



NESTE CORPORATION

Annual General Meeting 2017

5 APRIL 2017

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.



- The assembly point is the outdoor parking area.
- Follow the instructions of the staff.

Neste Financial Statements 2016 including notes, Corporate Governance Statement, and Neste Remuneration Statement can be read at Neste Corporation's website at www.neste.com/annualreport. The printed version of the Review by the Board of Directors and the Financial Statements is also available at the Annual General Meeting.

Agenda

1. Opening of the meeting
2. Matters of order for the meeting
3. Selection of the examiners of the minutes and the supervisors for counting the votes
4. Establishing the legality of the meeting
5. Confirmation of shareholders present and the voting list
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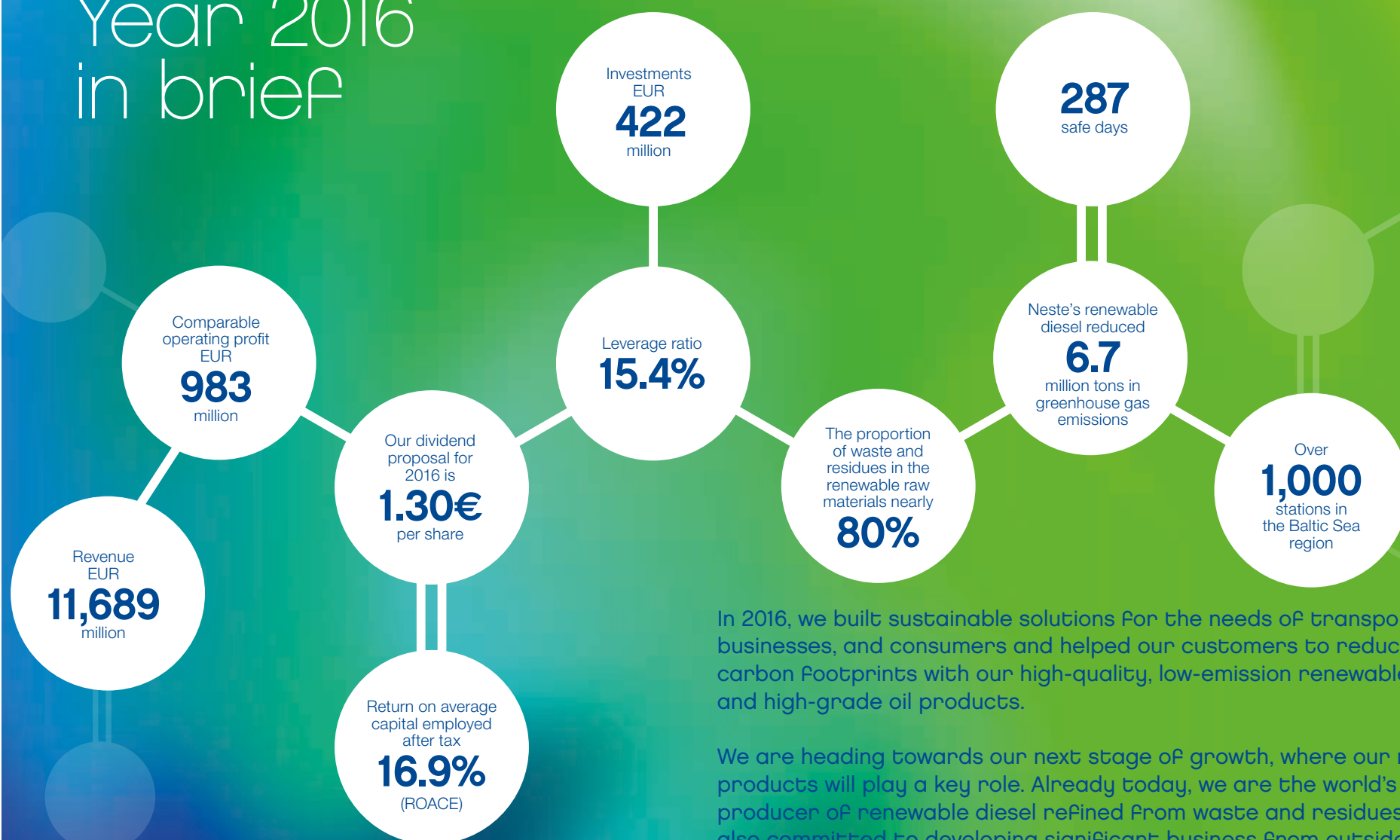


POINT 6. ON THE AGENDA

Presentation of the Financial Statements for 2016, including also the Consolidated Financial Statements, the Review by the Board of Directors, and the Auditor's Report

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Year 2016 in brief



In 2016, we built sustainable solutions for the needs of transport, businesses, and consumers and helped our customers to reduce their carbon footprints with our high-quality, low-emission renewable products, and high-grade oil products.

We are heading towards our next stage of growth, where our renewable products will play a key role. Already today, we are the world's largest producer of renewable diesel refined from waste and residues. We are also committed to developing significant business from outside road traffic renewable product markets by 2020.

Vision and megatrends

Our vision is to create innovative low-carbon solutions. We are defined by what we do and the legacy we leave behind for future generations. We offer alternative solutions that will make the world a better place to live in.

Vision

Creating responsible choices every day

The best way to predict the future is to create it. We do not settle for adapting our operations to changing market conditions – we shape the change. Neste is creating a more environmentally sound future.

Megatrends

Demand for energy is increasing

Climate change must be addressed

People want to consume in a sustainable manner

Smart technologies become more common

Digitalization enables a lot

Megatrends are global changes that always offer new business opportunities.

Strategic targets

Strategic targets



Focus areas

Indicators

Our customers are the key to our success

Measured by Net Promoter Score methodology. Target: improving trend in 6 month cycles

We will significantly improve our reliability and safety

The utilization rate is 97.5% by 2020

Our safety score is in the highest quartile compared to other European refineries by 2020 (347 days per year without safety incidents)

We will boost the competitiveness of our refinery operations by renewing

Yearly additional margin above USD 5.5 per barrel

Renewable products in road traffic

Neste's renewable diesel brand is introduced to the European markets and its growth continues in California

Renewable products outside of road traffic

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

The first sample batch of renewable plastics will be produced in 2017

We will expand the sourcing of our waste and residue raw materials

The waste and residue raw material base is extended by making investments throughout our value chain and attracting new partners

We will increase our production capacity

The production capacity road map will be announced during 2017

Business areas in brief

Neste has three business areas

Oil Products

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

Main market areas are the Baltic Sea area and rest of Europe and North America.

Capacity **15** million tons per year.

Renewable Products

offers renewable diesel, renewable aviation fuels, renewable solvents and raw materials for bioplastics.

Main market areas are Europe and North America.

Capacity **2.6** million tons per year.

Oil Retail*

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

797 stations in Finland, 71 in the St. Petersburg region in Northwest Russia, and 195 stations in the Baltic countries (Estonia, Latvia and Lithuania).

In total **1,063** stations.

* Oil Retail business area will be called Marketing & Services from 7 February 2017 onwards.

Business areas in Figures

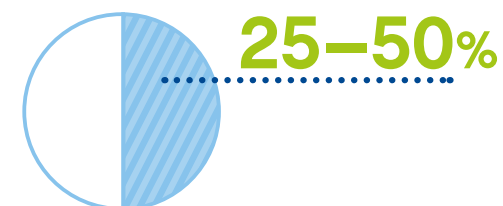
	2016	2015	2014
Revenue			
Oil Products	7,395	7,467	11,285
Renewable Products	2,690	2,372	2,269
Oil Retail	3,552	3,748	4,294
Comparable operating profit			
Oil Products	453	439	285
Renewable Products	469	402	239
Oil Retail	90	84	68
IFRS operating profit			
Oil Products	563	389	-110
Renewable Products	518	233	207
Oil Retail	89	79	68
Net assets			
Oil Products	2,424	2,320	2,160
Renewable Products	1,811	1,884	1,923
Oil Retail	196	184	201
Comparable return on net assets (RONA)			
Oil Products	18.7	18.2	12.4
Renewable Products	25.9	21.8	13.3
Oil Retail	47.5	41.2	27.6
Capital expenditure			
Oil Products	249	453	276
Renewable Products	104	28	113
Oil Retail	31	37	19

	2016	2015	Change, %
Income statement			
Revenue, MEUR	11,689	11,131	5%
Operating profit, MEUR	1,155	699	65%
Comparable operating profit, MEUR	983	925	6%
Profit before income taxes, MEUR	1,075	634	70%
EBITDA, MEUR	1,521	1,057	44%
Comparable EBITDA, MEUR	1,349	1,284	5%
Comparable net profit, MEUR	793	726	9%
Profitability			
Return on equity (ROE), %	28.1	19.7	43%
Return on capital employed, pre-tax (ROCE), %	22.6	14.7	54%
Return on average capital employed, after tax (ROACE), %	16.9	16.3	4%
Financing and financial position			
Total equity, MEUR	3,755	3,104	21%
Interest-bearing net debt, MEUR	683	1,291	-47%
Capital employed, MEUR	5,226	4,991	5%
Equity-to-assets ratio, %	50.6	46.1	10%
Leverage ratio, %	15.4	29.4	-48%
Net cash generated from operating activities, MEUR	1,193	743	61%
Share-related indicators			
Earnings per share (EPS), EUR	3.67	2.18	68%
Comparable earnings per share	3.10	2.84	9%
Equity per share, EUR	14.60	12.06	21%
Dividend per share, EUR	1.30 ¹⁾	1.00	30%
Dividend payout ratio, %	35.4 ¹⁾	45.8	-23%
Dividend per comparable earnings per share, %	41.9 ¹⁾	35.2	19%
Price/earnings ratio (P/E)	9.94	12.66	-21%
Share price at the end of the period, EUR	36.50	27.63	32%
Average share price, EUR	32.25	23.54	37%
Highest share price, EUR	40.78	27.70	47%
Lowest share price, EUR	25.42	19.91	28%
Market capitalization at the end of the period, MEUR	9,359	7,084	32%
Other indicators			
Cash-out investments, EUR million	407	505	-19%
Average number of personnel	5,013	4,906	2%
Research and development expenditure, MEUR	41	41	0%
Total refining margin, USD/bbl	10.38	11.79	-12%
Total Recordable Injury Frequency per million hours worked (TRIF)	2.8	3.3	-15%

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

Financial targets

A leverage ratio of



ROACE of at least

15%
annually over
the long-term

Our **dividend policy** is
to distribute **at least**

40%
of our comparable
net profit as dividend

A photograph of two people white-water rafting. They are wearing helmets, life jackets, and paddles, navigating through turbulent water with white rapids. The scene is captured from a low angle, emphasizing the height of the water and the intensity of the activity. The background shows a clear blue sky and some distant greenery.

Review by the Board of Directors

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Review by the Board of Directors 2016

Neste had another successful year in 2016 and posted a record-high comparable operating profit of EUR 983 million compared to EUR 925 million in the previous year. The Group's IFRS operating profit was EUR 1,155 million (699 million). For the first time Renewable Products had the largest full-year comparable operating profit contribution, which reflected the continuing strategic transformation of the company. The company generated a strong cash flow and further strengthened its balance sheet. The return on average capital employed was maintained over the long-term target level of 15%. Oil Products' reference margin averaged clearly lower than the exceptionally high level in 2015, as high product inventories limited the upside in refining margins. However, additional margin reached USD 5.5/bbl level as a result of operational performance and leveraging of contango opportunities, with sales volumes back on track after the turnaround year 2015. Renewable Products' average reference margin and additional margin were higher than in 2015. The segment's sales volumes reached 2.22 million tons, almost the same level as in the previous year, despite of the scheduled maintenance at the Rotterdam refinery. A slightly higher share of the sales volumes was allocated to the North American market. Oil Retail's markets were growing and the segment was able to increase profits by higher sales volumes and unit margins. The Board of Directors will propose a dividend of EUR 1.30 per share (1.00) for 2016, totaling EUR 332 million (256 million).

