

NESTE

Neste  
Corporate Governance  
Statement  

---

2022



**We are committed to high ethical standards and conduct our business and operate in compliance with applicable laws, regulations and generally accepted practices for good corporate governance.**

# Governance

---

Corporate Governance Statement	3
Risk management	19

# Corporate Governance Statement 2022

This Corporate Governance Statement has been prepared pursuant to the 2020 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, in addition to the Annual Report, at [neste.com/investors](https://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 2020 Corporate Governance Code. The Corporate Governance Code can be found at [cgfinland.fi/en/](https://cgfinland.fi/en/). 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 Auditor, KPMG Oy Ab, 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.

## Neste's Governance Bodies



Neste's businesses are grouped into four reporting segments: Renewable Products, Oil Products, Marketing & Services, and Others.

## 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 (President and CEO). 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 Executive Committee (ExCo), is responsible for managing the Company's business and implementing its strategic and operational targets.

Neste's headquarters are located in Espoo, Finland.

## Annual General Meeting

Under the Finnish Companies Act, shareholders exercise their decision-making power 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 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;
- if necessary, the approval of the Remuneration Policy;
- the approval of the Remuneration Report; 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 [neste.com](http://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 may, if the Board of Directors decides so, publish details on the date and time and location of the meeting, together with the address of the Company's website, in one or more newspapers.

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

## 2022

Neste's Annual General Meeting (AGM) was held 30 March 2022 under special arrangement at the Company's headquarters in Espoo. In order to prevent the spread of the Covid-19 pandemic, the AGM was held without shareholders' or their proxy representatives' presence at the venue of the meeting. Shareholders and their proxy representatives had the possibility to participate in the meeting and exercise their shareholder rights by voting in advance and by making counter-proposals and presenting questions in advance.

The AGM supported all the proposals presented to the meeting and approved the remuneration report. The AGM adopted the company's Financial Statements and Consolidated Financial Statements for 2021 and discharged the Board of Directors and the President & CEO from liability for 2021.

The AGM approved the Board of Directors' proposal that a dividend of EUR 0.82 per share will be paid on the basis of the approved balance sheet for 2021. The dividend was paid in two installments.

The first installment of dividend, EUR 0.41 per share, was paid to a shareholder registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the first dividend installment, which was 1 April 2022. The first dividend installment was paid on 8 April 2022.

The second installment of dividend, EUR 0.41 per share, was paid to a shareholder registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the second dividend installment, which was 30 September 2022. The second dividend installment was paid on 7 October 2022.

In accordance with the proposal made by the Shareholders' Nomination Board, the AGM confirmed the number of members of the Board of Directors at nine. The AGM 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. The AGM also approved the Board's proposals to the AGM.

## 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 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 Shareholders' Nomination Board elects a Chair among its members.

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 Shareholders' Nomination Board shall serve until further notice, unless a General Meeting of Shareholders 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 2023 AGM

On 6 September 2022, the following members were appointed to Neste's Shareholders' Nomination Board: The Chair, Director General Kimmo Viertola of the Ownership Steering Department in the Prime Minister's Office of Finland; Timo Sallinen, Senior Vice President, Investments of Varma Mutual Pension Insurance Company; President and CEO Jouko Pölönen of Ilmarinen Mutual Pension Insurance Company and Matti Kähkönen, the Chair of Neste's Board of Directors. As of 23 December 2022, Senior Ministerial Adviser, Financial Affairs Maija Strandberg of the Ownership Steering Department in the Prime Minister's Office of Finland, was appointed as the Chair.

### Activities

The Shareholders' Nomination Board makes 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

#### Maija Strandberg

M.Sc. (Econ.), Chair of the Shareholders' Nomination Board, as of 23 December 2022. Born in 1969

Senior Ministerial Adviser, Financial Affairs of the Ownership Steering Department in the Prime Minister's Office of Finland. Member of the Board and Audit Committee of SSAB Ab. Member of the Board and People and Remuneration Committee of Finnair Oyj. Chair of the Nomination Committee of Fortum Oyj. Member of the Nomination Committee of Kuntarahoitus Oyj.

Holdings in Neste Corporation on 31 December 2022: no holdings. <sup>1)</sup>

Prime Minister's Office: 276,213,495 shares. <sup>2)</sup>

#### Kimmo Viertola

Chair of the Shareholders' Nomination Board between 18 September 2019 and 22 December 2022. Director General of the Ownership Steering Department at the Prime Minister's Office of Finland.

Holdings in Neste Corporation on 31 December 2022: no holdings. <sup>1)</sup>

#### Timo Sallinen

M.Sc. (Econ.), Member of the Shareholders' Nomination Board. Born in 1970

Senior Vice President, Investments of Varma Mutual Pension Insurance Company. Member of the Shareholders' Nomination Board of Nokian Renkaat, Alma Media, Finnair, Atria, Raisio, Robit and Componenta.

Holdings in Neste Corporation on 31 December 2022: no holdings. <sup>1)</sup>

Varma Mutual Pension Insurance Company 10,918,435 shares. <sup>2)</sup>

#### Jouko Pölönen

eMBA, M.Sc. (Econ. & Bus. Adm.), Member of the Shareholders' Nomination Board Born in 1970

President and CEO, Ilmarinen Mutual Pension Insurance Company. Member of the Board of Directors of Nokian Tyres plc. Chair of the Board of Directors of the Finnish Pension Alliance TELA. Chair of the Board of The Finnish Foundation for Share Promotion. Member of the Board of Directors of Excellence Finland Ltd. Member of the Employment Pension Executive Committee, Finance Finland FFI.

Holdings in Neste Corporation on 31 December 2022: 2,400 shares. <sup>1)</sup>

Ilmarinen Mutual Pension Insurance Company 6,611,500 shares. <sup>2)</sup>

#### Matti Kähkönen

M.Sc. (Engineering), Member of the Shareholders' Nomination Board. Born in 1956

Senior Advisor, Metso Corporation 2017–2019. Chair of the Board of Neste Oyj. Chair of the Board of Directors at Kemira. Chair of the Board of Directors at the Finnish Fair Corporation. Chair of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 December 2022: 13,080 shares. <sup>1)</sup>

Holdings in Neste Corporation on 31 December 2022:

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

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

The Shareholders' Nomination Board convened 10 times between 31 January 2022 and 31 January 2023, and the members of the Shareholders' Nomination Board attended such meetings as follows:

	<b>Attendance</b>
Maija Strandberg	2/2
Timo Sallinen	7/7
Jouko Pölönen	6/6
Matti Kähkönen	10/10
Kimmo Viertola	8/8
Outi Antila	4/4
Reima Rytsölä	3/3

Decisions on the proposals for the 2023 AGM were made by the members of the Shareholders' Nomination Board in a manner set out in more detail in the stock exchange release published on 27 January 2023.

### Composition of the Shareholders' Nomination Board prior to the 2022 AGM

On 20 September 2021, the following members were appointed to Neste's Shareholders' Nomination Board: The Chair, Director General Kimmo Viertola of the Ownership Steering Department in the Prime Minister's Office of Finland; Deputy CEO, Investments Reima Rytsölä of Varma Mutual Pension Insurance Company; Director General Outi Antila of The Social Insurance Institution of Finland and Matti Kähkönen, the Chair of Neste's Board of Directors. The Shareholders' Nomination Board convened nine times between the 2021 AGM and 31 January 2022. The Shareholders' Nomination Board presented its proposal covering the members of the Board of Directors on 28 January 2022.

## Board of Directors

In accordance with Neste's Articles of Association, the Board of Directors has between five and ten members, who 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, 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 Board of Directors was composed of nine members after the 2022 AGM, all of whom hold a university-level degree, and two of whom have a doctorate. 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. Three members have worked in managerial positions at major international petrochemical 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 33% of all members of the Board of Directors. With regard to age, the members of the Board of Directors are divided evenly between 49 and 66 years of age. The duration of the terms of office of the Board members is divided as follows: four 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.

### 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 Charter approved by the Board. 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.

## 2022

The 2022 AGM confirmed the membership of the Board of Directors at nine members, and the following were re-elected to serve until the end of the next AGM: Mr. Matti Kähkönen, Mr. John Abbott, Mr. Nick Elmslie, Ms. Martina Flöel, Mr. Jari Rosendal, Ms. Johanna Söderström and Mr. Marco Wirén. Mr. Just Jansz and Ms. Eeva Sipilä were elected as new members. Mr. Matti Kähkönen was re-elected as Chair and Mr. Marco Wirén was re-elected as Vice Chair.

