



Neste

2017

Corporate Governance  
Statement

**NESTE**

# Corporate Governance Statement 2017

## Corporate Governance Statement 2017

This Corporate Governance Statement has been prepared pursuant to the 2015 Corporate Governance Code, Chapter 7, Section 7 of the Securities Markets Act, as well as Section 7 of the Ministry of Finance's Decree on the Regular Duty of Disclosure of an Issuer of a Security. The Corporate Governance Statement is issued separately from the Review by the Board of Directors and it can be found at [www.neste.com/investors](http://www.neste.com/investors).

## Regulatory framework

Neste Corporation ("Neste" or the "Company") observes good corporate governance practices in accordance with the laws and regulations applicable to Finnish listed companies, the Company's own Articles of Association, and the Finnish 2015 Corporate Governance Code. The Corporate Governance Code can be found at [www.cgfinland.fi](http://www.cgfinland.fi). Neste also complies with the rules of Nasdaq Helsinki Ltd, where it is listed, and the rules and regulations of the Finnish Financial Supervisory Authority.

Neste's Audit Committee has reviewed the Corporate Governance Statement, and the Company's Auditors, PricewaterhouseCoopers Oy, has monitored that it has been issued and that the description of the main features of the internal control and risk management related to the financial reporting process included in the statement matches the Financial Statements.

Neste issues Consolidated Financial Statements and interim reports in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, the Securities Market Act, as well as the appropriate Financial Supervisory Authority standards, and Nasdaq Helsinki Ltd.'s rules. The Review by the Board of Directors and the Parent Company's Financial Statements are prepared in accordance with the Finnish Accounting Act and the opinions and guidelines of the Finnish Accounting Board.

## Governance Bodies

The control and management of Neste is split between the Annual General Meeting of Shareholders (AGM), the Board of Directors, and the President and Chief Executive Officer. Ultimate decision-making authority lies with shareholders at the AGM which appoints the members of the Board of Directors and the Auditor. The Board of Directors is responsible for Neste's strategy and overseeing and

monitoring the Company's business. The Board of Directors appoints the President and CEO. The President and CEO, assisted by the Neste Executive Board (NEB) and Neste Executive Management Board (NEMB), is responsible for managing the Company's business and implementing its strategic and operational targets.

Neste's headquarters are located in Espoo, Finland.

## Neste's Governance Bodies



## Annual General Meeting

Under the Finnish Companies Act, shareholders exercise their decision-making power at General Meetings of Shareholders (AGM), and attend meetings in person or through an authorized representative. Each share entitles the holder to one vote.

Shareholders at the AGM make decisions on matters including:

- the approval of the Financial Statements,
- the distribution of profit for the year detailed in the Balance Sheet,
- discharging the members of the Board of Directors and the President and CEO from liability, and
- the election and remuneration of the Chair, the Vice Chair, and the members of the Board of Directors and the Auditor.

The AGM is held annually before the end of June. An Extraordinary General Meeting of Shareholders addressing specific matters can be held, when considered necessary by the Board of Directors, or when requested in writing by the Company's Auditor or by shareholders representing at least one-tenth of all Company shares.

Under the Articles of Association, an invitation to a General Meeting of Shareholders shall be delivered to shareholders by publishing it on the Company's website [www.neste.com](http://www.neste.com) no earlier than two months, and no later than three weeks prior to a meeting, but at least nine days before the record date set for the meeting under the terms of the Companies Act. In addition, the Company shall publish details on the date and location of the meeting, together with the address of the Company's website, in one or more newspapers within the same period of time.

Neste is not aware of any shareholders' agreements regarding the Company's shares.

## 2017

The 2017 AGM was held in Helsinki on Wednesday, 5 April 2017 and adopted the Parent Company's Financial Statements and the Consolidated Financial Statements for 2016, and discharged the Board of Directors, and the President and CEO from liability for 2016. The AGM also approved the Board of Directors' proposal regarding the distribution of the Company's profit for 2016, sanctioning payment of a dividend of EUR 1.30 per share. This was paid to all shareholders included in the register of shareholders maintained by Euroclear Finland on the record date set for payment of the dividend, which was 7 April 2017. The payment was made on 18 April 2017. The AGM also decided the composition of the Board of Directors and the remuneration to be paid to the members of the Board of Directors, and appointed the Auditor.

### Shareholders' Nomination Board

Following the proposal by the Board of Directors, the 2013 AGM decided to establish a permanent Shareholders' Nomination Board to be responsible for drafting and presenting proposals covering the remuneration and number of members of the Company's Board of Directors and for presenting candidates as potential Chair, Vice Chair, and members at the Board to the AGM and to an Extraordinary General Meeting of Shareholders when needed. The Shareholders' Nomination Board shall also be responsible for identifying successors for existing Board Members.

The Shareholders' Nomination Board shall consist of four (4) members, three of which shall be appointed by the Company's three largest shareholders, who shall appoint one member each. The Chair of the Company's Board of Directors shall serve as the fourth member.

The Company's largest shareholders entitled to elect members to the Shareholders' Nomination Board shall be annually determined on the basis of the registered holdings in the Company's list of shareholders held by Euroclear Finland Ltd. as of the first weekday in September in the year concerned. The Chair of the Company's Board of Directors shall request each of the three largest shareholders

established on this basis to nominate one member to the Shareholders' Nomination Board. In the event that a shareholder does not wish to exercise his or her right to appoint a representative, the right shall pass to the next-largest shareholder who would not otherwise be entitled to appoint a member.

The Chair of the Board of Directors shall convene the first meeting of the Shareholders' Nomination Board, which will be responsible for electing a Chair from among its members; the Shareholders' Nomination Board's Chair shall be responsible for convening subsequent meetings. When the members of the Shareholders' Nomination Board has been appointed, the Company will issue a release to this effect.

The Shareholders' Nomination Board shall serve until further notice, unless the AGM decides otherwise. Its members shall be appointed annually and their term of office shall end when new members are appointed to replace them.

The Shareholders' Nomination Board shall forward its proposals for the AGM to the Company's Board of Directors annually by 31 January, prior to the holding of the AGM. Proposals intended for a possible Extraordinary General Meeting of Shareholders shall be forwarded to the Company's Board of Directors in time for them to be included in the invitation to the meeting sent out to shareholders.

### Composition of the Shareholders' Nomination Board prior to the 2018 AGM

On 6 September 2017, the following members were appointed to Neste's Shareholders' Nomination Board: The Chair Pekka Timonen, Director General of the Ministry of Economic Affairs and Employment; Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company; Elli Aaltonen, Director General of Kela and Jorma Eloranta, the Chair of Neste's Board of Directors.

The Shareholders' Nomination Board convened four times and presented its proposal covering the members of the Board of Directors and the remuneration to be paid to them on 30 January 2018.

## Activities

The Shareholders' Nomination Board drafts proposals for the next AGM on the following:

- the number of members of the Board of Directors,
- the Chair, the Vice Chair and the members of the Board of Directors, and
- the remuneration to be paid to the Chair, the Vice Chair, and the members of the Board of Directors.

The nomination process of the Shareholders' Nomination Board, its composition, and activities are detailed in its Charter.

