

NESTE 2016

# Remuneration Statement

NESTE

# Neste Remuneration Statement 2016

## Letter From the Chair of the Personnel and Remuneration Committee

### Dear shareholder

In our report published in spring 2015, I described how Neste had reshaped the organization to enable it to respond more dynamically to the constantly changing market situation – an ability that has played a role in our continuing excellent financial performance in 2016.

### Our approach

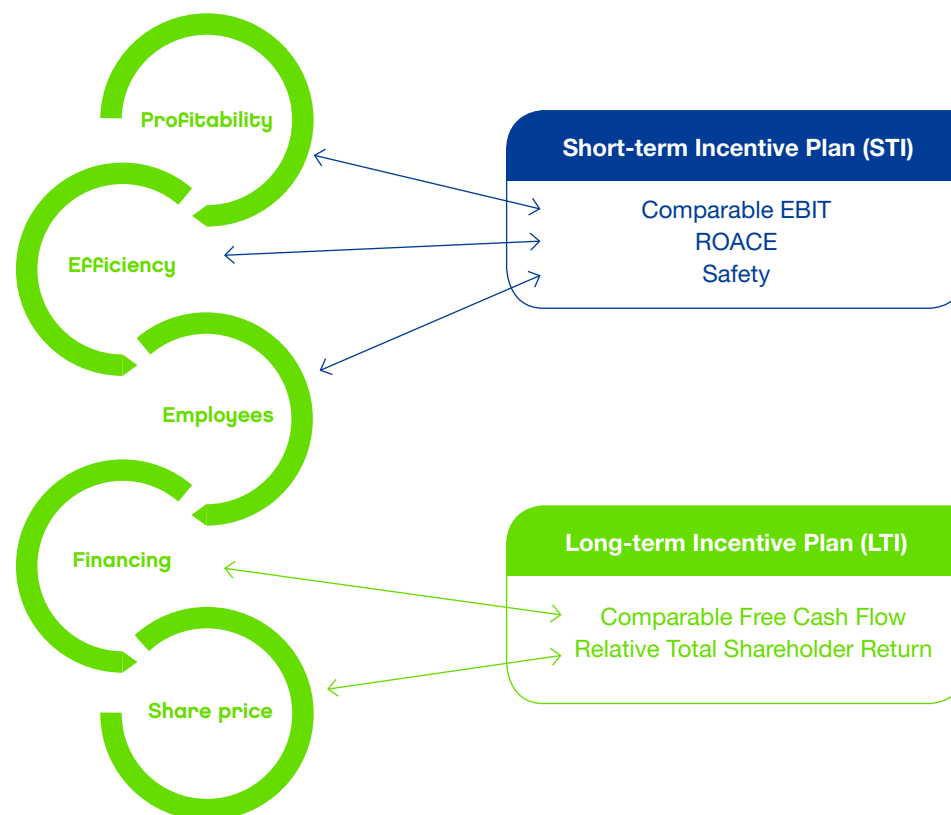
Our remuneration policy is designed to:

- **Drive performance** – striving for world-class operational and financial performance.
- **Support value-based behaviour** – we are a responsible employer and encourage all employees to live up to their commitments. We care about the well-being of others and ensure that our operations have the minimum possible negative impact on the natural environment and surrounding community.
- **Encourage individual and team accountability** – we strive for an honest and open atmosphere. Our competitive edge is based on our ability to combine the wide-ranging experience and ideas of our people to create better solutions.
- **Be fair and transparent** – we set tough challenges and acknowledge success when goals are met.

### How we structure remuneration

It is not the Company's objective to be the market leader in pay, but we want to be able to compete for the best workforce and senior management. Salaries and incentive plans form one part of the whole that is used

### Measuring performance at Neste



to achieve this. Selecting the right individuals for key positions, the use of performance reviews and performance-based incentives as well as job rotation, proactive succession planning and the competence and appropriate rewarding of the entire personnel are key to our success – now and in the future. We feel that the policy definitions and decisions we have made in the field of remuneration have contributed to the company's continuing success.

For our President & CEO and key personnel, a significant proportion of remuneration is derived from variable pay to ensure that there is strong alignment between performance and reward.

The performance criteria used for the incentive schemes are linked to the delivery and execution of our business strategy. Further through the delivery of rewards under the long-term incentive scheme in shares and the requirement for the President & CEO and NEB members to build and maintain a minimum shareholding in Neste, the policy supports alignment of interest between management and our shareholders.

We also want to reward all our employees for good performance, believing that fair remuneration motivates our people to strive for excellence. All our employees are therefore able to participate in short-term incentive programs and in 2016, we paid out EUR 29 million in such schemes. This sum represents 3% of comparable EBIT for 2016.