The Board convened 16 times in 2022. The attendance rate at the meetings was 99.2%. In addition to the process resulting in Matti Lehmus being appointed as the President and CEO of the Company as of 1 May 2022, the Board focused in 2022 on the Company's long-term strategy by means of e.g. the continued scale-up of the Company's renewables businesses as well as the expansion of the Company's renewables feedstock platform and production

capabilities, including the decision to establish the Martinez Renewables joint operation in the US, the final investment decision concerning the Rotterdam expansion project and continuous monitoring of the on-going Singapore expansion project. Feedstock growth related M&A and other investment topics were also on the Board agenda in 2022. In addition to the above and matters set out in the Board Charter, the Board further supervised strategy execution as well as evaluated the changes in the long-term operational environment and their impact on the Company's business operations from e.g. a sustainability perspective. Leadership matters, including changes in senior management announced during 2022, and talent management were also dealt with by the Board. The Board continuously monitored the Company's safety, financial and operational performance as well as risk management.

## Board of Directors, 31 December 2022

	Position	Born	Education	Main Occupation	Independent of the company	Independent of major shareholders	Personnel and Remuneration Committee	Audit Committee	Attendance at meetings	
									Board	Committees
Matti Kähkönen	Chair	1956	M.Sc. (Eng.)	Non-Executive Director	•	•	•		16/16	8/8
John Abbott	Member	1960	B.Sc. (Chem. eng.)	Non-Executive Director	•	•	•		16/16	8/8
Nick Elmslie	Member	1957	B.Sc. (Chem.)	Non-Executive Director	•	•		•	16/16	7/7
Martina Flöel	Member	1960	Ph.D. (Chem.)	Non-Executive Director	•	•	•		16/16	8/8
Just Jansz	Member	1957	Ph.D. (Chemical Metallurgy)	Independent board member and advisor, Managing Director of Expertise Beyond Borders	•	•		•	11/11	6/6
Jari Rosendal	Member	1965	M.Sc. (Eng.)	President and CEO of Kemira	•	•		•	16/16	7/7
Eeva Sipilä	Member	1973	M.Sc. (Econ.), CEFA	Chief Financial Officer, Deputy to CEO, Metso Outotec Corporation	•	•		•	10/11	6/6
Johanna Söderström	Member	1971	M.Sc. (Econ.)	EVP, Chief Human Resources Officer at Tyson Foods Inc	•	•	•		16/16	8/8
Marco Wirén	Member	1966	M.Sc. (Econ.)	Chief Financial Officer at Nokia Corporation	•	•		•	16/16	7/7

The shareholdings of the members of the Board of Directors are presented below their CVs. The remuneration paid to the members of the Board of Directors is detailed in the Remuneration Report.

# Members of the Board of Directors



**Matti Kähkönen** (born in 1956)  
M.Sc. (Engineering)  
Chair of the Board since 2018  
Member of the Board since 2017  
Independent member

Senior Advisor, Metso Corporation 2017–2019. 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 1999, various managerial and development positions in Neles-Jamesbury and Rauma-Repola. Chair of the Board of Directors at Kemira, 3/2022–. Vice Chair of the Board of Directors at Kemira 2021–3/2022. Chair of the Board of Directors at the Finnish Fair Corporation 2020–. Chair of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2022: 13,080 shares.<sup>1)</sup>

**John Abbott** (born in 1960)  
B.Sc. First Class Honours, Chemical Engineering  
Member of the Board since 2021  
Independent member

Downstream Director and a Member of the Executive Committee of Royal Dutch Shell plc, 2013–2019. Executive Vice President of Global Manufacturing at Shell, 2012–2013. Executive Vice President of Shell's Upstream Americas Heavy Oil business, based in Calgary, Canada, 2008–2012. Vice President Manufacturing (Refining and Chemicals) Excellence and Support at Shell based in Houston, USA, 2006–2008. Various positions at Shell in the UK, Singapore, Thailand, the Netherlands, Canada, and the USA, predominantly in the areas of Global Manufacturing (Refining and Chemicals) as well as Supply, Trading and Distribution, 1981–2006. (In 1994, he was also seconded to the British Government for a short assignment). Non Executive Director of the Intercontinental Exchange (ICE) Futures Europe 2021–. Advisor and participant at Mobility Impact Partners (MIP) 2020–. Mentor in the FTSE 100 cross-company mentoring foundation 2013–. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2022: 374 shares.<sup>1)</sup>

**Nick Elmslie** (born in 1957)  
B.Sc. (Chemistry)  
Member of the Board since 2020  
Independent member

Chief Executive, BP Global Petrochemicals based in Shanghai 2011–2015. Controller, Head of Finance Function, BP Downstream 2006–2011. Various directorial positions at BP plc., including Chief Executive, Acetyls Business and Business Unit Leader, Head of Chemicals Strategy and CFO, Polymers & Olefins 1992–2006. Various positions at BP plc 1978–1992. Member of the Board and Investor at 3fbio Ltd 2017–. Member of the Supervisory Board of OTI Greentech AG 2017–. Member of the Board of Fosroc Group Holdings Limited 2009–. Chair of i-Keg Ltd 2021–. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2022: 2,374 shares.<sup>1)</sup>

**Martina Flöel** (born in 1960)  
M.Sc. (Chemistry), Ph.D. (Chemistry)  
Member of the Board 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 1998, various managerial and directorial positions in the Hoechst Group. Member of the Board of Directors of Sasol 2018–. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2022: 374 shares.<sup>1)</sup>

**Just Jansz** (born in 1957)  
Ph.D. (Chemical Metallurgy), M.Sc. (Mineral Engineering)  
Member of the Board since 2022  
Independent member

Independent board member and advisor 2011–. Managing Director of Expertise Beyond Borders 2011–. President Technology Business, Basell / LyondellBasell 2004–2010. Senior Vice President, Advanced Polyolefins, Basell 2001–2004. Various managerial positions at Shell affiliate companies 1989–2000. Member of the Board at Circular Plastics NL (Dutch National Growth Fund) 2022–. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2022: 374 shares.<sup>1)</sup>

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

# Members of the Board of Directors



**Jari Rosendal** (born in 1965)  
M.Sc. (Eng.)  
Member of the Board since 2018  
Independent member

President and CEO at Kemira since 2014. Various divisional President and Directorial positions, including Member of the Executive Board, at Outotec Oyj in 2001–2014. Various managerial and expert positions in the Outokumpu Group in Finland and the United States 1989–2001. Member of the Board of Directors of Chemical Industry Federation of Finland 2015–, Chair of the Board of Directors 2017–2018 and Vice Chair of the Board of Directors 2019–2020. Member of the Board of Directors of CEFIC, 2014–. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2022: 374 shares.<sup>1)</sup>



**Eeva Sipilä** (born in 1973)  
M.Sc. (Econ.), CEFA  
Member of the Board since 2022  
Independent member

Chief Financial Officer, Deputy to CEO, Metso Outotec Corporation 2020–. Chief Financial Officer, Deputy to CEO, Metso Corporation 2016–2020. Executive Vice President, Chief Financial Officer, Cargotec Corporation 2008–2016. Senior Vice President, Communications and Investor Relations, Cargotec Corporation 2005–2008. Various positions at Metso Corporation, Mandatum Stockbrokers part of Sampo Group and Arkwright AB 1997–2005. Supervisory Board Member, Varma, 2021–. Board Member, Outokumpu Corporation, 2017–2022, Vice Chair of Board 2020–2022, Chair of Audit Committee 2019–2022. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2022: 1,354 shares.<sup>1)</sup>



**Johanna Söderström** (born in 1971)  
M.Sc. (Econ.)  
Member of the Board since 2020  
Independent member

Executive Vice President, Chief People Officer at Tyson Foods Inc. 2020–. Senior Vice President, Chief Human Resources Officer at the Dow Chemical Company 2014–2019. Vice President, Center of Expertise Human Resources at the Dow Chemical Company 2012–2014. Various directorial HR positions at Dow Chemical Company, Dow Europe GmbH and Dow Chemical Handels- und Vertriebsgesellschaft mbH 2007–2012. Head of Global Compensation & Benefits at Huhtamäki Oyj 2006–2007. Various specialist and managerial positions at Dow Europe GmbH, Dow Chemical Handels- und Vertriebsgesellschaft mbH and Dow Suomi Oy 1999–2006. Prior to 1999, various specialist positions at Oy L M Ericsson Ab. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2022: 3,374 shares.<sup>1)</sup>



**Marco Wirén** (born in 1966)  
M.Sc. (Econ.)  
Vice Chair of the Board since 2019  
Member of the Board since 2015  
Independent member

Chief Financial Officer, Nokia Corporation 2020–. President, Wärtsilä Energy & Executive Vice President, Wärtsilä Corporation 2018–2020. Executive Vice President and Chief Financial Officer Wärtsilä 2013–2018. SSAB, Executive Vice President and CFO 2008–2013. SSAB, Vice President Business control 2007–2008. Eltel 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 2022: 3,537 shares.<sup>1)</sup>

## 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 since 2014  
Independent member  
– Member of the Board until 30 March 2022

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

### Board Committees

The Board has established an Audit Committee, which has five 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. 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.