## Shareholders' Nomination Board members

### Pekka Timonen

Doctor of Law, Chair of the Shareholders' Nomination Board since 6 September 2017.

Born in 1960.

Director General of the Labour and Trade Department in Ministry of Employment and the Economy. Chair of the Shareholders' Nomination Board of Neste. Member and Vice Chair of the Board of Directors of Finnvera Plc, Member of Board of Directors of Finrail, and Member of Board of the Finnish Literature Society.

Holdings in Neste Corporation on 31 December 2017: 0 shares. <sup>1)</sup>

State of Finland: 128,458,247 shares. <sup>2)</sup>

### Elli Aaltonen

M.A., M Soc Sc, D Soc Sc, Member of the Shareholders' Nomination Board.

Born in 1953.

Director General of the Social Insurance Institution of Finland, Kela. Member of the Shareholders' Nomination Board of Neste. Member of the Board and the Advisory Board of the University of Eastern Finland. Member of the Advisory Board of HAUS, Finnish Institute of Public Management. Chair of International Council on Social Welfare ICSW in Finland.

Holdings in Neste Corporation on 31 December 2017: 0 shares. <sup>1)</sup>

The Social Insurance Institution of Finland, Kela: 2,648,424 shares. <sup>2)</sup>

### Jorma Eloranta

M.Sc. (Tech.), D.Sc. (Tech.) h.c., Member of the Shareholders' Nomination Board.

Born in 1951.

Non-executive Director. Chair of the Boards of Neste, Stora Enso and Uponor Corporation. Chair of the Board and President of Pienelo Ltd. Vice Chair of the Board of the Finnish Fair Foundation. Member of the Board of Cargotec. Chair of the Personnel and Remuneration Committee's of Neste and Uponor. Chair of the Remuneration Committee of Stora Enso. Member of the Nomination and Compensation Committee of Cargotec. Member of the Financial and Audit Committee of Stora Enso. Member of the Shareholders' Nomination Board of Neste and Stora Enso. Expert member of the Shareholders' Nomination Board of Uponor. Vice Chairman of the Supervisory Board in Finnish Naval Foundation.

Holdings in Neste Corporation on 31 December 2017: 13,985 shares. <sup>1)</sup>

### Timo Ritakallio

Ph.D. (Tech.), M.Sc. (Laws), MBA. Member of the Shareholders' Nomination Board.

Born in 1962.

President and CEO of Ilmarinen Mutual Pension Insurance Company. From March 2018 onwards President and Group Executive Chairman of OP Financial Group, Member of the Nomination Boards of Elisa, Fortum, Neste, Orion, Outokumpu, Technopolis, Tieto and Valmet.

Holdings in Neste Corporation on 31 December 2017: 0 shares. <sup>1)</sup>

Ilmarinen Mutual Pension Insurance Company: 4,700,000 shares. <sup>2)</sup>

Holdings in Neste Corporation on 31 December 2017:

<sup>1)</sup> Own holdings and controlled entities.

<sup>2)</sup> Shareholder's holdings represented by the member of the Shareholders' Nomination Board.

The members of the Shareholders' Nomination Board appointed on 6 September 2017 attended meetings in 2017–2018 as follows:

	Attendance
<b>Pekka Timonen</b>	4/4
<b>Elli Aaltonen</b>	3/4
<b>Jorma Eloranta</b>	4/4
<b>Timo Ritakallio</b>	4/4

The meeting on 30 January 2018 which accepted the proposals for the 2018 AGM was attended by all members of the Shareholders' Nomination Board.

## Composition of the Shareholders' Nomination Board prior to the 2017 AGM

The Shareholders' Nomination Board responsible for preparing the 2017 AGM comprised Eero Heliövaara, Director General of the Prime Minister's Office's Ownership Steering Department (Chair); Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company; Elli Aaltonen, Director General of Kela; and Jorma Eloranta, the Chair of Neste's Board of Directors.

The Shareholders' Nomination Board convened four times and presented its proposal covering the members of the Board of Directors and the remuneration to be paid to them on 27 January 2017.



## Board of Directors

In accordance with Neste's Articles of Association, the Board of Directors has between five and eight members, which are elected at the AGM for a period of office that extends to the following AGM.

### Diversity of the Board of Directors

In planning the composition of a skilled, competent, experienced, and effective Board of Directors from the viewpoint of diversity, the Shareholders' Nomination Board also follows the following diversity principles defined by the Company.

A cooperative and functional Board of Directors requires diversity for it to be able to respond to the requirements set out in Neste's business and strategic objectives and to support and challenge the company's operational management in a proactive and constructive manner. Significant factors concerning the composition of the Board of Directors include 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 existing in different development phases, as well as the personal qualities of each member, all of which add diversity to the Board of Directors. The diversity of the Board of Directors is also supported by experience in industrial fields and markets that are strategically significant for Neste, experience and abilities in technologies and the international operating environment, and a diverse age and gender distribution so that both genders are always adequately represented in the Board of Directors. In considering the composition of the Board of Directors, it is important to pay attention to Neste's current and evolving needs, and to ensure that the Board of Directors, as a whole, enables the current and future business development of Neste, which diversity also supports.

Neste's 2017<sup>1)</sup> Board of Directors was composed of eight members, all of whom hold a university-level degree, and two of whom have a doctorate. All of these degrees are from different fields, with technical fields being in the majority. Each member of the Board of Directors has

international work experience in different types of positions, and has worked or is working in the Board of Directors or management of listed or unlisted companies. Two members have worked in managerial positions at major international oil companies. The Board of Directors is also diverse in terms of cultural backgrounds: its members come from five different countries and speak five different native languages. Women comprise 38% of all members of the Board of Directors. With regard to age, the members of the Board of Directors are divided evenly between 51 and 69 years of age. The duration of the terms of office of the Board members is divided as follows: three members have been on the Board of Directors for more than four years, while five members have been on the Board of Directors for less than four years.

<sup>1)</sup> *Reflects the situation until 30 November when Heike van de Kerkhof resigned from the Board of Directors.*

### Activities of the Board of Directors

The Board shall have at least eight regular meetings annually, all scheduled in advance, with extraordinary meetings when necessary. Extraordinary meetings, if requested by a Board Member or the President and CEO, shall be convened by the Chair, or, if the Chair is prevented from attending, by the Vice Chair, or if deemed necessary by the Chair. The Board constitutes a quorum if more than half of its members are present. The Board is responsible for preparing an operating plan for itself for its period of office between Annual General Meetings, to include a timetable of meetings and the most important matters to be addressed at each meeting. The Board evaluates its performance annually to determine whether it is functioning effectively after the end of each financial year.

### Duties of the Board of Directors

The Board's responsibilities and duties are defined in detail in the board-approved Charter.

A member of the Board of Directors may not take part in decision-making in matters regarding (i) agreements between such member and any entity within the Neste Group, (ii) agreements between any entity within the Neste

Group and third parties where such member has a material interest in the matter which may conflict with the interest of Neste or any other entity within the Neste Group, and (iii) agreements between any entity within the Neste Group and a legal entity which such member may represent, either individually or together with any other person; provided however, that this point (iii) does not apply where the party contracting with Neste is a company within the Neste Group. The term 'agreement' as used here includes litigation or other legal proceedings arising from or relating to such agreements.

