

Annual Report 2024

Remuneration report



Neste Remuneration Report 2024

Dear Shareholder,

On behalf of Neste's Personnel and Remuneration Committee (the "Committee"), I am pleased to present our 2024 Remuneration Report outlining the remuneration of the members of the Board of Directors and the President and CEOs (the CEOs) for the financial year 2024 and describing how the Remuneration Policy approved by the 2024 Annual General Meeting of Shareholders (AGM) has been implemented in practice. This Remuneration Report has been prepared in accordance with the Finnish Corporate Governance Code 2025, and the requirements set forth in the Finnish Limited Liability Companies Act, the Finnish Securities Markets Act and the Decree of the Ministry of Finance. The report will be presented at the 2025 AGM of Neste for an advisory shareholder vote.

Our approach to remuneration and link to sustainability

Our purpose as a Personnel and Remuneration Committee is to ensure that remuneration programs at Neste reflect our longstanding remuneration principles of supporting the business strategy, paying for performance and thereby supporting Neste's long-term financial success, encouraging value-based behavior and individual accountability, and paying competitively and fairly.

Based on our remuneration principles, we have designed our remuneration policies, practices and processes to ensure that we can compete and retain the best talents in the diverse markets in which we operate. We believe that our performance-based remuneration programs, combined with selecting the right individuals for key positions, targeted talent development, proactive succession planning and appropriate market competitive compensation, are key to our future success.

Neste's safety culture has been developed systematically for several years, and the measures related to the improvement in both process and personnel safety

constitute at least 20% of the short-term incentives' measures. Similarly, Neste's commitment to our strategic sustainability targets is also reflected in our long-term incentives plan, in which 20% of measures are based on our combined Greenhouse Gas impact.

Our remuneration structure aims to reinforce and support our key strategic target to deliver outstanding value with renewable and circular solutions, which will support sustainable long-term value creation for all stakeholders. For our CEO, a significant proportion of remuneration is derived from variable pay to ensure that there is a strong alignment between sustainable value creation for shareholders, company performance and compensation. The Board of Directors sets the targets for both short- and long-term incentives, and the variable payouts are directly linked to both operational, ESG and strategic measures.

Neste's performance in 2024

In 2024, Neste faced significant changes in the markets and operational challenges at refineries. The full-year comparable EBITDA totaled EUR 1,252 million.

The main performance measure for the Performance Share Plan (PSP) 2022–2024 was relative Total Shareholder Return (relative TSR) of Neste shares compared to the STOXX Europe 600 index between 2022 and 2024 (weight 80%). The Neste Total Shareholder Return was compared to the index at the 1.5th percentile and the result of this measure was 0%. The second performance measure was combined Greenhouse Gas impact (weight 20%). The result of this measure was 10%.

Application of the Remuneration Policy in 2024

The remuneration for the Board of Directors and the CEOs during the financial year 2024 was executed in accordance with the 2024 Remuneration Policy. No deviations from the Remuneration Policy have been made,

and no remuneration of the Board of Directors or the CEOs has been reclaimed or restated during the financial year 2024.

Advisory Shareholder vote regarding the Remuneration Report 2023 and shareholder engagement

At the Annual General meeting in 2024, 95.71% of the Neste Shareholders supported the Neste Remuneration Report 2023. We are thankful for the shareholders' support and feedback based on which we develop the report further.

Personnel and Remuneration Committee's focus areas in 2024

During 2024, the Personnel and Remuneration Committee of Neste focused on the renewal of the long-term incentive (LTI) plan to strengthen our pay for performance approach and to ensure the competitiveness and attractiveness as an employer in the international markets where Neste operates. The CEO Matti Lehmus stepped down and Heikki Malinen started as the CEO in October 2024. The remuneration of the new and the former CEO are in accordance with the Remuneration Policy 2024 as adopted by shareholders at the Annual General Meeting in 2024.

