
For the AGM 2021, shareholders may present questions with respect to the matters to be considered at the AGM, as referred to in Chapter 5, Section 25 of the Finnish Companies Act, until 11 March 2021 by e-mail to agm@neste.com. The following set of questions was received from shareholder WWF Finland (World Wide Fund for Nature, Suomen rahasto sr). Neste answers to the questions below.

Question: *“Corporate governance code calls for state-owned companies to take the Paris Agreement 1.5 Celsius goal and the impact of their actions to the environment into account. **How are the corporate governance principles integrated into Neste’s strategy?**”*

Answer: On 12 March 2020 Neste introduced its climate strategy, where Neste commits to reach carbon neutral production by 2035. Neste also has another climate target: to help reduce our customers' greenhouse gas (GHG) emissions with our renewable and circular solutions by at least 20 million tons of CO₂ eq annually by 2030. We are looking to achieve these targets by offering renewable, low-carbon and circular economy options for road transportation, aviation and ship traffic, as well as for plastic and chemical industry uses. Neste Renewable products helped customers to reduce greenhouse gas emissions globally by 10 million tons in 2020. These climate targets are one of Neste’s strategic priorities and their progression is being monitored together with other strategic goals. In addition, to drive Neste strategy and leadership in sustainability, the Board of Directors has set the Company’s Combined Greenhouse Gas (GHG) Impact as a new performance measure for key personnel’s share-based long-term incentive plan. The greenhouse gas impact regards both customer cut emissions achieved with Neste Renewable products, and Neste production emissions (production carbon footprint).

Question: *“On their website, Neste declares being committed to combating climate change and reducing climate emissions locally and globally. The communication is still unclear, whether Neste is committed to the 1.5 Celsius limit according to the Paris Agreement. **Is Neste committed to limiting the temperature increase to 1.5 °C under the Paris Agreement? How does the company justify that the production climate risks are not yet evaluated with scientific methods (science based targets SBT)?**”*

Answer: As part of the commitment to reach carbon neutral production by 2035, Neste has set interim targets, under which Neste is committed to lowering production emissions (Scope 1 & 2) by 50 % by 2030 (compared to 2019). Neste believes this to be in line with the latest climate science (including Science Based Targets) to keep emission reductions in pace with the Paris Agreement 1.5°C goal. In addition, Neste will estimate within the current financial year how Neste could together with its partners reduce emissions outside of production (Scope 3) in a way, which is in line with the Paris Agreement 1.5°C global warming limit.

Neste’s climate goals are not yet evaluated with Science-Based Targets initiative (SBTi) criteria, because the criteria have not yet (19.3.2021) been defined for an industry of which Neste is classified. During the current financial year Neste estimates the possibility to commit proactively to evaluating its climate goals with SBTi criteria, once the sectoral targets are available.

Neste is committed to applying Task Force for Climate-related Financial Disclosures (TCFD) recommendations, where financial climate risks are highlighted. TCFD is designed to help companies to evaluate risks and opportunities in connection with climate change and adjust company strategy and operations accordingly. In addition to our annual sustainability report, we report TCFD information, such as climate risks, in the Review by the Board of Directors.

Neste's strategy resilience has been assessed in the light of 1.5°C and 2°C scenarios through deep dives in specific areas of interest, like transition in the transportation sector or impact of accelerated deployment of low carbon vehicles. Both transition risks and physical risks have been assessed for the selected scenarios within the time horizon until 2030 and beyond 2030. Neste's Base Case, that is within the "most likely" scenario range of various external consultants, reflects a trajectory of ~3.5°C global warming by the end of the century. Identification of physical risks, like extreme weather events, takes into account also this scenario.

Our climate impacts are reviewed and monitored frequently as a part of Neste's risk assessment and strategic process.

*Question: "In our view, the real commitment with the Paris Agreement requires Neste's Board of Directors to evaluate business climate risks and schedule a science-based plan on adjusting production to the Paris Agreement 1.5 Celsius warming limit. Climate risks, adjustment plan and its implementation should also be reported annually at the general meeting. **Is Neste intending to devise a plan of production adjustment to the Paris Agreement 1.5 Celsius warming limit within the current financial year?"***

Answer: To analyze operational climate risks, Neste is committed to applying Task Force for Climate-related Financial Disclosures (TCFD) recommendations, where financial climate risks are highlighted. Within the current financial year as well as over the coming years, climate scenario work will be developed further, with a more systematic approach in the 2021 Business Environment Outlook of the spring strategy update. We report risks and our plans in the annual report, which is available for shareholders annually latest three weeks prior to the Annual General Meeting.

*Question: "Food-based biofuels are already restricted in the EU since it was established they are a notable climate and environmental hazard. There is a serious possibility fuels based on so-called waste and residues are recognized equally hazardous and their use is limited. For example, in Sweden PFDA (palm fatty acid distillate) is excluded from the raw material list on these grounds. In our view, second generation biofuels are to be limited by applying the precautionary principle of sustainable level, and the market can not keep increasing. **How has Neste strategically prepared to take into account the tightened requirements for biofuel sustainability?"***

Answer: Raw material research is one of Neste Innovation's key actions and the sustainability questions of new possible options play a central role. We are constantly looking into diversifying our portfolio with new raw materials. Replacing fossil oil with renewable and recycled raw materials helps reduce crude oil dependency and greenhouse gas emissions to combat climate change. We continued to develop the availability of emerging, lower-quality waste and residue raw materials, while continuing to study lignocellulosics, such as agricultural and forest harvesting residues, municipal solid waste and wastewater-derived grease as future raw material options.

Currently, Neste uses approximately 10 different raw materials, which all meet the Neste sustainability criteria. These form the core requirements in supplier selection and an essential condition for efficient evaluation of their product sustainability. The criteria is being updated in light of new information.

- We source sustainably produced renewable raw materials only from suppliers who meet our strict criteria for sustainability. This is embedded into our policies and principles, as well as the regulatory requirements in our key markets.

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- We select our renewable raw material suppliers carefully, based on a systematic approach.
 - All the renewable raw materials we use meet the sustainability criteria defined in the EU RED for the European markets and the US EPA's requirements for North America. The raw material mixes used for products in specific markets additionally meet local market-specific and/or industry-specific regulatory requirements.
 - We accept only renewable raw materials that are traceable to production or cultivation sites.
 - We ensure that the production of our raw materials has not caused deforestation, threatened biodiversity, and that human rights have been respected.
 - We ensure that the renewable raw materials that we use to produce renewable fuels always provide the required greenhouse gas emissions savings (in 2020 at least 50% reduction as per EU RED) over the fuels' life cycle compared to similar emissions from fossil alternatives.
 - All the renewable raw materials we use are either certified, or their compliance with applicable laws and regulations is verified according to the legislation of the country to which the end product will be supplied.