Figures in parentheses refer to the full-year financial statements for 2015, unless otherwise noted.

The Group's results for 2016

Neste's revenue in 2016 totaled EUR 11,689 million (EUR 11,131 million). Sales volumes increased, but the revenue was negatively impacted by a lower average oil price year-on-year. The Group's comparable operating profit was EUR 983 million (EUR 925 million). Oil Products' result was negatively impacted by reference margin, which was materially lower than in 2015. However, additional margin increased, and the sales volume was higher compared to last year, which was impacted by the

scheduled turnaround at the Porvoo refinery. Renewable Products operating profit improved as a result of higher reference margin and additional margin. Oil Retail's result was positively impacted by increased sales volumes and unit margins. The Others segment recorded a lower comparable operating profit compared to 2015, mainly due to Nynas' lower result and higher common corporate costs.

Oil Products' full-year comparable operating profit was EUR 453 million (439 million), Renewable Products' EUR 469 million (402 million), and Oil Retail's EUR 90 million (84 million). The comparable operating profit of the Others segment totaled EUR -23 million (2 million); Nynas accounted for EUR 11 million (29 million) of this figure.

The Group's IFRS operating profit was EUR 1,155 million (699 million), which was impacted by inventory gains totaling EUR 280 million (losses of 263 million), and changes in the fair value of open commodity and currency derivatives totaling EUR -118 million (-15 million), mainly related to hedging of inventories. IFRS operating profit was also impacted by capital gains totaling EUR 23 million (76 million), mainly related to the sale of Ekokem shares and the sale of Neste's power plant to Kilpilähti Power Plant Ltd. Profit before income taxes was EUR 1,075 million (634 million), net profit EUR 943 million (560 million). Comparable earnings per share were EUR 3.10 (2.84), and earnings per share EUR 3.67 (2.18). The Group's effective tax rate was 12% (12%), which is lower than the Finnish statutory tax rate 20% mainly due to lower taxation in Latvia, Lithuania, Singapore, and Switzerland, where Neste has business operations. Neste's manufacturing investment in Renewable Products during 2008–2010 in Singapore is subject to tax exemption for 2010–2023 under the applicable Singapore legislation.

Group key Figures, MEUR

	2016	2015
Comparable operating profit	983	925
- inventory gains/losses	280	-263
- changes in the fair value of open commodity and currency derivatives	-118	-15
- capital gains/losses	23	76
- insurance and other compensations	0	0
- other adjustments	-13	-25
IFRS operating profit	1,155	699

Revenue

	2016	2015
Oil Products	7,395	7,467
Renewable Products	2,690	2,372
Oil Retail	3,552	3,748
Others	294	267
Eliminations	-2,241	-2,724
Total	11,689	11,131

Comparable operating profit

	2016	2015
Oil Products	453	439
Renewable Products	469	402
Oil Retail	90	84
Others	-23	2
Eliminations	-6	-2
Total	983	925

IFRS operating profit

	2016	2015
Oil Products	563	389
Renewable Products	518	233
Oil Retail	89	79
Others	-11	0
Eliminations	-5	-2
Total	1,155	699

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 25–50%. ROACE calculated over the last 12 months period was maintained over the target level, and leverage ratio continued on a downward trend.

	31 Dec 2016	31 Dec 2015
Return on average capital employed after tax (ROACE)*, %	16.9	16.3
Leverage ratio (net debt to capital), %	15.4	29.4

* Last 12 months

Cash Flow, investments and Financing

The Group's net cash generated from operating activities totaled EUR 1,193 million (743 million) in 2016. The year-on-year difference was mainly attributable to the strong EBITDA generation of businesses, and payment of the US Blender's Tax Credit from the year 2015 during 2016. Cash flow before financing activities was EUR 834 million (480 million). The Group's net working capital in days outstanding was 26.8 days (21.4 days) on a rolling 12-month basis at the end of 2016.

	2016	2015
EBITDA (IFRS)	1,521	1,057
Capital gains/losses	-28	-77
Other adjustments	121	-27
Change in working capital	-229	-94
Finance cost, net	-56	-88
Income taxes paid	-137	-27
Net cash generated from operating activities	1,193	743
Capital expenditure	-407	-505
Other investing activities	49	241
Free cash flow (Cash flow before financing activities)	834	480

Cash-out investments totaled EUR 407 million (505 million) in 2016. Maintenance investments accounted for EUR 148 million (374 million) and productivity and strategic investments for EUR 259 million (131 million). Oil Products' investments totaled EUR 257 million (437 million), with the largest single project being the Solvent Deasphalting (SDA) unit under construction at the Porvoo refinery. Renewable Products'

investments totaled EUR 90 million (32 million), mainly related to the ongoing biopropane unit investment at the Rotterdam refinery. Oil Retail's investments totaled EUR 26 million (19 million) and were mainly related to the station network. Investments in the Others segment totaled EUR 35 million (17 million) and were mainly related to IT and business infrastructure upgrade.

Interest-bearing net debt was EUR 683 million as of the end of December 2016, compared to EUR 1,291 million at the end of 2015. Net financial expenses for the year were EUR 79 million (65 million). The average interest rate of borrowing at the end of December was 3.5% (3.4%) and the average maturity 3.6 (3.7) years. The interest-bearing net debt/comparable EBITDA ratio was 0.5 (1.0) over the previous 12 months at the end of the year.

The Group has a strong financial position. The leverage ratio was 15.4% (31 Dec. 2015: 29.4%), and the gearing ratio 18.2% (31 Dec. 2015: 41.6%) at the end of the year.

The Group's cash and cash equivalents and committed, unutilized credit facilities amounted to EUR 2,438 million as of the end of December (31 Dec. 2015: 2,246 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 slightly above 50% for the next 12 months.

US dollar exchange rate

	2016	2015
EUR/USD, market rate	1.11	1.11
EUR/USD, effective rate*	1.11	1.15

* The effective rate includes the impact of currency hedges.

Segment reviews

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

Oil Products

Key Financials

	2016	2015
Revenue, MEUR	7,395	7,467
EBITDA, MEUR	780	606
Comparable EBITDA, MEUR	670	655
Comparable operating profit, MEUR	453	439
IFRS operating profit, MEUR	563	389
Net assets, MEUR	2,424	2,320
Return on net assets, %	23.2	16.2
Comparable return on net assets, %	18.7	18.2

Key drivers

	2016	2015
Reference refining margin, USD/bbl	4.88	7.74
Additional margin, USD/bbl	5.50	4.05
Total refining margin, USD/bbl	10.38	11.79
Urals-Brent price differential, USD/bbl	-2.48	-1.84
Urals' share of total refinery input, %	68	62

Crude oil prices were again volatile during 2016. After a weak start for the year the prices rose significantly towards USD 50/bbl during the first half of the year. The rise was driven by expectations of a more balanced crude oil supply and demand as markets saw low crude oil price negatively impacting upstream investment. During the second half of the year prices were trending upward mainly driven by talks and a later agreement between OPEC and NON-OPEC countries to cut production. In 2016 Brent price averaged USD 43.7/bbl, but at year end it was approx. USD 55/bbl – the highest level since summer 2015.

The Russian Export Blend (REB) crude averaged USD 2.5/bbl lower than Brent in 2016 and USD 2.2/bbl lower during the fourth quarter. Record production in post-Soviet period and continued high exports through the Baltic ports contributed to a reasonably wide differential during the year. Also, competition from Middle Eastern sour grades in the Baltic Sea and Mediterranean markets drove a wider REB differential.

Despite a weak diesel margin due to the mild winter, the Neste reference refining margin started the year 2016 on a seasonally high level as gasoline storing for the

summer season and a weak crude oil market had positive impact on margins. During the summer refining margins came under pressure as gasoline market started to lose its strength due to high inventory levels and the slowly recovering diesel margins were not able to compensate gasoline weakness. During the second half of the year, margin recovered from the summer lows driven by refinery run cuts and autumn refinery maintenance season together with several refinery outages. On average, gasoline was the strongest part of the barrel in 2016. Neste's reference margin averaged USD 4.9/bbl in 2016, and USD 5.2/bbl during the fourth quarter.

Oil Products' full-year comparable operating profit was EUR 453 million (439 million). During 2016 the average reference refining margin was USD 2.9/bbl lower than in the previous year, which had a negative impact of EUR 235 million on the result. On the other hand, additional margin was USD 1.5/bbl higher and had a positive impact of EUR 206 million on the comparable operating profit year-on-year. Sales volumes were 20% higher compared to the year 2015, which was impacted by the scheduled major turnaround at Porvoo. Higher sales volumes increased the operating profit by EUR 69 million. The segment's fixed costs were approx. EUR 33 million higher year-on-year, mainly as a result of higher maintenance activities.

Production

	2016	2015
Porvoo refinery production, 1,000 ton	11,718	9,835
Porvoo refinery utilization rate, %	89	75
Naantali refinery production, 1,000 ton	1,869	1,956
Naantali refinery utilization rate, %	62	62
Refinery production costs, USD/bbl	4.2	4.0
Bahrain base oil plant production (Neste's share), 1,000 ton	159	184

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

	2016	%	2015	%
Middle distillates*	6,590	46	5,395	45
Light distillates**	4,706	33	3,857	33
Heavy fuel oil	1,594	11	1,122	9
Base oils	461	3	433	4
Other products	965	7	1,075	9
Total	14,316	100	11,881	100

* Diesel, jet fuel, heating oil

** Motor gasoline, gasoline components, LPG

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

	2016	%	2015	%
Baltic Sea area*	8,037	56	7,876	66
Other Europe	4,596	32	3,154	27
North America	1,198	8	491	4
Other areas	485	3	360	3

* Finland, Sweden, Estonia, Latvia, Lithuania, Poland, Denmark

Renewable Products

Key Financials

	2016	2015
Revenue, MEUR	2,690	2,372
EBITDA, MEUR	628	327
Comparable EBITDA, MEUR	578	497
Comparable operating profit, MEUR	469	402
IFRS operating profit, MEUR	518	233
Net assets, MEUR	1,811	1,884
Return on net assets, %	28.6	12.6
Comparable return on net assets, %	25.9	21.8

Key drivers

	2016	2015
FAME - Palm oil price differential*, USD/ton	194	211
SME - Soybean oil price differential**, USD/ton	204	118
Reference margin, USD/ton	207	182
Additional margin***, USD/ton	272	247
Comparable sales margin***, USD/ton	348	299
Biomass-based diesel (D4) RIN, USD/gal	0.91	0.73
Palm oil price****, USD/ton	634	576
Crude palm oil's share of total feedstock, %	19	31

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

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

*** Includes impact of US BTC (Blender's tax Credit); full-year 2015 contribution in both 10-12/15 and 2015 figures

**** CPO BMD 3rd

During 2016, crude palm oil (CPO) and other vegetable oil prices were supported by low inventories globally. Severe El Nino weather phenomenon reduced palm oil production with some time lag, and as exports continued at reasonably high level, CPO inventories were drawn down. CPO price averaged 10% higher in 2016 than in the previous year. Rapeseed oil (RSO) supply was negatively impacted by the poor European rapeseed crop. Soybean oil (SBO) price got support later in the year by strong worldwide demand and continued positive outlook for the US Renewable Fuel Standard requirements in 2017.