Johanna Söderström

Chair of the Personnel and Remuneration Committee

Neste Personnel and Remuneration Committee



Johanna Söderström

Chair of the Personnel and Remuneration Committee

Committee members until 27 March 2024:

- **Matti Kähkönen**, Chair of the Personnel and Remuneration Committee
- **Nick Elmslie**
- **Heikki Malinen**
- **Johanna Söderström**

Committee members from 27 March 2024:

- **Nick Elmslie**
- **Pasi Laine**
- **Sari Mannonen**

Remuneration of the Board of Directors for the previous financial year

The Annual General Meeting decides on the remuneration for the members of the Board, based on the proposal of the Shareholders' Nomination Board, for one period at a time until the closure of the next AGM. On 27 March 2024, the 2024 AGM confirmed the following annual fees for the members of the Board of Directors. 98.84% of the votes cast were in favor of the proposal of the Shareholders' Nomination Board.

Annual fee, 40% of the annual fixed fee was paid in the form of Neste shares, and 60% in cash

Chair	135,000 EUR per annum
Vice Chair	75,000 EUR per annum
Member	60,000 EUR per annum
Chair of Audit Committee ¹⁾	75,000 EUR per annum
Meeting fees	
Meeting held in the member's home country	1,000 EUR
Meeting held in the same continent as the member's home country	2,000 EUR
Meeting held outside the same continent as the member's home country	3,000 EUR

¹⁾ If he or she does not simultaneously act as Chair or Vice Chair of the Board

Meeting fees were paid based on attendance, plus compensation for expenses in accordance with the Company's travel guidelines.

The meeting fee for meetings held over the telephone or through other means of data communication was paid according to the fee payable for meetings held in each member's home country. The meeting attendance fees include meeting fees paid due to special tasks set by the Board of Directors, but not travel expenses.

Details of the shareholdings of the Board of Directors are shown on the web pages.

Remuneration paid to the members of the Board in 2024

The AGM 2024 decided that 40% of the fixed annual fee was to be paid in the form of shares, and 60% in cash. The shares were purchased directly on behalf of the Board members within two weeks of the publication of the interim report for the period 1 January to 31 March 2024 from the market at a price formed in public trading. The Company has paid all costs and transfer tax related to the purchase of Company shares. The total cash part of the annual Board fee for the Board membership period 2024–2025 were paid in May 2024. Meeting fees were paid during the year after the meetings.

EUR	Annual fee ¹⁾	Meeting fees ²⁾	Total
Matti Kähkönen, Chair	135,000	23,000	158,000
Eeva Sipilä, Vice Chair ³⁾	75,000	27,000	102,000
John Abbott	60,000	33,000	93,000
Nick Elmslie	60,000	35,000	95,000
Just Jansz	60,000	29,000	89,000
Conrad Keijzer ⁴⁾	60,000	25,000	85,000
Pasi Laine ⁴⁾	60,000	19,000	79,000
Heikki Malinen ⁵⁾	15,000	14,000	29,000
Sari Mannonen ⁴⁾	60,000	23,000	83,000
Johanna Söderström	60,000	41,000	101,000
Kimmo Viertola ⁶⁾	-	4,000	4,000

¹⁾ The total annual fee for the Board membership 2024–2025 was paid in May 2024, and 40% of the annual fee was paid in shares and 60% in cash. Neste has paid the transfer tax for share purchase, and it has been handled as taxable income for each member.

²⁾ Meeting fees based on attendance during 2024.

³⁾ Vice Chair and Member of the Board until 13 February 2025.

⁴⁾ Member of the Board since 27 March 2024.

⁵⁾ Member of the Board until 13 June 2024.

⁶⁾ Member of the Board until 27 March 2024.

Remuneration has been paid from the parent company.

Remuneration of the President and CEO in 2024

Neste's Board of Directors decides on the remuneration of the President and CEO based on the proposal by the Board's Personnel and Remuneration Committee. The available remuneration elements are defined in Neste's Remuneration Policy and are aligned with market practices. The remuneration of the CEO consists of a fixed annual remuneration, including a base salary and fringe benefits, and variable remuneration, including short- and long-term incentives plans and a supplementary pension.

Variable remuneration

The President and CEO's short-term incentives, including the terms and conditions, are determined by Neste's Board of Directors. The Board of Directors annually sets and evaluates targets for the President and CEO. The maximum short-term incentive for the current President and CEO was 120% in 2024.

