

Neste Corporate Governance Statement 2019



Corporate Governance Statement 2019

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

Regulatory framework

Neste Corporation ("Neste" or the "Company") observes good corporate governance practices in accordance with the laws and regulations applicable to Finnish listed companies, the Company's own Articles of Association, and the Finnish 2015 Corporate Governance Code. The Corporate Governance Code can be found at 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 Auditors, PricewaterhouseCoopers Oy, has monitored that it has been issued and that the description of the main features of the internal control and risk management related to the financial reporting process included in the statement matches the Financial Statements.

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

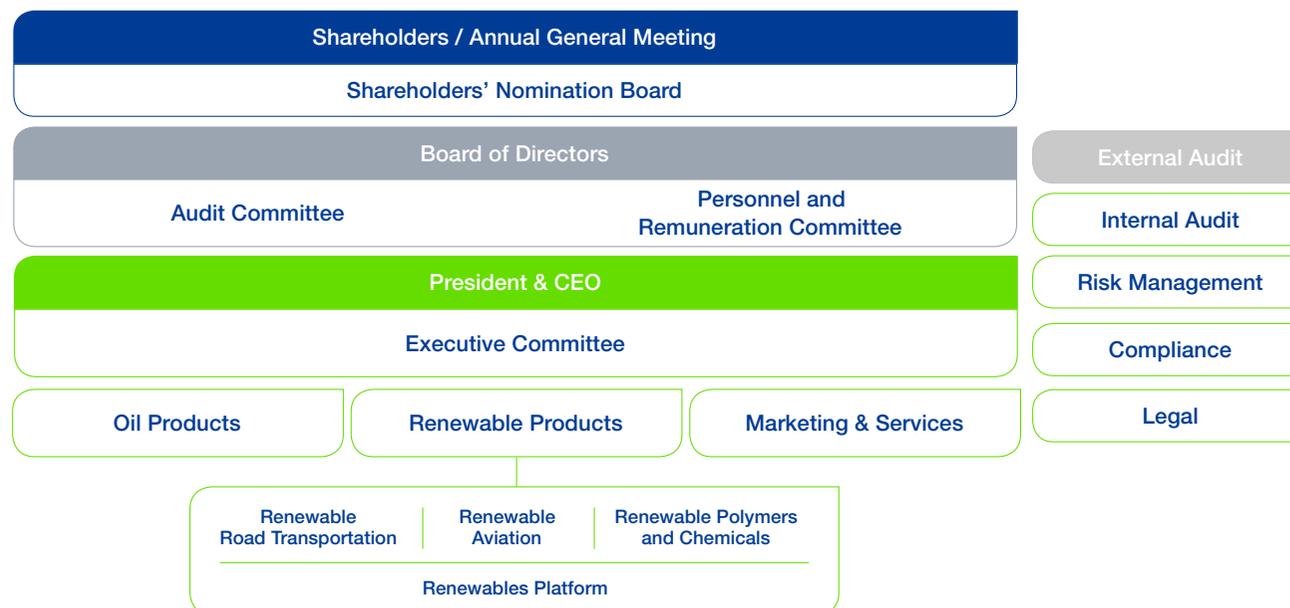
Governance Bodies

The control and management of Neste is split between the Annual General Meeting of Shareholders (AGM), the Board of Directors, and the President and Chief Executive Officer (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.

Neste's Governance Bodies



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

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, 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 no earlier than two months, and no later than three weeks prior to a meeting, but at least nine days before the record date set for the meeting under the terms of the Companies Act. In addition, the Company shall publish details on the date and location of the meeting, together with the address of the Company's website, in one or more newspapers within the same period of time.

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

2019

The 2019 AGM was held in Helsinki on 2 April 2019 and adopted the Parent Company's Financial Statements and the Consolidated Financial Statements for 2018, and discharged the Board of Directors, and the President and CEO from liability for 2018. The AGM approved the Board's proposal concerning a share issue without payment (share split) to the effect that new

shares were issued to the shareholders in proportion to their holdings so that two new shares were issued for each share.

The AGM also approved the Board of Directors' proposal regarding the distribution of the Company's profit for 2018, authorizing payment of a dividend of EUR 2.28 per share. The first installment of dividend, EUR 1.14 per share, was paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for first dividend installment, which was 4 April 2019. The first dividend installment was paid on 11 April 2019. The second installment of dividend was paid to shareholders registered in the shareholders' register of the Company on the record date for second dividend installment, which was 4 October 2019. The second dividend installment was paid on 11 October 2019. As the AGM also approved the share split, the second installment was divided between one old and two new shares so that EUR 0.38 dividend was paid on each share.

The AGM also decided the composition of the Board of Directors and the remuneration to be paid to the members of the Board of Directors, and appointed the Auditor.