### 2022

Starting from 30 March 2022, the Audit Committee comprised Marco Wirén (Chair), Nick Elmslie, Just Jansz, Jari Rosendal and Eeva Sipilä. In 2022, the Audit Committee convened 7 times, and the attendance rate was 100.0%. As part of the tasks specified in its Charter, the Audit Committee supervised and reviewed external and internal audit activities, and the Company's financial and other reporting. The Audit Committee also focused on risk and compliance management, including in relation to financial, market and geopolitical risks but also certain other risk areas, such as IT systems, segregation of duties and cyber security. Moreover, the Audit Committee also monitored e.g. legal and tax matters.

### 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.

### 2022

Starting from 30 March 2022, the Personnel and Remuneration Committee comprises Matti Kähkönen (Chair), John Abbott, Martina Flöel and Johanna Söderström. The Personnel and Remuneration Committee convened 8 times in 2022, and the attendance rate was 100.0%. During 2022, the Personnel and Remuneration Committee continued to focus on reviewing and developing Neste's total remuneration and talent management and

development to support the Company's operational and strategic targets. In line with duties coming from its Charter, the Personnel and Remuneration Committee also followed up the ongoing performance period 2022 and outcomes of the rewarding based on 2021 results. To further ensure the implementation of our strategy, international growth and leadership in sustainability the Committee led the special project on developing both short-term-incentive (STI) and long-term incentive (LTI) at Neste. In addition, the Personnel and Remuneration Committee has followed up the personnel engagement level based on the Company's Forward survey and Pulse survey results.

### President and CEO

Neste's President and CEO since 1 May 2022, Matti Lehmus (b. 1974, eMBA, M.Sc., Chemical Technology and Polymer Technology), 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.

Neste's former President and CEO (2018–2022) Peter Vanacker (b. 1966, M.Sc., Chemical Engineering, Polymers Engineering) resigned from the company as of 30 April 2022 to continue his career outside Neste.

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 2022 Remuneration report.

### Executive Committee

The Executive Committee 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 Executive Committee meets regularly, on average once a month. Information on the remuneration of the members of the Executive Committee can be found at [neste.com](https://www.neste.com).

### 2022

Matti Lehmus was appointed President and CEO of the Company as of 1 May 2022. The Executive Committee had 11 meetings during the year, and also met regularly outside such meetings in relation to specific themes. In addition to supporting the President and CEO in the fulfillment of his general duties, the Executive Committee continued during 2022 to work with the development and execution of the Company's strategy aiming at global leadership in renewable and circular solutions. In such context, the strategic focus areas included, among others, the continued scale-up of the Company's renewables businesses as well as the expansion of the Company's renewables feedstock platform and production capabilities, including the Martinez Renewables joint operation in the US, the Rotterdam expansion project and the Singapore expansion project. The Company's M&A and investment activities as well as development of the Company's innovation business platforms were also closely followed by the Executive Committee. In addition, a number of other matters were given special attention during the year, including geopolitical and other risks, the ongoing Porvoo transformation study as well as IT and cybersecurity matters. The Company's safety, financial and operational performance as well as sustainability and compliance matters were regularly monitored by the Executive Committee.

# Members of the Executive Committee



**Matti Lehmus** (born 1974)  
President and CEO,  
Chair of the Executive Committee  
eMBA, M.Sc. (Chemical Technology  
and Polymer Technology)  
President and CEO since 2022

Joined the company in 1998. Previously responsible for the Renewables Platform 2019–2022 and for the Oil Products business area 2014–2019. Has also 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 in 2007 and Gasoline Exports and Trading Manager 2004–2007 in the Oil Refining Division. Member of the National Emergency Supply Council 2018–.

Holdings in Neste Corporation on 31 Dec 2022: 21,471 shares.<sup>1)</sup>

**Martti Ala-Härkönen** (born 1965)  
Executive Vice President <sup>2)</sup>, Chief Financial Officer,  
Strategy and IT  
Dr.Sc. (Econ.), Lic.Sc. (Tech.)  
Member of the Executive Committee since 2022

Joined the company in 2022. Served previously as Executive Vice President, Chief Financial Officer (Finance, M&A and IT) at Caverion Corporation 2016–2022, Chief Financial Officer (Finance & Development) at Cramo Plc 2006–2016, Senior Vice President, Finance and Administration (CFO) at WM-data Ltd 2004–2006, Chief Financial Officer (Finance & Development) and Senior Vice President Business Development at Novo Group Plc 1998–2004 and as Finance Manager and Corporate Finance Manager at Postipankki Plc 1995–1998. Member of the Supervisory Board of Mutual Pension Insurance Company Ilmarinen 2022–. Member of the Board of Directors of Digia Plc 2016–. Member of the Board of Directors of Martinez Renewables 2022–.

Holdings in Neste Corporation on 31 Dec 2022: 2,000 shares.<sup>1)</sup>

**Mercedes Alonso** (born 1966)  
Executive Vice President,  
Renewable Polymers and Chemicals  
M.Sc. (Chem)  
Member of the Executive Committee since 2019

Joined the company in 2019. Responsible for the Renewable Polymers and Chemicals business unit. Previously served as Marketing Director Advanced Polymer Solutions Europe in LyondellBasell in 2019, Managing Director Eng. Composites Europe 2016–2019, and Global Director Corporate Marketing in A. Schulman Inc. 2013–2016, as well as Global Business Excellence Leader, Advanced Materials in Dow Chemical Inc. Europe GmbH 2010–2013. Member of the Executive Board and Executive Committee 2020– and Chair of the Sustainability Advisory Forum 2022– at CEFIC. Member of the Board of Directors and member of the Human Resources Committee of Huhtamäki Oyj 2022–.

Holdings in Neste Corporation on 31 Dec 2022: 4,187 shares.<sup>1)</sup>

**Panu Kopra** (born 1972)  
Executive Vice President,  
Marketing & Services  
BBA, MBA  
Member of the Executive Committee since 2016

Joined the company in 1996. Responsible for the Marketing & Services business unit. 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 in 2009, Business Development Manager in Renewable Products 2007–2008, Sales Director in 2006, General Manager in Latvia 2003–2005 and in several other positions in the company.

Holdings in Neste Corporation on 31 Dec 2022: 13,555 shares.<sup>1)</sup>

**Markku Korvenranta** (born 1966)  
Executive Vice President,  
Oil Products  
M.Sc. (Eng)  
Member of the Executive Committee since December 2021

Joined the company in December 2021. Responsible for the Oil Products business unit. Served previously as SVP, Group Portfolio Development at Marquard & Bahls, in Germany, 2019–2021. EVP, Base Chemicals & Member of Executive Board at Borealis in Austria, 2010–2018. Before that had several directorial and managerial roles at Borealis in Austria, Finland, Denmark and Belgium 1994–2010. Has also served in various roles at Neste Chemicals in Finland, 1990–1994. Member of the Board of Directors of Oiltanking in Germany, 2021–.

Holdings in Neste Corporation on 31 Dec 2022: 0 shares.<sup>1)</sup>

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

<sup>2)</sup> The titles of the functions' leaders have been changed to Executive Vice President as of 1 January 2023.

# Members of the Executive Committee



**Thorsten Lange** (born 1963)  
Executive Vice President, Renewable Aviation  
M.Sc. (Banking and Auditing)  
Member of the Executive Committee since 2020

Joined the company in 2020. Responsible for the Renewable Aviation business unit. Previously served as Head of Fuel Procurement (global) at Lufthansa Group 2001–2019. Has also served as Product Manager, Automotive Lubricants at FUCHS DEA Schmierstoffe GmbH&Co KG 1999–2001, Director Industry Lubricants at DEA Mineraloel AG 1998–1999 as well as Marketing Manager and Pricing Groundfuels at DEA Mineraloel AG 1992–1997. Member of the IATA Fuel Steering Group.

