

A young child with dark hair, wearing a white long-sleeved shirt and a black and white checkered skirt, is running and pointing towards the sky. The background is a blurred cityscape with tall buildings. A white curved line is drawn over the top left of the child's head.

# Creating a healthier planet for our children

Debt Investor Presentation  
March 2021

# Disclaimer

The following information contains, or may be deemed to contain, “forward-looking statements”. These statements relate to future events or our future financial performance, including, but not limited to, strategic plans, potential growth, planned operational changes, expected capital expenditures, future cash sources and requirements, liquidity and cost savings that involve known and unknown risks, uncertainties and other factors that may cause Neste Corporation’s or its businesses’ actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, such forward-looking statements can be identified by terminology such as “may”, “will”, “could”, “would”, “should”, “expect”, “plan”, “anticipate”, “intend”, “believe”, “estimate”, “predict”, “potential”, or “continue”, or the negative of those terms or other comparable terminology. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Future results may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree. All forward-looking statements made in this presentation are based on information presently available to management and Neste Corporation assumes no obligation to update any forward-looking statements. Nothing in this presentation constitutes investment advice and this presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities or otherwise to engage in any investment activity.

# Agenda

- Overview
- Strategic and sustainable transformation
- Business segments
- A robust financial position
- Our Green Finance Framework
- Summary of proposed offering



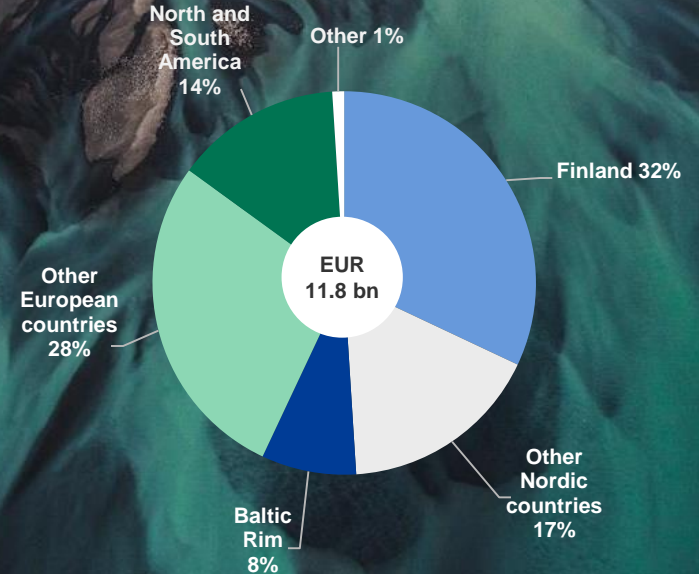
# Overview



# Neste in a nutshell

- We **create solutions for combating climate change** and accelerating a shift to a circular economy
  - We are a **global leader in renewable diesel with the annual capacity of 3.2 Mt** of renewable products
  - **Waste and residues account 83% of total renewable raw material inputs** refined into renewable fuels and sustainable feedstock for plastics and other materials
- In 2020, our renewable products helped our customers to **reduce 10Mt of GHG emissions**, equaling the annual carbon footprint of 1.5 million average EU citizens
- In 2020, comparable operating profit of EUR 1,416 million, of which **94% came from renewable products**
- Strong balance sheet and liquidity position, with **zero net leverage** as at the end of December 2020
- **Market capitalization at EUR 42 billion** (1st of March 2021)
- **Finnish State maintains strategic ownership**

## Revenue 2020 by operating destination



# Key investment highlights

- 1 The world's leading producer of renewable diesel refined from waste and residues
- 2 Uniquely positioned to develop and capture the Sustainable Aviation Fuel market opportunity
- 3 Continuous innovations within the Renewable Polymers and Chemicals segment
- 4 Transformation of high quality refining assets toward co-processing of renewable and circular raw materials
- 5 Strong financial position and profitable growth

