

Remuneration



Neste Oil's policy of providing fair and motivational remuneration is intended to encourage personnel to perform at their best.

Neste Oil applies and observes the requirements of local employment legislation and collective bargaining agreements that determine things such as minimum wages and supplements such as overtime pay wherever it operates. Managers are kept informed about local collective bargaining agreements and remuneration systems as part of their management training.

Overall remuneration at Neste Oil covers elements such as the following:

- **Basic salary:** monthly salary and agreed supplements
- **Flexible component:** performance incentives, recognition for excellent performance, share-based incentives, Personnel Fund (in Finland)
- **Additional benefits:** fringe benefits, health care, insurance cover, other benefits, and
- **Career development opportunities:** training and professional development, performance-based management, feedback, and recognition.

Remuneration principles updated

Neste Oil's Group-wide employee remuneration principles were updated during 2013. These updated principles are intended to promote more effective implementation of the company's strategy, encourage personnel to perform well in their jobs and work in accordance with Neste Oil's values, motivate people to take on responsibility, and ensure the overall fairness and transparency of the remuneration that Neste Oil pays its employees. These principles are applied wherever Neste Oil operates within the framework of local collective bargaining agreements, national labor markets, and the local competitive environment. The updated principles will help secure the implementation of the new Way Forward initiative introduced in 2013.

Read more about [Way Forward](#).

Neste Oil's senior executives do not come within the scope of collective bargaining agreements, and are covered instead by Neste Oil's senior management remuneration principles.

Learn more about [the remuneration principles covering senior management and the CEO & President](#).

Learn more about the [remuneration of senior management and the CEO & President](#).

Learn more about [the long-term incentive plan](#).

Short-term and long-term incentive systems

All personnel are covered by Neste Oil's incentive systems. The main short-term incentive is the annual performance-based incentive system, which was updated in 2013. The revamped system gives greater emphasis to target-setting that bypasses traditional team boundaries and to Neste Oil's overall financial performance.

The Personnel Fund represents Neste Oil's main long-term incentive and covers the Group's employees in Finland. Similar funds do not exist in other countries where Neste Oil operates.

Fringe benefits

In addition to salary, Neste Oil aims to offer its employees competitive fringe benefits in line with local market practices, such as – in the cases of Finland – comprehensive health care, a Personnel Fund, and an insurance fund. A new global management model was introduced in 2013, under which decision-making covering new fringe benefits will be handled by the Group HR function on a centralized basis.

Updated tools for defining and classifying job descriptions

The model used for defining and classifying job descriptions was updated in 2013 to bring greater transparency and comparability to this area, and simplify the work of managers. The entire Group switched over to the new system as of 1 January 2014. In advance of the switchover, managers were trained on how to use the new approach, which they reviewed with the members of their teams in employees' performance and development discussions.

New pay system covering chemical industry introduced in Finland

A new pay system was introduced at the Porvoo and Naantali refineries at the beginning of 2013 linking pay increases to employee's expertise and personal capabilities. The new system will provide a road map for pay through a person's entire career and will encourage employees to extend their skill set. The change has affected a total of around 1,000 people.

As part of the system, a new method for assessing people's skills has also been launched. Reviewing people's personal performance and capabilities annually will be one of the factors taken into account in determining people's salary from now on.

The method was trialed during 2013 and was officially introduced at the beginning of 2014.

In terms of personal development, employees coming within the scope of the new pay system have the opportunity to study for various professional qualifications and progress to higher pay grades as a result. Two groups of around 20 people began studying for a qualification at the Porvoo refinery in 2013. Neste Oil's aim is to further develop and extend the professional qualifications available and offer employees the opportunity to study for more advanced, specialist qualifications as well.