Holdings in Neste Corporation on 31 Dec 2022: 2,585 shares.<sup>1)</sup>

**Carl Nyberg** (born 1979)  
Executive Vice President, Renewables Platform  
M.Sc. (Economics and Business Administration)  
Member of the Executive Committee since 2019

Joined the company in 2005. Responsible for the Renewables Platform unit. Previously responsible for the Renewable Road Transportation business unit 2019–2022. Served in various positions at Neste, most recently as Vice President of Sales Scandinavia of the Renewable Products business area 2016–2019, Vice President, Supply, Oil Products at Neste Geneva 2014–2016 and Trading Manager, Crude Oil 2013–2014. Managing Director of Neste AB 2017–2019. Member of the Board of eFuel Alliance e.V. 2021–. Member of the Board of Martinez Renewables 2022–.

Holdings in Neste Corporation on 31 Dec 2022: 8,597 shares.<sup>1)</sup>

**Katja Wodjereck** (born 1976)  
Executive Vice President, Renewable Road Transportation, as of 1 April 2023  
eMBA, M.Sc. (Business Administration, European Business Management)  
Member of the Executive Committee as of 1 April 2023

Will join the company 1 April 2023 as Executive Vice President, Renewable Road Transportation. Served previously as the President D/A/CH, Italy & Commercial Director, Industrial Solutions EMEA 2022–, Commercial Director EMEA, Industrial Solutions 2018–2021, and Commercial Director EMEA, Energy and Microbial Technologies, Dow Europe GmbH, Switzerland 2017–2018, Sales Director Northern Europe, Packaging & Specialty, Belgium 2015–2017, Product Manager - Packaging & Specialties Plastics EMEA, Switzerland 2012–2015, Asset Manager Polyethylene (LDPE, LLDPE) for Latin America, Brazil 2011–2012, and several managerial positions in Dow Chemical 2002–2010. Member of the Board of American Chamber of Germany (Amcham), Member of the Board of EPCA The European Petrochemical Association.

**Minna Aila** (born 1966)  
Executive Vice President<sup>2)</sup>,  
Sustainability and Corporate Affairs  
LL.M.  
Member of the Executive Committee since 2020

Joined the company in 2020. Responsible for Sustainability and Corporate Affairs. Served previously as the EVP Marketing & Corporate Affairs at Konecranes 2018–2020, VP, Corporate Affairs at Nokia 2015–2018, SVP, Marketing, Communications & Corporate Responsibility at Outotec 2012–2015 as well as Head of Communications, Federation of Finnish Financial Services 2010–2012. Various roles in global communications, investor relations, corporate responsibility and government relations at Elcoteq 2004–2009. Various roles at European Commission 1992–2004. Chair of the EU and Trade Policy Committee at the Confederation of Finnish Industries EK. Vice Chair of the Business at OECD Trade Committee. Member of the Board at National Defense Course Association and Savonlinna Opera Festival. Member of the Board of Directors and member of the Nomination and Remuneration Committees at DFDS A/S 2022–.

Holdings in Neste Corporation on 31 Dec 2022: 4,502 shares.<sup>1)</sup>

**Hannele Jakosuo-Jansson** (born 1966)  
Executive Vice President, Human Resources and HSSEQ<sup>3)</sup>  
M.Sc. (Eng.)  
Member of the Executive Committee since 2006

Joined the company in 1990. Responsible for Human Resources and HSSEQ. Previously responsible for the Group's Procurement, 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. Chair of the Skills and Competence Committee of the Chemical Industry Federation of Finland. Vice Chair of the Skilled workforce Committee at the Confederation of Finnish Industries EK. Member of the Board of Directors of Finnair, Chair of the People and Remuneration Committee of the Finnair Board Plc 2021–.

Holdings in Neste Corporation on 31 Dec 2022: 34,979 shares.<sup>1)</sup>

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

<sup>2)</sup> The titles of the functions' leaders have been changed to Executive Vice President as of 1 January 2023.

<sup>3)</sup> As of 1 January 2023, Senior Vice President of Human Resources, HSSEQ and Procurement until 31 December 2022.

# Members of the Executive Committee



**Bart Leenders** (born 1969)  
Executive Vice President, Investment Management and Execution, as of 1 January 2023  
M.Sc. (Mechanical Engineering)  
Member of the Executive Committee starting 1 January 2023

Joined the company in 2010. Responsible for Investment Management and Execution function, including Engineering Solutions, and procurement as of 1 January 2023. Served previously as Vice President, Global Production, Renewable Platform 2015–2022, Interim Managing Director, Neste Singapore 2015, Managing Director, Neste Netherlands, Renewables Business unit 2010–2015 and Manufacturing Manager Downstream Operations, Huntsman 2005–2010. Member of the Circular Task Force of the Economic Board Zuid-Holland, Member of Executing Committee national Climate Agreement Mobility and Executing Committee national Aviation Agreement, Chair of the Dutch Association for Sustainable Biofuels (NVDB), and Board member of Deltalinqs, Enterprise Association for Mainport Rotterdam, representing Renewables and Chair of the safety domain.

**Lars Peter Lindfors** (born 1964)  
Executive Vice President<sup>2)</sup>, Innovation  
Ph.D. (Tech.), MBA  
Member of the Executive Committee since 2009

Re-joined the company in 2007. Responsible for Innovation, including research, development and technology as well as new business platforms. Previously responsible also for Investment Management, Information Technology, Procurement, Business Processes and Strategy. Served previously as Senior Vice President, Technology 2013–2019, Senior Vice President Technology and Strategy 2009–2012, and Vice President for the company's Research and Technology unit 2007–2009. Previously served as Executive Vice President, Renewal and Development and Member of the Executive Team at Perstorp Group 2001–2007. Prior to that has served as R&D Manager and in various other positions at Neste 1989–2001. Chair of the Board of the Fortum and Neste Foundation.

Holdings in Neste Corporation on 31 Dec 2022: 19,406 shares.<sup>1)</sup>

**Christian Ståhlberg** (born 1974)  
General Counsel  
LL.M.  
Member of the Executive Committee since 2017

Joined the company in 2017. Responsible for the Group's legal affairs and compliance. Secretary to the Executive Committee, 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 2022: 4,401 shares.<sup>1)</sup>

## Peter Vanacker

(born 1966)  
M.Sc. (Chemical Engineering, Polymers Engineering)  
President and CEO, Chair of the Executive Committee from 2018 until 30 April 2022.  
- resigned from the company as of 30 April 2022 to continue his career outside Neste.

## Jyrki Mäki-Kala

(born 1961)  
M.Sc. (Econ.)  
Chief Financial Officer, Strategy and IT  
Member of the Executive Committee from 2013 until May 2022  
- retired in May 2022

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

<sup>2)</sup> The titles of the functions' leaders have been changed to Executive Vice President as of 1 January 2023.

## 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.

### 2022

The 2022 AGM elected KPMG Oy Ab as the Company's auditor, and Authorized Public Accountant Leenakaisa Winberg acted as the auditor with principal responsibility.

The statutory audit fees in 2022 were EUR 1.6 million, and other fees charged amounted to EUR 0.9 million.

## Internal Audit

Neste's Internal Audit provides independent and objective assurance and advisory services designed to add value and improve the operations of Neste. As a component in the corporate governance process, it supports the organization by bringing a systematic approach to evaluating and improving the effectiveness of risk management and control and governance processes.

Internal Audit's activities encompass objective examinations for the purpose of providing assessments to the Neste's Board Audit Committee and management on the adequacy and effectiveness of governance, risk management and control processes at Neste. The scope of Internal Audit assessments include, among others, evaluating that risk management practices are

in place, significant risks are appropriately identified and managed, key policies and guidelines exist and are documented and effectively implemented, organizational structures and governance models enable efficient decision making and steering system, roles and responsibilities are clear, and results of operations and programs are consistent with established goals and objectives.

Internal Audit work is carried out based on an annual Internal Audit Plan. Neste's strategic objectives, key projects and identified risks are key elements in the audit planning process. The Vice President of Internal Audit reports periodically to the senior management and the Board Audit Committee Internal Audit's activities relative to the annual plan, including audit recommendations and action plans established by organizations aiming for the continuous improvement and mitigation of risks.