Shareholders' Nomination Board

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

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

The Company's largest shareholders entitled to elect members to the Shareholders' Nomination Board shall be annually determined on the basis of the registered holdings in the Company's list of shareholders held by Euroclear Finland Ltd.

as of the first weekday in September in the year concerned. The Chair of the Company's Board of Directors shall request each of the three largest shareholders established on this basis to nominate one member to the Shareholders' Nomination Board. In the event that a shareholder does not wish to exercise his or her right to appoint a representative, the right shall pass to the next-largest shareholder who would not otherwise be entitled to appoint a member.

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

The Shareholders' Nomination Board shall serve until further notice, unless a General Meetings 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 2020 AGM

On 18 September 2019, 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; President and CEO Jouko Pölönen of Ilmarinen Mutual Pension Insurance Company and Matti Kähkönen, the Chair of Neste's Board of Directors.

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

Kimmo Viertola

M.Sc. (Econ.), Chair of the Shareholders' Nomination Board since 18 September 2019.

Born in 1961.

Director General of the Ownership Steering Department at the Prime Minister's Office of Finland. Member of the Board of Solidium Oy. Chair of the Shareholders' Nomination Board of Fortum Oyj.

Holdings in Neste Corporation on 31 December 2019: no holdings/ 0 shares.¹⁾

Prime Minister's Office: 276,603,132 shares.²⁾

Reima Rytsölä

M.Soc.Sc, CEFA, AMP, Member of the Shareholders' Nomination Board.

Born in 1969.

Deputy CEO and Chief Investment Officer, Varma Mutual Pension Insurance Company. Member of the Board of Kojamo Plc. Member of the Board of Nordea Funds Ltd. Member of the Board of Ylva Services Ltd. Member of the Board of the Foundation for the Finnish Cancer Institute.

Holdings in Neste Corporation on 31 December 2019: no holdings/ 0 shares.¹⁾

Varma Mutual Pension Insurance Company 12,175,615 shares.²⁾

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 and Chairman of the Employment Pension Executive Committee, Finance Finland FFI. Vice Chairman of The Finnish Pension Alliance TELA. Chairman of the Board of The Finnish Foundation for Share Promotion.

Holdings in Neste Corporation on 31 December 2019: 2,400 shares.¹⁾

Ilmarinen Mutual Pension Insurance Company: 8,503,000 shares.²⁾

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. Member of the Board of The Research Institute of the Finnish Economy (EVA/ETLA), Chair of the TT fund of the Confederation of Finnish Industries, and Chair of the super advisory board of the Ilmarinen Mutual Pension Insurance Company. Chair of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2019: 12,310 shares.¹⁾

Holdings in Neste Corporation on 31 December 2019:

¹⁾ Own holdings and controlled entities.

²⁾ Shareholder's holdings represented by the member of the Shareholders' Nomination Board.

The Shareholders' Nomination Board convened 8 times between the 2019 AGM and 30 January 2020, and the members of the Shareholders' Nomination Board attended such meetings as follows:

	Attendance
Kimmo Viertola	8/8
Reima Rytsölä	7/8
Jouko Pölönen	8/8
Matti Kähkönen	8/8

The meeting on 30 January 2020 which accepted the proposals for the 2020 AGM was attended by all members of the Shareholders' Nomination Board.

Composition of the Shareholders' Nomination Board prior to the 2019 AGM

On 12 September 2018, the following members were appointed to Neste's Shareholders' Nomination Board: The Chair, Senior Financial Counsellor Jarmo Väisänen of the Ownership Steering Department in the Prime Minister's Office of Finland; President and CEO Jouko Pölönen of Ilmarinen Mutual Pension Insurance Company; Executive Vice-President and Chief Investment Officer Reima Rytsölä of Varma Mutual Pension Insurance Company and Matti Kähkönen, the Chair of Neste's Board of Directors.

The Shareholders' Nomination Board convened 6 times prior to the 2019 AGM and presented its proposal covering the members of the Board of Directors and the remuneration to be paid to them on 18 January 2019.

Due to the retirement of Mr. Väisänen, Director General Kimmo Viertola of the Government Ownership Steering Department in the Prime Minister's Office of Finland was appointed as the Chair of the Shareholders' Nomination Board as of 16 May 2019.

Board of Directors

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

Diversity of the Board of Directors

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

A cooperative and functional Board of Directors requires diversity for it to be able to respond to the requirements set out in Neste's business and strategic objectives and to support and challenge the company's operational management in a proactive and constructive manner. Significant factors concerning the composition of the Board of Directors include a variety of competences that complement the other members of the Board, education and experience in different professional and industrial

fields and in business operations and management existing in different development phases, as well as the personal qualities of each member, all of which add diversity to the Board of Directors. The diversity of the Board of Directors is also supported by experience in industrial fields and markets that are strategically significant for Neste, experience and abilities in technologies and the international operating environment, and a diverse age and gender distribution so that both genders are always adequately represented in the Board of Directors. In considering the composition of the Board of Directors, it is important to pay attention to Neste's current and evolving needs, and to ensure that the Board of Directors, as a whole, enables the current and future business development of Neste, which diversity also supports.