European Fatty Acid Methyl Ester (FAME) biodiesel demand did not grow in 2016. FAME prices were on an increasing trend supported by stronger RSO, but producer margins declined. In the US market Soy Methyl Ester (SME) demand growth in 2016 was driven by increased biomass-based diesel volume obligations, need to replace ethanol due to the gasoline blend wall issue, and limitations in Brazilian ethanol supply for the advanced biofuels category. SME margins improved clearly from the previous year despite the higher SBO prices. This was also reflected in Renewable Identification Number (RIN) prices, which increased by USD 0.18/gallon (D4 RIN) on average in 2016. Overall, biodiesel and renewable diesel production benefited from the increase in the biomass-based diesel mandate and the US Blenders' Tax Credit introduced for 2016. The California Low Carbon Fuel Standard (LCFS) program progressed as expected, and the LCFS credit prices increased by approx. USD 50/ton from 2015 on average.

Renewable Products' full-year comparable operating profit was EUR 469 million (402 million). The reference margin in 2016 was higher than in the previous year, which had EUR 49 million positive impact on the segment's operating profit. The additional margin also improved through successful margin management and sales allocation, which had a positive impact of EUR 52 million year-on-year. Sales volume was 2.222 million tons in 2016, down only 2% from the record level of the previous year, despite the scheduled turnaround at the Rotterdam refinery in the second quarter. During the year 2016 approximately 66% (69%) of sales volume went to Europe and 34% (31%) to North America. Demand for renewable diesel delivered as 100% to end-users has increased steadily in Europe and North America, as it is an efficient solution to quickly reduce greenhouse gas and other emissions in existing fleets. In 2016 100% renewable diesel sales accounted for more than 15% of our total renewable diesel sales volumes. Renewable diesel production achieved an average capacity utilization rate of 88% (94%) in 2016, mainly impacted by the scheduled turnaround and other maintenance at the Rotterdam refinery. Feedstock mix optimization continued successfully, and the proportion of waste and residue inputs rose to 78% (68%) on average. Fixed costs and depreciations increased by EUR 29 million year-on-year.

Production

	2016	2015
Neste Renewable Diesel, 1,000 ton	2,213	2,328
Other products, 1,000 ton	175	165
Utilization rate, %	88	94

Sales

	2016	2015
Neste Renewable Diesel, 1,000 ton	2,222	2,267
Share of sales volumes to Europe, %	66	69
Share of sales volumes to North America, %	34	31

Oil Retail

Key Financials

	2016	2015
Revenue, MEUR	3,552	3,748
EBITDA, MEUR	111	110
Comparable EBITDA, MEUR	112	115
Comparable operating profit, MEUR	90	84
IFRS operating profit, MEUR	89	79
Net assets, MEUR	196	184
Return on net assets, %	47.3	38.9
Comparable return on net assets, %	47.5	41.2

Oil Retail's markets grew modestly in Finland and more rapidly in the Baltic countries. Heavy duty traffic continued to recover in Finland. Russian economy affects consumer demand, but the ruble has stabilized.

Oil Retail's full-year comparable operating profit was EUR 90 million (84 million). Higher sales volumes had a positive impact of EUR 4 million and improved unit margins a positive impact of EUR 2 million on the segment's comparable operating profit year-on-year. The weaker ruble had a negative impact of EUR 1 million on the result in Northwest Russia compared to the previous year.

Sales volumes by main product categories, million liters

	2016	2015
Gasoline, station sales	1,112	1,115
Diesel, station sales	1,695	1,589
Heating oil	620	569

Net sales by market area, MEUR

	2016	2015
Finland	2,497	2,642
Northwest Russia	248	255
Baltic countries	777	821

Others

Key Figures

	2016	2015
Comparable operating profit, MEUR	-23	2
IFRS operating profit, MEUR	-11	0

The Others segment consists of the engineering and technology solutions company Neste Jacobs, 60/40-owned by Neste and Jacobs Engineering; Nynas, a joint venture 50/50-owned by Neste and Petróleos de Venezuela; and common corporate costs. The full-year comparable operating profit for the Others segment totaled EUR -23 million (2 million); of which Nynas accounted for EUR 11 million (29 million). Nynas' result was negatively impacted by lower margins and effects of the delayed Harburg refinery start-up.

Shares, share trading, and ownership

Neste's shares are traded on NASDAQ Helsinki Ltd. The share price closed the year 2016 at EUR 36.50, up by 32.1% compared to the end of 2015. The total shareholder return (TSR) was 35.7% (41.0%) in 2016. At its highest during 2016, the share price reached EUR 40.78, while the lowest daily closing price was EUR 25.42. Market capitalization was EUR 9.4 billion as of 31 December 2016. An average of 0.79 million shares were traded daily, representing 0.3% of the company's shares.

Neste's share capital registered with the Company Register as of 31 December 2016 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 2016, Neste held 686,574 treasury shares purchased under this authorization. The Board of Directors has no authorization to issue convertible bonds, share options, or new shares.

As of the end of the year, the Finnish State owned 50.1% (50.1% at the end of 2015) of outstanding shares, foreign institutions 30.3% (25.0%), Finnish institutions 10.1% (13.8%), and Finnish households 9.6% (11.1%).

Largest shareholders as of 31 December 2016

Shareholder	Shares	% of shares
Prime Minister's Office of Finland	128,458,247	50.10%
Ilmarinen Mutual Pension Insurance Company	4,820,849	1.88%
The Social Insurance Institution of Finland, KELA	2,648,424	1.03%
The State Pension Fund	1,900,000	0.74%
Varma Mutual Pension Insurance Company	1,777,514	0.69%
The City of Kurikka	1,550,875	0.60%
Elo Mutual Pension Insurance Company	1,221,107	0.48%
Schweizerische Nationalbank	933,413	0.36%
Neste Corporation	686,574	0.27%
OP-Delta Mutual Fund	580,000	0.23%
Sigrid Jusélius Foundation	423,000	0.17%
OP-Finland Value Fund	370,918	0.14%
Alhopuro Eero Sakari	348,400	0.14%
Veritas Pension Insurance Company Ltd.	306,934	0.12%
Finnish Cultural Foundation	302,882	0.12%
OP-Focus Fund	290,000	0.11%
Etola Erkki Olavi	250,000	0.10%
OP Bank Group Pension Fund	238,442	0.09%
Danske Finnish Institutional Equity Fund	212,874	0.08%
Jenny and Antti Wihuri Foundation	210,000	0.08%
20 largest owners total	147,530,453	57.54%
Nominee registrations	76,111,549	29.68%
Others	32,761,684	12.78%
Number of shares, total	256,403,686	100.00%

Breakdown of share ownership as of 31 December 2016

By the number of shares owned

No. of shares	No. of shareholders	% of shareholders	Total no. of shares	% of shares
1–100	26,356	40.7%	1,386,733	0.6%
101–500	26,977	41.6%	6,698,990	2.6%
501–1,000	6,301	9.7%	4,815,283	1.9%
1,001–5,000	4,524	7.0%	9,094,641	3.6%
5,001–10,000	363	0.6%	2,611,541	1.0%
10,001–50,000	208	0.3%	4,113,315	1.6%
50,001–100,000	21	0.0%	1,439,235	0.6%
100,001–500,000	29	0.1%	5,881,083	2.3%
500,001–	15	0.0%	220,362,865	85.9%
Total	64,794	100.0%	256,403,686	100.0%
of which nominee registrations	11		76,111,549	

By shareholder category

	% of shares
State of Finland	50.1%
Non-Finnish shareholders	30.3%
Households	9.6%
General government	5.9%
Financial and insurance companies	1.3%
Corporations	1.6%
Non-profit organizations	1.2%
Total	100.0%

Corporate governance

The control and management of Neste Corporation is divided between shareholders, the Board of Directors, and the President & Chief Executive Officer. The General Meeting of Shareholders appoints the Board of Directors based on a proposal made by the AGM Nomination Board. The term of office of the Board of Directors will expire at the end of the next Annual General Meeting following its election. Neste's President & 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 Annual General Meeting (AGM) was held in Helsinki on 30 March 2016. The AGM adopted the company's Financial Statements and Consolidated Financial Statements for 2015, and discharged the Board of Directors and the President & CEO from liability for 2015. The AGM also approved the Board of Directors' proposal regarding the distribution of the company's profit for 2015, authorizing payment of a dividend of EUR 1.00 per share. The dividend was paid on 8 April 2016.

In accordance with the proposal made by the Shareholders' Nomination Board, the AGM confirmed the membership of the Board of Directors at seven members, and the following were re-elected to serve until the end of the next AGM: Mr Jorma Eloranta, Ms Maija-Liisa Friman, Ms Laura Raitio, Mr Jean-Baptiste Renard, Mr Willem Schoeber, Ms Kirsi Sormunen and Mr Marco Wirén. Mr Eloranta was re-elected as Chair and Ms Friman as Vice Chair.

Convening after the Annual General Meeting, Neste's Board of Directors elected the members of its two Committees. Jorma Eloranta was elected Chair and Maija-Liisa Friman and Jean-Baptiste Renard as members of the Personnel and Remuneration Committee. Marco Wirén was elected Chair and Laura Raitio, Willem Schoeber, and Kirsi Sormunen 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.

In accordance with a proposal by the Board of Directors, the Annual General Meeting authorized the Board to decide on donations in the aggregate maximum amount of EUR 1,500,000 to be given to universities and higher education institutions. The donations can be made in one or more installments. The Board may decide on the donation beneficiaries and the amount of each donation. The authorization shall be in force until the closing of the next Annual General Meeting.

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

Personnel

Neste employed an average of 5,013 (4,906) employees in 2016, of which 1,585 (1,553) were based outside Finland. As of the end of December, the company had 5,001 employees (4,856), of which 1,602 (1,577) were located outside Finland.

Health, safety, and the environment

Key Figures

	2016	2015
TRIF*	2.8	3.3
PSER**	3.1	2.4

* Total Recordable Incident Frequency, number of cases per million hours worked. The figure includes both Neste's and contractors' personnel.

** Process Safety Event Rate, number of cases per million hours worked.

Neste's safety performance improved towards the end of the year, but, however, the targets for 2016 were not reached. The occupational safety key performance indicator TRIF in 2016 was better than in the previous year. PSER, the main indicator for process safety, was higher than the target and higher than the 2015 result. Several short-term initiatives have been started to ensure reaching the targets for 2017. Our long-term safety development activities continue according to the corporate-wide Way Forward to Safety program plan focusing on behavior, leadership, operational discipline, process safety and contractor safety.

Neste's operational environmental emissions were in substantial compliance at all sites during 2016. A total of eight environmental non-compliance cases occurred in Neste's operations. All these cases were minor and had a limited environmental impact only. No serious environmental incidents resulting in liability occurred at Neste's refineries or other production sites. In December 2016 the Porvoo refinery was granted an amended environmental permit pursuant to the EU Best Available Technology (BAT) requirements for oil refineries.

Neste was included in the Dow Jones Sustainability World Index for the tenth consecutive time, this year being the only company in the European oil refining and retail sector included on the list. The company was also recognized as a world leader for corporate action on climate change, reaching the Climate A List of Carbon Disclosure Project (CDP). In December, Neste's actions to prevent deforestation received high score and Leadership-status also in the CDP Forests program 2016.

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.

Read more about the topics on Neste's website.

Research and development

Neste's R&D expenditure totaled EUR 41 million (41 million) in 2016. Expansion of the feedstock portfolio and broadening of the product portfolio also beyond fuel applications was continued. Participation in standardization group work has been active. The approval of the new paraffinic diesel standard EN 15940 in 2016 was an important step to larger scale use of 100% renewable diesel. Product development work has continued on renewable aviation fuel and new application areas, where e.g. cooperation with Ikea on bioplastics and with Avantherm on heat exchanger fluids has been continued. Neste's patent portfolio in renewable feedstock, fuels and applications was further strengthened with new patents and patent applications.