Internal Audit is also responsible for conducting special assignments on behalf of management or the Board Audit Committee. As a member of Neste's Investigation Group, the Vice President of Internal Audit participates in the investigation of suspected misconduct and breaches of Neste's policies, principles and applicable laws and regulations. To assure an effective, efficient and value adding process, Internal Audit cooperates actively with other Neste's assurance service functions (Corporate Risk Management, Internal Control and Compliance) and top management and shares best practices from a process and governance point of view.

Internal Audit follows the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, including the Professional Practice of Internal Auditing. The Internal Audit reports directly to the Board of Directors' Audit Committee and administratively to the President and CEO. The Board of Directors is responsible for approving the Internal Audit Charter and the annual Internal 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 Chair. The Vice President of Internal Audit is responsible for the internal audit activities specified in the Internal Audit Charter.

### 2022

Internal Audit performed internal audits set out in the Internal Audit Plan 2022, and reported audit results to the senior management and the Board Audit Committee. The Internal Audit function continued to strengthen cooperation with other Neste assurance functions such as compliance, risk management and internal controls with an aim to integrate activities and reporting to the management.

Neste's strategic investments, top risks and key business processes were in focus during the year 2022, including for example the Rotterdam Capacity Growth Project, credit management process and cyber attack preparedness.

## Compliance function

Neste is committed to high ethical standards and conducts its business and operates in compliance with applicable laws, regulations and generally accepted practices for good corporate governance. Neste's Code of Conduct sets the framework for Neste's global business operations, and establishes the ethical practices to guide Neste employees in their day-to-day business activities and decisions. Neste also requires suppliers and other business partners to comply with applicable laws and expects them to follow equivalent ethical business standards as stated in the Code of Conduct, as further described in our Supplier Code of Conduct.

More info on Neste's Code of Conduct in [Neste's Sustainability Report](#) and on [Neste's external web pages](#).

The purpose of Neste's Compliance function is to develop, establish, facilitate and oversee compliance procedures and programs aimed at ensuring that Neste's global organizations have effective systems and processes in place for identifying, preventing, detecting and correcting non-compliance with applicable laws, regulations and Neste's internal rules. The function supports Neste's management in their responsibility for overall compliance risk management, as well as Neste's organizational unit management in their responsibilities to identify and manage compliance risks related to their operations. The compliance function works in close collaboration with Neste's business units, functions and other internal assurance organizations, in particular the Risk Management, Internal Control and Internal Audit functions. The compliance function is headed by the Chief Compliance Officer (CCO), who reports to Neste's General Counsel. The CCO reports on compliance activities on a regular basis to the ExCo and to the Board of Directors' Audit Committee. Neste also has an Ethics and Compliance Committee, which oversees and steers the management of the ethics and compliance program in Neste. Reports on suspected misconducts received via the company's externally operated and via other reporting channels are investigated in accordance with applicable laws and Neste's internal Misconduct Investigation Standard.

In addition to other reporting channels, Neste also has an externally operated misconduct reporting system, Ethics Online, available 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 concerns related to alleged misconduct in Neste's practices. Neste's Investigation Group is responsible for evaluating

and investigating such reported cases. Neste has a non-retaliation policy for concerns reported in good faith. Neste's main principles and policy followed in internal misconduct investigations is described in the company's internal Misconduct Investigation Standard. The possible irregularities or misconducts are reported regularly to the Board of Directors' Audit Committee.

### **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.

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 organizational unit 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 ExCo 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 [neste.com/trading](https://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 those who prepare the Company's Interim Reports and Financial Statements, persons responsible for the Company's finances, financial reporting or communication, or persons who 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.

### **Related party transactions**

Neste has identified its related parties and it is regularly engaged in transactions with some of these parties. These transactions relate to the Company's normal business operations and shall be in line with the purpose of the company and executed on market or market equivalent terms and practices generally observed and accepted within the industry in question.

The related party transactions are monitored in cooperation with Finance and Legal functions as a part of the Company's normal reporting and control procedures. The Board of Directors is responsible for overseeing the processes established for monitoring related party transactions. Information on material transactions concluded between the Company and its related parties is disclosed annually in the notes on the Company's consolidated financial statements. When required under the applicable laws and regulations, material transactions conducted with related parties are also published via stock exchange release.

### **Controls over Financial Reporting**

#### **Objectives**

The objective of internal controls at Neste is to provide a reasonable assurance with regard to the financial reporting and the preparation of financial statements in accordance with the applicable laws and regulations and the internal requirements. Additionally, internal controls support the business in the achievement of its operational and strategic objectives by acting as performance accelerators in business processes.

The system of internal controls at Neste is based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Management sets its level of risk appetite by defining the Group-level control objectives. Control objectives state the Group's minimum control requirements for the control activities in financial and business processes in order to mitigate the underlying key risks and establish the desired level of assurance for correct financial reporting, adherence with the regulations and policies, and prevention of fraud. Group level control objectives are endorsed by the Executive Committee and Audit Committee and reflect the top management guidelines, auditor reports, policies and regulations Neste complies with. Neste internal control requirements are defined in Neste Internal Control Principle, Neste Access Risk Management Principle and standards on Controls over Financial Reporting (COFR), Segregation of Duties, etc.

#### **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 has been arranged in a reliable manner.

The internal control at Neste is based on the corporate structure whereby the operations are organized into organizational units. The heads of business units and finance function are responsible for establishing and maintaining appropriate, up-to-date, effective and adequate controls over financial reporting. Operational management owns the risks and controls and is responsible that controls and deficiency related corrective actions are implemented.

In order to provide additional assurance, Neste has established an Internal Control function, which is responsible for coordinating the Group-wide internal control development and monitoring. The Head of Internal Control reports on its activities on a regular basis to the Executive Committee and to the Board of Directors' Audit Committee which monitors the effectiveness of the Company's Internal Control. Internal Control follows up and verifies that actions are taken by the respective operational management.

Internal Control Principle emphasizes the importance of internal controls and clarifies the responsibilities of the Three Lines for establishing effective controls in business processes. Neste's values and management system containing the 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.

#### **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.

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

#### **Control activities**

Neste 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 Neste Internal Control Principle, Access Risk Management Principles, the Controls over Financial Reporting standard (COFR), Process charts, month end workflows and detailed Finance Instructions.

Key control activities are documented in a global control catalog covering each business or financial process. Group-level policies and guidelines are documented in the Neste Management System.

#### **Communication**

Neste corporate-level communication practices support the completeness and correctness of financial reporting. Neste personnel have 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 consist of internal control training, detailed Finance Instructions containing accounting principles and guidelines for forecasting and reporting, info sessions, on-the-job training, process walk-throughs, and postings on internal channels and pages.

Neste business units prepare regular financial and management reports for the management review, including analysis and comments of financial performance. The Executive Committee and the Board of Directors receive financial reports monthly. Interim Reports and Financial Statements are reviewed in Audit Committee meetings, and thereafter by the Board of Directors.

### Monitoring

Management regularly monitors the effectiveness of the controls, 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 the financial reporting process at all levels of the organization. The Audit Committee oversees the Company's finances, financial reporting, risk management, as well as the Internal Control and Internal Audit functions, 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's Audit Committee as appropriate.

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

The Internal Control function also conducts separate tests to assess the adequacy of internal controls in business processes, recommends corrections and reports the gaps to the respective management teams.

### 2022

In 2022, the internal control activity focus has been on three key areas:

First, establishing a renewal business remediation program under direct supervision of the renewable business EVPs and with the aim at addressing control improvements that not only mitigate risks, but also bring advancement in business processes. Concrete improvements have been made in pricing accuracy of contracts with customers.

The second focus area has been on bringing all core business process controls to the internal control platform, consisting of SAP GRC Process Control (PC) and GRC Access Control (AC) modules. A significant number of automated controls have been built and are functioning. Continuous Control Monitoring is used also for mitigating residual SoD risks, when needed.

The third focus area has been on revising and identifying control improvements in the ESG areas, mainly relating to Bio Compliance. Plan is to cover the majority of operations by the end of 2023.

The Executive Committee is monitoring closely the status of internal controls company-wide.

Deep dives and cooperation with the external auditor, KPMG, have been performed and analysis results are being followed up by the Audit Committee.

## Building effective Internal Control is an ongoing process driven by strategy and control objectives

### Remediation

Internal Control follows up and supports the implementation of management actions identified by its own testing or auditor findings and that relate to strengthening the control environment.

### Scope

Defined based on Regulatory environment, Strategic Objectives, Assessment of Risks, Audit Committee priorities, change programs and Remediation actions.