# Strategic and sustainable transformation



# Our strategic priorities

**Increase innovation**

**Scale up faster and bolder in Renewables**

**Drive efficiency & transformation in operations**

**Turn our climate commitments into action**

**Renewable Road Transportation**

**Renewable Aviation**

**Renewable Polymers and Chemicals**



# Our climate commitments

## Carbon handprint

**We will help our customers reduce their greenhouse gas emissions by at least 20 million tons annually by 2030**

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Neste has focused on producing renewable fuels to replace fossil fuel use – our renewable products help customers reduce their greenhouse gas (GHG) emissions

In 2020 our customers reduced their GHG emissions by 10 million tons – equaling the removal of 3.7 million passenger cars from the roads for a full year

Over the past 6 years, Neste's renewable products have helped our customers reduce their GHG emissions by a total of nearly 50 million tons

## Carbon footprint

**We are committed to reaching carbon neutral production\* by 2035**

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We need to commit to reducing the direct climate impact of our activities – reaching carbon neutral production by 2035 is an enormous undertaking, one which will require new ways of thinking, innovation and plenty of cooperation

\*Scope 1 & 2 as defined by the GHG Protocol

# Carbon neutral production by 2035

## Continuous focus areas

1

Ensure awareness and commitment

2

Advocate for supportive policies and regulations

3

Act now to keep in pace with the ambition set by the Paris Agreement

4

Prepare credible compensation methods

## Highlights of the climate roadmap

Increasing transparency to GHG impact of investments

Aiming for up to 100 % renewable electricity

Piloting low carbon technologies & innovations

Emphasizing energy efficiency

Ensuring that investment decisions support the target and carbon neutral growth

Leveraging renewable energy sources in steam and hydrogen supply

Scaling up low carbon technologies and innovations, e.g. carbon capture and storage/utilization (CCS/U) and renewable hydrogen

# Sustainability work enables our strategy

With our renewable and circular solutions, we contribute to the implementation of the Paris Agreement, and **the United Nations' Sustainable Development Goals (SDG)**

From our perspective, these six SDGs play the biggest role in achieving our climate goals



## SDG 8

Decent Work and Economic Growth



## SDG 9

Industry, Innovation and Infrastructure



## SDG 11

Sustainable Cities and Communities



## SDG 12

Responsible Consumption and Production



## SDG 13

Climate Action



## SDG 17

Partnerships for the Goals

# Recognition in sustainability assessments

A number of third parties assess the sustainability of Neste's operations. We have gained recognition and awards in the following sustainability assessments, among many others

## **The Global 100**

In 2021, Neste was selected as the world's 4th most sustainable company on the Global 100 list. This is the 14th inclusion of Neste on the list

## **Dow Jones Sustainability Indices (DJSI)**

In 2020, we were included in the DJSI (Dow Jones Sustainability Indices) World and DJSI Europe among the most sustainable companies in the world

## **CDP**

Neste was highlighted as a global leader on corporate climate action by environmental impact non-profit Climate Disclosure Project (CDP)

## **RobecoSAM Silver Class Sustainability Award**

Neste was included in the Sustainability Yearbook 2020 and received the Silver Class Sustainability Award for its sustainability performance

## **MSCI ESG Rating Index**

Neste reached AAA rating in 2020 in MSCI ESG Rating Index. MSCI ESG Ratings aim to measure a company's resilience to long-term ESG risks

## **STOXX® Global ESG Leaders**

Neste is included in the STOXX® Global ESG Leaders index. The index covers approximately 300 of the world's leading companies in terms of environmental and social sustainability and corporate governance

