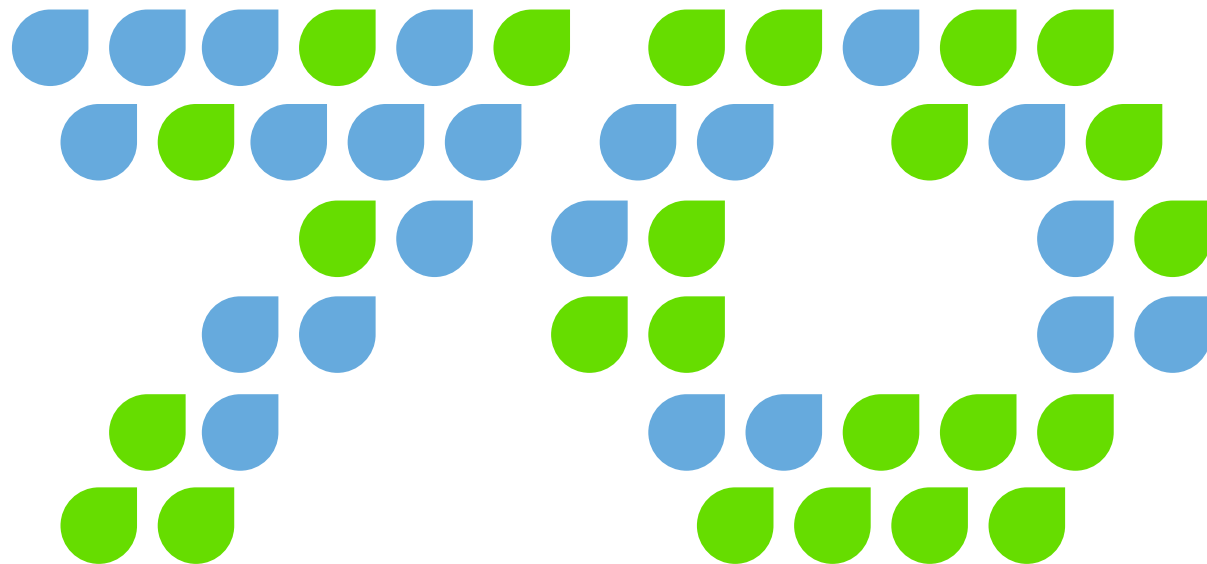




Neste Corporation



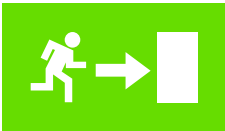
Annual General Meeting 2018
5 April 2018

NESTE

Safety information

If you need **first aid**, contact the staff. We have a physician and paramedics present.

Fire alarms will be announced through the PA system. The staff will guide you outdoors through the nearest safe exits.



Follow the instructions from the staff.

Neste's Annual Report 2017 can be read online at the Corporation's website at www.neste.com/annualreport. Financial Statements including notes, Corporate Governance Statement, and Neste are included in the Annual Report.

Agenda

1. Opening of the meeting
2. Calling the meeting to order
3. Election of the examiners of the minutes and the supervisors for counting of votes
4. Establishing the legality of the meeting
5. Recording the attendance at the meeting and the voting list
6. Presentation of the Financial Statements for 2017, including also the Consolidated Financial Statements, the Review by the Board of Directors, and the Auditor's Report 2
 - Review by the President and CEO
 - Review by the Board of Directors 8
 - Financial Statements primary statements 26
 - Auditor's Report 31
 - Summary of the Corporate Governance Statement 2017.... 37
 - Excerpts from the Neste Remuneration Statement 2017 49
7. Adoption of the Financial Statements, including also the adoption of the Consolidated Financial Statements
8. Use of the profit shown in the Balance Sheet and deciding on the payment of dividend..... 56
9. Discharging the members of the Board of Directors and the President and CEO from liability
10. Deciding the remuneration of the members of the Board of Directors 58
11. Deciding the number of members of the Board of Directors ... 59
12. Election of the Chair, the Vice Chair, and the members of the Board of Directors 59
13. Deciding the remuneration of the Auditor..... 62
14. Election of the Auditor 62
15. Authorizing the Board of Directors to decide on the conveyance of treasury shares..... 63
16. Closing of the meeting 63

Point 6 on the agenda

Presentation of the Financial Statements for 2017, including also the Consolidated Financial Statements, the Review by the Board of Directors, and the Auditor's Report

- Review by the President and CEO
- Review by the Board of Directors 8
- Financial Statements primary statements 26
- Auditor's Report. 31
- Summary of the Corporate Governance Statement 2017.... 37
- Excerpts from the Neste Remuneration Statement 2017..... 49

Year 2017 in brief

Neste creates sustainable choices For the needs of transport, companies, and consumers. We help our customers reduce their carbon footprint with our high-quality, low-emission renewable products, and high-grade oil products.

For us, 2017 was another year of exploring the renewable future. We are the world's largest producer of renewable diesel refined from waste and residues but we also see significant potential for renewable solutions in aviation and the plastics industries.

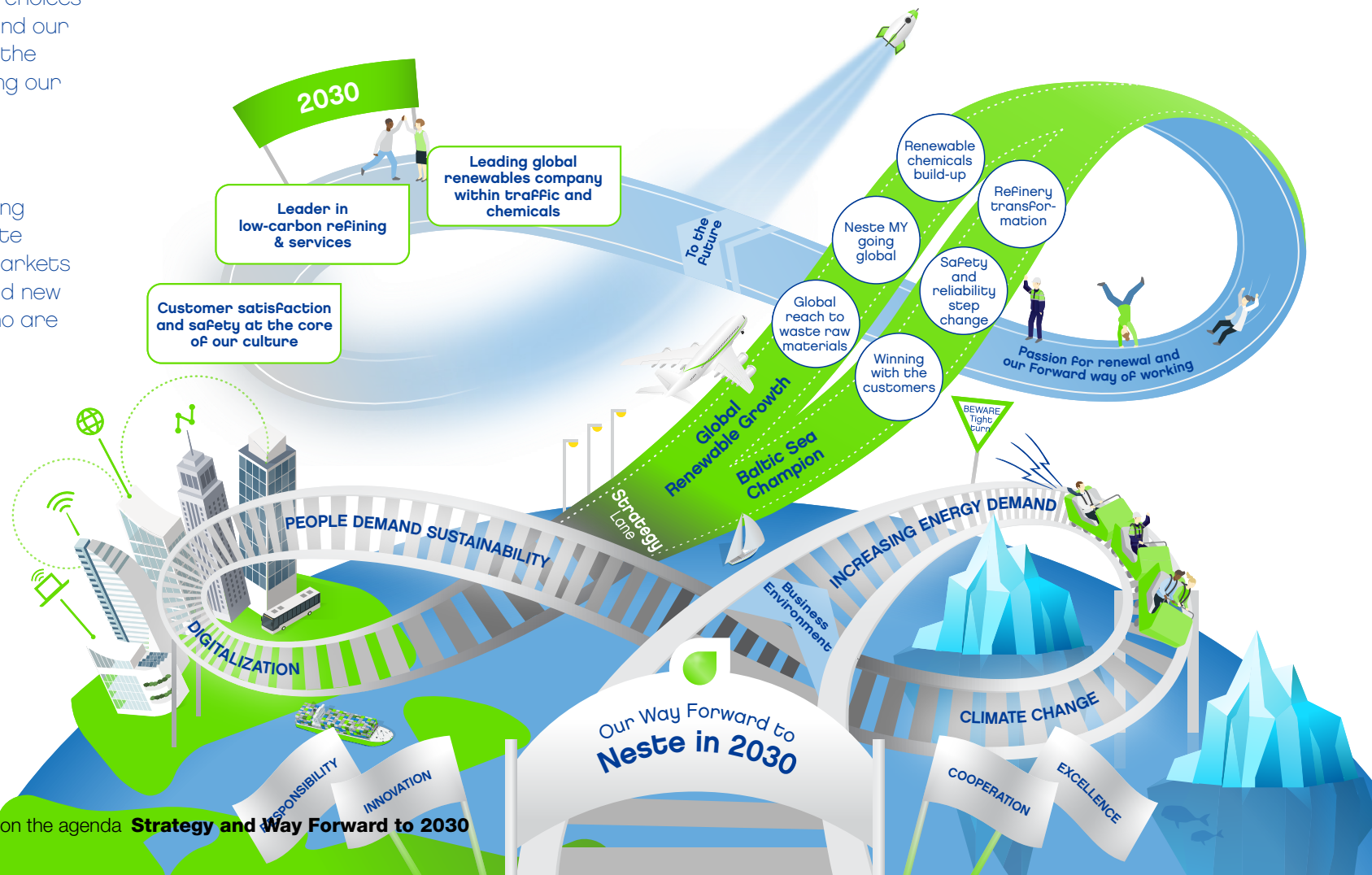


Strategy and Way Forward to 2030

Our strategy and Way Forward to 2030 are guided by our purpose and vision: Leaving a healthier planet for our children by creating responsible choices every day. Passion for renewal and our Forward Way of Working are at the heart of everything we do, guiding our way to Neste in 2030.

We are heading towards a world that struggles in addressing rising global energy demand and climate change – all at the same time. Markets demand sustainable solutions and new opportunities open for those who are willing to embrace the change.

Our unique competitive advantages differentiate us from our competitors. Our two strategic targets are founded on these strengths.



Strategic targets

Global Renewable Growth

Focus areas

Global reach to waste raw materials

Neste MY going global

Renewable chemicals build-up

Capacity increase program

Indicators

Aiming at a strong global waste and residue raw materials position

Target: to have access to up to 20% of the available waste and residue streams by 2021

Share of 100% Neste MY Renewable Diesel to grow from 25% in 2017 to 50% of total sales volume in 2020

The proportion of our sales outside of road traffic increases to 20% by 2020

Target: Neste Aviation Solution taking off with first delivery of renewable jet fuel

Towards commercial deliveries in bio-based plastics.
Target: first commercial delivery in 2018

Final investment decision to be done by the end of 2018

New production unit to be operational by 2022

Target: to add production capacity to 4 million tons by 2022

Baltic Sea Champion

Focus areas

Winning with the customers

Operational performance step change

Refinery transformation

Indicators

Measured by Net Promoter Score (NPS) Methodology and targeting 1st Quartile Performance, NPS over 50 in all B2B segments

Increased share of profits coming from services

Safety performance TRIF and PSER in 1st quartile compared to other European refineries by 2020

The utilization rate is 97.5% by 2020

Yearly additional margin above USD 5.5 per barrel on average

One million tons of low carbon refinery feedstocks annually by 2030

Business areas in brief

Renewable Products

Offers renewable diesel, renewable jet fuels and solutions, renewable solvents as well as raw materials for bioplastics.

Capacity 2.6 million tons per year.

Renewable Products

MEUR	2017	2016	2015
Revenue	3,243	2,690	2,372
Comparable operating profit	561	469	402
Operating profit	476	518	233
Net assets	1,863	1,811	1,884
Comparable return on net assets (RONA)	30.2	25.9	21.8
Capital expenditure and investments in shares	122	104	28

Oil Products

Offers low-carbon solutions that are based on high-quality oil products and related services.

Capacity 15 million tons per year.

Oil Products

MEUR	2017	2016	2015
Revenue	8,490	7,395	7,467
Comparable operating profit	495	453	439
Operating profit	650	563	389
Net assets	2,497	2,424	2,320
Comparable return on net assets (RONA)	19.5	18.7	18.2
Capital expenditure and investments in shares	307	249	453

Marketing & Services

Is a notable marketing organization for the company's extensive range of services and high-quality products.

In total 1,076 stations in five countries.

Marketing & Services

MEUR	2017	2016	2015
Revenue	3,912	3,552	3,748
Comparable operating profit	68	90	84
Operating profit	69	89	79
Net assets	280	196	184
Comparable return on net assets (RONA)	28.5	47.5	41.2
Capital expenditure and investments in shares	37	31	37

Financial targets



A leverage ratio
of below

40%



ROACE of at least

15%

annually over
the long term



Our dividend policy
is to distribute at
least

50%

of our
comparable net
profit as dividend

	2017	2016	Change, %
Income statement			
Revenue, MEUR	13,217	11,689	13%
Operating profit, MEUR	1,171	1,155	1%
Comparable operating profit, MEUR	1,101	983	12%
Profit before income taxes, MEUR	1,094	1,075	2%
EBITDA, MEUR	1,542	1,521	1%
Comparable EBITDA, MEUR	1,472	1,349	9%
Comparable net profit, MEUR	851	793	7%
Profitability, %			
Return on equity (ROE), %	22.7	28.1	-19%
Return on average capital employed, after tax (ROACE), %	17.5	16.9	4%
Financing and financial position			
Total equity, MEUR	4,338	3,755	16%
Interest-bearing net debt, MEUR	412	683	-40%
Leverage ratio, %	8.7	15.4	-44%
Gearing, %	9.5	18.2	-48%
Equity-to-assets ratio, %	55.8	50.6	10%
Net cash generated from operating activities, MEUR	1,094	1,193	-8%
Other indicators			
Capital employed, MEUR	5,533	5,226	6%
Capital expenditure and investment in shares, MEUR	536	422	27%
Research and development expenditure, MEUR	44	41	7%
Average number of personnel	5,297	5,013	6%
Total refining margin, USD/bbl	11.08	10.38	7%
Total Recordable Injury Frequency per million hours worked (TRIF)	2.1	2.8	-25%
Share-related indicators			
Earnings per share (EPS), EUR	3.56	3.67	-3%
Comparable earnings per share, EUR	3.33	3.10	7%
Equity per share, EUR	16.96	14.60	16%
Cash flow per share, EUR	4.28	4.67	-8%
Price/earnings ratio (P/E)	14.99	9.94	51%
Dividend per share, EUR	1.70 ¹⁾	1.30	31%
Dividend payout ratio, %	47.8 ¹⁾	35.4	35%
Dividend yield, %	3.2 ¹⁾	3.6	-11%
Dividend per comparable earnings per share, %	51.1 ¹⁾	41.9	22%
Share price at the end of the period, EUR	53.35	36.50	46%
Average share price, EUR	38.34	32.25	19%
Lowest share price, EUR	31.15	25.42	23%
Highest share price, EUR	54.05	40.78	33%
Market capitalization at the end of the period, MEUR	13,679	9,359	46%

¹⁾ Board of Directors' proposal to the Annual General Meeting

Review by the Board of Directors

Review by the Board of Directors 2017.....	9
Key figures.....	22
Calculation of key figures	24



Review by the Board of Directors 2017

Neste had a very successful year in 2017, as a result of determined strategy implementation, good operational performance and improved safety. We posted an all-time high comparable operating profit of EUR 1,101 million compared to EUR 983 million in the previous year. The Group's operating profit was EUR 1,171 million (1,155 million). Renewable Products was again the largest comparable operating profit contributor. The Group generated a strong cash flow and reached a 8.7% leverage ratio. The return on average capital employed reached 17.5%, which exceeds our long term target level of 15%. Renewable Products' reference margin and sales volumes were higher than in 2016. The segment's sales volumes were almost 2.6 million tons, a new annual record and up 16% from the previous year. A higher share of the sales volumes was allocated to the European markets compared to 2016. Also Oil Products' improved its performance as a result of a favorable refining margin environment and good operational performance. The strategic refinery investments in the Solvent Deasphalting (SDA) unit and in the OneRefinery concept were completed during 2017. Marketing & Services were able to maintain sales volumes at the previous year's level, but the markets continued competitive and unit margins were clearly lower. The Board of Directors will propose a dividend of EUR 1.70 per share (1.30) for 2017, totaling EUR 435 million (332 million).

Figures in parentheses refer to the full-year financial statements for 2016, unless otherwise noted.

The Group's results for 2017

Neste's revenue in 2017 totaled EUR 13,217 million (11,689 million). The revenue increase mainly resulted from higher sales prices, which had a positive impact of approx. EUR 1,300 million. Higher sales volumes increased the revenue by approx. EUR 400 million. A weaker USD exchange rate had a negative impact of approx. EUR 200 million on the revenue. The Group's comparable operating profit was EUR 1,101 million (983 million). Renewable Products' higher sales volumes and reference margin compensated the effect of lower additional margin, and the segment achieved a new record in comparable operating profit. Oil Products' result was positively impacted by a higher reference margin compared to the previous year. Marketing & Services' result was negatively impacted by lower unit margins. The Others segment recorded almost similar comparable operating profit compared to 2016.