Expansion of the renewable feedstock base continued to be a key research topic in 2016. Volume of waste and residue based renewable feedstock increased significantly summing up to annual total of 2.1 (1.9) million tons and accounted already for 78% (68%) of the total feed. Especially lower grade waste and residue feedstock, such as low quality animal fats, technical corn oil and used cooking oil quantities were increased. Improvements in renewable diesel production capacity enabled to reach total production of 2.2 (2.3) million tons despite of the scheduled Rotterdam turnaround in spring 2016. R&D also supported the development and optimization of both fossil and renewables refinery units, including selection of the most suitable catalysts for the catalytic units.

Main events published during 2016

On 16 March, Neste announced that the power plant arrangement between Neste, Veolia and Borealis was closed in the form it was announced in December 2015. In the arrangement, Neste will transfer its existing power plant to Kilpilahti Power Plant Limited (KPP). The company will build a new combined heat and power plant in Porvoo to match the needs of Neste and Borealis. Neste and Veolia both own 40% of KPP, and Borealis owns 20%. The total investment value of the power plant is about EUR 400 million. The plant, to be operated by Veolia, is scheduled for commissioning in 2018.

On 29 March, Neste announced that the name of the Neste Oil station network will change to Neste.

On 12 May, Neste announced that it had been informed of the State of Finland's

proposed amendments to its ownership policy. The Government proposes a new lower limit of 33.4% for the implementation of strategic interest, which would be applied to Neste. The planned changes in the shareholding of the State of Finland will not have effects on Neste's business. The Finnish Parliament decides on ownership limits and changes in them.

On 2 September, Neste announced that the company's Shareholders' Nomination Board had been appointed with the following members: Eero Heliövaara, Director General of the Prime Minister's Office's Ownership Steering Department; Timo Ritakallio, President and CEO of Ilmarinen Mutual Pension Insurance Company; Liisa Hyssälä, Director General of Kela, and Jorma Eloranta, the Chair of Neste's Board of Directors. The Nomination Board will forward its proposals for the AGM to the Board of Directors by 31 January 2017.

On 6 September, Neste and Ikea of Sweden announced a partnership to deliver renewable, bio-based plastics. Neste and IKEA have joined forces to take leadership in renewable, bio-based materials, and invite other companies to join the initiative. The partnership includes the production of plastics and other materials utilizing Neste's renewable solutions in polymer production. The partnership combines IKEA's commitment to reduce their dependence on virgin fossil based materials and Neste's expertise in renewable solutions. The companies will work with a number of partners in the supply chain.

On 8 September, Neste announced that it will be renewing the Finnish diesel market by introducing 100% renewable diesel. Neste is planning to start selling diesel produced entirely from renewable raw materials at selected stations in Finland around the turn of the year. The new product offers environmentally conscious consumers and corporate customers a sustainable and easy solution for reducing traffic-borne emissions. Majority of the renewable raw materials the company uses consists of waste and residues.

On 13 September, Neste announced changes in the Neste Executive Board's roles and responsibilities. Tuomas Hyryläinen was appointed Senior Vice President, Emerging Businesses Unit as of 14 September, 2016. He will continue as a member of the Executive Board, reporting to President and CEO Matti Lievonon. Strategy and related operations will report to Jyrki Mäki-Kala, CFO.

On 14 September, Neste held a Capital Markets Day in London under the theme "Creating the next wave of profitable growth." The company's strategic objectives remain unchanged: be the Baltic Sea champion and grow in the global renewables markets. Neste continues its efforts to enhance Oil Products' additional margin. The target for additional margin has been raised from the earlier USD 5.0/bbl to above USD 5.5/bbl on average. Neste sees great potential in many new renewable product

applications such as renewable jet fuel and bio-based chemicals, and targets to have 20% of its renewable business sales volume from these new applications by 2020. The company's ambition is to increase its renewable products capacity from the current 2.6 million tons/a further to maintain its global market leadership in drop-in solutions. The company is exploring different options for the new capacity increase program, and will give more information during the first quarter of 2017. Neste's most important financial targets are leverage and ROACE after tax, and they remain unchanged. Neste's dividend policy has been revised. The company will distribute at least 40% of the company's comparable net profit for the year in the form of dividends.

On 2 November, Neste announced that to celebrate the 100th anniversary of Finland's independence, Neste will donate a total of EUR 1.5 million to Finnish universities. The donation will be split between Aalto University, Åbo Akademi, Lappeenranta University of Technology, and the University of Helsinki.

On 23 November, Neste announced that the US Environmental Protection Agency (EPA) had published the final ruling covering renewable fuel volume requirements for 2017 under the Renewable Fuel Standard (RFS) program. The final rule calls for further increases in the volume requirements above those in proposed rule published on 18 May 2016, and includes an increased volume requirement for biomass-based diesel for 2018.

On 30 November, Neste announced that the European Commission had published its proposal on the revised Renewable Energy Directive for the years 2021 through 2030. Neste welcomes EU's continuing commitment to long-term policies and ambitious climate targets. The goal of the Directive is to increase the proportion of renewable energy in Europe to 27% by 2030. The proposed Renewable Energy Directive introduces aviation and marine sectors to contribute to the climate effort. The proposal will next be considered by the European Council and the European Parliament.

On 15 December, Neste announced that Christian Ståhlberg, M.Sc. (Laws), had been appointed as General Counsel of Neste Corporation and member of the Neste Executive Board. He will join Neste on 1 July 2017, at the latest, and will report to President and CEO Matti Lievonon.

On 27 December, Neste announced that it had signed an agreement with Electrawinds ReFuel B.V. on the acquisition of a former biodiesel plant in Sluiskil in the Netherlands. Neste intends to use the Sluiskil plant for the storage and pre-treatment of renewable raw materials for the company's renewable diesel refineries. The aim is to complete the transaction during the first quarter of 2017. The purchase price is not disclosed.

Events after the reporting period

On 2 January, 2017, Neste announced the following change in membership in Neste's Shareholders' Nomination Board: Due to the retirement of Liisa Hyssälä, the new Director General of Kela, Elli Aaltonen, has succeeded her as a member of the Neste's Shareholders' Nomination Board on 1 January 2017.

On 27 January, 2017, Neste announced that the Shareholders' Nomination Board will propose to the AGM to be held on 5 April 2017 that the company's Board of Directors should comprise the following members: Mr. Jorma Eloranta should be re-elected as Chair, and Board members Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber and Mr. Marco Wirén should be re-elected for a further term of office. The Shareholders' Nomination Board further proposes that the Board should have eight members and that Ms. Martina Flöel (PhD, Chemistry), Ms. Heike van de Kerkhof (BSc, Mechanical Engineering, and MBA) and Mr. Matti Kähkönen (M.Sc. Eng) should be elected as new members. The Nomination Board further proposes that Mr. Kähkönen should be elected as the Vice Chair of the Board.

Potential risks

There have been no significant changes in Neste's short-term risks or uncertainties since the end of 2015.

Key market risks affecting Neste's financial results for the next 12 months include rapid changes in global oil markets, unexpected changes in the product and feedstock prices of Oil Products and/or Renewable Products, weakening of USD against EUR, and adverse changes in the current biofuel legislation in our main markets. Any scheduled or unexpected shutdowns at Neste's refineries would have a negative effect on Neste's financial results.

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

Risk management

Neste considers risk management as an integral part of daily management processes and good corporate governance. Risk is recognized as an unavoidable component of running the business and is characterized by both opportunity and threat. 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.

Framework and principles for risk management in Neste have been defined in Corporate Risk Management Policy, which is approved by the Board of Directors. The

policy is supplemented by risk management principles, guidelines and instructions for specific risk disciplines.

Neste's Risk Management has been implemented and maintained in accordance with the International Standard for risk management ISO 31000:2009. 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 teams, Neste Executive Board, Audit Committee and Board of Directors.

For more detailed information on Neste's risks and risk management, please refer to the company's Corporate Governance Statement, which has been published as a separate document, and to the Note 3 of Financial Statements for 2016.

Outlook For 2017

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.

Crude oil supply and demand are expected to become more balanced, leading to a stronger crude market. Global oil demand growth estimates for 2017 by recognized experts currently vary between 1.2 and 1.6 million bbl/d. In light of the expected refining capacity growth the global product supply and demand look relatively balanced.

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 Oil Products' reference refining margin to be quite similar to that in 2016 on average. Our Porvoo refinery is expected to run at a high utilization rate and to have normal planned unit maintenance. A major two month turnaround at the Naantali unit is scheduled for the third quarter. We are targeting at least USD 5.5/bbl additional margin after mid-2017 as the ongoing strategic investments in the Porvoo Solvent Deasphalting (SDA) unit and the Naantali configuration change are completed.

Renewable Products' reference margin is expected to be at approximately the average level of the year 2016. Neste continues to optimize sales allocation based on the total margin, and we have new attractive markets in Europe. For example, Norway has set a biofuel target in traffic growing from 7.5% in 2017 to 20% in 2020. California continues to be an important market for Neste. Sales volumes of the renewable diesel delivered as 100% to end-users are expected to continue growing and be close to 25% of the total sales volumes in 2017. The vegetable oil market is expected to

remain volatile, and we aim to expand the use of lower quality waste and residue feedstock further. The completed acquisition of the new feedstock pretreatment and storage facility in the Netherlands will support this goal. A new nameplate capacity of 2.6 million tons is effective 1 January, 2017, and utilization rates of our renewable diesel facilities are expected to be high. Our production costs have been reduced and we lower our variable production cost guidance from USD 130 to USD 110/ton.

In Oil Retail the sales volumes and unit margins are expected to follow the previous years' seasonality pattern.

Neste will continue to implement its global renewables growth strategy. The global demand for renewable products is expected to continue growing globally. Neste's renewables capacity increase program will include both debottlenecking of the existing production capacity to 3 million tons by 2020, and building of new capacity. We are currently evaluating the feasibility of options to invest in new production capacity. The options under review include locations in the US and Singapore.

Our strategy implementation is proceeding well, we continue to focus on our customers and growth initiatives, and will be completing the already announced strategic investments in 2017. Therefore, we are confident that the year 2017 will be another successful one for Neste.

Dividend distribution proposal

Neste's dividend policy is to distribute at least 40% of its comparable net profit in the form of a dividend. The parent company's distributable equity as of 31 December 2016 amounted to EUR 1,670 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 1.30 per share (1.00) for 2016, totaling EUR 332 million (256 million) based on the number of outstanding shares.

The proposed dividend represents a yield of 3.6% (at year-end 2016 share price of EUR 36.50) and 42% of the comparable net profit in 2016.