Neste's 2019 Board of Directors was composed of 8 members, all of whom hold a university-level degree, and two of whom have a doctorate. All of these degrees are from different fields, with technical fields being in the majority. Each member of the Board of Directors has international work experience in different types of positions, and has worked or is working in the Board of Directors or management of listed or unlisted companies. Three members have worked in managerial positions at major international oil companies. The Board of Directors is also diverse in terms of cultural backgrounds: its members come from five different countries and speak five different native languages. Women comprise 38% of all members of the Board of Directors. With regard to age, the members of the Board of Directors are divided evenly between 53 and 71 years of age. The duration of the terms of office of the Board members is divided as follows: three members have been on the Board of Directors for more than four years, while five members have been on the Board of Directors for less than four years.

Activities of the Board of Directors

The Board shall have at least eight regular meetings annually, all scheduled in advance, with extraordinary meetings when necessary. Extraordinary meetings, if requested by a Board Member or the President and CEO, shall be convened by the Chair, or, if the Chair is prevented from attending, by the Vice Chair, or if deemed necessary by the Chair. The Board constitutes a quorum if more than half of its members are present. The Board is responsible for preparing an operating plan for itself for its period of office between Annual General Meetings, to include

a timetable of meetings and the most important matters to be addressed at each meeting. The Board evaluates its performance annually to determine whether it is functioning effectively after the end of each financial year.

Duties of the Board of Directors

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

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

2019

The 2019 AGM confirmed the membership of the Board of Directors at eight members, and the following were re-elected to serve until the end of the next AGM: Ms. Elizabeth (Elly) Burghout, Ms. Martina Flöel, Mr. Matti Kähkönen, Mr. Jean-Baptiste Renard, Mr. Jari Rosendal, Mr. Willem Schoeber and Mr. Marco Wirén. Ms. Sonat Burman-Olsson was elected as a new member. Mr. Matti Kähkönen was elected as Chair and Mr. Marco Wirén was elected as Vice Chair.

The Board convened 15 times in 2019. The attendance rate at the meetings was 97.5%. Pursuant to its agenda, the Board focused in 2019 on the Company's long-term strategy, continued performance development as well as on-boarding of the President and CEO that assumed his duties as of 1 November 2018. The Company announced in February 2019 its renewed strategy aiming at global leadership in renewable and circular solutions. In such context, the Company announced a new organizational structure the development of which has been closely followed by the Board, including also a focus on

leadership matters and talent management. Other focus areas of the Board during 2019 were the expansion of the Company's renewables feedstock platform, the on-going capacity expansion investment in Singapore as well as the move from feasibility to execution in the Renewable Aviation and Renewable Polymers and Chemicals businesses. In addition to the above-mentioned agenda and matters set out in the Board Charter, the Board also paid continuous attention to the development of the Company's safety culture and performance. Further, the Board 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. The Board continuously monitored the Company's operational and financial performance as well as risk management. The Board has during the year participated in training and performed a self-evaluation of its work, including e.g. comprehensive interviews of all Board members by the Chair.

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

Board of Directors, 31 December 2019

	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	•	•	•		15/15	5/5
Elizabeth (Elly) Burghout	Member	1954	B.Sc. (Chem. Eng.)	Non-Executive Director	•	•	•		15/15	5/5
Sonat Burman-Olsson	Member	1958	M.Sc.(Econ), MBA	Non-Executive Director	•	•		•	11/12	3/4
Martina Flöel	Member	1960	PhD (Chem.)	Non-Executive Director	•	•		•	15/15	5/5
Jean-Baptiste Renard	Member	1961	M.Sc. (Eng.)	Non-Executive Director	•	•	•		15/15	5/5
Jari Rosendal	Member	1965	M.Sc. (Eng.)	President and CEO of Kemira	•	•	• (since 2 April 2019)	• (until 2 April 2019)	13/15	5/5
Willem Schoeber	Member	1948	Dr. (Tech.)	Non-Executive Director	•	•		•	15/15	5/5
Marco Wirén	Member	1966	M.Sc. (Econ.)	President of Wärtsilä Energy and Executive Vice President of Wärtsilä	•	•		•	15/15	5/5

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

Members of the Board of Directors

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 year 1999, various managerial and development positions in Neles-Jamesbury and Rauma-Repola.