#### Remuneration for 2016

Over the past few years the Company's profitability has increased considerably, and its corporate structure has become more diversified and more international. This positive development is reflected in the competitive performance-based rewards earned by the President

& CEO and NEB members through both the short-term and the long-term share-based incentive plans. The Company's share price has more than doubled over the past three years, and we have been able to pay dividends to shareholders in compliance with our dividend policy without compromising our growth and the development of our business.

Neste's Board of Directors takes into account the State of Finland's incentive guidelines and, in 2016, the long-term share incentive rewards to the President & CEO and certain NEB members were limited to ensure that the total value of incentives (short-term and long-term incentives combined) did not exceed 1.2 times fixed annual base salary. Increases of base salaries were modest among senior management with the President & CEO receiving no base salary increase.

#### Remuneration policy for 2017

During the course of the year, the Committee reviewed the remuneration policy to ensure that it continued to meet its objectives and supports the business strategy. The Committee also re-confirmed that the remuneration policy should continue to comply with the latest guidance issued by the State of Finland.

Following this review, the following changes have been made to the remuneration policy and will apply to incentives for the 2017 financial year onwards:

- An additional safety measure has been introduced to the short-term incentive program. As well as measuring the rate of accidents requiring medical treatment per million hours worked including contractors (Total Recordable Injury Frequency, TRIF), at a Group level and for Oil Products and Renewable Products we will also look at the rate of process safety events per million hours worked (PSEER). Safety is imperative to the delivery of our strategy and we want to ensure that we continue to drive performance improvements in this area.
- On the long-term incentive plan, the target incentive opportunity has been reduced to 30% of salary to encourage the pursuit of excellence and out-performance of the business plan, and, in line with the changes to the latest guidance issued by the State of Finland, the lock-up period for shares vesting under the plan has been reduced from three years to one year for the 2017-2019 LTIP cycle onwards.
- No salary increase is allocated for the President & CEO. A few salary increases are allocated for other NEB members based on new broader roles and responsibilities.

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**Over the past few years the Company's profitability has increased considerably, and its corporate structure has become more diversified and more international.**

### Changes to the Neste Executive Board

The continuous development of our business requires strong expertise and an innovate mindset and it is the task of the Personnel and Remuneration Committee to ensure that the Company commands the expertise it needs to execute the strategy. As such, the Committee is delighted to have overseen during the year the appointment of Panu Kopra (after Antti Tiitola's resignation) and Christian Ståhlberg to the Neste Executive Board, as Executive Vice President of Oil Retail and General Counsel respectively and the transition of Tuomas Hyryläinen to Senior Vice President, Emerging Business, to lead our new business unit in this area.

### Remuneration reporting

The salary and remuneration report is divided into four sections as follows:

- 1. Letter from the Chair of the Personnel and Remuneration Committee.** This section highlights the key activities and decisions undertaken by the Personnel and Remuneration Committee during the year. The Personnel and Remuneration Committee reports to the Board of Directors, which makes the final decisions concerning the proposals made by the Committee.
- 2. Neste Executive Remuneration Policy Report.** This section explains how the executive remuneration policy and performance criteria are used to determine the remuneration of the President & CEO and members of the Neste Executive Board over future financial years. It also describes the remuneration principles that apply to our senior managers.

- 3. Neste Executive Annual Remuneration Report.** This section presents a full report on the remuneration of Neste's President & CEO and the members of the Executive Board in light of the Company's financial and operational performance over the latest reporting year.

- 4. Neste's Board of Directors Remuneration Review.** This section describes the remuneration paid to Neste's Board of Directors during the latest financial period and how remuneration levels have developed over the recent years. The Shareholders' Nomination Board submits proposals on the remuneration of Neste's Board of Directors to the Annual General Meeting for approval. Whilst the Chair of Neste's Board of Directors is a member of the Shareholders' Nomination Board, he does not participate in either proposing or deciding his own remuneration, nor does he participate in the Nomination Board's proposal for the Chair of the Board for the AGM.



**Jorma Eloranta**

Chair of the Personnel and Remuneration Committee  
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The continuous development of our business requires strong expertise and an innovate mindset. It is the task of the Personnel and Remuneration Committee to ensure that the Company commands the expertise it needs to execute its strategy.

# Neste Executive Remuneration Policy Report

## Principles guide our performance

We regularly review the Company's guiding remuneration principles. The performance and reward principles introduced in the beginning of 2014 continue to apply unchanged as no updates were found necessary in 2015 or 2016. The four principles underpin the remuneration programs across the Company and are founded on the platforms of "fairness" and "pay for performance."

