

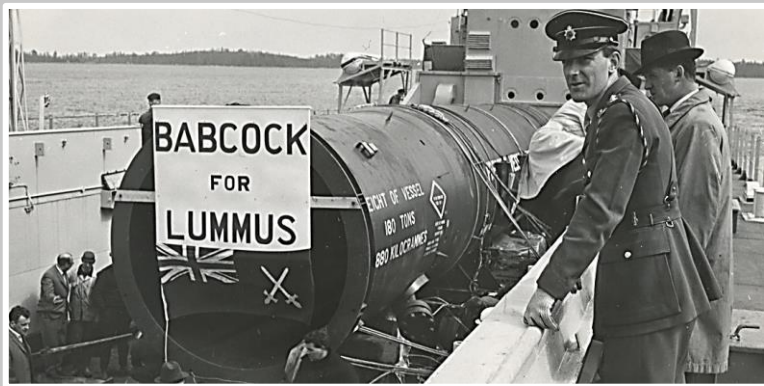
European Union renewable fuels policy - perspectives from the market leader

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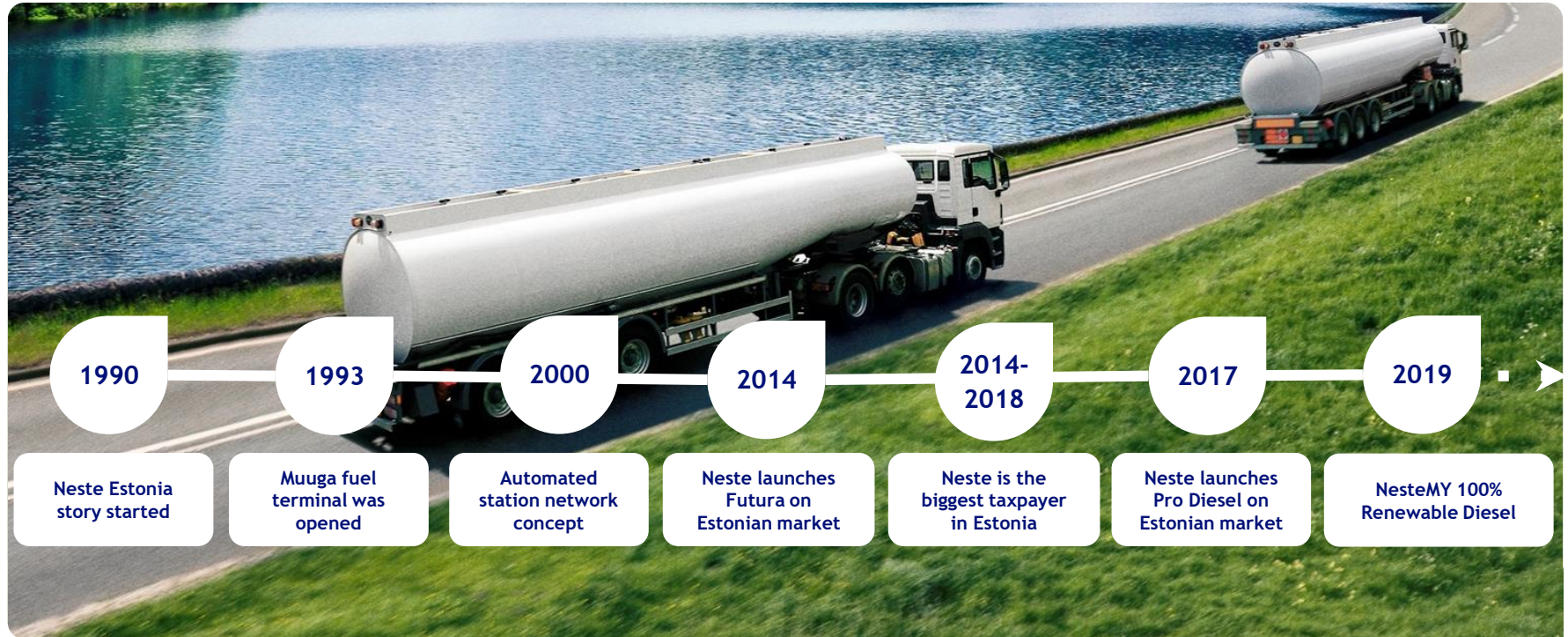
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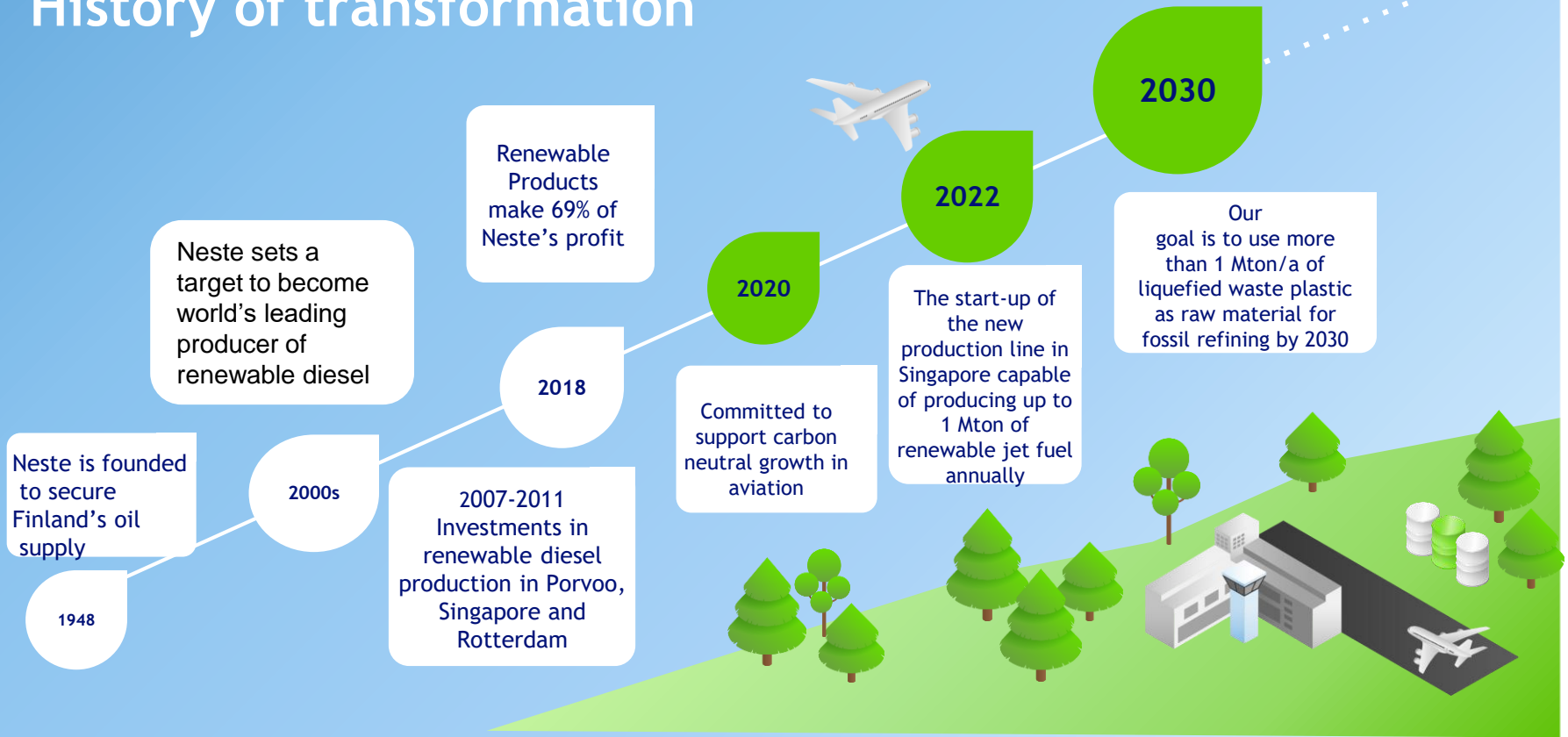


