



We are always committed to responsible operations.

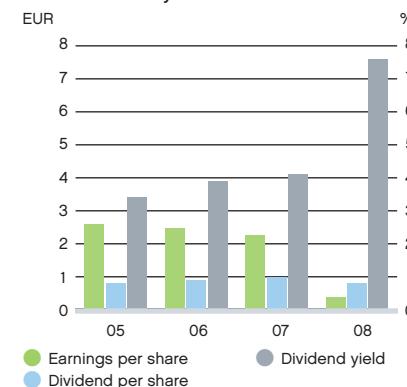


## Governance & Shares and shareholders

We believe in implementing best practices and promoting performance-driven management, and abiding by the law and the principles embodied in our management system. We are committed to high standards of corporate governance and responsibility in all of our operations worldwide.

<b>Governance principles</b>	54
<b>Board of Directors</b>	60
<b>Neste Executive Board</b>	62
<b>Shares and shareholders</b>	64
<b>Risk management</b>	66

Earnings per share, dividend\*, and dividend yield



\* As proposed by the Board of Directors

At least one third of underlying profits are distributed in the form of dividends.

## Governance principles

Neste Oil is listed on NASDAQ OMX Helsinki and is headquartered in Espoo, Finland. The company complies with the principles of good corporate governance laid out e.g. in the Finnish Companies Act and the company's Articles of Association.

Neste Oil abides by the principles of good corporate governance within the framework of Finland's Companies Act, its own Articles of Association, and the Governance Code covering listed companies in Finland, as it is introduced. Neste Oil diverges from the recommendations of the latter in that the proposals covering the members of the Board of Directors and the remuneration paid to the Board presented to the Annual General Meeting are drafted by the AGM Nomination Committee rather than a Board committee.

Neste Oil issues financial statement bulletins and interim reports on its financial performance in accordance with Finnish legislation, in Finnish and English. The company adopted the International Financial Reporting Standards in spring 2005 when it became a listed company.

### Governance bodies

The control and management of the Company is divided between the Annual General Meeting of Shareholders (AGM), the Supervisory Board, the Board of Directors and its two Committees, and the President & Chief Executive Officer.

The Neste Executive Team (NET) assists the President & CEO in the management and coordination of the implementation of the Company's strategic and operational goals. Each of the Company's operational divisions has its own management team.

Matters material to the Company as a whole are submitted to the President & CEO or the Board of Directors for decision. Neste Oil has one official auditor, chosen by shareholders at the AGM.

### Annual General Meeting

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

Shareholders at the Annual General Meeting take decisions on matters such as:

- the adoption of the Financial Statements
- the distribution of profit for the year detailed in the Balance Sheet
- discharging the members of the Supervisory Board, the Board of Directors, and the President & CEO from liability
- the election and remuneration of the members of the Supervisory Board, the Board of Directors, and the auditor.

### We abide by responsible principles and good corporate governance.

The Annual General Meeting is held annually before the end of June. An Extraordinary General Meeting addressing specific matters shall be held, when considered necessary, by the Board of Directors, or when requested in writing by a Company auditor or by shareholders representing at least one-tenth of all shares of the company.

Under the Articles of Association, an invitation to the Annual General Meeting

shall be delivered to shareholders no earlier than two months and no later than 17 days prior to the meeting. The invitation must be announced in at least two newspapers that are published regularly as decided by the Board of Directors, or in another verifiable manner.

### **The 2008 AGM**

The 2008 Annual General Meeting was held on Friday, 14 March. At the meeting, the income statements and balance sheets of the Parent Company and the Group for 2007 were adopted, and the Supervisory Board, the Board of Directors, and the President & CEO were discharged from liability for 2007. The Board of Directors' proposal on the distribution of profits for 2007 by paying a dividend of EUR 1.00 per share was approved. Shareholders registered in the register of shareholders maintained by the Finnish Central Securities Depository Ltd. on the record date for dividend payment (19.3.2008) were entitled to a dividend. In addition, decisions were made regarding the members of the Board of Directors and the Supervisory Board and their remuneration, and an auditor was elected.

### **Nomination Committee**

The AGM appointed a Nomination Committee comprising the Chairman of the Board as an expert member, and representatives of the Company's three largest shareholders holding the largest number of votes associated with all the Company's shares on the first day of November preceding the AGM. The Chairman of the Board of Direc-

tors was responsible for convening the committee, and the committee for electing its chairman.

#### Duties

The Nomination Committee was responsible for drafting proposals for the following AGM on the following:

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

The Nomination Committee was required to present its proposal to the Board of Directors by February 1 prior to the next AGM at the latest.

#### Membership in 2008

The Nomination Committee comprised Jarmo Väistönen of the Prime Minister's Office, Timo Ritakallio of the Ilmarinen Mutual Pension Insurance Company, and Risto Murto of the Varma Mutual Pension Insurance Company. Timo Peltola, Chairman of Neste Oil's Board of Directors, acted as the Committee's expert member. The Nomination Committee met twice and made its proposal concerning Board members and the remuneration payable to them on 30 January 2009.