Renewable Products' full-year comparable operating profit was EUR 561 million (469 million), Oil Products' EUR 495 million (453 million), and Marketing & Services' EUR 68 million (90 million). The comparable operating profit of the Others segment totaled EUR –24 million (–23 million); Nynas accounted for EUR –2 million (11 million) of this figure.

The Group's operating profit was EUR 1,171 million (1,155 million), which was impacted by inventory gains totaling EUR 31 million (280 million), and changes in the fair value of open commodity and currency derivatives totaling EUR 24 million (–118 million), mainly related to hedging of inventories. Profit before income taxes was EUR 1,094 million (1,075 million), and net profit EUR 914 million (943 million). Comparable earnings per share were EUR 3.33 (3.10), and earnings per share EUR 3.56 (3.67).

Group key figures, MEUR

	2017	2016
Comparable operating profit	1,101	983
– inventory gains/losses	31	280
– changes in the fair value of open commodity and currency derivatives	24	–118
– capital gains/losses	3	23
– insurance and other compensations	0	0
– other adjustments	12	–13
Operating profit	1,171	1,155

Revenue

	2017	2016
Renewable Products	3,243	2,690
Oil Products	8,490	7,395
Marketing & Services	3,912	3,552
Others	237	294
Eliminations	–2,666	–2,241
Total	13,217	11,689

Comparable operating profit

	2017	2016
Renewable Products	561	469
Oil Products	495	453
Marketing & Services	68	90
Others	–24	–23
Eliminations	0	–6
Total	1,101	983

Operating profit

	2017	2016
Renewable Products	476	518
Oil Products	650	563
Marketing & Services	69	89
Others	-24	-11
Eliminations	0	-5
Total	1,171	1,155

Financial targets

Return on average capital employed after tax (ROACE) and leverage ratio are Neste's key financial targets. ROACE figures are based on comparable results. The company's long-term ROACE target is 15%, and the leverage ratio target is below 40%. At the end of December, ROACE calculated over the last 12 months was maintained over the target level, and leverage ratio remained in the targeted area.

	31 Dec 2017	31 Dec 2016
Return on average capital employed after tax (ROACE) ¹⁾ , %	17.5	16.9
Leverage ratio (net debt to capital), %	8.7	15.4

¹⁾ Last 12 months

Cash flow, investments, and financing

The Group's net cash generated from operating activities totaled EUR 1,094 million (1,193 million) in 2017. The difference mainly resulted from the US Blender's Tax Credit payments concerning the year 2015 and 2016 received during 2016. The increased finance costs also included one-off costs related to the partial repurchase of existing bonds during the second quarter of 2017. Cash flow before financing activities was EUR 628 million (834 million). The Group's net working capital in days outstanding was 26.9 days (26.8 days) on a rolling 12-month basis at the end of 2017.

	2017	2016
EBITDA	1,542	1,521
Capital gains/losses	-3	-28
Other adjustments	-82	129
Change in working capital	-104	-229
Finance cost, net	-90	-63
Income taxes paid	-169	-137
Net cash generated from operating activities	1,094	1,193
Capital expenditure	-502	-407
Other investing activities	36	49
Free cash flow (Cash flow before financing activities)	628	834

Cash-out investments were EUR 502 million (407 million) in the year 2017. Maintenance investments accounted for EUR 214 million (148 million) and productivity and strategic investments for EUR 288 million (259 million). Renewable Products' investments were EUR 92 million (90 million), mainly related to the biopropane unit investment at the Rotterdam refinery. Oil Products' investments amounted to EUR 299 million (257 million), with the largest projects being the Solvent Deasphalting (SDA) unit at the refinery in Porvoo and the configuration changes at Naantali. Marketing & Services' investments totaled EUR 40 million (26 million) and were focused on the retail station network. Investments in the Others segment were EUR 72 million (35 million), concentrating on ICT and business infrastructure upgrade, and the acquisition of Jacobs Engineering's stake in Neste Jacobs.

Interest-bearing net debt was EUR 412 million at the end of December 2017, compared to EUR 683 million at the end of 2016. Net financial expenses for the year were EUR 77 million (79 million). The average interest rate of borrowing at the end of December was 3.3% (3.5%) and the average maturity 4.5 (3.6) years. At the end of the year the interest-bearing net debt/comparable EBITDA ratio was 0.3 (0.5) over the last 12 months.

The leverage ratio was 8.7% (31 Dec 2016: 15.4%), and the gearing ratio 9.5% (31 Dec 2016: 18.2%). The Group has a strong financial position, which enables implementation of our growth strategy going forward while maintaining a healthy dividend distribution.

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 2,433 million at the end of December (31 Dec 2016: 2,438 million). There are no financial covenants in the Group companies' current loan agreements.

In accordance with its hedging policy, Neste hedges a large part of its net foreign currency exposure for the next 12 months, mainly using forward contracts and currency options. The most important hedged currency is the US dollar. At the end of December the Group's foreign currency hedging ratio was above 50% for the next 12 months.

US dollar exchange rate

	2017	2016
EUR/USD, market rate	1.13	1.11
EUR/USD, effective rate ¹⁾	1.12	1.11

¹⁾ The effective rate includes the impact of currency hedges.

Segment reviews

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

Renewable Products

Key financials

	2017	2016
Revenue, MEUR	3,243	2,690
EBITDA, MEUR	586	628
Comparable EBITDA, MEUR	671	578
Comparable operating profit, MEUR	561	469
Operating profit, MEUR	476	518
Net assets, MEUR	1,863	1,811
Return on net assets ¹⁾ , %	25.6	28.6
Comparable return on net assets ¹⁾ , %	30.2	25.9

¹⁾ Last 12 months

Key drivers

	2017	2016
FAME – Palm oil price differential ¹⁾ , USD/ton	242	194
SME – Palm oil price differential ²⁾ , USD/ton	225	222
Reference margin, USD/ton	291	207
Additional margin ³⁾ , USD/ton	184	272
Comparable sales margin ³⁾ , USD/ton	365	348
Biomass-based diesel (D4) RIN, USD/gal	1.01	0.91
California LCFS Credit, USD/ton	89	101
Palm oil price ⁴⁾ , USD/ton	629	634
Crude palm oil's share of total feedstock, %	23	19

¹⁾ FAME seasonal vs. CPO BMD 3rd (Crude Palm Oil Bursa Malaysia Derivatives 3rd month futures price) + 70 \$/t freight to ARA (Amsterdam-Rotterdam-Antwerp)

²⁾ SME US Gulf Coast vs. SBO CBOT 1st (Soybean Oil Chicago Board of Trade 1st month futures price)

³⁾ Based on standard variable production cost of USD 130/ton in 2016 and USD 110/ton in 2017 figures

⁴⁾ CPO BMD 3rd

Vegetable oil prices remained quite strong in 2017, supported by crude oil price recovery and filling of inventories in the major consumer areas. Recovery of crude palm oil (CPO) production was slow due to the negative effects of the past El Nino phenomenon on the CPO yield and a labor shortage in Malaysia. Soybean oil (SBO) demand was strong in the US particularly during the second half of 2017, when higher import tariffs against Argentinian soy methyl ester (SME) biodiesel imports were implemented. In Europe rapeseed oil (RSO) stocks reached new record low levels resulting from disappointing rapeseed crop and strong RSO demand especially in the food sector. As a result, RSO ended up being the strongest vegetable oil.

Development of biodiesel margins was clearly different in Europe compared to the US in 2017. European biodiesel prices were supported by a strong RSO, while Fatty Acid Methyl Ester (FAME) biodiesel producers' margins remained unchanged. The EU Commission's decision to lower the anti-dumping tariffs on Argentinian SME imports limited further margin upside. In the US SME biodiesel was quite depressed with weak producers' margins despite SBO remaining relatively firm.

The US Renewable Identification Number (RIN) D4 price was volatile in 2017. It started at a low level due to the uncertainty regarding the US biofuel volume mandate in 2017, recovered progressively in the middle of the year, and peaked at around USD 1.10/gallon due to a relatively high final biomass-based diesel volume mandate. RIN prices decreased towards the end of the year due to speculation regarding a potential retroactive BTC for 2017. The California Low Carbon Fuel Standard (LCFS) credit price averaged USD 89/ton (101/ton) in 2017.

Renewable Products' full-year comparable operating profit was EUR 561 million (469 million). During the year 2017 reference margin averaged higher than in the previous year and had a positive impact of EUR 87 million on the segment's operating profit. Even though our additional margin improved significantly during the second half of the year, it was cumulatively lower compared to the full-year 2016 average. That was mainly due to the expiry of the US Blender's Tax Credit at the end of 2016. The lower additional margin had a negative impact of EUR 47 million year-on-year. Higher sales volumes had a positive impact of EUR 104 million on the comparable operating profit compared to the previous year. Sales volumes were 2.57 million tons in 2017, a new annual record and up 16% from the previous year. During the year 2017 approximately 74% (66%) of sales volume went to Europe and 26% (34%) to North America. The share of 100% renewable diesel delivered to end-users increased to 25% of total volumes in full-year 2017. Renewable diesel production achieved a high capacity utilization rate of 98% (88%) in 2017. Feedstock mix optimization continued successfully, and the proportion of waste and residue inputs was 76% (78%) on average. A weaker USD exchange rate had a EUR 17 million negative impact on the comparable operating profit. The segment's fixed costs were EUR 31 million higher than in 2016, mainly related to strategic growth projects.

Production

	2017	2016
Neste MY Renewable Diesel, 1,000 ton	2,587	2,213
Other products, 1,000 ton	196	175
Utilization rate, %	98	88

Sales

	2017	2016
Neste MY Renewable Diesel, 1,000 ton	2,567	2,222
Share of sales volumes to Europe, %	74	66
Share of sales volumes to North America, %	26	34

Oil Products

Key financials

	2017	2016
Revenue, MEUR	8,490	7,395
EBITDA, MEUR	863	780
Comparable EBITDA, MEUR	708	670
Comparable operating profit, MEUR	495	453
Operating profit, MEUR	650	563
Net assets, MEUR	2,497	2,424
Return on net assets ¹⁾ , %	25.6	23.2
Comparable return on net assets ¹⁾ , %	19.5	18.7

¹⁾ Last 12 months

Key drivers

	2017	2016
Reference refining margin, USD/bbl	5.68	4.88
Additional margin, USD/bbl	5.39	5.50
Total refining margin, USD/bbl	11.08	10.38
Urals-Brent price differential, USD/bbl	-1.39	-2.48
Urals' share of total refinery input, %	69	68

Crude oil prices were volatile during 2017. Crude oil price trended down to below USD 50/bbl during the first half of the year, driven by a growing US shale oil production and lack of confidence in the production cuts by OPEC and non-OPEC countries. However, rising geopolitical tensions, strong product demand, slower US oil rig count growth and signs production cuts continuing in 2018, turned the market up. In 2017 Brent price averaged USD 54.3/bbl, but at year end it was approx. USD 66/bbl – the highest level since the summer of 2015.

The Russian Export Blend (REB) crude averaged USD 1.4/bbl lower than Brent in 2017 and USD 0.9/bbl lower during the fourth quarter. The supply cuts by OPEC countries reduced competition from the Middle Eastern grades in the Baltic Sea and Mediterranean markets, which drove a narrower REB differential. Healthy refining margins and strong fuel oil cracks pushed European refinery runs to high levels, which increased Urals demand.

Reference margin trended modestly upwards during the first half of 2017 driven by good product demand and active refinery maintenance season in Asia. In September Hurricane Harvey closed temporarily around 25% of the US refining capacity thus impacting both crude oil market and product margins. That together with lower product inventories after the spring maintenance season and healthy product demand growth tightened product markets further. Towards the end of the year an increasing refinery utilization and a narrowing REB differential negatively impacted refining margins. On average gasoline was the strongest part of the barrel in 2017, but diesel margins strengthened significantly compared to 2016 as healthy global economic growth supported product demand and drove inventories lower. Neste's reference margin averaged USD 5.7/bbl in 2017, and USD 4.9/bbl during the fourth quarter.

Oil Products' full-year comparable operating profit was EUR 495 million (453 million). The reference margin was approx. USD 0.8/bbl higher than in the previous year, which had a positive impact of EUR 82 million on the comparable operating profit year-on-year. The lower additional margin had a negative impact of EUR 19 million compared to the previous year. Sales volumes were quite well in line with 2016. A weaker USD exchange rate had a negative impact of EUR 19 million on the comparable operating profit compared to 2016. In the year 2017 the segment's fixed costs were EUR 13 million higher than in the previous year, mainly due to maintenance activities.

Production

	2017	2016
OneRefinery		
– Porvoo production, 1,000 ton	12,190	11,718
– Porvoo utilization rate, %	92	89
– Naantali (PL5) production, 1,000 ton	1,726	1,869
– Naantali (PL5) utilization rate, %	59	62
Refinery production costs, USD/bbl	4.4	4.2
Bahrain base oil plant production (Neste's share), 1,000 ton	210	159

Sales from in-house production, by product category (1,000 t)

	2017	%	2016	%
Middle distillates ¹⁾	6,808	48	6,590	46
Light distillates ²⁾	4,630	33	4,706	33
Heavy fuel oil	1,483	10	1,594	11
Base oils	449	3	461	3
Other products	823	6	965	7
Total	14,193	100	14,316	100

¹⁾ Diesel, jet fuel, heating oil

²⁾ Motor gasoline, gasoline components, LPG

Sales from in-house production, by market area (1,000 t)

	2017	%	2016	%
Baltic Sea area ¹⁾	8,268	58	8,037	56
Other Europe	4,606	32	4,596	32
North America	746	5	1,198	8
Other areas	572	4	485	3

¹⁾ Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Denmark

Marketing & Services

Key financials

	2017	2016
Revenue, MEUR	3,912	3,552
EBITDA, MEUR	93	111
Comparable EBITDA, MEUR	93	112
Comparable operating profit, MEUR	68	90
Operating profit, MEUR	69	89
Net assets, MEUR	280	196
Return on net assets ¹⁾ , %	28.7	47.3
Comparable return on net assets ¹⁾ , %	28.5	47.5

¹⁾ Last 12 months

Marketing & Services segment's full-year comparable operating profit was EUR 68 million (90 million). Sales volumes were similar to the previous year. Average unit margins were clearly lower, particularly in Finland and Russia, which had a negative impact of EUR 14 million on the result compared to the year 2016. Higher fixed costs and lower other income resulted in EUR 9 million lower profit contribution compared to the previous year.

Sales volumes by main product categories, million liters

	2017	2016
Gasoline, station sales	1,080	1,112
Diesel, station sales	1,739	1,695
Heating oil	615	620

Net sales by market area, MEUR

	2017	2016
Finland	2,820	2,497
Northwest Russia	290	248
Baltic countries	802	777

Others

Key financials

	2017	2016
Comparable operating profit, MEUR	-24	-23
Operating profit, MEUR	-24	-11

The Others segment consists of Neste Engineering Solutions, Nynas, a joint venture owned by Neste (49.99% share) and Petróleos de Venezuela, and common corporate costs. Neste acquired Jacobs Engineering's 40% stake in Neste Jacobs in September 2017, and the company name Neste Jacobs Oy was changed to Neste Engineering Solutions Oy on 1 January 2018. The full-year comparable operating profit of the Others segment totaled EUR -24 million (-23 million); Nynas accounted for EUR -2 million (11 million) of this figure.

Shares, share trading, and ownership

Neste's shares are mainly traded on NASDAQ Helsinki Ltd. The share price closed the year 2017 at EUR 53.35, up by 46.2% compared to the end of 2016. The total shareholder return (TSR) was 49.7% (35.7%) in 2017. At its highest during 2017, the share price reached EUR 54.05, while the lowest daily closing price was EUR 31.15. Market capitalization was EUR 13.7 billion as of 31 December 2017. An average of 0.64 million shares were traded daily, representing 0.2% of the company's shares.

Neste's share capital registered with the Company Register as of 31 December 2017 totaled EUR 40 million, and the total number of shares was 256,403,686. As resolved by the AGM held on 1 April 2015, the Board of Directors was authorized to purchase and/or take as security a maximum of 1,000,000 company shares using the company's unrestricted equity. At the end of December 2017, Neste held 613,545 treasury shares purchased under this authorization. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

At the end of 2017, the Finnish State owned 50.1% (50.1% at the end of 2016) of outstanding shares, foreign institutions 31.5% (30.3%), Finnish institutions 9.6% (10.1%), and Finnish households 8.7% (9.6%).