We want to recognise and reward high performance and responsible behaviour in support of the attainment of Neste's strategic targets and the long-term sustainable development of the business.

## Remuneration principles For the Neste Executive Board and senior management

Based on proposals submitted by the Personnel and Remuneration Committee, the Board takes into account the following objectives in determining the remuneration for the Executive Board and senior managers:

- Remuneration should be sufficient to attract and retain senior management with the requisite skills and experience to ensure that we meet our strategic goals, yet at the same time make financial sense from the Company's point of view so as not to jeopardize its competitive cost structure.



- For the Company to operate effectively in a global context, remuneration should be fair and competitive within the international markets where the Company operates. Salaries and other pay components should be based on local market conditions and be sufficient to attract key management talent.
- To help drive performance in the short and the long-term, to maintain a flexible cost base, and to avoid creating incentives for excessive risk-taking, an appropriate proportion between fixed and performance-based pay should be maintained in incentive plans.
- Remuneration should also guide and encourage the achievement of challenging strategic, operational and financial targets.
- Senior management interests should align with those of the Company and its broad base of domestic and international stakeholders.
- The senior management remuneration policy should be consistent with the global remuneration applied to Neste employees worldwide.
- Neste will always endeavor to treat senior managers and personnel equally and impartially, regardless of their gender, national origin, age, religion, political opinion, and other comparable factors.
- Remuneration is defined according to the "grandfather principle" whereby the pay of any individual is subject to the approval of a manager's manager. No individual may decide matters relating to their own remuneration.

**We want to reward all our employees for good performance, believing that fair remuneration motivates our people to strive for excellence.**



### Summary of Remuneration Policy for the Neste Executive Board

The Neste Executive Board's remuneration policy consists of the following key elements:

Remuneration element	Purpose and link to strategy	Description and operation
<b>Base salary</b>	To provide a core level of reward for the role.	Fixed salary which includes taxable fringe benefits (car and telephone). CEO's salary is EUR 55,039 per month (unchanged since 1.1.2012).
<b>Insurances</b>	To support and protect NEB members in the performance of their duties.	The NEB members have private accident, life and disability insurance, business travel, directors' and officers' liability insurance. The NEB members may participate in the sickness fund (in Finland).
<b>Additional pension</b>	To provide a competitive retirement benefit in line with local market practices.	<p>President &amp; CEO: defined benefit (DB) plan approved in 2008, based on a retirement age of 60 years and 60% of retirement salary.</p> <p>NEB members: DB plan based on a retirement age of 60 (up to 60% of retirement salary) or, for those who have started after 1 January 2009, a defined contribution (DC) pension scheme (based on retirement age of 62, 63 or as prescribed under Finnish pension legislation). Retirement salary for DB schemes is calculated on the basis of the average monthly salary and related statutory pension insurance contributions over the ten years prior to retirement. New DB plans are no longer made.</p>
<b>Short-term incentives</b>	To reward and incentivize improvements in short-term financial and operational performance and support the delivery of the business strategy.	<p>Based on the attainment of annual financial and non-financial measures. Maximum award value is 40% of annual fixed base salary.</p> <p>President &amp; CEO: based on group financial targets (comparable EBIT, Return on Average Capital Employed [ROACE%] and group safety targets [Total Recordable Injury Frequency, TRIF] and, new for 2017, process safety event rate [PSER]).</p> <p>NEB members with business area responsibility based on comparable Group EBIT and ROACE, business area specific comparable EBIT, business area specific TRIF and, for Oil Products and Renewable Products, PSER (new for 2017).</p> <p>For NEB members with common function responsibility, based on Group comparable EBIT, ROACE, TRIF, PSER (new for 2017) and specific strategic measures of the function in question.</p>