Neste established
after World War II
to secure Finland's
oil supply

Neste's journey in Estonia



History of transformation



Renewable Diesel (HVO)

- Highest quality diesel fuel in the world
- No B7 blending limit
- “Drop-in” fuel: suitable for existing infrastructure and engines
- Up to 90 % greenhouse gas emission savings compared to fossil fuels (RED LCA methodology)
- Burns cleaner: Can reduce small particle and NOx emissions depending on the engine technology
- A broad range of raw materials



Neste MY renewable diesel

Compliant with EN 15940

100 % pure
renewable diesel
made from 100 %
waste and residues

Drop-in fuel:
Fits to existing
infrastructure
and engines

Up to 90 %
greenhouse gas
savings compared
to fossil diesel

NESTE

Renewable raw materials

Neste's renewable raw material portfolio consists of over 10 different waste and residue oils and fats and vegetable oils

Waste and residues account for approximately 80% of Neste's renewable raw material use annually

All renewable raw materials Neste uses are sustainably produced* and traceable to the place of origin

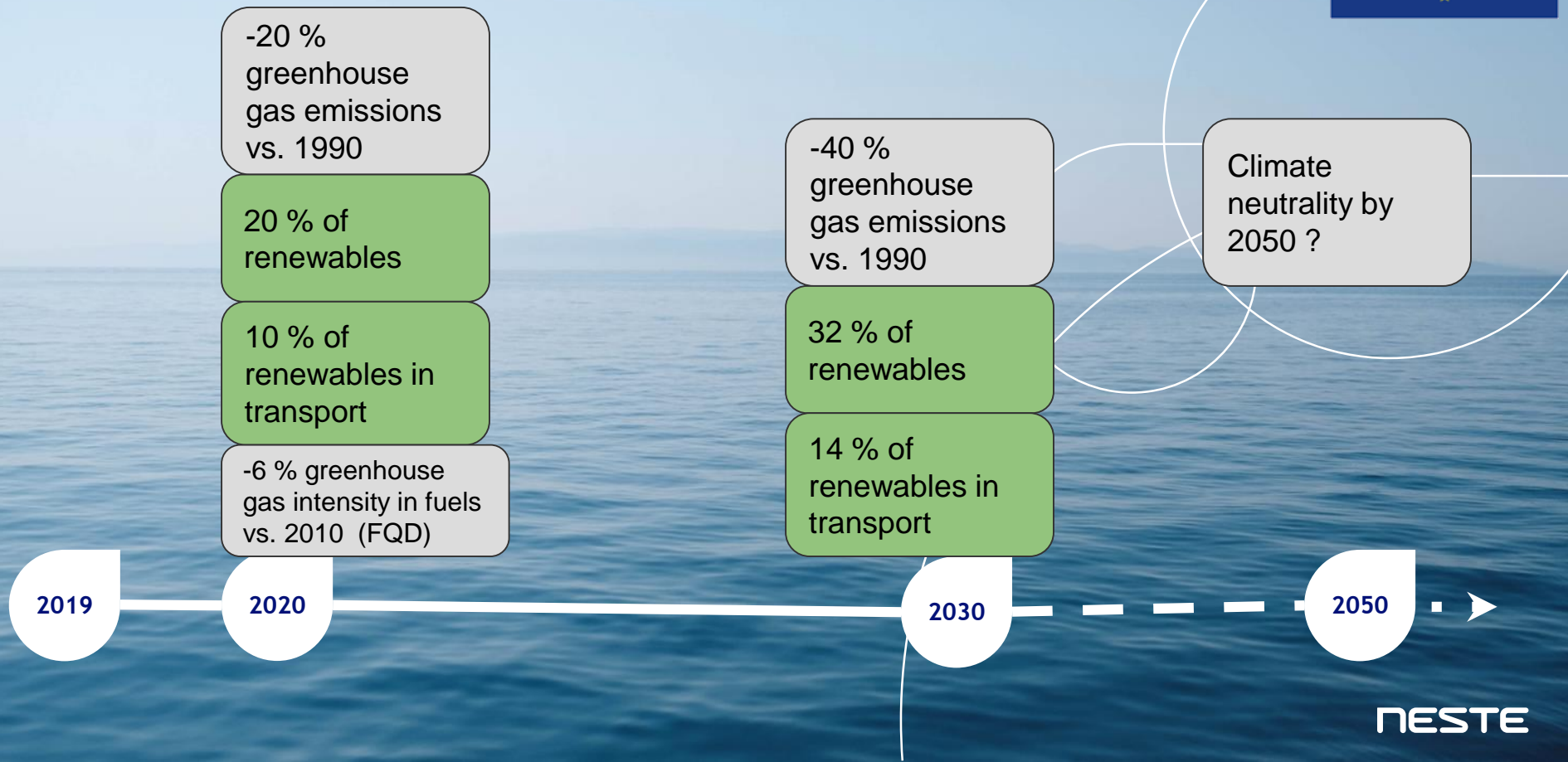
Products have consistent high quality independent of raw material used