#### Supervisory Board

The Supervisory Board is required to have between six and 12 members, each appointed by the Annual General Meeting for a one-year term ending with the next AGM. It is also expected that labor unions representing Neste Oil's employees will appoint a maximum of three employee

representatives, who shall be entitled to attend Supervisory Board meetings but are not its members.

#### Members

The members of the Supervisory Board, whose term began on 14 March 2008 and will end at the Annual General Meeting to be held in the first half of 2009, are as follows:

**Heidi Hautala**, (Chairman), born 1955, Member of the Finnish Parliament  
**Hannes Manninen**, (Vice Chairman), born 1946, Member of the Finnish Parliament  
**Esko Ahonen**, born 1955, Member of the Finnish Parliament

**Mikael Forss**, born 1954, Director, Social Insurance Institution of Finland

**Timo Heinonen**, born 1975, Member of the Finnish Parliament

**Markus Mustajärvi**, born 1963, Member of the Finnish Parliament

**Jutta Urpilainen**, born 1975, Member of the Finnish Parliament

**Anne-Mari Virolainen**, born 1965, Member of the Finnish Parliament

Anne-Mari Virolainen owned 125 Neste Oil shares as of 31 December 2008. No other members of the Supervisory Board owned Neste Oil shares as of the end of the year. Members of the Supervisory Board are not included in Neste Oil's incentive or pension schemes.

#### Area of responsibility

The Supervisory Board meets as frequently as necessary, and is convened by the Chairman or by the Vice Chairman in his absence. The Supervisory Board plans a schedule for its regular meetings. Meetings shall be held at the Company's Head Office

or at another specified location. With the Chairman's consent, meetings may also be held as teleconferences. A secretary appointed by the Supervisory Board shall take the minutes of the meeting.

#### Duties

- overseeing the administration of the Company by the Board of Directors and the President & CEO
- submitting a statement on the Financial Statements, Review by the Board of Directors, and the Auditors' Report to the AGM.

#### Meetings in 2008

The Supervisory Board convened five times in 2008, and the average attendance rate was 85%. Meetings covered subjects such as the Company's interim reports and financial statements and business plans.

#### Board of Directors

Under the Company's Articles of Association, the Board of Directors consists of five to eight members elected at the Annual General Meeting for a term ending at the following AGM. A person who has reached the age of 68 cannot be elected. All members are required to deal at arm's length with the Company and its subsidiaries and to disclose all circumstances that might constitute a conflict of interest. Board members are not covered by the Company's incentive or pensions schemes.

Members were elected for a new term on 14 March 2008. The Board consists of eight members, all of whom are independent, with the exception of Markku Tapio, who represents the Company's majority shareholder. To be considered independent, a Board member may not have any material relationship with the Company other than Board membership and may not be dependent on any of the company's major shareholders.

#### Area of responsibility

The Board shall meet as frequently as necessary, with approximately six to eight

#### Supervisory Board remuneration, EUR/month

	2008	2007
Chairman	1,000	1,000
Vice Chairman	600	600
Members	500	500
Attendance fee/meeting	200	200

regular meetings annually, all scheduled in advance. In addition, extraordinary meetings, if requested by a Board member or the President & CEO, shall be convened by the Chairman, or, if the Chairman is prevented from attending, by the Vice Chairman, or if deemed necessary by the Chairman. 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 the period 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, and shall discuss its review after the end of each fiscal year at the latest.

#### Duties

The Board of Directors:

- is responsible for the administration and appropriate organization of the operations of the Neste Oil Group in compliance with the relevant legislation and regulations, the Company's Articles of Association, and instructions provided by the Annual General Meeting and the Supervisory Board
- is responsible for the strategic development of Neste Oil and for supervising and steering its business.
- decides on Neste Oil's key operating principles
- confirms the annual business plan
- approves the annual financial statements and interim reports
- decides on major investments and divestments
- confirms Neste Oil's values and most important policies and oversees their implementation
- appoints the President & CEO and his or her immediate subordinates and decides on their remuneration
- confirms the Neste Executive Team's and Neste Oil's organizational and operational structure at senior management level
- determines the Company's dividend policy to be followed when making proposal regarding dividends to the AGM.

The roles and responsibilities of the Board are defined in more detail in the Charter approved by the Board. The main content of the Charter can be consulted at [www.nesteoil.com](http://www.nesteoil.com).

#### Meetings in 2008

The Board convened 11 times in 2008, and the attendance rate at meetings was 100%

on average. Details on Board's members can be found on Pages 60-61.

#### Board Committees

The Board has established an Audit Committee and a Personnel and Remuneration Committee, both of which have 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 is

- evaluates the Company's compliance with laws and regulations.