Remuneration element	Purpose and link to strategy	Description and operation
<b>Long-term share-based incentives</b>	To drive long-term sustainable growth and align the interests of executives with shareholders	<p>Based on the attainment of three-year financial and share price performance targets for Neste. For award cycles commencing in 2016 and 2017, 75% of the awards are based on cumulative comparable free cash flow and 25% are based on the total return of Neste shares relative to the STOXX Europe 600 Index.</p> <p>Awards vest in one tranche after three years, partly in shares and partly in cash. The cash element will cover taxes and other tax-like costs.</p> <p>The award for President &amp; CEO varies between 0–100% of annual salary, based on performance and share price appreciation. Awards for NEB members vary between 0–80% of annual salary. Target award levels for both the President &amp; CEO and NEB members are 30% of salary (previously 40%).</p> <p>Should the amount of total incentive awarded to executives (STI + LTI) exceed 120% of annual salary, the excess amount of LTI shares vesting in any one year will be cut to maintain this limit.</p>
<b>Shareholding restriction</b>	To promote a longer term outlook and align the interests of members with those of shareholders	For LTI award cycles commencing in 2017 onwards, the President & CEO and NEB members are not permitted to sell or transfer shares awarded under the LTI plan for one year after vesting (previously three years). During this 'lock-up' period shares may be subject to forfeiture on termination, at the discretion of the Board of Directors.
<b>Claw back</b>	To ensure pay for performance	Claw back provisions apply to LTI and STI plan awards in exceptional circumstances such as misconduct or misstatement of financial results.
<b>Share ownership guidelines</b>	To encourage executives to build a meaningful shareholding in Neste	President & CEO and NEB members must accumulate and maintain a shareholding which is equivalent to their annual fixed salary. Until this threshold is met, participants must retain 100% of vested incentive shares after tax (~50% for 2010 LTI plan).
<b>Service contracts and loss of office payments</b>	To ensure clear contractual terms are followed	<p>Notice period for both the Company and the President &amp; CEO and NEB members is 6 months.</p> <p>In the event of termination by the Company, the President &amp; CEO is entitled to severance payment equivalent to 18 months' salary. NEB members are entitled for 6 months' severance payments.</p> <p>Change of control terms are same as for termination.</p>

### Supplementary information

**Benchmarking approach:** The Personnel and Remuneration Committee reviews market benchmark data from Finnish and, where necessary, international industrial companies of a similar size and complexity to Neste when setting total remuneration packages for the CEO and the members of the NEB. This is used more as a guide than a direct determinant of pay levels. Other factors considered include each individual's role and experience, as well as Company and personal performance.

**Shareholder alignment:** The Company's largest shareholder, the State of Finland, issued updated guidelines for the remuneration of executives within state-owned listed companies in 2016. Neste's Board of Directors has deemed it correct to take these guidelines into consideration, along with the interests of its wider shareholder base, when determining the remuneration policy for its senior executives.



# Neste Executive Annual Remuneration Report

## The year in review

We measure the success of our Executive Board by how well Neste achieves its strategic and financial targets.

Year 2016 was another excellent year for Neste's businesses. All three reporting segments were able to improve their comparable EBIT from 2015 leading to Group's comparable EBIT at EUR 983 million.

## Short-term incentives (STI)

### STI for 2015 (paid in 2016)

The STI program for 2015 was based on:

- Group and business area specific comparable EBIT
- Group ROACE
- Group safety target TRIF
- Specific strategic targets also featured for part of the STI program for NEB members with business area or functional responsibility.

In 2015, Neste's financial result was at a record high (EUR 925 million) and the company achieved an excellent return on equity (16.3%). The company's position in the Baltic Sea region strengthened as Neste utilized all of its business areas better than before and with Oil Products delivering comparable EBIT of EUR 439 million. The company set a new record in the sales of Renewable Products delivering comparable EBIT of EUR 402 million and Oil Retail obtained a considerable new customer base delivering comparable EBIT of EUR 84 million in 2015.

Safety management is an integral part of our daily work. In 2015, we focused on management practices and supervisory work. We organized safety workshops with the company's Board of Directors, the Executive Board and the management teams of several functions, discussing the role and significance of the management in safety management. Notwithstanding these efforts, the rate of accidents requiring medical treatment per million hours worked including contractors (Total Recordable Injury Frequency, TRIF) rate in 2015 was 3.3 and our target for 2015 was not reached.

Overall, Neste exceeded the financial goals of the 2015 short-term incentive plan. Taking the business and function level performance and safety targets into account, the Board of Directors awarded the CEO and the NEB rewards at above-target levels for performance year 2015. On average, the rewards were higher than in 2014 but remained within the maximum limits of the short-term incentives (40% of annual salary).

Details of the short-term incentive plan award for the President & CEO for 2015 are set out below:

### President & CEO 2015 STI (paid March 2016)

President & CEO 2015 STI (paid March 2016)		2015 results
Weighting	Measures	Level of achievement
60%	Group comparable EBIT	At maximum
30%	Group ROACE	At maximum
10%	Group Safety (TRIF)	Between threshold and target
<b>Total</b>		<b>Between target and maximum</b>



### STI for 2016 (payable in 2017)

The STI performance measures for 2016 were the same as 2015 and were based on:

- Group and business area specific comparable EBIT
- Group ROACE
- Group safety target TRIF
- Specific strategic targets also featured for part of the STI program for NEB members with business area or functional responsibility.