# Business segments



# Our businesses

Renewable Products

Renewable  
Road  
Transportation

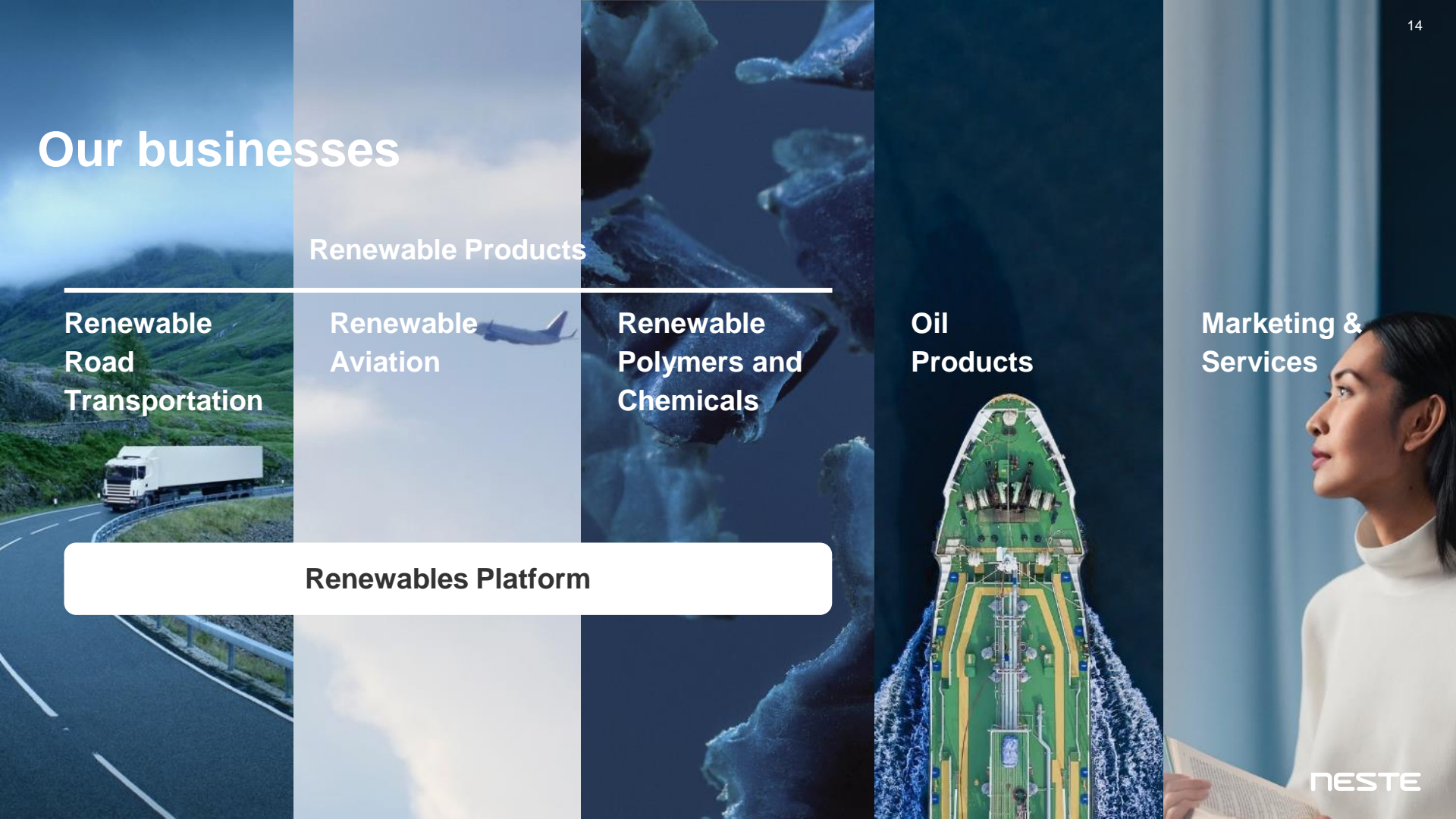
Renewable  
Aviation

Renewable  
Polymers and  
Chemicals

Oil  
Products

Marketing &  
Services

Renewables Platform



"The Singapore expansion increases our total production capacity close to 4.5 million tons in 2023. We continue supporting our customers' growing demand for renewable products by expanding our production capacity even further and building new feedstock platforms to support such growth."