#### Meetings in 2008

The Audit Committee comprised Nina Linander (Chair), Antti Tanskanen, Markku Tapio (as of 14 March 2008), Maarit Toivanen-Koivisto, as well as Pekka Timonen, whose membership of the Board and the Audit Committee ended on 14 March 2008. The Committee convened four times, and the average attendance rate was 100%. In addition to its normal duties in 2008, the Committee focused on monitoring risk management and the development of the risk management function.

## A competitive and profitable business benefits society as a whole.

determined by the Chair and the members of the Committees. Committees meet at least twice a year. Each Committee reports regularly on its meetings to the Board and submits the minutes of 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 Committee shall consist of a minimum of three Board members who are independent of and not affiliated with the Company or any of its subsidiaries, and have sufficient knowledge of accounting practices and the preparation of financial statements and other qualifications the Board deems necessary. The Audit Committee is permitted to use external consultants and experts when deemed necessary.

#### Duties in 2008

The Audit Committee:

- oversees the Company's finances, financial reporting, risk management, and internal auditing
- assists the Board's monitoring of the financial position and reporting of the Company and the Board's control function
- prepares the election of the Auditor, maintains contacts with the Auditor, and reviews all material reports from the Auditor regarding the Company or its subsidiaries, and

#### Personnel and Remuneration Committee

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

#### Duties

The Personnel and Remuneration Committee:

- prepares the appointments of key executive personnel and makes proposals to the Board on compensation and incentive systems for key personnel
- prepares and proposes to the Board the appointments of the President & CEO and the members of the Neste Executive Team, and the terms and conditions of their employment, and
- monitors and evaluates the performance of the President & CEO and the members of the Neste Executive Team.

#### Meetings in 2008

The Personnel and Remuneration Committee comprised Timo Peltola (Chair), Michiel Boersma, Mikael von Frenckell, and Ainomaija Haarla. The Committee convened five times, and the average attendance rate was 100%. The Committee's main focus was on selecting a new President & CEO and Chief Financial Officer and other appointments, and on establishing and developing guidelines for the remuneration of senior executives.

#### President & CEO

The President & CEO manages the Company's business operations in accordance with the Finnish Companies Act and instructions issued by the Board of Directors.

## Board of Directors, 31 December 2008

	Born	Member since	Position	Independent	Personnel and Remuneration Committee	Audit Committee	Attendance at meetings
							Board
							Committees
Timo Peltola	1946	2005	Chairman	✓	✓		100% 100%
Mikael von Frenckell	1947	2005	Vice Chairman	✓	✓		100% 100%
Michiel Boersma	1947	2007	Member	✓	✓		100% 100%
Ainomaija Haarla	1953	2005	Member	✓	✓		100% 100%
Nina Linander	1959	2005	Member	✓		✓	100% 100%
Antti Tanskanen	1946	2007	Member	✓		✓	100% 100%
Markku Tapio*	1948	2008	Member			✓	100% 100%
Maarit Toivanen-Koivisto	1954	2005	Member	✓		✓	100% 100%

\* Board member since 14 March 2008, when Pekka Timonen left Neste Oil's Board of Directors.

## Shareholdings and remuneration of the Board of Directors as of 31 December 2008

	Shareholdings as of 31 December			Annual remuneration, EUR	
	2008	2007	Change	2008	2007
Timo Peltola	6,250	1,250	+5,000	66,000	55,000
Mikael von Frenckell	100,000	100,000	-	49,200	42,000
Michiel Boersma	2,500	-	+2,500	35,400	30,000
Ainomaija Haarla	2,200	1,700	+500	35,400	30,000
Nina Linander	1,100	1,100	-	35,400	30,000
Antti Tanskanen	-	-	-	35,400	30,000
Markku Tapio	-	-	-	35,400	-
Maarit Toivanen-Koivisto	6,032	2,500	3,532	35,400	30,000

Information on shareholdings cover Neste Oil shares held directly, through organizations in which those concerned have a controlling interest, and in their capacity as trustees.

A payment of EUR 600 per meeting is made for attendance and for committee meetings attended by a Board member. It is paid in double for the members living outside Finland.

Regularly updated data can be consulted at [www.nesteoil.com/investors](http://www.nesteoil.com/investors).