Neste's high performance continued in 2016, with the Group delivering comparable EBIT of EUR 983 million. Similarly the Group free cash flow was on a record level at EUR 834 million. Solid profits and a well-managed balance sheet lead to a healthy ROACE for Neste's business, 16.9%.

Oil Products' result was negatively impacted by reference margin, which was lower than during 2015. However, increased additional margin enabled Oil Products to deliver comparable EBIT of EUR 453 million. Renewable Products comparable EBIT improved as a result of successful margin management, sales allocation and feedstock optimization delivering a total of EUR 469 million and Oil Retail's result was positively impacted by increased sales volumes delivering comparable EBIT of EUR 90 million.

Neste has ambitious targets for improving its safety performance. We continued our focus on safety management in 2016, working with unit management teams and the entire personnel to deliver the Way Forward to

Safety program. In 2016 the Company took steps in the right direction in personnel safety as TRIF (total recordable incident frequency per million hours worked) landed at 2.8. However, we were still behind the target for 2016. In PSER (process safety event rate) the development was for the worse, and the figure was 3.1. To encourage greater focus on this area, targets linked to PSER have been incorporated into the STI program for 2017.

Overall, Neste exceeded the financial goals of the 2016 short-term incentive plan. Taking the business and unit-level performance and safety targets into account,

the Board of Directors awarded the President & CEO and the NEB rewards at above-target levels for performance year 2016. On average, the rewards were broadly on a similar level to 2015 and remained within the maximum limits of the short-term incentives (40% of annual salary).

Details of the short-term incentive plan award for the President & CEO for 2016 are set out below.

### The President & CEO 2016 STI (payable March 2017)

The President & CEO 2016 STI (payable March 2017)		2016 results
Weighting	Measures	Level of achievement
60%	Group comparable EBIT	At maximum
20%	Group ROACE	At maximum
20%	Group Safety (TRIF)	Between threshold and target
<b>Total</b>		<b>Between target and maximum</b>

### Long-term incentives (LTI)

Neste's 2010 long-term incentive program ran in three-year plan cycles from 2010 to 2012, 2011 to 2013 and 2012 to 2014. The 2013 long-term incentive program runs in three-year plan cycles from 2013–2015, 2014–

2016 and 2015–2017. The 2016 long-term incentive program started with 2016–2018 plan and continues with 2017–2019 plan. Details of the awards under the long-term incentive programs are set out in the table below:

Earnings period	LTI 2010			LTI 2013			LTI 2016		
	2010–2012	2011–2013	2012–2014	2013–2015	2014–2016	2015–2017	2016–2018	2017–2019	
Total number of participants at the delivery or grant	34	50	66	86	92	89	94	95	
Earnings criteria	50% Renewables Product sales volume & 50% relative TSR*	50% Renewables Product sales volume & 50% relative TSR	50% Renewables Product sales volume & 50% relative TSR	75% comparable cashflow & 25% comparable operating profit of the Renewable Products business	75% comparable cashflow & 25% relative TSR	75% comparable cashflow & 25% relative TSR	75% comparable cashflow & 25% relative TSR	75% comparable cashflow & 25% relative TSR	
Extent to which criteria achieved	19.6%	64.6%	100%	100%	100%	-	-	-	
<b>Number of shares delivered after tax:</b>									
- to President & CEO	10,912	25,064	14,823	10,458	7,791	-	-	-	
- to other members of NEB	21,214	48,993	39,124	25,856	18,241	-	-	-	
Year of vesting	2013	2014	2015	2016	2017	2018	2019	2020	
Lock-up period on vested shares	3 years			3 years for the President & CEO & NEB (1 year for others)			3 years	1 year	

\* Total Shareholder Return

### LTI plan cycle 2013–2015 (paid in 2016)

For the 2013–2015 LTI plan cycle, paid in 2016, the performance criteria were achieved in full: the targets set for cumulative comparable free cash flow were exceeded and the comparable operating profit of the Renewable Products business exceeded the target set in December 2012. As a result, total reward awarded in 2016 corresponded to 232,482 company shares, of which 76,769 shares were awarded to President & CEO and current NEB members. The number of shares paid to President & CEO and NEB members (at the time of delivery) after tax was 36,314.

### LTI plan cycle 2014–2016 (payable in 2017)

For the 2014–2016 LTI plan cycle, the targets set for group cumulative comparable free cash flow in December 2013 were exceeded and Neste generated a total shareholder return clearly out-performing the peer group of ten oil industry peers. As a result, the total reward in 2017 corresponds to 167,693 company shares, of which 58,513 shares will be awarded to President & CEO and current NEB members. The number of shares to be paid to President & CEO and NEB members after tax will be 26,032 (further details of the shares awarded are shown on [page 12](#)). The shares are subject to a 3-year lock-up period for the President & CEO and NEB members.

