Mr. Jorma Eloranta, Chair of the Board of Directors

Dividend proposal

Dear participants of Neste's Annual General Meeting,

This year, there has been much debate on dividends paid out by companies in particular. Therefore, I would like to discuss our views on the matter and the background of our dividend proposal in a more thorough manner than usual.

It has been acknowledged in the public debate that well-managed companies have also been able to increase their dividend payout in recent years. Good dividend payout is also a sign of a healthy company in times as these, with the poor general economy. Dividend is part of the return on investment, and therefore it is a way to keep shareholders interested enough in the company to keep their funds invested in it.

Dividend constitutes the shareholder's money that has already been earned, and it is usually paid from the annual profit. Shareholders have invested their funds in the company because they believe that the company's business operations will provide a better return for their money than they could get elsewhere. Dividend is one part of that return. Another part is the development of the value of the holding, hopefully an increase in value. The money left in the company is used to finance the reform of business and investments, which, if they succeed, lay the foundation for growth and increase in value.

With the dividend policy, the Board of Directors says what kind of dividend it considers right, taking into account that the company still has sufficient funds for implementing its strategy. It is a question of seeking a balance between the company's development needs and shareholders' short-term interests so that the big picture is the most beneficial to the company and all of its shareholders. The aim is to maximize the overall return of the shareholders in the long term.

Neste's dividend policy is to distribute at least one-third of its comparable profit for the period in dividends. The Board of Directors proposes to the Annual General Meeting that EUR 1 be paid per share in dividends for last year. Our dividend proposal is in line with the dividend policy; the proposed dividend amounts to 35% of the profit for last year. The proposal reflects the company's improved result, as the proposed dividend is 54% higher than the previous year. It corresponds to a 3.6% dividend yield calculated using the closing share price at the end of 2015. As I mentioned earlier, Neste's total shareholder return was 41% in 2015. With regard to Neste, the majority of the benefit to the shareholder was due to an increase in value, not dividend.

In preparing the dividend proposal, the Board of Directors has also considered the investment required for developing the company. Currently, we are not aware of any investments or product development projects that would not be implemented because of the dividends or otherwise due to a lack of funds. Neste's balance sheet and financial position are healthy, so we believe that we can finance all profitable projects that improve our competitiveness and reform our offering with reasonable and manageable risks.