The Board of Directors decides on and implements Neste's long-term incentive plans and the earning opportunity for the President and CEO. The purpose of these plans is to drive Neste's long-term performance and success. The incentive level for the current President and CEO may vary between 0–200% of annual fixed salary, based on Neste performance and share price appreciation. The amount of reward is limited by a share price development-based pay cap which in the ongoing plans is two times the share price which prevailed at the beginning of the plan period. If Neste share price more than doubles during the plan, the exceeding value of the payable rewards will not be paid.

Supplementary pension

The supplementary pension of the current President and CEO is a defined contribution plan with an annual contribution of 20% of the fixed annual salary and a retirement age of 66 years.

The table below includes the taxable value of the remuneration:

President and CEO's total remuneration	Paid in 2024 (EUR)	
	Heikki Malinen (CEO role since 15 October 2024)	Matti Lehmus (CEO role until 14 October 2024)
Fixed annual salary ¹⁾	247,571	755,088
Short-term incentive plan ²⁾	-	501,125
Long-term incentive plan ³⁾	-	14,735
Supplementary pension ⁴⁾	51,194	118,916
Total	298,765	1,389,864
Proportion of fixed and variable remuneration (supplementary pension excluded)	Fixed 100%	Fixed 59% Variable 41%

¹⁾ Benefits and vacation pay included in the fixed remuneration.

²⁾ Based on the financial year 2023 performance. The maximum short-term incentive for Matti Lehmus was 80% in 2023 and 2024.

³⁾ LTI vested value paid in 2024 reflects the PSP 2021–2023 grant, which was allocated to Matti Lehmus in his previous position before CEO role. The incentive level for Matti Lehmus in the President and CEO role varied between 0–120% of annual fixed salary, based on performance and share price appreciation.

⁴⁾ The supplementary pension of the President and CEO Matti Lehmus was a defined contribution plan with an annual contribution of 16% of the fixed annual salary and a retirement age of 62 years.

In respect of Matti Lehmus' services as an Senior Advisor between 15 October and 15 November 2024 he received 81,901 EUR fixed salary including benefits, 1,892 EUR STI (to be paid in year 2025) and 12,518 EUR supplementary pension payments. After this Matti Lehmus received termination benefits in accordance with his contract 111,122 EUR fixed salary including benefits, 2,838 EUR STI (to be paid in year 2025) and 18,776 EUR supplementary pension payments until the end of 2024. In 2025 Matti Lehmus will receive as termination benefits in accordance with his contract 1,136,435 EUR which includes fixed salary including benefits, STI and LTI payment, supplementary pension payment and a severance payment of six months salary.

Remuneration has been paid from the parent company.

Short-term incentives

The incentive payment of 11,340 EUR will be paid in March 2025 for the current President and CEO Heikki Malinen and 17,975 EUR for the former President and CEO Matti Lehmus for the CEO period in 2024.

Details of the short-term incentive plan measures for the current and former President and CEO:

Performance measure	Weight in 2023	STI 2023, paid in 2024		STI 2024, to be paid in March 2025	
		2023 Performance outcome %		2024 Performance outcome %	
		Threshold	50%	Threshold	50%
		Target	100%	Target	100%
		Maximum	200%	Maximum	200%
Group comparable EBITDA	50%		112	-	-
Renewable products comparable EBITDA	-		-	30%	0
Oil Products comparable EBITDA	-		-	20%	0
Free Cash Flow	20%		200	20%	0
Comparable ROACE	10%		169	10%	0
Group Safety (TRIF)	10%		70	10%	60
Group Process Safety (PSER)	10%		167	10%	0
Total weighted outcome ¹⁾	100%		136	100%	6

¹⁾ With performance measure outcomes without rounding.

The maximum short-term incentive for the President and CEO is 120% in 2025. Details of the short-term incentive plan 2025 measures for the President and CEO for 2025, potential reward payment in March 2026:

Performance measure	Weight
Renewable products comparable EBITDA	35%
Oil Products comparable EBITDA	25%
Free Cash Flow	30%
Group Safety (TRIF)	5%
Group Process Safety (PSER)	5%

Long-term incentives

The former President and CEO Matti Lehmus is entitled to the Performance Share Plan PSP 2022-2024.

