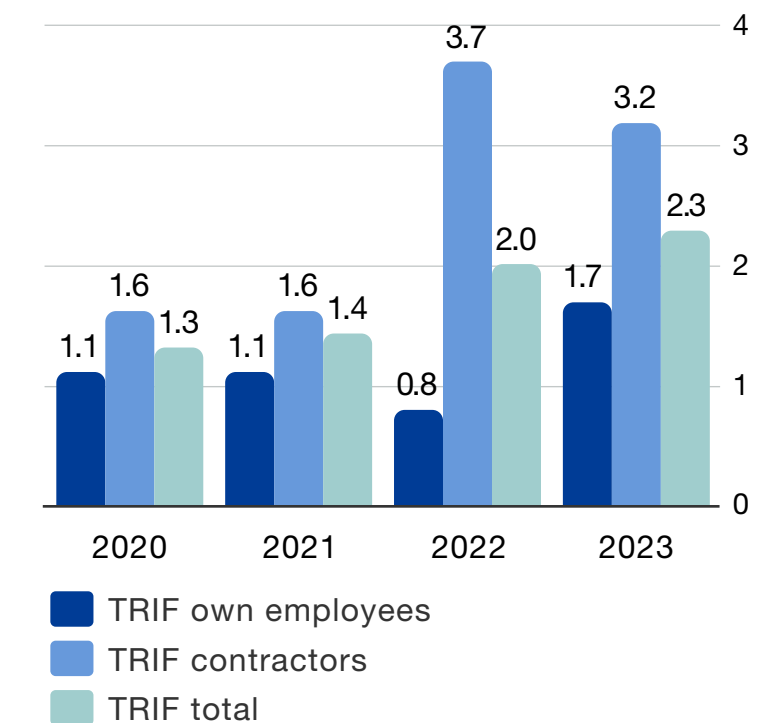
In 2023, the process safety performance rate (PSER, or the rate of process safety tier 1 and tier 2 events per million hours worked) was 1.2 (2022: 1.4), which was in the 2023 target level (1.4). Process safety events are classified into two categories according to guidance from the American Petroleum Institute.

We also monitored the number of safe days, which signifies days without occupational accidents, process safety events, other fires and leaks, environmental non-compliances, marine safety incidents, and traffic accidents. In 2023, the number of safe days was 278 (2022: 314), and the number of incidents was 94 (2022: 56). The injury and safe day statistics of Mahoney Environmental were included for the first time to the Neste Group's safety performance measurements.

### Process safety event rate (PSER)



### Total recordable injury frequency (TRIF)





# Climate

Climate change continues to change the world as we know it, and prompt actions to reduce greenhouse gas emissions (GHG) globally are needed.

Climate commitments are an integral part of our corporate strategy and sustainability vision. We want to lead the transformation toward a carbon neutral value chain.

**Our vision is to lead transformation toward a carbon neutral value chain by 2040.**



**Footprint: Reducing GHG emissions across our value chain (scope 1-3)**



Reduce emissions in our own production (scope 1 & 2) by 50% by 2030 and reach carbon neutral production by 2035



Reduce the use phase emission intensity<sup>1)</sup> of sold products by 50% by 2040 compared to 2020 levels (scope 3)



Work with our suppliers and partners to reduce emissions across our value chain (scope 3)



**Handprint: Helping our customers to reduce their GHG emissions with our renewable and circular solutions**



Offer solutions that help our customers reduce their emissions by at least 20 MtCO<sub>2</sub>e annually by 2030 and meet their climate targets

<sup>1)</sup> Use phase emission intensity is calculated by dividing the emissions from the use of products sold by Nestle (part of scope 3) with the total amount of sold energy (gCO<sub>2</sub>e/MJ).

### What do we want to achieve?

We enable our customers to reduce their greenhouse gas (GHG) emissions by offering renewable and circular products to replace fossil products. Our target is to help our customers reduce their GHG emissions by at least 20 million tons of CO<sub>2</sub>e annually by 2030. Our strategic initiatives are a key driver in increasing our [carbon handprint](#).

At the same time, we need to reduce our own [carbon footprint](#). We are committed to reducing the GHG emissions from our production (scopes 1 & 2) and reach

carbon neutral production by 2035. We are also committed to reducing the use phase emission intensity<sup>1)</sup> of sold products and work with our suppliers and partners to reduce the indirect GHG emissions from our entire value chain (scope 3).

We have identified over 100 measures to reach the targets, several of which are already well underway. We monitor the progress regularly across the organization.

Read about our progress in 2023 in the Carbon handprint and Carbon footprint sections.

We are committed to applying the Task Force For Climate-related Financial Disclosures reporting Framework to understand and evaluate the potential implications of climate change.

### Opportunity and risk scenarios

Climate change poses both business risks and opportunities to Neste. Neste is therefore committed to applying the Task Force for Climate-related Financial Disclosures (TCFD) reporting framework to understand and evaluate the potential implications of climate change.

Neste uses scenario analysis to assess the resilience and adaptability of Neste's strategy to climate change. We base our scenario analysis on the internationally acknowledged climate pathways that represent objective and well-established benchmarks for the energy industry, for example, published by the International Energy Agency (IEA). We complement our scenarios through internal analysis and the identification of trends and factors relevant to our business. In 2023, we analyzed the implications for Neste 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–3 °C or more by the end of the century.

We have identified and estimated the impact of the risks and opportunities to Neste in each scenario according to the TCFD framework.



### Scopes 1, 2 and 3

The Scope framework established by GHG Protocol is a tool for assessing GHG emissions across the value chain. The framework divides GHG emissions into three different scopes that each have several categories.

**Scope 1: Direct emissions**  
(e.g., from production)

**Scope 2: Indirect emissions**  
from purchased energy

**Scope 3: Other indirect emissions**  
from value chain

Neste has defined its own production emissions to cover scope 1 and scope 2. Scope 3 includes all other relevant emissions throughout the value chain, such as GHG emissions related to the use of the products we sell and emissions related to purchased goods such as raw materials, purchased services, transportation and logistics.

<sup>1)</sup> Use phase emission intensity is calculated by dividing the emissions from the use of fuel products sold by Neste (part of scope 3) with the total amount of sold energy (gCO<sub>2</sub>e/MJ).

The focus of Neste's strategic planning is on the next 10 years. In the scenario work, a time horizon until 2050 is used as the effects of climate change become more imminent in the longer term. Climate change and actions to mitigate and adapt to it pose both transition and physical risks and opportunities to companies. In the climate context, topics such as energy transition, regulation, competition and customer preferences are relevant for Neste's business. The impact potential of such drivers on Neste are evaluated in short-, medium- and long-term time horizons with varying degrees of certainty. Neste will continue to build on its climate actions so that they are in line with the 1.5 °C emission scenarios but refers to the "most likely" scenario reflecting a trajectory of 2 °C global warming by the end of the century as the base case.

We calculate the impacts and test Neste's strategy resilience against the scenarios by estimating the impact on Neste's profitability compared to the base case, for example. This is to ensure the key drivers underlying our strategy are robust under the varying assumptions across the pathways. The results of the scenario assessment provide valuable information about the adaptability and resilience of Neste's strategy. The results are used to support Neste's strategy development and financial planning. Identified climate risks are included in our Enterprise Risk Management (ERM) process, and risk mitigation plans are implemented where appropriate. The full TCFD recommendations set out eleven recommended disclosures around four core areas for companies to report material climate-related information to the market. You can navigate to all the Neste disclosures in the annual report via the [TCFD index](#).

### Potential implications of climate change for Neste

	Net Zero World	Net Zero EU and North America by 2050	Compromised climate targets
<b>Description</b>	Rapid and radical emissions 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 demonstrating strong climate action while developing economies follow slower action, 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. The scenario is partly built on the IEA Stated Policies Scenario.
<b>Opportunities</b>	The accelerated global demand for renewable and circular products provides Neste opportunities to leverage global reach, expand to new markets, and optimize across raw materials, 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.
<b>Risks</b>	Accelerated global demand for renewable and circular products and a supportive regulatory landscape may present transition risks related to stringent competition for key raw materials and in entering new markets.	Identified transition risks are related to regulation limiting the competitiveness of renewable fuels or narrowing the eligibility of key raw materials. A steep decline of demand for fossil fuel could also be seen as a transition risk for Neste's current business. Risks related to accelerated alternative technology development have also been identified.	Modest demand growth in renewable products due to less favorable regulatory framework gives scope for differentiation and serving selected voluntary markets efficiently.
<b>Indicative financial impact to Neste</b>	Positive	Base case	Slightly negative

# Our carbon handprint

In 2023, we enabled our customers to reduce GHG emissions by 11.0 million tons.<sup>1)</sup>

We are committed to helping our customers reduce their greenhouse gas emissions by at least 20 million metric tons CO<sub>2</sub>e annually by 2030. We aim to achieve our target with our portfolio of renewable, lower-emission and circular solutions for road transportation, aviation, and marine uses, as well as for the plastics and chemicals industries.

**Our renewable and circular solutions enable our customers to reduce GHG emissions across industries**



Neste MY Sustainable Aviation Fuel™



Neste MY Renewable Diesel™



Neste RE™, feedstock for polymers and chemicals production made out of renewable and recycled raw materials



Neste Marine™ 0.1 Co-processed for marine, and also possible other solutions to new sectors

<sup>1)</sup> See calculation principles on [page 115](#)



## What does carbon handprint mean?

The idea behind carbon handprint is to offer solutions to our customers that reduce their carbon footprint.

It is the difference between the carbon footprints over the life cycle of a baseline product or service and a more sustainable product or service measured in mass of GHG (i.e. kgCO<sub>2</sub>e). The bigger the handprint, the better.

All our renewable and circular solutions have significantly lower GHG emissions over their life cycle compared to fossil alternatives, which helps our customers reduce their GHG emissions and reach their climate **targets (see pages 63–65 for details)**.

To assess the carbon handprint, we first calculate the GHG emissions of our renewable and circular

products over their entire life cycle from the production of their raw materials to the end use of the final product. For fuels, the life cycle ends when the product has been used, and for other (non-fuel) products such as renewable feedstock for new polymers and chemicals, the life cycle ends in the end-of-life treatment and potential recycling. Then we compare these life cycle GHG emissions of each of our renewable and circular products with the fossil comparator emission values as defined in the relevant regulation (e.g., EU RED II, LCFS) to evaluate the achieved GHG reductions for our customers.

Since 2016, with the VTT Technical Research Centre of Finland and Lappeenranta University of Technology,

and later with Business Finland and other partners, we have been participating in the development of the world's first science-based method for handprint calculation and communication. It aspires to provide an unambiguous and internationally approved concept of carbon neutrality and a reliable indication of the environmental benefits (handprint) of circular economy solutions.

Neste's renewable products, such as Neste MY Renewable Diesel, Neste MY Sustainable Aviation Fuel and Neste RE, our renewable feedstock for polymers and chemicals industries, help our customers reduce their GHG emissions and reach their climate targets.

## Reaching capacity growth with refinery investments

Growing our capacity to produce renewable and circular solutions is a key contributor toward our carbon handprint target. Through our strategic investments, our production capacity of renewable and circular solutions will expand significantly in the coming years.

In 2023, we finalized the expansion of our Singapore refinery, which started operations in April 2023. The ramp-up to full capacity was delayed during the second half of 2023. The expansion will increase the total production capacity of the Singapore refinery to 2.6 million tons per year, including up to 1 million tons of sustainable aviation fuel.

The Martinez Renewables refinery in the US started operating in 2023. Pretreatment capabilities started to operate in the second half of 2023, and the facility is expected to increase Neste's renewable products capacity by slightly over 1 million tons (365 million US gallons) per year. These actions are expected to significantly increase the GHG reduction for our customers in 2024.

Furthermore, in the Netherlands we continued the Rotterdam expansion project in 2023. The project will expand our overall renewable product capacity by another 1.3 million tons per year, bringing the total renewable product capacity in Rotterdam to 2.7 million tons annually. Our target is to start up the new production unit during the first half of 2026, and it will be a significant step

toward reaching our 2030 handprint target.

In 2023 we completed the strategic study on transforming our refinery in Porvoo, Finland, into a leading renewable and circular solutions refining hub. The planned transformation will proceed in phases, and requires multiple separate investment decisions during the next decade before targeted completion in the mid-2030s. The company expects the long-term capacity potential after the transformation to be about 3 million tons of renewable and circular products. Neste's expertise and the versatility of the Porvoo refinery create an excellent platform for change.

The final timeline for transitioning from crude oil to renewable and circular raw materials will be determined later in line with the actual fuel market demand, legislation development and transformation progress. Some

changes have already been initiated with the co-processing of both renewable and circular feedstock and could continue with retrofits of existing units at a later stage.

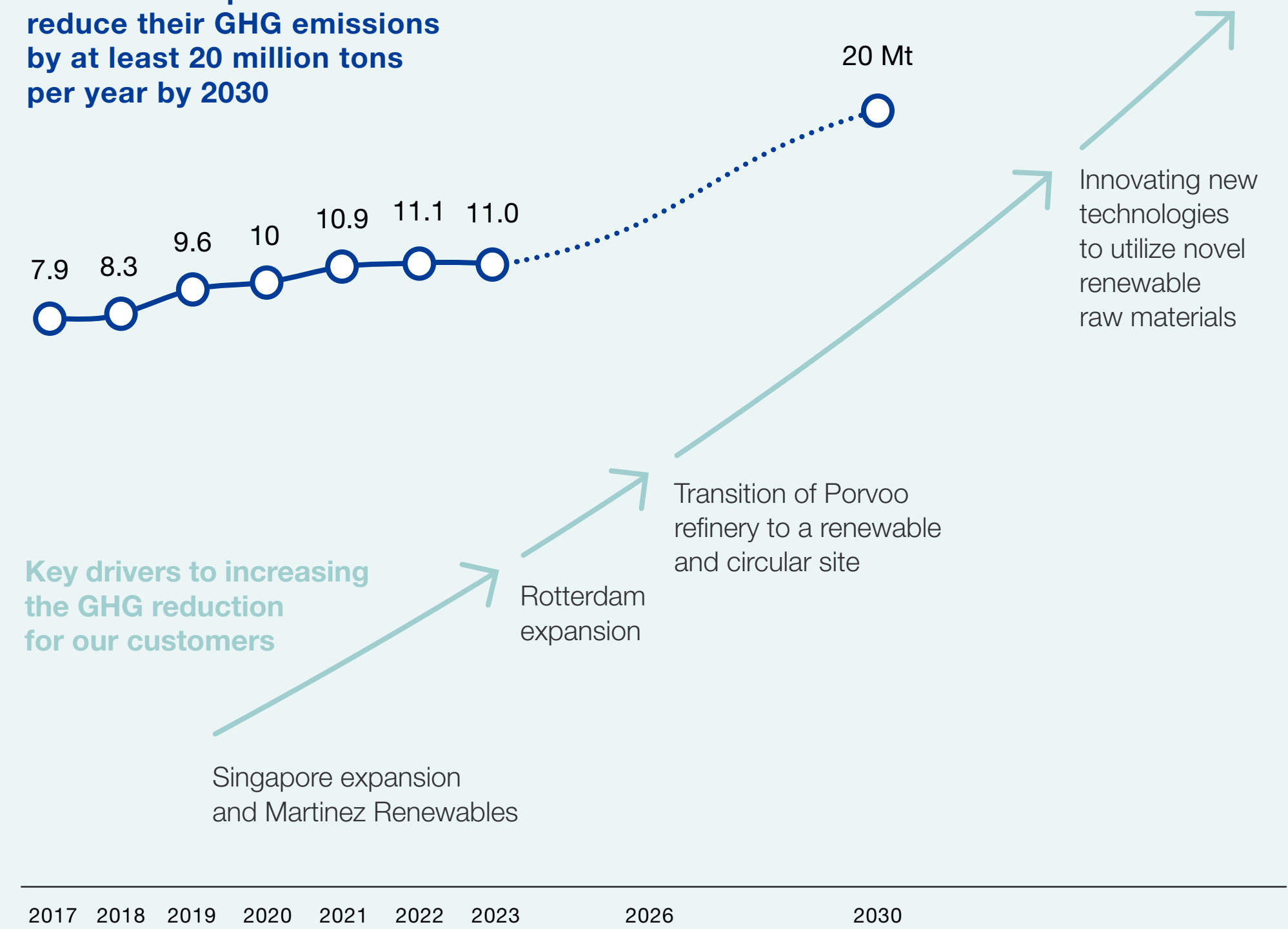
As a tangible step, we made an investment decision to commence the construction of upgrading facilities for liquefied plastic waste at our Porvoo refinery in Finland in 2023. With an investment of 111 million euros, we will build the capacity to upgrade 150,000 tons of liquefied waste plastic per year.

At the same time, we need to ensure that our renewable and circular products have the lowest possible GHG emissions across their life cycle. For example, this requires a careful GHG impact evaluation of the renewable raw materials we use, optimizing our supply chains and ensuring that the GHG emissions caused by refining are minimized.



### Achieving our carbon handprint target by growing our renewable and circular solutions

We aim to help our customers reduce their GHG emissions by at least 20 million tons per year by 2030



### Solutions to reduce GHG emissions in aviation

Neste continues to help the aviation industry achieve its ambitious goal of net zero carbon emissions by 2050 by providing an immediate solution for reducing the emissions from air travel and transport. Neste MY Sustainable Aviation Fuel is made from sustainably sourced 100% renewable waste and residue raw materials such as used cooking oil and animal fat waste. In its neat form, Neste MY SAF can reduce greenhouse gas emissions by up to 80% over the fuel's life cycle, compared to using fossil jet fuels (calculation method: CORSIA)<sup>1)</sup>.

Neste MY SAF also significantly reduces non-CO<sub>2</sub> emissions compared to fossil jet fuel use. The fuel can be used as a drop-in fuel, as it is compatible with existing aircraft engines and airport fuel infrastructure, requiring no extra investment in them.

Our current annual SAF production capability is 1 million tons per year. With the expansion of our Singapore refinery and ongoing modification of our Rotterdam

refinery, we will have an annual SAF production capability of 1.5 million tons in early 2024. Furthermore, the ongoing Rotterdam refinery expansion will increase the capacity to 2.2 million tons in 2026.

We are actively working with partners in the aviation supply chain to grow the availability of SAF globally. The fuel is already used by leading commercial airlines in Europe, North America and Asia-Pacific, including Lufthansa, Air France-KLM, IAG, Finnair, American Airlines, United Airlines and cargo carriers such as DHL Group, Cargolux and Amazon PrimeAir. It is available at an increasing number of major airports, including San Francisco International Airport, Los Angeles International Airport, Amsterdam Airport Schiphol, Frankfurt Airport, Narita International Airport and Singapore Changi Airport.

In addition, we offer businesses a tailored service to help them directly reduce the greenhouse gas emissions of their air travel or transportation by purchasing SAF; Neste SAF Solutions. This solution delivers real in-sector emission reductions that can credibly be used to meet science-based targets or other sustainability commitments.



#### New partnerships in aviation in 2023:

##### Progress in establishing Neste as a partner or supplier to airlines and cargo carriers

- Expanding the SAF agreement with [United Airlines](#)
- [Ryanair](#) using Neste SAF for all flights from Amsterdam Airport
- Supplying Neste SAF to [Air Canada](#) for flights from San Francisco International Airport

##### Expanding partnerships along the supply chain to grow the availability of SAF

- Establishing an integrated SAF supply chain to [Singapore Changi Airport](#)
- First delivery of SAF via the European CEPS pipeline system to Brussels Airlines at [Brussels Airport](#)
- Enabling Sweden's [Trollhättan-Vänernsborg Airport](#) to become the world's first airport to use sustainable aviation fuel on all flights

##### Expanding into the voluntary market with new partnerships

- A partnership with [SQUAKE](#) enabling businesses to opt for sustainable aviation fuel in flight booking systems
- Partnering with Adventure Trade Travel Association to expand SAF availability in the travel industry

##### Examples of other achievements

- Neste, ISCC and DHL Group successfully piloting the [ISCC Credit Transfer System](#)

#### Renewable solutions for road transportation and heavy machinery use

In 2023, we continued to expand the availability of renewable diesel by bringing it to new markets and by growing the Neste station network. We also strengthened the use of renewable diesel in industrial sectors like mining and infrastructure construction, which depend on heavy machinery. Our solutions are also available for agriculture and forestry.

In April 2023, we launched Neste MY Renewable Diesel on the Danish market, and expanded the network even further with a new distributor in July.

In Finland, we expanded the availability of Neste MY Renewable Diesel from 168 stations to 187 stations. In Estonia, Latvia and Lithuania the number of stations selling the fuel grew by 9 stations, totaling 39.

In the Netherlands, Sweden, the US, Belgium and Denmark Neste MY Renewable Diesel was sold at more than 600 stations by the end of the year.

We respond to the electric vehicle megatrend and the growing need of electric vehicle charging. During 2023, we opened 13 public Neste Renewable Charging service stations at our existing fuel stations in Finland and in the Baltic countries.

<sup>1)</sup>The actual emission reduction per flight depends on the fuel blend used for that flight.

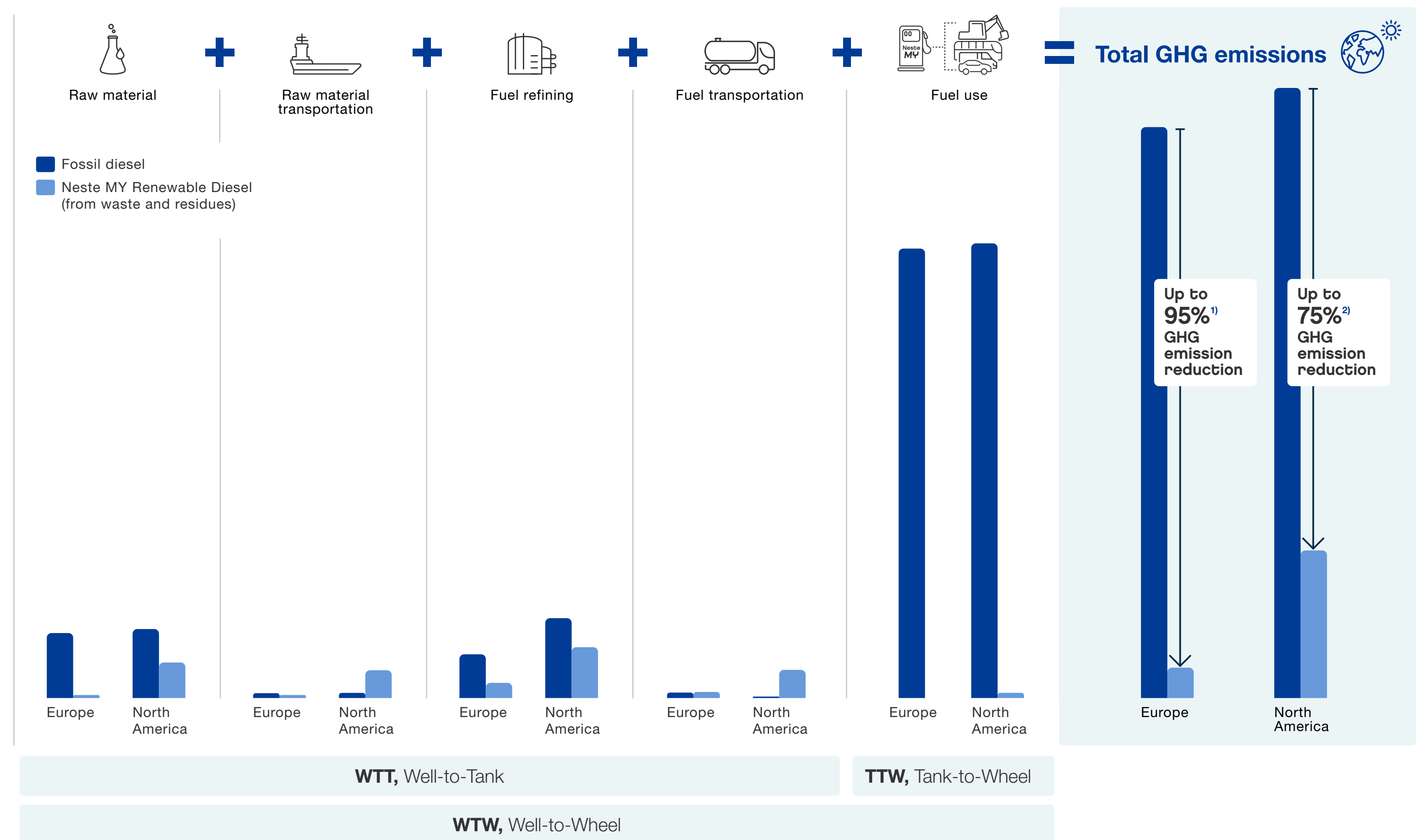
### Reduced emissions with Neste MY Renewable Diesel

Neste MY Renewable Diesel is a drop-in solution for all diesel-powered vehicles. Its use does not require any changes to existing engines or logistics.

In 2023, our customers were able to reduce their GHG emissions by up to 95%<sup>1)</sup> or up to 75%<sup>2)</sup>, when switching from fossil diesel to Neste MY Renewable Diesel. The GHG reduction depends on the local regulations, which provide the methodology and define the fossil diesel reference GHG emissions value. The reduction also depends on the transportation distances and on the renewable raw material mix used for each market.

The GHG emissions over the entire fuel life cycle are taken into account. The fuel life cycle consists of, on one hand, the Well-to-Tank (WTT) GHG emissions, which includes the emissions from raw material, from raw material transportation, from fuel refining and from product transportation. And on the other hand, it consists of the Tank-to-Wheel (TTW) GHG emissions, which includes the emissions from fuel use. For Neste MY Renewable Diesel, the GHG emissions from the fuel use phase (TTW) amounts to zero or nearly zero, as the bio-based carbon dioxide released upon combustion equals the amount of carbon that renewable raw material has absorbed earlier.

### Neste MY Renewable Diesel helps reduce greenhouse gas (GHG) emissions compared to Fossil diesel



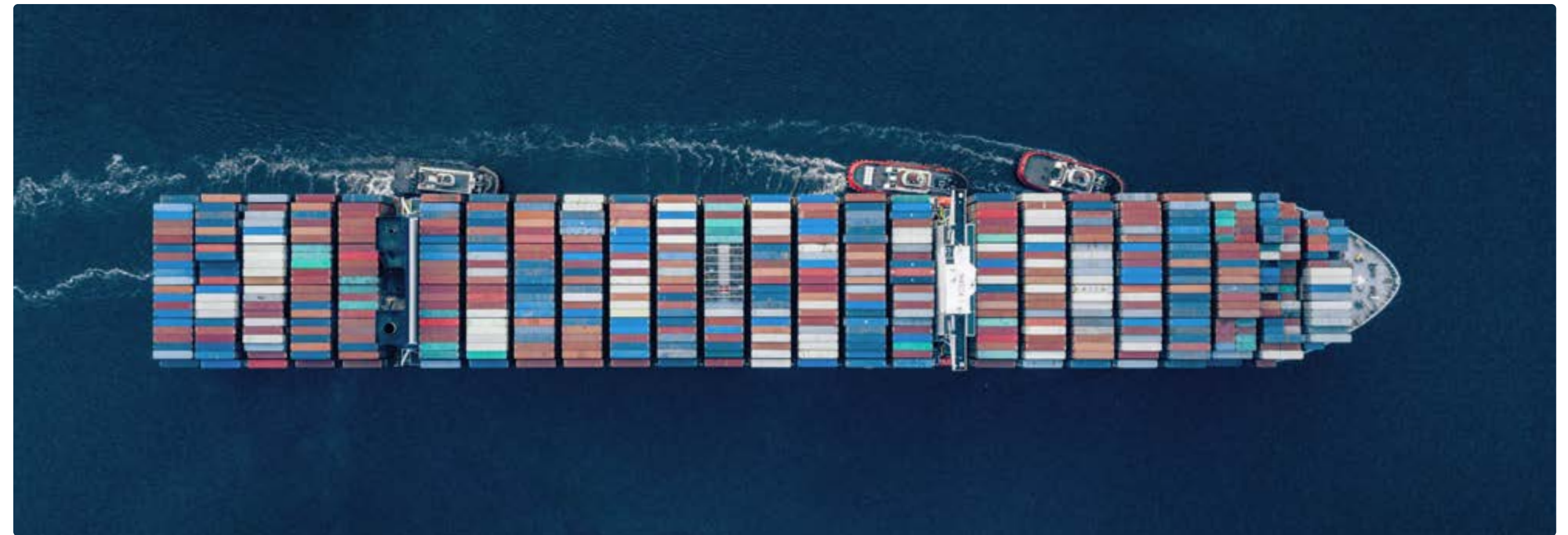
<sup>1)</sup> Based on European market and EU RED ((EU)2018/2001) methodology  
<sup>2)</sup> Based on North American market and LCFS methodology



### Sustainable solutions for marine

More than 90% of the world's trade is carried by sea, making maritime transport essential to the global economy. Neste helps shipping companies reduce their emissions and respond to the tightening regulations. To reduce sulphur dioxide emissions, we provide several low-sulphur fuel solutions. To reduce GHG emissions, we offer either Neste co-processed marine fuel or renewable diesel (HVO).

**Neste Marine™ 0.1 Co-processed** helps the marine sector start reducing its dependence on fossil fuels, as the fuel produced by Neste also consists of renewable content. In the production of the fuel, crude oil is partly replaced by renewable raw materials. In 2023, the availability of the fuel expanded from Finland to Sweden and Denmark via our partners ScanOcean (Sweden) and Malik Energy (Denmark).