Key Figures

		2016	2015	2014
Income statement				
Revenue	MEUR	11,689	11,131	15,011
Operating profit	MEUR	1,155	699	150
- of revenue	%	9.9	6.3	1.0
Comparable operating profit	MEUR	983	925	583
Profit before income taxes	MEUR	1,075	634	78
- of revenue	%	9.2	5.7	0.5
EBITDA	MEUR	1,521	1,057	480
Comparable EBITDA	MEUR	1,349	1,284	913
Comparable net profit	MEUR	793	726	408
Profitability				
Return on equity (ROE)	%	28.1	19.7	2.1
Return on capital employed, pre-tax (ROCE)	%	22.6	14.7	3.3
Return on average capital employed, after tax (ROACE)	%	16.9	16.3	10.1
Financing and financial position				
Interest-bearing net debt	MEUR	683	1,291	1,621
Leverage ratio	%	15.4	29.4	37.9
Gearing	%	18.2	41.6	60.9
Equity-to-assets ratio	%	50.6	46.1	41.0
Other indicators				
Capital employed	MEUR	5,226	4,991	4,526
Capital expenditure and investments in shares	MEUR	422	536	418
- of revenue	%	3.6	4.8	2.8
Research and development expenditure	MEUR	41	41	40
- of revenue	%	0.4	0.4	0.3
Average number of personnel		5,013	4,906	4,989

		2016	2015	2014
Share-related indicators				
Earnings per share (EPS)	EUR	3.67	2.18	0.22
Comparable earnings per share	EUR	3.10	2.84	1.60
Equity per share	EUR	14.60	12.06	10.34
Cash flow per share	EUR	4.67	2.91	0.97
Price/earnings ratio (P/E)		9.94	12.66	89.62
Dividend per share	EUR	1.30 ¹⁾	1.00	0.65
Dividend payout ratio	%	35.4 ¹⁾	45.8	290.4
Dividend yield	%	3.6 ¹⁾	3.6	3.2
Share prices				
At the end of the period	EUR	36.50	27.63	20.06
Average share price	EUR	32.25	23.54	15.77
Lowest share price	EUR	25.42	19.91	13.24
Highest share price	EUR	40.78	27.70	20.32
Market capitalization at the end of the period	MEUR	9,359	7,084	5,143
Trading volumes				
Number of shares traded	1,000	200,351	213,855	233,793
In relation to weighted average number of shares	%	78	84	91
Average number of shares		255,696,935	255,568,717	255,532,039
Outstanding number of shares at the end of the period		255,717,112	255,605,219	255,403,686

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 (IFRS) is presented in Note 4, Segment information.

Reconciliation between comparable operating profit and comparable net profit

MEUR	2016	2015
Comparable operating profit	983	925
Total financial income and expenses	-79	-65
Income tax expense	-133	-74
Non-controlling interests	-4	-3
Tax on items affecting comparability	26	-58
Comparable net profit	793	726

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

MEUR	2016	2015
Comparable operating profit, last 12 months	983	925
Financial income	4	2
Exchange rate and fair value gains and losses	-17	16
Income tax expense	-133	-74
Tax on other items affecting ROACE	16	-74
Comparable net profit, net of tax	853	796
Capital employed average	5,047	4,883
Return on capital employed, after tax (ROACE), %	16,9	16,3

Reconciliation of equity-to-assets ratio, %

MEUR	2016	2015
Total equity	3,755	3,104
Total assets	7,443	6,793
Advances received	18	56
Equity-to-assets ratio, %	50.6	46.1

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), %	=	$100 \times \frac{\text{Profit before income taxes - income tax expense, last 12 months}}{\text{Total equity average, 5 quarters end values}}$
Return on capital employed, pre-tax (ROCE), %	=	$100 \times \frac{\text{Profit before income taxes + financial expenses, last 12 months}}{\text{Capital employed average, 5 quarters end values}^{2)}$
Return on average capital employed, after-tax (ROACE), %	=	$100 \times \frac{\text{Comparable operating profit + financial income + exchange rate and fair value gains and losses - income tax expense - tax on other items affecting ROACE, last 12 months}}{\text{Capital employed average, 5 quarters end values}}$
Capital employed	=	Total equity + interest bearing liabilities
Interest-bearing net debt	=	Interest-bearing liabilities - cash and cash equivalents
Leverage ratio, %	=	$100 \times \frac{\text{Interest-bearing net debt}}{\text{Interest bearing net debt + total equity}}$
Gearing, %	=	$100 \times \frac{\text{Interest-bearing net debt}}{\text{Total equity}}$
Equity-to-assets ratio, %	=	$100 \times \frac{\text{Total equity}}{\text{Total assets - advances received}}$
Return on net assets, %	=	$100 \times \frac{\text{Segment operating profit, last 12 months}}{\text{Average segment net assets, 5 quarters end values}}$
Comparable return on net assets, %	=	$100 \times \frac{\text{Segment comparable operating profit, last 12 months}}{\text{Average segment net assets, 5 quarters end values}}$
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 income statement. 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	=	$\frac{\text{Comparable net profit for the period attributable to the owners of the parent}}{\text{Adjusted average number of shares during the period}}$
Equity per share	=	$\frac{\text{Shareholder's equity attributable to the owners of the parent}}{\text{Adjusted average number of shares at the end of the period}}$
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, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Earnings per share}}$
Dividend yield, %	=	$100 \times \frac{\text{Dividend per share}}{\text{Share price at the end of the period}}$
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 x 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 x (FAME - CPO) + share of sales North America x (SME - SBO) ³⁾
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 IFRS 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 IFRS operating profit caused by inventory valuation is mostly compensated by changing working capital. Items affecting comparability are linked to unpredictability 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⁾ Total equity average and capital employed average are calculated using last 5 quarters' end values from Q2 2016 interim report onwards, previously calculated using the yearly opening balance and each quarter end values.

³⁾ FAME = Fatty Acid Methyl Ester (biodiesel), CPO = Crude Palm Oil, SME = Soy Methyl Ester (biodiesel), SBO = Soybean Oil

Quarterly segment information

Revenue

MEUR	10-12/2016	7-9/2016	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	2,159	1,961	1,916	1,359	1,756	2,060	1,675	1,976
Renewable Products	870	640	596	584	711	582	583	496
Oil Retail	964	925	886	776	898	991	976	882
Others	77	73	75	70	71	60	74	62
Eliminations	-649	-564	-546	-482	-678	-670	-704	-672
Total	3,421	3,034	2,927	2,306	2,759	3,023	2,605	2,744

Operating profit

MEUR	10-12/2016	7-9/2016	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	126	125	218	95	2	119	42	226
Renewable Products	158	162	48	150	218	12	11	-7
Oil Retail	19	25	23	22	13	27	22	17
Others	2	6	-8	-11	15	-1	-14	0
Eliminations	-3	0	-1	-2	-3	1	3	-3
Total	302	319	280	254	245	158	63	233

Comparable operating profit

MEUR	10-12/2016	7-9/2016	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Oil Products	98	120	149	86	91	178	14	156
Renewable Products	146	124	119	80	231	75	54	42
Oil Retail	19	25	23	22	17	27	22	17
Others	2	-6	-8	-11	15	-1	-14	3
Eliminations	-3	0	-1	-2	-3	1	3	-3
Total	262	264	282	175	352	281	78	215



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Consolidated Statement of Income

MEUR	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Revenue	4,7	11,689	11,131
Other income	8	71	109
Share of profit (loss) of joint ventures	19	14	27
Materials and services	9	-9,519	-9,539
Employee benefit costs	10	-349	-351
Depreciation, amortization and impairments	11	-366	-358
Other expenses	12	-386	-320
Operating profit		1,155	699
Financial income and expenses	13		
Financial income		4	2
Financial expenses		-67	-84
Exchange rate and fair value gains and losses		-17	16
Total financial income and expenses		-79	-65
Profit before income taxes		1,075	634
Income tax expense	14	-133	-74
Profit for the period		943	560
Attributable to:			
Owners of the parent		939	558
Non-controlling interests		4	3
		943	560
Earnings per share from profit attributable to owners of the parent (in EUR per share)	15		
Basic		3.67	2.18
Diluted		3.66	2.18

Consolidated Statement of Comprehensive Income

MEUR	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Profit for the period	943	560
Other comprehensive income, net of tax:		
Items that will not be reclassified to profit or loss		
Remeasurements on defined benefit plans	-21	30
Items that may be reclassified subsequently to profit or loss		
Translation differences	6	1
Cash flow hedges		
recorded in equity	-20	-71
transferred to income statement	6	97
Net investment hedges	0	1
Share of other comprehensive income of investments accounted for using the equity method	-9	-9
Total	-17	20
Other comprehensive income for the period, net of tax	-38	50
Total comprehensive income for the period	905	611
Total comprehensive income attributable to:		
Owners of the parent	902	608
Non-controlling interests	4	3
	905	611

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

Consolidated Statement of Financial Position

MEUR	Note	31 Dec 2016	31 Dec 2015
ASSETS			
Non-current assets			
Intangible assets	18	87	71
Property, plant and equipment	17	3,747	3,745
Investments in joint ventures	19	216	220
Non-current receivables	20,21	55	10
Deferred tax assets	28	39	29
Derivative financial instruments	20,25	9	11
Available-for-sale financial assets	20,21	5	5
Total non-current assets		4,157	4,090
Current assets			
Inventories	22	1,416	1,090
Trade and other receivables	3,23	1,034	870
Derivative financial instruments	20,25	48	99
Cash and cash equivalents	24	788	596
Total current assets		3,285	2,655
Assets classified as held for sale	5	0	47
Total assets		7,443	6,793

MEUR	Note	31 Dec 2016	31 Dec 2015
EQUITY			
Capital and reserves attributable to owners of the parent			
Share capital	26	40	40
Other equity		3,693	3,044
Total		3,733	3,084
Non-controlling interests		22	20
Total equity		3,755	3,104
LIABILITIES			
Non-current liabilities			
Interest-bearing liabilities	20,27	1,117	1,449
Deferred tax liabilities	28	246	265
Provisions	29	53	39
Pension liabilities	30	136	113
Derivative financial instruments	20,25	2	6
Other non-current liabilities	20,27	11	6
Total non-current liabilities		1,565	1,878
Current liabilities			
Interest-bearing liabilities	20,27	354	438
Current tax liabilities	27	40	21
Derivative financial instruments	20,25	164	45
Trade and other payables	20,27	1,565	1,307
Total current liabilities		2,123	1,811
Total liabilities		3,688	3,689
Total equity and liabilities		7,443	6,793

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

Consolidated Cash Flow Statement

MEUR	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015	MEUR	Note	1 Jan–31 Dec 2016	1 Jan–31 Dec 2015
Cash flows from operating activities				Cash flows from investing activities			
Profit before income taxes		1,075	634	Purchases of property, plant and equipment		-381	-491
Adjustments for				Purchases of intangible assets	18	-26	-13
Share of profit (loss) of joint ventures	19	-14	-27	Proceeds from sale of subsidiaries, net of cash disposed	6	0	171
Depreciation and amortization	11	366	358	Proceeds from sale of property, plant and equipment		40	26
Other non-cash income and expenses		135	0	Changes in non-current receivables and available-for-sale financial assets		9	44
Financial expenses - net	13	79	65	Cash flows from investing activities		-359	-263
Profit/loss from disposal of fixed assets and shares	8	-28	-77				
		1,614	953	Cash flow before financing activities		834	480
Change in working capital							
Decrease (+)/increase (-) in trade and other receivables		-147	16	Cash flows from financing activities			
Decrease (+)/increase (-) in inventories		-321	-37	Payment of (-) / proceeds from (+) current interest-bearing liabilities		0	-99
Decrease (-)/increase (+) in trade and other payables		239	-74	Proceeds from non-current interest-bearing liabilities		0	528
Change in working capital		-229	-94	Repayments of non-current interest-bearing liabilities		-387	-390
		1,385	858	Dividends paid to the owners of the parent		-256	-166
Interest and other finance cost paid		-73	-74	Dividends paid to non-controlling interests		-1	-1
Interest income received		6	3	Cash flows from financing activities		-644	-128
Dividends received		0	0				
Realized foreign exchange gains and losses		12	-18	Net decrease (-)/increase (+) in cash and cash equivalents		191	352
Income taxes paid		-137	-27				
		-192	-115	Cash and cash equivalents at beginning of the period		596	246
Net cash generated from operating activities		1,193	743	Exchange gains (+)/losses (-) on cash and cash equivalents		1	-1
				Cash and cash equivalents at end of the period	24	788	596

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

Auditor's Report

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 performance and financial position 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.

What we have audited

We have audited the financial statements of Neste Oyj (business identity code 1852302-9) for the year ended 31 December 2016. 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.