### 2017

The 2017 AGM confirmed the membership of the Board of Directors as being comprised of eight members. Mr. Jorma Eloranta, Ms. Martina Flöel, Ms. Heike van de Kerkhof, Mr. Matti Kähkönen, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber and Mr. Marco Wirén. Mr. Jorma Eloranta was re-elected as Chair and Mr. Matti Kähkönen was elected as Vice Chair.

The Board convened 13 times in 2017. The attendance rate at the meetings was 97%.

The successor planning concerning the President and CEO was during 2017 a focus area of the Board and the Personnel and Remuneration Committee, and such successor planning resulted in the appointment of a new President and CEO of the Company on 8 February 2018. Other focus areas for the Board work in 2017 included pursuant to an agenda approved by the Board, implementation of the approved growth strategy, speeding up R&D activities, operational excellence as well as talent management and senior management successor planning. Various matters has, based on such agenda, been discussed, reviewed and decided, as the case has been, by the Board. In addition to such agenda and matters set out in the Board Charter, the Board has monitored the company's financial performance and status, engaged in discussions with management on developing the business strategy and approved their base strategic approach, overseen strategy execution and evaluated the changes in the long-term operational environment and their impact

on the company's business operations. The Board paid attention to the development of safety whilst monitoring the measures taken to improve production unit availability and to develop operating methods. The Board also monitored the company's growth program for renewable fuels, including plans for additional production capacity, flexibility of the renewable product material base and development of the business in various renewable product solutions, such as renewable aviation fuels and bio-based chemicals. In addition, the Board paid attention to improving risk control.

Details on the independent status of members, their role in committee work, and their attendance at meetings can be found in the following table.

### Board of Directors, 31 December 2017

	Position	Born	Education	Main Occupation	Independent of the company	Independent of major shareholders	Personnel and Remuneration Committee	Audit Committee	Attendance at meetings	
									Board	Committees
<b>Jorma Eloranta</b>	Chair	1951	M.Sc. (Tech.) D.Sc. (Tech.) h.c	Non-Executive Director	•	•	•		13/13	7/7
<b>Martina Flöel</b>	Member	1960	PhD (Chem.)	Non-Executive Director	•	•		•	12/12	5/5
<b>Maija-Liisa Friman</b> <sup>3)</sup>	Vice Chair	1952	M.Sc. (Chem. Eng.)	Non-Executive Director	•	•	•		1/1	1/1
<b>Heike van de Kerkhof</b> <sup>1)</sup>	Member	1962	B.Sc. (Mech.Eng.), MBA	Managing Director, Chemours Titanium Technologies	•	•	•		10/10	4/5
<b>Matti Kähkönen</b>	Vice Chair	1956	M.Sc. (Eng.)	Non-Executive Director	•	•	•		12/12	6/6
<b>Laura Raitio</b> <sup>2)</sup>	Member	1962	Lic.Tech.	Non-Executive Director	•	•	•	•	13/13	1/1 + 6/6
<b>Jean-Baptiste Renard</b>	Member	1961	M.Sc. (Eng.)	Non-Executive Director	•	•	•		13/13	7/7
<b>Willem Schoeber</b>	Member	1948	Dr. (Tech.)	Non-Executive Director	•	•		•	12/13	6/6
<b>Kirsi Sormunen</b> <sup>3)</sup>	Member	1957	M.Sc. (Econ.)	Non-Executive Director	•	•		•	1/1	1/1
<b>Marco Wirén</b>	Member	1966	M.Sc. (Econ.)	Executive Vice President and CFO of Wärtsilä	•	•		•	11/13	6/6

<sup>1)</sup> resigned from the Board of Directors on 30 November 2017

<sup>2)</sup> replaces van de Kerkhof as a member of the Personnel and Remuneration Committee as of 30 November 2017

<sup>3)</sup> member of the Board of Directors until the AGM, 5 April 2017

The shareholdings of the members of the Board of Directors are presented next to their CVs. The remuneration paid to the members of the Board of Directors are detailed in the Remuneration Statement.

# Members of the Board of Directors

Jorma Eloranta



(born in 1951)  
M.Sc. (Tech.), D.Sc. (Tech.) h.c.  
Chair of the Board  
Member of the Board of Directors since 2011  
Independent member

President and CEO of Metso Corporation 2004–2011. President and CEO of Kvaerner Masa-Yards Inc. 2001–2003. President and CEO of Patria Industries Group 1997–2000. Deputy Chief Executive of Finvest Group and Jaakko Pöyry Group 1996. President of Finvest Ltd 1985–1995. Chair of the Board of Suominen Corporation 2011–2017. Chair of the Boards of Stora Enso and Uponor Corporation. Chair of the Board and President of Pienelo Ltd. Vice Chair of the Board of the Finnish Fair Foundation. Member of the Board of Cargotec. Chair of the Personnel and Remuneration Committees of Neste and Uponor. Chair of the Remuneration Committee of Stora Enso. Member of the Nomination and Compensation Committee of Cargotec. Member of the Financial and Audit Committee of Stora Enso. Member of the Shareholders' Nomination Board of Neste and Stora Enso. Expert member of the Shareholders' Nomination Board of Uponor. Vice Chair of the Supervisory Board in Finnish Naval Foundation.

Holdings in Neste Corporation on 31 Dec 2017: 13,985 shares <sup>1)</sup>

Matti Kähkönen



(born in 1956)  
M.Sc. (Engineering)  
Vice Chair of the Board  
Member of the Board of Directors since 2017  
Independent member

Senior Advisor, Metso Corporation 2017–. President and CEO, Metso Corporation 2011–2017. Executive Vice President and Deputy to the CEO, Metso Corporation 2010–2011. President, Mining and Construction Technology, Metso Corporation 2008–2011. President, Metso Minerals 2006–2008. President, Metso Automation 2001–2006. President, Metso Automation, Field Systems Division 1999–2001. Prior to year 1999, various managerial and development positions in Neles-Jamesbury and Rauma-Repola.