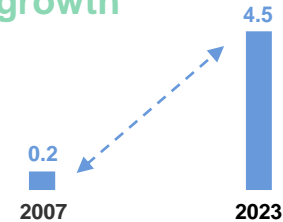
# Renewables Platform

## Production capacity

# 3.2

million tons annually

## Production capacity growth



## Offering

Our renewable raw material portfolio consists of over

# 10

different globally sourced waste and residue oils, fats and vegetable oils, which are all sustainably produced\* and traceable to the point of origin

## Customers

Waste and residues account for

# 83%

of our total annual renewable raw material inputs globally - with a target of 100% by 2025

\* Meeting or exceeding e.g. EU RED requirements

"With Neste MY Renewable Diesel, our customers can reduce their GHG emissions by 90% compared to fossil diesel use when all emissions over the fuel's life cycle are taken into account."

(Calculation method: EU RED)

# Renewable Road Transportation

In 2020, our renewable products helped our customers reduce greenhouse gas emissions by

**10** million tons

## Main market areas



Europe and North America

## Offering

Neste MY  
Renewable Diesel™

## Customers

Retailers, wholesale customers, fleets, municipalities, oil companies



“Neste MY Sustainable Aviation Fuel is available and used in the market. We are fully committed to supporting the aviation industry, its customers and corporates with their emission reduction targets.”



# Renewable Aviation

## Offering

**Neste MY Sustainable Aviation Fuel™** helps aviation industry to reduce the direct emissions of flying

The fuel in neat form, reduces greenhouse gas emissions by up to

**80%**

compared to fossil fuels when all emissions over the fuel's life cycle and taken into account

(Calculation method: EU RED)

## Capacity

In 2019, our annual SAF production capacity was 100,000 tons. In 2023, with Singapore expansion, our production capacity will reach

**1.5 Mt/a**

## Customers

Neste works with aviation partners across the value chain to enable wider use of SAF. For example, Lufthansa, KLM and Finnair are using Neste MY SAF

“By working together with the forerunners of the polymers and chemicals sector, we accelerate the industry transformation towards a more sustainable, circular economy.”

# Renewable Polymers and Chemicals

## Target

To become a **global leader & preferred partner** as a provider of sustainable renewable and circular solutions for forerunner polymers and chemicals industry brands

## Market

About 50% of consumer goods companies are pledging to switch completely to either renewable or recycled plastics in their products by 2030\*

## Offering

**Neste RE Renewable and Recycled™**, 100% renewable and recycled raw material for more sustainable plastics and chemicals. Helps reduce crude oil dependency and related climate emission and tackle global plastic waste challenge

## Customers

Global consumer brands, polymers and chemicals companies and value chain partners interested in improving the sustainability of their offering

\*) Source: Ellen MacArthur Foundation, the Plastics Economy

“We are a reliable partner of our customers with comprehensive offering, high supply security and sustainable, efficient operations.”

# Oil Products Marketing & Services

## Oil Products

Crude oil refining capacity

~14

million tons annually

## Offering

Low-carbon solutions based on high-quality oil products and related services

“We want to help our customers and partners reduce their own carbon footprint and to create best customer experience with sustainable and digital solutions.”