The performance targets for the cycles that started in 2015, 2016 and 2017 are shown in the previous table above. For the 2015–2017 cycle, the maximum value of share incentives to be delivered will be EUR 7 million. For the 2016–2018 and 2017–2019 cycles, the awards correspond to the value of an approximate maximum total of 272,000 and 191,000 Neste Corporation shares, respectively.

## Remuneration paid to the President & CEO and NEB members as of 31 December 2016

EUR	President & CEO		NEB members (in aggregate)	
	2016	2015	2016	2015
<b>Annual remuneration</b>				
Base salary <sup>(1)</sup>	685,702	667,623	1,845,731	1,860,683
Taxable benefits <sup>(2)</sup>	7,034	17,040	101,675	113,992
Annual incentive (STI plan) <sup>(3)</sup>	260,337	221,501	683,492	505,950
<b>Total annual remuneration</b>	<b>953,072</b>	<b>906,164</b>	<b>2,630,898</b>	<b>2,480,625</b>
<b>Vested long-term remuneration <sup>(4)</sup></b>				
LTI 2013: 2013–2015 plan	630,226	-	1,538,602	-
LTI 2010: 2012–2014 plan	-	716,954	-	1,538,552
<b>Additional pension (see page 6)</b>	<b>957,062</b>	<b>824,019</b>	<b>487,153</b>	<b>462,914</b>
<b>Total remuneration</b>	<b>2,540,360</b>	<b>2,447,137</b>	<b>4,656,653</b>	<b>4,482,091</b>

<sup>(1)</sup> Base salary amount includes vacation pay which has varied between the years 2015 and 2016. The fixed gross base salary (incl. taxable benefits) of the President & CEO is unchanged since 1.1.2012.

<sup>(2)</sup> Members of the NEB receive taxable car and mobile phone benefits as part of their fixed salary. For the President & CEO, the value of benefits comprises: EUR 6,554 for car and EUR 480 for telephone.

<sup>(3)</sup> 2016 figures relate to performance in 2015. 2015 figures relate to performance in 2014. 2017 payments, based on performance in 2016, the President & CEO EUR 237,521 and NEB members EUR 596,432.

<sup>(4)</sup> Total taxable value of LTI payments awarded (including transfer tax).

## Vested LTI plan share awards

### Share incentive awards for the Neste Executive Board

Name	Position	NEB member since	2016 <sup>(1)</sup> (paid 2017)	2015 <sup>(2)</sup> (paid 2016)
Matti Lievonen	The President & CEO	2008	7,791	10,458
Kaisa Hietala	EVP, Renewable Products	2014	1,572	2,569
Panu Kopra <sup>(3)</sup>	EVP, Oil Retail <sup>(4)</sup>	2016	1,244	1,569
Matti Lehmus	EVP, Oil Products	2009	2,528	3,997
Simo Honkanen	SVP, Sustainability and Public Relations	2009	1,907	2,476
Tuomas Hyyryläinen	SVP, Emerging Businesses	2012	1,991	2,840
Hannele Jakosuo-Jansson	SVP, Human Resources and Safety	2006	2,096	2,718
Osmo Kammonen	SVP, Communications and Brand Marketing	2004	1,768	2,833
Lars Peter Lindfors	SVP, Technology	2009	2,122	3,023
Jyrki Mäki-Kala	CFO	2013	3,013	4,217

<sup>(1)</sup> The 2016 column refers to share incentives to be paid in spring 2017 for the earning period 2014–2016. The figures indicate the net amount of shares after tax and other statutory payments. Shares are subject to holding period restrictions and ownership requirements (for more information see remuneration table).

<sup>(2)</sup> The 2015 column refers to share incentives paid in 2016 for the earning period 2013–2015. The table gives the net amount of shares transferred (after tax).

<sup>(3)</sup> Appointed to NEB, in place of Antti Tiitola, on 1 May 2016.

<sup>(4)</sup> Oil Retail business area will be called Marketing & Services from 7 February 2017 onwards.

### Executive share ownership

A major principle of our executive remuneration policy is to ensure that there is strong alignment between the interests of Neste executives and those of its shareholders.

Our executive share ownership policy requires that the President & CEO and the members of the NEB build up and maintain shareholdings which are equivalent to their annual fixed base salary. Until this threshold is met, participants must retain 100% of vested incentive shares, net of tax (~50% for 2010 LTI plan).