Mr. Kähkönen also holds various positions of trust. He is board member of The Research Institute of the Finnish Economy (EVA/ETLA), Chair of the TT fund of the Confederation of Finnish Industries, Chair of the advisory board of the Tampere University of Technology, and Chair of the super advisory board of the Ilmarinen Mutual Pension Insurance Company, among others. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2017: 2,270 shares <sup>1)</sup>

Martina Flöel



(born in 1960)  
M.Sc. (Chemistry), PhD (Chemistry)  
Member of the Board of Directors since 2017  
Independent member

CEO of Oxea 2007–2016. Managing Director and EVP, Europe of European Oxo in 2003–2007. Vice President Oxo Chemicals, Celanese Chemicals 2000–2003. Plant Manager Böhlen, Celanese Chemicals 1998–2000. Prior to year 1998, various managerial and directorial positions in the Hoechst Group. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2017: 0 shares <sup>1)</sup>

Laura Raitio



(born in 1962)  
M.Sc. (Chem. Eng.), Lic. Tech. (forest products technology)  
Member of the Board of Directors since 2011  
Independent member

CEO of Diacor Medical Services 2014–2017. Executive Vice President, Building and Energy 2009–2014 and Member of the Executive Management Team 2006–2014, Ahlstrom. Ahlstrom's Senior Vice President, Marketing (sales network, human resources, communications and marketing) 2006–2008. Ahlstrom's Vice President and General Manager for Wallpaper & Poster, Pre-impregnated Decor, Abrasive Base in Osnabrück, Germany 2002–2005. Managing Director of Ahlstrom Kauttua 2001–2002. Several managerial positions within Ahlstrom's specialty paper business since 1990. Member of the Board of Boardman, Suominen and Raute. Member of Neste's Audit as well as Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2017: 1,500 shares <sup>1)</sup>

<sup>1)</sup> Holdings in Neste Corporation: own holdings and controlled entities.

## Jean-Baptiste Renard



(born in 1961)  
**M.Sc. (Eng) and an engineering diploma in petroleum economics from the French Petroleum Institute (IFP)**  
**Member of the Board of Directors since 2014**  
**Independent member**

Founder and CEO, 2PR Consulting, independent energy expert and consultant. Several positions at BP 1986–2010; Regional Group Vice President for Europe and Southern Africa BP Plc 2006–2010, Group Vice President, Business Marketing and New Markets, and member of Downstream Executive Committee BP Plc 2003–2006. Non-Executive Director of Masana Petroleum Solutions (South-Africa); Non-Executive Director of IFP Training (France); Non-Executive Director of CLH (Spain); pro bono consulting for social entrepreneurs. Supervisory Board Member of Entreprenre&+. Advisory Board Member of IFP School; Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2017: 7,650 shares <sup>1)</sup>

## Willem Schoeber



(born in 1948)  
**Dr. (Chem. Eng.)**  
**Member of the Board of Directors since 2013**  
**Independent member**

Independent business consultant. Chair of the Boards of Directors of EWE Turkey Holding AŞ, Bursagaz AŞ and Kayserigaz AŞ 2010–2015. Member of the Management Board of EWE AG, responsible for power generation and international business (Turkey and Poland) 2010–2013. Chair of the Management Board at swb AG (Bremen) 2007–2011. Several positions at Royal Dutch Shell Group's companies 1977–2007, in particular in oil refining. Member of the Supervisory Board of Gasunie N.V. (Groningen) since 2013 and Member of the Board of Directors of Societatea Energetica "Electrica" S.A. (Bucharest) since 2016. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2017: 2,000 shares <sup>1)</sup>

## Marco Wirén



(born in 1966)  
**M.Sc (Econ.)**  
**Member of the Board of Directors since 2015**  
**Independent member**

Executive Vice President and Chief Financial Officer Wärtsilä since 2013. SSAB, Executive Vice President and CFO 2008–2013; SSAB, Vice President Business control 2007–2008; Eitel Networks, CFO and Vice President Business Development 2002–2007; NCC, Vice President Business Development and Group Controller 1995–2001. Chair of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2017: 1,000 shares <sup>1)</sup>

## Heike van de Kerkhof

**Member of the Board of Directors until 30 November 2017**

(born in 1962)  
**B.Sc. (Mechanical Engineering), MBA**  
**Independent member**

Managing Director, Chemours Titanium Technologies, 2015–. Business Director, El DuPont Titanium Technologies 2013–2015. Chairperson of the Supervisory Board, DuPont Deutschland 2013–2015. European Growth Director, DuPont Food Industry Packaging and Industrial Polymers, DuPont De Nemours & Company 2008–2012. Global Venture Leader, DuPont Packaging Solutions 2006–2008.

Holdings in Neste Corporation on 30 Nov 2017: 0 shares <sup>1)</sup>

<sup>1)</sup> Holdings in Neste Corporation: own holdings and controlled entities.



## Board Committees

The Board has established an Audit Committee, which has four members, and a Personnel and Remuneration Committee, which has four members. A quorum exists when more than two members, including the Chair, are present. All members are elected from amongst the members of the Board for a one-year term. The tasks and responsibilities of each committee are defined in their Charters, which are approved by the Board. The schedule and frequency of committee meetings are determined by the Chair and committee members.

In addition, the Board of Directors can appoint committees as needed, for instance, for significant investment projects or other special tasks. In 2017, a committee of two people was appointed to investigate an important investment plan.

Committees meet at least twice a year. Each committee reports regularly on its meetings to the Board. Reports include a summary of the matters addressed and the measures undertaken. Each committee conducts an annual self-evaluation of its performance and submits a report to the Board.

## Audit Committee

Under its Charter, the Audit Committee shall consist of a minimum of three Board members that are independent of the Company and its subsidiaries, and at least one of whom shall be independent of Neste's major shareholders. Members are required to have sufficient knowledge of accounting practices and the preparation of financial statements and other qualifications that the Board deems necessary. The Audit Committee is permitted to use external consultants and experts when deemed necessary.

## Duties

The responsibilities and duties of the Audit Committee are defined in detail in the Charter approved by the Board.

### 2017

Starting from 5 April 2017, the Audit Committee comprised Marco Wirén (Chair), Laura Raitio, Martina Flöel, and Willem Schoeber. Until 5 April 2017, the Audit Committee comprised Marco Wirén (Chair), Laura Raitio, Willem Schoeber, and Kirsi Sormunen.

The Audit Committee convened 6 times, and the attendance rate was 100%. In addition to the tasks specified in its Charter, the Audit Committee focused on financial reporting and risk management, including, in particular, in relation to market risks. In such context, the Audit Committee monitored e.g. the development of ICT systems, including the project for reforming the ERP system, as well as IT and cyber security. Moreover, the Audit Committee also monitored the preparations for introduction of non-financial reporting and for the EU General Data Protection Regulation (GDPR).

## Personnel and Remuneration Committee

The Personnel and Remuneration Committee consists of the Chair of the Board and at least two non-executive members of the Board.

## Duties

The responsibilities and duties of the Personnel and Remuneration Committee are defined in detail in the Charter approved by the Board.

## 2017

Starting from 5 April 2017, the Personnel and Remuneration Committee comprised Jorma Eloranta as Chair and Heike van de Kerkhof (until 30 November), Laura Raitio (from 30 November) Matti Kähkönen and Jean-Baptiste Renard as members. Until 5 April 2017, the Personnel and Remuneration Committee comprised Jorma Eloranta (Chair), Majja-Liisa Friman, and Jean-Baptiste Renard.

The Personnel and Remuneration Committee convened 7 times in 2017, and the attendance rate was 96%. The Personnel and Remuneration Committee focused during 2017 on the successor planning concerning the President and CEO which successor planning resulted in the appointment by the Board of a new President and CEO of the Company on 8 February 2018. In line with duties coming from its Charter, the Personnel and Remuneration Committee also followed the functioning of short and long-term incentive plans to ensure that they supported the achievement of the objectives and helped improve the Company's performance. Both the follow-up the ongoing performance period and outcomes of the rewarding based on 2016 results were in the scope. The Committee also reviewed the Neste's Senior Management Remuneration Principles. In addition, the Committee focused on development of the key personnel and strategic capabilities required for the new growth strategy and enhancement of the productivity, and the management review, as well as monitoring the developmental progress of the organizational culture.