## Marketing & Services

Network close to

1,000

stations in the Baltic Sea region

## Offering

Partnership in sustainability, best customer experience and a wide range of high-quality products and services as well as extensive station network

# A robust financial position



# Our response to the pandemic

## Top priorities

- **Protect our employees and communities**
- **Keep our commitments to our investors**
- **Take actions to strengthen our company for the future**

## Protective measures

### Focus on strategy execution

- Despite market turbulence, we continue to focus on strategy execution
- Excellent cash flow development during pandemic year supporting several strategic investments and acquisitions

### Restructuring of legacy operations

- COVID-19 related supply / demand imbalance accelerated need to improve long term competitiveness of refining business, including restructuring measures
  - Closure of Naantali refinery (by the end of March 2021)
  - Porvoo refinery to develop co-processing renewable and circular raw materials


### Investment and project management

- Singapore renewables capacity expansion project delayed from original schedule to Q1 2023 (local COVID-19 related restrictions imposed on construction sites)
  - Investment cost maintained at EUR 1,500 million
- Total 2021 cash-out capital expenditure estimated at EUR 1,200 million (excluding M&A)

### Capital discipline

- Reducing dividend compared to last year – proposal at EUR 0.80 per share according to policy



A young man with short brown hair, wearing a dark green or black hooded jacket, is shown in profile from the waist up. He is looking towards the right, where a city skyline is visible across a body of water under a sunset sky with soft orange and blue tones. The background is slightly blurred, emphasizing the man in the foreground.

## Solid 2020 performance in a challenging year

- Group comparable EBIT of EUR 1,416 million
- Strong free cash flow\* of EUR 1,019 million
- Renewable Products demonstrated resilience with increased sales volumes and strong margins
- Oil Products suffered from a historically weak refining market
- Marketing & Services performed very well
- Focus on executing strategy – restructuring of Oil Products proceeding

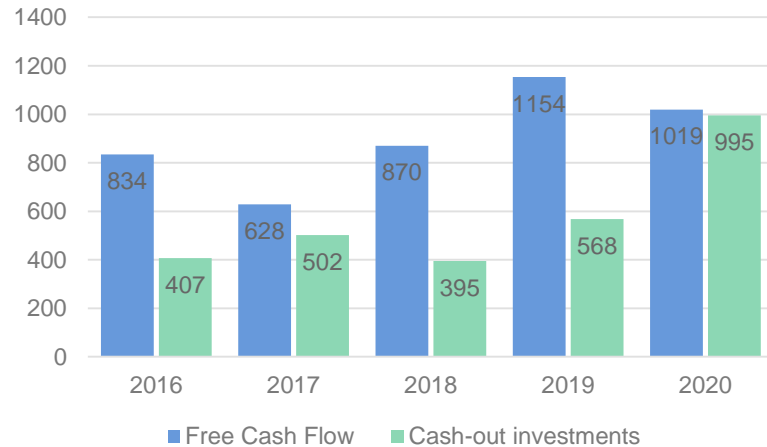
\* Defined as cash flow before financing activities

# Group financials 2020

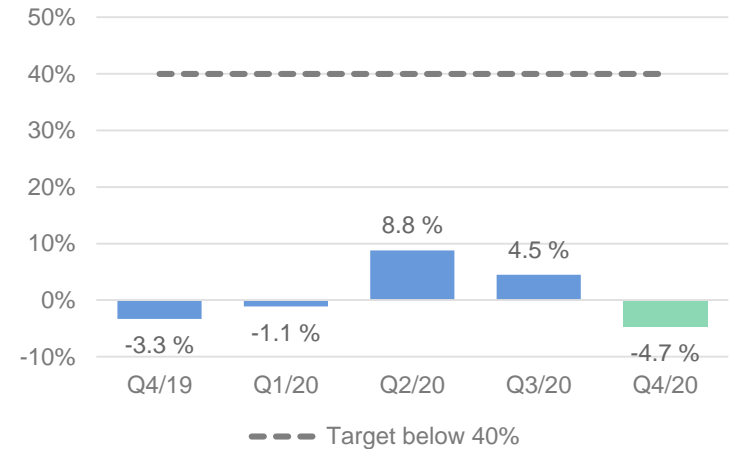
MEUR	2020	2019	Q4/20	Q4/19
<b>Revenue</b>	11,751	15,840	3,028	4,053
<b>EBITDA</b>	1,508	2,731	297	1,164
<b>Comparable operating profit</b>	1,416	1,962	380	781
Renewable Products	1,334	1,599	338	671
Oil Products	50	386	37	117
Marketing & Services	68	77	15	11
Others (incl. eliminations)	-36	-100	-10	-18
<b>Operating profit</b>	828	2,229	-2	1,046
<b>Cash flow before financing activities</b>	1,019	1,154	1,069	943
<b>Comparable earnings per share, EUR</b>	1.60	2.04	0.44	0.92