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

Holdings in Neste Corporation on 31 Dec 2019:
 12,310 shares¹⁾

Elizabeth (Elly) Burghout



(born in 1954)
B.Sc. (Chemical Engineering)
Member of the Board since 2018
Independent member

Senior Director of Global Technology and Innovation, Specialties at Sabic in 2016–2017. Various General Manager positions at Sabic in 2007–2016. Various managerial positions at GE Plastics in 1996–2007. Prior to year 1996, various managerial and specialist positions in different organizations. Board Member, Sabic Petrochemicals BV, 2010–2014. Board Member, Sabic Fibre Reinforced Thermoplastics, 2014–2017. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2019:
 No holdings¹⁾

Sonat Burman-Olsson



(born in 1958)
M.Sc. (Economics), Executive MBA, Strategic Management Studies
Member of the Board since 2019
Independent member

President & CEO COOP Sweden 2014–2017. Deputy CEO, ICA Gruppen 2007–2014. Vice President Electrolux Group, Global Marketing Strategies 1995–2006. Senior Vice President Electrolux Europe Operational Development. Vice President Electrolux New Markets. Prior to year 1995 Directorial positions within Siemens and BP. Member of the Board of ICC – International Chamber of Commerce, 2016–2018 and Swedish Trade Federation, 2014–2017. Chairman of the Swedish Food Retailers Association, 2014–2017. Member of the Board of Swedish National Pension fund, 2008–2016 and ICA Bank & RIMI Baltic, 2007–2014, iZettle 2018. Member of the Board of Directors of Lindab 2011–. Member of the Board of Directors of Postnord 2018– and Member of the Board of Directors of Lantmannen 2018–. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2019:
 No holdings¹⁾

Martina Flöel



(born in 1960)
M.Sc. (Chemistry), PhD (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 year 1998, various managerial and directorial positions in the Hoechst Group. Member of the Sasol Board of Directors since January 2018. Member of Carl Bechem Board of Directors since January 2019. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2019:
 No holdings¹⁾

¹⁾Holdings in Neste Corporation: own holdings and controlled entities.

Jean-Baptiste Renard



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

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

Holdings in Neste Corporation on 31 Dec 2019: 22,950 shares¹⁾

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 as 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 and Audit Committee, Uponor Oyj, 2012–2018. Member of the Board of Directors since 2015 and Chairman of the Board of Directors 2017–2018 and Vice Chairman of the Board of Directors 2019–, Chemical Industry Federation of Finland. Member of the Board of Directors, CEFIC, 2014–. Member of the Board of Directors, Confederation of Finnish Industries (EK), 2017–2018. Member of the Board of Directors, 2011– and Chairman of the Board of Directors, Finnish Association of Mining and Metallurgical Engineers, 2017–. Member of the Board, TT fund of the Confederation of Finnish Industries starting in 2020. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2019: No holdings¹⁾

Willem Schoeber



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

Independent business consultant. Formerly Member of the Board of Directors of Societatea Energetica "Electrica" S.A. (Bucharest) 2016–2019. Chair of the Boards of Directors of EWE Turkey Holding AŞ, Bursagaz AŞ and Kayserigaz AŞ 2010–2015. Member of the Management Board of EWE AG, responsible for power generation and international business (Turkey and Poland) 2010–2013. Chair of the Management Board at swb AG (Bremen) 2007–2011. Several positions at Royal Dutch Shell Group's companies 1977–2007, in particular in oil refining. Presently Member of the Supervisory Board of Gasunie N.V. (Groningen) since 2013. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2019: 6,000 shares¹⁾

Marco Wirén



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

President, Wärtsilä Energy & Executive Vice President, Wärtsilä Corporation, since October 2018. 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. Member of the Board of Directors in Wärtsilä Finland Oy since 2013. Chair of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2019: 3,000 shares¹⁾

Laura Raitio
– Member of the Board until AGM 2 April 2019

(born in 1962)
M.Sc. (Chem. Eng.), Lic. Tech. (forest products technology)
Vice Chair of the Board since 2018
Member of the Board of Directors since 2011
Independent member

¹⁾Holdings in Neste Corporation: own holdings and controlled entities.

Board Committees

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

In addition, the Board of Directors can appoint committees as needed, for instance, for significant investment projects or other special tasks.

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.

2019

Starting from 2 April 2019, the Audit Committee comprises Marco Wirén (Chair), Sonat Burman-Olsson, Martina Flöel and Willem Schoeber.

In 2019, the Audit Committee convened 5 times, and the attendance rate was 95%. In addition to the tasks specified in its Charter, including those relating to external and internal audit, the Audit Committee supervised and reviewed the Company's financial and other reporting. Another important focus area of the Audit Committee was risk and compliance management, including in relation to financial risks, market and geopolitical risks but also certain other risk areas, such as IT systems, segregation of duties and cyber security. In such context, the Company's program for reforming its ERP system continued to be a specific focus area of the Audit Committee. Moreover, the Audit Committee also monitored e.g. legal, compliance and privacy 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.