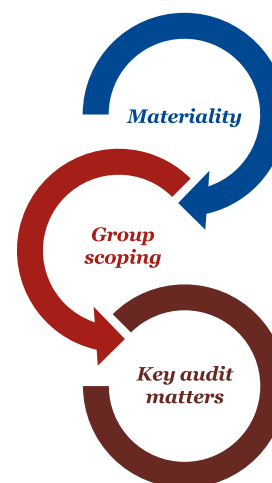
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Our Audit Approach

Overview



Materiality

- Overall group materiality of € 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
- Income tax expense
- System environment and internal controls
- Disputes and potential litigations

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 following table. 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

€ 40 million

How we determined it

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 4% 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 and the USA, covering the most significant companies in the Oil products, Renewable products and Retail 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**How our audit addressed the key audit matter****Timing of revenue recognition**
Refer to Notes 2 and 7 in the financial statements

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

In both the Oil Products and Renewable 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 Oil Retail 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 Oil Products and Renewable Products segments.

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

Our testing of the company's manual and automated controls focused on controls around the timely and accurate recording of sales transactions.

We tested the company's system generated reports, based on which revenue is accrued at the year end, and 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 Oil Products and Renewable 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.

The valuation of inventories

Refer to Notes 2 and 22 in the financial statements

The company has significant inventory balances in both the Oil Products and Renewable 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 finished products in the Oil Products segment are refined from one type of input, being crude oil, the Renewable Products' main finished product, Neste Renewable Diesel, is produced using a wide range of different feedstocks.

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). Our audit procedures focused on the valuation of inventory as described below.

Key audit matter in the audit of the group**How our audit addressed the key audit matter****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.

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 have, as part of our procedures, ensured that the principle of valuing inventory at the lower of cost or net realisable value has been applied in the valuation of inventory.

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.

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****Income tax expense**

Refer to Notes 2 and 22 in the financial statements

The group operates in several different countries. The income tax expense in the consolidated financial statements depends on the tax rates applicable to the taxable earnings, which depend on the country, in which the income is earned.

We identified income taxes as an area of focus in the audit as there is a risk related to the appropriate application of all relevant tax regulations and that the income tax expense may be misstated.

We assessed the compliance with applicable tax laws in the respective countries.

We recalculated both the current tax expense and the tax liability in the balance sheet for all significant locations. We verified the applied tax rates against local tax law and decisions made by tax authorities.

We recalculated the deferred tax balances in the balance sheet and the income statement impact of the change in deferred taxes.

System environment and internal controls

The group has a fragmented system environment, reflecting the different nature of the different operating segments.

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.

Management has mitigated this risk by means of manual controls.

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.

We tested the company's controls around access and change management related to key IT systems.

We also tested the company's controls around system interfaces, and the transfer of data from one system to another.

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.

Key audit matter in the audit of the group**How our audit addressed the key audit matter****Disputes and potential litigations**

Refer to Notes 2 and 35 in the financial statements

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.

The group has also been subject to customs investigations, some of which are still ongoing.

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.

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 all cases have been identified.

We tested provisions recorded in the accounting records, and reviewed the disclosures for completeness based on our procedures detailed above.

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

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 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 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 on 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 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

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises information included in the report of the Board of Directors and in the Annual Report, but does not include the financial statements and our auditor's report thereon. We 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.

In our opinion

- 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 information included in the report of the Board of Directors, 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 Opinions

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 2017

PricewaterhouseCoopers Oy

Authorised Public Accountants

Markku Katajisto

Authorised Public Accountant



Summary of the Corporate Governance Statement 2016

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Corporate Governance Statement 2016

This Corporate Governance Statement has been prepared pursuant to the 2015 Corporate Governance Code and Chapter 7, Section 7 of the Securities Markets Act, and 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 can be consulted online at www.neste.com/Investors.

Regulatory Framework

Neste 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 Auditor, 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 Markets 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

Neste's Governance Bodies



* Oil Retail business area will be called Marketing & Services from 7 February 2017 onwards.

Board of Directors, and the President & Chief Executive Officer. Ultimate decision-making authority lies with shareholders at the AGM. The latter appoints the members of the Board of Directors and the Company Audit Firm. 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 & CEO. The President & CEO, assisted by the Neste Executive Board (NEB), is responsible for managing the Company's business and implementing its strategic and operational targets.

Neste's headquarters are located in Espoo, Finland.

Annual General Meeting

Under the Finnish Companies Act, shareholders exercise their decision-making power at General Meetings of Shareholders, and attend meetings in person or through an authorized representative. Each share entitles the holder to one vote.

Shareholders at the Annual General Meeting take 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 & CEO from liability, and
- the election and remuneration of the Chair, the Vice Chair and the members of the Board of Directors and the Audit Firm.

The Annual General Meeting is held annually before the end of June. An Extraordinary General Meeting 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 the Annual General Meeting 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.

2016

The 2016 AGM was held in Helsinki on Wednesday, 30 March and adopted the Parent Company's Financial Statements and the Consolidated Financial Statements for 2015, and discharged the Board of Directors, and the President and CEO from liability for 2015. The AGM also approved the Board of Directors' proposal regarding the distribution of the Company's profit for 2015, sanctioning payment of a dividend of EUR 1.00 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 1 April 2016. The payment was made on 8 April 2016. 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 Company Audit Firm.

Shareholders' Nomination Board

Following the proposal by the Board of Directors, the 2013 AGM decided to establish a permanent Share-

holders' 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 Shareholders' Nomination Board has been selected, 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 elected annually and their term of office shall end when new members are elected 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 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 2017 AGM

On 2 September 2016, the following members were appointed to Neste's Shareholders' Nomination Board: 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; Liisa Hyssälä, Director General of the Social Insurance Institution, Kela; and Jorma Eloranta, the Chair of Neste's Board of Directors. Due to the retirement of Liisa Hyssälä, the new Director General of Kela, Elli Aaltonen, replaced her as a member of the Shareholders' Nomination Board as of 1 January 2017.

The Shareholders' Nomination Board convened 4 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.

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:

Eero Heliövaara

M.Sc. (Econ.), M.Sc. (Eng.). Chair of the Shareholders' Nomination Board.

Born in 1956.

Director General of the Ownership Steering Department, Prime Minister's Office. Member of the Boards of Foundation for the Finnish Cancer Institute, HLD Healthy Life Devices Oy, and Finnish Foundation for Share Promotion. Chair of the Shareholders' Nomination Boards of Neste, Finnair, and Fortum.

* Holdings in Neste Corporation on 31 December 2016: 0 shares.

** State of Finland: 128,458,247 shares.

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, Suominen and Uponor. Chair of the Board and President of Pienelo Ltd. Vice Chair of the Board of the Finnish Fair Foundation and Stora Enso. Member of the Board of Cargotec. Chair of the Personnel and Remuneration Committees of Neste, Suominen and Uponor. Member of the Remuneration Committee of Stora Enso. Member of

the Nomination and Compensation Committee of Cargotec. Member of the Shareholders' Nomination Boards of Neste, Stora Enso and Suominen. Expert member of the Shareholders' Nomination Board of Uponor.

* Holdings in Neste Corporation on 31 December 2016: 12,985 shares.

Liisa Hyssälä

M.Pol.Sc., Dr. (dentistry). Member of the Shareholders' Nomination Board 1 September – 31 December 2016. Born in 1948.

Director General of the Social Insurance Institution of Finland, Kela. Member of the Nomination Boards of Fortum and Neste. Member of the Boards of Palta ry and the University of Oulu.

* Holdings in Neste Corporation on 31 December 2016: 0 shares.

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

Elli Aaltonen

M.A., D.S.Sc. Member of the Shareholders' Nomination Board as of 1 January 2017.

Born in 1953.

Director General of the Social Insurance Institution of Finland, Kela. Member of the 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 2016: 0 shares.

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

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. Member of the Nomination Boards of Elisa, Fortum, Kemira, Neste, Orion, Outokumpu, Technopolis, Tikkurila and Tieto.

* Holdings in Neste Corporation on 31 December 2016: 0 shares.

** Ilmarinen Mutual Pension Insurance Company: 4,820,849 shares.

Holdings in Neste Corporation on 31 December 2016:

* Own holdings and controlled entities.

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

Members of the Shareholders' Nomination Board, attendance at meetings in 2016

	Attendance
Eero Heliövaara	4/4
Jorma Eloranta	4/4
Liisa Hyssälä	1/3
Mikko Mursula	1/1
Timo Ritakallio	3/3
Reima Rytsölä	1/1

In addition, the meeting on 27 January 2017 which accepted the proposals for the 2017 AGM was attended by all members of the Shareholders' Nomination Board: Eero Heliövaara, Elli Aaltonen, Jorma Eloranta, and Timo Ritakallio.

Composition of the Shareholders' Nomination Board prior to the 2016 AGM

The Shareholders' Nomination Board responsible for preparing the 2016 AGM comprised Eero Heliövaara, Director General of the Prime Minister's Office's Ownership Steering Department (Chair); Mikko Mursula, Chief Investment Officer of Ilmarinen Mutual Pension Insurance Company; Reima Rytsölä, Chief Investment Officer of Varma Mutual Pension Insurance Company; and Jorma Eloranta, the Chair of Neste's Board of Directors.

The Shareholders' Nomination Board convened 4 times and presented its proposal covering the members of the Board of Directors and the remuneration to be paid to them on 25 January 2016.

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 these 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 2016 Board of Directors was composed of seven members, all of whom hold a university-level degree, and one of whom has 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 three different countries and speak four different native languages. Women comprise 43% of all members of the Board of Directors, which meets the objective set out in the decision-in-principle issued by the Finnish Government on 17 February 2015. With regard to age, the members of the Board of Directors are divided evenly between 50 and 68 years of age. The duration of the terms of office

of the Board members is also divided evenly: three members have been on the Board of Directors for more than five years, while four members have been on the Board of Directors for less than four years.

Activities of the Board of Directors

The Board shall have at least 8 regular meetings annually, all scheduled in advance, with extraordinary meetings when necessary. Extraordinary meetings, if requested by a Board member or the President & 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.

2016

The 2016 AGM confirmed the membership of the Board of Directors as being comprised of seven members. Mr. Jorma Eloranta, Ms. Maija-Liisa Friman, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber, Ms. Kirsi Sormunen, and Mr. Marco Wirén were elected to sit until the conclusion of the next AGM. Mr. Eloranta was elected as Chair and Ms. Friman as Vice Chair.

The Board convened 10 times in 2016. The attendance rate at the meetings was 100%. The Board focused on monitoring the company's financial performance and status, engaged in discussions with management on developing the business strategy and approved their base strategic approach, oversaw 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 increasing flexibility in the renewable product raw material

base, with a specific eye on the use of waste and residue feedstock solutions. The Board also monitored the development of the business in various renewable product solutions, such as renewable aviation fuels and bio-based chemicals, for which the company founded the Emerging Businesses business unit. In addition, the Board paid attention to improving risk control and took care of its other tasks in accordance with its agenda.

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 2016

	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	•	•	•		10/10	6/6
Maija-Liisa Friman	Vice Chair	1952	M.Sc. (Chem. Eng.)	Non-Executive Director	•	•	•	•	10/10	2/2*, 5/5**
Laura Raitio	Member	1962	Lic.Tech.	CEO of Diacor Medical Services	•	•	•	•	10/10	5/5*, 1/1**
Jean-Baptiste Renard	Member	1961	M.Sc. (Eng.)	Non-Executive Director	•	•	•		10/10	6/6
Willem Schoeber	Member	1948	Dr. (Tech.)	Non-Executive Director	•	•		•	10/10	7/7
Kirsi Sormunen	Member	1957	M.Sc. (Econom.)	Non-Executive Director	•	•		•	10/10	7/7
Marco Wirén	Member	1966	M.Sc. (Econom.)	Executive Vice President and CFO of Wärtsilä	•	•		•	10/10	7/7

* Audit Committee: Maija-Liisa Friman until 30 March 2016. Laura Raitio as of 1 April 2016.