### Monitoring, testing and reporting

Internal Control employs tools, such as RPA, Celonis and SAP GRC, and it conducts separate tests to assess the performance of the internal controls and detect gaps and areas for improvement. Findings are reported to relevant stakeholders.

### Control development

In partnership with business and process owners, define and enhance the controls. Increase control automation and monitoring capabilities. Keep up-to-date control catalogs. Create and update requirements and guidelines.

### Training and communication

Clarify Control Requirements and tools. Support operational management and process owners in deploying controls in the organization. Perform an active role in communication with both personnel and stakeholders on important updates.

### Performance Management Process

Neste's 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 achieve 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 and developed to achieve these objectives.

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

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

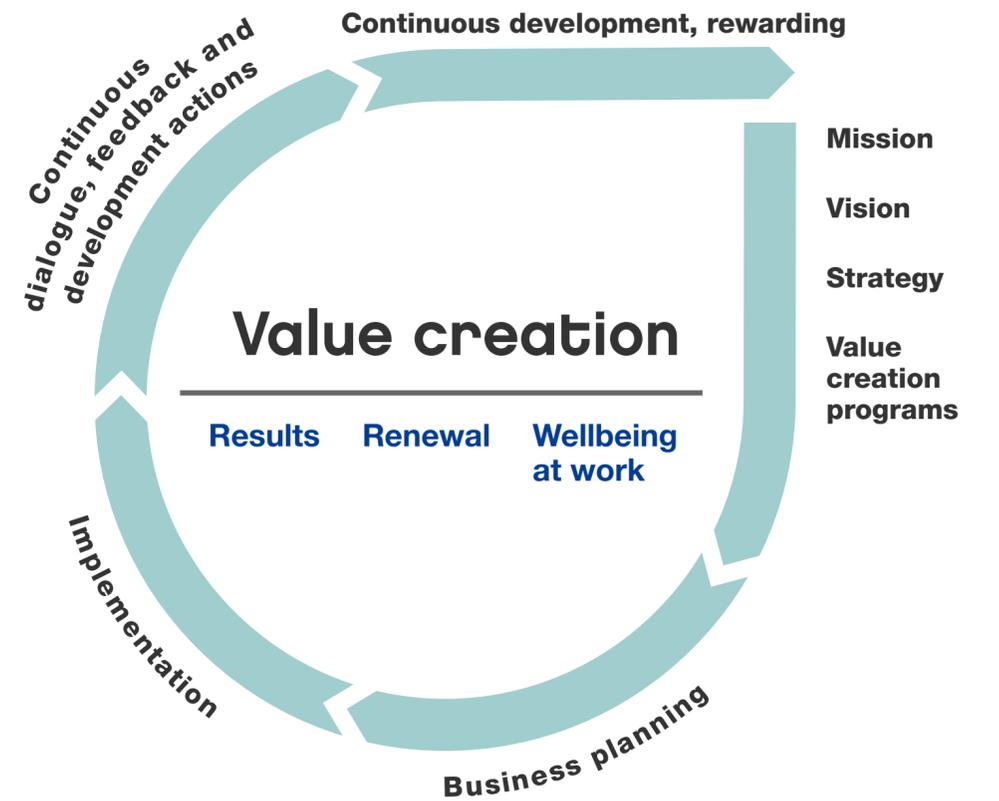
- setting challenging objectives and following them through;
- supporting the achievement of objectives with up-to-date feedback;
- evaluating one's own performance and results;
- developing ways of working and taking responsibility for one's own competence development; and
- holding regular personal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

From a financial outlook and reporting point of view, the Neste Performance Management Process consists of long-term financial projections based on the strategy and Performance Planning covering the midterm (3 years) outlook. During the year, performance is evaluated in weekly Management Reporting, the monthly Business Review, and the bi-annual Common Functions Review.

Financials and KPIs related information is evaluated against the strategic goals and business plans, and required actions are steered and followed throughout the year.



### Performance Management Process



# Risk management

## Risk management objectives and scope

Neste recognizes risk management as an integral part of sound management practice and an essential element of good corporate governance. Risk as an element of uncertainty (opportunity or threat) is an inevitable component of running the business. Systematic risk management practices are the means to ensure that Neste is successful in achieving the set strategic goals and business objectives and is able to maintain continuous operations in a changing business environment.

Neste's risk management practices can be characterized by the following statements:

- The company emphasizes risk aware culture and proactive management of risks;
- Risk management is a continuous process that is subject to improvement to reflect changes in the external and internal environment;
- The purpose of risk management is to analyze and manage all opportunities and threats that the company may encounter. By exploiting opportunities and reducing threats, Neste gains a competitive advantage;
- Risks are managed as an integrated part of planning, decision making, and operational processes with a defined structure of roles and responsibilities; and
- Sufficiency of risk treatment actions and controls is monitored systematically.

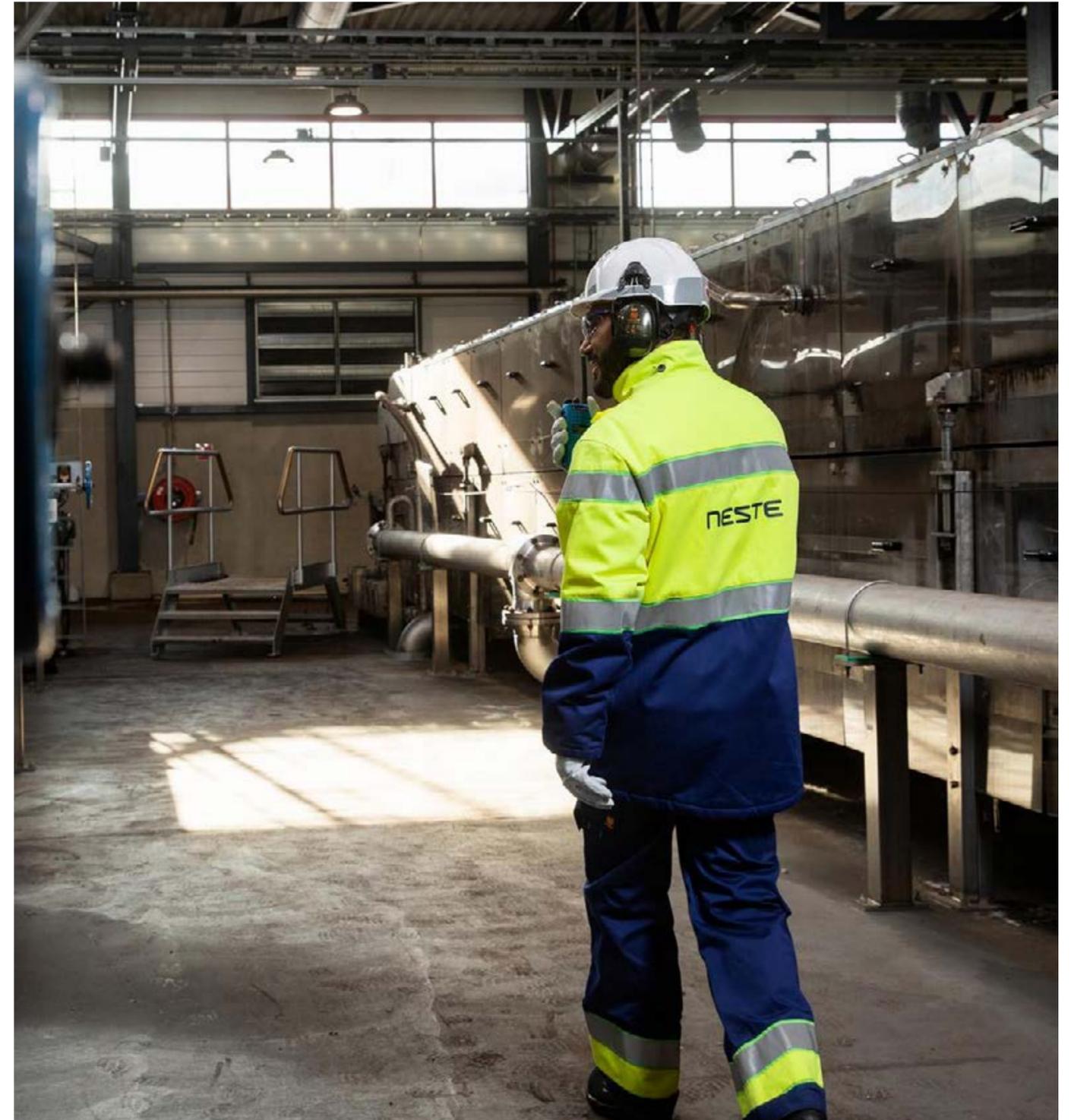
## Risk management framework and principles

Framework and principles for risk management have been defined in the Neste Corporate risk management policy, which has been approved by the Board of Directors. The policy is supplemented by risk management principles, guidelines, and instructions for specific risk disciplines.