2019

Starting from 2 April 2019, the Personnel and Remuneration Committee comprises Matti Kähkönen (Chair), Elly Burghout, Jean-Baptiste Renard and Jari Rosendal.

The Personnel and Remuneration Committee convened 5 times in 2019, and the attendance rate was 100%. The Personnel and Remuneration Committee focused during 2019

on talent and organisational development of the Company in line with the renewed strategy and restructured organization as well as supporting in recruitment of new members for the Executive Committee. The Personnel and Remuneration Committee also focused on reviewing and updating Neste's long-term incentive program for 2020 and onwards to strengthen the alignment with long-term shareholder value creation, simplify overall plan structure and introduce additional flexibility. In line with duties coming from its Charter, the Personnel and Remuneration Committee also followed the functioning of short- and long-term incentive plans to ensure that they supported the achievement of the objectives and helped improve the Company's performance. Both the follow-up the ongoing performance period and outcomes of the rewarding based on 2018 results were in the scope. In addition, the Committee focused on the preparation of the EU Shareholder Rights Directive II compliant Remuneration Policy for 2020 shareholder vote.

President and CEO

Neste's President and CEO Peter Vanacker (b.1966, M.Sc., Chemical Engineering, Polymers Engineering), manages the Company's business operations in accordance with the Finnish Companies Act and instructions issued by the Board of Directors. The President and CEO shall oversee the executive management of the company in accordance with instructions and orders given by the Board of Directors, and is responsible for ensuring that the Company's accounts are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

The President and CEO is appointed by the Board of Directors, which evaluates the performance of the President and CEO annually and approves his remuneration on the basis of a proposal by the Personnel and Remuneration Committee. Information on the remuneration of the President and CEO can be found in the 2019 Remuneration Statement.

Executive Committee

The ExCo 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 ExCo meets regularly, on average once a month. Information on the remuneration of the members of the ExCo can be found in the 2019 Remuneration Statement.

2019

The ExCo comprised nine members during the months of January to May, ten members during the months of May to September and eleven members during the months from September to December. The ExCo had 12 meetings during 2019, and also met outside such meetings in relation to specific themes. In addition to supporting the President and CEO in the fulfillment of his general duties, the ExCo worked during 2019 with the development and implementation of the renewed strategy aiming at global leadership in renewable and circular solutions. Against such background and given the Company's new organizational structure as of 1 May 2019, the ExCo invested a substantial amount of time in organizational development and capabilities build-up. The strategic focus areas included, among others, the expansion of the Company's renewables feedstock platform, the on-going capacity expansion investment in Singapore, the Company's operational excellence program as well as the move from feasibility to execution in the Renewable Aviation and Renewable Polymers and Chemicals businesses. In addition, a number of other matters were given special attention during the year, including the build-up of the Company's innovation program, the development of the Company's M&A capabilities as well as IT and cybersecurity matters. The Company's safety, financial and operational performance were closely monitored by the ExCo.

Members of the Neste Executive Committee 2019

Peter Vanacker



(born 1966)
President and CEO, Chair of the Executive Committee
M.Sc. Chemical Engineering, Polymers Engineering
President and CEO since 2018.

Joined the company in 2018. Served as CEO and Managing Director, CABB Group GmbH 2015–2018 as well as CEO & Managing Director of Treofan 2012–2015. Worked as Executive Vice President and Member of the Executive Board of Bayer MaterialScience (today Covestro AG) 2004–2012 with responsibility of the global Polyurethanes business and as Chief Marketing and Innovation Officer. Before that had several directorial and managerial positions in Belgium, Brazil, US and Germany at Bayer since 1990. Chair of the Advisory Board for the European Institute for Industrial Leadership.

Holdings in Neste Corporation on 31 Dec 2019:
30,429 shares.¹⁾

Mercedes Alonso



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

Joined the company in September 2019. Responsible for the Renewable Polymers and Chemicals business unit. Previously served as Marketing Director Advanced Polymer Solutions in LyondellBasell (2019), Managing Director Eng. Composites Europe 2016–2019, and Global Director Corporate Marketing in a Schulman Inc. 2013–2016, as well as Business Excellence Leader, Advanced Materials in Dow Europe GmbH 2010–2013.

Holdings in Neste Corporation on 31 Dec 2019:
No holdings.¹⁾

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 (2009), Business Development Manager in Renewable Products 2007–2008, Sales Director (2006), General Manager in Latvia 2003–2005 and in several other positions in the company. Board member of East Office as of 2016.

Holdings in Neste Corporation on 31 Dec 2019:
14,982 shares.¹⁾

Matti Lehmus



(born 1974)
Executive Vice President, Renewables Platform
M.Sc. (Eng.), eMBA
Member of the Executive Committee since 2009.