Performance Share Plan	Performance measure	Weight	Performance Measure outcome %	Total weighted Performance outcome %	Grant date	Number of gross shares granted	Number of gross shares vested	Vesting date
PSP 2022–2024	Relative Total Shareholder Return (TSR) compared to the STOXX Europe 600 Index	80%	0%	2%	February 2022	26,400	528	March 2025
	Combined Greenhouse Gas Impact 2022–2024	20%	10%					

The current and former President and CEO are entitled to the following ongoing long-term incentive plans:

Performance Share Plan	Performance measure	Weight	Grant date for current CEO	Number of gross shares granted for current CEO	Grant date for former CEO	Number of gross shares granted for former CEO and prorated amount until end date	Vesting date
PSP 2023–2025	Relative Total Shareholder Return (TSR) compared to the STOXX Europe 600 Index	80%	October 2024	29,097	December 2022	23,600, prorated 18,683	March 2026
	Combined Greenhouse Gas Impact 2023–2025	20%					
PSP 2024–2026	Relative Total Shareholder Return (TSR) compared to the STOXX Europe 600 Index	80%	October 2024	54,038	February 2024	33,700, prorated 15,446	March 2027
	Combined Greenhouse Gas Impact 2024–2026	20%					

The President and CEO Heikki Malinen is also entitled to a one-time supplementary arrangement of 1,250,000 EUR payable in shares (Restricted Share Plan, vesting in October 2025) which was granted at hire in recognition of forfeiting previous employer awards according to Neste Remuneration Policy. In determining the value of this award, the Board took due account of the structure, time horizons, value and performance targets of his forfeited awards. The one-time award was granted in shares to create a link to company long-term share performance and encourage share ownership.

Remuneration and company performance over the last five financial years

Average compensation, EUR		2020	2021	2022	2023	2024
Average compensation of Members of the Board ¹⁾		44,386	51,368	72,512	63,191	83,455
President and CEO (taxable value of the remuneration in each year)	Peter Vanacker (In CEO role from 11/2018 until 4/2022)	1,804,816	2,046,357	704,465	-	-
	Matti Lehmus (In CEO role from 5/2022 until 14 October 2024)	-	-	731,441	2,014,265	1,389,864
	Heikki Malinen (In CEO role from 15 October 2024)	-	-	-	-	298,765
Average compensation of Neste employee ²⁾		70,751 ³⁾	77,529 ⁴⁾	86,367 ⁵⁾	88,551	84,539
Average compensation of Neste employee in Finland ²⁾		66,225 ³⁾	72,478 ⁴⁾	75,742 ⁵⁾	76,965	73,775
Company performance						
Comparable EBITDA (MEUR)		1,929	1,920	3,537	3,458	1,252

¹⁾ Includes all fees paid to the members (annual board fees, meeting fees). The payment practice changed in 2022 and board fee was paid monthly until AGM and total annual board fee from board membership 2022–2023 was paid in May 2022.

²⁾ Includes all wages and salaries incl. incentive payments (STI based on 2024 accrual, LTI based on accounting value) without indirect employee costs (social security costs, pension costs, other costs) divided by the average number of personnel during the year.

³⁾ Cost provision for personnel arrangements related to the Naantali refinery closure of EUR 22 million has been eliminated from wages and salaries before calculating the average.

⁴⁾ The unused amount of cost provision reversal for personnel arrangements related to the Naantali refinery closure of EUR 11 million has been eliminated from wages and salaries before calculating the average. The average compensation between 2019 and 2020 has increased partly due to the divestment of Neste operations in Russia in 2019 covering 1,133 employees, and between 2020 and 2021, due to personnel decreases related to the closure of the Naantali refinery. Simultaneously, the strategic headcount increase has focused on white-collar and higher employee cost markets.

⁵⁾ The unused amount of cost provision reversal for personnel arrangements related to the Naantali refinery closure of EUR 500,000 was eliminated from wages and salaries before calculating the average. The average compensation has increased, partly due to a strategic headcount increase in higher employee cost markets. Simultaneously, the short-term incentive provision is higher than in the previous year.