## President and CEO

Neste's President and CEO, Matti Lievonon (b.1958, B.Sc. (Eng.), eMBA), manages the Company's business operations in accordance with the Finnish Companies Act and instructions issued by the Board of Directors. The President and CEO shall oversee the executive management of the company in accordance with instructions and orders given by the Board of Directors, and is responsible for ensuring that the Company's accounts are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

The President and CEO is appointed by the Board of Directors, which evaluates the performance of the President and CEO annually and approves his remuneration on the basis of a proposal by the Personnel and Remuneration Committee. Information on the remuneration of the President and CEO can be found in the 2017 Remuneration Statement.

## Neste Executive Board

The Neste Executive Board (NEB) assists the President and CEO in managing the Company and in the deployment of the Company's strategic and operational goals. Members are appointed by the Board of Directors. The NEB meets regularly, on average once a month. Information on the remuneration of the members of the NEB can be found in the 2017 Remuneration Statement.

## 2017

The Neste Executive Board comprised eleven members and met 12 times in 2017. In addition to supporting the President and CEO in the fulfillment of his general duties, the NEB boosted the implementation of the strategy by advancing the company's growth program for renewable fuels, including plans for additional production capacity and flexibility of the renewable product material base. In line with a wider focus on customer orientation, special attention was given to renewable product solutions, such as renewable aviation fuels and bio-based chemicals, and development of business models for renewable products in various countries. The NEB also continued its work to improve the company's financial and safety performance which was closely monitored by the NEB on a regular basis. Improvement of availability of production units, guidance relating to the company's investments, development of service concepts and the project for reforming the company's ERP system were also special focus areas of the NEB during 2017.

# Members of the Neste Executive Board

Matti Lievonen



(born 1958)  
 President and CEO,  
 Chair of the Neste Executive Board  
 B.Sc. (Eng.), eMBA  
 D.Sc. (Tech.) h.c.  
 President and CEO since 1 December 2008

Joined the company in 2008. Served as President of the Fine and Speciality Papers Division at UPM-Kymmene Corporation, and in a number of other senior positions at UPM-Kymmene 1986–2008, and prior to that at ABB. Member of UPM-Kymmene's Executive Board 2002–2008. Vice Chair of the Board of Directors of Fortum and Nynas AB. Member of the Board of the Chemical Industry Federation of Finland, SSAB AB and the European Business Leaders' Convention. Member of the Advisory Board of National Emergency Supply Agency and East Office of Finnish Industries Oy. Member of the Finnish Business and Policy Forum EVA and the Supervisory Board of The Finnish Fair Corporation.

Holdings in Neste Corporation on  
 31 Dec 2017: 45,548 shares. <sup>1)</sup>

Kaisa Hietala



(born 1971)  
 Executive Vice President,  
 Renewable Products  
 M.Sc. (Physics), Finland and  
 M.Phil. (Env.Sc.), UK  
 Member of the Neste Executive Board since  
 2014

Joined the company in 1998. Responsible for the Renewable Products business area. Served in several positions at Neste, most recently as Vice President of the Renewable Fuels business 2011–2014, Vice President of Supply and Commercial Director in Singapore 2008–2011. Member of the Board of Kemira Oyj.

Holdings in Neste Corporation on  
 31 Dec 2017: 10,000 shares. <sup>1)</sup>

Matti Lehmus



(born 1974)  
 Executive Vice President,  
 Oil Products  
 M.Sc. (Eng.), eMBA  
 Member of the Neste Executive Board since  
 2009

Joined the company in 1997. Responsible for the Oil Products business area. Previously served as Executive Vice President of the Oil Products and Renewables business area 2011–2014, Executive Vice President of the Oil Products business area 2009–2010, Vice President of the Base Oils business in the Specialty Products Division 2007–2009, Vice President of Oil Refining Business Development (2007) and Gasoline Exports and Trading Manager 2004–2007 in the Oil Refining Division. Chair of the Board of the Finnish Petroleum & Biofuels Association.

Holdings in Neste Corporation on  
 31 Dec 2017: 16,810 shares. <sup>1)</sup>

Panu Kopra



(born 1972)  
 Executive Vice President,  
 Marketing & Services  
 BBA, MBA  
 Member of the Neste Executive Board since  
 2016

Joined the company in 1996. Responsible for Marketing & Services business area. Previously served as Vice President in Oil Retail Sales in Finland and Baltic Rim 2014–2015, Vice President in Oil Retail Russia and Baltic Rim 2010–2014, General Manager in St. Petersburg Russia 2009, Business Development Manager in Renewable Products 2007–2008, Sales Director 2006, General Manager in Latvia 2003–2005 and in several other positions in the company.

Holdings in Neste Corporation on  
 31 Dec 2017: 5,849 shares. <sup>1)</sup>

<sup>1)</sup> Holdings in Neste Corporation: own holdings and controlled entities.

Tuomas Hyryläinen



(born 1977)  
Senior Vice President,  
Emerging Businesses business unit  
M.Sc. (Econ.)  
Member of the Neste Executive Board since  
2012

Joined the company in 2012. Responsible for Emerging Businesses business unit. Previously served as Senior Vice President, responsible for Strategy, New Ventures, Market Intelligence, and M&A operations 2014–2016 and as Senior Vice President, Strategy 2012–2014. Prior to that served as Vice President for Strategy at F-Secure and served in various strategy and business development related positions at Nokia. Member of the Boards of Directors of Nynas AB and Vapo Oy.

Holdings in Neste Corporation on  
31 Dec 2017: 8,709 shares. <sup>1)</sup>

Simo Honkanen



(born 1958)  
Senior Vice President,  
Sustainability and Public Affairs  
M.Sc. (Econ.)  
Member of the Neste Executive Board since  
2009

Joined the company in 2006. Responsible for the Sustainability and Public Affairs activities. Served previously as Vice President, Marketing, Stakeholder Relations and Raw Material Procurement in the Renewable Fuels division 2008–2009, Vice President, New Ventures in the Components Division 2006–2007. Prior to that various positions in Finland and abroad in Shell. Member of the Board of the Smart & Clean Foundation, Member of the Board of Maj and Tor Nessling Foundation.

Holdings in Neste Corporation on  
31 Dec 2017: 19,519 shares. <sup>1)</sup>

Hannele  
Jakosuo-Jansson

(born 1966)  
Senior Vice President,  
Human Resources and Safety  
M.Sc. (Eng.)  
Member of the Neste Executive Board since  
2006

Joined the company in 1990. Responsible for the Group's Human Resources and Safety corporate functions. Served as Vice President, Human Resources at Oil Refining 2004–2005 and Laboratory and Research Manager at the Technology Center 1998–2004. Member of the Board of Directors of Ahlstrom-Munksjö.