Largest shareholders as of 31 December 2017

Shareholder	Shares	% of shares
State of Finland / Prime Minister's Office ¹⁾	128,458,247	50.10%
Ilmarinen Mutual Pension Insurance Company	4,700,000	1.83%
The Finnish Social Insurance Institution	2,648,424	1.03%
The State Pension Fund	1,900,000	0.74%
Varma Mutual Pension Insurance Company	1,777,514	0.69%
Kurikan Kaupunki	1,550,875	0.60%
OP-Finland Value Fund	797,459	0.31%
Elo Mutual Pension Insurance Company	750,000	0.29%
Evli Europe Fund	639,872	0.25%
Neste Oyj	613,545	0.24%
Schweizerische Nationalbank	568,116	0.22%
Nordea Pro Finland Fund	522,230	0.20%
Sigrid Jusélius Foundation	423,000	0.17%
Alhopuro Eero Sakari	362,600	0.14%
Finnish Cultural Foundation	303,113	0.12%
Seligson & Co OMX Helsinki 25 Exchange Traded Fund (ETF)	265,680	0.10%
Etola Erkki Olavi	250,000	0.10%
OP-Henkivakuutus Ltd.	248,167	0.10%
Nordea Finland Exchange Traded Fund (ETF)	218,170	0.09%
SEB Gyllenberg Finlandia Fund	214,519	0.08%
20 largest owners total	147,211,531	57.41%
Nominee registrations	79,843,777	31.14%
Others	29,348,378	11.45%
Number of shares, total	256,403,686	100.00%

¹⁾ State of Finland's ownership share was reduced to 49.74% on 4 January 2018.

Breakdown of share ownership as of 31 December 2017

By the number of shares owned

No. of shares	No. of shareholders	% of shareholders	Total no. of shares	% of shares
1–100	26,760	42.4%	1,366,172	0.5%
101–500	25,883	41.0%	6,342,925	2.5%
501–1,000	5,790	9.2%	4,389,404	1.7%
1,001–5,000	4,100	6.5%	8,216,333	3.2%
5,001–10,000	313	0.5%	2,229,894	0.9%
10,001–50,000	175	0.3%	3,537,812	1.4%
50,001–100,000	23	0.0%	1,577,453	0.6%
100,001–500,000	21	0.0%	4,162,519	1.6%
500,001–	17	0.0%	224,581,174	87.6%
Total	63,082	100.0%	256,403,686	100.0%
of which nominee registrations	11		79,843,777	

By the owner sector

	% of shares
State of Finland ¹⁾	50.1%
Non-Finnish shareholders	31.5%
Households	8.7%
General government	5.5%
Financial and insurance companies	1.6%
Corporations	1.0%
Non-profit organizations	1.5%
Total	100.0%

¹⁾ State of Finland's ownership share was reduced to 49.74% on 4 January 2018.

Corporate governance

The control and management of Neste Corporation is divided between shareholders, the Board of Directors, and the President and Chief Executive Officer (CEO). The General Meeting of Shareholders appoints the Board of Directors based on a proposal made by the Shareholders' Nomination Board. The term of office of the Board of Directors will expire at the end of the next Annual General Meeting of Shareholders (AGM) following its election. Neste's President and CEO is appointed and expelled by the Board of Directors.

Changes to the company's Articles of Association can be made at the General Meeting of Shareholders based on a proposal by the Board of Directors.

Neste's AGM was held in Helsinki on 5 April 2017. The AGM adopted the company's Financial Statements and Consolidated Financial Statements for 2016, and discharged the Board of Directors and the President and CEO from liability for 2016. The AGM also approved the Board of Directors' proposal regarding the distribution of the Company's profit

for 2016, authorizing payment of a dividend of EUR 1.30 per share. The dividend was paid on 18 April 2017.

In accordance with the proposal made by the Shareholders' Nomination Board, the 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: Mr. Jorma Eloranta, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber and Mr. Marco Wirén. The following were elected as new members: Ms. Martina Flöel, Ms. Heike van de Kerkhof and Mr. Matti Kähkönen. Mr. Eloranta was re-elected as Chair and Mr. Matti Kähkönen was elected as new Vice Chair.

Convening right after the AGM, Neste's Board of Directors elected the members of its two Committees. Jorma Eloranta was elected Chair and Heike van de Kerkhof, Matti Kähkönen and Jean-Baptiste Renard as members of the Personnel and Remuneration Committee. Marco Wirén was elected Chair and Laura Raitio, Martina Flöel, and Willem Schoeber as members of the Audit Committee.

In accordance with a proposal by the Board of Directors, PricewaterhouseCoopers Oy, were appointed as the company's Auditor, with Authorized Public Accountant Mr Markku Katajisto as the principally responsible auditor for Neste Corporation, until the end of the next AGM. Payment for their services shall be made in accordance with their invoice approved by the Company.

Neste's Corporate Governance Statement is issued as a separate document.

Research and development

Neste's R&D expenditure totaled EUR 44 million (41 million) in 2017. Expansion of the feedstock portfolio was continued, feedstock purification technologies further developed and start-up of the feedstock hub in Sluiskil, the Netherlands, supported. Broadening of the product portfolio was continued with special focus on renewable aviation fuel, low sulphur marine fuels and new bio-based plastics and chemicals. Neste's patent portfolio in renewable feedstock, fuels and chemical applications was further strengthened with record high number of new patents and patent applications.

Expansion of the renewable feedstock base continued to be a key research topic in 2017. Volume of waste and residue based renewable feedstock increased again summing up to an annual total of 2.4 (2.1) million tons and accounted for 76% (78%) of the total renewable feed. In addition to NEXBTL feedstock expansion, a major effort was put on research of alternative refinery feeds including renewable and fossil waste based feeds, e.g. waste plastics. Improvements in renewable diesel production capacity enabled to reach total production of 2.6 (2.2) million tons. R&D also supported the development and optimization of Neste's fossil refinery units, which in 2017 included the start-up of a new cracker feedstock pretreatment unit by solvent deasphalting. Refinery optimization was continued by developing modeling tools and testing or developing catalysts with strategic partners.

Main events published during 2017

On 7 February, Neste announced that its Oil Retail business area would from now on be called Marketing & Services. Marketing & Services is one of Neste Corporation's three reporting segments. The reason for renaming the business area was the increased importance of solutions and services.

On 31 May, Neste announced that it will issue a EUR 400 million bond. The 7-year bond carries a coupon of 1.5 per cent. The bond offering was allocated to 136 investors. The proceeds from the issue will be used for the partial repurchase of the existing EUR 400 million notes due 2019 and the existing EUR 500 million notes due 2022. BNP Paribas, ING Bank N.V. and Nordea Bank AB (publ) acted as joint lead managers for the transaction.

On 9 August, Neste announced that it would begin a two-month shutdown at its Naantali refinery. The major turnaround will complete the plan to implement closer integration of the operations of the two Finnish refineries under uniform management. The Finnish refinery operations of Neste consist of four production lines at the Porvoo refinery, and one in Naantali.

On 6 September, Neste announced that its Shareholders' Nomination Board had been appointed with the following members: The Chair Pekka Timonen, Director General of the Ministry of Economic Affairs and Employment; Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company; Elli Aaltonen, Director General of the Finnish Social Insurance Institution, and Jorma Eloranta, the Chair of Neste's Board of Directors.

On 13 September, Neste announced that it collaborates with Genève Aéroport to offer sustainable and renewable solutions for aviation. Neste and Genève Aéroport are pioneering together to make flying more sustainable by starting to decarbonize aviation towards fossil neutral growth. Genève Aéroport is planning the introduction of renewable jet fuel at the Geneva International Airport; the target is that at least 1% of the annual jet fuel consumption at the airport shall be composed of renewable jet fuel starting late 2018.

On 19 September, Neste held a Capital Markets Day in London under the theme "Delivering profitable growth". Neste's long-term financial targets are leverage ratio and ROACE after tax. The leverage target was revised to below 40%. The ROACE target remains at 15%. Neste's new dividend policy is to distribute at least 50% of the company's comparable net profit for the year. The company intends to distribute the annual dividend in two installments, and this will be proposed to the Annual General Meeting 2018.

The strategic objectives remain unchanged: be the Baltic Sea champion and create global renewables growth. The company seeks value growth in all business areas in its home markets in the Baltic Sea area. Neste is the global leader in the renewable diesel market, and is committed to developing significant business from outside road transportation markets by 2020. Sales volumes of the 100% renewable diesel delivered to end-users are targeted to grow from approx. 25% in 2017 to 50% of the total sales in 2020. Neste has introduced a Green Hub concept to promote renewable jet fuel use through airport partnerships, and the first partnership was recently announced with the Geneva Airport. Following

a successful production trial, Neste aims to make the first commercial delivery of bio-based plastics during the first half of 2018.

Neste's target is to increase its renewables capacity further, and it will continue the debottlenecking of the existing capacity to 3 million tons/a by 2020. The company will finalize the feasibility studies for a new, up to 1 million ton/a production capacity by the end of 2017. These feasibility studies include the selection of the site location as well as an updated feedstock and demand outlook. The project scope includes renewable diesel and jet fuel production as well as pretreatment enabling processing of lower-quality raw materials. Neste aims to make the final investment decision on a new production unit by the end of 2018 with a target to have it operational by 2022.

On 29 September, Neste announced that it acquires Jacob Engineering's stake in Neste Jacobs Oy. Neste and Jacobs Engineering Group have agreed that Neste acquires the 40% shareholding of Jacobs in Neste Jacobs Oy. After this transaction, Neste holds all shares in Neste Jacobs.

On 30 November, Neste announced that Heike van de Kerkhof, member of the Board of Directors of Neste, has resigned from the Board of Directors as she will become employed by BP in the United Kingdom at the beginning of 2018. Laura Raitio was elected to replace van de Kerkhof as a member of the Personnel and Remuneration Committee. Raitio will also continue to be a member of the Audit Committee.

On 30 November, the Environmental Protection Agency (EPA) in the US published the final ruling covering renewable fuel volume requirements for 2018 under the Renewable Fuel Standard (RFS) program. Neste MY Renewable Diesel meets the requirements of an advanced biofuel in the biomass-based diesel category. The final ruling increases requirements for advanced biofuels in the biomass-based diesel category from the current 2.0 billion gallons to 2.1 billion gallons in 2018. The EPA also finalized a volume requirement for biomass-based diesel for 2019 to remain at the same level as in 2018.

On 12 December, Neste announced that its Board of Directors has decided on target group, allocations, and performance criteria for the Performance Share Plan (PSP) 2018–2020. Approximately 130 key persons, including the members of the Neste Executive Board, belong to the target group of the PSP 2018–2020.

On 12 December, Neste announced that the growth program for Renewable Products takes a step forward. The Board of Directors had decided that Neste's additional production capacity for renewable diesel, renewable aviation fuel and raw materials for various biochemical uses will be located in Singapore. The decision initiated technical design of the new production line, with the aim of a final investment decision by the end of 2018. If the project proceeds as planned, production at the new production line will begin by 2022.

Events after the reporting period

On 4 January 2018, Neste announced that it had received an announcement pursuant to Chapter 9, Section 5 of the Securities Markets Act regarding a change in its shareholding. Prime Minister's Office had announced that the State of Finland's aggregate holding of shares and votes in Neste Corporation had decreased below the 50% threshold and is currently 49.74%.

On 31 January 2018, Neste announced that the Shareholders' Nomination Board will propose to the AGM to be held on 5 April 2018 that the Vice Chair of the Board of Directors Mr. Matti Kähkönen shall be elected as the new Chair of the Board of Directors. In addition, the current Board Members Ms. Martina Flöel, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber, and Mr. Marco Wirén shall be re-elected for a further term of office. The Nomination Board further proposes that Ms. Raitio shall be elected as the new Vice Chair of the Board. The Shareholders' Nomination Board further proposes that the Board shall have eight members and that Ms. Elizabeth (Elly) Burghout (BSc, Chemical Engineering) and Mr. Jari Rosendal (M.Sc. Eng.) shall be elected as new members.

Risk Management

Neste considers risk management as an integral part of daily management processes and good corporate governance. Systematic risk management practices are the means to ensure that Neste is successful in reaching the set strategic targets and business objectives and is able to maintain continuous operations in the changing business environment.

Neste's risk management has been implemented in accordance with the International Standard for risk management ISO 31000:2009. Framework and principles for risk management have been defined in Neste Corporate risk management policy that has been approved by the Board of Directors.

Risk management policy is supplemented by risk management principles, guidelines and instructions for specific risk disciplines. Communication regarding the most important risk issues takes place along the strategic planning and performance management cycle. Formal risk reporting is directed to business management and function management teams, Neste Executive Board, Audit Committee, and the Board of Directors.

Risks relating to Neste's business

There have not been any significant changes in Neste's short-term risks or uncertainties since the end of 2016.

Key risks affecting Neste's financial results for the next 12 months include changes in the biofuel regulation, unexpected changes in the market prices, changes in the competitive situation and any scheduled or unexpected shutdowns at Neste's refineries.

For more detailed information on Neste's risks and risk management, please refer to the Annual Report and the Notes to the Financial Statements.

Sustainability risks

Neste's most significant sustainability risks can be categorized as follows:

Risk of adverse environmental impact from emissions to air and water

Neste is subject to a wide array of laws and regulations aiming at safe operations and reduced environmental footprint. In addition, transitioning to a lower-carbon economy entails additional requirements that affect Neste's way to manage refining assets and puts more emphasis on efficient use of different utilities, such as water and energy. In order to ensure continuous compliance with the applicable laws and regulations, Neste has implemented certified management systems that reflect the international standards issued by ISO and OHSAS.

Risk of leaks, explosions and other chemical hazards

Due to their nature, Neste's operations carry an inherent risk of explosions, leaks or other hazards that can result into soil, groundwater or seawater contamination. Especially maritime accidents would at worst have a catastrophic impact on the surrounding environment. Neste has implemented systematic risk management actions to minimize the probability of chemical hazards. Actions taken include ship vetting, systematic safety procedures, partner selection and performance management, and training in own operations.

Risk of adverse environmental footprint from procurement of raw materials for refining

Main raw materials used in Neste's refineries include various vegetable oils, waste and residue fats and diverse crude oils. During the past years, use of palm oil has created a reputational risk as sustainability of palm oil sourcing has caused public discussion and concerns both from NGOs' and customers' side. Although palm oil only accounted for approximately 20% of the company's renewable raw material usage in 2017, Neste is committed to ensuring sustainable palm oil sourcing and has implemented several measures to improve transparency in its supply chain.

Risk of process safety incidents or accidents

Neste has implemented comprehensive safety rules and procedures, and is committed to continuous safety work that covers e.g., training, performance monitoring, and learning from experience.

Potential adverse human rights impacts

Neste has made policy commitments in the form of Neste Human Rights Commitment and Human Rights Principles. The human rights impact assessments that Neste conducted in 2015 and 2016 identified health and safety issue of its operations as a salient human rights risk. In the supply chain forced labour, conditions of employment, grievance mechanism, as well as social and economic development especially regarding land issues are the most at

risk. Neste started a group-wide implementation program on human and labor rights to fulfil compliance to its Human Rights Commitment and Principles. Suppliers are subject to due diligence procedures, and are required to comply with Neste Supplier Code of Conduct.

Risk of corruption and bribery

Risks of corruption and bribery are typically treated as inherent risks of the oil and gas sector due to its global nature, contractual relationships with local governments, and involvement in complex networks with various suppliers and contractors. Neste has stated a zero tolerance to any form of corruption and bribery. As a preventive measure, Neste has developed a compliance program which includes policy statements (Code of Conduct, Anti-corruption Principle), dedicated eLearning packages, as well as Ethics Online for reporting of suspected misconduct. Neste's counterparties are required to comply with Code of Conduct and compliance clearance which is part of Know Your Customer Process. The Compliance clearance covers the following: sanctions, politically exposed persons, money laundering, corruption, fraud, bribery and discrimination.

Environment, Social and Governance (ESG)

Neste fulfills the requirements in the EU Directive on disclosure of non-financial and diversity information, and the changes made in the Finnish Accounting Act, both affecting the organizations' reporting for the first time in 2017. In addition, Neste reports according to the GRI (Global Reporting Initiative) Standards where applicable. For more on Neste's sustainability, see Neste's Annual Report and Neste's website.

Business model

Neste employed an average of 5,297 (5,013) employees in 2017, of which 1,693 (1,585) were based outside Finland. At the end of December, the company had 5,339 employees (5,001), of which 1,758 (1,602) were located outside Finland.