# Strong cash conversion and robust financial position

## Free Cash Flow & Cash-out investments (MEUR)



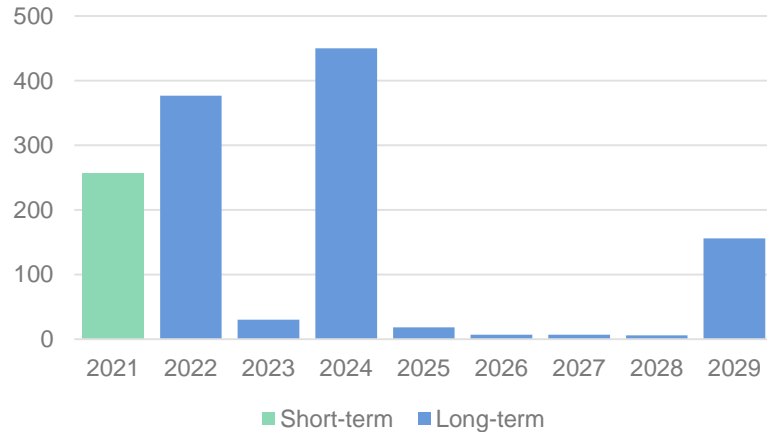
## Leverage %





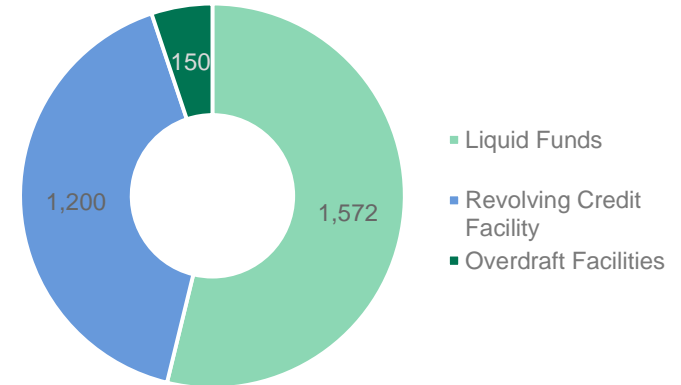
# Debt profile and liquidity

## Maturity Profile (MEUR)



- Average interest rate for interest-bearing liabilities (EUR 1,307 million) was 1.9% and maturity 2.1 years at end of December 2020
- Interest-bearing liabilities at the end of December 2020: Bonds 55%, Lease liabilities 31%, Loans from financial institutions 10%, Others 4%

## Liquidity (MEUR)



- Group's liquidity EUR 2,922 million at end of December 2020
  - Liquid Funds EUR 1,572 million
  - Unused committed credit facilities EUR 1,350 million

# Our Green Finance Framework



# Establishing a Green Finance Framework

Neste will stand clear with its aspiration, leading the way towards a sustainable future together. To achieve our high ambitions, our Green Finance Framework is focused on our development and investments in renewable and circular solutions with the purpose of reducing greenhouse gas emissions globally.