For LTIP cycles commencing in 2016–2018 and prior, the President & CEO, and NEB members, are not permitted to sell or transfer any vested LTI plan shares for a period of three years after vesting. Once the share ownership requirements have been met, the restriction period may be cut from three years to one year at the Board's decision. For LTI plan cycles commencing in 2017–2019 and beyond, the lock-up period has been reduced to one year for all participants.

The following table shows the current shareholdings of members of the Neste Executive Board.

### Shareholdings <sup>(1)</sup> of the Neste Executive Board as of 31 December 2016

Name	Position	NEB member since	2016	2015
Matti Lievonen	The President & CEO	2008	50,757	50,799
Kaisa Hietala	EVP, Renewable Products	2014	11,174	14,224
Panu Kopra <sup>(2)</sup>	EVP, Oil Retail <sup>(3)</sup>	2016	10,605	-
Matti Lehmus	EVP, Oil Products	2009	18,282	23,285
Simo Honkanen	SVP, Sustainability and Public Relations	2009	17,162	15,136
Tuomas Hyyryläinen	SVP, Emerging Businesses	2012	6,718	3,878
Hannele Jakosuo-Jansson	SVP, Human Resources and Safety	2006	14,976	17,258
Osmo Kammonen	SVP, Communications and Brand Marketing	2004	17,275	17,442
Lars Peter Lindfors	SVP, Technology	2009	14,941	14,828
Jyrki Mäki-Kala	CFO	2013	11,000	7,000

<sup>(1)</sup> Shareholdings include shares paid under the long-term incentive plan partly subject to prohibition of sale. In case of an employee leaving the Company during this period, the Board of Directors may, at its discretion, decide to recover the shares. The figure also includes the shares personally acquired by the employee (if any). All NEB members fulfill the ownership requirement on 31 December 2016.

<sup>(2)</sup> Appointed to NEB, in place of Antti Tiitola, on 1 May 2016.

<sup>(3)</sup> Oil Retail business area will be called Marketing & Services from 7 February 2017 onwards.

### Remuneration of personnel

**Short-term Incentives.** Neste wants to ensure that its employees have the opportunity to share in the Company's success and excellent performance of its personnel. STI schemes are in place in all countries, and incentives are paid on the basis of the set goals.

For the 2015 performance year, Neste was able to fund a payout of EUR 29 million (EUR 23.5 million) in performance-based incentives for senior managers and employees in the spring of 2016 (including pension and social insurance contributions).

The Company's main short-term incentive system for the personnel is determined according to the job grade and posting country, and is 4–20% of the basic salary at an annual level. The final incentive is determined by the Company's result multiplier which, depending on the Company's comparable operating profit, ranges between 0 and 1.5 if the threshold value has been exceeded. As a result, the incentive is determined according to the Company's financial situation.

**Personnel fund.** Neste offers permanent and fixed-term employees based in Finland an entitlement to a profit share award through its personnel fund after six months of continuous service. The profit share earnings paid into the fund are distributed equally between members. Whilst the scheme is intended to build up participation over the long-term, part of the award can be withdrawn each year in cash. Note, however, that employees who participate in LTI plans will not be entitled to profit share awards during the earning period of the plan.

The Board of Directors sets the earning criteria for the profit share award annually. The award is tied to Neste's comparable operating profit. In 2016, the Company's personnel fund contribution was EUR 5.7 million (EUR 2.6 million) based on the excellent comparable operating profit result achieved in 2015.