Neste produces a wide variety of traditional oil products and is the world's largest producer of renewable diesel. Neste's aim is to be the leading supplier of fuel solutions in the Baltic Sea region and to grow in the renewable raw material-based global market. Neste's business areas are Renewable Products, Oil Products, and Marketing & Services.

Neste has integrated sustainability into its business strategy in order to secure long-term success of its business. Neste's vision is to create responsible choices every day. Neste creates value for society by helping its customers reduce climate emissions by developing cleaner solutions for transportation, aviation, and marine uses, as well as renewable solutions for the chemical and plastics industries.

Neste's reliable NEXBTL refining technology enables flexible use of various renewable raw materials. Securing the supply of renewable raw materials is considered essential for the success of Neste's growth strategy. Neste continues work on this area. It will also focus on providing excellent customer service, as well as flexible and reliable customer solutions.

Neste's value creation is based on its high-quality products, global business model for raw material sourcing and product sales, in-depth knowledge of regulations and global customer requirements for both fossil and renewable fuels, as well as continuous innovation and development of products and solutions. Non-financial assets, e.g. production, sales and sourcing expertise, are an essential part of Neste's value creation. Substantial effort is put into maintaining and developing the skills base within the company.

See also: Outlook for 2018

Materiality

This ESG report focuses on the most material sustainability topics for Neste and its stakeholders in relation to value creation and risk management. Neste conducts a materiality assessment once every two years. The most recent one was conducted with almost 600 stakeholders in fall 2016, and identified 24 material topics. The next assessment will take place in 2018. In 2017, Neste regrouped and combined these 24 topics into nine topics to ensure a tighter focus on these both in Neste's daily operations as well as in reporting.

Neste's nine material topics relate to the following four themes of the non-financial reporting requirements: *Environmental matters* identified as material for Neste include Protecting biodiversity and preventing deforestation, Resource efficiency, as well as Incident-free operation, and safety of our people and society. Material issues relating to the following three themes *Social and employee matters*, *Respect for human rights*, and *Anti-corruption and anti-bribery* are Human rights, Fair and equal employment, as well as Incident-free operation, and safety of our people and society. The following material topics are linked to all four themes: Economic viability and financial responsibility to owners, Good corporate citizenship and ethics, Low-carbon solutions, as well as Sustainability of raw materials.

Policies and principles

Neste's key sustainability principles are Code of Conduct, Sustainability Policy, Supplier Code of Conduct and Corporate Risk Management Policy.

Environmental matters

All of Neste's refineries and the company-managed security stockpiles have been certified in accordance with the requirements of the ISO 9001, ISO 14001 and OHSAS 18001 standards. All of Neste's renewable diesel refineries have EU-compliant ISCC (International Sustainability and Carbon Certification), RSPO (Roundtable on Sustainable Palm Oil), and Hydrotreated Vegetable Oil (HVO) Scheme certificates. In the United States, the sustainability of Neste's renewable fuels is monitored through the Environmental Protection Agency's (EPA) sustainability requirements.

We procure renewable raw materials only from suppliers who meet our strict criteria and fully comply with the regulatory requirements for biofuels in our key markets. All suppliers of renewable raw materials must pass a due diligence process related to sustainability of

the raw material production. Potential crude oil suppliers undergo a two-phase assessment that includes a financial review and a compliance assessment based on risk review. Neste's supplier contracts contain strict audit terms.

Neste's key policies and principles concerning environmental matters related to sourcing of renewable raw materials are No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock, as well as Sustainability Principles for Biofuels. In 2017, Neste started updating the No-Deforestation and Responsible Sourcing Guidelines for Renewable Feedstock together with Consortium of Resource Experts (CORE). The new Guidelines are planned to be completed by the end of 2018. In 2015, all of Neste's palm oil suppliers committed to no deforestation policies, and extended those to cover also their third party suppliers. Neste knows the origin of all the palm oil it uses, down to the individual plantations.

Social and employee matters

Neste's Gender Equality and Non-Discrimination Principles, and Neste's Equality Plan follow the Finnish legislation on equality. Neste promotes equality by, e.g. ensuring that it follows non-discriminatory procedures in recruitment, task distribution, access to training, and remuneration. The implementation of the Equality Plan is monitored by the company's Equality and Non-Discrimination Working Group.

Neste aims at zero accidents and incidents. We believe that all accidents and incidents can be prevented. We continuously develop people safety and the safety of our assets through improving working conditions and asset integrity, and by improving the knowledge and the awareness Neste's and its contractors' and other partners' personnel. In 2017, we renewed our corporate-level Health, Safety and Environment (HSE) management system and developed 15 renewed HSE principles.

Neste's key policies and principles concerning social and employee matters are Human Resources Policy, Gender Equality and Non-Discrimination Principle, Neste Global Pay Principles, Senior Management Remuneration Principles, Global Employee Benefits Principle, and Recruitment Principles.

See also: Diversity of the Board of Directors

Respect for human rights

Neste is committed to respecting human rights and requires the same from all partners. Neste's key policies and principles concerning human rights are Neste human rights commitment and Neste human rights principles. Neste committed to the United Nations Guiding Principle (UNGPs) by publishing our Human Rights Commitment in 2015. In 2016, based on a group-wide human rights impact assessment that gave an in-depth understanding of the potential impacts of our business activities, we commenced the development of Neste Human Rights Principle and updated the Commitment at the same time. Neste Human Rights Principles were signed off by the CEO in August 2017. Neste continues to engage its business partners to encourage them to set their own development

programs to uphold mutual obligations to respect human rights. Neste is also developing a supplier sustainability framework for supplier audits that will include human rights criteria defined in Neste's Supplier Code of Conduct, Human Rights Principles, and other relevant policies.

Anti-corruption and bribery matters

Corruption and bribery are not tolerated in any form. Neste continuously develops and improves its efforts in this area. Neste's key policies and principles concerning anti-corruption and bribery are Anti-Corruption Principle, Code of Conduct, Supplier Code of Conduct, Supply Compliance Principles, Watch List Screening Process, and Fraud Management Principle.

Outcomes and key performance indicators

Neste's sustainability guidelines, policies, and principles apply to the company as a whole and guide all its operations. In addition, international conventions and commitments underlie Neste's work. Neste's Supplier Code of Conduct defines the basic requirements Neste requires its suppliers to adhere to, and sets the minimum standards for its sustainability due diligence and audit procedures.

In 2017, Neste was included in the Dow Jones Sustainability World Index for the 11th consecutive time. Neste's performance improved and Neste belonged to the 1st quartile performers. Neste became the only energy company to reach the Leadership-class in three Climate Disclosure Project (CDP) programs: CDP Climate, CDP Forests, and CDP Water. Altogether, only 16 companies in the world reached Leadership-class in all these three areas, although nearly 2,500 companies around the world were evaluated. Neste continued to be the only company in the energy sector to transparently report on its forest footprint as part of the globally acknowledged CDP Forests program. In January 2018, Neste was ranked the second most sustainable large company in the world on the Global 100 list. This is the company's highest-ever ranking. Neste was able to improve its ranking from the 23rd place in 2017, while it also maintained its position as the world's most sustainable energy company.

Environmental matters

In April 2017, we improved our CPO supply chain transparency by launching a new Crude Palm Oil Dashboard site. The site introduces our entire CPO supply chain, i.e. all companies, mills, and estates that supplied Neste in 2016. The site will be updated with 2017 data in spring 2018. In 2017, we started developing a new Supplier Sustainability Portal to digitalize renewable raw material supplier evaluation, monitoring, and engagement. We aim at having the first release of the system ready in the second half of 2018.

Neste's operational environmental emissions were in substantial compliance at all sites during 2017. A total of 10 minor deviations from environmental permits occurred in Neste's operations. No serious environmental incidents resulting in liability occurred at Neste's

refineries or other production sites. In 2017, several investment projects were undertaken to improve safety and environmental performance of our own operations. We, for example, completed the building a new Solvent Deasphalting (SDA) unit at our refinery in Porvoo.

Key figures	2017	2016
Emission limits and overruns: Deviations from environmental permits. Target: Halve the number of incidents within Oil Products in 2018 compared to the average number of incidents in 2016–2017	10	8
Energy efficiency, energy saving measures GWh Target: Enhance Neste's energy consumption by 500 GWh during 2017–2025	4	134
GHG reduction achieved with Neste's renewable fuels compared to crude oil based diesel, million tons. ¹⁾ Target: Reduce GHG emissions by 7 Mton in 2017 and by 9 Mton in 2022	8.3	6.7
The number of potential renewable raw material suppliers' Due Diligence and their outcome.	Total: 91 Passed: 46 Ongoing: 44 Failed: 1	Total: 49 Passed: 34 Ongoing: 11 Failed: 4

¹⁾ Cumulative greenhouse gas (GHG) reduction achieved with Neste's renewable fuels compared to crude oil based diesel. Calculation method complies with the EU Renewable Energy Directive (RES 2009/28/EC). Neste updates annually its GHG emission factors according to the updates in legislation and in the certification schemes. Recent update to certification scheme emission factors improved Neste's GHG reduction figures in 2017 compared to previous year.

Social and employee matters

Neste selects a specific focus area each year for its annual Equality Plan implementation. In 2017, Neste focused on equality in the recruitment process. According to an analysis of the employee figures in 2009–2016 conducted by an external consultant, gender does not impact career development at Neste, and gender pay gap is modest. Neste is expanding the monitoring of equality-related issues also at the sites outside of Finland. Neste joined the Diversity Charter Finland of the corporate responsibility network FIBS (Finnish Business Society) in November 2017 to strengthen Neste's diversity management.

Neste's occupational safety performance (TRIF, or rate of accidents requiring medical treatment per million hours worked, including contractors) improved, and the target for 2017 was reached. The target set for 2017 in process safety (PSER, or rate of process safety events per million hours worked) was also reached. Neste's long-term safety development activities continue according to the corporate-wide safety program focusing on behavior, leadership, operational discipline, process safety, and contractor safety. Short-term actions continue to focus on learning from incidents and effectiveness of the agreed actions.

Key figures	2017	2016
TRIF ¹⁾ Target for 2017: 2.1 and for 2018: 2.0. Long-term target: Zero accidents	2.1	2.8
PSER ²⁾ Target for 2017: 2.4 and for 2018: 1.7. Long-term target: Zero safety deviations	2.1	3.1
New employee hires and employee turnover.	Leaving rate of permanent employees 9.8%. Hiring rate of permanent employees 13.8%.	Leaving rate of permanent employees 11.2%. Hiring rate of permanent employees 10.1%.
Employee engagement Target: Maintain the position in the highest quartile in a global benchmark.	Survey is conducted every two years.	78% of respondents are satisfied, committed and proud of Neste and would advocate Neste as an employer. The percentage is in the highest quartile in a global benchmark.

¹⁾ Total Recordable Incident Frequency, number of cases per million hours worked. The figure includes both Neste's and contractors' personnel. Hours worked in December is an estimate based on actual working hours from January to November 2017. Estimation error is irrelevant.

²⁾ Process Safety Event Rate, number of cases per million hours worked. Hours worked in December is an estimate based on actual working hours from January to November 2017. Estimation error is irrelevant.

Respect for human rights

Besides the corporate-wide assessment in 2016, Neste has also conducted human rights impact assessments to map out relevant human rights issues in Neste's palm oil supply chain in 2016 and 2017. Neste has organized annual supplier workshops since 2015 to share key observations from the human rights impact assessments in the palm oil supply chain, as well as for capacity building, to communicate Neste's expectations, and to engage with Neste's suppliers and other key stakeholders. In a workshop in February 2017, we shared key observations from the social and labor assessments in Indonesia on working conditions at oil palm plantations and mills, and the impact on surrounding communities. The assessment was conducted between November 2016 and January 2017.

Key figures	2017	2016
Operations that have been subject to human rights reviews or impact assessments. Target: Reassessment of human rights impacts according to changes in operations of the company	The human rights impact assessment conducted in 2016 is still valid.	Neste conducted a corporate-wide human rights impact assessment in all operations in 2016.
New suppliers screened using social criteria. Target: An integrated due diligence system to monitor and measure suppliers' performance on social (and other sustainability) criteria that is incorporated with the new Supplier Sustainability Portal.	All approved renewable raw material suppliers.	All approved renewable raw material suppliers.

Anti-corruption and bribery matters

A new whistle-blowing system, Ethics Online, was made available on Neste's website to all Neste's external stakeholders, including workers 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 is responsible for evaluating and investigating cases. The possible irregularities or misconducts are investigated and reported regularly to the Board of Directors' Audit Committee.

In 2017, Neste updated its Anti-Corruption eLearning training module in order to improve its employees' knowledge of anti-corruption measures and methods. During 2017, also Code of Conduct training targeting all employees at Neste Group (including Board Members) was conducted. Neste Supplier Code of Conduct training was conducted at Neste's workshop for Southeast Asian suppliers to communicate Neste's expectations in respect of anti-corruption. In 2018, we will continue providing Neste Supplier Code of Conduct training for our renewable raw material and crude oil suppliers.

Key figures	2017	2016
Number of misconduct cases that were reported via Neste's whistleblower system or to internal audit or security. Target: To further develop the protocol and practices in handling the misconduct cases	13 misconduct cases. One case is still being investigated.	No cases during reporting period.

Read more about the topics on Neste's website.

Outlook for 2018

Developments in the global economy have been reflected in the oil, renewable fuel, and renewable feedstock markets; and volatility in these markets is expected to continue. According to current market estimates, the US dollar is expected to stay weak in 2018.

Vegetable oil price differentials are expected to vary, depending on crop outlooks, weather phenomena, and variations in demand for different feedstocks. Market volatility in feedstock prices is expected to continue, which will have an impact on the Renewable Products segment's profitability.

Neste expects the Renewable Products' additional margin to stay at a good level in 2018. Sales volumes of the 100% renewable diesel delivered to end-users are planned to grow from the levels in 2017 towards our 50% target in 2020. The vegetable oil market is expected to remain volatile, and Neste continues to expand the use of lower-quality waste and residue feedstock. Utilization rates of our renewable diesel facilities are expected to be high, except for a planned four-week maintenance shutdown at the Rotterdam refinery in the second quarter and a nine-week major turnaround at the Singapore refinery in the fourth quarter.

Global oil product demand is expected to remain strong in 2018, driven by a solid macroeconomic growth, and to be reflected in both distillates and gasoline demand. Recent oil demand growth estimates for 2018 vary between 1.3 and 1.7 million bbl/d. Global crude oil inventories have started to decline from their peak levels in the second half of 2017, which has led to a crude price increase to above USD 65/bbl. OPEC's decision to continue its production cuts into 2018 is expected to support crude oil price and market structure also in the first half of 2018.

Oil Products' reference margin is expected to be below the 2017 average in the early 2018, but to get support from the start of the driving season in the spring. Oil product supply and demand are expected to be balanced with continued robust demand growth. Distillates margins are seen to be supported by lower inventory levels compared to the previous year. Crude oil supply limitations by producing countries are likely to lead to a slightly narrower Urals-Brent price differential compared to 2017. We expect high reliability to continue in OneRefinery operations supporting good utilization rate in 2018. We will implement several scheduled unit turnarounds during the spring and autumn. The new SDA unit commissioned in 2017 reached full design capacity utilization by the end of 2017.

In Marketing & Services the sales volumes and unit margins are expected to follow the previous years' seasonality pattern. Several actions have been initiated to improve financial performance.

As a conclusion, we expect 2018 to be a strong year for Neste.

Dividend distribution proposal

Neste's dividend policy is to distribute at least 50 percent of its comparable net profit in the form of a dividend. The parent company's distributable equity as of 31 December 2017 amounted to EUR 1,948 million, and there have been no material changes in the company's

financial position since the end of the financial year. The Board of Directors will propose to the Annual General Meeting that Neste Corporation pays a cash dividend of EUR 1.70 per share (1.30) for 2017, totaling EUR 435 million (332 million) based on the number of outstanding shares. The Board of Directors will also propose that the annual dividend shall be paid in two installments. The first installment of dividend, EUR 0.85 per share, would be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the first dividend installment, which shall be Monday, 9 April 2018. The Board proposes to the AGM that the first dividend installment would be paid on Monday, 16 April 2018. The second installment of dividend, EUR 0.85 per share, would be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for the second dividend installment, which shall be Wednesday, 10 October 2018. The Board proposes to the AGM that the second dividend installment would be paid on Wednesday, 17 October 2018. The Board of Directors is authorized to set a new dividend record date and payment date for the second installment of the dividend, in case the rules and regulations on the Finnish book-entry system would be changed, or otherwise so require.