Joined the company in 1997. Executive Vice President of Renewables Platform. Previously responsible for the Oil Products business area. 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 (2007) and Gasoline Exports and Trading Manager 2004–2007 in the Oil Refining Division. Chairman of the Board of the Chemical Industry Federation of Finland. Member of the Board of the Confederation of Finnish Industries (EK).

Holdings in Neste Corporation on 31 Dec 2019:
33,963 shares.¹⁾

¹⁾Holdings in Neste Corporation: own holdings and controlled entities.

Carl Nyberg



(born 1979)
Executive Vice President, Renewable Road Transportation
M.Sc. Economics and Business Administration
Member of the Executive Committee since 2019.

Joined the company in 2005. Responsible for the Renewable Road Transportation business unit. Responsible for the Renewable Products business area in 2019 from February to May (acting). Served in various positions at Neste, most recently as Vice President of Sales Scandinavia of the Renewable Products business area 2016–2019 and Vice President, Supply, Oil Products at Neste Geneva 2014–2016. Managing Director of Neste AB 2017–2019.

Holdings in Neste Corporation on 31 Dec 2019:
4,401 shares.¹⁾

Marko Pekkola



(born 1969)
Executive Vice President, Oil Products
MSc, Energy Technology
Member of the Executive Committee since 2019.

Joined the company in 2018. Responsible for the Oil Products business unit. Previously served as Vice President, Production 2018–2019. Before joining Neste, held many leading positions in Stora Enso Oyj and M-real Oyj.

Holdings in Neste Corporation on 31 Dec 2019:
1,707 shares.¹⁾

Simo Honkanen



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

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

Holdings in Neste Corporation on 31 Dec 2019:
21,513 shares.¹⁾

Hannele Jakosuo-Jansson



(born 1966)
Senior Vice President, Human Resources, HSSEQ and Procurement
M.Sc. (Eng.)
Member of the Executive Committee since 2006.

Joined the company in 1990. Senior Vice President of Human Resources, HSSEQ and Procurement. Previously responsible for the Group's Human Resources and Safety corporate functions. Served as Vice President, Human Resources at Oil Refining (2004–2005) and Laboratory and Research Manager at the Technology Center (1998–2004). Member of the Board of Directors of Ahlstrom-Munksjö, LUKE (Natural Resources Institute Finland) and Nynas AB.

Holdings in Neste Corporation on 31 Dec 2019:
33,651 shares.¹⁾

¹⁾Holdings in Neste Corporation: own holdings and controlled entities.

Lars Peter Lindfors



(born 1964)
Senior Vice President, Innovation
Ph.D. (Tech.), MBA.
Member of the Executive Committee since 2009.

Joined the company in 2007. Senior Vice President of Innovation. Previously responsible for Research & Development, Investment Management, Information Technology, Procurement, and Business Processes. Served previously as Senior Vice President, Technology and Strategy 2009–2012, Vice President for the company's Research and Technology unit 2007–2009, Member of the Executive Committee of the Perstorp Group 2001–2007 as Executive Vice President, Renewal and Development and prior to that at Neste as R&D Manager and various other positions 1989–2001. Member of the Board of the Fortum Foundation and Tikkurila Oyj.

Holdings in Neste Corporation on 31 Dec 2019:
26,823 shares.¹⁾

Jyrki Mäki-Kala



(born 1961)
Chief Financial Officer, Strategy and IT
M.Sc. (Econ.)
Member of the Executive Committee since 2013.

Joined the company in 2013. Chief Financial Officer, Strategy and IT. Previously responsible for the Group's strategy, financial management, investor relations, and risk management. Served in various business and corporate financial positions at Kemira 2005–2013. Previously worked for Finnish Chemicals. Member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company. Member of the Board of Directors and Audit Committee of Tesi (Finnish Industry Investment Ltd.). Member of the Board of Directors of Nynas AB.

Holdings in Neste Corporation on 31 Dec 2019:
34,128 shares.¹⁾

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. 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. Member of the Board of Directors of Nynas AB (2018–).

Holdings in Neste Corporation on 31 Dec 2019:
No holdings.¹⁾

Kaisa Hietala

– left the company in February 2019.

(born 1971)
M.Sc. (Physics), Finland and M.Phil. (Env.Sc.),
UK
Executive Vice President, Renewable Products
until February 2019
Member of the Neste Executive Board
2014–2019.

Thorsten Lange

– joined the company in January 2020.

(born 1963)
M.Sc. Banking and Auditing
Executive Vice President, Renewable Aviation
business unit
Member of the Executive Committee since
January 2020.

Minna Aila

– appointed as a member of the Executive Committee, expected to join the company latest in April 2020.

(born 1966)
LL.M.
Senior Vice President, Sustainability, Public
Affairs, Communications and Brand Marketing

¹⁾Holdings in Neste Corporation: own holdings and controlled entities.