## Shareholdings and share incentives of the Neste Executive Team as of 31 December 2008

Name	Born	Position	NET member since	Shares as of 31 December			Share participations from the closed share arrangement*
				2008	2007	Change	
Matti Lievonen	1958	President and CEO	2008	-	-	-	-
Jarmo Honkamaa	1956	Deputy CEO	2004	9,821	5,937	+3,884	25,520
Jorma Haavisto	1954	EVp, Oil Refining EVp, Specialty Products	2007	2,732	-	+2,732	10,656
Kimmo Rahkamo	1962	EVp, Oil Retail	2004	6,494	4,000	+2,494	15,672
Sakari Toivola	1953	EVp, Shipping	2007	300	-	+300	-
Risto Näsi	1957	SVP, HR	2004	3,506	-	+3,506	16,022
Hannele Jakosuo-Jansson	1966	SVP, Communications	2006	-	-	-	7,627
Osmo Kammonen	1959	SVP, Development	2004	500	500	-	16,382
Juha-Pekka Kekäläinen	1962		2004	3,047	900	+2,147	13,917

Information on shareholdings cover Neste Oil shares directly, through organizations in which those concerned have a controlling interest, and in their capacity as trustees.

\* Refers to the total number of shares those concerned have been confirmed as being entitled to under the share programs that began in 2003, 2004, 2005 and 2006 under the Management Performance Share Arrangement. The net number of shares received is projected to be 40–50% of the figures shown here following the payment of taxes and other statutory fees. Shares covered by the 2003 program will be distributed in spring 2009, and those covered by the 2004, 2005 and 2006 programs in spring 2010.

Regularly updated data can be consulted at [www.nesteoil.com/investors](http://www.nesteoil.com/investors).

## Remuneration paid to the President & CEO and NET members, EUR

	2008			2007	
	Salaries and benefits	Performance bonuses	Total		Total
President and CEO	515,873.28	96,741.41	612,614.69	774,154.18	
Other NET members	1,500,345.78	262,251.12	1,762,596.90	1,856,208.93	

## Share allocations made to the President & CEO and NET members, 2007–2009 earning period

President & CEO	33,330
Other NET members	104,500
Total	137,830

A new long-term management performance share arrangement includes the maximum sums listed in the table above for the 2007–2009 earning period. The number of shares are the maximum payable and will be paid in full if the maximum targets that they are associated with are achieved.

The President & CEO is appointed by the Board of Directors, which evaluates the performance of the President & CEO annually and approves his remuneration on the basis of a proposal by the Personnel and Remuneration Committee.

In addition to a monthly salary and fringe benefits, the President & CEO is eligible for an annual performance-based bonus (see Incentive Programs). In the event that the Company decides to give notice of termination, the President & CEO is entitled to his or her salary during his or her period of notice and a severance payment equaling 12 months' salary. The retirement age of the President & CEO is 60 years, and the pension paid is 60% of retirement salary.

### Changes in 2008

Neste Oil Corporation's Board of Directors appointed Matti Lievonen as the Company's new President & CEO on 3 September 2008, and he took up the position on 1 December 2008. The previous President & CEO, Risto Rinne, retired for health reasons on 1 October 2008. More details on the President & CEO can be found on Pages 62–63.

### Neste Executive Team (NET)

The Neste Executive Team (NET) assists the President & CEO in Company management and in the deployment of the Company's strategic and operational goals. Members are appointed by the Board of Directors. In 2008 NET consisted of the President & CEO, five divisional executive vice presidents, and the heads of Communications, Corporate Development, and Human Resources, and the CFO. The NET meets regularly, on average once a month. Members receive a base salary and are eligible for an annual performance-based bonus. In addition, all members are entitled to fringe benefits. Their typical period of notice is six months. Several NET members have signed

employment agreements that provide for a fixed severance pay equal to six or, in some cases, 12 months salary. The retirement age of NET members is 60–62 years.

### Meetings in 2008

The Neste Executive Team comprised 10 members and met 12 times in 2008. Two members, the President & CEO and the CFO, changed during the year.

### New organization as of 1 April 2009

Neste Oil's organization will change on 1 April 2009. Details of the new organization can be found on Page 14. Details on members of the new Neste Executive Board can be found on Pages 62–63.

### Compensation and incentive programs

The Board makes decisions on compensation and incentive systems for Group management and key personnel based on a proposal by the Personnel and Remuneration Committee.

### Short-term incentive bonuses

The Company may pay annual short-term incentive bonuses to senior executives and other personnel in addition to their salary and fringe benefits. The criteria for any short-term incentive bonuses shall be based on people's success in reaching their personal goals and on the Company's financial performance and success in reaching its goals. The bonus paid to senior managers may not exceed 40% of their annual salary.

### Bonus payments in 2008

The average performance bonus paid to personnel in 2008 for 2007 was 8.1% of employees' annual average salary, and totaled EUR 11.6 million.

### Management performance share arrangement

Neste Oil has a Management Performance Share Arrangement for senior manag-

ers and other key personnel. This aims to increase the commitment and loyalty of participants to the Company and to align the interests of the Company's shareholders and key executives to increase the value of the Company.