Holdings in Neste Corporation on  
31 Dec 2017: 17,072 shares. <sup>1)</sup>

Osmo Kammonen



(born 1959)  
Senior Vice President,  
Communications and Brand Marketing  
M.Sc. (Laws)  
Member of the Neste Executive Board since  
2004

Joined the company in 2004. Responsible for the Group's Communications and Brand Marketing. Served as Senior Vice President, Corporate Communications and Investor Relations; and Communications Manager in various companies in the electronics, engineering, construction materials, and forest products industries.

Holdings in Neste Corporation on  
31 Dec 2017: 14,043 shares. <sup>1)</sup>

<sup>1)</sup> Holdings in Neste Corporation: own holdings and controlled entities.



## Lars Peter Lindfors



(born 1964)  
 Senior Vice President, Technology  
 Ph.D. (Tech.), MBA  
 Member of the Neste Executive Board since 2009

Joined the company in 2007. Responsible for Research & Development, Investment Management, Information Technology, Procurement, and Business Processes. Served previously as Senior Vice President, Technology and Strategy 2009–2012, Vice President for the company's Research and Technology unit 2007–2009, Executive Vice President, Renewal and Development at Perstorp Group 2004–2007, Executive Vice President, R&T&D at Perstorp Group 2001–2004, and prior to that at Neste as R&D Manager and various other positions. Member of the Board of the Fortum Foundation and Finnish Foundation for Technology Promotion.

Holdings in Neste Corporation on 31 Dec 2017: 14,063 shares. <sup>1)</sup>

## Jyrki Mäki-Kala



(born 1961)  
 Chief Financial Officer  
 M.Sc. (Econ.)  
 Member of the Neste Executive Board since 2013

Joined the company in 2013. Responsible for the Group's strategy, financial management, investor relations, and risk management. Served in various business and corporate financial positions at Kemira 2005–2013. Previously worked for Finnish Chemicals 1988–2005. Member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company.

Holdings in Neste Corporation on 31 Dec 2017: 14,013 shares. <sup>1)</sup>

## Christian Ståhlberg



(born 1974)  
 General Counsel  
 LL.M.  
 Member of the Neste Executive Board since May 2017

Joined the company in May 2017. Responsible for the Group's legal affairs. Secretary to the Neste Executive Board, the Board of Directors, the Audit Committee, the Shareholders' Nomination Board and to the Stakeholder Advisory Panel. Served previously as General Counsel of Rettig Group Ltd 2015–2017, Director, Legal in Pohjola Bank plc 2011–2014, Senior Legal Counsel in Neste Oil Corporation 2007–2011 and Senior Associate in Roschier Attorneys Ltd 1998–2007.

Holdings in Neste Corporation on 31 Dec 2017: 0 shares. <sup>1)</sup>

<sup>1)</sup> Holdings in Neste Corporation: own holdings and controlled entities.

## Neste Executive Management Board

The Neste Executive Management Board (NEMB) is responsible for leading and setting operational business targets and monitoring progress on achieving them.

### 2017

The Neste Executive Management Board comprised the President & CEO, business area Executive Vice Presidents, the CFO and the Senior Vice President, Emerging Businesses business unit. The NEMB met 12 times in 2017.

## Company Auditor

The AGM elects the Auditor annually. The Auditor's term of office ends at the end of the next AGM following election.

The Auditor is responsible for auditing the Company's accounts, its financial statements, and Neste's administration. The Auditor's Report covers the Consolidated Financial Statements and the Parent Company's Financial Statements, and can be found in the Financial Statements section of the Annual Report.

## Fees charged by the statutory auditor

EUR 1,000	2017	2016
Audit fees	1,326	936
Other	419	288
Total	1,745	1,224

### 2017

Audit Firm PricewaterhouseCoopers Oy served as Neste's Auditor until 5 April 2017, with Authorized Public Accountant Mr. Markku Katajisto as the principally responsible auditor. The AGM re-elected PricewaterhouseCoopers Oy as the Audit Firm on 5 April 2017, with Authorized Public Accountant Mr. Markku Katajisto continuing to serve as the principally responsible auditor, until the end of the next AGM.

## Internal Audit

Neste's Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve the operations of Neste. As a component in the corporate governance process, it supports the organization by systematic risk and assurance based approach to evaluate and improve the effectiveness of risk management and control and governance processes.

Internal Audit evaluates the actualization of objectives, financial effectiveness, safeguarding of assets and compliance of laws and regulations. In the scope of each audit project Internal Audit assures also that the organizational structure and governance model enable efficient decision-making and steering system including clear roles and responsibilities and key policies and guidelines. In addition, the adequate monitoring systems and reporting practices are in the scope of audit.

Internal Audit is responsible of creating and executing the annual audit plan, proposing findings, recommendations and continuous improvement actions that add value for Neste and mitigate risks in its operations. Neste's strategic and operative objectives and risks of businesses related to them are the key elements of audit planning and execution. To assure effective, and efficient and value adding process, Internal Audit co-operates actively with other Neste's assurance service functions and top management and shares best practices from a process and governance point of view.

Internal Audit is also responsible for conducting special assignments on behalf of management or the Board of Directors' Audit Committee. As part of audits, Internal Audit assesses that the values and Code of Conduct determined by Neste top management are complied with. Neste has on its website a new whistle-blowing system to all Neste's internal and external stakeholders, including various actors in its supply chains. Ethics Online serves as a grievance

mechanism and enables Neste's stakeholders to raise possible concerns on Neste's practices without fear of reprisals. Internal Audit is responsible for evaluating and investigating cases. The possible irregularities or misconducts are investigated and reported regularly to the Board of Directors' Audit Committee.

Internal Audit follows the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors. Internal Audit reports directly to Board of Directors' Audit Committee and administratively to the President and CEO. The Board of Directors is responsible for approving Internal Audit Charter and annual audit plan. Internal Audit Charter includes the determination regarding Internal Audit position, operational model, process and reporting lines. Internal Audit has at least annually a non-executive meeting with the Audit Committee members and the Audit Committee Chairman. Neste's Head of Internal Audit is responsible for the internal audit operations, and manages in-house internal audit resources and operates as the coordinator towards outsourced service providers.

### 2017

Internal Audit function continued cooperation with other Neste assurance and service functions to create and enhance risk and compliance based audit activities.

Internal Audit continued operating with co-sourcing model using audit resources and experts effectively in order to achieve audit related objectives. Neste's key business processes, locations, projects and risk areas were focus areas during the year 2017, including for example Turnarounds, ICT projects and safety & environmental practices.

## Compliance function

Neste conducts its business and operates in compliance with applicable laws, regulations and widely accepted practices for good corporate governance. Neste's Code of Conduct sets the core requirements for its employees to follow. It is the responsibility of every employee to conduct his/her business activities and operations in compliance with these provisions. Compliance in Neste not only seeks adherence to formal laws and regulations but also promotes the integrity of the company, its businesses and employees.