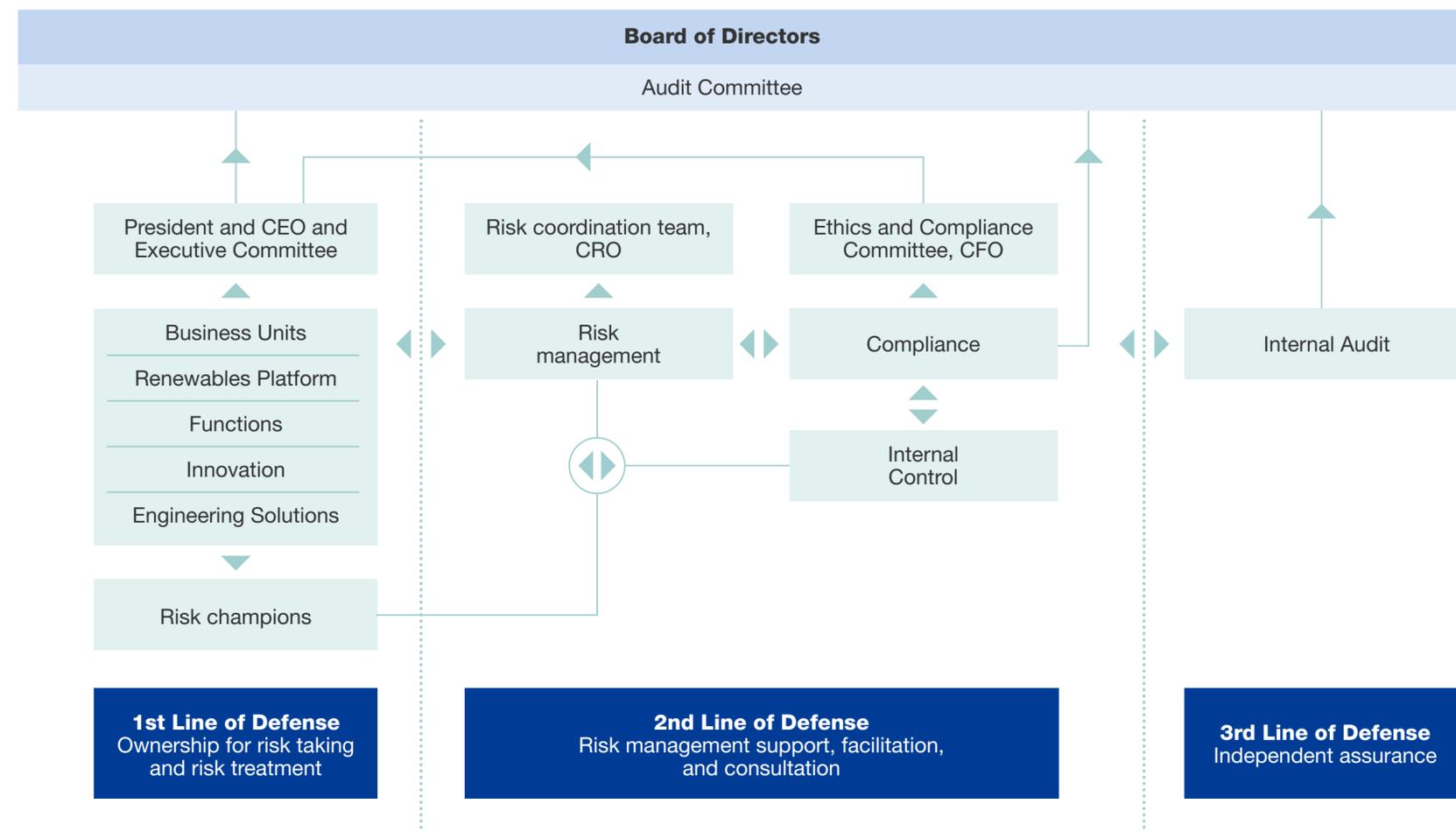
Neste's risk management framework and processes are aligned with the internationally recognized best practices for risk management (COSO: Enterprise Risk Management – Integrating with Strategy and Performance; and ISO 31000:2009 standard).

In Neste's risk model, risks are classified into external, strategic, and preventable risks that are more operational in nature.

- External risks are exposures that cannot be fully influenced or controlled by Neste. The main risk classes are changes in the external environment and risks in the extended enterprise;
- Strategic risks relate to strategic choices, strategy implementation and risks in the planning and execution of major projects (e.g. refinery turnarounds). Strategic risks are not inherently undesirable as they typically contain both upside and downside risk potential; and
- The third category of risks, preventable risks, consists of various risk classes that arise within the organization and are mostly controllable. In general, Neste does not gain strategic benefits from taking these risks.



## Risk governance



### Risk governance

The Neste Board of Directors has the ultimate accountability for risk oversight. Among other duties the Board is in this role responsible for setting the Group's risk appetite and for approving the Risk Management Policy.

The practical implementation, development and monitoring of risk management processes is based on the three lines of defense model. The model distinguishes between:

#### 1st Line of Defense

The first line of defense is responsible for setting the objectives, managing day-to-day performance and reinforcing risk responses in order to achieve the set targets. At Neste, the first-line actors include Business Units and Functions in their first-line roles. As a part of the first line of defense, Neste's President and CEO and the Neste Executive Committee have the overall accountability for appropriate risk management practices.

In practice, Business Units and Functions own and manage risks with the help of a dedicated network of risk champions and coordinators. The role of the risk champions/coordinators is to represent different risk disciplines and to ensure that risk discussions are embedded in everyday management routines.

#### 2nd Line of Defense

The role of the actors in the second line of defense is to provide guidance, support, facilitation and consultation for risk management. The second line of defense needs to have some degree of independence from the first line of defense in order to be able to challenge the first line in managing performance and making risk-informed decisions.

At Neste, the second line of defense includes Functions in their second-line roles and specialist teams (corporate risk management, compliance and internal controls). In addition, Neste has established a separate Ethics and Compliance Committee that aims at increasing management oversight of compliance- and ethics-related issues within the Group. The Committee also ascertains the adequacy of mitigation actions in higher risk compliance areas.

The corporate risk management team has the overall responsibility to confirm that risk management activities are carried out consistently throughout Neste Group and all risk classes. Corporate risk management also drives the overall development of risk management practices and tools. The team is supported by the network of risk champions and coordinators.

#### 3rd Line of Defense

Internal Audit as an independent team evaluates the effectiveness and efficiency of the corporate-level risk governance model and related risk management processes, including the effectiveness of internal controls and other risk treatment actions in the scope of each audit. Internal Audit also provides recommendations for improvement areas.

## Risk reporting

Risk reporting aims at the transparent, consistent, and comprehensive communication of risk status in different areas. As a result of risk reporting, the Company's risk profile can be compared with the defined risk appetite and it can be concluded whether additional risk treatment actions are needed.

Communication regarding the most important risk issues takes place along the strategic planning and performance management cycle.

Formal risk reporting is directed to the Business Unit and Function management teams, the Neste Executive Committee, the Audit Committee and the Board of Directors. The Corporate risk management team is responsible for aggregating risk information for reporting to different internal and external audiences.

## Risks relating to Neste's business

In the pursuit of its objectives and targets, Neste is exposed to different risk factors that stem from the external environment, internal decision making, operating processes and systems in use. The most significant risk factors relate to the areas mentioned below. Any one of the risks, either singly or in the aggregate, may have a material adverse effect on Neste's business, financial condition, operating results and future prospects.

### External risks – Economic conditions, Geopolitics, Pandemic

Year 2022 was marked with slowing economic growth and several crises - war in Ukraine, rising inflation and exceptional price hikes in the energy market. Following the war in Ukraine, major European refiners not connected to the Druzhba pipeline shifted away from using Russian crudes. This combined with the OPEC+ supply control measures has strongly supported non-Russian crude prices this year. Russia will likely curtail its crude production upon the introduction of the G7 price cap and the EU's embargo on Russian oil trading. Especially

if the price cap is set at a too low level, additional cuts to Russian crude oil production are expected. Meanwhile, China's Covid policies and economic fundamentals could cast uncertainties towards the other direction.