*Meeting or exceeding e.g. EU RED requirements

European Union climate and renewable fuels policy



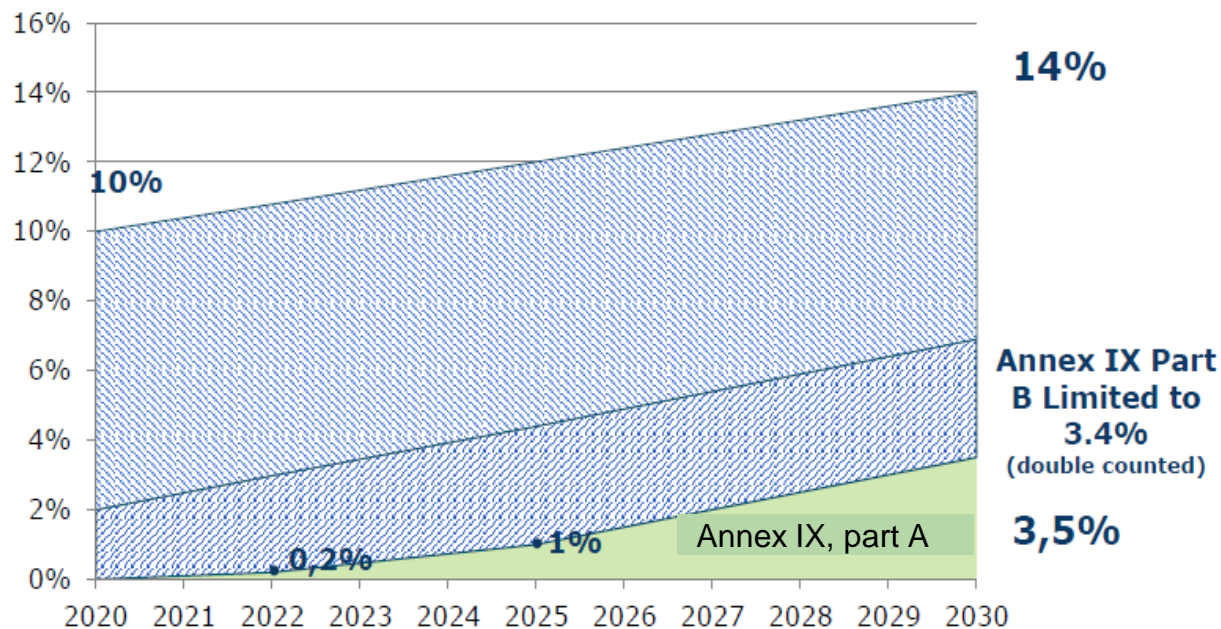
Worry over climate change is increasingly driving EU policies



RED II Directive sets a new framework for 2021 - 2030



- Minimum 14% renewables in the transport sector in each Member State in 2030
- All types of renewable energy sources are taken into account as long as they fulfil the sustainability criteria
- A sub-target for biofuels and biogas produced from feedstock listed in the Annex IX, part A
- Renewable fuels supplied to aviation and maritime will be 1.2 counted
- GHG limits -50%, -60% and -65% depending on the beginning of operation
- Phase-out of palm oil unless certified as low ILUC-risk crops
- Optional double-counting