### Helping Deutsche Bahn become carbon neutral

Deutsche Bahn significantly expanded its use of renewable diesel by purchasing around 13,300 tons (17 million liters) of renewable diesel produced by Neste in 2023. Switching from fossil diesel to Neste MY Renewable Diesel enables Deutsche Bahn to reduce greenhouse gas emissions from the operation of their diesel-powered locomotives and railcars by up to 90%<sup>1)</sup>. In total, the purchased amount will save Deutsche Bahn around 46,000 tons of greenhouse gas emissions (CO<sub>2</sub>e) compared to the use of fossil diesel.

Deutsche Bahn is using HVO-type 100% renewable diesel in around 1,000 of its vehicles, and its subsidiary DB Cargo AG in its entire fleet of 800 vehicles.

<sup>1)</sup> Calculation based on EU RED ((EU)2018/2001)

In addition, we provide solutions that enable GHG emissions reductions in maritime, such as renewable diesel and drop-in bio-components for marine blending. We aim to develop new complementary solutions to widen Neste's low-emission offering for the maritime industry.

### Renewable and circular solutions for the polymers and chemicals industries

We provide the polymers and chemicals industries with renewable and circular solutions that help mitigate climate change, combat waste plastic pollution and reduce dependence on crude oil.

Our drop-in renewable feedstock for the polymers and chemicals industries, Neste RE™, is made from renewable raw materials, primarily waste and residue oils and fats such as used cooking oil. With our feedstock, polymers and chemicals producers, as well as global brands, can manufacture lower carbon footprint products and reduce the use of fossil resources. We are also committed to becoming a solution provider for the chemical recycling of waste plastic. This will allow us to contribute to a circular plastics economy by increasing

the recycling of plastic waste. This will help reduce plastic waste pollution while keeping materials in the loop to reduce fossil resource dependence. Read more about chemical recycling on [page 94](#).

### Emission reductions with Neste RE

Neste RE is a feedstock for the polymers and chemicals industries, which is made with renewable and recycled materials. Renewable Neste RE is produced primarily from waste and residue oils and fats of renewable origin such as used cooking oil. Life cycle assessment for renewable Neste RE shows a carbon footprint reduction of more than 85% over the life cycle when it is used to replace conventional fossil feedstock in the chemicals and polymers industries.

Recycled Neste RE is a product from the chemical recycling of hard-to-recycle plastic waste. The life cycle assessment for Neste feedstock produced via chemical recycling shows a carbon footprint reduction of at least 35% compared to the current scenario, in which the feedstock is made from fossil raw materials, and the plastic waste ends up in incineration.



## Our carbon footprint

Neste's climate vision is to lead the transformation toward a carbon neutral value chain.

A critical part of making our vision of leading the transformation toward a carbon neutral value chain is reducing greenhouse gas emissions (GHG) in our operations and across our value chain. We have set targets that cover both direct and indirect emissions from our production and value chain, referred to as scopes 1, 2 and 3 as defined by the GHG Protocol.



## Our vision is to lead transformation toward a carbon neutral value chain by 2040



Reduce GHG emissions in our own production (scopes 1 & 2) by 50% by 2030 and **reach carbon neutral production by 2035**



Reduce the **use phase emission intensity**<sup>1)</sup> of sold products by 50% by 2040 compared to 2020 levels (scope 3)



Work with our suppliers and partners to reduce GHG emissions across **our value chain** (scope 3)

<sup>1)</sup> Use phase emission intensity is calculated by dividing the emissions from the use of fuel products sold by Nestle (part of scope 3) with the total amount of sold energy (gCO<sub>2</sub>e/MJ).

First, we are committed to reducing the greenhouse gas emissions from our production (scopes 1 & 2). We are committed to reducing our production emissions by 50% by 2030 compared to 2019, and reaching carbon neutral production by 2035. We have a climate roadmap in place that describes the short-, medium- and long-term actions that will enable us to move toward our commitments.

Second, we have a target of reducing the use phase emission intensity of sold products (part of scope 3 emissions) by 50% by 2040 compared to 2020. The main driver to meet, and exceed, this target is to continue our transformation toward renewable and circular solutions.

Finally, we want to lead the transformation toward a carbon neutral value chain, and are committed to working with our suppliers and partners to reduce the indirect GHG emissions across our value chain (scope 3). This requires actions beyond our own production and products.

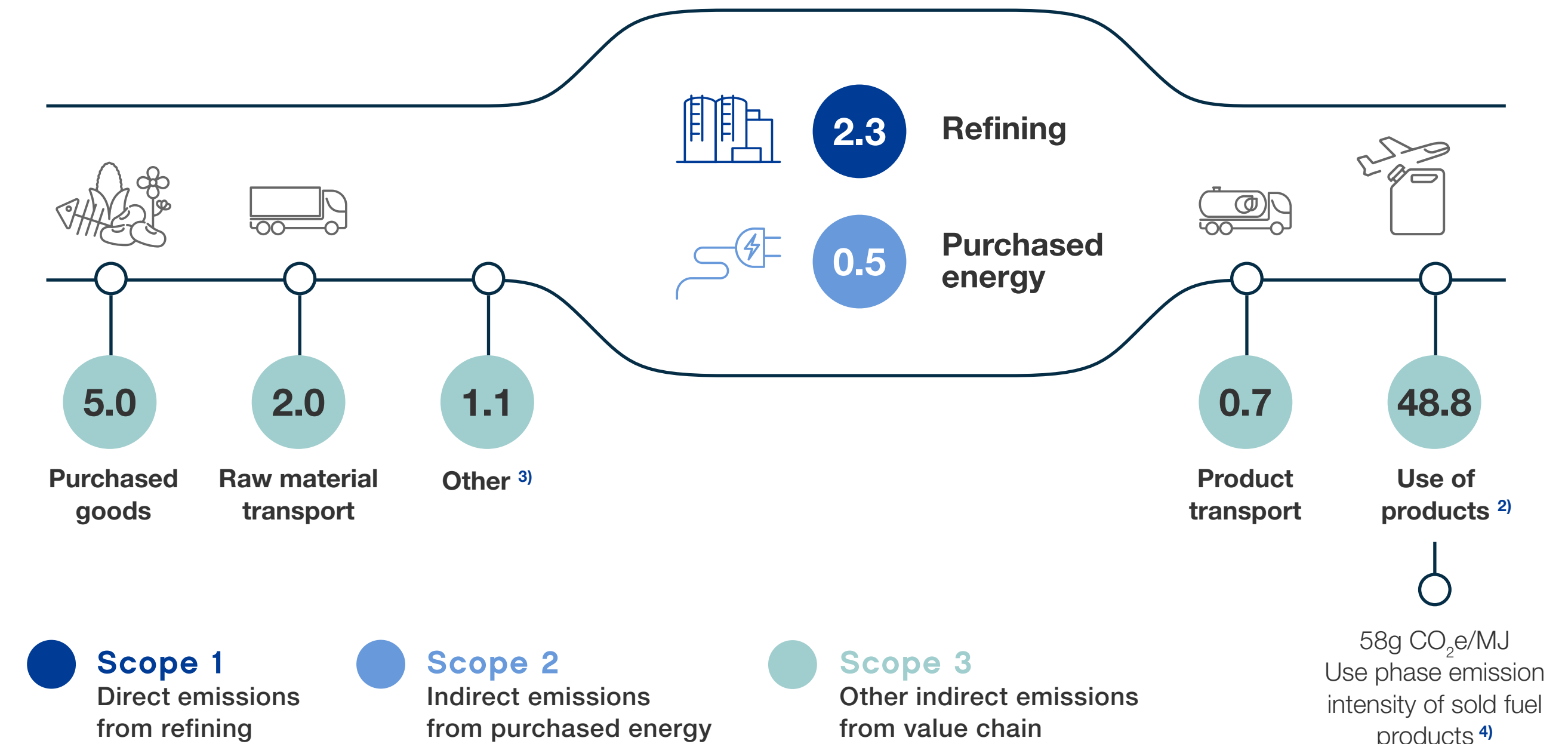
Nestle recognizes the need to reduce global GHG emissions by approximately 50% every decade and reach global net zero GHG emissions by 2050 or sooner to limit global warming to 1.5°C compared to pre-industrial levels. Through our climate commitments to reducing the GHG emissions from our production, sold products and throughout the value chain, we want to show leadership and determination to play our part in limiting global warming to 1.5°C meeting the objectives of the Paris Agreement.

Nestle has been closely analyzing and following the development of leading climate frameworks, such as the Science Based Targets initiative (SBTi), Transition Pathway Initiative (TPI) and Exponential Roadmap Initiative (ERI) to guide our climate commitments toward being in line with the latest climate science and the 1.5°C pathway. We will continue to develop our climate commitments and actions to ensure that they are aligned with the 1.5°C emission scenarios.

## Our footprint: Nestle's value chain GHG emissions

We use the scope framework defined in the Corporate Standard by GHG Protocol to assess the GHG emissions across our value chain. Scope 1 and scope 2 cover the emissions related to our own production and 50% of the scope 1 & 2 GHG emissions from the Martinez Renewables joint operation. Scope 3 includes all other relevant emissions throughout our value chain.

### Reported GHG emissions in 2023, MtCO<sub>2</sub>e<sup>1)</sup>



<sup>1)</sup> Scope 1 accounting and reporting based on CO<sub>2</sub>.

<sup>2)</sup> Includes Use of sold products and End-of-life treatment of sold products.

<sup>3)</sup> Including Purchased services, Waste generated in operations, and Fuel- and energy-related activities.

<sup>4)</sup> Use phase emission intensity is calculated by dividing the emissions from the use of fuel products sold by Nestle (part of scope 3) with the total amount of sold energy (gCO<sub>2</sub>e/MJ).

## Progress & highlights of the climate roadmap in 2023

We are committed to reducing the climate impact of our actions not only through the targets we have set, but also through the actions that we have already implemented or included in our strategic business plans for later implementation. We have already had a tangible climate roadmap for reducing our production carbon footprint (scope 1 & 2) for many years, and we have also proceeded with more concrete plans for reducing scope 3 GHG emissions.

In 2023, we continued the implementation and development of key items in our climate roadmap. One example of the short term actions was increasing the share of renewable electricity of total purchased electricity to 99.6%<sup>1)</sup>.

In the longer term, renewable hydrogen remains one of the biggest focus areas. As part of the Porvoo transformation, a project to build an electrolysis unit to produce green hydrogen is proceeding and is expected to start in 2026. At our Rotterdam refinery, we are demonstrating renewable hydrogen production in the MultiPLHY project, which aims at the installation and integration of an electrolyzer demonstration unit into the refinery.

Regarding our indirect value chain emissions (scope 3), we significantly improved the reduction of GHG emissions from shipping through digital tools and further automatization during 2023. Additionally, we tightened our collaboration and partnerships with our suppliers in the upstream of our value chain and started to enhance our view on supplier capabilities, data quality and potentials for scope 3 emission reductions.

In addition, our climate commitments remain connected with the remuneration of Neste's key personnel, as they are a performance measure in Neste's long-term incentives (LTIs). The purpose of this performance measure is to further drive the commitment and implementation of actions across the organization. In 2023, we

increased our internal carbon price to further steer our strategic planning and investment decisions to support meeting our climate targets. We also introduced a new internal policy to further strengthen the requirements and understanding of the GHG impacts of investments.

## Evaluation of GHG emission and other sustainability aspects integrated into Neste investment processes

Since 2020, evaluating the production carbon footprint (scope 1 & 2) emission impact of every investment decision has been mandatory at Neste. As we have developed our climate commitments to cover also for example the use phase emission intensity of sold products (part of scope 3), we have introduced new criteria and guidelines to enable our project teams to evaluate all potential climate impacts of the possible investments. The purpose of these guidelines and criteria is to increase transparency to the different GHG emission impacts of our investments.

To align our investment decisions to support our climate commitments, Neste applies an internal carbon price for our scope 1 & 2 GHG emissions in investment calculations, business case evaluations and in strategic

planning. In 2023, we increased Neste's internal carbon price to 100 EUR/tCO<sub>2</sub>e in the short term. The internal carbon price will increase to above 120 EUR/tCO<sub>2</sub>e by 2030. We regularly review our internal carbon price as part of our strategic planning process, and utilize various references, for example the EU ETS allowance price and forecasts, in the process.

In 2023, Neste updated its investment process and criteria to include more detailed checklists for climate-related evaluations for different project phases. At the same time, we also added similar checklists for biodiversity, human rights, and supply chain sustainability evaluations that need to be reviewed in different project phases.



<sup>1)</sup> Includes additional market-based renewable electricity instruments (e.g. I-RECs) through which Neste has supported the use of renewable energy for electricity production in South-East Asia, but which cannot be used for Neste's scope 2 market-based accounting. Martinez Renewables excluded from reported renewable electricity share as Neste does not control electricity supply agreements for the joint operations

## Our pathway toward carbon neutral production

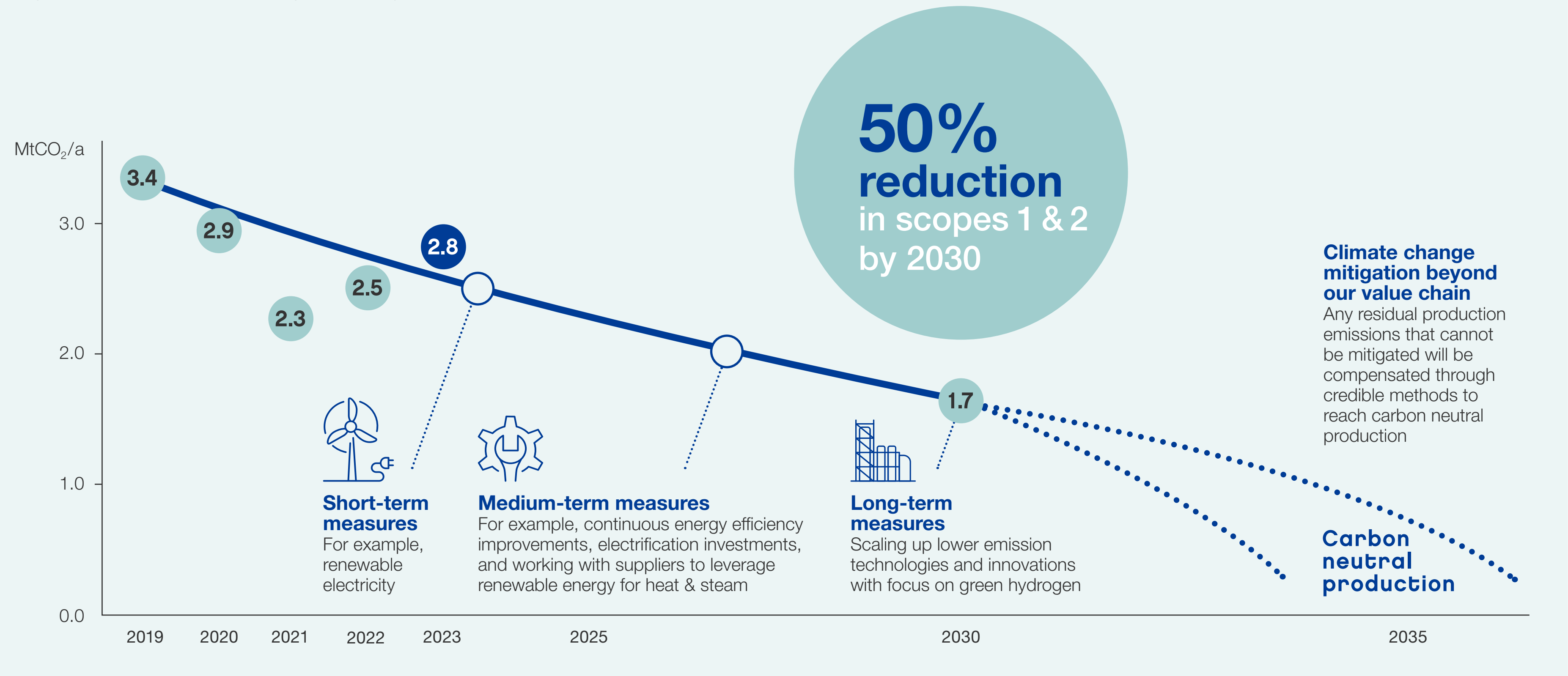
Our target is to reduce production (scopes 1 & 2) emissions by 50% by 2030 compared to 2019, and reach carbon neutral production by 2035. We believe that these commitments are in line with global climate ambitions and the objectives of the Paris Agreement. In 2023, our production (scopes 1 & 2) emissions totaled 2.8 MtCO<sub>2</sub>, which is 19% smaller than in 2019 (baseline year). The emissions from production were slightly higher than in 2022 as the Singapore refinery expansion and the Martinez Renewables refinery, 50% of which is owned by Neste, started operations in 2023.

In 2023, we continued progress with the short-term actions on our production climate roadmap, such as increasing the share of renewable electricity. As an example, we signed a purchase agreement for solar power supply to the Porvoo refinery in Finland with the renewable energy company CPC Finland Oy in late 2023. Solar power supply is expected to start in spring 2024. The total annual volume of the agreement is approximately 24 GWh. In 2023, the share of grid-connected renewable electricity was 89.3% (93.8%). Our aim was to reach 100% renewable electricity by 2023. With so-called additional measures<sup>1)</sup> we were able to cover 99.6% of Neste's total purchased electricity.

In addition to renewable electricity, we continued to work towards a higher share of renewable steam with the local energy producers. These GHG emission reduction measures related to purchased energy (scope 2) are estimated to have a reduction potential of around 20% of our 2019 production carbon footprint baseline by 2030.

## Towards climate neutral production by 2035

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



<sup>1)</sup> Additional measures include available market-based renewable electricity instruments (e.g. I-RECs) through which Neste has supported the use of renewable energy for electricity production in South-East Asia, but which cannot be used for Neste's scope 2 market-based accounting. Martinez Renewables excluded from reported renewable electricity share as Neste does not control electricity supply agreements for the joint operations.

In the medium term, the focus will be on continuous energy efficiency improvement and electrification measures. Many of these measures are in implementation planning, for example as part of refinery maintenance breaks. As part of the Singapore refinery expansion, improvements were implemented at the site to more effectively utilize the renewable refinery off-gasses for different purposes. The estimated emission reduction potential of our planned energy efficiency measures is approximately 10% by 2030 of Neste's scope 1 & 2 emissions compared to the 2019 baseline year.

Longer term actions on our climate roadmap include scaling up new technologies and innovations, with focus on renewable hydrogen. As part of the Porvoo transformation, a project to produce renewable hydrogen with a 120 MW electrolysis unit has proceeded and is in the basic engineering phase. The prerequisites for the decision to build a green hydrogen unit are expected to be ready during 2024. Green hydrogen production could start in 2026 if the project has proceeded to execution. Renewable hydrogen and other new technologies are estimated to have a reduction potential of 20% or more of the 2019 scope 1 & 2 emission baseline by 2030.

### Reducing the GHG emissions in the value chain

The main emission source in the value chain (scope 3) is the GHG emissions caused by the use of the products we produce and sell. Neste has set a target of reducing the use phase GHG emission intensity of sold products 50% by 2040. To meet this target, we are increasing the share of renewable products in our product portfolio through capacity expansions, innovation initiatives, and transforming our Porvoo refinery into a leading renewable and circular solutions refining hub.

As we continue to proceed with reducing the use phase GHG emission intensity of sold products, we are increasing the focus on reducing other value chain emissions. This is where partnerships and the suppliers we collaborate with play a key role. In 2023, we continued to detail the climate roadmap for scope 3 and have already moved forward with first steps. We have increased our understanding of the currently available

data sources, the quality of the data and reviewing the possibilities of utilizing a higher share of primary data in our GHG accounting. This also enables us to proceed towards setting credible targets for other scope 3 categories aligned with the latest climate frameworks, and identifying emissions reduction measures with our partners and suppliers.

We are increasing the share of renewable products through capacity expansions, innovation initiatives, and transitioning our Porvoo refinery into a leading renewable and circular solutions refining hub.

## Aiming to be the most sustainable refinery in Europe

Neste's refinery in Porvoo, Finland is among the most efficient and versatile refineries in Europe. It processes both crude oil and renewable raw materials into more than 100 end products for customers globally. Neste's ambition is to make the Porvoo refinery the most sustainable refinery in Europe by 2030. In 2023 we completed [the strategic study on transforming the Porvoo refinery into a leading renewable and circular solutions refining hub in the mid-2030](#).

The Porvoo refinery transformation will significantly support actions to reduce GHG emissions across Neste's scopes 1-3. The majority of Neste's scope 1 & 2 GHG emissions are caused by the Porvoo refinery, and the planned transformation is estimated to lead to a large reduction of GHG emissions from the Porvoo refinery, especially when combined with the actions already listed on Neste's climate roadmap by 2030.

Also, the GHG emissions from the use of the sold products in Neste's scope 3 originate mainly from

the produced and sold fossil fuels. Transitioning from crude oil to renewable and circular raw materials would therefore lead to significant reduction of both the use phase emission intensity as well as the absolute emissions caused by the use of products produced and sold by Neste.

Furthermore, the transformation of the Porvoo refinery will have an impact on the other scope 3 categories for Neste. The main impact is likely on the emissions related to the purchased goods, where the production of the crude oil currently purchased by Neste is one of the main emission sources.

With the planned transformation of the Porvoo refinery, combined with other initiatives across all refineries and the entire value chain, we firmly believe that we are aligned with the scientific 1.5°C pathway. Through our clear plans and concrete actions, we are showing an example on how to enable reaching net zero GHG emissions globally by 2050 or sooner.



### Reducing the use phase emission intensity of sold products

The use phase emission intensity of sold products (gCO<sub>2</sub>e/MJ) is an indicator of the GHG emissions from the use of Neste's products divided by the total amount of energy sold. These are the GHG emissions generated when the products that we sell are used – for fuels, this means combustion. Reducing the use phase emission intensity of sold products indicates how Neste is transforming the product portfolio to have a larger share of renewable and circular products. This is based on the approach that CO<sub>2</sub> emissions from the use of renewable fuel amount to zero<sup>1)</sup>, as the amount of bio-based CO<sub>2</sub> released upon combustion equals the amount that the renewable raw material has absorbed earlier. Thus, no new carbon is added to the atmosphere by the combustion of biofuels.

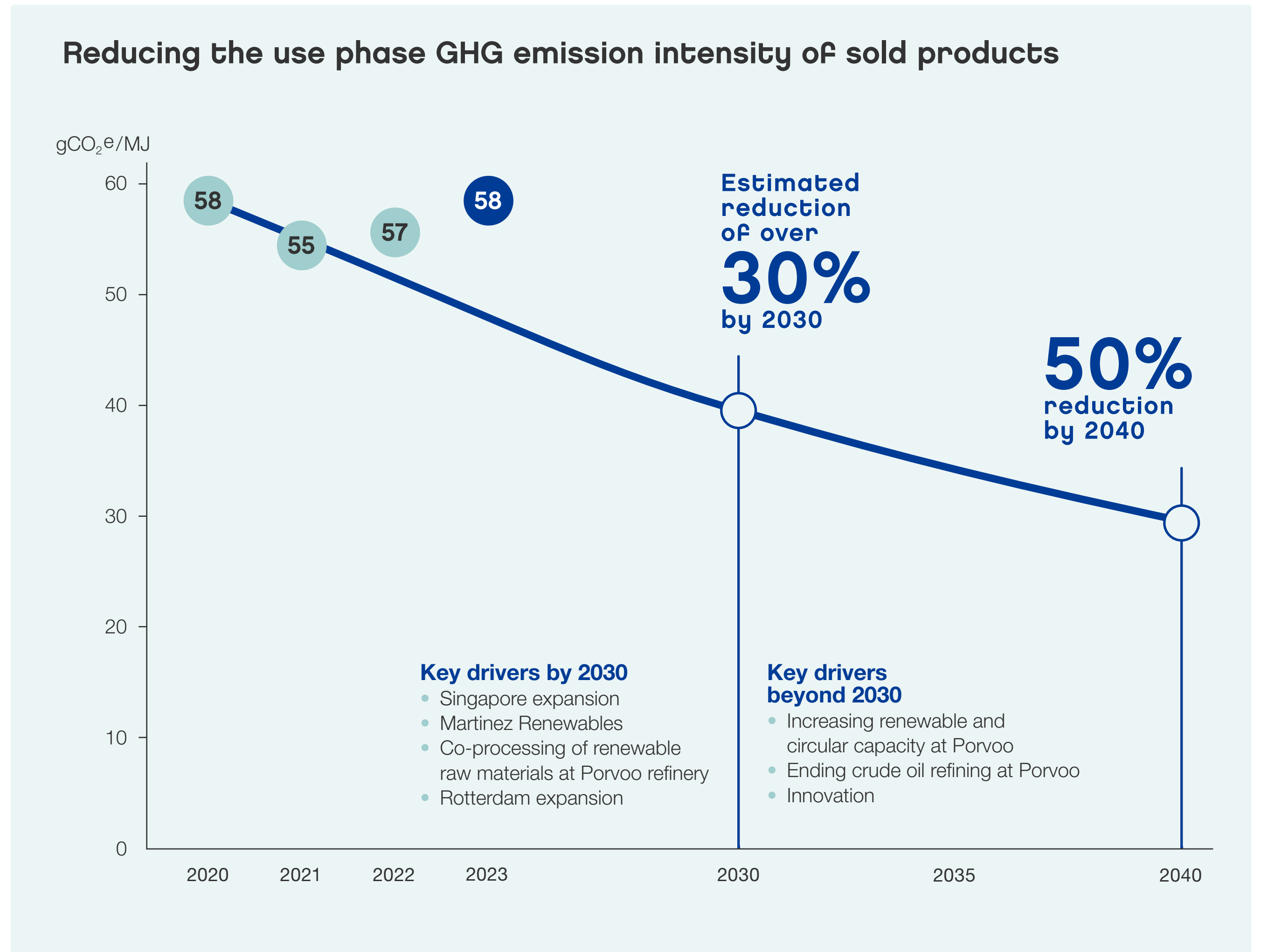
In 2023, the use phase emission intensity of fuel products was 58 gCO<sub>2</sub>e/MJ, which is at the same level as the 2020 baseline (58 gCO<sub>2</sub>e/MJ). The main initiatives related to the use phase emission intensity in 2023 were the

start-up of Singapore Expansion and Martinez Renewables. The absolute GHG emissions related to the use of sold products in scope 3 were 47.7 MtCO<sub>2</sub>e in 2023, which is 23% higher than in 2020 (38.7 MtCO<sub>2</sub>e). The increase is mainly due to the impact of including traded fuels to the calculation from 2023 onward as part of our efforts to increase the coverage of our scope 3 inventory.

By 2030, we estimate to be able to reduce the use phase GHG emission intensity of sold products by over 30%, the main driver being the increased sales of renewable products. As our Singapore expansion and Martinez Renewables continue to ramp-up, we expect the use phase emission of sold products to continue decreasing already in 2024. Further reductions are enabled by our Rotterdam expansion, which is expected to start operations in 2026, as well as increased share of co-processing of renewable raw materials at our Porvoo refinery.

Beyond 2030, the main driver for decreasing the use phase emission intensity of sold products will be the transition of our Porvoo refinery to a renewable and circular site. In a scenario where crude oil refining is ended by the mid-2030s, we estimate to be able to even exceed our 2040 target. This is supported by our further growth in renewable solutions, such as utilizing new innovative raw materials.

[Read more about Neste MY Renewable Diesel](#)



<sup>1)</sup> The calculation methodology is aligned with the EU Renewable Energy Directive (EU RED II 2018/2001/EU) and US California LCFS.

### Working with suppliers and partners to reduce GHG emissions across the value chain

In addition to sold products, the other key focus points for reducing the GHG emissions across our value chain are purchased goods and services, such as raw materials, and the product and material transportation and distribution. To showcase our leadership, we have also committed to reduce the climate impact of our own business traveling.

With purchased products and services, the sustainability of our raw material portfolio is an area we are constantly developing, and in which we are identifying opportunities for emissions reductions. For example, Neste continues to focus on waste and residue in sourcing renewable raw materials, and at the end of 2023, Neste reduced its refinery inputs of conventional palm oil to zero.

We are aiming to further understand our suppliers' capabilities and maturity levels with climate change management, which further guides the formulation of our supply chain decarbonization approach. Our target is to make climate a key criterion in supplier selection, and create an environment for our suppliers where they are encouraged and capable of improving their climate performance. For example, in 2023 we introduced contractual clauses related to climate with first suppliers, and started to request more detailed GHG emission information about the products and services purchased by Neste. Upskilling, training and sharing knowledge are also ways to help our suppliers in their emissions reduction journeys and increase our own internal capabilities as well.

In 2023, we continued scope 3 workshops with our procurement teams and held introductory meetings with selected suppliers.

Regarding transportation of our raw materials and products, we are constantly exploring solutions to improve the optimization of our logistics network and enhance our understanding of logistics emissions sources. Our ambition is to expand the adoption of low-emission solutions and improve fuel efficiency in collaboration with our logistics partners.

In 2023, we started to use lower-emission marine fuel in two vessels transporting renewable diesel to Sweden. The initiative aligns with the International Maritime Organization's emission reduction targets to combat climate change. The marine fuel, Neste Marine™ 0.1 Co-processed, offers up to 80% lower greenhouse gas emissions over its life cycle compared to fossil fuel.