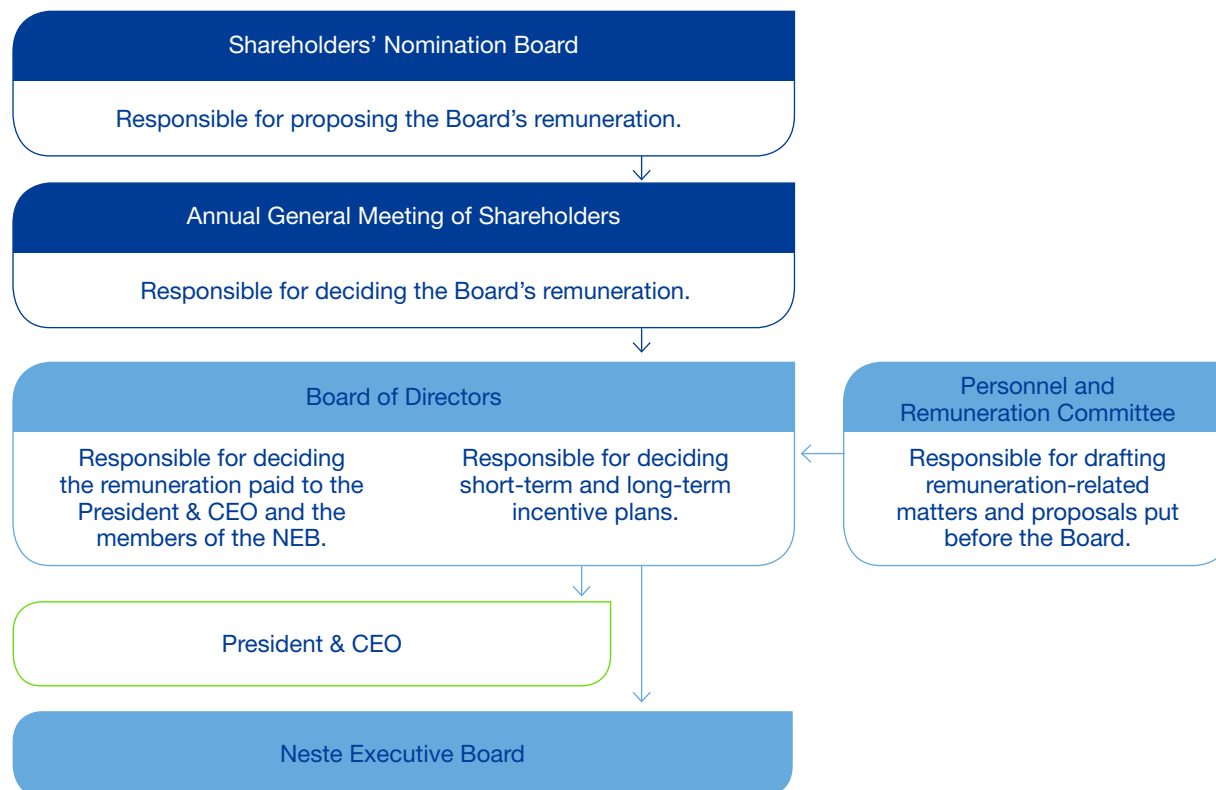
## Neste's Board of Directors Remuneration Review

### Remuneration governance

Remuneration-related discussion and decision-making at Neste involves the Shareholders' Nomination Board, the Annual General Meeting of Shareholders, the Board of Directors, and the Board's Personnel and Remuneration Committee. The Shareholders' Nomination Board submits a proposal concerning the remuneration payable

to the Board of Directors to the AGM, while the Board of Directors is responsible for making decisions on remuneration and incentive arrangements for senior management and key personnel based on proposals made by its Personnel and Remuneration Committee. The decision-making process, which is outlined in the chart below, guarantees that decisions are fair and unbiased.

### The decision-making process in remuneration-related matters



### Remuneration of the Board of Directors

The Annual General Meeting (AGM) is responsible for remuneration matters related to the Board of Directors. In 2016, the AGM decided to keep the fees payable to the Board unchanged as follows:

- Chair, EUR 66,000 a year.
- Vice Chair, EUR 49,200 a year.
- Members, EUR 35,400 a year.

The amounts have remained unchanged since 2008.

In addition, members receive an attendance payment of EUR 600 for each Board or Committee meeting held in the member's home country and EUR 1,200 for each Board or Committee meeting held in another country, plus compensation for expenses in accordance with Company's travel policy. The meeting fee for telephone meetings will be paid according to the fee payable for meetings held in each member's home country.

Board members are not within the scope of the Company's incentive systems and do not receive any performance or share-related payments.

### Remuneration paid to members of the Board as of 31 December 2016

	Annual board fees (EUR)		Meeting attendance fees (EUR)	
	2016	2015	2016	2015
Jorma Eloranta	66,000	66,000	10,800	13,200
Maija-Liisa Friman	49,200	49,200	11,400	11,400
Laura Raitio	35,400	35,400	10,800	13,200
Jean-Baptiste Renard	35,400	35,400	18,000	24,000
Willem Schoeber <sup>(1)</sup>	35,400	35,400	23,400	20,400
Kirsi Sormunen	35,400	35,400	12,000	11,400
Marco Wirén <sup>(2)</sup>	35,400	26,550	12,000	8,400

<sup>(1)</sup> Meeting fees also include a total of EUR 4,200 in meeting fees from five meetings paid due to special tasks set by the Board of Directors for Willem Schoeber in 2016.

<sup>(2)</sup> Marco Wirén joined the Board of Directors on 1 April 2015, and has been remunerated for the period 1.4.–31.12.2015.

The meeting attendance fees do not include travel expenses.

Details of the shareholdings of the Board of Directors are shown in the Annual Report on pages 66–67. These shares are personally acquired.