The purpose of Neste's Compliance function is to strengthen the effectiveness of compliance within the Company. It supports Neste's management in maintaining and developing the company's compliance practices. Compliance function works in close collaboration with Neste's business areas, common functions and other internal assurance organizations, in particular the Risk Management and the Internal Audit functions. Compliance function is headed by the Chief Compliance Officer (CCO), who reported in 2017 to Neste's Chief Financial Officer. The CCO is supported by the Company's Compliance Committee the purpose of which is to increase management oversight on compliance related issues and to ascertain the adequacy of mitigation actions in higher risk compliance areas. The Company's Ethics Committee steers and supports ethics, fraud and other misconduct related whistle-blowing process.

## Insider administration procedures

Neste complies with the EU Market Abuse Regulation (596/2014), including related regulation, as well as Nasdaq Helsinki Ltd's Insider Guideline as a minimum standard on insider matters. In addition, the Board of Directors has approved the Company's own Guidelines for Insiders on 9 June 2016.

The Company's General Counsel is responsible for the coordination and supervision of insider matters, along with the insider register manager, the insider communication manager and individuals responsible as heads of project-specific registers. All the above individuals have their own deputies. In addition, the head of each common function or business area is responsible for supervising insider matters within his or her organization. The Company arranges training related to the insider guidelines.

The creation and maintenance of a project-specific insider register is the responsibility of the head of such register, who is named in the relevant project-specific insider register.

The Company has defined, as persons discharging managerial responsibilities, the members of the Board of Directors and its secretary, the President and CEO, as well as the members of the Neste Executive Board and its secretary. These managerial persons and their closely associated persons must report their own transactions conducted with the Company's financial instruments or financial derivatives to the Company and the Financial Supervisory Authority without delay, and no more than three business days of completing the business transaction. Reports to the Company and the Financial Supervisory Authority can be made by following the instructions on [www.neste.com/trading](http://www.neste.com/trading).

The Company has also named certain other persons as core persons as they have better or more information about the Company than the market. These individuals are typically ones that prepare the company's Interim Reports and Financial Statements, persons responsible for the Company's finances, financial reporting or communication, or persons that have access to said information, as well as certain individuals in executive positions.

Persons discharging managerial responsibilities and core persons may not trade with or conduct business with the

company's financial instruments for themselves or a third party, directly or indirectly during the period from the closing date of an interim or annual accounting period to the date of publication of the interim report or financial statements for that period. The minimum period concerned is always a minimum period of 30 days prior to the date of publication of the interim report or the financial statements, including the date of publication ('closed window').

The Company also maintains a project or event-specific list of insiders for all individuals that have access to insider information and that are employed by the Company or otherwise perform tasks that provide them access to insider information. Individuals who participate in the development and preparation of projects or events that involve insider information, such as mergers and acquisitions, are considered project or event-specific insiders. Project-specific insiders may not trade or conduct other business using the Company's financial instruments during the project.

# Main Features of internal control and risk management systems pertaining to the financial reporting process

## Objectives

The objective of internal control over financial reporting at Neste is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement in accordance with applicable laws and regulations and internal requirements of control activities.

The system of internal control related to financial reporting in the Neste Corporation is based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

## Control environment

Under the Finnish Companies Act, the Board of Directors is responsible for ensuring that there is adequate control over the Company's accounts and finances.

Responsibility for arranging this control is delegated to the President and CEO, who is required to ensure that the Company's accounts are in compliance with the law and that its financial management have been arranged in a reliable manner.

The internal control at Neste is based on the corporate structure whereby the operations are organized into business areas and common functions. The heads of business areas and finance function are responsible for establishing and maintaining appropriate, up-to-date, effective and adequate internal control over financial reporting. To ensure sufficient control in business areas, the Neste controllers' network and process owners have a key role in developing an internal control system and reporting practices. In some key areas, the Corporate Finance function has centralized control responsibility.

Neste's values and management system containing formal Code of Conduct are the foundation of the control

environment. The President and CEO and corporate management are responsible for emphasizing the importance of ethical principles and correct financial reporting. The structure of the organization and the resources allocated within it are designed to provide effective control over financial reporting and segregation of duties.

## Risk assessment

As a prerequisite for risk assessment, the organization's objectives need to be established. With respect to financial reporting, the general objective is to have reliable reporting and ensure that transactions are recorded and reported completely and correctly. The assessment of risk includes risks related to fraud.

Based on risk assessment, the requirement for internal control has been included in the Principle and Instruction for Control over Financial Reporting documentation which are to be obeyed in Neste Corporation.

Additional information on risk management principles is available in the Risk Management section of the Annual Report.

## Control activities

Neste's control activities include instructions, guidelines and procedures to ensure that the actions identified by management to address the relevant risks are carried out effectively. The most important guidelines related to financial reporting systems and practices are documented in the Finance Instructions.

Neste's control activities with respect to reliable financial reporting are described in the Principle and Instruction for Control over Financial Reporting documentation. These establish the minimum control requirements covering

also control activities related to transactions in relevant processes as well as controls carried out as part of the monthly reporting process. The other key risk and process level policies and guidelines are documented in Neste's management system.

## Communications

The Neste corporate level communication practices support completeness and correctness of financial reporting. Neste personnel has access to adequate information and communication regarding accounting and reporting principles and guidelines. The main means of communicating the relevant matters for appropriate financial reporting is the Finance Instructions containing accounting principles and guidelines for forecasting and reporting. To increase a transparency of the processes, both business and finance processes are described by using a tool where Neste personnel has access. Both Finance Instructions and process documentation work will continue in 2018. Neste Controllers' network has regular meetings and trainings to ensure up-to-date knowledge.

Neste's business areas make regular financial and management reports to the management review, including analysis and comments of financial performance.

The Neste Executive Board receives financial reports monthly. Interim Reports are reviewed in Audit Committee meetings, and thereafter by the Board of Directors.

## Monitoring

The effectiveness of the controls is regularly monitored as part of management, as a control that was initially effective can become ineffective due to changes in the operating environment. Changes can also take place in the controls due to changed processes, IT systems or personnel.



The Board of Directors and the Audit Committee regularly review the financial performance including reviewing whether there is an adequate level of process to evaluate the risks and effectiveness of controls related to financial reporting process in all level of the organization. The Audit Committee oversees the Company's finances, financial reporting, risk management, and internal auditing as part of the Company's corporate governance. Internal control deficiencies are communicated in a timely manner to those parties responsible for taking corrective action, and to management and the Board as appropriate.

Corporate Internal Audit assesses annually the operational model and practices of internal control over financial reporting of Neste as part of business and process level audits.