The Board of Directors established a new scheme in 2006 that was launched at the beginning of 2007 and includes some 50 key personnel. This has two three-year earning periods, starting in 2007 and 2010. Payments shall be made in 2010 and 2013, partly in the form of Company shares and partly in cash. If the maximum targets are reached during the first earning period, the maximum reward for key personnel shall equal the value of 360,000 Neste Oil shares. The maximum reward for the President & CEO that took over on 1 December 2008 in respect of the first earning period shall equal the value of 13,300 shares. In addition, the previous President & CEO is entitled to a maximum of 26,667 shares in respect of the first earning period.

The reward for the three-year earning period shall not exceed a person's total fixed gross annual salary over three years. The share paid out in cash will cover any relevant taxes and other similar payments payable.

The criteria for the incentive system include the development of Neste Oil's comparable operating profit and the Company's share price development as benchmarked against the international oil industry share index (FTSE Global Energy Total Return Index).

The scheme entails a non-transfer requirement for shares for one year from the end of the earning period. In other words, the duration of the scheme for both sets of shares is four years. Following this, the Company's senior executives are still required to hold shares with a value equal to their gross annual salary. This ownership requirement covers shares received as part of the Management Performance Share Arrangement and is effective for the duration of senior executives' employment with Neste Oil.

### Neste Oil's Personnel Fund

Neste Oil's Personnel Fund was set up in spring 2005 and covers the Group's personnel in Finland. Those participating in the Group's share-based incentive system cannot be members. The Board of Directors determines the criteria for the profit-sharing bonus paid into the Fund annually.

Personnel employed under both permanent and fixed-term employment contracts are members of the Personnel Fund. Membership begins after an uninterrupted

period of six months of employment, and ends once a member has received his or her share of the Fund in full.

The profit-sharing bonuses paid into the Fund are distributed equally between members. Each employee's share is divided into a tied amount and an amount available for withdrawal. When an employee has been a member of the Fund for five years, he or she can transfer an amount equivalent to no more than 15% of the capital from the tied amount for withdrawal.

The amount available for withdrawal will be determined annually and paid to members who wish to exercise their withdrawal rights. Members can choose whether they want to receive the amount available for withdrawal in cash, or in Neste Oil shares acquired through the Personnel Fund.

#### **Payments in 2008**

Neste Oil paid a total of EUR 2,1 million in profit-sharing earnings for 2007 into the Fund in 2008.

#### **Pension schemes**

Neste Oil companies in Finland have arranged statutory pension cover under the Finnish TYEL pension system through the Neste Oil Pension Fund. The pensions of seamen are insured in the Seamen's Pension Fund. Retirement age is 63 to 68 years.

The Neste Oil Pension Fund provides additional pension benefits, in addition to the statutory pension, to people who joined the company before 1994. The most important additional benefit is the opportunity to retire at the age of 60, and covers women and men who select a reduced pension.

#### **Auditor**

The Annual General Meeting elects an auditor annually, which must be an auditing company approved by the Finnish Central Chamber of Commerce. The auditor's term of office ends at the end of the next AGM following the election.

Ernst & Young Oy was elected as Neste Oil's auditor in 2007, with Anna-Maija Simola, certified public accountant, as main responsible auditor.

#### **Internal audit**

The Internal Audit Unit is an independent corporate function and its operations are based on international professional standards covering internal audits and rules of ethics.

#### **Duties**

The Internal Audit Unit:

- provides objective assurance and con-

#### **Fees charged by the statutory auditor EUR 1,000**

	2008	2007
Audit fees	786	560
Other	1,022	75
Total	1,808	635

sultation services designed to add value and improve the Company's operations

- assists the organization in evaluating and improving the effectiveness of risk management, financial control, and governance processes
- audits the operations of Neste Oil's refineries, subsidiaries, and other units on a regular basis, and
- carries out assignments requested by management or the Board of Directors'

#### **Our values are responsibility, cooperation, innovation, and excellence.**

Audit Committee.

The roles, responsibilities, and authorities of Internal Audit are covered in the Internal Audit Charter. Together with an annual operating plan, it is approved by the Board of Directors' Audit Committee.

Internal Audit reports to the Board's Audit Committee and administratively to the President & CEO. Internal Audit is a staff function without any direct authority over the activities it reviews.

#### **Insider guidelines**

Neste Oil complies with the Insider Guidelines of the Helsinki exchanges established on 2 June 2008. The Company has also approved its own Guidelines for Insiders, which are stricter in some areas. The Company's closed window (see below), for example, exceeds minimum NASDAQ OMX Helsinki requirements.

The Company's Guidelines for Insiders are updated regularly and are available to all personnel. The Company arranges training on insider guidelines for personnel and expects that its guidelines are followed. The Company supervises compliance with insider guidelines by checking disclosed insider information with those concerned annually. The Company's General Counsel is responsible for the coordination and supervision of

insider matters. The head of each function or division is responsible for supervising insider matters within his or her organization.