The proposed dividend represents a yield of 3.2% (at year-end 2017 share price of EUR 53.35) and 51% of the comparable net profit in 2017, and an increase of 31% compared to the dividend distributed in the previous year.

Key Figures

Income statement		2017	2016	2015
Revenue	MEUR	13,217	11,689	11,131
Operating profit	MEUR	1,171	1,155	699
– of revenue	%	8.9	9.9	6.3
Comparable operating profit	MEUR	1,101	983	925
Profit before income taxes	MEUR	1,094	1,075	634
– of revenue	%	8.3	9.2	5.7
EBITDA	MEUR	1,542	1,521	1,057
Comparable EBITDA	MEUR	1,472	1,349	1,284
Comparable net profit	MEUR	851	793	726

Profitability

Return on equity (ROE)	%	22.7	28.1	19.7
Return on average capital employed, after tax (ROACE)	%	17.5	16.9	16.3

Financing and financial position

Interest-bearing net debt	MEUR	412	683	1,291
Leverage ratio	%	8.7	15.4	29.4
Gearing	%	9.5	18.2	41.6
Equity-to-assets ratio	%	55.8	50.6	46.1

Other indicators

Capital employed	MEUR	5,533	5,226	4,991
Capital expenditure and investments in shares	MEUR	536	422	536
– of revenue	%	4.1	3.6	4.8
Research and development expenditure	MEUR	44	41	41
– of revenue	%	0.3	0.4	0.4
Average number of personnel		5,297	5,013	4,906

Share-related indicators		2017	2016	2015
Earnings per share (EPS)	EUR	3.56	3.67	2.18
Comparable earnings per share	EUR	3.33	3.10	2.84
Equity per share	EUR	16.96	14.60	12.06
Cash flow per share	EUR	4.28	4.67	2.91
Price/earnings ratio (P/E)		14.99	9.94	12.66
Dividend per share	EUR	1.70 ¹⁾	1.30	1.00
Dividend payout ratio	%	47.8 ¹⁾	35.4	45.8
Dividend yield	%	3.2 ¹⁾	3.6	3.6
Share prices				
At the end of the period	EUR	53.35	36.50	27.63
Average share price	EUR	38.34	32.25	23.54
Lowest share price	EUR	31.15	25.42	19.91
Highest share price	EUR	54.05	40.78	27.70
Market capitalization at the end of the period	MEUR	13,679	9,359	7,084
Trading volumes				
Number of shares traded	1,000	160,467	200,351	213,855
In relation to weighted average number of shares	%	63	78	84
Average number of shares		255,775,535	255,696,935	255,568,717
Outstanding number of shares at the end of the period		255,790,141	255,717,112	255,605,219

¹⁾ Board of Directors' proposal to the Annual General Meeting

Reconciliation of key figures to IFRS Financial Statements

Reconciliation between comparable operating profit and operating profit is presented in Note 4, Segment information.

Reconciliation between comparable operating profit and comparable net profit

MEUR	2017	2016
Comparable operating profit	1,101	983
IS Total financial income and expenses	-77	-79
IS Income tax expense	-180	-133
IS Non-controlling interests	-3	-4
Tax on items affecting comparability	11	26
Comparable net profit	851	793

Reconciliation of return on average capital employed, after tax (ROACE), %

MEUR	2017	2016
Comparable operating profit, last 12 months	1,101	983
IS Financial income	4	4
IS Exchange rate and fair value gains and losses	-2	-17
IS Income tax expense	-180	-133
Tax on other items affecting ROACE	-1	16
Comparable net profit, net of tax	921	853
Capital employed average	5,266	5,047
Return on capital employed, after tax (ROACE), %	17.5	16.9

Reconciliation of equity-to-assets ratio, %

MEUR	2017	2016
BS Total equity	4,338	3,755
BS Total assets	7,793	7,443
Advances received	21	18
Equity-to-assets ratio, %	55.8	50.6

Calculation of key figures

Calculation of key figures

EBITDA	=	Operating profit + depreciation, amortization and impairments
Comparable EBITDA	=	Comparable operating profit + depreciation, amortization and impairments
Comparable operating profit ¹⁾	=	Operating profit +/- inventory gains/losses +/- changes in the fair value of open commodity and currency derivatives +/- capital gains/losses – insurance and other compensations +/- other adjustments
Items affecting comparability	=	Inventory gains/losses, changes in the fair value of open commodity and currency derivatives, capital gains/losses, insurance and other compensations and other adjustments
Comparable net profit	=	Comparable operating profit – total financial income and expense – income tax expense – non-controlling interests – tax on items affecting comparability
Return on equity (ROE), %	= 100 ×	$\frac{\text{Profit before income taxes – income tax expense, last 12 months}}{\text{Total equity average, 5 quarters end values}}$
Return on average capital employed, after-tax (ROACE), %	= 100 ×	$\frac{\text{Comparable operating profit + financial income + exchange rate and fair value gains and losses – income tax expense – tax on other items affecting ROACE, last 12 months}}{\text{Capital employed average, 5 quarters end values}}$
Capital employed	=	Total equity + interest bearing liabilities
Interest-bearing net debt	=	Interest-bearing liabilities – cash and cash equivalents
Leverage ratio, %	= 100 ×	$\frac{\text{Interest-bearing net debt}}{\text{Interest-bearing net debt + total equity}}$
Gearing, %	= 100 ×	$\frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity-to-assets ratio, %	= 100 ×	$\frac{\text{Total equity}}{\text{Total assets – advances received}}$
Return on net assets, %	= 100 ×	$\frac{\text{Segment operating profit, last 12 months}}{\text{Average segment net assets, 5 quarters end values}}$
Comparable return on net assets, %	= 100 ×	$\frac{\text{Segment comparable operating profit, last 12 months}}{\text{Average segment net assets, 5 quarters end values}}$
Segment net assets	=	Property, plant and equipment + intangible assets + investments in joint ventures + inventories + interest-free receivables and liabilities – provisions – pension liabilities allocated to the business segment
Research and development expenditure	=	Research and development expenditure comprise of the expenses of the Research & Technology unit serving all business areas of the Group, as well as research and technology expenses incurred in business areas, which are included in the consolidated statement of income. Depreciation and amortization are included in the figure. The expenses are presented as gross, before deducting grants received.

Calculation of share-related indicators

Earnings per share (EPS)	=	$\frac{\text{Profit for the period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Comparable earnings per share	=	$\frac{\text{Comparable net profit}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Shareholder's equity attributable to the owners of the parent}}{\text{Adjusted number of shares at the end of the period}}$
Cash flow per share	=	$\frac{\text{Net cash generated from operating activities}}{\text{Adjusted average number of shares during the period}}$
Price / earnings ratio (P/E)	=	$\frac{\text{Share price at the end of the period}}{\text{Earnings per share}}$
Dividend payout ratio, %	= 100 ×	$\frac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	= 100 ×	$\frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$
Average share price	=	$\frac{\text{Amount traded in euros during the period}}{\text{Number of shares traded during the period}}$
Market capitalization at the end of the period	=	Number of shares at the end of the period × share price at the end of the period

Calculation of key drivers

Oil Products reference margin (USD/bbl)	=	Product value – feed cost – standard refining variable cost – sales freights
Oil Products total refining margin (USD/bbl)	=	$\frac{\text{Comparable sales margin} \times \text{average EUR/USD exchange rate for the period} \times \text{standard refinery yield}}{\text{Refined sales volume} \times \text{standard barrels per ton}}$
Oil Products additional margin (USD/bbl)	=	Oil Products total refining margin – Oil Products reference margin
Renewable Products reference margin (USD/ton)	=	Share of sales volumes Europe × (FAME – CPO) + share of sales North America × (SME – SBO) ²⁾
Renewable Products comparable sales margin (USD/ton)	=	$\frac{\text{Comparable sales margin}}{\text{Total sales volume}}$
Renewable Products additional margin (USD/ton)	=	Comparable sales margin – (reference margin – standard variable production cost)

¹⁾ In the business environment where Neste operates, commodity prices and foreign exchange rates are volatile and can cause significant fluctuations in inventory values and operating profit. Comparable operating profit eliminates both the inventory gains/losses generated by the volatility in raw material prices and changes in open derivatives, and better reflects the company's underlying operational performance. Also, it reflects Neste's operational cash flow, where the change in operating profit caused by inventory valuation is mostly compensated by change in working capital. Items affecting comparability are linked to unpredictable events of a significant nature that do not form part of normal day-to-day business. They include among others impairment losses and reversals, gains and losses associated with the combination or termination of businesses, restructuring costs, and gains and losses on the sales of assets. Only items having an impact of more than EUR 1 million on Neste's result will be classified as items affecting comparability.

²⁾ FAME = Fatty Acid Methyl Ester (biodiesel), CPO = Crude Palm Oil, SME = Soy Methyl Ester (biodiesel), SBO = Soybean Oil

Financial Statements

primary statements

Consolidated Statement of Income	27
Consolidated Statement of Comprehensive Income . . .	27
Consolidated Statement of Financial Position	28
Consolidated Cash Flow Statement	29
Consolidated Statement of Changes in Equity	30



Consolidated Statement of Income

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Revenue	4, 5	13,217	11,689
Other income	6	22	71
Share of profit (loss) of joint ventures	16	1	14
Materials and services	7	–10,927	–9,519
Employee benefit costs	8	–372	–349
Depreciation, amortization and impairments		–371	–366
Other expenses	9	–399	–386
Operating profit		1,171	1,155
Financial income and expenses	10		
Financial income		4	4
Financial expenses		–79	–67
Exchange rate and fair value gains and losses		–2	–17
Total financial income and expenses		–77	–79
Profit before income taxes		1,094	1,075
Income tax expense	11	–180	–133
Profit for the period		914	943
Attributable to:			
Owners of the parent		911	939
Non-controlling interests ¹⁾		3	4
		914	943
Earnings per share from profit attributable to owners of the parent (in euro per share)	12		
Basic		3.56	3.67
Diluted		3.55	3.66

¹⁾ Neste acquired Jacobs Engineering's 40% stake in Neste Jacobs in September 2017 and after this transaction Neste holds all shares in Neste Jacobs. Non-controlling interests include cumulative profit attributable to non-controlling interests of Neste Jacobs until the acquisition date 29 September 2017.

Consolidated Statement of Comprehensive Income

MEUR	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Profit for the period	914	943
Other comprehensive income net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements on defined benefit plans	2	–21
Items that may be reclassified subsequently to profit or loss		
Translation differences	–15	6
Cash flow hedges		
recorded in equity	69	–20
transferred to income statement	–15	6
Share of other comprehensive income of investments accounted for using the equity method	2	–9
Total	40	–17
Other comprehensive income for the period, net of tax	42	–38
Total comprehensive income for the period	956	905
Total comprehensive income attributable to:		
Owners of the parent	952	902
Non-controlling interests	3	4
	956	905

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

MEUR	Note	31 Dec 2017	31 Dec 2016
ASSETS			
Non-current assets			
Intangible assets	15	100	87
Property, plant and equipment	14	3,856	3,747
Investments in joint ventures	16	213	216
Non-current receivables	18	51	55
Deferred tax assets	11	35	39
Derivative financial instruments	17, 22	4	9
Available-for-sale financial assets	18	5	5
Total non-current assets		4,262	4,157
Current assets			
Inventories	19	1,563	1,416
Trade and other receivables	3, 20	1,097	1,034
Derivative financial instruments	17, 22	86	48
Cash and cash equivalents	21	783	788
Total current assets		3,530	3,285
Total assets		7,793	7,443

MEUR	Note	31 Dec 2017	31 Dec 2016
EQUITY			
Capital and reserves attributable to owners of the parent			
	23		
Share capital		40	40
Other equity		4,298	3,693
Total		4,338	3,733
Non-controlling interests		0	22
Total equity		4,338	3,755
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	17, 24	1,032	1,117
Deferred tax liabilities	11	269	246
Provisions	25	55	53
Pension liabilities	26	131	136
Derivative financial instruments	17, 22	0	2
Other non-current liabilities	17, 24	17	11
Total non-current liabilities		1,504	1,565
Current liabilities			
Interest-bearing liabilities	17, 24	163	354
Current tax liabilities	24	36	40
Derivative financial instruments	17, 22	72	164
Trade and other payables	17, 24	1,679	1,565
Total current liabilities		1,951	2,123
Total liabilities		3,455	3,688
Total equity and liabilities		7,793	7,443

The notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Cash flows from operating activities			
Profit before income taxes		1,094	1,075
Adjustments for			
Share of profit (loss) of joint ventures	16	–1	–14
Depreciation, amortization and impairments		371	366
Other non-cash income and expenses ¹⁾		–81	143
Financial expenses – net	10	77	79
Profit/loss from disposal of fixed assets and shares	6	–3	–28
Cash flow before change in working capital		1,457	1,622
Change in working capital			
Decrease (+) / increase (–) in trade and other receivables		–111	–147
Decrease (+) / increase (–) in inventories		–155	–321
Decrease (–) / increase (+) in trade and other payables		162	239
Change in working capital		–104	–229
Cash generated from operations		1,353	1,393
Interest and other finance cost paid		–93	–73
Interest income received		5	6
Realized foreign exchange gains and losses ¹⁾		–3	4
Income taxes paid		–169	–137
Finance cost and income taxes paid		–259	–200
Net cash generated from operating activities		1,094	1,193

MEUR	Note	1 Jan–31 Dec 2017	1 Jan–31 Dec 2016
Cash flows from investing activities			
Purchases of property, plant and equipment		–447	–381
Purchases of intangible assets	15	–28	–26
Transactions with non-controlling interests		–27	0
Proceeds from sales of property, plant and equipment		5	40
Proceeds from non-current receivables and available-for-sale financial assets		31	9
Cash flows from investing activities		–467	–359
Cash flow before financing activities		628	834
Cash flows from financing activities			
Payment of (–) / proceeds from (+) current interest-bearing liabilities		8	0
Proceeds from non-current interest-bearing liabilities		401	0
Repayments of non-current interest-bearing liabilities		–692	–387
Dividends paid to the owners of the parent		–332	–256
Dividends paid to non-controlling interests		–15	–1
Cash flows from financing activities		–631	–644
Net decrease (–)/increase (+) in cash and cash equivalents		–3	191
Cash and cash equivalents at beginning of the period		788	596
Exchange gains (+)/losses (–) on cash and cash equivalents		–2	1
Cash and cash equivalents at end of the period	21	783	788

¹⁾ Working capital hedges previously included in 'Realized foreign exchange gains and losses' are now presented in 'Other non-cash income and expenses'. The change was made retrospectively without change in 'Net cash generated from operating activities'.

The notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

MEUR	Note	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2016		40	20	1	-12	-39	-54	-59	3,186	3,084	20	3,104
Profit for the period									939	939	4	943
Other comprehensive income for the period, net of tax						-23	-21	6		-38		-38
Total comprehensive income for the period		0	0	0	0	-23	-21	6	939	902	4	905
Transactions with the owners in their capacity as owners												
Dividend decision									-256	-256	-1	-257
Share-based compensation				3	2				-2	3		3
Transfer from retained earnings			1						-1	0		0
Total equity at 31 December 2016	23	40	20	4	-10	-62	-75	-52	3,867	3,733	22	3,755

MEUR	Note	Share capital	Reserve fund	Reserve of invested unrestricted equity	Treasury shares	Fair value and other reserves	Actuarial gains and losses	Translation differences	Retained earnings	Owners of the parent	Non-controlling interests	Total equity
Total equity at 1 January 2017		40	20	4	-10	-62	-75	-52	3,867	3,733	22	3,755
Profit for the period									911	911	3	914
Other comprehensive income for the period, net of tax						56	2	-15		42		42
Total comprehensive income for the period		0	0	0	0	56	2	-15	911	952	3	956
Transactions with the owners in their capacity as owners												
Dividend decision									-332	-332	-15	-347
Transactions with non-controlling interests									-17	-17	-11	-27
Share-based compensation				2	1				-1	2		2
Transfer from retained earnings			-1						1	0		0
Total equity at 31 December 2017	23	40	20	7	-9	-6	-73	-68	4,428	4,338	0	4,338

The notes are an integral part of these consolidated financial statements.

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of Neste Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of Neste Oyj (business identity code 1852302-9) for the year ended 31 December 2017. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company's balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 9 to the Financial Statements.

Our Audit Approach

Overview



Materiality

- Overall group materiality: € 50 million (previous year € 40 million)

Audit scope

- The scope of our group audit has encompassed all significant refineries, as well as selected sales companies.