** Personnel and Remuneration Committee: Laura Raitio until 30 March 2016. Maija-Liisa Friman as of 1 April 2016.

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



Jorma Eloranta

M.Sc. (Tech.)
D.Sc. (Tech.) h.c.
Born in 1951
Chair of the Board
Member of the Board 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 Boards of Suominen Corporation and Uponor Corporation. Chair of the Board and President of Pienelo Ltd. Vice Chair of the Boards of the Finnish Fair Foundation and Stora Enso. Member of the Board of Cargotec. Chair of the Personnel and Remuneration Committees of Neste, Suominen and Uponor. Member of the Remuneration Committee of Stora Enso. Member of the Nomination and Compensation Committee of Cargotec. Member of the Shareholders' Nomination Boards of Neste, Stora Enso and Suominen. Expert member of the Shareholders' Nomination Board of Uponor.

* Holdings in Neste Corporation on 31.12.2016: 12,985 shares



Maija-Liisa Friman

M.Sc. (Chem. Eng.)
Born in 1952
Vice Chair of the Board
Member of the Board since 2010
Independent member

President and CEO of Aspocomp Group Plc 2004–2007. Managing Director of Vattenfall 2000–2004 and Managing Director of Gyproc 1993–2000. Chair of the Board of Helsinki Deaconess Institute Foundation. Member of the Boards of SCA, Finnair, LKAB and Securities Market Association. Chair of the Audit Committee of Finnair. Partner of Boardman. Member of Neste's Personnel and Remuneration Committee.

* Holdings in Neste Corporation on 31.12.2016: 6,000 shares



Laura Raitio

M.Sc. (Chem. Eng.), Lic.Tech. (forest products technology)
Born in 1962
Member of the Board 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. Ahlstrom's Senior Vice President, Marketing (sales network, human resources, communications and marketing) 2006–2008. Ahlstrom's Vice President and General Manager for Wallpaper & Poster, Pre-impregnated Decor, Abrasive Base in Osnabrück, Germany 2002–2005. Managing Director of Ahlstrom Kauttua 2001–2002. Several managerial positions within Ahlstrom's specialty paper business since 1990. Member of the Boards of Boardman and Suominen. Member of Neste's Audit Committee.

* Holdings in Neste Corporation on 31.12.2016: 1,500 shares



Jean-Baptiste Renard

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

Founder and CEO, 2PR Consulting, independent energy expert and consultant. Several positions at BP 1986–2010; Regional Group Vice President for Europe and Southern Africa BP Plc 2006–2010, Group Vice President, Business Marketing and New Markets, and member of Downstream Executive Committee BP Plc 2003–2006. Non-Executive Director of Masana Petroleum Solutions (South-Africa); 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 31.12.2016: 7,650 shares



Willem Schoeber

Dr. (Chem. Eng.)

Born in 1948

Member of the Board since 2013

Independent member

Independent business consultant. Formerly 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 (Germany), 2007–2011. Several positions at Royal Dutch Shell Group's companies 1977–2007, in particular in oil refining. Presently Member of the Supervisory Board of Gasunie N.V. (The Netherlands) since 2013 and Member of the Board of Directors of Societatea Energetică "Electrica" S.A. (Romania) since 2016. Member of Neste's Audit Committee.

* Holdings in Neste Corporation on 31.12.2016: 2,000 shares



Kirsi Sormunen

M.Sc. (Econ.)

Born in 1957

Member of the Board since 2013

Independent member

Vice President, Corporate Responsibility at Nokia until December 2013. Vice President, Head of Sustainability 2009–2012, Vice President, Head of Environmental Affairs 2004–2009 and Vice President, Strategy Development at Nokia 2003–2004. Also served as Senior Vice President of Finance, Control & Planning for Nokia Americas at Nokia Inc., Irving, Texas 1999–2003, Senior Vice President of Finance & Control at Nokia Telecommunications 1995–1999, and Vice President & Group Treasurer, Head of Global Treasury activities at Nokia Group 1993–1995. Several positions within Nokia Group's Treasury functions since 1982. Member of the Board of DNA and member of the Board of Directors of Sitra, The Finnish Innovation Fund. Member of the Board of Directors of Unicef, Finland. Member of Neste's Audit Committee.

* Holdings in Neste Corporation on 31.12.2016: 0 shares



Marco Wirén

M.Sc. (Econ.)

Born in 1966

Member of the Board since 2015

Independent member

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

* Holdings in Neste Corporation on 31.12.2016: 1,000 shares

**Board of
Directors CVs on Nes-
te.com >>**

* Holdings in Neste Corporation on 31.12.2016: own holdings and controlled entities.

Board Committees

President & CEO

Neste's President & 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 & 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 & CEO is appointed by the Board of Directors, which evaluates the performance of the President & 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 & CEO can be found in the 2016 Remuneration Statement.

Neste Executive Board

The Neste Executive Board (NEB) assists the President & 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 2016 Remuneration Statement.

2016

The Neste Executive Board comprised ten members and met 12 times in 2016. The NEB focused on cash flow management by monitoring and guiding investments and working capital and by implementing an efficiency program targeting variable and fixed costs. The NEB boosted the implementation of the strategy by increasing flexibility in the renewable product raw material base, with a specific eye on the use of commercial and technology-based waste and residue feedstock solutions. The NEB also initiated the development of the business in various renewable product solutions, such as renewable aviation fuels and bio-based chemicals, for which the company founded the Emerging Businesses business unit. In addition, the NEB founded a program to improve the international recognition of the company and its brand. The NEB also continued its work in order to improve safety, change operating methods, improve the availability of production units and to promote more customer-oriented operations.

Members of the Neste Executive Board



Matti Lievonon

President & CEO, Chair of the Neste Executive Board
B.Sc. (Eng.), eMBA
D.Sc. (Tech.) h.c.
Born in 1958
President & 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 Nynas AB. Vice Chair of the Board of the Chemical Industry Federation of Finland. Member of the Board of SSAB AB. Chair of the Supervisory Board of Ilmarinen Mutual Pension Insurance Company and Member of the Advisory Board of National Emergency Supply Agency. Member of the Supervisory Board of The Finnish Fair Corporation.

* Holdings in Neste Corporation on 31 December 2016: 50,757 shares.



Matti Lehmus

Executive Vice President, Oil Products
M.Sc. (Eng.), eMBA
Born in 1974
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 December 2016: 18,282 shares.



Kaisa Hietala

Executive Vice President, Renewable Products
M.Sc. (Physics), Finland and M.Phil. (Env.Sc.), UK
Born in 1971
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 and Feedstock Manager in the Renewable Fuels Business operations 2006–2008. Member of the Board of Kemira Oyj.

* Holdings in Neste Corporation on 31 December 2016: 11,174 shares.



Panu Kopra

Executive Vice President, Marketing & Services
BBA, MBA
Born in 1972
Member of the Neste Executive Board since May 2016

Joined the company in 1996. Responsible for Marketing & Services Business Area (before 7 February 2017 Oil Retail) in Finland, Baltic Rim and Russia. 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 December 2016: 10,605 shares.



Tuomas Hyyryläinen

Senior Vice President, Emerging Businesses business unit

M.Sc. (Econ.)

Born in 1977

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 in various strategy and business development related positions at Nokia. Member of the Boards of Nynas AB and Vapo Oy.

* Holdings in Neste Corporation on 31 December 2016: 6,718 shares.



Simo Honkanen

Senior Vice President, Sustainability and Public Affairs

M.Sc. (Econ.)

Born in 1958

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. Deputy Member of the Board of the Chemical Industry Federation of Finland, Member of the Board of the Smart & Clean Foundation, Vice Chair of the Board of World Energy Council Finland, Member of the Advisory Board for Sustainable use of natural resources at the Technical Research Centre of Finland (VTT).

* Holdings in Neste Corporation on 31 December 2016: 17,612 shares.



Hannele Jakosuo-Jansson

Senior Vice President, Human Resources and Safety

M.Sc. (Eng.)

Born in 1966

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 as Laboratory and Research Manager at the Technology Center 1998–2004. Member of the Boards of Munksjö and Neste Jacobs.

* Holdings in Neste Corporation on 31 December 2016: 14,976 shares.



Osmo Kammonen

Senior Vice President, Communications and Brand Marketing

M.Sc. (Laws)

Born in 1959

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 December 2016: 17,275 shares.



Lars Peter Lindfors

Senior Vice President, Technology

Ph.D. (Tech.), MBA

Born in 1964

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 in various other positions. Member of the Boards of the Fortum Foundation, Finnish Foundation for Technology Promotion, and Neste Jacobs.

* Holdings in Neste Corporation on 31 December 2016: 14,941 shares.



Jyrki Mäki-Kala

Chief Financial Officer

M.Sc. (Econ.)

Born in 1961

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. Chair of the Board of Neste Jacobs.

* Holdings in Neste Corporation on 31 December 2016: 11,000 shares.



Matti Hautakangas

General Counsel and Secretary to the Neste

Executive Board, the Board of

Directors, the Audit Committee, and the Shareholders' Nomination Board

M.Sc. (Laws)

Born in 1963

Joined the company in 2003. Responsible for the Group's legal affairs. Secretary to the Neste Executive Board, Board of Directors, and the Audit Committee since 2004 and to the Shareholders' Nomination Board since 2013. Served previously as Legal Counsel, Oil Refining 2003–2004 and as an attorney-at-law at Procopé & Hornborg Law Offices Ltd. 1994–2003.

Not a member of the Neste Executive Board.

Neste Executive Board CVs on [Neste.com](https://www.neste.com) >>

* Holdings in Neste Corporation on 31.12.2016: own holdings and controlled entities.



Excerpts from the Neste Remuneration Statement 2016

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

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

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

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

The meeting attendance fees do not include travel expenses.

Details of the shareholdings of the Board of Directors are shown on pages 41–42. These shares are personally acquired.

The amounts have remained unchanged since 2008.

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



Summary of Remuneration Policy for the Neste Executive Board

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

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

Remuneration element	Purpose and link to strategy	Description and operation
Long-term share-based incentives	To drive long-term sustainable growth and align the interests of executives with shareholders	<p>Based on the attainment of three-year financial and share price performance targets for Neste. For award cycles commencing in 2016 and 2017, 75% of the awards are based on cumulative comparable free cash flow and 25% are based on the total return of Neste shares relative to the STOXX Europe 600 Index.</p> <p>Awards vest in one tranche after three years, partly in shares and partly in cash. The cash element will cover taxes and other tax-like costs.</p> <p>The award for President & 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 & CEO and NEB members are 30% of salary (previously 40%).</p> <p>Should the amount of total incentive awarded to executives (STI + LTI) exceed 120% of annual salary, the excess amount of LTI shares vesting in any one year will be cut to maintain this limit.</p>
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 & 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 & CEO and NEB members must accumulate and maintain a shareholding which is equivalent to their annual fixed salary. Until this threshold is met, participants must retain 100% of vested incentive shares after tax (~50% for 2010 LTI plan).
Service contracts and loss of office payments	To ensure clear contractual terms are followed	<p>Notice period for both the Company and the President & CEO and NEB members is 6 months.</p> <p>In the event of termination by the Company, the President & CEO is entitled to severance payment equivalent to 18 months' salary. NEB members are entitled for 6 months' severance payments.</p> <p>Change of control terms are same as for termination.</p>

Supplementary information

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

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

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

EUR	President & CEO		NEB members (in aggregate)	
	2016	2015	2016	2015
Annual remuneration				
Base salary ⁽¹⁾	685,702	667,623	1,845,731	1,860,683
Taxable benefits ⁽²⁾	7,034	17,040	101,675	113,992
Annual incentive (STI plan) ⁽³⁾	260,337	221,501	683,492	505,950
Total annual remuneration	953,072	906,164	2,630,898	2,480,625
Vested long-term remuneration ⁽⁴⁾				
LTI 2013: 2013–2015 plan	630,226	-	1,538,602	-
LTI 2010: 2012–2014 plan	-	716,954	-	1,538,552
Additional pension				
(see page 89)	957,062	824,019	487,153	462,914
Total remuneration	2,540,360	2,447,137	4,656,653	4,482,091

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

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

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

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

Share incentive awards for the Neste Executive Board

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

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

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

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

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

Shareholdings ⁽¹⁾ of the Neste Executive Board as of 31 December 2016

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

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

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

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

POINT 8. ON THE AGENDA

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

The Board of Directors proposes to the AGM that a dividend of EUR 1.30 per share should be paid on the basis of the approved balance sheet for 2016. The dividend will be paid to shareholders who are included in the list of shareholders maintained by Euroclear Finland Ltd. on the record date set for payment of the dividend, which shall be Friday, 7 April 2017. The Board proposes to the AGM that payment shall be made on 18 April 2017.

