

A photograph of a family walking away from the camera on a stone path. The father, wearing a black t-shirt and white trousers, is on the right, holding the hands of two children. The children, a boy in a blue shirt and grey trousers, and a girl in a light blue shirt and dark trousers, are walking towards the left. The path is made of large, flat stones and is surrounded by dry, brownish vegetation. In the background, there are mountains under a clear blue sky.

European Green Deal: challenges and opportunities for a sustainable company

26 October 2020

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Neste in brief

Founded in
1948

to secure oil supply
for the state of
Finland

3rd

most sustainable
company in the
world (2020 Global
100)

World's

#1

producer of Renewable
Diesel & Jet Fuel from
waste and residue

In 2019,
our renewable
products helped our
customers reduce
GHG emissions by

9.6 Mt

70%

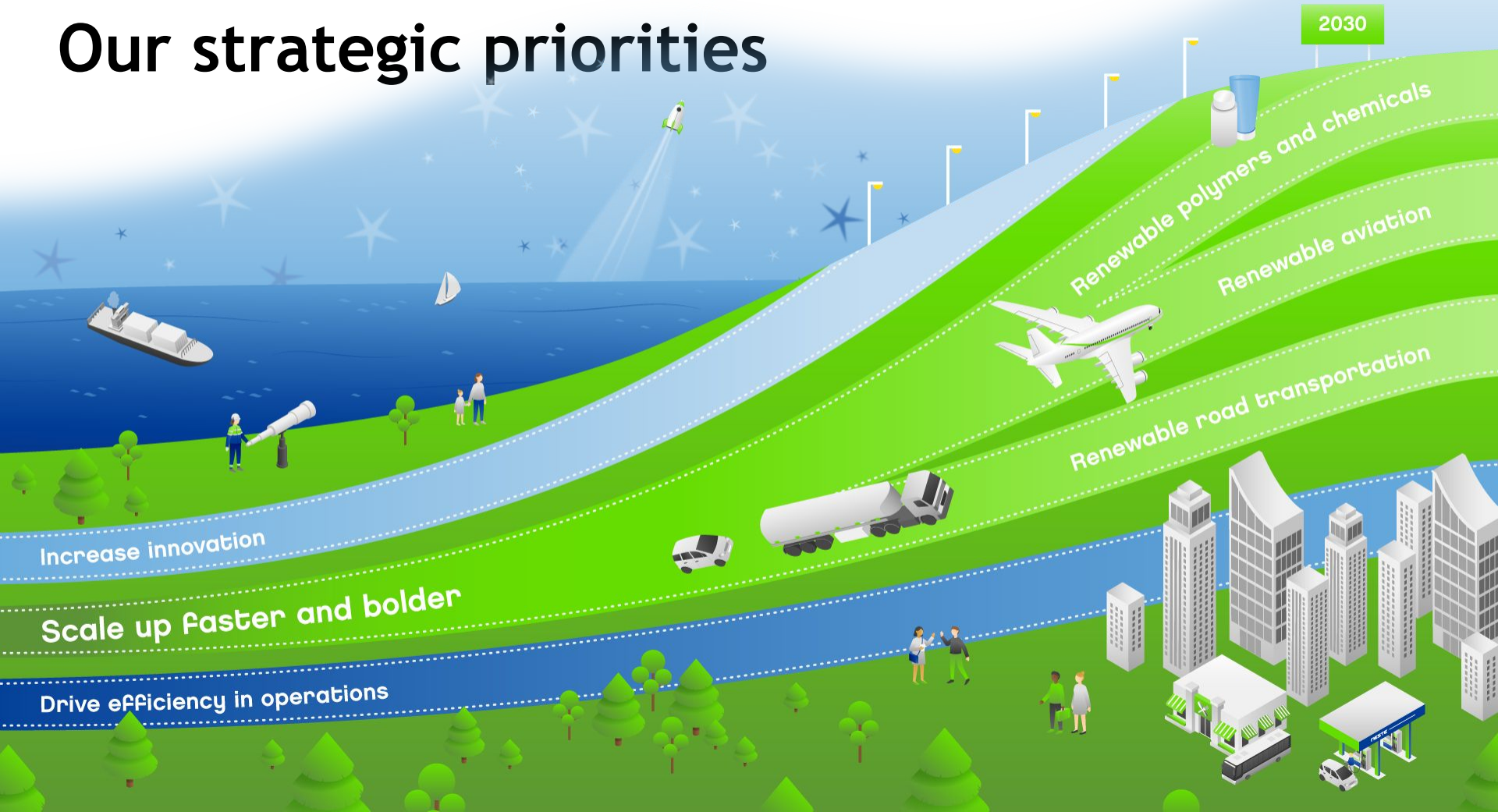
of R&D budget
invested in
researching and
testing future raw
materials

