

Opening speech by Matti Kähkönen, Chairman of the Board of Directors  
Neste Annual General Meeting, April 2, 2019 at 1 pm, Messukeskus, Helsinki

**Arvoisat Neste Oyj:n osakkaat, hyvät naiset ja herrat**

**Bästa aktieägare,**

**Dear shareholders, ladies and gentlemen!**

My name is **Matti Kähkönen**, and I am the chair of the board of directors of Neste Corporation. It is my honor to open this Neste Corporation Annual General Meeting for 2019, and to bid you all a warm welcome on behalf of the board.

I'll start by briefly introducing the board members, who as in previous years are sitting at the front here:

- **Elly (Elizabeth) Burghout**, who is a member of Neste's personnel and remuneration committee;
- **Martina Flöel**, who is a member of Neste's audit committee
- **Jean-Baptiste (J.B.) Renard**, who is a member of the personnel and remuneration committee;
- **Jari Rosendal**, who is a member of the audit committee;
- **Willem Schoeber**, who is a member of the audit committee;
- **Marco Wiren**, who is chair of the audit committee.

The board also includes **Laura Raitio**, who unfortunately could not be present today. She is currently vice chair of the board of directors and a member of the personnel and remuneration committee. Laura leaves Neste's board of directors after serving in it for eight years. I want to thank Raitio for her excellent work for Neste and of her long-term contribution as the vice chair of the board, and prior to that as the member of the board.

I have been chair of the board of directors and chair of the personnel and remuneration committee. I have also served as a member of the shareholders' nomination board.

All of the board members, as well as **Markku Katajisto**, a chartered public accountant with our principal auditor, PriceWaterhouseCoopers Oy, are independent of Neste Corporation and of its major shareholders.

Neste Corporation CEO Peter Vanacker is also sitting here, and later in this meeting he will present the members of the management team and provide a review of the company's business operations.

**Safety and the environment**

Before I tell you more about the activities of the board of directors, I would like to say a few words about responsibility and safety, which are at the core of all of Neste's business operations. The board addresses issues of safety and responsibility with great care, as is the case also with issues related to financial performance.

For years, decades even, Neste has worked very systematically to further improve on responsibility and safety, and this has led to good results. For example, in 2018, Neste achieved its best performance ever in employee safety. In addition, the company's renewable products helped customers reduce their greenhouse gas emissions by a total of around 8 million tonnes. This is equivalent to the combined annual greenhouse gas emissions of about 3 million cars. At the start of this year, Neste was once again chosen as the world's most responsible energy company on the Global 100 list, and as the third most responsible company in the world.

Neste has succeeded excellently in reconciling ethical responsibility and sustainability with financial success, since 2018 was the company's most profitable year ever. The company clearly exceeded its financial targets, as CEO Peter Vanacker will explain in his presentation.

Neste's success is also reflected in the strong development of its share price, with a total annual shareholder return of 29.4 percent in 2018. This figure is considerably higher than the development in share price of the companies in Neste's international control groups or the development of the general index of the Helsinki Stock Exchange. We can all thank the entire staff and management of Neste for the company's success.

### **Activity of the board of directors in 2018**

The key task of Neste's board of directors is to guide the group's strategy in a way that lays the foundations for meeting the financial targets set for the group and creates shareholder value over the long term, while at the same time taking account of the expectations of the various stakeholders.

The Board of Directors convened 13 times in 2018, with a participation rate of 100 percent. In addition to its core tasks, in 2018 the board of directors prepared and made decisions on exceptionally large projects and reforms: The new CEO took up his position, and the company decided on the biggest investment in its history. In addition, Neste made changes to its long-term share-based incentive scheme.

The first major task of the board of directors was appointing Peter Vanacker as CEO of the company over a year ago, in February 2018. Peter started working for Neste in September and took over as CEO in November. Since the summer, the board of directors has closely followed the implementation of the CEO's induction program and has helped support him in his new role. The change of CEO went smoothly. There is already a high level of trust

between Mr. Vanacker and the board of directors, providing a solid foundation for the future.

In December, as a second major matter of the board, Neste decided on the largest investment in the company's recent history with its decision to build additional capacity for renewable products in Singapore. The decision was based on an enormous amount of careful planning, adding up to as much as 300 person-years of work. The board also considered the issue carefully from different perspectives, and in September we visited the site in Singapore for a close-up view of the situation and the operating environment. We decided to set up a separate working group within the board of directors, and this small group of board members then studied the plans in even greater detail. When the whole board of directors made its final decision on the investment in December 2018, the board's unanimous approval reflected the fact that the plans had been so painstakingly prepared.

As a third important matter, in support of its long-term strategy, the board decided to renew the company's long-term incentive scheme. The new system consists of a performance-based and share-based incentive scheme and a conditional share-based incentive scheme that has been set up for strategic special situations. The purpose of the incentive scheme is to harmonize the goals of Neste's management with the interests of shareholders, and to commit the management to increasing the company's value and reaching its strategic goals. I will explain the company's remuneration principles in more detail in my remarks on remuneration.

In addition to these large issues, the board continuously assesses the company's long-term strategy and competitiveness. Neste has been highly successful over the past five years, but it is the board's responsibility to consider strategy with a far longer timespan, even for decades ahead. In early 2019, the board of directors approved the company's renewed long-term strategy, which extends to 2030. In working on the company's strategy, the board has kept an open mind and has followed broader developments in the operating environment, such as changes in traffic, the continuing proliferation of electric cars and ethical questions related to oil refining.

### **Evaluation of the board of directors**

Neste's board of directors evaluates its own work annually. Last year's evaluation was carried out by an external party, taking into account both the change of CEO and of the chair of the board of directors. The aim of the evaluation was to ensure that the board can support the company's future strategy with its broad diversity of expertise and experience.

All members of the board of directors and the company's management were covered by the evaluation. The results of the evaluation were forwarded to the nomination board

appointed by the Annual General Meeting, which considered it in making its proposal for the composition of the board of directors.

The evaluation results have also been discussed by the board of directors, and the results of the evaluation are being used to continuously improve the board's work. The overall assessment of the board's work continues to be positive.

I would therefore like to thank all the members of the board for the exceptionally busy working year, and for their diligent and professional work. At times it has demanded a lot of stamina and familiarization with a very large amount of materials for the meetings. At other times, the best contributions came in the form of asking excellent questions and presenting challenges. We are confident we will also hear excellent questions from our shareholders today.

### **Opening the meeting**

Dear shareholders, ladies and gentlemen,

I want to thank you for showing such faith in Neste Corporation by buying stock in the company. Thank you also for coming to this Annual General Meeting to hear how the company's board of directors and management have taken care of the duties entrusted to us, and to hear about and discuss and make the important decisions required of the Annual General Meeting.

I declare the Annual General Meeting open and propose that Jukka Laitasalo be appointed chair of the meeting, as in previous years. Are there any other suggestions? If there are no other proposals, Jukka Laitasalo is hereby appointed chair of the meeting.