Key audit matters

- Timing of revenue recognition
- The valuation of inventories
- System environment and internal controls
- Disputes and potential litigations
- Biofuel credits in the USA

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

Overall group materiality	€ 50 million (previous year € 40 million)
How we determined it	Approximately 5% of profit before tax (previous year approximately 4% of profit before tax)
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is within the range of acceptable quantitative materiality thresholds in auditing standards.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the group, the accounting processes and controls, and the industry in which the group operates.

The scope included the refineries and operations in Finland, Switzerland, Singapore, the Netherlands, Sweden and the USA, covering the most significant companies in the Renewable products, Oil products and Marketing & Services segments. We obtained, through our audit procedures at the aforementioned reporting units, combined with additional procedures at the Group level, sufficient and appropriate evidence regarding the financial information of the Group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group

Timing of revenue recognition Refer to note 5 in the financial statements

The group has several different revenue streams, under the Renewable Products, Oil Products, and Marketing & Services segments.

In both the Renewable Products and Oil Products segments, the company has deliveries, which can be considered individually significant. We consider there to be a risk of misstatement of the financial statements related to transactions occurring close to the year-end, as transactions could be recorded in the wrong financial period (cut-off). The Marketing & Services segment's revenues consist of several small transactions, with short payment terms, low complexity and significant automation, therefore resulting in a lower risk related to cut-off.

Accordingly, we focused our work on cut-off in the Renewable Products and Oil Products segments.

This matter is a significant risk of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014.

How our audit addressed the key audit matter

In order to address the risk of misstatement related to cut-off in revenue recognition, we tested balances recognized in the company's balance sheet and, tested individual transactions occurring either immediately before or after the year end.

We performed tests of details on the accrued revenue and accounts receivable balances recognized in the balance sheet at the year end.

Our tests of detail focused on transactions occurring within proximity of the year end in the Renewable Products and Oil Products segments, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in sales contracts and delivery documents or system generated reports.

Key audit matter in the audit of the group

The valuation of inventories

Refer to note 19 in the financial statements

The company has significant inventory balances in both the Renewable Products and Oil Products segments. The inventory is valued at the lower of cost or net realizable value. The calculations are complex and include inputs from a variety of different sources, introducing a risk of error. Accordingly, we focused on the appropriate valuation of inventory as part of our audit.

While the Renewable Products' main finished product, Neste Renewable Diesel, is produced using a wide range of different feedstocks, the finished products in the Oil Products segment are refined from one type of input, being crude oil.

Renewable Products

The cost of inventory in the Renewable Products segment reflects purchase prices, which are impacted by the market prices of different feedstocks, such as waste and residues and vegetable oils, as well as the mix of feedstocks purchased.

The net realizable value of the inventory reflects management's best estimate of the likely sales prices, which depend on a number of different factors, and expected sales mix by feedstock.

Oil Products

The cost of inventory in the Oil Products reflects purchase prices, which are impacted by the market prices of crude oil, and the cost of refining.

The net realizable value of the inventory is affected by the market prices of refined products such as gasoline and diesel, as well as by crude oil prices.

How our audit addressed the key audit matter

Inventories are valued at the lower of cost or net realizable value. The valuation of inventory at cost is determined based on the assumption that goods are sold on in the same order in which they were purchased (the FIFO principle).

Renewable Products

We compared the cost of raw materials and pre-treated products to purchase invoices, verifying the application of the FIFO principle and application of the appropriate purchase prices.

We tested the cost of the finished products by tracing the purchase cost of the used raw materials to purchase invoices. We also verified that the capitalised production costs were based on actual refining costs and thereby appropriate.

Our testing of the net realizable value covered raw materials, pre-treated products and finished products. We compared raw materials and pre-treated products to relevant market prices where such exist. Where no readily available market price could be found, we performed a compound level comparison to the respective compound's repurchase price or the average purchase price based on the latest purchases. We compared finished products to a weighted average of sales made or agreed during the last month of the year. We verified that the principle of valuing inventory at the lower of cost or net realisable value was appropriately applied.

Oil Products

We traced the cost of raw materials and finished goods to purchase invoices, verifying the application of the FIFO principle and purchase prices. We checked the cost of refining against the actual refining costs of the respective refineries.

Our testing of the net realizable value covered a selection of finished goods and raw materials, comparing the cost of the item to the relevant market price of the same compound, or similar compounds, where an exact match could not be found in the market.

Key audit matter in the audit of the group	How our audit addressed the key audit matter	Key audit matter in the audit of the group	How our audit addressed the key audit matter
<p>System environment and internal controls</p> <p>The group has a fragmented system environment, reflecting the different nature of the different operating segments. The group is also in the process of implementing a new ERP system.</p> <p>The fragmented system environment introduces risks related to system access, change management and data transfer between the different systems, and we have accordingly designated this as a focus area in the audit.</p> <p>Management has mitigated this risk by means of manual controls.</p>	<p>Our response to the risks related to the fragmented system environment includes both the test of IT and business process controls. We also performed sufficient tests of details as part of our audit.</p> <p>We tested the company's controls around access and change management related to key IT systems. The scope of testing included the new partly implemented ERP system.</p> <p>We also tested the company's controls around system interfaces, and the transfer of data from one system to another.</p> <p>We noted certain weaknesses related to access controls to certain key systems. We have reported these control weaknesses to management, and included sufficient tests of detail in our audit response in order to sufficiently mitigate the related risks in our audit.</p>	<p>Disputes and potential litigations</p> <p>Refer to note 31 in the financial statements</p> <p>Neste is involved in a few legal proceedings, both for and against the company. For a smaller number of claims against the company, management has assessed that the probability of success of the claim is remote. Accordingly, the company has not accounted for or disclosed the claims. In many cases, Neste has counter claims against the other party.</p> <p>Management judgement is involved in assessing the accounting for claims, and in particular in considering the probability of a claim being successful and we have accordingly designated this as a focus area of the audit. The risk related to the claims is mainly associated with the completeness of the disclosure, and the completeness of the provisions in the financial statements.</p>	<p>In response to the risk of completeness of the disclosures and the completeness of the provisions in the financial statements, we obtained external confirmations directly from Neste's legal advisors. We discussed the cases with management, and reviewed correspondence and other documents exchanged between Neste and the other parties involved in the disputes. We read the minutes of the board meetings, and inspected the company's legal expenses, in order to ensure that all cases have been identified.</p> <p>We tested provisions recorded in the accounting records, and reviewed the disclosures for completeness based on our procedures detailed above.</p>

Key audit matter in the audit of the group

Biofuel credits in the USA

Refer to notes 5 and 19 in the financial statements

Neste has sales operations in the USA, with sales operations being mainly focused in California.

Neste earns biofuel credits related to the import and sale of renewable fuels in the US and California in the form of RINs (Renewable Identification Number) and LCFSs (California Low Carbon Credit).

RINs and LCFSs are accounted for as government grants upon receipt of the product inventory in the USA, and are accounted for as inventory to the extent they have been separated from the physical goods, which happens when renewable fuel is blended with fossil fuel.

We identified the biofuel credits in the USA as an area of focus in the audit as there is a risk related to the application of the appropriate accounting treatment and valuation of these.

We have no key audit matters to report with respect to our audit of the parent company financial statements.

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the parent company financial statements.

How our audit addressed the key audit matter

Our testing of the biofuel credits included verification of the balances against the systems administered by the EPA (Environmental Protection Agency) and verification of balances against purchase and sales contracts.

Our testing of the valuation of these included:

- Comparing the valuation of RINs and LCFSs accounted for as inventory to quoted market prices, assessing the reasonability of the difference taking into account the liquidity of the market
- Comparing the value of RINs and LCFSs against historical sales prices obtained by Neste

In addition, we agreed the calculated balances to the accounting records, verifying that these had been accounted for in line with Neste's accounting policy.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment

We were first appointed as auditors by the annual general meeting on 3 April 2014. Our appointment represents a total period of uninterrupted engagement of 4 years.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Statements

We support that the financial statements and the consolidated financial statements should be adopted. The proposal by the Board of Directors regarding the use of the profit shown in the balance sheet is in compliance with the Limited Liability Companies Act. We support that the Members of the Board of Directors and the Managing Director of the parent company should be discharged from liability for the financial period audited by us.

Helsinki 6 February 2018

PricewaterhouseCoopers Oy

Authorised Public Accountants

Markku Katajisto

Authorised Public Accountant (KHT)

Summary of the Corporate Governance Statement 2017

Summary of the Corporate Governance Statement 2017 38
Members of the Board of Directors 2017 43
Executive Board..... 45
Members of the Neste Executive Board 46



Summary of the Corporate Governance Statement 2017

The 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 www.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 www.cgfinland.fi. 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. 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 Neste Executive Board (NEB) and Neste Executive Management Board (NEMB), 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



Annual General Meeting

Under the Finnish Companies Act, shareholders exercise their decision-making power at General Meetings of Shareholders (AGM), 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 www.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.

2017

The 2017 AGM was held in Helsinki on Wednesday, 5 April 2017 and adopted the Parent Company's Financial Statements and the Consolidated Financial Statements for 2016, and discharged the Board of Directors, and the President and CEO from liability for 2016. The AGM also approved the Board of Directors' proposal regarding the distribution of the Company's profit for 2016, sanctioning payment of a dividend of EUR 1.30 per share. This was paid to all shareholders included in the register of shareholders maintained by Euroclear Finland on the record date set for payment of the dividend, which was 7 April 2017. The payment was made on 18 April 2017. 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; the Shareholders' Nomination Board's Chair 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 the AGM 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 2018 AGM

On 6 September 2017, the following members were appointed to Neste's Shareholders' Nomination Board: The Chair Pekka Timonen, Director General of the Ministry of Economic Affairs and Employment; Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company; Elli Aaltonen, Director General of Kela and Jorma Eloranta, the Chair of Neste's Board of Directors.

The Shareholders' Nomination Board convened four times and presented its proposal covering the members of the Board of Directors and the remuneration to be paid to them on 30 January 2018.

Activities

The Shareholders' Nomination Board drafts 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

Pekka Timonen

Doctor of Law, Chair of the Shareholders' Nomination Board since 6 September 2017.

Born in 1960.

Director General of the Labour and Trade Department in Ministry of Employment and the Economy. Chair of the Shareholders' Nomination Board of Neste. Member and Vice Chair of the Board of Directors of Finnvera Plc, Member of Board of Directors of Finrail, and Member of Board of the Finnish Literature Society.

Holdings in Neste Corporation on 31 December 2017: 0 shares. ¹⁾

State of Finland: 128,458,247 shares. ²⁾

Elli Aaltonen

M.A., M Soc Sc, D Soc Sc, Member of the Shareholders' Nomination Board.

Born in 1953.

Director General of the Social Insurance Institution of Finland, Kela. Member of the Shareholders' Nomination Board of Neste. Member of the Board and the Advisory Board of the University of Eastern Finland. Member of the Advisory Board of HAUS, Finnish Institute of Public Management. Chair of International Council on Social Welfare ICSW in Finland.

Holdings in Neste Corporation on 31 December 2017: 0 shares. ¹⁾

The Social Insurance Institution of Finland, Kela: 2,648,424 shares. ²⁾

Jorma Eloranta

M.Sc. (Tech.), D.Sc. (Tech.) h.c., Member of the Shareholders' Nomination Board.

Born in 1951.

Non-executive Director. Chair of the Boards of Neste, Stora Enso and Uponor Corporation. Chair of the Board and President of Pienelo Ltd. Vice Chair of the Board of the Finnish Fair Foundation. Member of the Board of Cargotec. Chair of the Personnel and Remuneration Committee's of Neste and Uponor. Chair of the Remuneration Committee of Stora Enso. Member of the Nomination and Compensation Committee of Cargotec. Member of the Financial and Audit Committee of Stora Enso. Member of the Shareholders' Nomination Board of Neste and Stora Enso. Expert member of the Shareholders' Nomination Board of Uponor. Vice Chairman of the Supervisory Board in Finnish Naval Foundation.

Holdings in Neste Corporation on 31 December 2017: 13,985 shares. ¹⁾

Timo Ritakallio

Ph.D. (Tech.), M.Sc. (Laws), MBA. Member of the Shareholders' Nomination Board.

Born in 1962.

President and CEO of Ilmarinen Mutual Pension Insurance Company. From March 2018 onwards President and Group Executive Chairman of OP Financial Group, Member of the Nomination Boards of Elisa, Fortum, Neste, Orion, Outokumpu, Technopolis, Tieto and Valmet.

Holdings in Neste Corporation on 31 December 2017: 0 shares. ¹⁾

Ilmarinen Mutual Pension Insurance Company: 4,700,000 shares. ²⁾

Holdings in Neste Corporation on 31 December 2017:

¹⁾ Own holdings and controlled entities.

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

The members of the Shareholders' Nomination Board appointed on 6 September 2017 attended meetings in 2017–2018 as follows:

	Attendance
Pekka Timonen	4/4
Elli Aaltonen	3/4
Jorma Eloranta	4/4
Timo Ritakallio	4/4

The meeting on 30 January 2018 which accepted the proposals for the 2018 AGM was attended by all members of the Shareholders' Nomination Board.

Composition of the Shareholders' Nomination Board prior to the 2017 AGM

The Shareholders' Nomination Board responsible for preparing the 2017 AGM comprised Eero Heliövaara, Director General of the Prime Minister's Office's Ownership Steering Department (Chair); Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company; Elli Aaltonen, Director General of Kela; and Jorma Eloranta, the Chair of Neste's Board of Directors.

The Shareholders' Nomination Board convened four times and presented its proposal covering the members of the Board of Directors and the remuneration to be paid to them on 27 January 2017.

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 2017¹⁾ Board of Directors was composed of eight 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. Two 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 51 and 69 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.

¹⁾ *Reflects the situation until 30 November when Heike van de Kerkhof resigned from the Board of Directors.*

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.

2017

The 2017 AGM confirmed the membership of the Board of Directors as being comprised of eight members. Mr. Jorma Eloranta, Ms. Martina Flöel, Ms. Heike van de Kerkhof, Mr. Matti Kähkönen, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber and Mr. Marco Wirén. Mr. Jorma Eloranta was re-elected as Chair and Mr. Matti Kähkönen was elected as Vice Chair.

The Board convened 13 times in 2017. The attendance rate at the meetings was 97%.

The successor planning concerning the President and CEO was during 2017 a focus area of the Board and the Personnel and Remuneration Committee, and such successor planning resulted in the appointment of a new President and CEO of the Company on 8 February 2018. Other focus areas for the Board work in 2017 included pursuant to an agenda approved by the Board, implementation of the approved growth strategy, speeding up R&D activities, operational excellence as well as talent management and senior management successor planning. Various matters has, based on such agenda, been discussed, reviewed and decided, as the case has been, by the Board. In addition to such agenda and matters set out in the Board Charter, the Board has monitored the company's financial performance and status, engaged in discussions with management on developing the business strategy and approved their base strategic approach, overseen strategy execution and evaluated the changes in the long-term operational environment and their impact

on the company's business operations. The Board paid attention to the development of safety whilst monitoring the measures taken to improve production unit availability and to develop operating methods. The Board also monitored the company's growth program for renewable fuels, including plans for additional production capacity, flexibility of the renewable product material base and development of the business in various renewable product solutions, such as renewable aviation fuels and bio-based chemicals. In addition, the Board paid attention to improving risk control.