The members of the Board of Directors and the Supervisory Board, the President & CEO, the Company's main responsible auditor, and the members of the Neste Executive Team and its secretary have all been classified as insiders subject to a declaration requirement. The holdings of Company securities of such insiders are filed in the public Insider Register, which can be consulted at the Company's web site. A public register is maintained in the insider register system of

Euroclear Finland Oy  
PO. Box 1110, FI-00101 Helsinki and  
Urho Kekkosen katu 5 C, Helsinki.  
Telephone: +358 (0)20 770 6000,  
fax: +358 (0)20 770 6658,  
e-mail: info.finland@euroclear.eu,  
[www.ncsd.eu](http://www.ncsd.eu).

The Company has also designated certain other executives, as well as certain individuals responsible for the Company's finances, financial reporting, and communications, who receive inside information on a regular basis due to their position or duties, as permanent Company-specific insiders. Permanent insiders may not trade in any Company securities during the period from the closing date of an interim or annual accounting period to the date of publication of the interim or annual report for that period. The minimum period concerned is always 28 days prior to the publication of an interim or annual report (closed window). The publication dates of interim and annual reports are shown in the financial calendar at [www.nesteoil.com](http://www.nesteoil.com).

Individuals who participate in the development and preparation of projects that involve inside information, such as mergers and acquisitions, are considered project-specific insiders. Such people are included in a separate register of Project-Specific Insiders maintained by the Company's Legal Department.

# 4.2

## Board of Directors as of 31 December 2008



Mikael von Frenckell,  
Timo Peltola, Aino Haarla,  
and Michiel Boersma.

### Timo Peltola

M.Sc. (Econ.), Hon. Ph.D (Econ.).

**Chairman of the Board. Independent member.**

Born in 1946. Former Chief Executive Officer of Huhtamäki Corporation, Vice Chairman of the Board of Nordea AB (publ), Chairman of the Board of AW-Energy, member of the Boards of Telia-Sonera AB and SAS AB, and an adviser to CVC Capital Partners, Sveafastigheter, and CapMan Public Market Fund. Chairman of Neste Oil's Personnel and Remuneration Committee.

### Mikael von Frenckell

M.Sc. (Soc.).

**Vice Chairman of the Board. Independent member.**

Born in 1947. Partner at Sponsor Capital Oy. Chairman of the Boards of Sponsor Capital Oy and Tamfelt Corp, and a member of the Board of Tamro Plc. Member of Neste Oil's Personnel and Remuneration Committee.

### Michiel Boersma

Ph.D (Chem. Techn.).

**Independent member.**

Born in 1947. Chief Executive Officer of Dutch energy company, Essent NV since July 2003. Served for many years in the Shell Group, most recently as President, Shell Global Solutions and Executive Vice President of the Shell Oil Products Executive Committee between 2000 and 2003. Member of Neste Oil's Personnel and Remuneration Committee.

### Ainomaija Haarla

D.Sc. (Tech.), MBA.

**Independent member.**

Born in 1953. President and Chief Executive Officer, Technology Academy Foundation. Chairman of the Board of Korona Invest Oy, and a member of the Boards of Altia Oyj and TKK Executive School of Business Oy. Former Managing Director of ProConsilium Ltd, Vice President, Strategic Development at UPM-Kymmene Corporation and Vice President, Corporate Marketing, Metso Corporation. Member of Neste Oil's Personnel and Remuneration Committee.



Nina Linander, Markku Tapio,  
Maarit Toivanen-Koivisto,  
and Antti Tanskanen.

### **Nina Linander**

M.Sc. (Econ.), MBA.

**Independent member.**

Born in 1959. Partner and member of the Board of Stanton Chase International AB. Member of the Boards of Opcon AB and Specialfastigheter AB. Former Group Treasurer of AB Electrolux and former Director, Product Area Electricity, at Vattenfall AB. Chairs Neste Oil's Audit Committee.

### **Antti Tanskanen**

Ph.D (Econ).

**Independent member.**

Born 1946. Former Chairman and Chief Executive Officer of the OKO Bank Group and former President of the Academy of Finland. Chairman of the Board of the Finnish Institute of International Affairs (FIIA) and a member of the Board of Directors of M-real Corporation. Member of Neste Oil's Audit Committee.

### **Markku Tapio**

M.Sc. (Econ.).

**Non-independent member.**

Born 1948. Senior Financial Counselor at the Prime Minister's Office, Ownership Steering Department. Member of the Board of Directors of VR-Group Ltd. Member of Neste Oil's Audit Committee.

### **Maarit Toivanen-Koivisto**

M.Sc. (Econ.).

**Independent member.**

Born in 1954. Chief Executive Officer and Chairman of the Board of Onvest Oy and Chairman of the Boards of Are Group and Onninen Group. Member of the Boards of Itella Oyj and Tulikivi Oyj. Member of Neste Oil's Audit Committee.