**Support Neste's transition to becoming a global leader in renewable and circular solutions**

**Furtherance of Neste's ambitious climate targets**

**Recognizes Neste's commitment to aligning a sustainable operating and funding strategy**

**Diversification of Neste's investor base and recognizing new ESG-driven demand**

1. Use of Proceeds
2. Selection & Evaluation of Eligible Assets and Projects
3. Management of Proceeds and Reporting
4. External Review

# Neste's Green Finance Framework

## ICMA GBP Category

Eco-efficient & Circular Economy Adapted Products, Production Technologies & Processes

## UN SDG



### SDG 11

Sustainable Cities and Communities



### SDG 13

Climate Action

## Use of Proceeds

**Investments in Renewable & Circular solutions:** Renewable product refineries for renewable diesel, sustainable aviation fuel and raw materials for polymers and chemical materials

**R&D investments related to Renewable & Circular solutions:** Further develop solutions portfolio for more sustainable transport, aviation and chemical sectors

Refinancing of Eligible Assets and Projects will have a **look-back period of no longer than 3 years** from issuance

**'Do No Significant Harm'**-principle in Eligibility Criteria – Neste is committed to ensuring that we do not promote one sustainable solution at the expense of another e.g. **100% of approved renewable raw material suppliers are screened using social criteria**

1. Use of Proceeds
2. Selection & Evaluation of Eligible Assets and Projects
3. Management of Proceeds and Reporting
4. External Review

## Neste's Green Finance Framework

- A **Green Finance Committee (“GFC”)** has been established with members from management, treasury and sustainability
- The **finance representative is the chair** of the committee and **sustainability representative holds a veto**
- The Green Finance Committee follows the below process when selecting and evaluating projects for the Eligible Assets and Projects:
  1. **Neste Investment Committee**, chaired by the CEO, will inform the GFC of potential projects to be included in the **Green Debt Register**
  2. Neste GFC evaluates eligibility of the potential assets and projects according to eligibility criteria and removes assets and projects that do not meet the criteria
  3. Neste GFC verifies the eligibility of the potential Green assets and projects, and makes the final approval after the potential assets and projects have been approved by the Neste Investment Committee and/or **Neste Board of Directors**

1. Use of Proceeds
2. Selection & Evaluation of Eligible Assets and Projects
3. Management of Proceeds and Reporting
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# Neste's Green Finance Framework

## Management of Proceeds

- Establish a **Green Debt Register** for monitoring Eligible Assets and Projects and allocation of net proceeds
- Maintain an aggregate amount of Asset and Projects in the Green Debt Register that is **at least equal** to the aggregate net proceeds of all outstanding Green Debt
- When total outstanding net proceeds exceed the value of Eligible Assets and Projects they will be held **in accordance with normal liquidity management policy**
- The Green Debt Register will **form the basis for the impact and allocation reporting**

## Reporting

Report annually and align reporting with **ICMA** and the **Nordic Public Sector Issuer's Position Paper**

- Eligible Assets / Projects funded
- Descriptions / case studies
- Amounts invested in each category
- Split of financing vs. refinancing
- Annual CO2 emissions avoided
- Amount of fossil-based raw materials avoided/replaced

1. Use of Proceeds
2. Selection & Evaluation of Eligible Assets and Projects
3. Management of Proceeds and Reporting
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# Neste's Green Finance Framework

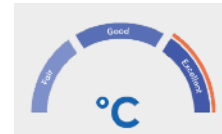
## Shades of Green

Neste's Green Finance Framework has received **Medium Green** shading by **CICERO Shades of Green**



## Governance Procedures

CICERO Shades of Green finds the governance procedures in Neste's framework to be **Excellent**



## Green Bond and Loan Principles

Based on this review, CICERO Shades of Green confirms that this Framework is in **alignment with the principles**



# Thank you

- 1 The world's leading producer of renewable diesel refined from waste and residues
- 2 Uniquely positioned to develop and capture the Sustainable Aviation Fuel market opportunity
- 3 Continuous innovations within the Renewable Polymers and Chemicals segment
- 4 Transformation of high quality refining assets toward co-processing of renewable and circular raw materials
- 5 Strong financial position and profitable growth





# NESTE

Change runs on renewables