### Improving measurement accuracy within indirect procurement

In 2023, we started to work on improving our understanding and the measurement accuracy of the scope 3 emissions arising from indirect procurement. This has been done in collaboration with suppliers by requesting product carbon footprint calculations with the aim of better understanding current calculation methodologies, assumptions, supplier capabilities and readiness, quality of data and potential third-party validation of suppliers' calculations.

Read more about indirect procurement on [page 89](#).

### Digital solutions used as a tool to cut shipping emissions

The use of digital technology and data is essential for GHG emissions management throughout Neste's value chain.

Neste has further developed the digital tools for shipping optimization and has thus gained a 11,000 tCO<sub>2</sub> reduction from shipping operations during 2023. This reduction has been gained by utilizing the just-in-time arrival system and by enhancing optimization algorithms for fleet rotation planning. Advancing toward more automated fleet usage optimization will continue to decrease the environmental footprint of logistics.







### Scope 3 pilot kicked off to refine understanding of hot spots and critical suppliers

In 2023, we continued to assess our scope 3 hotspots, and kicked off an internal pilot to identify our critical suppliers and partners. The aim is to evaluate suppliers' capabilities and maturity in terms of climate, as well as refine emission abatement levers and identify detailed emission reduction activities.

This work helps Nestle to understand the potential for emission reduction levels especially in the upstream value chain and identify those partners who will play a key role in supporting our efforts towards a carbon neutral value chain by 2040.

Companies must also play a part in emission reduction efforts that extend beyond their immediate value chain to mitigate any remaining emissions.

### Climate change mitigation beyond our value chain

Nestle develops its climate commitments and roadmap by analyzing and following the development of the latest climate science and the best practices for corporate climate targets. Thus, making substantial emission reductions within our own production and throughout the value chain remains the primary means to achieve our climate targets.

Nevertheless, it is recognized<sup>1)</sup> that companies must also play a part in emission reduction efforts that extend beyond their immediate value chain to mitigate any remaining emissions. Any production emissions that cannot be effectively reduced will be matched with beyond value chain mitigation actions, which can reduce or avoid greenhouse gas emissions, or remove them from the atmosphere with durable storage. Consequently, to achieve carbon neutral production, various

beyond value chain mitigation actions will serve as the final tool on our climate roadmap, with increasing focus on removal methods and neutralization<sup>2)</sup> of our remaining production emissions.

In 2023, we continued to develop and review our beyond value chain mitigation approach in the light of emerging developments in the market and refined quality standards and criteria, for example the Core Carbon Principles (CCPs) by the Integrity Council for the Voluntary Carbon Market. Similarly, we have paid close attention to the development of the EU carbon removal certification framework. These developments are welcome to create robustness and credibility to the voluntary carbon market and help fighting greenwashing.

<sup>1)</sup> Science Based Targets initiative, Corporate Net Zero Standard, Version 1.1, April 2023.

<sup>2)</sup> Neutralization refers to the activities aimed to remove carbon from the atmosphere and permanently store it to counterbalance the impact of GHG emissions that have not been abated. Science Based Targets initiative, Corporate Net Zero Standard, Version 1.1, April 2023.



### Neste Flies with SAF

Since 2020, Neste has committed to cover the corporate flights of its employees with our own Neste MY Sustainable Aviation Fuel (SAF). The purpose of the Neste Flies with SAF program (NFWS) is to mitigate the climate impact of our corporate flights, and show an example of how other companies can use SAF as a method to reduce the climate impact of their corporate flights. In addition, we minimize the climate impact of our business travel by carefully considering the need for traveling in the first place. This requirement is included in our corporate-wide business travel standard.

We are implementing the Neste Flies with SAF program in collaboration with our partner airlines. In 2023, we delivered approximately 170 tons of SAF to our partner airlines, which include for example Finnair, Lufthansa and Norwegian, to cover our 2022 corporate flights.

Due to supply constraints, in 2024, we will continue to deliver SAF to our partner airlines to cover the climate impact caused by our 2022 and 2023 corporate flights.

No regulatory incentives are leveraged for the SAF supplied under the NFWS program, thus leading to additional climate benefits beyond all direct or indirect regulatory obligations for biofuels in aviation or any other sector. The delivery model for the SAF under the NFWS program is based on the principles stated in the SBTi Aviation guidance<sup>1)</sup>.

### Neste Flies with SAF (NFWS) program

Impact category	Metric	2022 tCO <sub>2</sub> e	2023 tCO <sub>2</sub> e
Baseline for GHG emissions from Neste's corporate flights <sup>1)</sup>	Tank-to-Wake (TTW) <sup>2)</sup>	3,500	4,300
	Well-to-Tank (WTT)	700	900
	Well-to-Wake (WTW)	4,300	5,100
Impact from NFWS	GHG reduction from delivered SAF compared to fossil jet fuel <sup>3)</sup> (WTW basis)	500	0
	Expected GHG reduction from committed <sup>4)</sup> SAF deliveries compared to fossil jet fuel (WTW basis)	3,800	5,100
Impact from NFWS for Neste when SAF is considered to fully cover the fuel need by Neste's corporate flights <sup>5)</sup>	Estimated GHG reduction compared to fossil jet fuel (WTW basis) <i>incl. delivered &amp; committed SAF covering Neste's own travel</i>	3,500	4,200
Additional impact from NFWS outside of Neste's corporate flights	Estimated GHG reduction compared to fossil jet fuel (WTW basis) <i>incl. delivered &amp; committed SAF beyond Neste's own travel</i>	800	900

<sup>1)</sup> Calculations are based on UK Government GHG Conversion Factors for Company Reporting ("DEFRA") published in 2022 and 2023 to calculate the 2022 and 2023 baseline for GHG emissions, respectively.

<sup>2)</sup> Due to the lack of consensus on the topic in the scientific community, the estimated Tank-to-Wake GHG emissions do not include a radiative forcing (RF) multiplier, the purpose of which is to estimate the effect of high altitude emissions to global warming

<sup>3)</sup> The estimated GHG reduction of SAF is calculated against the fossil aviation fuel baseline of 89 gCO<sub>2</sub>e/MJ defined by ICAO in the CORSIA Methodology for Calculating Actual Life Cycle Emissions Values (June 2022)

<sup>4)</sup> Late delivery due to supply chain constraints; deliveries scheduled for H1/2024

<sup>5)</sup> Neste MY Sustainable Aviation Fuel has up to 80% lower GHG emissions compared to fossil fuel across the fuel lifecycle (calculated with established life cycle assessment (LCA) methodologies, such as CORSIA methodology)

<sup>1)</sup> Science Based Targets initiative - Science-based target setting for the aviation sector, Version 1.0, August 2021

# Biodiversity

We aim to achieve a nature positive value chain by 2040, which means positive biodiversity impacts outweigh negative ones.

Biodiversity loss and ecosystem collapse is viewed as one of the fastest growing global risks over the next decade<sup>1)</sup>. Natural ecosystems are significantly impacted by the effects of climate change, unsustainable water use, and land use practices driving habitat loss, among other impact drivers.

Governments around the world have adopted the Kunming-Montreal Global Biodiversity Framework, with the goals of halting and reversing global biodiversity loss by 2050, substantially increasing the area of natural ecosystems, and significantly reducing the risk of extinction to species.

Our business depends on natural resources. Operating in a landscape in which ecosystems are at risk of declining condition poses a high risk for Neste's stable and secure operations and supply of raw materials. For our planet and our business to thrive and be resilient, the prerequisite is restoring and protecting healthy ecosystems. We aim to drive a positive impact on biodiversity and achieve a nature positive value chain by 2040.

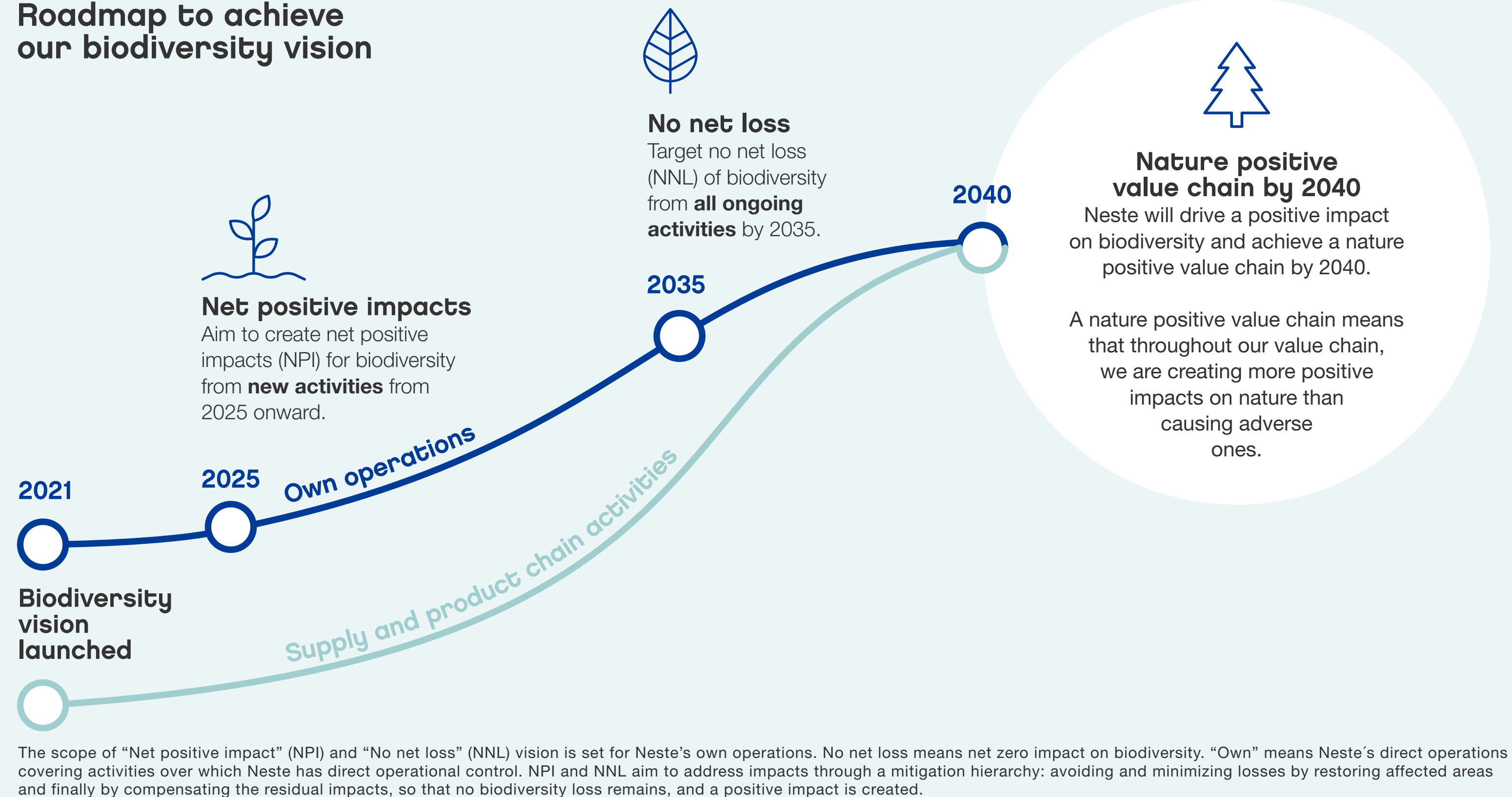
<sup>1)</sup> The Global Risks Report 2023 by [World Economic Forum](#)

We apply the mitigation hierarchy to our biodiversity impacts: We aim to avoid and minimize all negative impacts, and eventually restore and compensate for the residual impacts from our own operations.

**Our approach to protecting biodiversity**

We aim to avoid and minimize all negative impacts, and eventually restore and compensate for the residual impacts from our own operations. With this mitigation hierarchy, we are shifting our operations toward having a net positive impact on biodiversity. In addition, we need to create ways to effectively collaborate with both our supply chain partners and downstream customers to avoid impacts on biodiversity and to create a nature positive value chain.

**Roadmap to achieve our biodiversity vision**



The scope of “Net positive impact” (NPI) and “No net loss” (NNL) vision is set for Nestle’s own operations. No net loss means net zero impact on biodiversity. “Own” means Nestle’s direct operations covering activities over which Nestle has direct operational control. NPI and NNL aim to address impacts through a mitigation hierarchy: avoiding and minimizing losses by restoring affected areas and finally by compensating the residual impacts, so that no biodiversity loss remains, and a positive impact is created.

### Our transition toward our vision

In 2023, we continued to develop our roadmap toward our biodiversity vision of a nature positive value chain in close collaboration with [Fauna & Flora](#). We have started to create a systematic in-depth approach for our processes to achieve no net loss (NNL) and a net positive impact (NPI) in our own direct operations. In 2023, we started the internal engagement by introducing the NPI approach to various Neste teams to increase expertise on biodiversity topics.

We have mapped the prioritized in-house processes and started to implement the biodiversity NPI criteria for them in practice: We have now included biodiversity along with climate and other topics in our sustainability vision in our major investment decision making process. A comprehensive set of sustainability criteria was therefore considered and taken into account in the ongoing Rotterdam refinery expansion investment. In addition, we have conducted NPI approach implementation pilot projects with Fauna & Flora, in which we are learning what is required to execute our biodiversity vision in business activities.

In 2023, Neste was selected to the initial target validation group for science-based targets (SBTs) for nature, by the [Science Based Targets Network](#) (SBTN), which is aiming to set the global standard for ambitious and measurable corporate action on nature.

Neste also continued to participate in the World Business Council for Sustainable Development's (WBCSD) Nature projects, focusing on collaboration in biodiversity metrics development. This work has been especially important for promoting biodiversity with our novel vegetable oils (NVO) from regenerative agricultural practices.

On our sites in Porvoo and Naantali, we complemented the biodiversity baseline inventory we conducted in 2022. The most recent assessment was associated with the planned development projects on the sites. Information



### Developing our NPI approach with Fauna & Flora

As part of the no net loss (NNL) and net positive impact (NPI) method development in 2023, we conducted an NPI method pilot in two investment projects. The pilots aimed to test our approach in practice and collect lessons for preparing for the larger implementation of the NPI methodology in future investment projects. Piloting the approach that we have developed with Fauna & Flora since 2022 is a key step on the path toward our vision of creating net positive impacts for biodiversity from new activities from 2025 onward. The implementation of the NPI approach and further development of the methodology will be among the key activities in the partnership with Fauna & Flora in 2024.

about the current biodiversity state, forming a baseline for the sites to reach our biodiversity vision, helps us understand the impact of any land use change.

Our evaluation of the biodiversity status on our sites indicates that we have some vulnerable species and habitats to protect on our land in Porvoo and Naantali, even though the land is for the most part not considered areas of high biodiversity value. Within the Naantali refinery area, we have some areas that we have protected in the past. The area is forest, voluntarily protected under national legislation. The protected area is three hectares of the total 300 hectares in Naantali. The other operational sites we own are in more industrial areas, with a low likelihood of impacting areas of high biodiversity value.

### Biodiversity risks

We have gained more understanding on biodiversity-related risks and opportunities through the transition of our processes toward the vision of nature positive value chains, and through a holistic materiality analysis, including our direct operations and the value chain impacts. The risk could materialize in raw material acceptability by stakeholders or regulatory limitations that lead to a lack of sufficient volumes of raw materials. Future requirements for e.g., restoring and protecting biodiversity may also impact on our operations and value chains. Our roadmap toward our biodiversity vision gives us an opportunity to align our business with future requirements and mitigate risks.

## Our most material nature and environment topics

### Water

Neste relies on water, and we recognize our role in working to protect freshwater ecosystems and improve water access and efficiency. We believe that by implementing water stewardship, we can also build more resilient operations. Water-related aspects have been identified as a material topic for us in the biodiversity materiality assessment for our own operations and for our supply chains. We are therefore working to update our approach to water and related targets to complement our vision of the nature positive value chain by 2040. In 2023, we have been assessing our water-related impacts in each site, as well as upstream, as part of our SBTN Initial Target Validation Pilot work. Understanding our impacts at a local level is the first step toward meaningful action in the future.

Water is used at our refineries in many ways. The process water comes from freshwater sources. The rest of the withdrawn water is used for cooling and is recirculated to the source in a similar condition, only at a slightly elevated temperature. Most of the water used for cooling is brackish water. Neste does not undertake water withdrawal from groundwater.

New wastewater treatment units were installed in Porvoo in 2019 and in Singapore in 2023. A similar investment is under construction in Rotterdam and is expected to be completed by the end of 2024. In Singapore, most of the used process water is discharged into a public sewer system for purification and further reuse.

In Neste's supply chain, water is mostly used in raw material extraction and cultivation and in raw material processing. As part of our SBTN pilot work, we have been mapping and evaluating our upstream freshwater impacts.

## Neste selected for the initial target validation group for science-based targets for nature

We find it indispensable to remain in dialog with key external stakeholders to have a robust and practical approach for protecting biodiversity in business activities.

In addition to our NPI methodology development, Neste has followed the global methodology development and participated in the Science Based Targets Network's (SBTN) Corporate Engagement Programme since 2021.

In 2023, Neste was selected for the initial target validation group for science based targets (SBTs) for nature by SBTN, which aims to set the global standard for ambitious and measurable corporate action on nature. Globally, only 17 companies are invited to the target validation group to pilot a global framework for setting targets, and measuring and validating organizations' nature work.

We have been applying the pilot methodology and testing its feasibility in close collaboration with SBTN, and scoped the opportunities for future target setting according to the framework's pilot requirements. We completed our materiality

analysis according to SBTN guidance for upstream and direct operations, and concluded that freshwater and land use aspects are material for biodiversity and nature in Neste's value chain.

Our priority is to ensure that the framework will be practical so that it can be applied in the manufacturing industry and that it helps identify and measure the key impacts. It is essential for us that the framework is well aligned with other initiatives, e.g., EU CSRD, and that the potential trade-offs are well evaluated before targets are set. For example, the transformation toward renewable and circular solutions will often include the modification of existing refineries, which is likely to require new land to be brought into use within the refinery area. In such cases, biodiversity impacts need to be considered with other sustainability topics such as GHG emissions reductions.

Neste will continue to participate in the SBTN initial target validation pilot in 2024.

### Our approach to water risks

We follow the current water risk status with several tools. The most recent water risk evaluation of Neste sites and terminal locations was undertaken in 2023, based on the WWF water risk filter tool, which enables both a site-specific and global review of the water risks at the physical, regulatory and reputational levels. In addition to operational site evaluations, water risk evaluations covered the raw material supply chains when water risks were included in the biodiversity impact evaluations that were started in 2021.

Neste has been evaluating the water stress status of our own sites using a conservative approach. The results indicate that there are several separate risk indicators related to Neste locations that are at an elevated level. These indicators include risks such as flooding, water quality, ecosystem services and biodiversity importance. However, the overall physical risks are at a low or moderate level in all Neste operated sites.

The risks related to our operations have been assessed to be low, but the potential pressure caused in the pricing



of water resources, both water intake and wastewater treatment, has been considered in operational financial planning in the long term. According to our 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.

## Land use

As a part of the SBTN Initial Target Validation Pilot group work, we have been assessing and prioritizing our land-related environmental impacts and estimating our contributions to key environmental pressures across our operations and value chains. Land-related aspects have been identified as a material topic for us based on the materiality assessment for both our own operations and our supply chains. Neste's raw material base relies on sustainable use of natural resources, and the approach to land use and, e.g., deforestation are the main aspects that we need to develop with our stakeholders.

In developing the cultivation concepts for our novel vegetable oils (NVO), we aim to avoid creating additional demand for agricultural land. We have also been developing the sustainability indicators for the NVOs from regenerative agricultural practices, in which protecting and restoring the cultivation area biodiversity has been identified as one of the main targets of these cultivation concepts.

### Mitigating deforestation risk in our supply chains

Neste takes a clear stand against any actions that cause deforestation. We are committed to preventing deforestation in our own supply chains and require the same of [all our raw material suppliers](#). Neste actively strives to manage its deforestation risk, and this effort is regularly evaluated by the [non-profit CDP](#), among others.

Neste is a member of the [Consumer Goods Forum Forest Positive Coalition](#), driving strengthened collaboration to prevent deforestation. We welcome further collaboration over industry boundaries and with all our stakeholders to ensure deforestation-free supply chains.

In 2023, Neste joined efforts with NGOs Proforest, Solidaridad and Imaflores to promote more sustainable and inclusive landscapes in the municipality of Novo Repartimento, Para, a region in Northern Brazil that has been affected by deforestation. Lasting until 2027, the objectives of The Transamazonica Connections landscape initiative include reducing deforestation and GHG emissions, preserving biodiversity, improving the livelihoods of cattle producer families, meeting the requirements of the Brazilian Forest Code, and promoting better agricultural practices. Thus far, Solidaridad has led two forums, successfully bringing together a wide range of actors, including ranchers, unions, cooperatives, the town hall, secretariats and other public authorities. The objective is to create together a roadmap to implement more sustainable agricultural practices that will increase efficiency and profit while keeping the forest intact.

We have been part of the Siak Pelalawan Landscape Programme (SPLP) with the goal of protecting and enhancing forests, peatlands and natural ecosystems in Indonesia. The project has had several interventions — for example, SPLP amplifies local initiatives by actively supporting the community in the protection of community forests, focusing on initiatives to secure the social forestry status of the area and protect it from fire.

Neste works with expert organizations such as CORE (the Consortium of Resource Experts) to continuously manage its deforestation risks not only in its own supply chain but more widely in the palm oil industry. Neste is also cooperating with smallholders in the palm industry to further develop their sustainability awareness and expertise, as well as to improve traceability.

[➔](#) Read more about our engagement and traceability within the palm oil sector on [page 93](#).





## Environmental compliance

### Environmental Management Principle update

In 2023, Neste's Environmental Management Principle was reviewed and amended to improve compliance assurance and environmental performance in our operations by increasing the level of ambition in environmental management. In addition, the principle was updated based on the Corporate Sustainability Reporting Directive (CSRD) requirements.

### Environmental monitoring

Continuous ambient air quality monitoring and other environmental programs like marine and groundwater monitoring continued in the vicinity of the Porvoo refinery and Naantali terminal.

Furthermore, according to the long-term ambient air quality monitoring results, we expect to meet even the most stringent air quality guideline values of the WHO (2021) in the vicinity of the Porvoo refinery during normal operations. The EU is currently revising the Ambient Air Quality Directive's limit values, in which the long-term ambition is to meet the WHO (2021) guideline values as a part of the zero pollution vision for 2050.

The decommissioning of the Naantali refinery process area was completed in 2023. Extended soil and groundwater evaluations were started in cooperation with the local authorities.

## Material and energy efficiency

Our aim is to use energy, as well as other utilities, as efficiently as possible. Energy efficiency plays a key role especially in our production and logistics.

In Finland, we have made a commitment to the national voluntary energy efficiency agreement scheme. During the 2017–2025 agreement period, we aim to save 500 GWh compared to the 2014 level. In 2023, our energy saving measures totaled 27.2 (42.6) GWh.<sup>1)</sup>

Neste is continuously developing ways to use materials more effectively and finding solutions to minimize and recover the amount of generated waste.

Waste in our own operations is handled by contracted third parties locally, and our waste reporting is based on data provided by them. We follow the local waste legislation in our operations and are also continuously seeking new opportunities to minimize the waste sent to landfill and find new waste recovery solutions.

## Environmental permit violations

In 2023, we had 13 environmental permit-related incidents at refineries (10), terminals (2) and retail sites (1) with limited local environmental impact only. One of the incidents is related to different elements included in the environmental permits of the Rotterdam refinery. The environmental authorities have imposed orders subject to a penalty on the Neste Rotterdam site. These orders relate to certain air emission standards and related reporting practices; the use and design of the flaring system and safeguarding the use of scaffolding. No penalties based on the orders imposed by the environmental authorities have yet become payable. In addition, two alleged violations are currently subject to a criminal investigation. In order to safeguard compliance, Neste makes efforts to comply with the orders and is in close contact with the authorities to address any issues relating to regulations and potential violations.

<sup>1)</sup> The savings consist of energy efficiency measures started during 2023, which have been scaled to cover the full year.



## Human rights

We carry out ongoing human rights due diligence to identify, assess and address adverse human rights impacts.

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

## Neste's human rights ambition 2030



### Responsible recruitment

Commit to and promote the Employer Pays Principle, with implementation in high risk areas by 2030, to ensure that no worker pays for a job and the costs of recruitment are paid for by the employer, not the worker.



### Living wages

Pay all of our employees at least a living wage, take action to promote living wages in Neste's supply chains, and require strategic contractors and suppliers to pay their employees a living wage by 2030.



### Children & education

Work together with our stakeholders to increase children's access to education by 2030, and promote respect for children's rights by actively supporting and participating in initiatives aimed at keeping children in school.



### Reducing inequality

By 2030, reduce inequalities across the value chain and address the root causes of systemic human rights issues. Advance diversity, equity and inclusion in our own businesses and supply chains.




## Respecting human rights

Ensure respect for human rights across Neste's operations and value chains by carrying out ongoing human rights due diligence to identify, assess and address adverse human rights impacts and communicate on our performance.

### Our vision for a sustainable future

Neste's human rights ambition is to create a more equitable and inclusive value chain by 2030, in which everyone works with dignity.

We actively seek opportunities to collaborate with our stakeholders to advance positive systemic change and enhance our leverage to address the root causes of adverse human rights impacts. In 2023, we continued to engage in the [Nordic Business Network for Human Rights \(NBNHR\)](#), [Consumer Goods Forum's \(CGF\) Human Rights Coalition](#), and the [World Business Council for Sustainable Development](#).

 Read more about our collaborative initiatives in the palm sector on [page 93](#).

### Embedding respect for human rights across the business

To meet our responsibility to respect human rights, we implement an ongoing process of human rights due diligence to identify, assess and address adverse human rights impacts across our business operations and value chains.

Stakeholder engagement is a key component of Neste's human rights due diligence, extending across our operations, supply chains and communities. Read more about the worker voice technology Neste uses to engage with supply chain workers on [page 85](#).

When assessing human rights risks, we pay special attention to vulnerable groups such as women, children, migrant workers and Indigenous peoples. In all cases, we prioritize the wellbeing of our rightsholders.<sup>1)</sup>

Below we highlight some of our key activities in advancing respect for human rights throughout 2023.

### Focusing on salient issues

Our Human Rights 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. These are Neste's salient human rights issues, that is, those issues that are at risk of the most severe negative impacts through our activities or business relationships.

Every year we analyze the saliency of our human rights impacts based on severity and likelihood. The assessments evaluate our actual and potential impacts on people throughout the value chain at a practical level.

This enables us to monitor our progress, account for any new risks resulting from changes in our business and accurately focus and prioritize our work. We also evaluate the effectiveness of our current measures and assess whether existing practices are sufficient in scale and complexity to address our salient issues. In 2023, we held internal workshops to expand the depth and scope of our saliency assessments for our oil products and renewable raw material supply chains.

### Human rights due diligence for our own operations

Recognizing that our human rights impacts may change over time as our business continues to grow and evolve, we are committed to embedding ongoing human rights due diligence across our own operations.

<sup>1)</sup> Rightsholders are all individuals or social groups whose human rights may be impacted or affected by Neste's business activities, operations, products or services.

**Neste is committed to ensuring 100% of our own operations are covered by robust human rights due diligence systems by 2025.**

Neste is committed to ensuring 100% of our own operations are covered by robust human rights due diligence systems by 2025 in line with the Consumer Goods Forum’s [Maturity Journey Framework](#). In 2023, we made progress on this commitment by conducting the following assessments:

- We completed Sedex self-assessment questionnaire (SAQ) for our refinery in Porvoo, allowing us to thoroughly assess gaps in our management systems and human rights due diligence. The same assessments are ongoing for our Rotterdam and Singapore refineries.
- In 2022, we carried out human rights due diligence maturity assessments for Neste’s shipping operations, which identified gaps in our visibility of issues affecting seafarers working on our chartered vessels. To improve our due diligence, we surveyed all our time charter vessel partners on their human rights and labor practices for Neste vessels in 2023.

We continue to use human rights criteria and assessments to inform decision-making on strategic business development, investments and innovation projects. For example:

- Neste is evaluating algae pilot production. In 2022–2023, we conducted human rights risk assessments as part of the project planning phase. In 2023, we also evaluated potential human rights risks and mitigation actions of the possible construction and operation of a pilot plant. In addition, we established a feedback channel for local communities.
- In 2023, we partnered with external experts to assess the human rights risks and impacts in our potential supply chains for novel vegetable oils (NVOs). The assessments consisted of in-depth desk research and fieldwork, stakeholder engagement, and recommendations for prevention and mitigation strategies.

**Human rights due diligence for communities**

Through our saliency assessments we identified the need to enhance our understanding of Neste’s community impact and engagement. In 2023, we carried out an internal survey and workshops to map gaps in identifying and mitigating impacts on the local communities surrounding our operations. The survey covered a range of sustainability topics, including environmental and social risks, impacts on vulnerable groups such as women and children, and community engagement and complaints resolution practices. It also assessed positive practices and impacts such as community development initiatives.

In 2023, we also carried out a stakeholder study to engage with the communities surrounding our Porvoo refinery. The study is conducted biennially to assess local community perspectives on our refinery’s environmental, social, and safety impacts and communications.