# 4.3

## Members of Neste Executive Board as of 1 April 2009



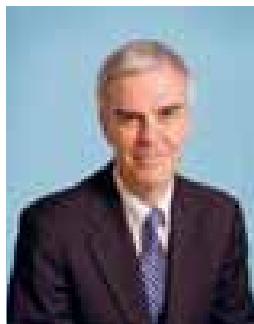
Matti Lievonen



Jarmo Honkamaa



Matti Lehmus



Sakari Toivola



Simo Honkanen



Hannele Jakosuo-Jansson



Osmo Kammonen



Lars Peter Lindfors



Ilkka Poranen



Ilkka Salonen



Matti Hautakangas

**Matti Lievonen****President & CEO, Chairman of the Neste Executive Board**

Born 1958. B.Sc. (Eng). Joined the company on 1 December 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, between 1986 and 2008, and was with ABB earlier. Member of UPM-Kymmene's Executive Board between 2002 and 2008. Vice Chairman of CEPIFINE and a member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company.

**Jarmo Honkamaa****Deputy CEO, Executive Vice President, Renewable Fuels**

Born in 1956. M.Sc. (Eng), M.Sc. (Laws). Joined the company in 1987. Currently responsible for renewable diesel production, marketing, and sales. Served as Executive Vice President, Oil Refining (2005–2007), Vice President, Wholesale and Supply (2000–2004), and Vice President, MTBE Business Unit (1996–2000). Member of the Board of Directors of the Finnish Oil and Gas Federation.

**Matti Lehmus****Executive Vice President, Oil Products**

Born 1974. M.Sc. (Eng) and MBA. Joined the company in 1997. Currently responsible for the Base Oils business in Specialty Products Division since 2007. Previously served as Vice President in the Oil Refining Business Development (2007) and Gasoline Exports and Trading Manager (2004–2007) in the Oil Refining Division.

**Sakari Toivola****Executive Vice President, Oil Retail**

Born in 1953. M.Sc. (Eng). Joined the company in 2007. Currently responsible for oil retailing in Finland and the Baltic Rim, direct sales, and LPG. Served previously as Managing Director (2002–2007) and Retail Sales Director (2001–2002) of oy Esso ab (Finland). Member of the Board of Directors of Luottokunta Oy and a member of the Board of Directors of the Finnish Oil and Gas Federation.

**Simo Honkanen****Senior Vice President, HSE**

Born 1958. M.Sc. (Econ.). Joined the company in 2006. Currently responsible for marketing and stakeholder relations in the Renewable Fuels Division (2008–). Served previously as Vice President, New Ventures in the Components Division (2006–2007) and prior to that as Strategy Director in Shell Finland, Marketing Director Retail in Shell Benelux and France, and in several other managerial positions in Shell Sweden and Shell Finland (1985–2005).

**Hannele Jakosuo-Jansson****Senior Vice President, Human Resources**

Born in 1966. M.Sc. (Eng). Joined the company in 1990. Currently responsible for the Group's human resources function. Served as Laboratory and Research Manager at the Technology Center (1998–2004) and Vice President, Human Resources at Oil Refining (2004–2005).

**Osmo Kammonen****Senior Vice President, Communications**

Born in 1959. M.Sc. (Laws). Joined the company in 2004. Currently responsible for the Group's internal and external communications, and corporate image. 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. Member of the Board of Directors of Finnfacts.

**Lars Peter Lindfors****Senior Vice President, Technology and Strategy**

Born 1964. D.Sc. (Chemical Engineering) and MBA. Joined the company in 2007. Currently responsible for the company's Research and Technology Unit. Served previously as Executive Vice President, Renewal and Development at Perstorp (2004–2007), Executive Vice President, R&T&D at Perstorp (2001–2004) and prior to that at Neste (1989–2001) as e.g. R&D Manager.

**Ilkka Poranen****Senior Vice President, Production and Logistics**

Born 1960. M.Sc. (Eng). Joined the company in 1985. Currently responsible for the Corporate Safety function since 2007. Previously served as Vice President, Base Oils (1997–2007) and as Plant Manager at the Porvoo Refinery (1986–1997).

**Ilkka Salonen****Chief Financial Officer**

Born in 1965. M.Sc. (Econ.). Joined the company in 2009. Currently responsible for the Group's financial management and for investor relations, risk management, corporate IT, and coordinating procurement. Served as Chief Financial Officer at Pohjola Bank and the OKO Group.

**Matti Hautakangas\*****General Counsel and Secretary to the Neste Executive Board and the Board of Directors and the Supervisory Board.**

Born in 1963. M.Sc. (Laws). Joined the company in 2003. Currently responsible for the Group's legal affairs. Served previously as Legal Counsel, Oil Refining (2003–2004) and an attorney-at-law at Procopé & Hornborg Law Offices Ltd. (1994–2003).

\* Not a member of the Neste Executive Board.