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 2017

	Position	Born	Education	Main Occupation	Independent of the company	Independent of major shareholders	Personnel and Remuneration Committee	Audit Committee	Attendance at meetings	
									Board	Committees
Jorma Eloranta	Chair	1951	M.Sc. (Tech.) D.Sc. (Tech.) h.c	Non-Executive Director	•	•	•		13/13	7/7
Martina Flöel	Member	1960	PhD (Chem.)	Non-Executive Director	•	•		•	12/12	5/5
Maija-Liisa Friman ³⁾	Vice Chair	1952	M.Sc. (Chem. Eng.)	Non-Executive Director	•	•	•		1/1	1/1
Heike van de Kerkhof ¹⁾	Member	1962	B.Sc. (Mech.Eng.), MBA	Managing Director, Chemours Titanium Technologies	•	•	•		10/10	4/5
Matti Kähkönen	Vice Chair	1956	M.Sc. (Eng.)	Non-Executive Director	•	•	•		12/12	6/6
Laura Raitio ²⁾	Member	1962	Lic.Tech.	Non-Executive Director	•	•	•	•	13/13	1/1 + 6/6
Jean-Baptiste Renard	Member	1961	M.Sc. (Eng.)	Non-Executive Director	•	•	•		13/13	7/7
Willem Schoeber	Member	1948	Dr. (Tech.)	Non-Executive Director	•	•		•	12/13	6/6
Kirsi Sormunen ³⁾	Member	1957	M.Sc. (Econ.)	Non-Executive Director	•	•		•	1/1	1/1
Marco Wirén	Member	1966	M.Sc. (Econ.)	Executive Vice President and CFO of Wärtsilä	•	•		•	11/13	6/6

¹⁾ resigned from the Board of Directors on 30 November 2017

²⁾ replaces van de Kerkhof as a member of the Personnel and Remuneration Committee as of 30 November 2017

³⁾ member of the Board of Directors until the AGM, 5 April 2017

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 2017

Jorma Eloranta



(born in 1951)
M.Sc. (Tech.), D.Sc. (Tech.) h.c.
Chair of the Board
Member of the Board of Directors since 2011
Independent member

President and CEO of Metso Corporation 2004–2011. President and CEO of Kvaerner Masa-Yards Inc. 2001–2003. President and CEO of Patria Industries Group 1997–2000. Deputy Chief Executive of Finvest Group and Jaakko Pöyry Group 1996. President of Finvest Ltd 1985–1995. Chair of the Board of Suominen Corporation 2011–2017. Chair of the Boards of Stora Enso and Uponor Corporation. Chair of the Board and President of Pienelo Ltd. Vice Chair of the Board of the Finnish Fair Foundation. Member of the Board of Cargotec. Chair of the Personnel and Remuneration Committees of Neste and Uponor. Chair of the Remuneration Committee of Stora Enso. Member of the Nomination and Compensation Committee of Cargotec. Member of the Financial and Audit Committee of Stora Enso. Member of the Shareholders' Nomination Board of Neste and Stora Enso. Expert member of the Shareholders' Nomination Board of Uponor. Vice Chair of the Supervisory Board in Finnish Naval Foundation.

Holdings in Neste Corporation on 31 Dec 2017: 13,985 shares ¹⁾

Matti Kähkönen



(born in 1956)
M.Sc. (Engineering)
Vice Chair of the Board
Member of the Board of Directors since 2017
Independent member

Senior Advisor, Metso Corporation 2017–. 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 board member of The Research Institute of the Finnish Economy (EVA/ETLA), Chair of the TT fund of the Confederation of Finnish Industries, Chair of the advisory board of the Tampere University of Technology, and Chair of the super advisory board of the Ilmarinen Mutual Pension Insurance Company, among others. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2017: 2,270 shares ¹⁾

Martina Flöel



(born in 1960)
M.Sc. (Chemistry), PhD (Chemistry)
Member of the Board of Directors 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 (independent member). Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2017: 0 shares ¹⁾

Laura Raitio



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

CEO of Diacor Medical Services 2014–2017. Executive Vice President, Building and Energy 2009–2014 and Member of the Executive Management Team 2006–2014, Ahlstrom. Several leadership positions within Ahlstrom's specialty paper business since 1990. Member of the Board of Suominen Corporation and Raute Corporation and Chair of the Board of Helsinki Deaconess Institute. Member of Neste's Audit Committee as well as Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2017: 1,500 shares ¹⁾

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 of Directors 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); Non-Executive Director of IFP Training (France); Non-Executive Director of CLH (Spain); pro bono consulting for social entrepreneurs. 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 2017: 7,650 shares ¹⁾

Willem Schoeber



(born in 1948)

Dr. (Chem. Eng.)

Member of the Board of Directors since 2013

Independent member

Independent business consultant. 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. Member of the Supervisory Board of Gasunie N.V. (Groningen) since 2013 and Member of the Board of Directors of Societatea Energetica "Electrica" S.A. (Bucharest) since 2016. Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2017: 2,000 shares ¹⁾

Marco Wirén



(born in 1966)

M.Sc (Econ.)

Member of the Board of Directors since 2015

Independent member

Executive Vice President and Chief Financial Officer Wärtsilä since 2013. SSAB, Executive Vice President and CFO 2008–2013; SSAB, Vice President Business control 2007–2008; Eltel Networks, CFO and Vice President Business Development 2002–2007; NCC, Vice President Business Development and Group Controller 1995–2001. Chair of the Board of Directors in Wärtsilä Finland Oy since 2013. Chair of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2017: 1,000 shares ¹⁾

Heike van de Kerkhof

Member of the Board of Directors until 30 November 2017

(born in 1962)

B.Sc. (Mechanical Engineering), MBA
Independent member

Managing Director, Chemours Titanium Technologies, 2015–. Business Director, El DuPont Titanium Technologies 2013–2015. Chairperson of the Supervisory Board, DuPont Deutschland 2013–2015. European Growth Director, DuPont Food Industry Solutions 2009–2013. Business Director, Packaging and Industrial Polymers, DuPont De Nemours & Company 2008–2012. Global Venture Leader, DuPont Packaging Solutions 2006–2008.

Holdings in Neste Corporation on 30 Nov 2017: 0 shares ¹⁾

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

Executive Board

President and CEO

Neste's President and CEO, Matti Lievonen (b.1958, B.Sc. (Eng.), eMBA), 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 2017 Remuneration Statement.

Neste Executive Board

The Neste Executive Board (NEB) 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 NEB meets regularly, on average once a month. Information on the remuneration of the members of the NEB can be found in the 2017 Remuneration Statement.

2017

The Neste Executive Board comprised eleven members and met 12 times in 2017. In addition to supporting the President and CEO in the fulfillment of his general duties, the NEB boosted the implementation of the strategy by advancing the company's growth program for renewable fuels, including plans for additional production capacity and flexibility of the renewable product material base. In line with a wider focus on customer orientation, special attention was given to renewable product solutions, such as renewable aviation fuels and bio-based chemicals, and development of business models for renewable products in various countries. The NEB also continued its work to improve the company's financial and safety performance which was closely monitored by the NEB on a regular basis. Improvement of availability of production units, guidance relating to the company's investments, development of service concepts and the project for reforming the company's ERP system were also special focus areas of the NEB during 2017.

Members of the Neste Executive Board

Matti Lievonen



(born 1958)
President and CEO,
Chair of the Neste Executive Board
B.Sc. (Eng.), eMBA
D.Sc. (Tech.) h.c.
President and CEO since 1 December 2008

Joined the company in 2008. Served as President of the Fine and Speciality Papers Division at UPM-Kymmene Corporation, and in a number of other senior positions at UPM-Kymmene 1986–2008, and prior to that at ABB. Member of UPM-Kymmene's Executive Board 2002–2008. Vice Chair of the Board of Directors of Fortum and Nynas AB. Member of the Board of the Chemical Industry Federation of Finland, SSAB AB and the European Business Leaders' Convention. Member of the Advisory Board of National Emergency Supply Agency and East Office of Finnish Industries Oy. Member of the Finnish Business and Policy Forum EVA and the Supervisory Board of The Finnish Fair Corporation.

Holdings in Neste Corporation on
31 Dec 2017: 45,548 shares. ¹⁾

Kaisa Hietala



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

Joined the company in 1998. Responsible for the Renewable Products business area. Served in several positions at Neste, most recently as Vice President of the Renewable Fuels business 2011–2014, Vice President of Supply and Commercial Director in Singapore 2008–2011. Member of the Board of Kemira Oyj.

Holdings in Neste Corporation on
31 Dec 2017: 10,000 shares. ¹⁾

Matti Lehmus



(born 1974)
Executive Vice President,
Oil Products
M.Sc. (Eng.), eMBA
Member of the Neste Executive Board since 2009

Joined the company in 1997. Responsible for the Oil Products business area. Previously 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. Chair of the Board of the Finnish Petroleum & Biofuels Association.

Holdings in Neste Corporation on
31 Dec 2017: 16,810 shares. ¹⁾

Panu Kopra



(born 1972)
Executive Vice President,
Marketing & Services
BBA, MBA
Member of the Neste Executive Board since 2016

Joined the company in 1996. Responsible for Marketing & Services business area. 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.

Holdings in Neste Corporation on
31 Dec 2017: 5,849 shares. ¹⁾

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

Tuomas Hyryläinen



(born 1977)
Senior Vice President,
Emerging Businesses business unit
M.Sc. (Econ.)
Member of the Neste Executive Board since
2012

Joined the company in 2012. Responsible for Emerging Businesses business unit. Previously served as Senior Vice President, responsible for Strategy, New Ventures, Market Intelligence, and M&A operations 2014–2016 and as Senior Vice President, Strategy 2012–2014. Prior to that served as Vice President for Strategy at F-Secure and served in various strategy and business development related positions at Nokia. Member of the Boards of Directors of Nynas AB and Vapo Oy.

Holdings in Neste Corporation on
31 Dec 2017: 8,709 shares. ¹⁾

Simo Honkanen



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

Joined the company in 2006. Responsible for the Sustainability and Public Affairs activities. Served previously 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, Member of the Board of Maj and Tor Nessling Foundation.

Holdings in Neste Corporation on
31 Dec 2017: 19,519 shares. ¹⁾

Hannele
Jakosuo-Jansson

(born 1966)
Senior Vice President,
Human Resources and Safety
M.Sc. (Eng.)
Member of the Neste Executive Board since
2006

Joined the company in 1990. 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.

Holdings in Neste Corporation on
31 Dec 2017: 17,072 shares. ¹⁾

Osmo Kammonen



(born 1959)
Senior Vice President,
Communications and Brand Marketing
M.Sc. (Laws)
Member of the Neste Executive Board since
2004

Joined the company in 2004. Responsible for the Group's Communications and Brand Marketing. Served as Senior Vice President, Corporate Communications and Investor Relations; and Communications Manager in various companies in the electronics, engineering, construction materials, and forest products industries.

Holdings in Neste Corporation on
31 Dec 2017: 14,043 shares. ¹⁾

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

Lars Peter Lindfors



(born 1964)
Senior Vice President, Technology
Ph.D. (Tech.), MBA
Member of the Neste Executive Board since 2009

Joined the company in 2007. 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, Executive Vice President, Renewal and Development at Perstorp Group 2004–2007, Executive Vice President, R&T&D at Perstorp Group 2001–2004, and prior to that at Neste as R&D Manager and various other positions. Member of the Board of the Fortum Foundation and Finnish Foundation for Technology Promotion.

Holdings in Neste Corporation on 31 Dec 2017: 14,063 shares. ¹⁾

Jyrki Mäki-Kala



(born 1961)
Chief Financial Officer
M.Sc. (Econ.)
Member of the Neste Executive Board since 2013

Joined the company in 2013. 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 1988–2005. Member of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company.

Holdings in Neste Corporation on 31 Dec 2017: 14,013 shares. ¹⁾

Christian Ståhlberg



(born 1974)
General Counsel
LL.M.
Member of the Neste Executive Board since May 2017

Joined the company in May 2017. Responsible for the Group's legal affairs. Secretary to the Neste Executive Board, the Board of Directors, the Audit Committee, the Shareholders' Nomination Board and to the Stakeholder Advisory Panel. Served previously as General Counsel of Rettig Group Ltd 2015–2017, Director, Legal in Pohjola Bank plc 2011–2014, Senior Legal Counsel in Neste Oil Corporation 2007–2011 and Senior Associate in Roschier Attorneys Ltd 1998–2007.

Holdings in Neste Corporation on 31 Dec 2017: 0 shares. ¹⁾

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

Excerpts From the Neste Remuneration Statement 2017



Remuneration of the Board of Directors

The Annual General Meeting (AGM) is responsible for remuneration matters related to the Board of Directors. In 2017, 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

	Annual board fees (EUR)		Meeting attendance fees (EUR)	
	2017	2016	2017	2016
Jorma Eloranta	66,000	66,000	11,400	10,800
Matti Kähkönen	36,900	–	10,200	–
Maija-Liisa Friman ¹⁾	12,300	49,200	1,200	11,400
Martina Flöel	26,550	–	14,400	–
Heike van de Kerkhof ²⁾	23,600	–	13,200	–
Laura Raitio	35,400	35,400	12,000	10,800
Jean-Baptiste Renard	35,400	35,400	18,600	18,000
Willem Schoeber	35,400	35,400	16,200	23,400
Kirsi Sormunen ¹⁾	8,850	35,400	1,200	12,000
Marco Wirén	35,400	35,400	12,000	12,000

¹⁾ Maija-Liisa Friman and Kirsi Sormunen were members of the Board of Directors until 5 April 2017.

²⁾ Heike van de Kerkhof' resigned from the membership of Board of Directors on 30 November 2017.

The meeting attendance fees include also meeting fees paid due to special tasks set by the Board of Directors, but not travel expenses.

Details of the shareholdings of the Board of Directors are shown in the Annual Report on pages 69–70. These shares are personally acquired.

Summary of Remuneration Policy for the Neste Executive Board

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

Base salary	To provide a core level of reward for the role.	Fixed salary which includes taxable fringe benefits (car and telephone). CEO's salary was EUR 55,039 per month (1.1.2012–31.12.2017). It increased to EUR 55,920 per month as of 1.1.2018.
Insurances	To 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).
Additional pension	To provide a competitive retirement benefit in line with local market practices.	President and CEO: defined benefit (DB) plan approved in 2008, based on a retirement age of 60 years and 60% of retirement salary. 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 based on the average monthly salary and related statutory pension insurance contributions over the ten years prior to retirement. DC pension allocation is 16% of annual fixed base salary. New DB plans are no longer made.
Short-term incentives	To reward and incentivize improvements in short-term financial and operational performance and support the delivery of the business strategy.	Based on the attainment of annual financial and non-financial measures. Maximum award value is 40% of annual fixed base salary. President and CEO: based on group financial targets (comparable EBIT, Return on Average Capital Employed [ROACE%] and group safety targets [Total Recordable Injury Frequency per million hours worked, TRIF, including contractors] and, new for 2017, Process Safety Event Rate per million hours worked [PSER]). 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). For NEB members with common function responsibility based on Group comparable EBIT, ROACE, TRIF, PSER and specific strategic measures of the function in question.
Long-term share-based incentives	To drive long-term sustainable growth and align the interests of executives with shareholders.	Based on the attainment of three-year financial and share price performance targets for Neste. For award cycles commencing in 2017 and 2018, 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. 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. The award for President and 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 and CEO and NEB members are 30% of salary. 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.
Shareholding restriction	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 and 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.
Claw back	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.
Share ownership guidelines	To encourage executives to build a meaningful shareholding in Neste.	President and 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.
Service contracts and loss of office payments	To ensure clear contractual terms are followed.	Notice period for both the Company and the President and CEO and NEB members is 6 months. In the event of termination by the Company, the President and CEO is entitled to severance payment equivalent to 18 months' salary. NEB members are entitled for 6 months' severance payments. Change of control terms are same as for termination.

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 President and 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 Government Resolution on State-ownership Policy 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.

Remuneration paid to the President and CEO and NEB members

	President and CEO		NEB members (in aggregate)	
EUR	2017	2016	2017	2016
Annual remuneration				
Base salary ¹⁾	667,328	685,702	1,973,276	1,845,731
Taxable benefits ²⁾	21,660	7,034	106,501	101,675
Annual incentive (STI plan) ³⁾	237,521	260,337	593,753	683,492
Total annual remuneration	926,509	953,072	2,673,530	2,630,898
Vested long-term remuneration ⁴⁾				
LTI 2013: 2014–2016 plan	597,228	–	1,398,859	–
LTI 2013: 2013–2015 plan	–	630,226	–	1,538,602
Additional pension	1,191,415	957,062	490,707	487,153
Total remuneration	2,715,152	2,540,360	4,563,096	4,656,653

¹⁾ Base salary amount includes vacation pay which has varied between the years 2016 and 2017. The fixed gross base salary (incl. taxable benefits) of the President and CEO was unchanged since 1.1.2012.

²⁾ Members of the NEB receive taxable car and mobile phone benefits as part of their fixed salary. For the President and CEO, the value of benefits comprises: EUR 21,180 for car and EUR 480 for telephone.

³⁾ 2017 figures relate to performance in 2016. 2016 figures relate to performance in 2015. 2018 payments, based on performance in 2017: the President and CEO EUR 251,945 and NEB members EUR 641,434.

⁴⁾ Total taxable value of LTI payments awarded (including transfer tax).