**Human rights due diligence for supply chains**

The Neste Supplier Code of Conduct defines minimum human rights requirements for all our suppliers and business partners, who are also required to undergo a robust human rights assessment before they can partner with Neste. Our sustainability audits have a strong human rights focus and prioritize the assessment of impacts on people. Read more about the audits carried out in 2023, including a summary of key findings on [page 90](#).

We also assess human rights risks when planning to enter new sourcing regions for our renewable raw materials. In 2023, we started collaborating with third-party experts at the Solidaridad Foundation to assess the human rights impacts associated with our Brazilian supply chains. The assessment consists of field research and gender-sensitive interviews with different groups of rightsholders, including representatives of Indigenous communities.

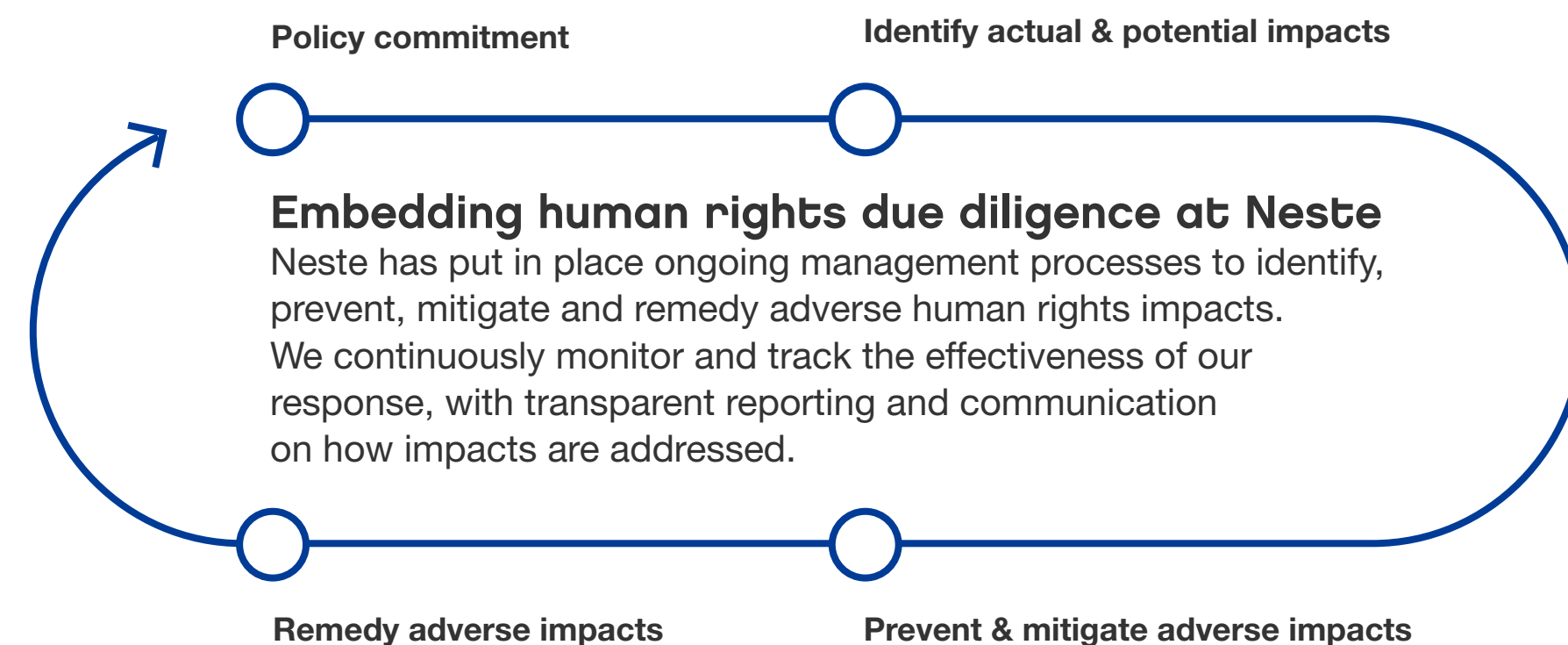
In 2023, we enhanced our due diligence for extractives suppliers in Neste’s Indirect Procurement supply chains by expanding our tendering survey to include stronger human rights criteria. Read more on [page 89](#).

**Human rights due diligence for contractors**

In 2023, we continued to work proactively to prevent exploitation and promote respect for labor rights across our production sites. We pay special attention to safeguarding the rights of migrant workers and employees working for contractors and subcontractors on Neste sites, especially during peak times such as our expansion projects and turnarounds. We use a range of practices to uphold worker rights and address their concerns, including contractor social audits, social toolbox meetings, and worker complaints channels. Read more on [page 84](#).

**Training and capacity building**

Understanding that impact assessments and social audits alone are insufficient for tackling human rights risks, we are also committed to training our employees and suppliers in human rights and labor standards. All our employees are required to complete a mandatory Code of Conduct e-learning course, which includes topics on advancing respect for human and labor rights. Human rights training is also integrated into our global induction for all new Neste employees, as well as our Supplier Code of Conduct e-learning course for selected employee groups. We also carry out sustainability capacity building for our suppliers, which covers a variety of human rights topics. Read more on [page 90](#).



## Responsible recruitment

Neste is committed to advancing responsible recruitment in our operations and value chains, to ensure fair, ethical and transparent recruitment processes that protect the rights and wellbeing of jobseekers. In 2023, Neste took various actions to drive responsible recruitment, including:

- Adding no-recruitment-fee clauses to contracts with recruitment agencies and staffing firms used by Neste.
- Strictly enforcing Neste's Supplier Code of Conduct no-recruitment-fee policy in sustainability audits conducted on suppliers of renewable raw materials. For example, in 2022, we identified that workers employed by one of our suppliers in the Middle East had paid recruitment fees. We worked closely with our supplier to develop time-bound remedial actions, ensuring that by early 2023, all fees had been fully reimbursed to the affected workers.
- Auditing the migrant worker recruitment agencies used by one of Neste's suppliers in both their sending and receiving countries.
- Using anonymous worker voice surveys to improve our visibility on recruitment practices affecting supply chain and contracted workers.
- Using posters, induction training, and regular social toolbox meetings to educate the migrant workers employed by contractors operating on Neste sites about their labor rights and to encourage them to report concerns directly to Neste.

## Site-level complaints channels for contracted workers

In 2023, Neste established permanent site-level complaints channels at its refineries to address concerns of contracted and subcontracted workers, including migrant workers. These channels, accessible via 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.

Neste actively promotes the channels and educates workers on their labor rights during site-entry-permit induction and social toolbox meetings. The complaints are received and managed by local committees. 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.

In addition, through our participation in the Consumer Goods Forum's [People Positive Palm Project](#), we provide training for Neste's PFAD suppliers to help strengthen their management systems for responsible recruitment. As part of this project, we are also engaging in collective advocacy with the governments of Malaysia and the sending countries of migrant workers, supported by the Fair Labor Association (FLA) and the UN International Organization for Migration (IOM).

Neste supports the elimination of all forms of modern slavery and we are committed to taking the appropriate steps to identify vulnerable workers and mitigate modern slavery risks in our operations and supply chains. Read more about the steps we are taking to address modern slavery risks in our annual [Modern Slavery Statement](#).

## At Neste, We Care

All people have the right to be treated with dignity. If you experience any of these conditions, you may be in a situation of forced labour.

Wszyscy ludzie mają prawo do godnego traktowania. Jeśli dotyczy Cię któryś z poniższych warunków, możesz znajdować się w sytuacji pracy przymusowej.

Alle mensen hebben het recht om waardig behandeld te worden. Als u één van deze omstandigheden ervaart, bevindt u zich mogelijk in een situatie van dwangarbeid.



Did you have to pay someone to get your job?  
 Czy musieliście(-ście) komuś zapłacić, żeby dostać pracę?  
 Moest u iemand betalen om uw baan te krijgen?



Has your ID/passport been taken away?  
 Czy odebrano Ci dowód osobisty / paszport?  
 Is uw ID-kaart/paspoort afgenomen?



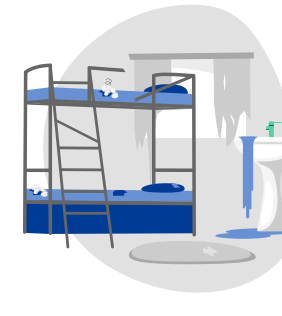
Does someone else control your bank account?  
 Czy ktoś inny kontroluje Twoje konto bankowe?  
 Controleert iemand anders uw bankrekening?



Are you being forced to work without pay?  
 Czy jesteś zmuszany(-a) do pracy bez zapłaty?  
 Wordt u gedwongen te werken zonder salaris?



Are you being verbally/physically abused or threatened?  
 Czy doświadczasz słownego lub fizycznego znęcania lub gróźb?  
 Wordt u verbaal/fysiek mishandeld of bedreigd?



Are you living in bad housing conditions?  
 Masz złe warunki mieszkalne?  
 Leeft u in slechte woonomstandigheden?



Get help / Otrzymaj pomoc / Zoek hulp:

You can anonymously report any concern about your employment or working conditions using the Neste complaints channel. To make a report, scan the QR code using your phone's camera or go to [bit.ly](#). Your report will be taken seriously and investigated confidentially.

Możesz anonimowo zgłosić jakiegokolwiek wątpliwość związane z Twoim zatrudnieniem lub warunkami pracy, korzystając z kanału zażaleń Neste. Aby utworzyć raport, zeskanuj kod QR, korzystając z aparatu swojego telefonu, lub przejdź do [bit.ly](#). Wszystkie raporty zostaną potraktowane poważnie i poufnie sprawdzone.

U kunt uw bezorgdheid over uw arbeidsomstandigheden anoniem melden via het Neste-meldpunt. Scan de QR-code met de camera van uw telefoon of ga naar [bit.ly](#) om een melding te maken. Alle meldingen worden serieus genomen en vertrouwelijk onderzocht.

NESTE

## Living wages and incomes

In 2023, Neste completed its first internal living wage gap assessments covering all countries in Neste’s global operations, using data provided by the Fair Wage Network. The analysis of the assessment results will continue in 2024, ensuring a thorough evaluation of diverse remuneration elements in all locations. We are committed to a learning-by-doing approach, continuously enhancing our expertise and refining our methodologies throughout our living wage journey.

In 2023, we added farmer prosperity KPIs to our pilot projects for Novel Vegetable Oils (NVOs), and carried out an assessment to measure the additional farmer income generated from producing NVO crops, validated through field research and farmer interviews.

We continue to use living wage data in our onboarding process and sustainability audits for renewable raw material suppliers, with the dual aim of gaining a better understanding of our supplier wage practices and raising awareness to build supplier knowledge of this topic. Thus far, we have assessed the wage practices of 8 renewable raw material suppliers. In 2023, we hosted a living wage training session for our PFAD suppliers and offered them support in starting their own living wage gap assessments.

Through our participation in the [WBCSD Equitable Livelihoods](#) project, we are collaboratively working to accelerate action to improve farmers’ incomes in our global supply chains by participating in workshops and peer learning, and contributing input to the development of a Living Income Business Toolkit.

## Children and youth

Neste is committed to respecting and supporting children’s rights and to implementing the [Children’s Rights and Business Principles](#) throughout our business and value chains. We were **recognized** as a Leader in Global Child Forum’s children’s rights and business benchmark, The State of Children’s Rights and Business 2023. The report ranked Neste among the top 15 companies out

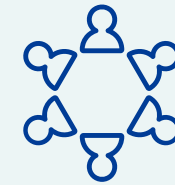
## Our most salient human rights issues



**Fair employment**



**Health & safety**



**Equity, diversity & non-discrimination**



**Children & young workers**



**Modern slavery**



**Fair treatment**



**Economic, social & cultural rights**

of the 795 benchmarked globally, recognizing us for setting a positive example for the whole energy and utilities sector.

In 2023, we worked in collaboration with SOS Children’s Villages India to support vulnerable families and improve children’s lives through education and life skills training in Kolkata, Nagapattinam and Bawana. Through this partnership, SOS Children’s Villages also offers guidance and local expertise to deepen Neste’s understanding of children’s rights issues in our supply chains in India. In 2023, SOS Children’s Villages conducted training sessions on children’s rights for Neste employees. They also reviewed and provided feedback on the results of our worker voice surveys for renewable raw material suppliers in India.

[Read more](#) about our broader activities to advance respect for children’s rights throughout our business.

## Reducing inequality

Neste has made a commitment to reduce inequality and address systemic human rights issues across our value chains.

## Worker voice

Engaging directly with workers enhances Neste’s visibility of issues impacting rightsholders on the ground, enabling more targeted and effective human rights due

diligence. In 2022–2023, we launched and implemented worker voice technology in Neste’s operations and supply chains to scale up our worker engagement. The technology uses an audiovisual survey to enable direct and anonymous engagement with workers on mobile devices. The survey provides insights into various topics affecting workers employed by our suppliers and contractors – for example, inequality, living wages, recruitment fees and children’s access to education, all priority areas in Neste’s human rights ambition for 2030. Since launching the technology, we have conducted 215 anonymous worker voice surveys across the Middle East, US, India and Finland.

## Supplier diversity

We understand that inclusive procurement initiatives play a crucial role in tackling inequality by fostering opportunities for businesses owned by underrepresented groups and addressing systemic disparities in access to resources and opportunities.

In 2023, we started taking steps to understand our spend on diverse businesses, small businesses and social enterprises. We initiated a pilot assessment to map the number of small businesses used in our sourcing of renewable raw materials. We also developed questions to give our renewable raw material and indirect procurement suppliers an opportunity to voluntarily disclose to Neste if they are diverse businesses. We classify

businesses as diverse if they are at least 51% owned and operated by individuals from underrepresented groups, including ethnic and racial minorities, women, LGBTQI+ persons, and people living with disabilities.

## WBCSD Business Commission to Tackle Inequality

Neste is a member of the [WBCSD Business Commission to Tackle Inequality](#) (BCTI). In 2022–2023, we helped shape and develop the BCTI’s flagship report, [Tackling Inequality: An Agenda for Business Action](#), outlining key actions for individual companies to take in contributing to global efforts to address mounting inequality. Throughout 2023, we were also active in various BCTI working groups, masterclasses and roundtable discussions, to jointly address systemic issues and create more impactful solutions for tackling inequality that go beyond our individual efforts.

## Reporting

Since 2021, we have been reporting in accordance with the United Nations Guiding Principles on Business and Human Rights (UNGPs) Reporting Framework.

[Read more](#) about the framework index for 2023 on [page 114](#).

## Supply chain and raw materials

Our vision is to drive a safe and healthy workplace, fair labor practices and increased commitment to sustainability across the supply chain.

Our commitments to responsible and ethical business depend not only on our own people but on forming relationships with business partners who share these commitments. Nestle's **Supplier Code of Conduct**, updated and implemented in 2020, outlines the basic requirements Nestle expects its suppliers and their first tier suppliers, contractors and business partners to adhere to and implement throughout their businesses.

**Neste's suppliers and business partners are expected to comply with requirements set by Supplier Code of Conduct For five elements:**



Neste's Supplier Code of Conduct is included in the terms of contracts with all suppliers, contractors and other business partners participating in the delivery of any raw materials, products, components, materials or services to Neste, covering both direct and indirect procurement. Companies consolidated through mergers and acquisitions are also expected to implement the Neste Supplier Code of Conduct in their sourcing.

In 2023, 100% (99%) of the renewable raw material volumes, 86% (84%) of the crude oil and fossil raw materials volumes and 91% (73%) of overall indirect contracted spend were covered by the Neste Supplier Code of Conduct or equivalent<sup>1)</sup>.

We carry out training and provide [a guide](#) with practical recommendations to support the implementation and help our suppliers meet their obligations to comply with the Supplier Code of Conduct. In 2023, we introduced two new language versions (Spanish and Chinese) of this guide for our suppliers.

We have an e-learning course for our employees outlining the main elements of the Supplier Code of Conduct and describing how to report potential violations.

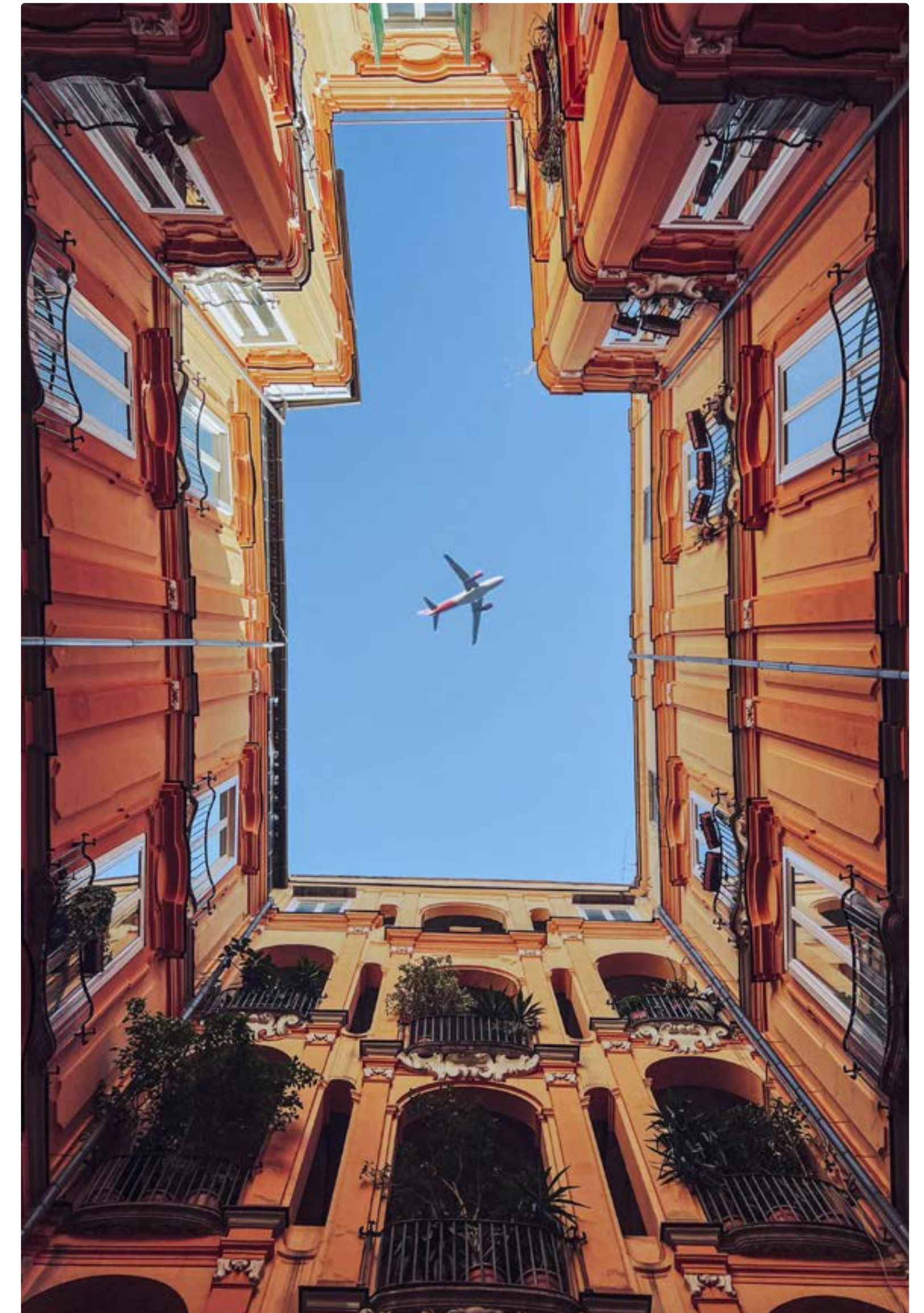
**Sustainability risk assessment in our supply chains**

Assessing sustainability risks in our supply chains begins before agreements have been signed or raw materials, products, components, materials or services are delivered. To ensure our suppliers' compliance with the Supplier Code of Conduct, Neste has implemented systematic controls for counterparty screening and monitoring, during which potential business partners undergo automated screening. Counterparties are screened for economic sanctions and similar compliance issues and selected ethical concern categories in third-party enforcement databases and major news outlet sources.

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 our raw materials is a fundamental supplier requirement. Where possible, our aim is to gain visibility throughout the raw material supply chain, including our suppliers' suppliers.

**Assessing country risks**

A key element in understanding the sustainability risks in our supply chains is assessing country risks. We use a bespoke, industry-leading country risk assessment methodology from Verisk Maplecroft to identify countries or geographical areas in which we operate and have raw material supply chains with high sustainability risks. We maintain 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. Our 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 us to effectively prioritize our activities by identifying the most significant sustainability risks in certain countries or geographical areas.



<sup>1)</sup> 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

All our renewable raw material suppliers are subject to rigorous sustainability due diligence, as stated in Neste's Supplier Sustainability Approval Principle. The Principle applies worldwide to any Neste company which is establishing a business relationship with a supplier of renewable raw material for Neste's renewable products. 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.

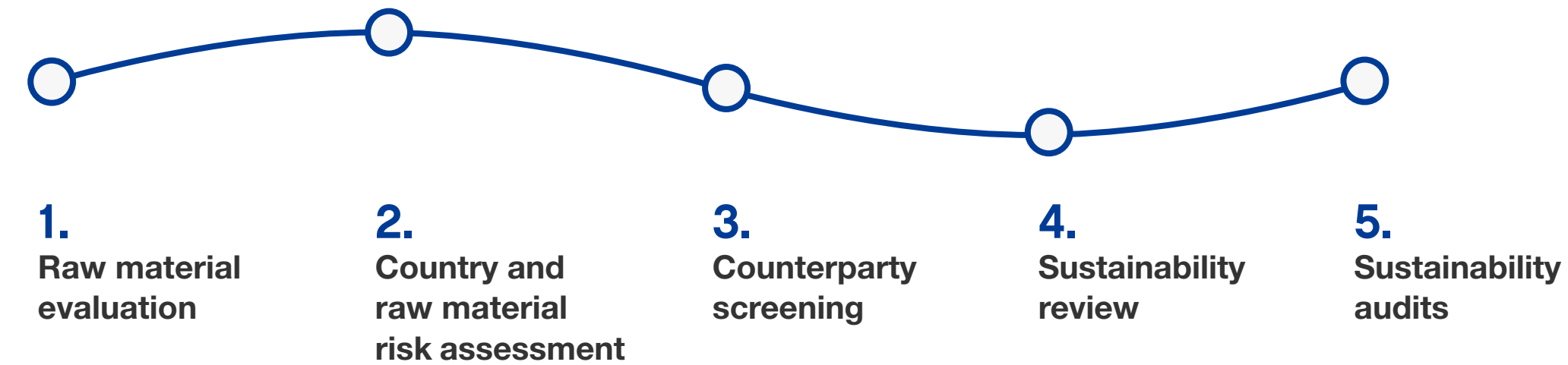
We verify suppliers' compliance with Neste's Supplier Code of Conduct with the sustainability review, encompassing a comprehensive range of topics such as governance, labor standards and practices, human rights, the environment and health and safety.

We continue commercial negotiations only with approved parties that meet our sustainability requirements, and all partners must continue to meet these criteria and commit to developing their operations in the future. Our overall approach to advancing sustainability due diligence throughout the supplier relationship is to work with our suppliers to drive positive practices and mutually enhance sustainability performance through continuous engagement, collaboration and improvement.

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.

Neste's sustainability due diligence process is mainly managed on Neste's Supplier Sustainability Portal (SSP), a digital platform that is used to facilitate our evaluation of potential and existing renewable raw material suppliers,

### Sustainability due diligence process for renewable raw material suppliers



support performance monitoring and enable active supplier engagement. SSP covers all Neste's renewable raw materials suppliers and their data, e.g., on deliveries and volumes, raw materials, certifications and GHG values. Suppliers are also required to insert the location of their own production and processing site(s), and where applicable, their own suppliers' production and processing site(s), to SSP. As a minimum, we require our suppliers to disclose their supply chain actors and locations as determined by end-market sustainability regulation such as EU RED and EPA RFS.

Neste's Supplier Sustainability Portal was implemented fully in 2020. In 2023, the total number of renewable raw material suppliers onboarded against sustainability

criteria was 388. In 2023, we introduced an enhanced sustainability review in SSP to better address supplier-specific sustainability risks. This work will continue in 2024.

### Liquefied waste plastics sourcing

In 2023, we continued defining sustainability criteria for liquefied waste plastic suppliers and onboarded new suppliers.

In addition to requiring our liquefied waste plastic suppliers to fulfill the requirements in the Neste Supplier Code of Conduct, we only accept liquefied waste plastic that is traceable and complies with the ISCC Plus certification requirements.





### Crude oil and other fossil raw material sourcing

As we are transforming from a traditional oil refiner into a provider of renewable and circular solutions, we continue to produce high-quality oil products from crude oil and condensates at our Porvoo refinery in Finland. In 2023, we completed the strategic study on transitioning our Porvoo refinery into a leading renewables and circular solutions refining hub. Read more about this transformation on [page 70](#).

Neste is purely a buyer of crude oil; we do not own shares in any company producing crude oil, nor are we engaged in oil exploration or drilling. Additionally, we do not purchase crude oil from Arctic sea areas, sanctioned countries or conflict areas.

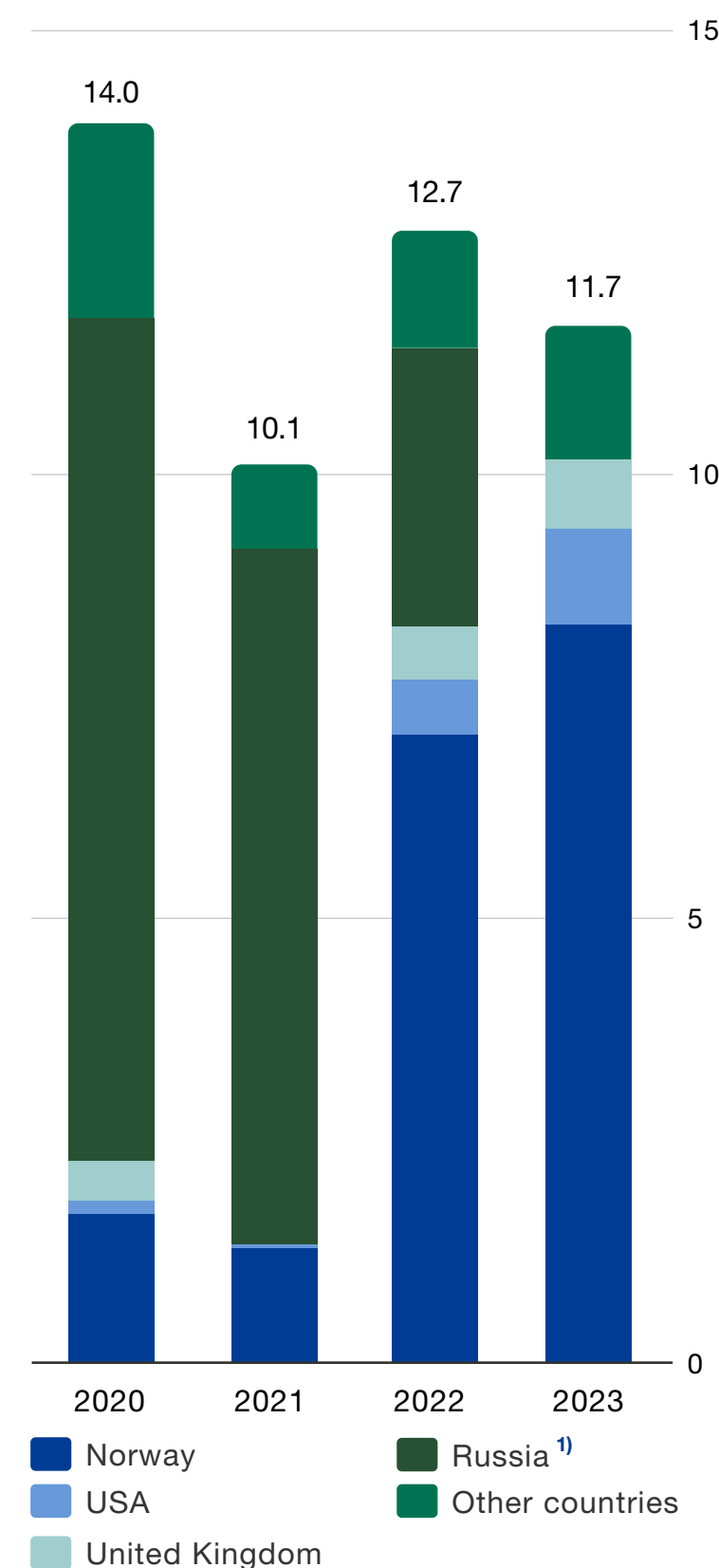
The due diligence process for our crude oil and other fossil raw material suppliers includes a country risk assessment and a counterparty screening. We also conduct a sustainability review of all new suppliers based on publicly available information regarding topics outlined in the Neste Supplier Code 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.

In 2023, a total of 46 suppliers were assessed. We continued to assess all new suppliers and potential suppliers from countries identified as high risk in our country risk assessment.

For ethanol suppliers from higher-risk countries, the sustainability due diligence includes an evaluation on production plant details and raw material origins.

[➔](#) Read more about Neste's sustainability due diligence on [page 87](#).