## 2017

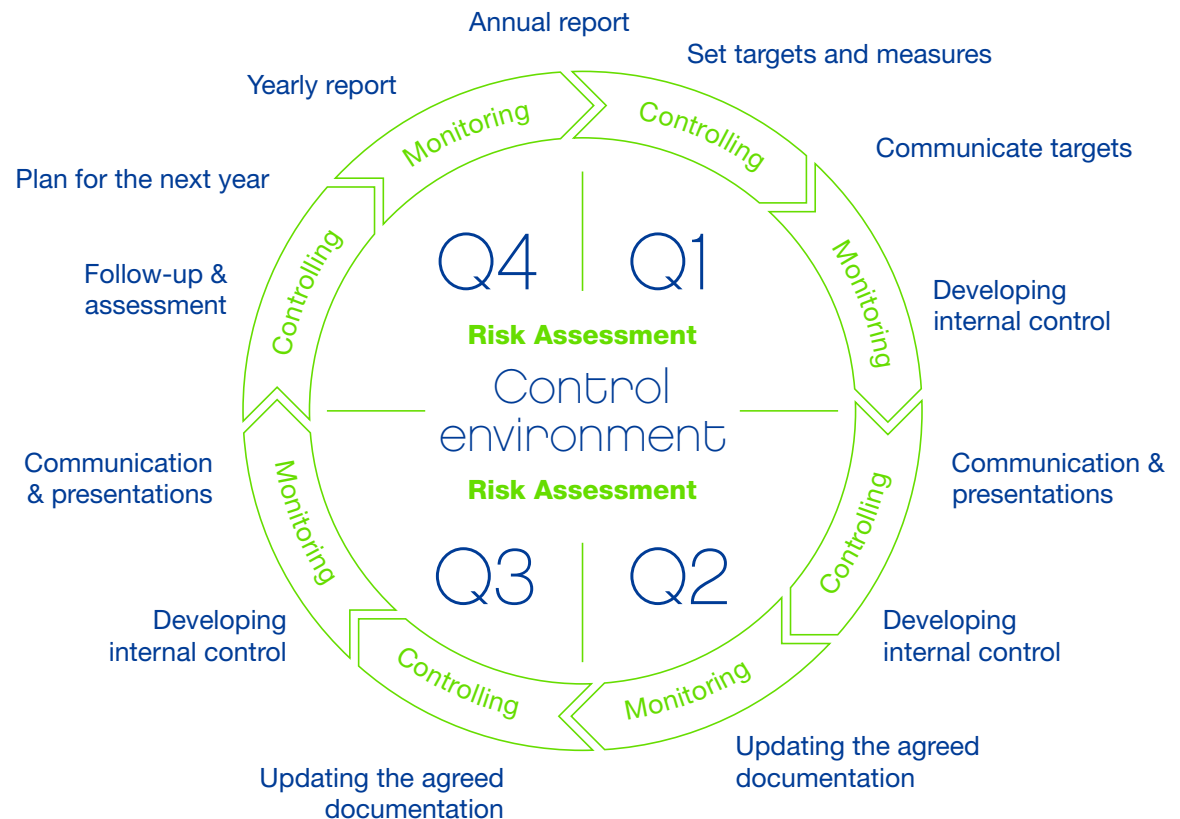
The focus areas of internal controls development were the deployment of supply and enabling processes in the parent company of Neste Group wide ERP system (SAP), design and planning of sales process implementation (SAP) and design of indicators to support monitoring.

From internal control over financial reporting point of view the deployment of supply and enabling processes meant also deployment of process controls and access management for these processes in the new information system landscape.

Design and planning of sales process implementation including first testings took place in the fall. As for process controls and access management design for sales process, they were part of the total design.

To support monitoring of processes, the design of process and control indicators was also started in the fall. The objective is to increase automated indicators and also develop coverage and reporting format of indicators.

## Internal control over financial reporting



The company's internal control is maintained and developed in cooperation with business areas and finance function. Focus areas to be developed are reviewed annually.

**Performance Management Process**

The Neste Performance Management Process plays an essential role in helping the Group attain its strategic goals and reinforcing its performance-driven mindset. Neste has taken a step change in developing its performance leadership towards a more agile model supporting daily operations.

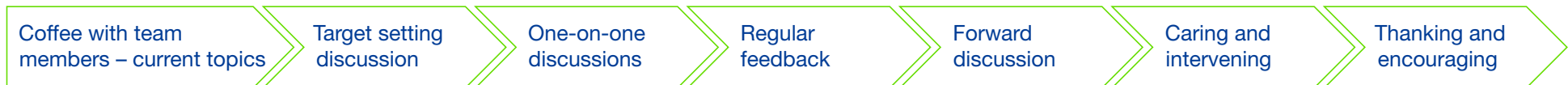
Performance management comprises daily leadership, through which individuals, teams, units and the Company can reach selected strategic priorities and develop organizational capability. Performance leadership is used to ensure that everyone knows the values and objectives of the Company, and their short and long-term objectives, and what kind of competence is needed to reach these objectives.

Individual and team objectives are based on Neste’s strategy and way of working. There is a clear link between well-being at work and good leadership performance.

The key elements in the Neste daily performance leadership approach are:

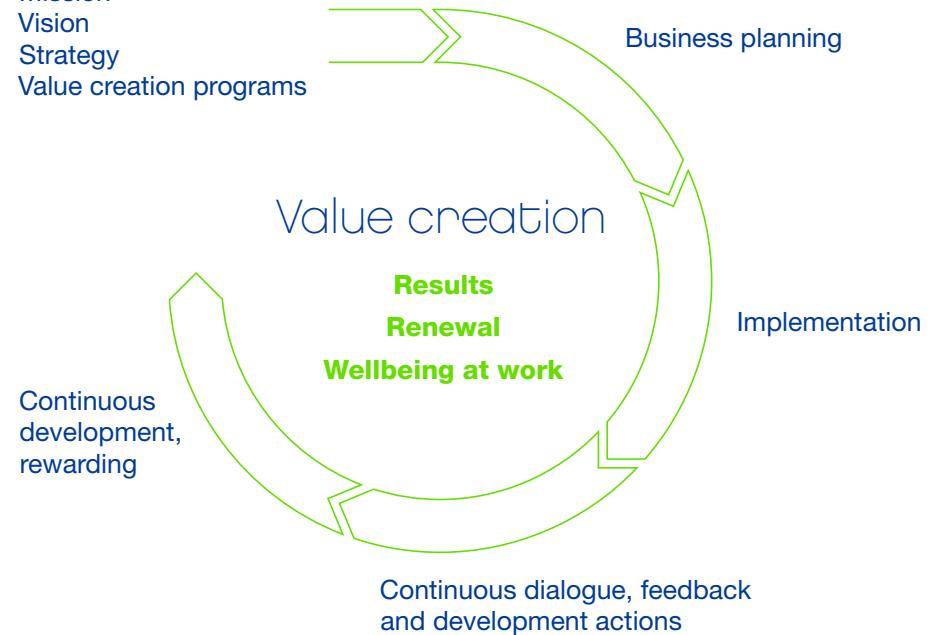
- setting challenging objectives and following them through
- supporting the achievement of objectives with up-to-date feedback
- evaluating one’s own performance and results
- developing ways of working and taking responsibility of own competence development
- holding personal development discussions and discussions that support day-to-day work.

**Leading performance in daily work**



**Performance Management Process**

Mission  
Vision  
Strategy  
Value creation programs



From a financial reporting point of view, Neste Performance Management Process consists of monthly Management Reporting, quarterly Business Review, and biannual Common Functions Review.

Results, information in management reporting, and performance reviews are compared to strategic goals and business plans, and to analyses and planned corrective actions throughout the year.

Business areas and common functions follow a similar approach, but emphasize a more detailed analysis and definition of corrective actions, as well as continuous improvement and prioritization of actions and development projects.