At the end of 2008, the members of Neste Executive Team were Matti Lievonen, Jarmo Honkamaa, Jorma Haavisto, Kimmo Rahkamo, Sakari Toivola, Risto Näsi, Hannele Jakosuo-Jansson, Osmo Kammonen, and Juha-Pekka Kekäläinen.

# Shares and shareholders

## Share capital

The Company's share capital registered with the Trade Register on 31 December 2008 totaled EUR 40,000,000, divided into one class of 256,403,686 shares. Shares are included in the Finnish book-entry securities system. Each share entitles a shareholder to one vote at the Annual General Meeting.

## Share registration

Neste Oil's shares are included in the book-entry securities systems maintained by Euroclear Finland Oy. The latter is also the official keeper of Neste Oil's list of shareholders.

## Trading information

Neste Oil shares are traded on NASDAQ OMX Helsinki under the trading code NESIVH.E. The ISIN code is FI0009013296 and trading takes places in euros (EUR).

## Indexes

Neste Oil is included in the following indexes:

- OMX Helsinki 25
- OMXHPI
- Dow Jones EURO STOXX Oil & Gas
- Dow Jones Sustainability Index
- Ethibel Sustainability Index.

The Ethibel Sustainability Index evaluates companies worldwide on criteria based on their financial performance, environmental values, and internal and external social responsibility, and follows the industry weighting used in the S&P Global 1200 Index. For more information, see [www.ethibel.org](http://www.ethibel.org).

Neste Oil is also included in the Dow Jones Sustainability Index (DJSI), which includes 300 companies from 24 countries, chosen because of their class-leading commitment to sustainable development. For further information, see [www.sustainability-index.com](http://www.sustainability-index.com).

## Share performance and trading

Neste Oil's stock closed 2008 at 52% below the price at the end of 2007. The share price started the year at EUR 24.00 and peaked at EUR 24.90 in January. It reached a low of EUR 9.47 in November, equivalent

to a weighted average of EUR 17.95. The closing price at the end of the year was EUR 10.58, giving the company a market capitalization on December 31 of EUR 2.7 billion.

The share price showed strong daily fluctuation during the year and trading was brisk. Average daily trading amounted to some 1.5 million shares, or 0.5% of the company's shares, equivalent to EUR 27.1 million. The average monthly trading volume was 32 million shares, or EUR 571 million. During the year as a whole, 382 million shares were traded, accounting for 149% of the stock.

## Share buyback and issue authorizations

The Board of Directors is not authorized to issue new shares or other securities. The company does not have a share buy-back program in place, and the Board is not authorized to buy back company shares.

## Dividend

Neste Oil's dividend policy is to distribute at least one third of its underlying profit for the year in the form of a dividend. At the Annual General Meeting in 2009, the Board of Directors will propose a dividend of EUR 0.80 per share for 2008, representing 212% of reported earnings per share. The dividend for 2007 was EUR 1.00 per share, representing 44% of reported earnings per share.

## Shareholders

Neste Oil had 56,467 shareholders as of the beginning of 2008 and 66,859 as of the end of the year.

 For more on shares held by senior management, see Page 57. For more on incentive schemes, see Pages 58–59.

## Largest shareholders by size of holding as of 31 December 2008

	Shares	Holding, %	Change
1. State of Finland	128,458,247	50.1	0
2. Ilmarinen Mutual Pension Insurance Company	8,333,590	3.3	2,322,914
3. Varma Mutual Pension Insurance Company	3,329,163	1.3	129,163
4. The Social Insurance Institution of Finland, KELA	2,648,424	1.0	0
5. The State Pension Fund	2,395,000	0.9	445,000
6. OP-Delta Fund	1,783,995	0.7	433,418
7. The City of Kurikka	1,550,875	0.6	0
8. Etera Mutual Pension Insurance Company	1,414,500	0.6	90,700
9. Neste Oil Pension Fund	1,258,738	0.5	0
10. Odin Norden	1,239,554	0.5	339,533
11. OP-Focus Non-UCITS Fund	624,450	0.2	200,000
12. Svenska Handelsbanken AB (publ)	616,677	0.2	48,430
13. Mutual Fund Evli Select	614,281	0.2	226,581
14. Mandatum Life Insurance Company Ltd.	598,336	0.2	396,399
15. Danske Fund Finnish Institutional Equity	563,418	0.2	-99,700
16. Nordea Life Assurance Finland Ltd.	557,112	0.2	239,752
17. OP-Finland Value Fund	530,000	0.2	300,000
18. Alfred Berg mutual funds	528,127	0.2	223,460
19. Odin Förvaltnings AS	501,859	0.2	-45,000
20. Alexander Management Oy	500,000	0.2	0
Total of 20 largest shareholders	158,046,346	61.6	
Nominee registrations	49,911,035	19.5	
Other shareholders	48,446,305	18.9	
Total shares	256,403,686	100.0	