Oil refining margins in 2022 were impacted by a hike in operating costs. This is due to a combination of overall heightened oil supply risks, and the significant increase in refineries' utility costs. The latter was primarily driven by skyrocketing natural gas prices in Europe caused by Russia's substantial reduction of natural gas exports to Europe.

With an embargo on Russian oil products coming into force in the EU in early February 2023, uncertainties related to the oil product availability, subsequent cost development for natural gas in Europe and macro-economic developments impacting demand make the exact direction for refining margins going forward difficult to predict.

The renewable fuel market in 2022 was also impacted by the war in Ukraine, in two major ways. Firstly, by driving up prices for vegetable oils, and in turn other waste and residue feedstocks, in the months after the start of the war. Price levels have meanwhile declined substantially from their peak in early summer. Secondly, through driving up the cost of fossil transport fuels, which led a few EU member states, including Finland and Sweden, to freeze or even lower their biofuel blending obligations in 2022 and the following years. However, the impact on biofuel demand was overall limited, as demand continued to grow in many markets in the EU, North America and around the world.

### External risks – Environment

Neste's strategic ambition is to be the global leader in renewable and circular solutions. Growing pressure to combat climate change and reduce greenhouse gas emissions is therefore primarily a positive driver for Neste's business. However, political and societal focus on the low-carbon transition and the energy sector's

carbon footprint also create risks. Indirect economic and political consequences of climate change may contribute to the general uncertainty in the business environment and hence have an adverse effect on Neste's business. In addition, changes in carbon emission trading schemes or similar initiatives on EU-, US- or individual Member State-level may have a significant effect on Neste's business.

### External risks – Laws and regulation

Changing regulation presents both an opportunity and a threat to Neste's business. Neste's refining operations and products are subject to extensive regulation (incl. environmental, health and safety, sustainability). General regulatory requirements in areas like commodity trading and data protection have also contributed to the formalization of operating procedures.

Neste's business units mainly benefit from increased support for biofuels and renewable fuels (for example requirements that relate to renewable content in diesel and gasoline). However, changes in regulation especially in the European Union and the United States also create uncertainties as these may influence the speed at which the demand for renewable products develops, and new raw materials sources are brought into use. For the renewable products, a significant source of uncertainty is fragmented regulation around the acceptability and use of waste and residue feedstock.

### Risks relating to strategic choices and strategy implementation

The majority of strategic risks relate to the viability of strategic choices and risks in strategy implementation. Opportunities and threats may arise from changes in the competitive landscape or from internal decision making and use of technology.

Neste's competitive position in the selected key markets is good. Neste's proprietary NEXBTL production technology is a proven technology for producing

high-quality diesel from renewable raw materials. However, there is no assurance that this competitive position will continue as new players enter the market, current competitors develop their technologies or customer preferences for clean mobility change. In addition to the development of alternative feedstocks and production technologies for liquid fuels, the evolution of engine technologies and introduction of alternative powertrains can be faster than expected.

Staying ahead of competition requires continuous improvement, the ability to challenge current business models and a strong focus on innovations such as new production technology and feedstock platforms. In addition, Neste's products and services must continuously meet customer requirements relating e.g. to product quality and sustainability. Evolving customer requirements together with more complex sourcing and logistics networks and production methods increase the exposure to quality risks that need to be managed well in order to maintain the high-quality brand image. As risk mitigation, Neste has implemented systematic quality management measures both in its own operations and in partner networks.

Strong governance practices and the continued contributions of Neste's senior management, personnel and partners are vital for the company's success. Due to fierce competition for talent, there is a risk that Neste may not be able to recruit and retain the highly skilled employees that are needed for strategy deployment and successful operations in the future. There is also a risk that Neste will not be able to build and manage strategic partnerships that contribute to future success.

### Project risks

Successful projects play a key role in Neste's strategy deployment, operational development and the digitization of processes. Significant delays in project planning or execution may reduce operational efficiency or impair Neste's ability to secure its competitive position.

### Business continuity risks

During the last few years, widespread implications from Covid-19 pandemic have pushed many industries and companies towards more systematic continuity management practices. While the pandemic still continues to restrict economic activity in some areas, more significant pressures for contingency planning during 2022 have come from geopolitical tensions, energy market volatility and high inflation rates. While governments have shifted attention towards mitigation of higher cost of living, the market has seen temporary reductions in climate ambition and targets as well as slowed down implementation of climate policies that would also support demand for Neste's solutions. Neste has continued implementation of strategic and operational business continuity measures. On the company level also scenario work has played an important role.

On the operational level Neste's business performance is very much dependent on the continuous reliability of refining activities in Finland (Porvoo), Singapore and the Netherlands (Rotterdam). In addition to the planned maintenance turnarounds, for example disruptions in the supply of utilities or breakdown of critical machinery could cause unexpected shutdowns that would affect Neste's ability to fulfill demand for end products.

The vessels chartered to Neste or owned by Neste are subject to inherent risks like maritime disaster, damage to the environment and loss of or damage to cargo and property. Such events can be caused by multiple factors, such as adverse weather conditions or mechanical failures.

Neste has insurance in place to reduce the financial impact of property damage, business interruption, and maritime disasters. However, insurance does not cover all potential losses and Neste could therefore be seriously harmed by operational catastrophes or deliberate sabotage.

### Market risks

In 2022, the oil and energy market as a whole experienced unforeseen hikes in energy and utility prices. Despite market stabilization there is a continuing risk of market volatility and increasing prices. This could have direct impacts on Neste's operating and project costs. In addition, high inflation could also have an indirect impact on the demand for Neste's products as governments try to balance the cost of climate actions with the need to manage the generally increased cost of living. On the feedstock side, it is expected that the high demand and high pricing for different waste and residue feedstock streams continues as competitors are increasing their production capacity for renewable products.

The financial results of Neste are primarily affected by the price differential, or margin, between refined petroleum and renewable product prices; and the prices for crude oil, different vegetable oils and other feedstock used. Historically, refining margins have been volatile and they are likely to continue to be so in the future. The main factors that may affect the refining margins include:

- Changes in aggregate demand for and supply of raw materials and products;
- Changes in demand for and supply of specific raw materials and products;
- Raw materials and product price fluctuations; and
- Evolution of worldwide refining capacity, and in particular development of refining capacity that relates to petroleum and renewable products similar to Neste.

As a part of risk management, Neste uses derivative instruments to protect its position against fluctuations in commodity prices.

Neste is exposed to foreign exchange risks because most of the sales are denominated in US dollars, whereas operating expenses (except the purchase of raw materials) are recorded in euros. Neste limits the uncertainties relating to changes in foreign exchange rates by hedging its currency risks in contracted and forecasted cash flows and balance sheet exposures.

More information on market risks can be found in the [Financial Statements Note 3](#) section of the Annual Report.

### Counterparty and credit risk

Counterparty risk arises from all business relationships, where Neste is exposed to the counterparty's failure to perform according to Neste's requirements and contractual commitments. The extent of counterparty risk has increased along the continued diversification of Neste's supply base and customer segments. In order to manage the risk, Neste has implemented systematic controls for counterparty screening and monitoring.

Especially on the sales side, Neste is also exposed to credit risk i.e. the potential failure of a counterparty to meet its contractual payment obligations. Risk magnitude is dependent on the size of the exposure concerned and counterparty's creditworthiness, which is assessed systematically both during onboarding and during the relationship.

### Sustainability risks

The most significant sustainability risks that relate to Neste's own operations or to the extended enterprise have been reported in line with the requirements of the Non-Financial Reporting Directive as a part of [the review by the Board of Directors](#).

### ICT and cyber risks

Digitalization and emerging technologies (for example the use of artificial intelligence and robotics) offer opportunities to automate dangerous or error-prone tasks and increase the efficiency of operations. At the same time, the increasing sophistication of cyber threats and generally rising frequency of attacks targeted at oil and gas companies is also a concern for Neste. Cyber risks multiply the impact of other risks and as individual risks could also have a major negative impact on Neste's reputation or continuity of business operations.

The reliability of the key IT systems and partnerships is essential for continuous business operations. Prolonged disruption in the availability of the key systems, data or interfaces could limit Neste's ability to conduct its business operations in a profitable, efficient and controlled manner.

### Risk management focus in 2022

In 2022, special risk management initiatives focused on risk support for major investments, M&A transactions and business model changes. Also implementation of business continuity plans continued.

**NESTE**