Crude oil and Fossil Feedstock sources by region, million tons



<sup>1)</sup> At the start of the war in Ukraine, Neste decided to stop using Russian crude oil entirely and started replacing it with other qualities.

We conduct a sustainability review of all new crude oil suppliers. The review is renewed for Fossil raw material suppliers every three years.

In 2023, we further continued to develop the sustainability due diligence for fossil raw material suppliers. We also continued to monitor the oil and gas industry's action to reduce the carbon intensity (CI) of crude oil production, including those grades we purchase and evaluate. As the data become more transparent and reliable, for example, with industry analysts developing independent evaluation methods, we study and analyze how crude oil carbon intensity can be a factor in evaluating and choosing different crude oils.

### 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 refined crude oil or renewable and recycled raw materials. In 2023, we further integrated sustainability into indirect procurement, building on prior risk assessments and studies. Key actions included:

- Mapping strategic priorities and launching a development plan for embedding sustainability requirements into each stage of our sourcing, purchasing, and supplier management process.
- Piloting the use of sustainability due diligence clauses in supplier contracts.
- Carrying out workshops on sustainability topics, identifying key human rights risks and opportunities for supply chain emissions reductions, and mapping priority actions for improving sustainability due diligence.

- Developing a standardized sustainability survey for use in our tendering process, with the aim of ensuring consistent and comparable sustainability data in supplier evaluation and selection globally.
- Strengthening our due diligence for extractives suppliers by incorporating additional environmental and human rights questions in the tendering process for high-risk sectors.
- Driving action on Neste's climate commitments by directly engaging with suppliers to enhance our understanding of the measurement accuracy of scope 3 emissions data and product carbon footprint (PCF). Read more on [page 72](#).

### Sustainability audits

Neste carries out audits to mitigate sustainability risks in the supply chains. When selecting suppliers to be audited, we pay special attention to suppliers, raw materials or countries with the highest sustainability risks. Sustainability audits are one way of verifying that our suppliers comply with the Neste Supplier Code of Conduct. All the audits follow the requirements set in the Neste Sustainability Audit Standard, published in 2021. After the audit, we follow up cases of non-compliance and require our suppliers to remediate significant open issues within a specified timeframe. The sustainability audits are conducted either by our own local sustainability specialists or a third-party auditor. Where possible, we also conduct audits on our suppliers' suppliers (second-tier suppliers or even beyond).

In 2023, we conducted a total of 154 sustainability audits: 54 on renewable and recycled raw materials; 31 on terminals; and 69 contractor audits. Of the total, 51 audits were carried out for renewable raw material suppliers, of which 16 were on site, 7 were virtual, and 28 were third-party audits. In 2023, 30 audits were conducted on our direct renewable raw material suppliers and 21 on our renewable raw material suppliers' suppliers. The majority of the audit findings recorded in renewable raw material supplier audits in 2023 were related to health & safety.

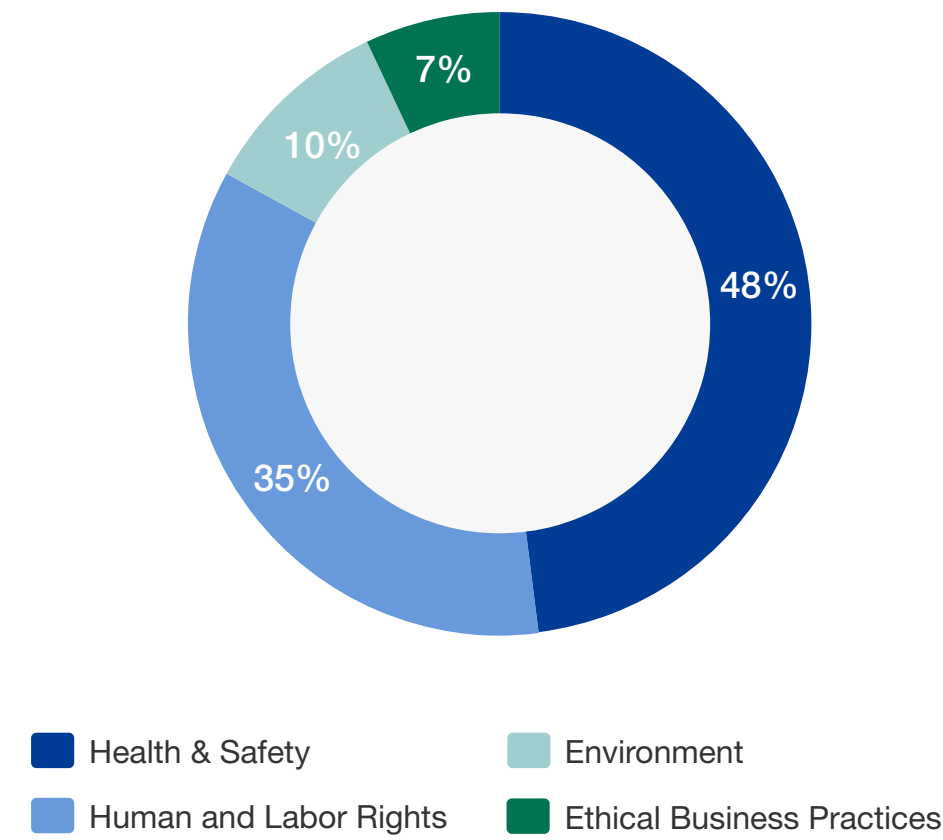
In 2024, we aim to strengthen sustainability due diligence practices by increasing the number of audits with a key focus on suppliers with the highest risks and most significant strategic importance.

### Supplier engagement

Neste is committed to driving a safe and healthy workplace, fair labor practices and increased sustainability commitment across the supply chain. We understand that due diligence processes and sustainability audits alone are insufficient for a positive impact in our value chain. We therefore engage regularly in capacity building with our suppliers. The topics covered with our suppliers over the years have included the Neste Supplier Code of Conduct requirements, sustainability policy development, due diligence, traceability and grievance management. We are also committed to training our employees on our policies.

In 2023, we conducted capacity building training for our renewable raw material suppliers in Asia, Oceania, the Americas and EMEA. The main topics this year focused on environmental management and health and safety. Neste invited its active suppliers and encouraged main suppliers to invite their suppliers to the training. A selection of potential future suppliers was also invited to participate. For example, health and safety was selected this year as the main topic of the supplier capacity building, as the majority of the findings of the renewable raw material supplier audits in 2022 was related to safety practices.

### Audit Findings – different sustainability categories renewable raw material suppliers, %



In addition, Neste organized capacity building on the Neste Supplier Code of Conduct requirements to its main contractors at the Rotterdam refinery and to selected renewable raw material suppliers. The training sessions focused on regulatory compliance, business conduct, human and labor rights, environmental impact and climate change, as well as occupational health and safety.

More than 130 raw material suppliers and contractors joined the different capacity building sessions with over 275 participants globally.

[Read more about our engagement with PFAD suppliers on page 93.](#)

### Grievances and concerns in the supply chain

We take seriously and investigate all complaints and allegations of suspected sustainability violations. This includes any suspected breaches of the Neste Supplier Code of Conduct or Responsible Sourcing Principle. Engagement and cooperation with our suppliers and contractors are our primary ways of addressing any grievances and concerns. Ending purchases does not necessarily solve the problem, while by working with our suppliers, we can work for improvements. If the sustainability criteria or contractual requirements included in our contracts have been verifiably breached, their nature is considered serious, and progress to resolve those issues is not made in a reasonable time, we will terminate our contract with the supplier or contractor in question.

We process the grievances by:

- Reviewing the grievance and its relevance to our supply chains.
- Conducting a thorough and impartial investigation of the grievance, and depending on the severity, selecting the course of action (e.g., engagement with the supplier, audits).

- 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 operations and perform necessary corrective actions, and monitor the outcomes.
- Reporting on the progress online.
- Ending purchases if we do not see adequate progress, or if the supplier loses relevant certifications.
- Reviewing, improving and adjusting our processes where needed.

We publish monthly grievance log updates related to our renewable raw materials on [our website](#), and track and publicly disclose the number and type of grievances that have been raised in person or via our [Ethics Online whistleblowing channel](#).

In 2023, we conducted a total of 154 sustainability audits on our raw material suppliers, sub-suppliers, terminals and contractors.

### Renewable raw materials

Nestle uses a wide variety of sustainably produced renewable raw materials each year to produce renewable fuels, e.g., for the road transport and aviation sectors as well as renewable feedstock for the production of polymers and chemicals. Nestle is particularly focused on waste and residue raw materials; in 2023, their share was 92% of Nestle's total renewable raw material inputs globally.

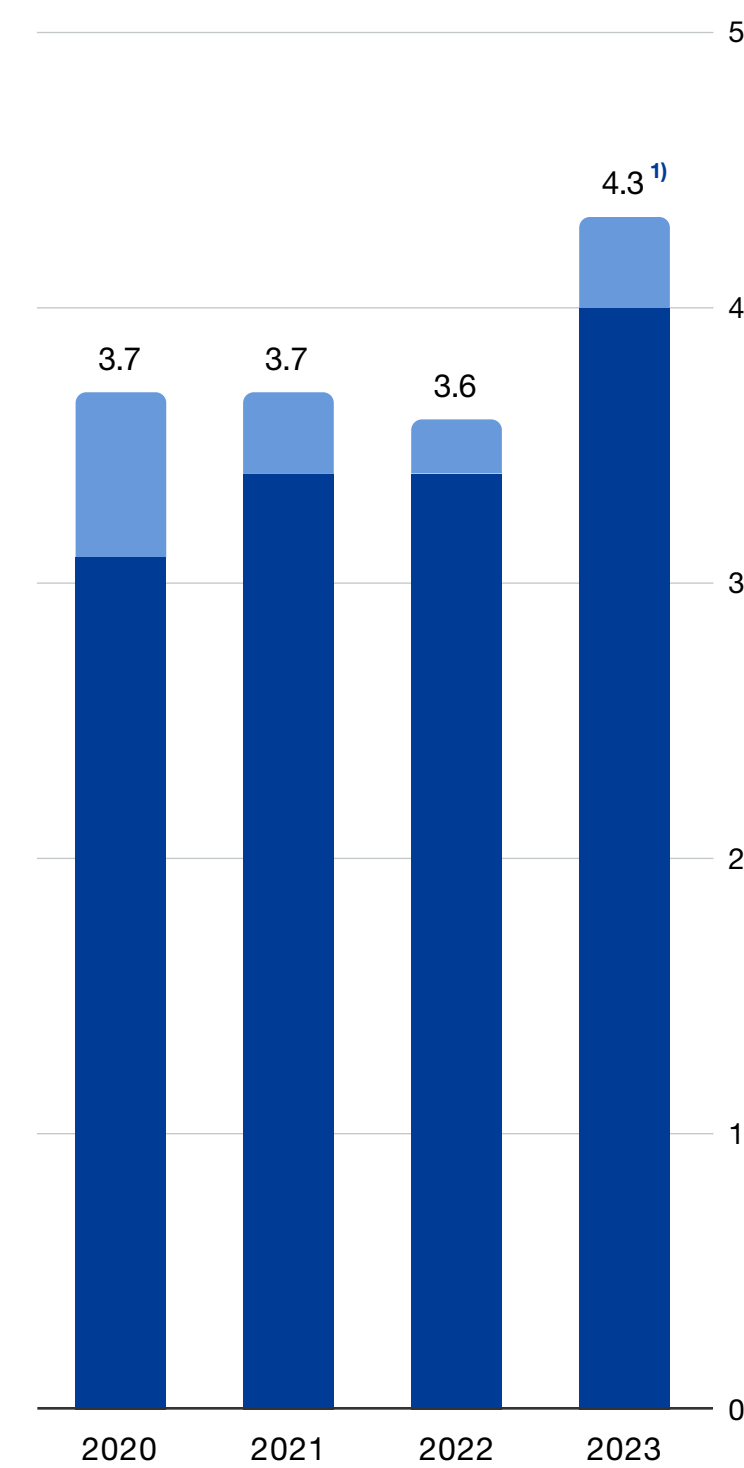
We source renewable raw materials globally for our renewables refineries in Finland, the Netherlands and Singapore, and for our joint operation in California in the United States. One of our competitive advantages is our capability of efficiently sourcing, transporting and flexibly using various mixes of renewable raw materials to produce a wide range of high-quality renewable products with our proprietary **NEXBTL™ refining technology**. Another advantage is our unique capability of pretreating low-quality raw materials to remove impurities. This enables us to use even lower-quality waste and residue raw materials.

### Extensive portfolio provides flexibility

Animal fat from food industry waste, used cooking oil, and various wastes and residues from vegetable oils processing represent the top three waste and residue raw material categories we use, based on their current and estimated shares of Nestle's total annual renewable raw material inputs. However, the proportions of individual raw materials in Nestle's refining, vary from year to year, depending on their availability, price and specific market requirements, for example. Other waste and residue raw materials in our portfolio include fish fat from fish processing waste, tall-oil-based raw materials, technical corn oil, food waste and acid oils.

In addition to waste and residues, Nestle uses smaller amounts of sustainably produced vegetable oils as

### Renewable raw material inputs globally, million tons



■ Waste and residues  
■ Vegetable oils

The volumes are presented in millions of tons. The share of the volumes are calculated from exact figures and consequently the rounded figures presented may deviate from the share of volumes disclosed.

<sup>1)</sup> Includes Nestle's share of raw material inputs for Martinez Renewables joint operation

Nestle's renewable and circular solutions helped to replace 3.0Mt of non-renewable resources in transport, aviation and polymers and chemicals sectors in 2023.

renewable raw materials. The share of vegetable oils of our renewable material inputs in 2023 was 8%, with palm oil representing around 2%. In line with its target communicated in 2021, Nestle reduced its refinery inputs of conventional palm oil (crude and refined palm oil) to zero at the end of 2023 and does not plan to use them as raw materials in the future. The share of waste and residue raw materials is expected to stay above 90% of Nestle's global renewable raw material inputs in the coming years, while in the longer term, the growth in novel vegetable oils' availability may increase the share of sustainably produced vegetable oils.

An extensive portfolio of globally sourced renewable raw materials provides flexibility and allows us to respond to the needs of different markets and customers. None of the raw materials in our portfolio individually represent the majority share of the total annual inputs.

In 2023, we used a total of 4.3 million tons of renewable raw materials, with a continued focus on developing new sources of raw materials and technologies enabling their use, while growing the existing raw material pool toward lower-quality grades.

### Strengthening our sourcing capability

Nestle's renewable raw material supply was substantially strengthened in 2023, despite the uncertainties caused by the volatile raw material market. We continued to expand our renewable raw material sourcing capability in our existing and new markets such as India and

Brazil. We are focusing on waste and residue raw materials such as animal fat waste and used cooking oil in these markets.

In 2023, Nestle acquired a used cooking oil collection and aggregation business from Crimson Renewable Energy in the United States. In addition, the successful integration and continuous expansion of activities of Mahoney Environmental, a leading collector and recycler of used cooking oil, and Agri Trading, one of the largest independent renewable waste and residue fat and oil traders in the United States, both acquired by Nestle in 2021, has helped us gain access to a substantial volume of used cooking oil and grow our raw material supply chain in North America.

In Europe, Nestle increased its ownership of Nestle Demeter B.V. to 80% of the company. Nestle has also agreed to acquire the remaining shares of Nestle Demeter B.V. over the next few years as agreed with the minority shareholders. As one of the largest animal fat waste traders in Europe, Nestle Demeter is an important part of our raw material supply and our strategy of building a global waste and residue raw material platform to secure raw material availability and competitiveness.

## Extensive portfolio of renewable raw materials



### Animal fat from food industry waste

Animal fat is derived from the food industry's meat processing waste. Nestle sources mixed animal fat waste that is unsuitable for human consumption.



### Vegetable oil processing waste and residues

Many vegetable oil processing wastes and residues can be used as raw materials to produce Nestle's renewable products, including palm fatty acid distillate (PFAD), spent bleaching earth oil (SBEO), empty fruit bunch oil (EFBO) and palm oil mill effluent (POME).



### Used cooking oil (UCO)

UCO consists of oils and fats of a vegetable or animal origin that have been used by the food industry or restaurants to cook food for human consumption. UCO is considered waste, as it is no longer fit for human consumption for food hygiene reasons.


### Other waste and residues

Our raw material portfolio also includes fish fat from fish processing waste, tall oil-based raw materials, food waste, technical corn oil and acid oils.



### Vegetable oils

In 2023, the share of conventional vegetable oils was approximately 8% of our global renewable raw material inputs. In the longer term, the growth in novel vegetable oils' availability may increase the share of sustainably produced vegetable oils. Nestle reduced its refinery inputs of conventional palm oil to zero at the end of 2023.

 [Read more about our renewable raw materials](#)

### Engaging with PFAD suppliers

Nestle participates in several collaborative efforts to advance positive social and environmental impacts in the palm sector. Nestle is a member of the [Palm Oil Collaboration Group \(POCG\)](#) and has participated in its Social Issues Working Group (SIWG) since the initiative was launched in 2020. Nestle is also a member of the Consumer Goods Forum (CGF) Forest Positive Coalition and Human Rights Coalition. In 2023, Nestle continued to participate in SIWG subgroups advancing action on Responsible Recruitment in Malaysia, and Human Rights Due Diligence in Supplier Management Systems.

Nestle supports smallholders in the palm oil industry to develop their sustainability awareness and expertise, as well as to improve traceability. In 2023, Nestle collaborated with its supplier to support a smallholder capacity building initiative in Indonesia. The program aims to provide comprehensive support to smallholders and agents buying from farmers to adopt sustainable agricultural practices and improve traceability to plantations in the supply chain. The series of capacity building and mentoring will teach smallholders to improve their cultivation methods and prepare them to register for the ISPO (Indonesian Sustainable Palm Oil) and RSPO (Roundtable on Sustainable Palm Oil) certifications.

Nestle is one of the eight companies driving the sustainable palm oil landscape program in the Siak and Pelalawan districts in Indonesia via [the Siak Pelalawan Landscape Programme \(SPLP\)](#). The SPLP is a collaborative effort at a landscape level that aims to ensure a positive sustainability impact in the region by addressing environmental and social issues in the communities. The work is implemented by Proforest and Daemeter, with close collaboration with the district governments, as well as NGOs. In 2023, the work included several sub-projects covering the environment, biodiversity, human rights, stakeholder and government engagement.

[Read more about the recent activities in the \[Siak Pelalawan Programme\]\(#\).](#)

### Sustainability workshops for PFAD suppliers

We have arranged annual workshops for our PFAD and palm oil suppliers since 2014 to foster dialog and clarify Nestle's sustainability requirements and expectations. In August 2023, we arranged our latest two-day sustainability workshop, with more than 20 of our PFAD suppliers and sub-suppliers from the APAC region attending the event. This time, we focused heavily on regulation and compliance such as the EU Regulation on Deforestation-free Products (EUDR) and Human Rights Due Diligence (HRDD). Other topics included the promotion of living wages in our supply chains and discussing the Nestle Responsible Sourcing Principle and Supplier Code of Conduct requirements.

[Read more on our website.](#)

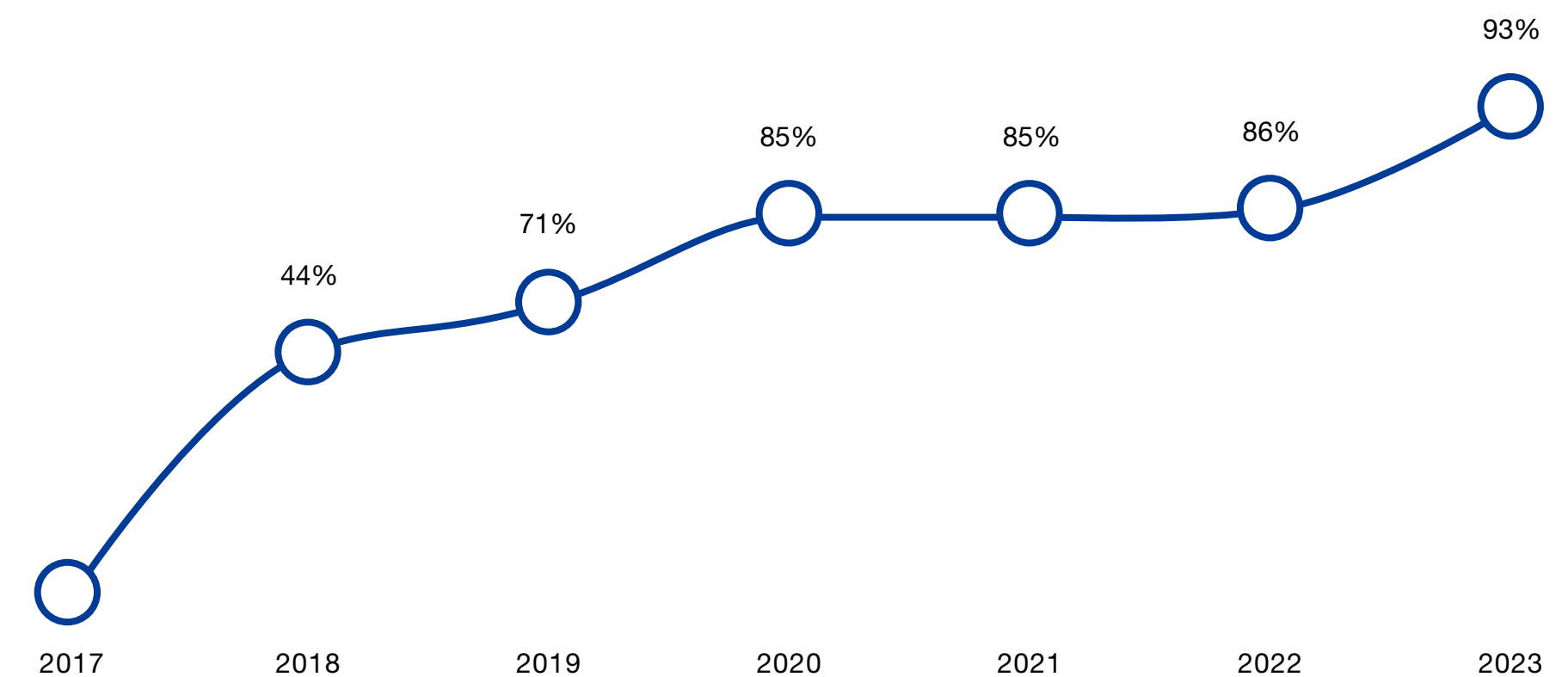


### PFAD supply chain traceability

Since 2017, we have been working toward a target of developing traceability for our entire PFAD supply chain to palm oil plantations. This has required us to map large parts of previously unmapped palm oil supply chains, and we have made significant progress since we started the work. When mapping the supply chain to the plantations, publicly available data (e.g., on RSPO, ISCC, ISPO certifications) and supplier reporting have been used.

During 2023, we were able to independently map and validate 100% (100%) of our PFAD supply chain to the supplying palm oil mills and 93% (86%) all the way to plantations. With the newly adopted European Union Deforestation Regulation (EUDR), and building on our long-term work developing PFAD supply chain traceability, we are further enhancing our traceability efforts to be in line with the scope and requirements of the regulation.

### % of Nestle's PFAD supply traceable to plantation <sup>1)</sup>



<sup>1)</sup> Based on risk-calibrated Traceable to Plantation approach. Figures are weighted by refinery volumes supplied to Nestle.

### Recycled raw materials

Neste is advancing chemical recycling, also known as advanced recycling, to accelerate the transition to a circular economy for plastics. Neste's development of chemical recycling technologies and capacity with value chain partners supports Neste's strategic target of becoming a global leader in circular solutions, while helping Neste take steps towards developing its Porvoo refinery into a renewable and circular solutions hub. It is also aligned with our target of helping our customers to reduce their GHG emissions and reducing society's dependence on crude oil.

### Accelerating the circular economy through chemical recycling

Chemical recycling complements mechanical recycling by transforming waste plastic into a raw material for virgin-quality plastics. Through chemical recycling, hard-to-recycle plastic waste such as colored, multilayer and mixed-material plastics can be turned into high-quality feedstock for polymers that can be used for even demanding applications.

The development of chemical recycling is crucial to enabling a circular economy for polymers and increasing recycling for waste plastic. It thereby also helps tackle the plastic waste pollution challenge and reduces the need for virgin fossil resources.

### Progress on scaling up chemical recycling

Neste has established several partnerships to develop chemical recycling technologies to enable their commercialization and to accelerate their adoption. For example, we hold the European rights to US-based Alterra Energy's liquefaction technology, and we are also a minority shareholder of the company.

We aim to gradually increase the volumes of liquefied waste plastic processing to continue learning about and developing value chains and processing technologies.

In 2023, Neste made the final investment decision to commence construction of upgrading facilities for liquefied plastic waste at its Porvoo refinery in Finland. With an investment of 111 million euros, Neste will build the capacity to upgrade 150,000 tons of liquefied waste plastic per year. The investment is part of a broader project (Project PULSE), which will receive an EU Innovation Fund grant of 135 million euros if fully implemented. The project targets a total capacity of 400,000 tons per year.

### Liquefied waste plastic processed at the Porvoo refinery

Neste successfully continued its processing runs with liquefied waste plastic at industrial scale at its Porvoo refinery in 2023. During the runs, Neste was able to gradually upgrade increasing volumes of liquefied waste plastic into drop-in raw materials for plastic production and develop related processing capabilities at industrial scale.

With our partners Wastewise, Borealis and Uponor, we successfully produced pipes made of cross-linked polyethylene (PEX) which was based on feedstock gained from chemically recycled post-industrial waste plastic from PEX pipe production. The pipes can be used in the construction sector for heating, plumbing and cooling purposes – as well as for drinking water systems.

Our decades of experience in oil refining, combined with refining expertise in upgrading low-quality raw materials, provide a solid foundation for the rapid demonstration and scaling-up of chemical recycling.

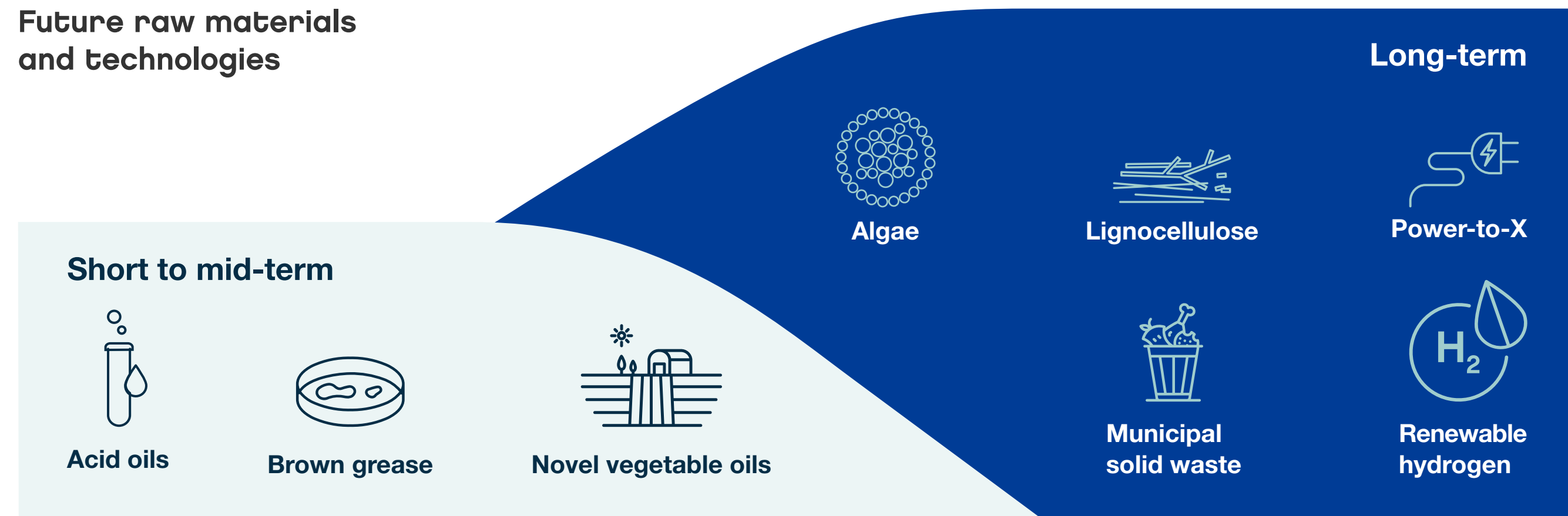
### Future raw materials

We continue to work toward increasing the availability of renewable and recycled raw materials, while developing technologies to diversify our current portfolio with new scalable raw materials. This will help us ensure access to sufficient volumes of raw materials to support

our growing production capacity, which will enable us to maximize our positive carbon handprint.

We continuously search for even lower-quality waste and residues for use in the production of fuels, polymers and chemicals. In the short to mid-term, we aim to increase the availability of emerging lower-quality waste and residues such as acid oils and wastewater-derived grease (i.e., "brown grease"). We are also exploring novel vegetable oils from regenerative agricultural practices. In the long term, renewable hydrogen, lignocellulosic waste and residues, algae, and municipal solid waste are all viable sustainable raw material alternatives.

### Future raw materials and technologies



### **Novel vegetable oils (NVO) from regenerative agricultural practices**

As part of our efforts to develop new sustainable sources of renewable raw materials, Neste is exploring the potential of regenerative agricultural concepts to produce additional renewable raw materials. Regenerative agriculture focuses on restoring soil health. Regenerative farming practices aim to trap carbon in healthier soils, promote biodiversity and reduce emissions from agriculture, while increasing farm productivity. Neste focuses on concepts such as intermediate cropping that do not create additional demand for agricultural land.