Company Auditor

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

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

Fees charged by the statutory auditor

EUR 1,000	2019	2018
Audit fees	1,388	1,310
Other	298	594
Total	1,686	1,904

2019

Audit Firm PricewaterhouseCoopers Oy served as Neste's Auditor until 2 April 2019, with Authorized Public Accountant Mr. Markku Katajisto as the principally responsible auditor. The AGM re-elected PricewaterhouseCoopers Oy as the Audit Firm on 2 April 2019, with Authorized Public Accountant Mr. Markku Katajisto continuing to serve as the principally responsible auditor, until the end of the next AGM.

Internal Audit

Neste's Internal Audit 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 evaluate and improve 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. 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 organisations aiming to 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, 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 effective, and efficient and value adding process, Internal Audit co-operates actively with other Neste's assurance service functions (Corporate Risk Management, Internal Controls 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. Internal Audit reports directly to Board of Directors' Audit Committee and administratively to the President and CEO. The Board of Directors is responsible for approving the Internal Audit Charter and the Annual Audit Plan. Internal Audit Charter includes the determination regarding Internal Audit position, operational model, process and reporting lines. Internal Audit has at least annually a non-executive meeting with the Audit Committee members and the Audit Committee Chairman. Vice President of Internal Audit is responsible for the internal audit activities specified in the Internal Audit Charter.

2019

Internal Audit performed internal audits set out in the Internal Audit Plan 2019 and special assignments assigned by the senior management and the Board Audit Committee. 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 key business processes, locations, projects and risk areas were in focus during the year 2019, including for example the supply process, major investments (e.g. the Singapore Expansion), IT projects (ongoing SAP project), robotic process automation and digitalization. An Internal Audit External Quality Assessment was also performed in 2019.

Compliance function

Neste 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 core principles to guide Neste employees in their day-to-day business activities and decisions in the areas of ethical business practices, sustainable operations and protecting people's health and safety. Neste requires commitment to these principles from its suppliers and business partners, as expressed in the Neste Supplier Code of Conduct.

The purpose of Neste's Compliance function is to develop, establish, facilitate and oversee compliance procedures and programs aimed to ensure that Neste's global organisations 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 business unit and function management in their responsibilities to identify and manage compliance risks related to their operations. Compliance function works in close collaboration with Neste's business units, functions and other internal assurance organizations, in particular the Risk Management, Internal Controls and Internal Audit functions.

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 has also 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 company's whistleblowing and other channels are investigated in Neste's Investigation Group.

Neste has on its website a new whistle-blowing system to all Neste's internal and external stakeholders, including various actors in its supply chains. Ethics Online serves as a grievance mechanism and enables Neste's stakeholders to raise possible concerns on Neste's practices without fear of reprisals. Internal Audit and Compliance functions are responsible for evaluating and investigating cases. The possible irregularities or misconducts are investigated and 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 on 9 June 2016.

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

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

The Company has defined, as persons discharging managerial responsibilities, the members of the Board of Directors and its secretary, the President and CEO, as well as the members of the 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.

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

Persons discharging managerial responsibilities and core persons may not trade with or conduct business with the company's financial instruments for themselves or a third party, directly or indirectly during the period from the closing date of an interim or annual accounting period to the date of publication of the interim report or financial statements for that period. The minimum period concerned is always a minimum period of 30 days prior to the date of publication of the interim report or the financial statements, including the date of publication ('closed window').

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

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

Objectives

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

The system of internal controls at Neste Corporation 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 set 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, as well as Neste's Internal Control Principles and Control Requirements over Financial Reporting (COFR).

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 business units and common functions. 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 hence 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, that is responsible for leading the group-wide internal control development and monitoring the performance of internal controls in business operations. Internal Control team acts on the recommendations of the auditors for improving the quality of the controls and follows up and verifies that actions for remediation are taken by the respective operational management.

Neste has prepared and established its own Internal Control Principles in accordance with COSO framework. Internal Control Principles emphasize the importance of internal controls and clarify the responsibilities of the three lines of defense for establishing effective controls in business processes. Neste's values and management system containing formal Code of Conduct are the foundation of the control environment. 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's control activities include instructions, guidelines and procedures to ensure that the actions identified by management to address the relevant risks are carried out effectively. The most important guidelines related to financial reporting systems and practices are documented in Neste's Internal Control Principles, Access Risk Management Principles, Control Over Financial

Reporting documentation (COFR), Process charts, month end workflows and detailed Finance Instructions.

Key control activities are documented in respective control catalogs for each business or financial process.

Other group level policies and guidelines are documented in Neste's management system.

Communications

Neste corporate level communication practices support 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-job training, process walk-throughs, postings on internal channels and pages.

Neste's business units prepare regular financial and management reports to the management review, including analysis and comments of financial performance. The Executive Committee receives financial reports monthly. Interim Reports 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 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 as appropriate.