Dividend policy

Neste's dividend policy, updated in September 2016, is to distribute at least 40 % of its comparable net profit as dividend.

Dividend payment in 2017:

- 24 March 2017: AGM record date
- 7 April 2017: Dividend payment record date
- 18 April 2017: Dividend payable

The Board of Directors will propose to the AGM that a dividend of EUR 1.30 per share shall be paid for the financial year ending 31 December 2016.

Interim reports in 2017

Neste Corporation will publish financial reports in 2017 as follows:

- Interim Report January–March 2017: 27 April 2017
- Half Year Financial Report January–June 2017: 3 August 2017
- Interim Report January–September 2017: 26 October 2017

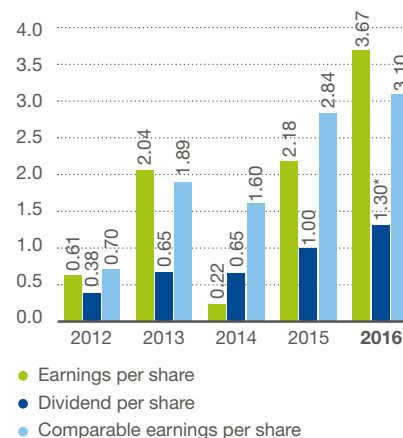
Interim Reports are published in Finnish and English and can be downloaded at www.neste.com/investors.

Shareholder structure, %



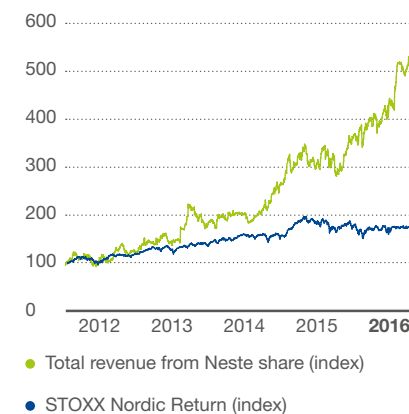
- The Finnish State 50.1% (50.1%)
- International institutions 30.3% (25.0%)
- Finnish institutions 10.1% (13.8%)
- Finnish households 9.6% (11.1%)

Earnings per share and dividend per share, EUR

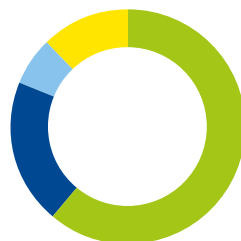


* 2016: Board's proposal to

Shareholders' total return, indexed



Neste share's trading volumes in 2016, %

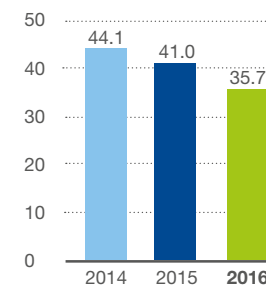


- Nasdaq Helsinki 61.2% (62.5%)
- Chi-X Europe 20.0% (24.5%)
- BATS Europe 6.6% (5.2%)
- Turquoise 12.2% (7.8%)

Neste's share performance 2012–2016, EUR



Total shareholder return, %



POINT 10. ON THE AGENDA

Deciding the remuneration of the members of the Board of Directors

The Shareholders' Nomination Board proposes to the AGM that the annual remuneration paid to the Chair of the Board of Directors, the Vice Chair, and the other members of the Board for their term of office lasting until the conclusion of the next AGM shall remain unchanged, in other words that the Chair shall receive EUR 66,000 a year, the Vice Chair EUR 49,200 a year, and other members EUR 35,400 a year each. In addition, members of the Board of Directors would receive an attendance payment of EUR 600 for each Board or Committee meeting held in the member's home country and 1,200 EUR for each Board or Committee meeting held in another country, plus compensation for expenses in accordance with the 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.

POINT 11. ON THE AGENDA

Deciding the number of members of the Board of Directors

The Shareholders' Nomination Board proposes to the AGM that the number of Board members shall be confirmed at eight.

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 to the AGM that the following members Mr. Jorma Eloranta, Ms. Laura Raitio, Mr. Jean-Baptiste Renard, Mr. Willem Schoeber and Mr. Marco Wirén shall be re-elected, and that the following new members - Mr. Matti Kähkönen, Ms. Martina Flöel and Ms. Heike van de Kerkhof - shall be elected, to sit until the conclusion of the next AGM. The Shareholders' Nomination Board proposes that Mr. Jorma Eloranta continue as Chair and Mr. Matti Kähkönen shall be elected as Vice Chair.

Shareholders' Nomination Board's proposal for the composition of Neste's Board of Directors 27 January 2017



Jorma Eloranta

M.Sc. (Tech.)
D.Sc. (Tech.) h.c.
Born in 1951
Chair of the Board
Member of the Board 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 Boards of Suominen Corporation and Uponor Corporation. Chair of the Board and President of Pienelo Ltd. Vice Chair of the Boards of the Finnish Fair Foundation and Stora Enso. Member of the Board of Cargotec. Chair of the Personnel and Remuneration Committees of Neste, Suominen and Uponor. Member of the Remuneration Committee of Stora Enso. Member of the Nomination and Compensation Committee of Cargotec. Member of the Shareholders' Nomination Boards of Neste, Stora Enso and Suominen. Expert member of the Shareholders' Nomination Board of Uponor.



Martina Flöel

M.Sc. (Chemistry), PhD (Chemistry)
Born in 1960
Independent member

CEO of Oxea 2007–2016. Managing Director and EVP, Europe of European Oxo in 2003–2007. VP 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.



Heike van de Kerkhof

B.Sc. (Mechanical Engineering), MBA
Born in 1962
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. Global Marketing Manager, DuPont Cosmetics and Personal Care 2003–2006. Global Market Segment Manager Automotive, DuPont Safety and Protection 2000–2003. Prior to year 2000, various managerial and leader positions in DuPont De Nemours & Company.



Matti Kähkönen

M.Sc. (Engineering)
Born in 1956
Independent member

President and CEO, Metso Corporation 2011–. 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 (ETLA), board member of the TT fund of the Confederation of Finnish Industries, chairman of the advisory board of the Tampere University of Technology, member of the business council of ICC Finland, and supervisory board member of the Ilmarinen Mutual Pension Insurance Company, among others.

* Holdings in Neste Corporation on 31.12.2016: 12,985 shares



Laura Raitio

M.Sc. (Chem. Eng.), Lic.Tech. (forest products technology)

Born in 1962

Member of the Board 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. Ahlstrom's Senior Vice President, Marketing (sales network, human resources, communications and marketing) 2006–2008. Ahlstrom's Vice President and General Manager for Wallpaper & Poster, Pre-impregnated Decor, Abrasive Base in Osnabrück, Germany 2002–2005. Managing Director of Ahlstrom Kauttua 2001–2002. Several managerial positions within Ahlstrom's specialty paper business since 1990. Member of the Boards of Boardman and Suominen. Member of Neste's Audit Committee.

* Holdings in Neste Corporation on 31.12.2016: 1,500 shares



Jean-Baptiste Renard

M.Sc. (Eng) and an engineering diploma in petroleum economics from the French Petroleum Institute (IFP)

Born in 1961

Member of the Board since 2014

Independent member

Founder and CEO, 2PR Consulting, independent energy expert and consultant. Several positions at BP 1986–2010; Regional Group Vice President for Europe and Southern Africa BP Plc 2006–2010, Group Vice President, Business Marketing and New Markets, and member of Downstream Executive Committee BP Plc 2003–2006. Non-Executive Director of Masana Petroleum Solutions (South-Africa); 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 31.12.2016: 7,650 shares



Willem Schoeber

Dr. (Chem. Eng.)

Born in 1948

Member of the Board since 2013

Independent member

Independent business consultant. Formerly 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 (Germany), 2007–2011. Several positions at Royal Dutch Shell Group's companies 1977–2007, in particular in oil refining. Presently Member of the Supervisory Board of Gasunie N.V. (The Netherlands) since 2013 and Member of the Board of Directors of Societatea Energetica "Electrica" S.A. (Romania) since 2016. Member of Neste's Audit Committee.

* Holdings in Neste Corporation on 31.12.2016: 2,000 shares



Marco Wirén

M.Sc. (Econ.)

Born in 1966

Member of the Board since 2015

Independent member

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

* Holdings in Neste Corporation on 31.12.2016: 1,000 shares

* Holdings in Neste Corporation on 31.12.2016: own holdings and controlled entities.

POINT 13. ON THE AGENDA

Deciding the remuneration of the Auditor

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

POINT 14. ON THE AGENDA

Selection of the Auditor

The Board proposes, on the recommendation of the Audit Committee, that the AGM should select 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 for Neste Corporation. The Auditor's term of office shall end at the conclusion of the next AGM.

POINT 15 ON. THE AGENDA

Closing of the meeting

Notes

Sustainability highlights



With our renewable fuels we reduced greenhouse gas emissions by the annual emissions of

2.4

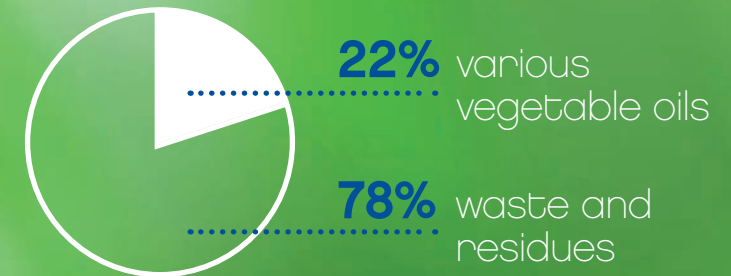
million passenger cars.

Our most significant climate contribution

has to do with cutting global climate emissions:



Record-high share of waste and residues



Our refineries are technically capable of utilizing 100% waste and residues to produce renewable products.

The crude palm oil we use was

100%

certified and fully traceable.

287

Safe Days in 2016

25

Safe Days more than in 2015

We were included in

- the Dow Jones Sustainability Indices
- the CDP Climate and Forest lists among the leading performers
- the Global 100 list in 2017 for the 11th time.

During 2009–2016 we improved our energy efficiency by

855 GWh.



NESTE

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00095 NESTE, Finland
Tel: +358 10 458 11
www.neste.com/en

Download our Annual Report 2016 at
www.neste.com/annualreport

We helped our customers
around the world to cut
their climate emissions by
6.7 million tons, equaling
annual emissions of 2.4
million passenger cars.