Share incentive awards for the Neste Executive Board

Name	Position	NEB member since	2017 ¹⁾ (paid 2018)	2016 ²⁾ (paid 2017)
Matti Lievonen	The President and CEO	2008	4,068	7,791
Kaisa Hietala	EVP, Renewable Products	2014	1,402	1,572
Panu Kopra	EVP, Marketing & Services ³⁾	2016	740	1,244
Matti Lehmus	EVP, Oil Products	2009	1,612	2,528
Simo Honkanen	SVP, Sustainability and Public Relations	2009	771	1,907
Tuomas Hyyryläinen	SVP, Emerging Businesses	2012	1,121	1,991
Hannele Jakosuo-Jansson	SVP, Human Resources and Safety	2006	1,121	2,096
Osmo Kammonen	SVP, Communications and Brand Marketing	2004	771	1,768
Lars Peter Lindfors	SVP, Technology	2009	1,121	2,122
Jyrki Mäki-Kala	CFO	2013	1,612	3,013
Christian Ståhlberg ⁴⁾	General Counsel	2017	–	

¹⁾ The 2017 column refers to share incentives to be paid in spring 2018 for the earning period 2015–2017. 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).

²⁾ The 2016 column refers to share incentives paid in 2017 for the earning period 2014–2016. The table gives the net amount of shares transferred (after tax).

³⁾ Marketing & Services has been the new name of Oil Retail business area as of 7 February 2017.

⁴⁾ Appointed as member of the Neste Executive Board as of 22 May 2017.

Shareholdings¹⁾ of the Neste Executive Board 31 December 2017

Name	Position	NEB member since	2017	2016
Matti Lievonen	The President and CEO	2008	45,548	50,757
Kaisa Hietala	EVP, Renewable Products	2014	10,000	11,174
Panu Kopra	EVP, Marketing & Services ²⁾	2016	5,849	10,605
Matti Lehmus	EVP, Oil Products	2009	16,810	18,282
Simo Honkanen	SVP, Sustainability and Public Relations	2009	19,519	17,162
Tuomas Hyyryläinen	SVP, Emerging Businesses	2012	8,709	6,718
Hannele Jakosuo-Jansson	SVP, Human Resources and Safety	2006	17,072	14,976
Osmo Kammonen	SVP, Communications and Brand Marketing	2004	14,043	17,275
Lars Peter Lindfors	SVP, Technology	2009	14,063	14,941
Jyrki Mäki-Kala	CFO	2013	14,013	11,000
Christian Ståhlberg	General Counsel ³⁾	2017	–	–

¹⁾ Shareholdings include shares paid under the long-term incentive plan subject to prohibition of sale until share ownership requirement is fulfilled. In case of an executive leaving the Company during restriction period, the Board of Directors may, at its discretion, decide to recover the shares. The figure also includes the shares personally acquired by the executive (if any). On 31 December 2017 all NEB member exceeded the ownership requirement, except General Counsel who started in May 2017.

²⁾ Marketing & Services has been the new name of Oil Retail business area as of 7 February 2017.

³⁾ Appointed as member of the Neste Executive Board as of 22 May 2017.

Point 8 on the agenda

Use of the profit shown in the Balance Sheet and deciding on the payment of dividend

The Board of Directors proposes to the AGM that a total dividend of EUR 1.70 per share be paid on the basis of the approved balance sheet for 2017. The dividend shall be paid in two installments.

The first installment of dividend, EUR 0.85 per share, will be 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 shall be Monday, 9 April 2018. The Board proposes to the AGM that the first dividend installment would be paid on Monday, 16 April 2018.

The second installment of dividend, EUR 0.85 per share, will be paid to shareholders registered in the shareholders' register of the Company maintained by Euroclear Finland Ltd on the record date for second dividend installment, which shall be Wednesday, 10 October 2018. The Board proposes to the AGM that the second dividend installment would be paid on Wednesday, 17 October 2018.

The Board of Directors is authorized to set a new dividend record date and payment date for the second installment of the dividend, in case the rules and regulations on the Finnish book-entry system would be changed, or otherwise so require.

Dividend policy

Neste's dividend policy, updated in September 2017, is to distribute at least 50% of its comparable net profit as dividend.

Dividend payment in 2018

- 9 April 2018: Dividend payment record date for the first installment
- 16 April 2018: Dividend payable for the first installment (EUR 0.85 per share)
- 10 October 2018: Dividend payment record date for the second installment
- 17 October 2018: Dividend payable for the second installment (EUR 0.85 per share)

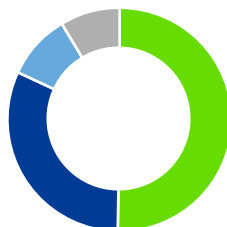
Interim reports in 2018

Neste Corporation will publish financial reports in 2018 as follows:

- Interim Report January–March 2018: 26 April 2018
- Half Year Financial Report January–June 2018: 3 August 2018
- Interim Report January–September 2018: 26 October 2018

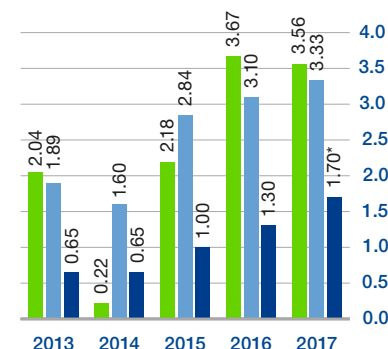
Interim Reports are published in Finnish and English and can be downloaded at www.neste.com/investors.

Shareholder structure on 31 December 2017, %



- The Finnish State 50.1% (50.1%)
- International institutions 31.5% (30.3%)
- Finnish institutions 9.6% (10.1%)
- Finnish households 8.7% (9.6%)

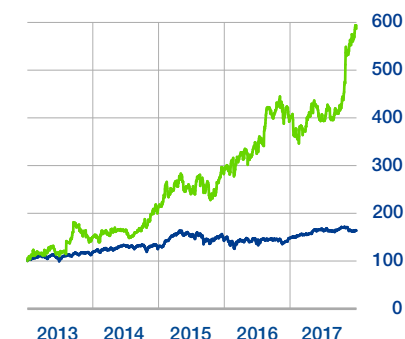
Earnings per share and dividend per share, EUR



- Earnings per share
- Comparable earnings per share
- Dividend per share*

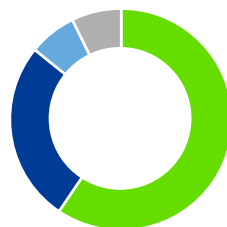
*2017: Board's proposal to the Annual General Meeting

Shareholders' total return, indexed



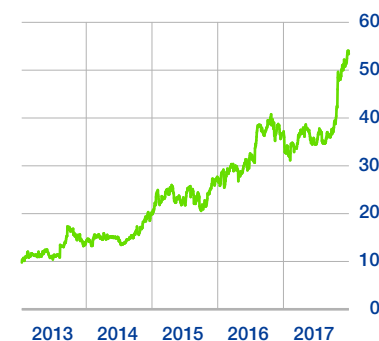
- Total revenue from Neste share (index)
- STOXX Nordic Return (index)

Neste share's trading volumes in 2017, %

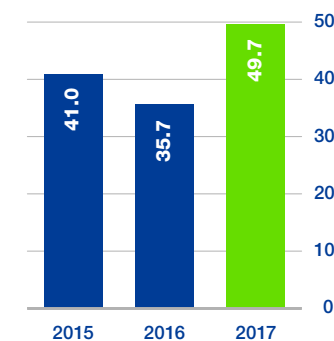


- Nasdaq Helsinki 59.2% (61.2%)
- Chi-X Europe 26.5% (20.0%)
- BATS Europe 7.0% (12.2%)
- Turquoise 7.3% (6.6%)

Neste's share performance 2013–2017, EUR



Total shareholder return, %



Point 10 on the agenda

Deciding the remuneration of the members of the Board of Directors

The Shareholders' Nomination Board makes, according to the decision made at the 2013 AGM, its proposals unanimously. The Shareholders' Nomination Board has not made any proposal concerning the remuneration to be paid to the Board of Directors for their following term of office. The Chair of the Shareholders' Nomination Board has informed the Nomination Board and the company about the intention of the State of Finland to propose in the AGM that remuneration of the members of the Board of Directors shall remain unchanged.

The remuneration paid to the Board of Directors at the moment is as follows:

Chair, EUR 66,000/year

Vice Chair, EUR 49,200/year

Member, EUR 35,400/year.

In addition to the annual fee, members of the Board of Directors would receive a meeting fee of EUR 600 for each meeting held in the member's home country and EUR 1,200 for each meeting held in another country, plus compensation for expenses pertaining to the company's travel guidelines. The meeting fee for telephone meetings will be paid, according to the fee payable for meetings held in each member's home country.

Point 11 on the agenda

Deciding the number of members of the Board of Directors

The Shareholders' Nomination Board proposes that the Board shall have eight members.

Point 12 on the agenda

Election of the Chair, the Vice Chair, and the members of the Board of Directors

The Shareholders' Nomination Board proposes that the current Vice Chair of the Board, Mr. Matti Kähkönen shall be elected as the new Chair of the Board of Directors, and Board Members Ms. Martina Flöel, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber, and Mr. Marco Wirén shall be re-elected for a further term of office. The Nomination Board further proposes that Ms. Rautio shall be elected as the new Vice Chair of the Board. In addition, the Nomination Board proposes that Ms. Elizabeth Burghout (BSc, Chemical Engineering) and Mr. Jari Rosendal (M.Sc. Eng.) shall be elected as new members.

All of those concerned have given their consent to serving on the Board and are considered to be independent of the company and its major shareholders.

The Chair of the Board of Directors Mr. Jorma Eloranta has informed that he will not be available for re-election.

Career and other relevant information on all those proposed for Board service can be found at www.neste.com.

Shareholders' Nomination Board's proposal for the composition of Neste's Board of Directors

Matti Kähkönen



(born in 1956)
M.Sc. (Engineering)
Chair of the Board
Member of the Board of Directors since 2017
Independent member

Senior Advisor, Metso Corporation 2017–. 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 board member of The Research Institute of the Finnish Economy (EVA/ETLA), Chair of the TT fund of the Confederation of Finnish Industries, Chair of the advisory board of the Tampere University of Technology, and Chair of the super advisory board of the Ilmarinen Mutual Pension Insurance Company, among others. Member of Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2017: 2,270 shares ¹⁾

Elizabeth (Elly) Burghout



(born in 1954)
BSc, Chemical Engineering
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.

Martina Flöel



(born in 1960)
M.Sc. (Chemistry), PhD (Chemistry)
Member of the Board of Directors 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 (independent member). Member of Neste's Audit Committee.

Holdings in Neste Corporation on 31 Dec 2017: 0 shares ¹⁾

Laura Raitio



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

CEO of Diacor Medical Services 2014–2017. Executive Vice President, Building and Energy 2009–2014 and Member of the Executive Management Team 2006–2014, Ahlstrom. Several leadership positions within Ahlstrom's specialty paper business since 1990. Member of the Board of Suominen Corporation and Raute Corporation and Chair of the Board of Helsinki Deaconess Institute. Member of Neste's Audit Committee as well as Neste's Personnel and Remuneration Committee.

Holdings in Neste Corporation on 31 Dec 2017: 1,500 shares ¹⁾

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 of Directors
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);
Non-Executive Director of IFP Training
(France); Non-Executive Director of CLH
(Spain); pro bono consulting for social
entrepreneurs. 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 2017: 7,650 shares ¹⁾

Jari Rosendal



(born in 1965)
M.Sc. (Eng.)
Independent member

President and CEO at Kemira since 2014.
Various divisional 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, Chemical Industry
Federation of Finland, 2017–. Member of the
Board of Directors, CEFIC, 2014–. Member
of the Board of Directors, Confederation of
Finnish Industries (EK), 2017–. Member of the
Board of Directors, 2011– and Chairman of
the Board of Directors, Finnish Association of
Mining and Metallurgical Engineers, 2017–.

Willem Schoeber



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

Independent business consultant. 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. Member of
the Supervisory Board of Gasunie N.V.
(Groningen) since 2013 and Member of the
Board of Directors of Societatea Energetica
"Electrica" S.A. (Bucharest) since 2016.
Member of Neste's Audit Committee.

Holdings in Neste Corporation on
31 Dec 2017: 2,000 shares ¹⁾

Marco Wirén



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

Executive Vice President and Chief Financial
Officer Wärtsilä since 2013. SSAB, Executive
Vice President and CFO 2008–2013; SSAB,
Vice President Business control 2007–2008;
Eitel Networks, CFO and Vice President
Business Development 2002–2007; NCC,
Vice President Business Development and
Group Controller 1995–2001. Chair of the
Board of Directors in Wärtsilä Finland Oy
since 2013. Chair of Neste's Audit Committee.

Holdings in Neste Corporation on
31 Dec 2017: 1,000 shares ¹⁾

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

Point 13 on the agenda

Deciding the remuneration of the Auditor

The Board proposes, on the recommendation of the Audit Committee, to the AGM that the Auditor's fee shall be paid as invoiced and approved by the Company.

Point 14 on the agenda

Election of the Auditor

The Board proposes, on the recommendation of the Audit Committee, that the AGM would elect PricewaterhouseCoopers Oy, Authorized Public Accountants, as the Company's Auditor. PricewaterhouseCoopers Oy has announced that it will appoint Mr. Markku Katajisto, Authorized Public Accountant, as the principally responsible auditor. The Auditor's term of office shall end at the closure of the next AGM.

Point 15 on the agenda

Authorizing the Board of Directors to decide on the conveyance of treasury shares

The Board proposes that the AGM would authorize the Board to decide on the conveyance of the treasury shares held by the Company under the following terms:

Under the authorization, the Board shall be authorized to take one or more decisions on the conveyance of treasury shares held by the Company, provided that the number of shares thereby conveyed totals a maximum of 1,000,000 shares, equivalent to approximately 0.39% of all the Company's shares.

The treasury shares held by the Company may be conveyed to the Company's shareholders in proportion to the shares they already own or through a directed share issue that bypasses shareholders' pre-emptive rights if the Company has a weighty financial reason for doing so, such as using the shares in question as consideration in possible acquisitions or in other arrangements that are part of the Company's business, to finance investments, or as part of the Company's incentive program.

The treasury shares held by the Company may be conveyed against payment or free of charge. A directed share issue may only be made free of charge if there is a particularly weighty financial reason, in respect of the Company's interests and those of all its shareholders, for doing so.

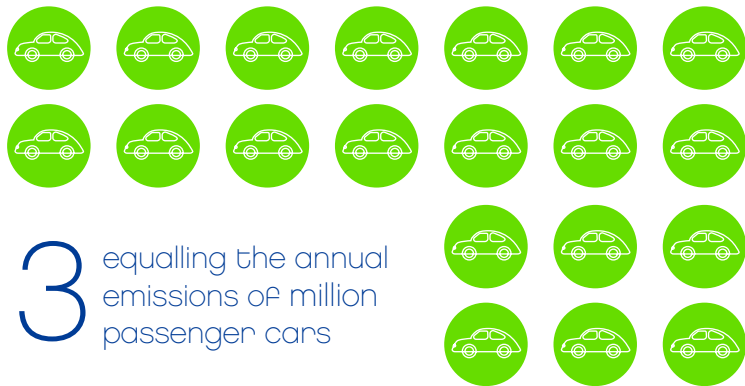
The Board shall decide on other terms and conditions of share issue. The authorization shall remain in force until 30 June 2021.

Point 16 on the agenda

Closing of the meeting

Sustainability highlights

The renewable Fuels we produced reduced global climate emissions by:



We were:

- included in the **Dow Jones** Sustainability Indices for the 11th consecutive year, a ranking of the sustainability performance of the largest 2,500 companies listed on the Dow Jones Global Total Stock Market Index;
- listed among the leading performers on the **CDP** Climate, Water, and Forests lists; and
- ranked the 2nd most sustainable company in the world on the **Global 100** list in January 2018.

We maintained a very high share of waste and residues:



Our refineries of renewable products are technically capable of running on 100% waste and residues to produce a broad range of premium-quality renewable products.

The crude palm oil we used was **100%** certified & traceable

We mapped **96%** of our Palm Fatty Acid Distillate (PFAD) supply chain to the palm oil mills supplying the palm oil refineries where PFAD is extracted during vegetable oil refining.

298 safe days in 2017

11 safe days more than in 2016

Energy intensity in oil products production improved by **2%** From 2016.

Notes

[illegible]



In 2018, we
were ranked
the 2nd most
sustainable company
in the world on the
Global 100 list.

NESTE

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Download our Annual Report 2017 at www.neste.com/annualreport