

Risk management



Due to the extent, diversity, and nature of Neste Oil's business activities and areas, company's business, personnel, assets, and environment are exposed to a wide range of operational risks. From the financial risk point of view, risk management is steered by risk appetite, risk tolerance, and risk management opportunities. In the areas of safety and environment risks, Neste Oil focuses on active prevention of risks. Neste Oil promotes a risk-aware culture in all areas of the company's decision-making.

The objective, framework, and process of risk management

The Corporate Risk Management Policy and Principles approved by the Board of Directors define the risk management principles for managing the risks associated with the Group's strategic and operational targets and those of its business areas and common functions. The Board is also responsible for approving Neste Oil's Treasury Risk Policy and Credit and Counterparty Risk Management Principles. Business areas and corporate common functions have additional principles and procedures related to risk management, approved by the President & CEO or a member of the Neste Executive Board.

Continuous operational activities are involved in tackling risks in functions such as Finance, Sustainability and HSEQ, and ICT, as well as those related to corporate reputation, legal affairs, technology, investments, and human resources.

Neste Oil's Risk Management Policy emphasizes:

- the awareness and proactive management of risks
- the value of risk management in enhancing opportunities and reducing threats, and thereby gaining competitive advantage
- the importance of sufficient risk treatment and risk control, particularly in respect of HSEQ and sustainability, and
- the benefits of managing risks as an integrated part of planning, decision-making, and operational processes with a defined structure of roles and responsibilities.

Neste Oil's risk management framework is based on three risk assessment elements:

1. an Enterprise Risk Management (ERM) process that provides a systematic approach to identifying threats and opportunities related to strategic targets and performance plans
2. risk manuals for specific risk disciplines. Risk manuals and defined processes cover areas such as credit and counterparty risk principles, price risk management principles and instructions, treasury principles and instructions, reputation risk management principles, and proprietary trading manuals and instructions, and
3. risk awareness across the organization, based on proactive thinking and behavior among individual employees.

Risk management is handled through these three elements by following the basic risk management process.