In 2023, we made significant progress in accelerating our exploration of potential concepts and partnerships to drive our NVO development work. We have launched over 60 field trials across the globe, working with farmers, other value chain partners and research institutions. We have been studying a variety of crops and regenerative agriculture management practices for both annuals and perennials to identify the most promising concepts for scale-up. With promising results, we have set a target for the availability of novel vegetable oils to reach 20% of Neste's raw material pool by 2035.

Once available, the use of these additional volumes of NVO raw materials, e.g., in biofuels production, will fully comply with all the sustainability requirements and criteria included in the EU RED II (EU) 2018/2001. Besides being suitable for producing renewable fuels e.g. for the road transport and aviation sectors, NVOs could be used to produce our renewable feedstock for the polymers and chemicals sectors.

[Read more about novel vegetable oils.](#)





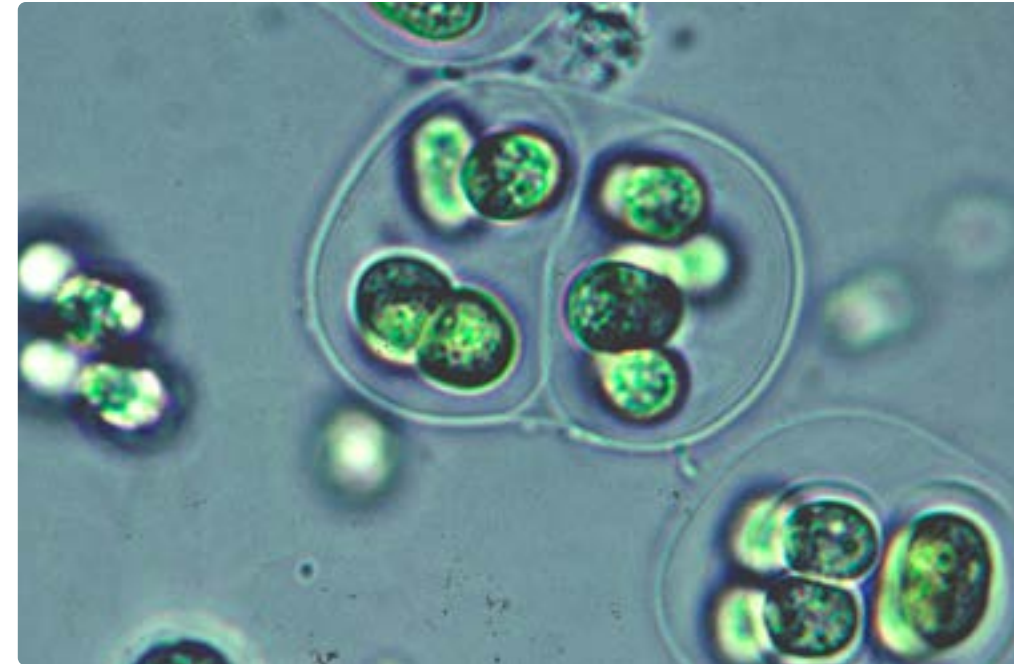
### Lignocellulose

Waste and residue streams from agriculture, forestry and the forest industry provide viable and sustainable raw material options for renewable fuels and feedstock for polymers and chemicals. Our focus is on resources that are currently underutilized.

We are also exploring site locations to fully develop the potential of producing advanced biofuels from locally sourced forestry waste. This includes an assessment of exploiting technology and raw material potential for lignocellulose-based advanced biofuels at our Porvoo refinery in Finland.

In 2023, Neste participated in a project of Natural Resources Institute Finland (Luke). The project, funded by Business Finland, focuses on developing Life Cycle Assessment (LCA) methods for assessing the environmental benefits of bio-based products, raw materials and sidestreams. Neste's contribution focused on the LCA of forestry-based waste and residues.

[Read more about lignocellulose.](#)



### Microalgae

Photosynthetic microalgae may be cultivated wherever there is water and sunlight, including saline water and land areas unsuitable for other types of cultivation. Microalgae may have high oil content, and they are usually rich in proteins and other valuable compounds. Through photosynthesis, algae are estimated to generate up to 50% of oxygen in the atmosphere. Neste has explored and developed the use of algae for over 15 years and continues to explore algae as a potential future raw material.

In 2023, Neste advanced the preparation of its algae pilot production facility in order to further strengthen the growth of its global raw material pool. The project is in the planning phase, with a final investment decision yet to be made.

[Read more about microalgae.](#)



### Municipal solid waste

Municipal solid waste is household or industrial derived waste. Neste is mostly interested in those biogenic fractions (paper, cardboard, wood, greens, textiles) that do not have any other more valuable use and are not being recycled.

By turning municipal solid waste into renewable raw material, several benefits are simultaneously achieved – the increased availability of lower-emission product to replace fossil-based products, a reduction of waste, and reduced reliance on virgin fossil resources, as well as reduced emissions from the treatment of waste thanks to circulation of waste into valuable use.

[Read more about municipal solid waste.](#)



### Renewable hydrogen

Renewable hydrogen made with electrolysis makes it possible to reduce refinery greenhouse gas (GHG) emissions.

At our Rotterdam refinery, we are demonstrating renewable hydrogen production based on solid oxide (SOEC) technology. The EU-funded MultiPLHY project aims to install the world's first high temperature electrolyzer system in multi-MW scale (~2.6 MW) in an industrial environment and integrating it into our refinery. This is a joint project with the MultiPLHY partners Sunfire, Paul Wurth, CEA and Engie. The project is in the commissioning phase.

At our Porvoo refinery, the renewable hydrogen project focuses on developing our first industrial-scale renewable hydrogen facility. The goal of the 120 MW electrolyzer project is to supply the refinery with the renewable hydrogen produced. The project is in the basic engineering phase, and it is expected to be ready for a final investment decision during 2024.

In the long term, Neste's hydrogen projects will also build a foundation for the use of Power-to-X (PtX) technologies, which aim to utilize carbon dioxide emissions with green hydrogen to produce fuels and raw materials for the petrochemical industry.

[Read more about renewable hydrogen and about PtX technology.](#)





## Sustainability reporting in 2023

Our 2023 Sustainability Report has been prepared in accordance with the GRI (Global Reporting Initiative). We use the GRI Universal Standards 2021, GRI Sector Standards For Oil and Gas Sector 2021, as well as Topic Standards with Standard versions indicated in the GRI Index.

An independent third party, KPMG Oy Ab, has assured the topic-specific GRI disclosures for economic, social and environmental indicators, as well as General GRI disclosures 2–7 and 2–30. Information presented about the Sustainability highlights, Material sustainability KPIs, Neste creates value, and Performance in figures pages of the report have also been assured. In our report, we have aimed to focus on the most essential, based on our materiality assessment conducted biannually, most recently in 2022. Our Sustainability Report is published only in English.

We are committed to the UN Global Compact (UNGC), United Nations Guiding Principles on Human Rights (UNGP) and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. Neste follows the OECD Guidelines for Multinational Enterprises and guidelines for good governance. Neste has been a signatory of the UNGC Principles since 2014. Our Annual Report includes information corresponding to the reporting requirements as we are committed to complying with the Ten Principles in each of the UNGC areas for human rights, labor, environment and anti-corruption. Our Communication of Progress with Global Compact Principles for 2023 information will be reported via the new UNGC portal.

Neste is committed to applying the Task Force on Climate-related Financial Disclosures (TCFD) reporting principles from 2019 to disclose climate-related financial risks and opportunities in the reporting. In addition to the Sustainability Report, part of our TCFD reporting takes place within the Non-Financial Information Statement in the Review by the Board of Directors. Our Sustainability Report includes the TCFD index for navigation purposes between these sections in the Annual Report. Our intention is to extend our reporting within the recommended TCFD implementation time frame.

In 2023 Neste has been preparing for the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS) to be used for the first time in financial year 2024 reporting.

We are actively following various sustainability reporting framework developments, such as the standards from the International Sustainability Standards Board (ISSB), in order to keep our reporting methodologies up to date. In addition to GRI, in the 2023 Sustainability Report we report according to SASB Oil & Gas Refining and Marketing Standards where applicable, as Neste is categorized under this sector standard by SASB. However, we also aim to report in accordance with SASB Biofuels Standards in the future as we see this as an even more relevant sector standard for Neste.

We support the principles of the World Economic Forum’s (WEF) Stakeholder Capitalism. Our reporting based on GRI, SASB and TCFD fulfils the requirements for most of the WEF Stakeholder Capitalism Metrics (SCM). We therefore report with the GRI supported by SASB and TCFD, yet pay close attention to any additional SCM requirements.

Our reporting meets the requirements of the EU Directive on disclosure of non-financial and diversity information and the Finnish Accounting Act as well as the information in accordance with the current requirements of the EU Taxonomy Regulation. The information is disclosed in the Non-financial Information Statement. The required non-financial information is disclosed in the Corporate Governance Statement and the Review by the Board of Directors, whereas in our Sustainability Report, we respond to broader stakeholder expectations and respond to many requirements of international indices. The Board reviews and approves the sustainability reporting before it is published. We published our 2022 Annual Report and the included Sustainability Report on March 3, 2023 in PDF format on our website.

### Reporting principles and guidelines

Our financial reporting complies with the international IFRS accounting standards, and governance-related reporting complies with the legislation on listed companies and the Finnish Corporate Governance Code. The disclosure of environmental costs and liabilities is based



on the Finnish Accounting Act. The reported financial indicators are based on audited information. The general guideline issued by the Accounting Board on the preparation of review by the Board of Directors is followed in calculating the personnel-related figures. Calculations related to safety-related accident frequency rates comply with the calculation principles of Concawe (the oil companies’ European association for environment, health and safety in refining and distribution). Changes to information disclosed in previous years or calculation principles are communicated in connection with the relevant indicators. If restatements of information have been made, these are communicated in connection with the relevant indicators. The definitions, calculation principles and formulas of reported indicators are presented separately under “Principles for calculating the key indicators”.

### Scope of the report

Similarly to the Annual Report, the Sustainability Report’s reporting period is our financial reporting year, January 1–December 31, 2023. The Sustainability Report is published annually. The safety and environmental reporting for 2023 covers the refineries in Finland and abroad in which the company has a holding of 50% or more. In addition, safety and environmental reporting covers

the company’s terminals, offices, and country-specific retail companies in alignment with the financial reporting scope. As an exception, reporting for the Martinez Renewables refinery, of which Neste owns 50%, only covers reporting indicators for GHG emissions (scopes 1, 2 and 3), energy and renewable raw material inputs. Additionally, environmental figures for Mahoney only cover GHG emissions (scopes 1, 2 and 3) and energy due to the ongoing integration process. The company does not report environmental information about sites in which the company uses only a minor part of the premises of an office building. The reporting of safety information also covers service providers and contractors. The average number of personnel includes all operations and acquisitions. Individual exceptions are communicated in connection with the relevant indicators.

### Reporting systems

Neste collects environmental and safety information with the HSEQ reporting tool, which supports Neste’s monthly and annual reporting. Personnel-related indicators are derived from the HR systems. The company also has other reporting tools for collecting information required for sustainability reporting.

## Performance in Figures Climate and the environment

	2023	2022	2021
Deviations from environmental permits	13	3	2
<b>Emissions into the air, tons<sup>1)</sup></b>			
Direct CO <sub>2</sub> emissions (scope 1)	2,291,000	2,075,000	1,828,000
Indirect GHG emissions (scope 2, location-based)	503,000	427,000	519,000
Indirect GHG emissions (scope 2, market-based)	463,000	391,000	509,000
Other indirect GHG emissions (scope 3)	58,000,000	42,000,000	35,000,000
Purchased goods and services <sup>2)</sup>	5,800,000	5,000,000	4,900,000
Fuel- and energy-related activities <sup>3)</sup>	<50,000	<50,000	100,000
Upstream transportation and distribution <sup>4)</sup>	2,000,000	900,000	700,000
Waste generated in operations	400,000	400,000	200,000
Downstream transportation and distribution <sup>5)</sup>	700,000	700,000	500,000
Use of sold products <sup>2)</sup>	47,700,000	33,600,000	27,600,000
End-of-life treatment of sold products	1,100,000	1,100,000	1,300,000
VOC	2,380	3,160	3,170
NO <sub>x</sub>	1,210	1,150	1,090
SO <sub>2</sub>	2,470	2,430	2,850
Particulate matter	72	78	64
<b>Energy use</b>			
Total energy consumption, TWh	12.6	10.9	10.1
Fuels and natural gas, %	74.3	72.7	72.0
Purchased electricity, %	12.9	12.9	13.1
Purchased heat, %	12.9	14.3	14.9
Share of renewable energy of total energy consumption, %	16.1	17.8	11.6
Energy efficiency, energy saving measures, GWh <sup>6)</sup>	27.2	42.6	95.8
Energy intensity, total energy consumption per revenue, GWh/MEUR	0.6	0.4	0.7
<b>Water, m<sup>3</sup>/a</b>			
Total water withdrawal by source	9,402,000	8,788,000 <sup>7)</sup>	9,263,000
Process water & other water use			
Surface water	8,485,000	7,839,000	7,927,000
Third-party water (municipal)	917,000	949,000 <sup>7)</sup>	1,336,000
Total water discharge by destination	8,720,000	7,899,000	8,522,000
Surface water	148,000	141,000	
Seawater	8,024,000	7,241,000	
Third-party water (municipal)	548,000	517,000	

	2023	2022	2021
<b>Effluents to water, tons</b>			
Effluents of oil to water	1.8	1.4 <sup>7)</sup>	2.3 <sup>7)</sup>
Chemical oxygen demand	399	348	240
Effluents of nitrogen to water	18	19	31
Effluents of phosphorus to water	1.0	1.0	1.0
<b>Waste generated, tons<sup>8)</sup></b>			
Non-hazardous <sup>8)</sup>	71,200	35,000	23,900
Preparation for reuse	1,400	150	-
Recycling	170	3,000	-
Other recovery operations	63,800	23,000	-
Incineration (with energy recovery)	2,200	2,000	-
Incineration (without energy recovery)	320	550	-
Landfill	3,300	4,300	-
Other disposal operations	40	2,000	-
Hazardous	230,000	259,000	160,600
Preparation for reuse	1,400	160	-
Recycling	5,800	7,300	-
Other recovery operations	14,200	4,500	-
Incineration (with energy recovery)	87,800	70,700	-
Incineration (without energy recovery)	5,200	3,000	-
Landfill	4,700	11,500	-
Other disposal operations	111,000	162,000	-
Number and magnitude of significant releases	1 pc/60 m <sup>3</sup>	3 pc/1146 m <sup>3</sup>	3 pc/45m <sup>3</sup> + 10 tons
Carbon dioxide recovered, tons	91,800	126,600	130,400
Washing lye sold, tons	6,900	11,100	7,900

Calculation principles can be found on [page 115](#).

- <sup>1)</sup> Scope 1 emissions reporting covers CO<sub>2</sub> emissions. Scope 2 and 3 emissions reporting covers GHG emissions and is reported as CO<sub>2</sub>e.
- <sup>2)</sup> Calculation principle changed in 2023. Scope 3 inventory include additional activities that have not been in the scope of reporting earlier.
- <sup>3)</sup> Only natural gas related emissions included.
- <sup>4)</sup> Part of upstream transportation emissions are accounted in other categories.
- <sup>5)</sup> Part of downstream transportation emissions are accounted in other categories.
- <sup>6)</sup> The savings consist of energy efficiency measures started during 2023, which have been scaled to cover the full year.
- <sup>7)</sup> Figure revised.
- <sup>8)</sup> Total amount of waste increased due the decommissioning of our Naantali refinery process area.

## Performance in figures **Climate and the environment**

	2023	2022	2021			
<b>Supply chain and raw materials</b>						
Use of global renewable raw material inputs, million tons <sup>9)</sup>	4.3	3.6	3.7			
Share and use of waste and residues of global renewable raw material inputs <sup>9)</sup>	92% 4.0 Mt	95% 3.4 Mt	92% 3.4 Mt			
GHG emission reduction achieved with Neste's renewable products compared to crude oil-based fuels, million tons <sup>9)</sup>	11.0	11.1	10.9			
The amount of non-renewable resource use that Neste's renewable and circular solutions helped replace in transport, aviation and polymers and chemicals sectors, Mt <sup>10)</sup>	3.0	3.1	3.0			
Number of all renewable raw material suppliers	614	557	389			
Share and use of certified palm oil from all palm oil use <sup>11)</sup>	100% 67kt	100% 135kt	100% 236 kt			
The number of CPO smallholders	0	0	13 227			
The number of palm oil suppliers	1	4	6			
The number of plantations	7	28	69			
The number of palm oil mills	4	12	29			
Average GHG emission reduction of palm oil based products <sup>10)</sup>	78%	80%	80%			
The number of renewable raw material suppliers' sustainability assessments and their outcome <sup>12)</sup>	Total: New approved suppliers: All approved: Pending: Rejected:	388 249 279 102 7	Total: New approved suppliers: All approved: Pending: Rejected:	325 223 236 74 15	Total: New approved suppliers: All approved: Pending: Rejected:	223 171 186 33 4
Crude oil and fossil feedstock sources by region, million tons	11.7	12.7	10.1			
Norway	8.3	7.1	1.3			
USA	1.1	0.6	0.04			
United Kingdom	0.8	0.6	0.0			
Russia <sup>13)</sup>	0.0	3.1	7.8			
Other countries	1.5	1.3	1.0			

Calculation principles can be found on [page 115](#).

<sup>9)</sup> The volumes are presented in millions of tons. The share of the volumes are calculated from exact figures and consequently the rounded figures presented may deviate from the share of volumes disclosed.

<sup>10)</sup> Calculation principles can be found on [page 115](#).

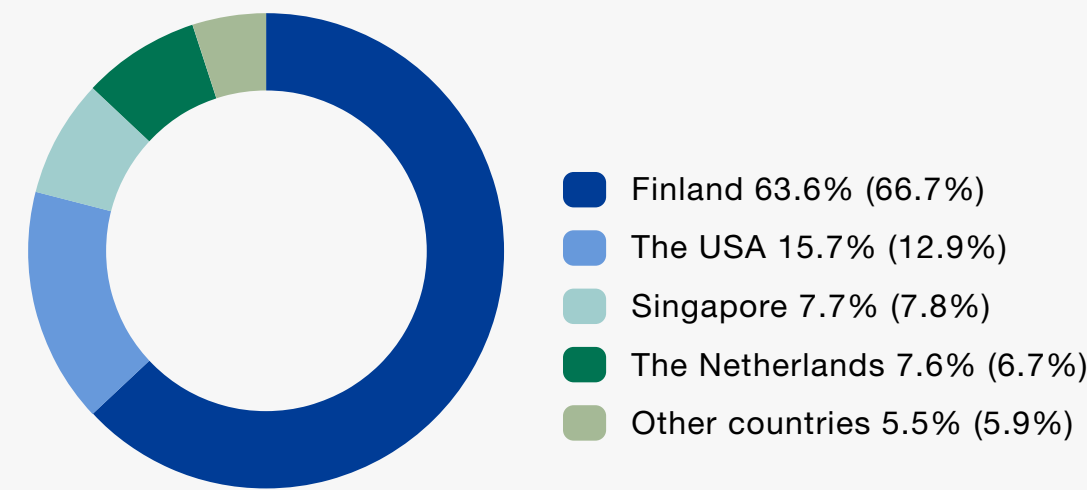
<sup>11)</sup> Contains the use of conventional palm oil that has been earlier processed into renewable products and sold to market.

<sup>12)</sup> Figures include existing suppliers, which undergo a sustainability assessment process every 3–5 years. Supplier data includes only main contractual parties, excluding second-tier suppliers.

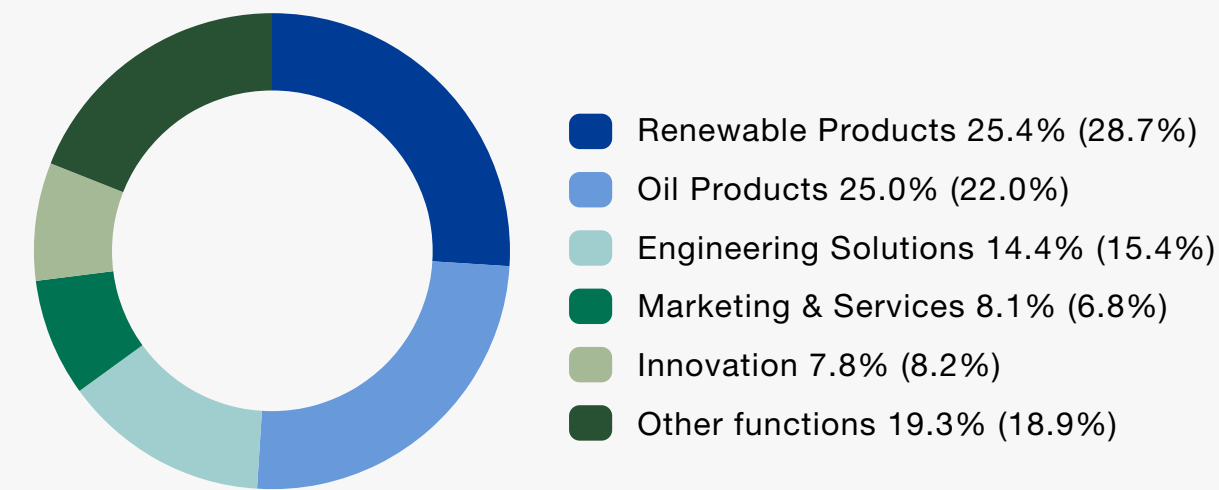
<sup>13)</sup> At the start of the war in Ukraine, Neste decided to stop using Russian crude oil entirely and started replacing it with other qualities.

## Performance in Figures People

**Personnel by country**  
as of 31 December 2023, %



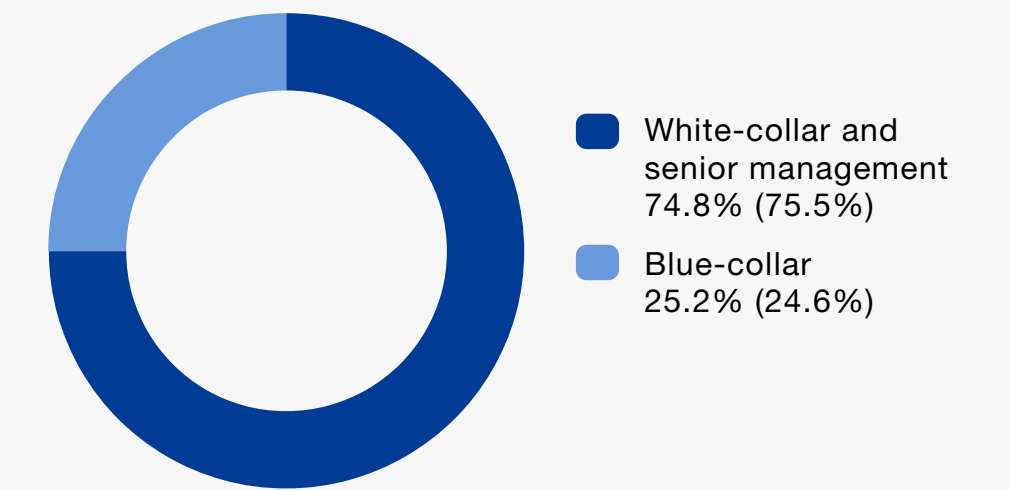
**Personnel by segment**  
as of 31 December 2023, %



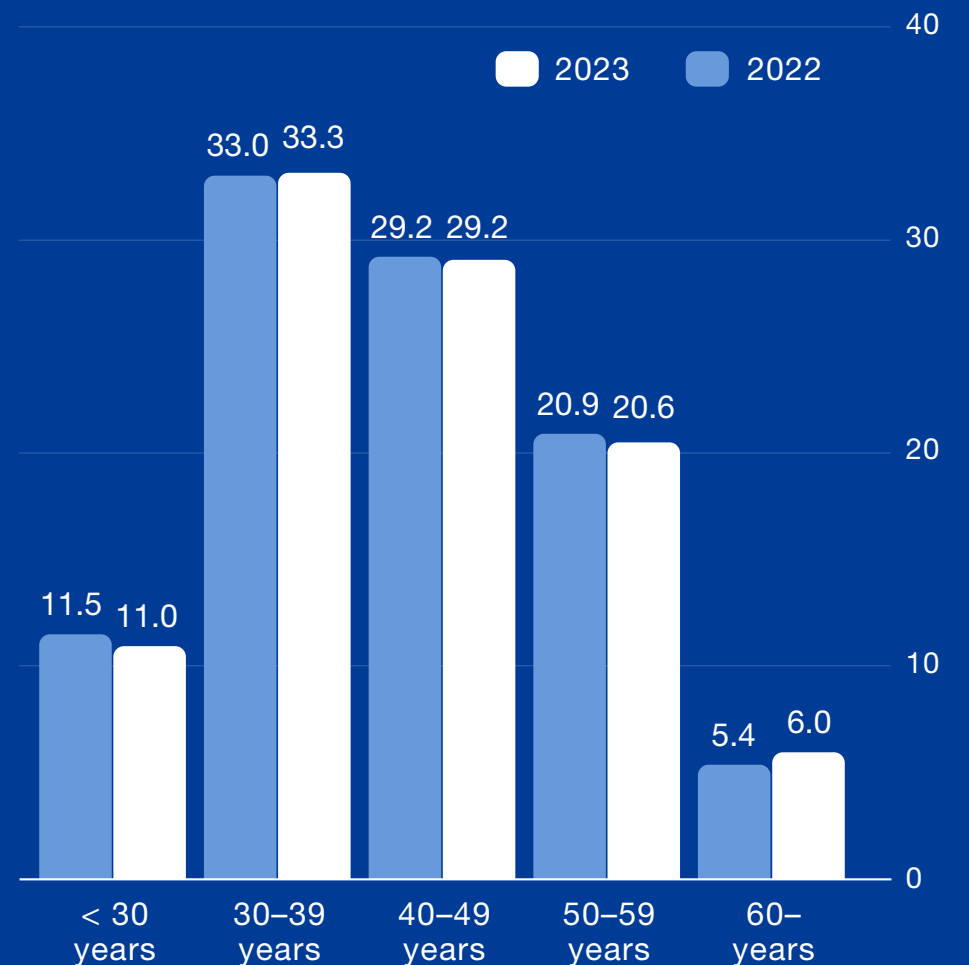
**Average number of personnel**

**6,018**  
(5,244)

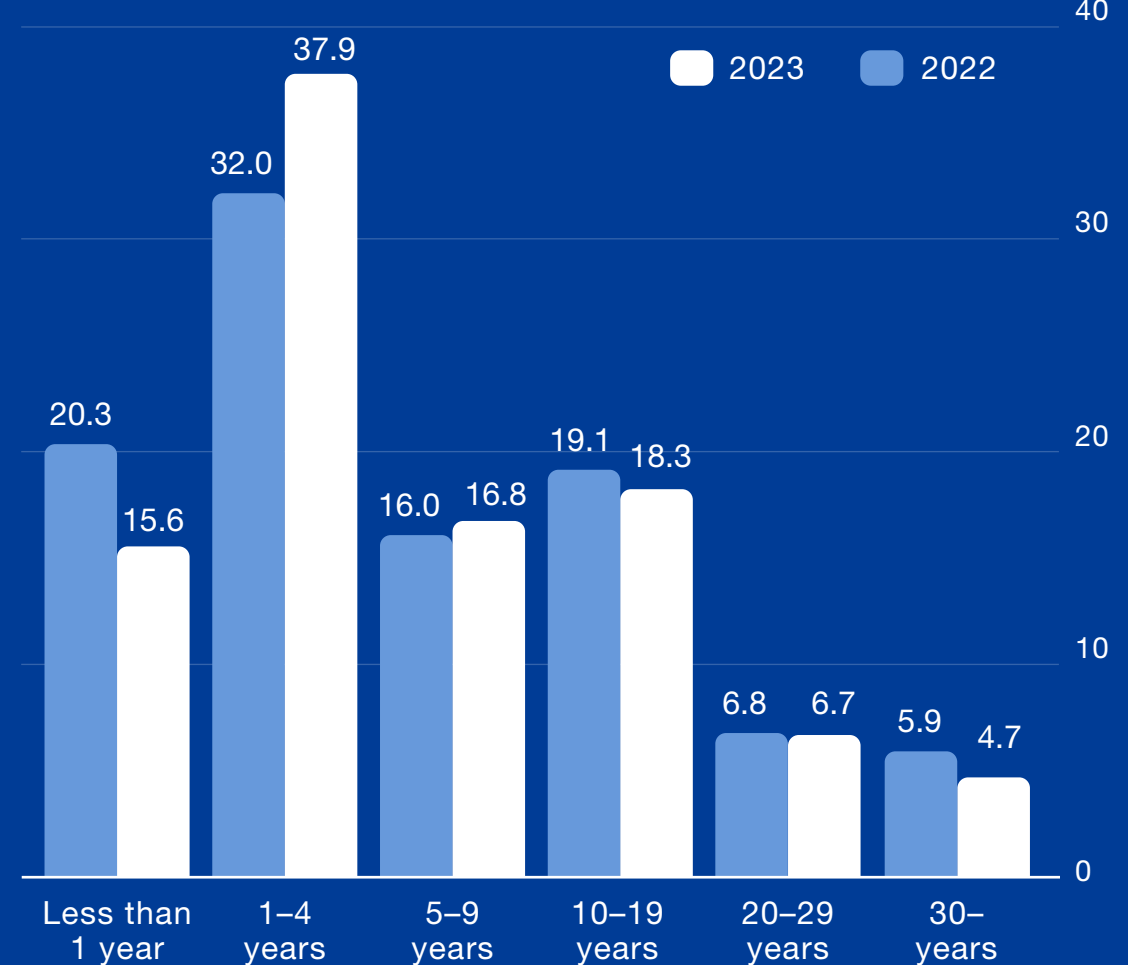
**Personnel by personnel group**  
as of 31 December 2023, %