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

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

2019

During the year, Neste has revisited the control requirements over its commercial operations, aiming at strengthening the effectiveness of key controls in customer and supplier facing operations; it has developed further automatic preventive and awareness functionalities in its SAP system and its key interfaces, as well as it has completed the review of the risks related to SAP Access and Segregation of Duties. Robotics solutions have been taken into use to check on deviations, such as Segregation of Duties violations, thus enabling continuous control monitoring in the area of access risks. CFO and Audit Committee receive regular reports on measures taken to mitigate the high risk Access and Segregation of Duties potential violations.

Neste has documented Minimum control requirements over access risk to business applications in its Access Risk Management Principle supported by SAP SOD Standard, establishing clarity on the governance over authorizations and access risk mitigation. The SAP Risk Library has been updated

to reflect relevant risks for Neste's business. During the fourth quarter, SAP was implemented for the majority of renewable

products sales and supply processes and application was at the same time rolled out to new countries.

Building Effective Internal Controls 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.

Internal Control Activity

Focus on controls over financial reporting and prevention of fraud and financial losses

Monitoring, Testing and Reporting

Internal Control employs tools, such as RPA and SAP GRC, and it conducts separate tests, to assess the performance of the internal controls and to 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 to deploy controls in the organization. Perform an active role in communication to 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 reach selected strategic priorities and develop organizational capability. Performance leadership is used to ensure that everyone knows the values and objectives of the Company, and their short and long-term objectives, and what kind of competence is needed to reach these objectives.

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

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

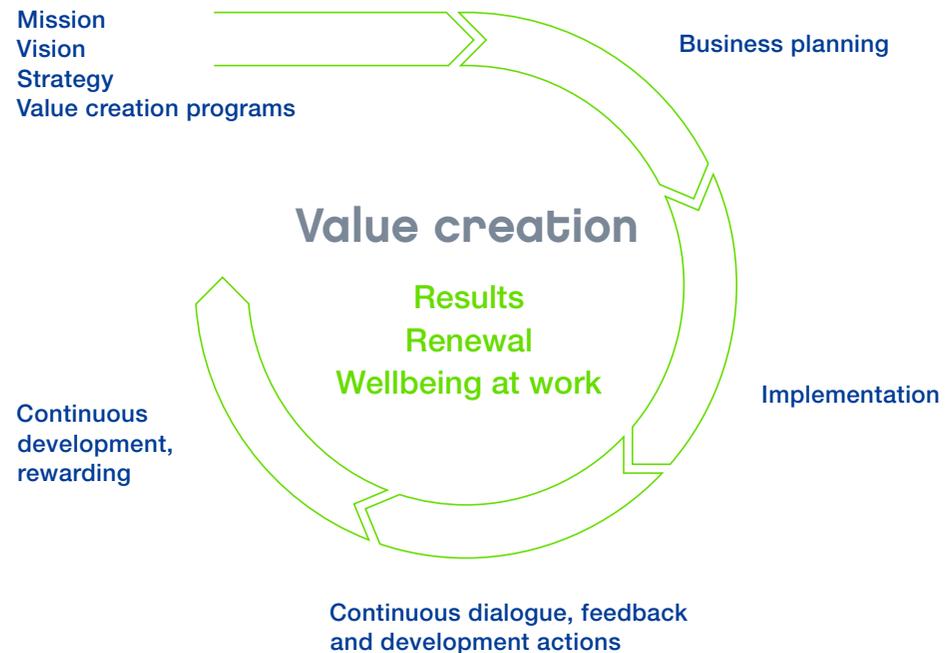
- setting challenging objectives and following them through
- supporting the achievement of objectives with up-to-date feedback
- evaluating one's own performance and results
- developing ways of working and taking responsibility of own competence development
- holding personal development discussions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

From a financial reporting point of view, Neste Performance Management Process consists of monthly Management Reporting, quarterly Business Review, and biannual Common Functions Review. Results, information in management reporting, and performance reviews are compared to strategic goals and business plans, and to analyses and planned corrective

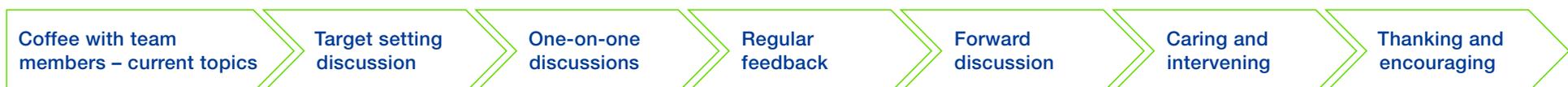
actions throughout the year. Business areas and common functions follow a similar approach, but emphasize a more detailed analysis and definition of corrective actions, as well

as continuous improvement and prioritization of actions and development projects.

Performance Management Process



Leading performance in daily work



NESTE
The only way is forward