Ambitious biofuels targets in nearby markets

Norway

- Mandate is 20% in 2020 (vol. Diesel & gasoline combined), up from 12% in 2019. 8% sub-mandate for “advanced” biofuels (= DC feedstocks)
- The target for the mandate is 40% within 2030.
- From January 1 st 2020 a mandate for 0,5% advanced jet biofuel (actual volume)

Denmark

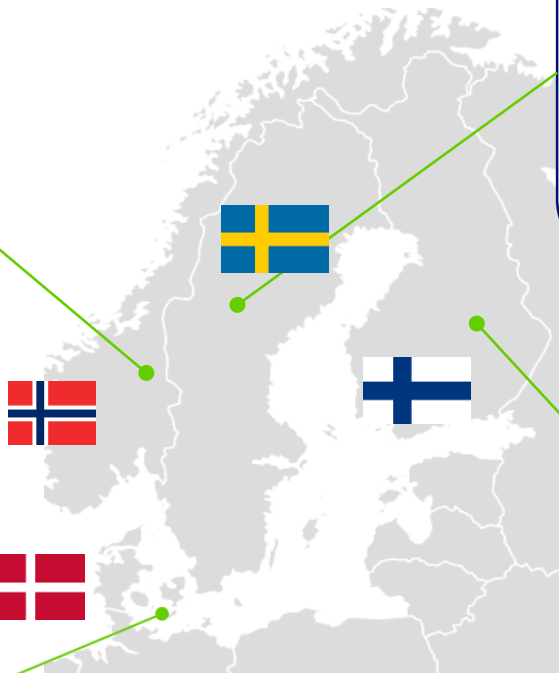
- 8% ; 0.9% mandate for advanced biofuels starting
- New govt. has announced targets to reduce emissions by 70 percent over the next 11 years, This has not yet been translated into concrete measures. But stated ambition to ban on diesel and gasoline cars by 2030.

Sweden

- GHG reductions with biofuels: Diesel: 2020: 21%, Gasoline: 2020: 4.2
- By 2030, emissions from domestic transport should be reduced with by least 70 per cent compared with 2010.
- Reduction quota for aviation starting 2021?