**Employee breakdown by age**  
as of 31 December 2023, %



**Employment length of employees**  
as of 31 December 2023, %



**Neste Personnel and Contractor Safety Performance**  
as of 31 December 2023

	2023	2022	2021
Total recordable injury frequency (TRIF) total	2.3	2.0	1.4
- TRIF own employees	1.7	0.8	1.1
- TRIF contractors	3.2	3.7	1.6
Lost workday injury frequency (LWIF) total	1.8	1.9	1.0
- LWIF own employees	1.1	0.7	1.1
- LWIF contractors	2.8	3.6	0.7
Process safety event rate (PSER) total	1.2	1.4	1.4
- PSER 1	0.4	0.6	0.6
- PSER 2	0.9	0.9	0.8
Safe Days	278	314	306
Fatalities	0	0	0

**Average training hours per employee**  
as of 31 December 2023

	Women	Men
All employees	23.1	28.5
Blue-collar	40.9	32.5
White-collar and senior management	22.3	26.3
Managers	32.1	33.4
Senior managers	9.2	18.0
Permanent	23.2	28.6
Temporary	21.2	19.3
Full-time	23.4	28.6
Part-time	17.3	22.1

## Performance in figures People

### Employee distribution and turnover as of 31 December 2023, %

	Total		Finland		USA		Singapore		The Netherlands		Other countries	
	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
<b>All employees</b>	32.6	67.4	35.6	64.4	22.9	77.1	31.4	68.6	19.3	80.7	45.7	54.3
- under 30	4.3	6.7	4.8	6.6	3.0	8.8	4.1	6.1	1.8	7.0	4.9	2.4
- 30–50	21.0	44.1	22.3	42.1	14.4	45.8	24.0	52.2	13.6	49.5	30.8	42.4
- over 50	7.4	16.6	8.5	15.7	5.5	22.5	3.3	10.4	3.9	24.3	10.1	9.5
<b>Hiring rate of permanent employees, all</b>	14.4	15.7	11.3	9.9	19.9	25.4	27.5	29.4	31.8	21.4	12.6	20.5
<b>Proportion of permanent hires</b>	30.6	69.4	38.6	61.4	18.9	81.1	29.8	70.2	25.7	74.3	33.3	66.7
- under 30	4.0	6.4	4.5	6.1	3.0	8.7	4.2	6.2	1.6	6.9	4.4	2.5
- 30–50	21.0	44.4	22.4	42.5	14.5	45.8	24.2	53.0	13.3	49.8	30.4	43.0
- over 50	7.4	16.7	8.6	15.8	5.5	22.5	2.9	9.7	4.0	24.4	10.0	9.7
<b>Leaving rate of permanent employees, all</b>	7.0	10.9	6.0	7.5	13.9	21.7	4.9	14.7	9.4	9.0	5.6	10.8
<b>Proportion of permanent leavers</b>	23.4	76.6	30.7	69.3	16.0	84.0	13.2	86.8	19.5	80.5	29.6	70.4
- under 30	4.0	6.4	4.5	6.1	3.0	8.7	4.2	6.2	1.6	6.9	4.4	2.5
- 30–50	21.0	44.4	22.4	42.5	14.5	45.8	24.2	53.0	13.3	49.8	30.4	43.0
- over 50	7.4	16.7	8.6	15.8	5.5	22.5	2.9	9.7	4.0	24.4	10.0	9.7
<b>Permanent employees</b>	32.1	66.7	35.1	63.6	22.9	76.9	30.7	67.8	18.6	79.9	43.6	53.7
<b>Temporary employees</b>	0.6	0.7	0.5	0.8	0.0	0.2	0.7	0.9	0.7	0.9	2.1	0.6
<b>Full-time employees</b>	31.4	66.6	34.3	63.6	22.9	77.0	31.4	68.6	15.5	78.1	43.6	54.3
<b>Part-time employees</b>	1.3	0.8	1.3	0.8	0.0	0.1	0.0	0.0	3.7	2.6	2.1	0.0

### Information on employees and governance bodies by gender ratio as of 31 December 2023, %

	Women		Men	
	2023	2022	2023	2022
All employees	32.6	32.2	67.4	67.8
Blue-collar	5.5	1.3	94.5	23.3
White-collar and senior management	41.7	30.9	58.3	44.5
Managers	33.3	31.1	66.7	68.9
Senior managers	28.7	27.7	71.3	72.3
Neste Executive Committee	33.3	25.0	66.7	75.0
Board of Directors	25.0	33.3	75.0	66.7
Permanent	32.1	31.5	66.7	66.4
Temporary	0.5	0.8	0.7	1.4
Full-time	31.4	30.9	66.6	67.0
Part-time	1.3	1.4	0.8	0.7

# GRI Content Index

Neste Oyj has reported in accordance with the GRI Standards for the period 1 January–31 December 2023.

GRI Standards Disclosure		Location in the report or our webpage	Reporting (R) / Omission (O)	Oil&Gas Sector Standard REF #
GRI 1: Foundation 2021				
GRI 11: Oil and Gas Sector 2021				
GRI 2: General Disclosures 2021				
1. The organization and its reporting practices				
2-1	Organizational details	<a href="#">23-24</a>	HQ in Espoo, Finland. Countries of operations: Finland, Australia, Belgium, China, Estonia, Germany, India, Ireland, Latvia, Lithuania, the Netherlands, Singapore, Spain, Sweden, Switzerland, the USA. (R)	
2-2	Entities included in the organization’s sustainability reporting	<a href="#">97-98</a>		
2-3	Reporting period, frequency and contact point	<a href="#">97-98</a> <a href="#">Safety and Environment contacts</a>		
2-4	Restatements of information	<a href="#">97-98</a>		
2-5	External assurance	<a href="#">117-118</a>		
2. Activities and workers				
2-6	Activities, value chain and other business relationships	<a href="#">9-10</a> , <a href="#">86-96</a> , <a href="#">153-154</a>	In 2023, Neste increased its ownership of Demeter B.V. and now holds 80 % of their shares. Neste acquired SeSequential Environmental Services, LLC, and Pure SQ, LLC from Crimson Renewable Energy Holdings, LLC. Through the transaction, Neste acquired used cooking oil collection and aggregation business in US West Coast. (R)	
2-7	Employees	<a href="#">101-102</a> , <a href="#">116</a>	Neste reports only total number of employees. (O)	
2-8	Workers who are not employees	<a href="#">55</a>	Neste is reviewing the consolidation of worker information to align with relevant reporting requirements. (O)	
3. Governance				
2-9	Governance structure and composition	<a href="#">30-31</a> , <a href="#">121-127</a> , <a href="#">131-133</a>		
2-10	Nomination and selection of the highest governance body	<a href="#">121-124</a>		
2-11	Chair of the highest governance body	<a href="#">125-126</a>		
2-12	Role of the highest governance body in overseeing the management of impacts	<a href="#">30-31</a>		
2-13	Delegation of responsibility for managing impacts	<a href="#">30-31</a> , <a href="#">155</a>		
2-14	Role of the highest governance body in sustainability reporting	<a href="#">30-31</a> , <a href="#">155</a>	The Sustainability Report is reviewed by the senior executives and the highest governance body. Sustainability information, including the material topics, are also disclosed in the Board Review’s Non-Financial Information statement. (R)	
2-15	Conflicts of interest	<a href="#">121-124</a>		
2-16	Communication of critical concerns	<a href="#">32</a> , <a href="#">42</a> , <a href="#">169</a>		
2-17	Collective knowledge of the highest governance body	<a href="#">30-31</a> , <a href="#">105</a>		
2-18	Evaluation of the performance of the highest governance body	<a href="#">124</a>		
2-19	Remuneration policies	<a href="#">140-144</a>		
2-20	Process to determine remuneration	<a href="#">140-144</a>		
2-21	Annual total compensation ratio	<a href="#">144</a>	Neste reports the average total compensation for employees and the total compensation of the CEO. (O)	

GRI Standards Disclosure		Location in the report or our webpage	Reporting (R) / Omission (O)	Oil&Gas Sector Standard REF #
4. Strategy, policies and practices				
2-22	Statement on sustainable development strategy	<a href="#">6-8</a>		
2-23	Policy commitments	<a href="#">30-31, 81-85, 86-96, 97-98, 164-169</a> <a href="#">Neste Policies and Principles</a>		
2-24	Embedding policy commitments	<a href="#">30-31, 81-85, 86-96, 97-98, 164-169</a> <a href="#">Neste Policies and Principles</a>		
2-25	Processes to remediate negative impacts	<a href="#">81-85, 164-169</a>		
2-26	Mechanisms for seeking advice and raising concerns	<a href="#">32, 83, 90, 131, 166, 169</a>		
2-27	Compliance with laws and regulations	<a href="#">80</a>	One incident related to different elements included in the environmental permits of the Rotterdam refinery. (R)	
2-28	Membership associations	<a href="#">44-46</a> <a href="#">Commitments and engagements</a>		
5. Stakeholder engagement				
2-29	Approach to stakeholder engagement	<a href="#">33-34, 43-48</a>		
2-30	Collective bargaining agreements		3,985 persons, 66%. In addition to complying with local legal requirements, Neste is committed to respecting the internationally recognized human and labor rights and ensuring fair terms of employment for all employees, as set out in the Neste Code of Conduct and Human Rights Principle. (R)	
GRI 3: Material Topics 2021				
3-1	Process to determine material topics	<a href="#">33-34</a>		
3-2	List of material topics	<a href="#">33-37</a>		
3-3	Management of material topics	<a href="#">30-31, 32, 43-48, 50-53, 54-56, 60-65, 66-74, 75-80, 81-85, 86-96, 163</a>		11.1.1, 11.2.1, 11.3.1, 11.4.1, 11.5.1, 11.6.1, 11.7.1, 11.8.1, 11.9.1, 11.10.1, 11.11.1, 11.12.1, 11.13.1, 11.14.1, 11.15.1, 11.16.1, 11.17.1, 11.18.1, 11.19.1, 11.20.1, 11.21.1, 11.22.1
GRI 200: Economic				
GRI 201: Economic Performance 2016				
201-1	Direct economic value generated and distributed	<a href="#">49</a> <a href="#">Value creation</a>		11.14.2 & 11.21.2
201-2	Financial implications and other risks and opportunities due to climate change	<a href="#">57-74, 164-165, 183</a>		11.2.2
201-4	Financial assistance received from government	<a href="#">12, 151, 200</a>		11.21.3



GRI Standards Disclosure		Location in the report or our webpage	Reporting (R) / Omission (O)	Oil&Gas Sector Standard REF #
GRI 202: Market Presence 2016				
202-2	Proportion of senior management hired from the local community		Indicator is not considered relevant for Neste as business is led from function or business area level. Neste provides equal employment opportunities for all applicants and employees. (O)	11.11.2 & 11.14.3
GRI 203: Indirect Economic Impacts 2016				
203-1	Infrastructure investments and services supported	<a href="#">36</a> , <a href="#">48</a> , <a href="#">49</a>		11.14.4
203-2	Significant indirect economic impacts	<a href="#">49</a>		11.4.5 & 11.14.5
GRI 204: Procurement practices 2016				
204-1	Proportion of spending on local suppliers		Data undisclosed due to business sensitivity. Neste is committed to operating with integrity towards its Suppliers and treating them fairly, and equally, always based on objective factors and excluding personal preferences or interest. Neste aims for long-term and mutually beneficial business relationships with our key suppliers. Neste welcomes innovations and is always open for feedback from Suppliers. (O)	11.14.6
GRI 205: Anti-corruption 2016				
205-1	Operations assessed for risks related to corruption	<a href="#">169</a>	Neste regularly assesses its operations' risks including ia. risks of corruption and bribery. Numeric data not applicable. (R/O)	11.20.2
205-2	Communication and training about anti-corruption policies and procedures	<a href="#">32</a> , <a href="#">87-88</a> , <a href="#">169</a>	Neste Board Audit Committee receives regular updates on Neste compliance program and compliance activities, including such related to anti-corruption. All members of Neste Board of Directors have completed the Code of Conduct (CoC) e-learning. Neste's Anti-corruption Principle and related guidance is available in Neste's global intranet and further communicated and trained via anti-corruption e-learning issued to all office workers, and via regular newsletters. Neste ExCo members and targeted employees are required to complete an Annual Compliance Acknowledgement confirming their compliance with i.a. the CoC and Anti-corruption Principle. Neste regularly raises awareness and trains in its Code of Conduct, including a Code of Conduct e-learning mandatory for all employees, which latest version was issued in 2021. The CoC e-learning is part of global induction training and therefore, the completion fluctuates. We also require our suppliers and other business partners to comply with applicable laws and expect them to follow equivalent ethical business standards as stated in the CoC (including zero tolerance to corruption), as further described in our Supplier Code of Conduct. We are continuously developing our anti-corruption training processes and aspire to extend the reporting with the remaining indicator requirements related to training when applicable. (R/O)	11.20.3
205-3	Confirmed incidents of corruption and actions taken	<a href="#">32</a> , <a href="#">42</a> , <a href="#">169</a>	No confirmed incidents during the reporting period. (R)	11.20.4
GRI 206: Anti-competitive Behaviour 2016				
206-1	Legal actions for anticompetitive behavior, anti-trust, and monopoly practices		No cases during the reporting period (R).	11.19.2
GRI 207: Tax 2019				
207-1	Approach to tax	<a href="#">Neste's tax footprint</a>		11.21.4
207-2	Tax governance, control, and risk management	<a href="#">Neste's tax footprint</a>		11.21.5
207-3	Stakeholder engagement and management of concerns related to tax	<a href="#">Neste's tax footprint</a>		11.21.6
207-4	Country-by-country reporting	<a href="#">Neste's tax footprint</a>	Neste discloses tax information for countries representing 90% of the external revenue of the group. (O)	11.21.7
GRI 300: Environmental				
GRI 301: Materials				
Neste indicator	Volume of liquefied waste plastic processed (t/a)	<a href="#">41</a> , <a href="#">94</a>		

GRI Standards Disclosure		Location in the report or our webpage	Reporting (R) / Omission (O)	Oil&Gas Sector Standard REF #
GRI 302: Energy 2016				
302-1	Energy consumption within the organization	<a href="#">38</a> , <a href="#">80</a> , <a href="#">99</a> , <a href="#">115</a>		11.1.2
302-2	Energy consumption outside of the organization		Neste has partially gathered relevant energy consumptions in the value chain. Across Neste's value chain, the majority of energy use outside the organization is occurring through the use of products sold by Neste. (R/O)	11.1.3
302-3	Energy intensity	<a href="#">99</a> , <a href="#">115</a>		11.1.4
302-4	Reduction of energy consumption	<a href="#">38</a> , <a href="#">69-70</a> , <a href="#">80</a> , <a href="#">99</a> , <a href="#">115</a>	Energy savings consists of different initiatives in our production covering steam and cooling. (R)	
GRI 303: Water and effluents 2018				
303-1	Interactions with water as a shared resource	<a href="#">78</a>		11.6.2
303-2	Management of water discharge-related impacts	<a href="#">78</a> , <a href="#">115</a>		11.6.3
303-3	Water withdrawal	<a href="#">78</a> , <a href="#">99</a> , <a href="#">115</a>	Neste will be assessing its relevant water reporting categories for potential later use. (O)	11.6.4
303-4	Water discharge	<a href="#">78</a> , <a href="#">99</a> , <a href="#">115</a>		11.6.5
303-5	Water consumption	<a href="#">78</a> , <a href="#">99</a> , <a href="#">115</a>		11.6.6
GRI 304: Biodiversity 2016				
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	<a href="#">77</a>		11.4.2
304-2	Significant impacts of activities, products, and services on biodiversity	<a href="#">38</a> , <a href="#">78-79</a>		11.4.3
304-3	Habitats protected or restored	<a href="#">77</a>		11.4.4
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		The information on species not disclosed due to ongoing review of the reporting requirements globally. (O)	11.4.5
GRI 305: Emissions 2016				
305-1	Direct (scope 1) GHG emissions	<a href="#">38</a> , <a href="#">97-98</a> , <a href="#">99</a> , <a href="#">115</a>		11.1.5
305-2	Energy indirect (scope 2) GHG emissions	<a href="#">38</a> , <a href="#">97-98</a> , <a href="#">99</a> , <a href="#">115</a>		11.1.6
305-3	Other indirect (scope 3) GHG emissions	<a href="#">99</a> , <a href="#">115</a>		11.1.7
305-4	GHG emissions intensity	<a href="#">38</a> , <a href="#">71</a>	Emissions used in the calculation: scope 3 Use of sold products. (R)	11.1.8
305-5	Reduction of GHG emissions	<a href="#">38</a> , <a href="#">57-74</a>		11.2.3
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	<a href="#">99</a> , <a href="#">115</a>	Neste considers the reported emissions as significant. (R/O)	11.3.2
GRI 306: Effluents and Waste 2016				
306-3	Significant spills	<a href="#">80</a> , <a href="#">99</a>	No significant environmental impacts identified. (R).	11.8.2
GRI 306: Waste 2020				
306-1	Waste generation and significant waste-related impacts	<a href="#">80</a>		11.5.2
306-2	Management of significant waste-related impacts	<a href="#">80</a> , <a href="#">94</a> , <a href="#">99</a>		11.5.3
306-3	Waste generated	<a href="#">99</a> , <a href="#">115</a>		11.5.4
306-4	Waste diverted from disposal	<a href="#">99</a>		11.5.5
306-5	Waste directed to disposal	<a href="#">99</a>		11.5.6

<b>GRI Standards Disclosure</b>		<b>Location in the report or our webpage</b>	<b>Reporting (R) / Omission (O)</b>	<b>Oil&amp;Gas Sector Standard REF #</b>
GRI 308: Supplier Environmental Assessment 2016				
308-1	New suppliers that were screened using environmental criteria	<a href="#">86-90</a>	100% of Neste's renewable raw material suppliers and all of fossil raw material suppliers screened using environmental criteria. Screening process for indirect procurement suppliers is being standardized and hence, data is currently not available. (R/O)	
GRI 400: Social				
GRI 401: Employment 2016				
401-1	New employee hires and employee turnover	<a href="#">40, 49, 51, 102</a>		11.10.2
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees		Neste's temporary and part-time employees are not excluded from the benefits that are provided to the full-time employees in Finland. Reporting will be extended to other significant locations in the coming years. Neste complies with minimum local regulations and with local variations most often beyond. (R/O)	11.10.3
401-3	Parental leave		All Neste employees are entitled to parental leave at a minimum according to the local legislation. All together 335 employees took parental leave in 2023, of which 112 were women and 223 were men. 302 employees returned to work from parental leave during 2023, of which 91 were women and 211 were men. Neste does not disclose return to work and retention rates. (R/O)	11.10.4 & 11.11.3
GRI 402: Labor/Management Relations 2016				
402-1	Minimum notice periods regarding operational changes	<a href="#">51</a>	Neste follows the local laws and when applicable, bargaining agreements regarding operational changes. (R)	11.7.2 & 11.10.5
GRI 403: Occupational Health and Safety 2018				
403-1	Occupational health and safety management system	<a href="#">54-56</a>		11.9.2
403-2	Hazard identification, risk assessment, and incident investigation	<a href="#">54-56</a>	Neste's OEMS Hazard Identification, Risk Assessment and Control Principle includes processes and policies for workers to identify, assess and control workplace hazards. Key common requirements include the Process Hazard analysis standard consisting of standards for process risk classification, process safety information and work risk management. Neste applies the hierarchy of controls to guide hazard elimination and control. Neste's OEMS Incident Learning Standard underpins the process by which workers can report hazardous situations, engage in incident learning and identify improvement actions. All Neste's employees and contractors have Stop Work Authority which authorises anyone to stop work and remove personnel from hazardous situations. (R)	11.9.3
403-3	Occupational health services	<a href="#">53, 54-56</a>		11.9.4
403-4	Worker participation, consultation, and communication on occupational health and safety	<a href="#">55</a>	Neste's OEMS Safety Leadership Principle sets requirements for it businesses to engage the workforce in: occupational health and safety issues, development of work practices, investigation of incidents and risk assessments throughout Neste globally. Practices and fulfillment of requirements are followed through OEMS audit practices. In addition to to Safety Leadership Principle the local statutory requirements are identified and followed to engage personnel in occupational health and safety issues. (R)	11.9.5
403-5	Worker training on occupational health and safety	<a href="#">54-56</a>		11.9.6
403-6	Promotion of worker health	<a href="#">44-46, 53</a>		11.9.7
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<a href="#">54-56</a>		11.9.8
403-8	Workers covered by an occupational health and safety management system	<a href="#">55</a>		11.9.9

<b>GRI Standards Disclosure</b>		<b>Location in the report or our webpage</b>	<b>Reporting (R) / Omission (O)</b>	<b>Oil&amp;Gas Sector Standard REF #</b>
403-9	Work-related injuries	<a href="#">55</a> , <a href="#">101</a> , <a href="#">115-116</a>	<p>In 2013 Neste defined its Life Saving Rules based on high-risk activities which have caused fatalities and serious injuries at Neste and in other, similar, high hazard industries. The purpose of the Life Saving Rules (Working at heights, Confined spaces, Equipment isolation, Work permit and Traffic hazards) is to help save lives and prevent serious injuries. In addition to Life Saving Rules related injuries we monitor comprehensively factors related injuries such as length of absence, injury types etc.</p> <p>In 2023 Neste launched its Process Safety Fundamentals - nine fundamentals have been defined aimed to support leaders and front line workers to prevent process safety incidents in daily operational activities. The purpose of the Process Safety Fundamentals is to support front line workers, supervisors and operational management to draw attention to situations that could lead to a release of a hazardous chemical with potential for severe consequences and existing good practices that prevent process safety events.</p> <p>Neste also identifies High Potential (HiPo) events to guide and enable the prioritisation of learning resources for accidents and Near Miss events which could cause high-consequence injuries.</p> <p>In 2023 we had TRIF 2.3 which was way above our target. Majority (23 of 41) of injuries happened to contractors. In 2023 we did not have any injury that would have resulted permanent effect on health. All together we had four cases which resulted in long absences from work. Main injury types slips, trips and falls, cuts and scratches or overexertions caused by single straining motion at work, are the same both in employees and contractors. Total amount of working hours was cirka 10,600,000 hours for employees and 7,100,000 hours for contractors.</p>	11.9.10
403-10	Work-related ill health	<a href="#">55</a> , <a href="#">101</a> , <a href="#">115-116</a>	Neste records all work-related injuries. Occupational diseases are recorded separately. Neste has defined and implements practices in the Operations Excellence Management System (OEMS) to minimize hazards and to mitigate risks relating to any work-related ill health or injuries. (R/O)	11.9.11
<b>GRI 404: Training and Education 2016</b>				
404-1	Average hours of training per year per employee	<a href="#">101</a>		11.10.6 & 11.11.7
404-2	Programs for upgrading employee skills and transition assistance programs	<a href="#">44-46</a> , <a href="#">49</a> , <a href="#">51-52</a>	Transition assistance programs not disclosed in accordance with indicator requirements. (R/O)	11.7.3 & 11.10.7
<b>GRI 405: Diversity and Equal Opportunity 2016</b>				
405-1	Diversity of governance bodies and employees	<a href="#">40</a> , <a href="#">49</a> , <a href="#">52-53</a> , <a href="#">102</a> , <a href="#">124</a>		11.11.4
405-2	Ratio of basic salary and remuneration of women to men		Women's mean basic salary in relation to men's by pay grade and employee category in Finland: blue-collars 90%–111% and whitecollars 90%–108%. Finland is reported as it is significant with over 63% weight of employees in total personnel. (R/O)	11.11.5
<b>GRI 406: Non-discrimination 2016</b>				
406-1	Incidents of discrimination and corrective actions taken	<a href="#">42</a> , <a href="#">169</a>		11.11.6
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>				
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	<a href="#">81-85</a> , <a href="#">Neste Human Rights Principle</a> , <a href="#">Neste Supplier Code of Conduct</a> , <a href="#">Modern Slavery Statement</a>	The Neste Human Rights Principle outlines our commitment to respect the rights to freedom of association and collective bargaining in Neste's global operations, and our Supplier Code of Conduct includes minimum requirements for our suppliers and business partners to recognize and respect these rights. These policies are implemented through our ongoing due diligence processes. We use a bespoke, industry leading, country risk assessment methodology from Verisk Maplecroft to identify countries or geographic areas with the highest risks to freedom of association and collective bargaining in our global operations and supply chains. Specific geographic areas and operation types considered as high risk not disclosed publicly. (R)	11.13.2

GRI Standards Disclosure		Location in the report or our webpage	Reporting (R) / Omission (O)	Oil&Gas Sector Standard REF #
GRI 408: Child Labor 2016				
408-1	Operations and suppliers at significant risk of incidents of child labor	<a href="#">81-85, Neste Human Rights Principle, Neste Supplier Code of Conduct, Modern Slavery Statement</a>	The Neste Human Rights Principle outlines our commitment to respect children’s rights, and our Supplier Code of Conduct includes minimum requirements regarding child labor. These policies are implemented through our ongoing due diligence processes. We use a bespoke, industry leading, country risk assessment methodology from Verisk Maplecroft to identify countries or geographic areas with the highest risks of child labor. Further details regarding management approach, high risk operations and supply chains, and measures taken by Neste to assess and address child labor risks available in Neste’s annual Modern Slavery Statement. (R)	
GRI 409: Forced or Compulsory Labor 2016				
409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labor	<a href="#">81-85, Neste Human Rights Principle, Neste Supplier Code of Conduct, Modern Slavery Statement</a>	The Neste Human Rights Principle outlines our commitment to identify, assess and address forced labor risks in our global operations, and our Supplier Code of Conduct includes minimum requirements regarding forced and compulsory labor. These policies are implemented through our ongoing due diligence processes. We use a bespoke, industry leading, country risk assessment methodology from Verisk Maplecroft to identify countries or geographic areas with the highest risks of forced labor. Further details regarding management approach, high risk operations and supply chains, and measures taken by Neste to assess and address forced labor risks available in Neste’s annual Modern Slavery Statement. (R)	11.12.2
GRI 410: Security Practices 2016				
410-1	Security personnel trained in human rights policies or procedures		100% of Neste group security personnel have received formal training on Neste human rights policies through Neste’s Code of Conduct e-learning. (R)	11.18.2
GRI 411: Rights of Indigenous Peoples 2016				
411-1	Incidents of violations involving rights of indigenous peoples		Neste respects the rights of Indigenous Peoples set out in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), and carries out due diligence to avoid infringing on human rights. In 2023, there were 0 incidents of violations involving the rights of Indigenous peoples reported via Neste’s available reporting channels, including Ethics Online. (R)	11.17.2
GRI 412: Human Rights Assessment 2016				
412-1	Operations that have been subject to human rights reviews or impact assessments	<a href="#">82-83</a>	All Neste operations reviewed as part of our 2023 corporate-wide human rights saliency assessments to evaluate the risk of Neste being associated with or complicit in adverse human rights impacts. We assess country risk using a bespoke, industry leading, country risk assessment methodology from Maplecroft to map sustainability risks for the countries in which we operate and have supply chains. (R)	
412-2	Employee training on human rights policies or procedures	<a href="#">39, 83</a>	In 2023, 2,667 (1,390) hours were used for training on human rights policies and processes relevant to Neste’s business operations and supply chains. 85% (51%) of Neste employees were trained on topics related to Neste’s human rights policies and processes during 2023. 86% (86%) of the new employees hired in 2023 were trained on topics related to Neste’s human rights policies and processes. (R)	
GRI 204: Procurement Practices 2016				
413-1	Operations with local community engagement, impact assessments, and development programs	<a href="#">45, 78-80, 81-85, Neste Human Rights Principle</a>	For 100% of our operations, local communities can formally raise grievances to Neste using Ethics Online, or alternatively contact us using local channels such as refinery websites and phone numbers. We engage regularly with local stakeholders, including, for example, a biennial stakeholder study to engage with communities surrounding our Porvoo refinery covering environmental, social, and safety impacts. All Neste refineries are certified as having an ISO 14001 environmental management system in place, and have undergone various environmental impact and permitting assessments, with ongoing monitoring. (R)	11.15.2
413-2	Operations with significant actual and potential negative impacts on local communities	<a href="#">45, 78-80, 81-85, Neste Human Rights Principle</a>	All Neste refineries (Porvoo, Rotterdam and Singapore) are situated on industrial sites and the closest residential communities are 5-10 kms away. Potential risks to the local communities include air and water emissions, as well as noise and light pollution from the refineries and site traffic. All of our refineries are required to with comply with strict environmental permits and other legal requirements and have put preventive and mitigation measures in place to prevent refinery operations from causing harm to people or the environment. (R)	11.15.3

GRI Standards Disclosure		Location in the report or our webpage	Reporting (R) / Omission (O)	Oil&Gas Sector Standard REF #
GRI 414: Supplier Social Assessment 2016				
414-1	New suppliers that were screened using social criteria	<a href="#">49</a> , <a href="#">86-90</a>	100% of Neste's renewable raw material suppliers and all fossil raw material suppliers screened using social criteria. Screening process for indirect procurement suppliers is being standardized and hence, data is currently not available. (R/O)	11.10.8 & 11.12.3
414-2	Negative social impacts in the supply chain and actions taken		280 actions initiated to advance supply chain workers' human and labor rights in Neste raw material supplier sustainability audits. (R)	11.10.9
GRI 415: Public Policy 2016				
415-1	Political contributions		Neste does not make political contributions. (R)	11.22.2
GRI 416: Customer Health and Safety 2016				
416-1	Assessment of the health and safety impacts of product and service categories	<a href="#">56</a>	Neste has assessed all (100 %) of its products according to health and environmental impacts. This is a regulatory requirement for chemicals. Results of these assessments are documented in eg. the chemical safety data sheet that is supplied to customers. Also the feedstock used in manufacturing of Neste products are assessed for health and safety impacts. (R)	11.3.3
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No cases of non-compliance relating to chemicals legislation that would have had consequences like fines, penalties or warnings. We follow closely also those cases where we ourselves have noticed something to correct and we make the corrective actions independently. (R)	
GRI 417: Marketing and Labeling 2016				
417-3	Incidents of non-compliance concerning marketing communications		In total three cases in Estonia, Latvia and Lithuania, which were closed in 2023 and resulted in no fines. Two cases from 2022 in Lithuania resulted in no fines during 2023. (R)	
Innovation and Partnerships				
Neste indicator	Research and development expenditure	<a href="#">41</a> , <a href="#">153</a>		
Neste indicator	Number of granted patents and pending patent applications	<a href="#">41</a> , <a href="#">49</a>		
Neste indicator	Collaborations with research institutions and universities	<a href="#">41</a>		

## TCFD Recommendations Disclosure

TCFD Recommendations Disclosure	Location in the report
<p><b>Governance</b> Disclose the organization's governance around climate-related risks and opportunities.</p>	<p>a) Describe the board's oversight of climate related risks and opportunities. <a href="#">30-31</a>, <a href="#">136</a>, <a href="#">154-155</a></p> <p>b) Describe management's role in assessing and managing climate related risks and opportunities. <a href="#">30-31</a>, <a href="#">136</a>, <a href="#">154-155</a></p>
<p><b>Strategy</b> Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.</p>	<p>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. <a href="#">57-59</a>, <a href="#">137</a>, <a href="#">164</a>, <a href="#">183</a></p> <p>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. <a href="#">9-10</a>, <a href="#">13-17</a>, <a href="#">49</a>, <a href="#">57-59</a>, <a href="#">164</a>, <a href="#">183</a></p> <p>c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario. <a href="#">57-59</a>, <a href="#">164</a>, <a href="#">183</a></p>
<p><b>Risk Management</b> Disclose how the organization identifies, assesses, and manages climate-related risks.</p>	<p>a) Describe the organization's processes for identifying and assessing climate-related risks. <a href="#">31</a>, <a href="#">58-59</a>, <a href="#">135-137</a>, <a href="#">154-155</a>, <a href="#">164</a></p> <p>b) Describe the organization's processes for managing climate-related risks. <a href="#">31</a>, <a href="#">58-59</a>, <a href="#">135-137</a>, <a href="#">154-155</a>, <a href="#">164</a></p> <p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. <a href="#">31</a>, <a href="#">58-59</a>, <a href="#">135-137</a>, <a href="#">154-155</a>, <a href="#">164</a></p>
<p><b>Metrics and Targets</b> Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.</p>	<p>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. <a href="#">27</a>, <a href="#">38-42</a>, <a href="#">49</a>, <a href="#">57-74</a>, <a href="#">80</a>, <a href="#">99-100</a>, <a href="#">115-116</a>, <a href="#">140</a>, <a href="#">156-162</a></p> <p>b) Disclose scope 1, scope 2, and, if appropriate, scope 3 greenhouse gas (GHG) emissions, and the related risks. <a href="#">99</a>, <a href="#">38</a>, <a href="#">66-74</a>, <a href="#">115-116</a></p> <p>c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets. <a href="#">27</a>, <a href="#">38-42</a>, <a href="#">49</a>, <a href="#">57-74</a>, <a href="#">80</a></p>

## SASB Content Index

Neste disclosure of SASB Sustainability Accounting Standards for Oil and Gas Refining and Marketing

Code	Accounting metric	Unit of measure	Location in the report or our webpage	Additional SASB reporting information Reporting (R) / Omission (O)
<b>GHG Emissions</b>				
EM-RM-110a.1	Gross global scope 1 emissions, percentage covered under emissions-limiting regulations	Metric tons (t) CO <sub>2</sub> -e, Percentage (%)	<a href="#">99</a> , <a href="#">115</a>	90% covered under EU ETS. (R)
EM-RM-110a.2	Discussion of long-term and short-term strategy or plan to manage scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	n/a	<a href="#">38</a> , <a href="#">57-74</a>	
<b>Air Quality</b>				
EM-RM-120a.1	Air emissions of the following pollutants: (1) NOx (excluding N <sub>2</sub> O), (2) SOx, (3) particulate matter (PM10), (4) H <sub>2</sub> S, and (5) volatile organic compounds (VOCs)	Metric tons (t)	<a href="#">99</a> , <a href="#">115</a>	
EM-RM-120a.2	Number of refineries in or near areas of dense population	Number		All 3 refineries operated by Neste located in or near (within 49km) an urbanized area. (R)
<b>Water management</b>				
EM-RM-140a.1	(1) Total fresh water withdrawn, (2) percentage recycled, (3) percentage in regions with High or Extremely High Baseline Water Stress	Thousand cubic meters (m <sup>3</sup> ), Percentage (%)	<a href="#">99</a> , <a href="#">115</a>	Neste's water withdrawal from areas with water stress is not significant and seen as not material. Percentage for recycled water is not calculated separately, as most of the water withdrawn for cooling is discharged back to the source in similar condition as when withdrawn. (R)
EM-RM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	Number	<a href="#">80</a>	No incidents of non-compliance associated with water quality permits, standards, and regulations. (R)
<b>Hazardous Materials Management</b>				
EM-RM-150a.1	Amount of hazardous waste generated, percentage recycled	Metric tons (t), Percentage (%)	<a href="#">99</a>	230,000 metric tons (t), recycled 9% (R)
EM-RM-150a.2	(1) Number of underground storage tanks (USTs), (2) number of UST releases requiring cleanup, and (3) percentage in states with UST financial assurance funds	Number, Percentage (%)		25 underground storage tanks for petroleum products. No UST releases. Reporting based on Neste's environmental permits. (R)
<b>Workforce Health and safety</b>				
EM-RM-320a.1	(1) Total recordable incident rate (TRIR), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	Rate	<a href="#">56</a> , <a href="#">101</a> , <a href="#">115-116</a>	1) and (2) Neste reports the most relevant OHS performance figures in its own operations (TRIF, LWIF, PSER, Safe Days, Fatalities). (3) NMFR 106.1. (R)
EM-RM-320a.2	Discussion of management systems used to integrate a culture of safety	n/a	<a href="#">54-56</a> , <a href="#">107-108</a>	
<b>Product Specifications &amp; Clean Fuel Blends</b>				
EM-RM-410a.1	Percentage of Renewable Volume Obligation (RVO) met through: (1) production of renewable fuels, (2) purchase of separated renewable identification numbers (RIN)	Percentage (%)		(1) 5%, (2) 95%. (R)
EM-RM-410a.2	Total addressable market and share of market for advanced biofuels and associated infrastructure	Reporting currency, Percentage (%)	<a href="#">15</a> , <a href="#">148-149</a>	
<b>Pricing Integrity &amp; Transparency</b>				
EM-RM-520a.1	Total amount of monetary losses as a result of legal proceedings associated with price fixing or price manipulation	Reporting currency, Percentage (%)		No legal proceedings. (R)



<b>Code</b>	<b>Accounting metric</b>	<b>Unit of measure</b>	<b>Location in the report or our webpage</b>	<b>Additional SASB reporting information Reporting (R) / Omission (O)</b>
<b>Management of the Legal &amp; Regulatory Environment</b>				
EM-RM-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	n/a	<a href="#">47</a> , <a href="#">59</a> , <a href="#">65</a> , <a href="#">66-74</a> , <a href="#">81-85</a> , <a href="#">92-93</a> , <a href="#">114</a> , <a href="#">137</a> , <a href="#">154</a> , <a href="#">164</a> , <a href="#">Position statement</a>	
<b>Critical Incident Risk Management</b>				
EM-RM-540a.1	Process Safety Event (PSE) rates for Loss of Primary Containment (LOPC) of greater consequence (Tier 1) and lesser consequence (Tier 2)	Rate	<a href="#">101</a> , <a href="#">115-116</a>	Neste reports PSER1 and PSER2 rates as described in Principles for calculating the key indicators. (R)
EM-RM-540a.2	Challenges to Safety Systems indicator rate (Tier 3)	Rate		Rate 70.4. Tier 3 Challenges to Safety Systems indicator are included in Neste's PSE3. (R)
EM-RM-540a.3	Discussion of measurement of Operating Discipline and Management System Performance through Tier 4 Indicators	n/a	<a href="#">54-56</a>	Process safety management system weaknesses that may cause in the future PSE1/2 events. They are reported as part of PSE4 indicator at Neste. (R)
<b>Code</b>	<b>Activity metrics</b>	<b>Unit of measure</b>	<b>Location in the report or our webpage</b>	<b>Additional SASB reporting information</b>
EM-RM-000.A	Refining throughput of crude oil and other feedstocks	Barrels of oil equivalent (BOE)		Oil Products 87 MMBOE (R)
EM-RM-000.B	Refining operating capacity	Million barrels per calendar day (MBPD)	<a href="#">16</a>	Oil Products 0.25 MBPD (R)

## UN Guiding Principles Reporting Framework Index

Section of the Framework	Location in annual report or website	Page location in 2022 Modern Slavery Statement <sup>1)</sup>
<b>PART A: Governance of Respect for Human Rights</b>		
A1 Policy Commitment		
A1	p. <a href="#">81-83</a> ; <a href="#">Neste Human Rights Principle</a> .	p. 7-8
A1.1	p. <a href="#">82</a> ; <a href="#">Neste Human Rights Principle</a> . Neste's Human Rights Principle was updated in 2022, incorporating extensive consultation with topic experts, NGOs, government representatives, and trade union experts.	p. 7-8
A1.2	All of Neste's rights-holders as defined on p. 13 of the <a href="#">Human Rights Principle</a>	
A1.3	p. <a href="#">39</a> , <a href="#">83</a> , <a href="#">87</a> , <a href="#">90</a> , <a href="#">109</a> . <a href="#">Neste Human Rights Principle</a> is published on our company website and internally accessible on the Neste intranet. It is communicated to employees via e-learning, and to business partners via <a href="#">Neste's Supplier Code of Conduct Guidance</a> and capacity building workshops.	p. 7, 18-19
A2 Embedding Respect for Human Rights		
A2	p. <a href="#">29</a> , <a href="#">30-31</a> , <a href="#">81-85</a> , <a href="#">NBNHR Joint Statement</a> , <a href="#">Neste Human Rights Principle</a> (p. 9-10)	p. 3, 7-8, 20-21
A2.1	Described under section 6.1 of the <a href="#">Neste Human Rights Principle</a> (p. 9-10)	p. 7-8
A2.2	p. <a href="#">30-32</a> , <a href="#">53</a> , <a href="#">128</a> , <a href="#">136</a> , <a href="#">Neste Human Rights Principle</a> (p. 9-10)	p. 23
A2.3	p. <a href="#">83</a> , <a href="#">84</a> , <a href="#">90</a> , <a href="#">Neste Code of Conduct</a> (p. 7)	p. 7-8, 18-19
A2.4	p. <a href="#">81-85</a> , <a href="#">87-90</a> , <a href="#">93</a> , <a href="#">Neste Supplier Code of Conduct Guidance</a> (p. 13-21)	p. 7, 12-17, 18-19
A2.5	p. <a href="#">81-85</a> , <a href="#">89-90</a> , <a href="#">93</a>	p. 7-9, 11-12, 15, 18-20, 22
<b>PART B: Defining the Focus of Reporting</b>		
B1 Statement of salient issues	p. <a href="#">82</a> , <a href="#">85</a> ; <a href="#">Neste Human Rights Principle</a> (p. 2-9)	p. 9
B2 Determination of salient issues	p. <a href="#">82</a>	p. 9
B3 Geographical focus	N/A	p. 10-11
B4 Additional severe impacts	N/A	N/A

Section of the Framework	Location in annual report or website	Page location in 2022 Modern Slavery Statement <sup>1)</sup>
<b>PART C: Management of Salient Human Rights Issues</b>		
C1 Specific Policies		
C1	<a href="#">Neste Human Rights Principle</a> , <a href="#">Code of Conduct</a> , <a href="#">Supplier Code of Conduct</a> , <a href="#">Sustainability Policy</a> , <a href="#">Sustainability Principle</a> , <a href="#">Responsible Sourcing Principle</a> , <a href="#">People Policy</a> , <a href="#">Equality and Non-Discrimination Principle</a> , <a href="#">Misconduct Investigation Standard</a> , <a href="#">Neste Life Saving Rules</a> , <a href="#">Operations Excellence Policy</a> , <a href="#">Operational Safety Principle</a> , <a href="#">Occupational Health Principle</a> , <a href="#">Reproductive Health Standard</a> , <a href="#">Privacy Principle</a> , <a href="#">Cyber Security Principle</a>	p. 7-9
C1.1	p. <a href="#">52-53</a> , <a href="#">55-56</a> , <a href="#">82-85</a>	p. 18-19
C2 Stakeholder Engagement		
C2	p. <a href="#">33-34</a> , <a href="#">39-40</a> , <a href="#">43-46</a> , <a href="#">48</a> , <a href="#">51</a> , <a href="#">55</a> , <a href="#">82-85</a> , <a href="#">93</a> , <a href="#">Neste Human Rights Principle</a> (p.11)	p. 20-22
C2.1	p. <a href="#">33-34</a> , <a href="#">43-46</a> , <a href="#">48</a> , <a href="#">51</a> , <a href="#">55</a> , <a href="#">82-85</a> , <a href="#">93</a> , <a href="#">Neste Human Rights Principle</a> (p.11)	p. 20-22
C2.2	p. <a href="#">33-34</a> , <a href="#">39-40</a> , <a href="#">43-46</a> , <a href="#">48</a> , <a href="#">51</a> , <a href="#">55</a> , <a href="#">82-85</a> , <a href="#">93</a>	p. 20-22
C2.3	p. <a href="#">33-34</a> , <a href="#">39-40</a> , <a href="#">43-46</a> , <a href="#">48</a> , <a href="#">51</a> , <a href="#">55</a> , <a href="#">82-85</a> , <a href="#">93</a>	p. 10-11, 20-22
C3 Assessing Impacts		
C3	p. <a href="#">38-42</a> , <a href="#">55-56</a> , <a href="#">82-85</a> , <a href="#">87-90</a> , <a href="#">93</a> , <a href="#">108-109</a> , <a href="#">131</a>	p. 9, 10-16, 22
C3.1	p. <a href="#">38-42</a> , <a href="#">56</a> , <a href="#">82-85</a> , <a href="#">90</a> , <a href="#">107-109</a>	p. 15-16
C3.2	p. <a href="#">38-42</a> , <a href="#">56</a> , <a href="#">82-85</a> , <a href="#">108-109</a> , <a href="#">Renewable Raw Material Grievance Log</a>	p. 11
C4 Integrating Findings and Taking Action		
C4	p. <a href="#">82-85</a>	p. 10-16
C4.1	Cross-functional collaboration e.g. <a href="#">30-31</a> , <a href="#">53</a> , <a href="#">81-85</a>	p. 7-8, 11
C4.2	p. <a href="#">81</a> , <a href="#">90</a> , <a href="#">Neste Human Rights Principle</a> sec.5.7.1 (p.8)	p. 11, 17
C4.3	p. <a href="#">39-42</a> , <a href="#">44-46</a> , <a href="#">51-53</a> , <a href="#">55-56</a> , <a href="#">82-85</a> , <a href="#">86-90</a> , <a href="#">93</a> , <a href="#">107-109</a>	p. 7-22
C5 Tracking Performance		
C5	p. <a href="#">39-42</a> , <a href="#">44-46</a> , <a href="#">53</a> , <a href="#">55-56</a> , <a href="#">83-85</a> , <a href="#">88-90</a>	p. 15-16, 22
C5.1	p. <a href="#">39-42</a> , <a href="#">44-46</a> , <a href="#">53</a> , <a href="#">55-56</a> , <a href="#">83-85</a> , <a href="#">88-90</a>	p. 15-16, 22
C6 Remediation		
C6	p. <a href="#">81-85</a> , <a href="#">89-90</a> , <a href="#">131</a> , <a href="#">Neste Human Rights Principle</a> (p. 7)	p. 9, 17, 22
C6.1	p. <a href="#">84-85</a> , <a href="#">90</a> , <a href="#">131</a>	p. 9, 17, 22
C6.2	p. <a href="#">42</a> , <a href="#">Renewable Raw Material Grievance Log</a>	p. 22
C6.3	p. <a href="#">42</a> , <a href="#">90</a> , <a href="#">131</a> , <a href="#">Grievance Process</a> ; <a href="#">Renewable Raw Material Grievance Log</a> , <a href="#">Human Rights Principle</a> (p. 7)	p. 9, 17, 22
C6.4	p. <a href="#">42</a> , <a href="#">Renewable Raw Material Grievance Log</a>	N/A
C6.5	p. <a href="#">42</a> , <a href="#">Renewable Raw Material Grievance Log</a>	N/A

<sup>1)</sup>Page numbers provided for 2022 Modern Slavery Statement, as the 2023 statement will only be published in Q2, 2024.

### UN Guiding Principles Reporting Framework Index

The UN Guiding Principles Reporting Framework provides comprehensive guidance for companies to report on human rights issues in line with their responsibility to respect human rights. For full details on the framework, please visit [www.ungpreporting.org](http://www.ungpreporting.org)

# Principles for calculating the key indicators

## General disclaimer

The figures in the sustainability report may be subject to rounding, which may cause some differences in aggregate totals calculated from exact figures.

## Environment

**Energy:** The energy consumption figures cover Neste's refineries, terminals, offices, the company's own station business and time-chartered ships. The figures are based on the data provided by these units. Consumption is calculated based on invoicing and meters. Standard conversion factors are used (SI). Neste follows the Energy Efficiency Agreement for Industries which is an agreement between the Government and industrial associations on the efficient use of energy, providing also guiding methodology for energy efficiency calculations. Energy intensity is calculated as the ratio of total energy consumption to Neste's revenue.

**Carbon dioxide (CO<sub>2</sub>) or Greenhouse gas emissions (GHG):** Neste applies a financial control approach for consolidating the CO<sub>2</sub> or GHG emission indicators. For the scope 1 emissions, the emission factors compliant with the fuel classification published by Statistics Finland were used in addition to Neste's in-house laboratory measurement data. Scope 2 covers emissions from indirect purchased electricity, steam and heat production. Market-based scope 2 emissions are based on energy supplier-specific or residual grid mix emission factors. Location-based scope 2 emissions are based on country-specific emission factors (e.g. IEA, Motiva). Scope 1 accounting and reporting is based on CO<sub>2</sub>, scope 2 includes other GHGs where available (the estimated share of other GHG is negligible compared to CO<sub>2</sub>).

Scope 3 calculation is based on the principles of the GHG protocol. The calculation of scope 3 emissions is based on internal data sources (e.g. sales and supply data), information available from public sources (e.g. Renewable Energy Directive) and Neste's accredited in-house calculation data have been used as the

emission factors. Scope 3 emissions reporting covers GHG emissions and is reported as CO<sub>2</sub>e. Only relevant scope 3 categories are included in the report.

**GHG emission reduction calculation method** complies with the EU Renewable Energy Directive II (EU) 2018/2001 and the California LCFS methodology, which has been applied in the GHG reporting for volumes sold in the US since the beginning of 2022. Neste regularly updates its GHG emission factors in line with the updates in legislation and the certification schemes.

Average GHG emission reduction of sourced palm oil contains the use of conventional palm oil that we have sold within the year 2023. GHG emission reduction comparisons are made by comparing the achieved Neste's annual greenhouse gas (GHG) emission reduction with publicly available emission data from road transportation and aviation sector.

**VOC, NOx, SO<sub>2</sub>, PM:** Other emissions to air (excluding CO<sub>2</sub>) are measured with direct measurements (on-line or periodic) or with indirect monitoring methods. On-line measurement is typically done on major emission points. Both direct measurements and indirect monitoring is based on the site environmental permit or other local environmental regulation. Relevant process parameters linked to pollutant emissions are monitored too. All emission monitoring is done in accordance with standards. If EN standards are not available, ISO, national or other international standard/method is used to ensure the provision of data of high scientific quality.

**Water withdrawal:** The water withdrawal volumes are based on the company's own measurements or on invoicing. Neste's water risk assessment is based on WWF Water Risk Filter. Neste annually updates the risk assessment.

**Wastewater discharges:** Neste reports the wastewater volumes, chemical oxygen consumption, as well as the oil, nitrogen, and phosphorus releases. The figures are calculated on the basis of refinery- or terminal-specific data based on sampling or continuous metering. The figures do not include the loading values of wastewater treated in municipal or other external wastewater treatment plants. Neste operates according to local discharge permits and requirements. Our process waters are always treated to meet the requirements before they are safely discharged.

**Waste generated:** The waste volumes are based on the invoicing data.

**Non-renewable resource use:** The amount of non-renewable resource use that Neste's renewable and circular solutions helped replace in transport, aviation and polymers and chemicals sectors. Calculations include fossil resource usage over renewable and circular production life cycles. An energy-based comparison is made with relevant fossil references. The difference is expressed as the energy content of crude oil.

## Safety

**Total Recordable Injury Frequency (TRIF):** Accidents at work resulting in absence from work, restricted work, medical treatment, or fatality are included in the accident frequency figures. 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. The calculation includes in-house personnel, contractors and service providers working at Neste's sites.

**Workplace accidents:** Accidents that occur at work/ while performing work duties.

**Safe Day:** A day without any personal safety accident (TRI), process safety incident (PSE 1 and PSE 2), fires, leaks, environmental permit violations, traffic accidents or marine safety incidents.

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

**TRI (Total Recordable Injuries):** All recorded accidents at work: the number of accidents at work resulting in absence from work, restriction to work or medical treatment.

**LWIF (Lost Workday injury frequency):** The number of accidents at work resulting in lost workdays, relative to a million hours worked.

**Process safety event rate (PSER):** Rate of process safety events per million hours worked.

**PSE1 (Process Safety Event):** An unplanned and uncontrolled release of any material, including nontoxic and non-flammable materials from a process, resulting in consequences according to the PSE1 classification.

## Possible consequences:

- Workplace accident leading to absence (LWI, RWI) or fatality.
- Fires or explosions with direct expenses (excluding loss of production) higher than EUR 25,000.
- Evacuation or taking cover indoors.
- A leak exceeding the reporting threshold during a certain period, threshold according to Concawe (European Oil Company Organisation for Environment, Health and Safety).
- A pressure relief device (PRD) discharge with above-mentioned consequences.

**PSE2 (Process Safety Event):** 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 expenses (excluding loss of production) higher than EUR 2,500.
- A leak exceeding the reporting threshold during a certain period, threshold according to Concawe.
- A pressure relief device (PRD) discharge with abovementioned consequences.

**Fatalities:** An workplace accident or an accident during a work-related travel causing an injury resulting in death within one year of the day of the accident.

**HSEQ:** Health, safety, environment and quality.

**Personnel**

**Reporting of personnel numbers:** The personnel numbers are calculated as numbers of employees, and include, as a rule, all personnel with active contracts of employment or employees on leave. Temporary hourly paid employees are not included as their numbers of working hours vary greatly, and their number in proportion to other employees is very small. Unless otherwise specified, the personnel numbers are reported as at December 31.

**Number of permanent employees leaving the company:** The number of employees leaving a permanent contract of employment from Jan 1 to Dec 31/the number of permanent employees on Dec 31 (including all reasons for ending the employment).

**Number of permanent employees joining the company:** The number of employees entering a permanent contract of employment from Jan 1 to Dec 31/the number of permanent employees on Dec 31.

**Training costs:** The training costs include external training-related costs, such as the fees of external trainers, and the participation fees for external training events, but not, for example, the salaries of participants or the company's own trainers.

**Innovation**

Clean revenue means revenue from all goods and services which have a clear environmental and/or social benefits. Clean investments are investments in such benefits consisting of Clean CAPEX, Clean R&D and Clean M&A. Clean Revenue and Clean Investments include for example revenue from, and investments in, clean transition as well as low-carbon and circular economy solutions.

**Clean Investments (%):** Clean CAPEX+Clean R&D+-Clean Acquisitions/Total CAPEX+R&D+Acquisitions.

**Clean Revenue (%):** Clean Revenue/Total Revenue.

# Independent Practitioners' Assurance Report

## To the Board of Directors of Neste Corporation

We have been engaged by the Management of Neste Corporation (hereafter "Neste") to provide limited assurance on selected numerical sustainability disclosures presented in the "Sustainability section" of Neste's Annual Report 2023 (hereafter "Selected Numerical Sustainability Information") for the year ended 31 Dec 2023.

The Selected Numerical Sustainability Information consists of selected economic, social and environmental sustainability closures listed within the GRI (Global Reporting Initiative) Standards Topic-Specific Disclosures and General Disclosures 2–7 and 2–30 as well as information presented in the "Sustainability highlights 2023", "Material sustainability KPIs", "Value creation", and "Performance in figures" sections in Neste's Annual Report 2023. Reporting requirements under the Taxonomy Regulation have been included under our limited assurance review scope.

## Management's responsibilities

The Management of Neste is responsible for the preparation and presentation of the Selected Numerical Sustainability Information in accordance with the reporting criteria, i.e. GRI Standards, as well as reporting requirements under the Taxonomy Regulation (EU 2020/852) and Commission Delegated Acts (EU 2021/2178 and EU 2023/2486). The Management is also responsible for determining Neste's objectives regarding sustainable development performance and reporting, including the identification of stakeholders and material issues, and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

## Our responsibilities

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our assurance engagement on the Selected Numerical Sustainability Information 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. That Standard requires that we plan and perform the engagement to obtain limited assurance about whether the Selected Numerical Sustainability Information is free from material misstatement.

The nature, timing and extent of the assurance procedures selected depend on professional judgement, including the assessment of material misstatement due to irregularity or error. We believe that the evidence we obtain is sufficient and appropriate to provide a basis for our conclusion on limited assurance.

We are independent of the company in accordance with the ethical requirements applicable in Finland to the engagement we have undertaken and have fulfilled our other ethical obligations under those requirements.

KPMG Oy Ab applies International Standard on Quality Management ISQM 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Procedures performed

A limited assurance engagement on Selected Numerical Sustainability Information consists of making inquiries, primarily of persons responsible for the preparation of information presented in the Selected Numerical Sustainability Information, and applying analytical and other evidence gathering procedures, as appropriate. In the engagement, we have performed the following procedures, among others:

- Interviewed the members of Neste's senior management and relevant staff responsible for providing the Selected Numerical Sustainability Information;
- Assessed the application of the GRI Standards reporting principles in the presentation of the Selected Numerical Sustainability Information;
- Assessed data management processes, information collecting and working methods used to gather and consolidate the Selected Numerical Sustainability Information;
- Conducted site sessions to review the Corporate Sustainability Information on Neste sites.
- Reviewed the presented Selected Numerical Sustainability Information and assessed its quality and reporting boundary definitions and;
- Assessed the Selected Numerical Sustainability Information's data accuracy and completeness through a review of the original documents and systems on a sample basis.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### **Inherent limitations**

Inherent limitations exist in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, error or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data.

### **Conclusion**

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the information subject to the limited assurance engagement is not presented, in all material respects, in accordance with the GRI Sustainability Reporting Standards.

In accordance with the terms of our engagement, this independent limited assurance report on the Selected Numerical Sustainability Information has been prepared for Neste Corporation in connect with reporting to Neste Corporation and for no other purpose or in any other context.

### **Restriction of use of our report**

Our report should not be regarded as suitable to be used or relied on by any party wishing to acquire rights against us other than Neste Corporation for any purpose or in any other context. Any party other than Neste Corporation who obtains access to our report or a copy thereof and chooses to rely on our report (or any part thereof) will do so at its own risk. To the fullest extent permitted by law, we accept or assume no responsibility and deny any liability to any party other than Neste Corporation for our work, for this independent assurance report, or for the conclusions we have reached.

Our report is released to Neste Corporation on the basis that it shall not be copied, referred to or disclosed, in whole (save for Neste Corporation's own internal purposes) or in part, without our prior written consent.

Helsinki, 1 March 2024

**KPMG Oy Ab**

**Leenakaisa Winberg**

Authorized Public  
Accountant

**Tomas Otterström**

Partner, Advisory