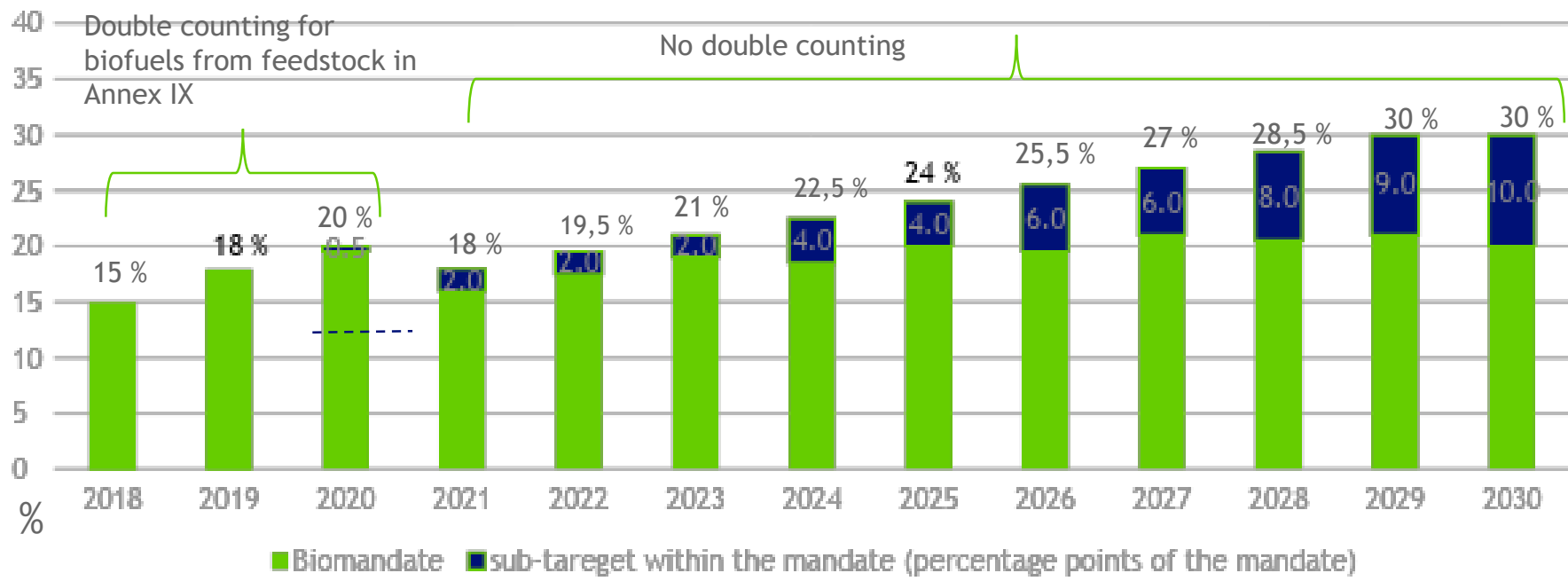
Finland

- Blending obligation growing to 20% in 2020 and further up to 30% in 2029 (Double counting ends 2021).
- Plans for biojet (30% by 2030)



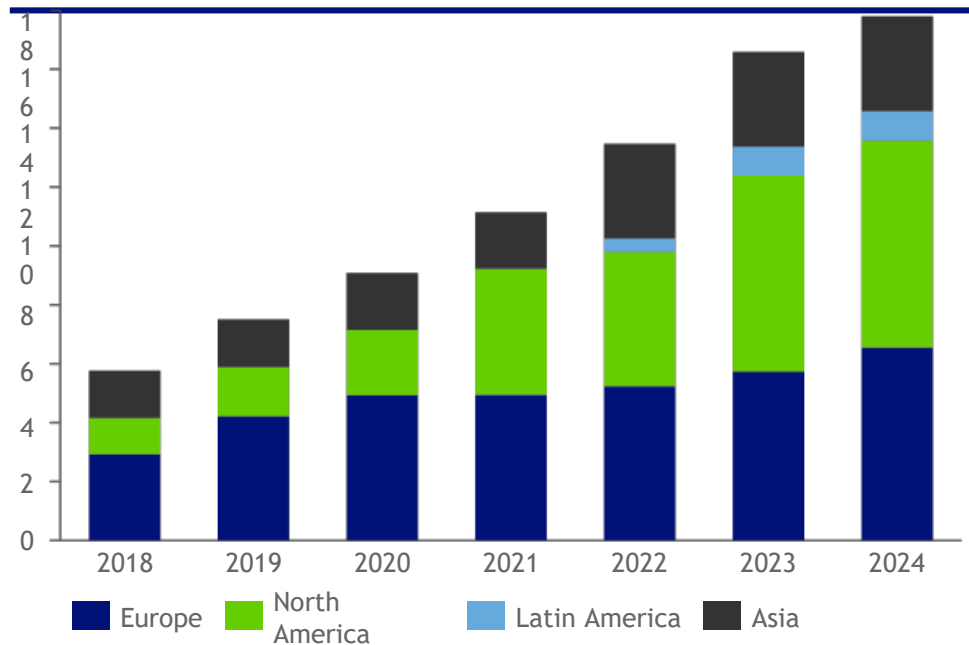
Finnish liquid biofuels mandate for on-road 2021-2030

Biomandate and sub-target within it (RED Annex IX, part A)



Renewable Diesel - a growing industry

Global renewable diesel capacity by region (Mt/a)



Note: Some announced projects are still subject to final investment decision.

Source: Company announcements

European producers



TOTAL

NESTE



REPSOL



UPM

Success factors for renewable fuels obligation

Predictability:

Stable long term blending obligations enable investments and proper planning

Broad raw material base:

A broad raw material base allows for cost-efficiency and helps avoiding scarcity

Reasonable flexibility in fulfillment of blending obligations:

Fulfillment within a given year, roll-overs, etc.