Renewable
products production
capacity

**3.2 →
4.5 Mt/a**

in 2023

Our strategic priorities





The European Green Deal

Increasing the
EU's **climate
ambition** for 2030
and 2050

Full mobilisation
of industry to
achieve a **climate
neutral and
circular economy**

New circular
economy action
plan focusing on
waste reduction
and **sustainable
product policy**

Boost the market of
**secondary raw
materials** with
mandatory recycled
content

The progress of the EU Climate Action

Step 1
basics

2020 targets: “20-20-20 pack”

GHG, RED, EED

Step 2
land use added

2030 targets:
emission trading sector (EU ETS)
+ effort sharing sector (ESR)
+ land use sector (LULUCF)

at least -40% GHG, 32% RE, 32.5% EE

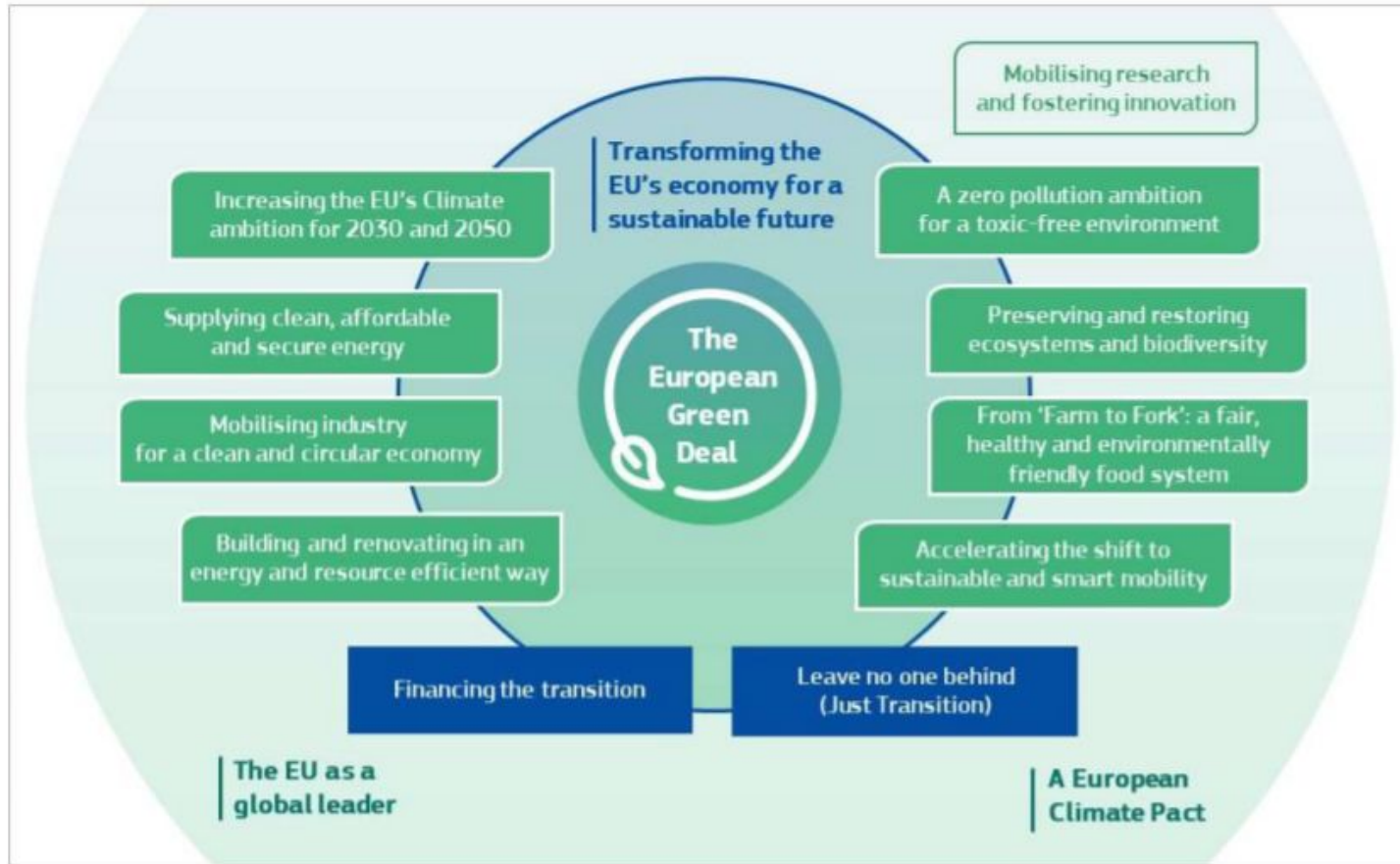
By June 2021:
“Review and propose
to revise where
necessary, all
relevant
climate-related
policy instruments”

Step 3
more ambition
and inclusion of
many sectors

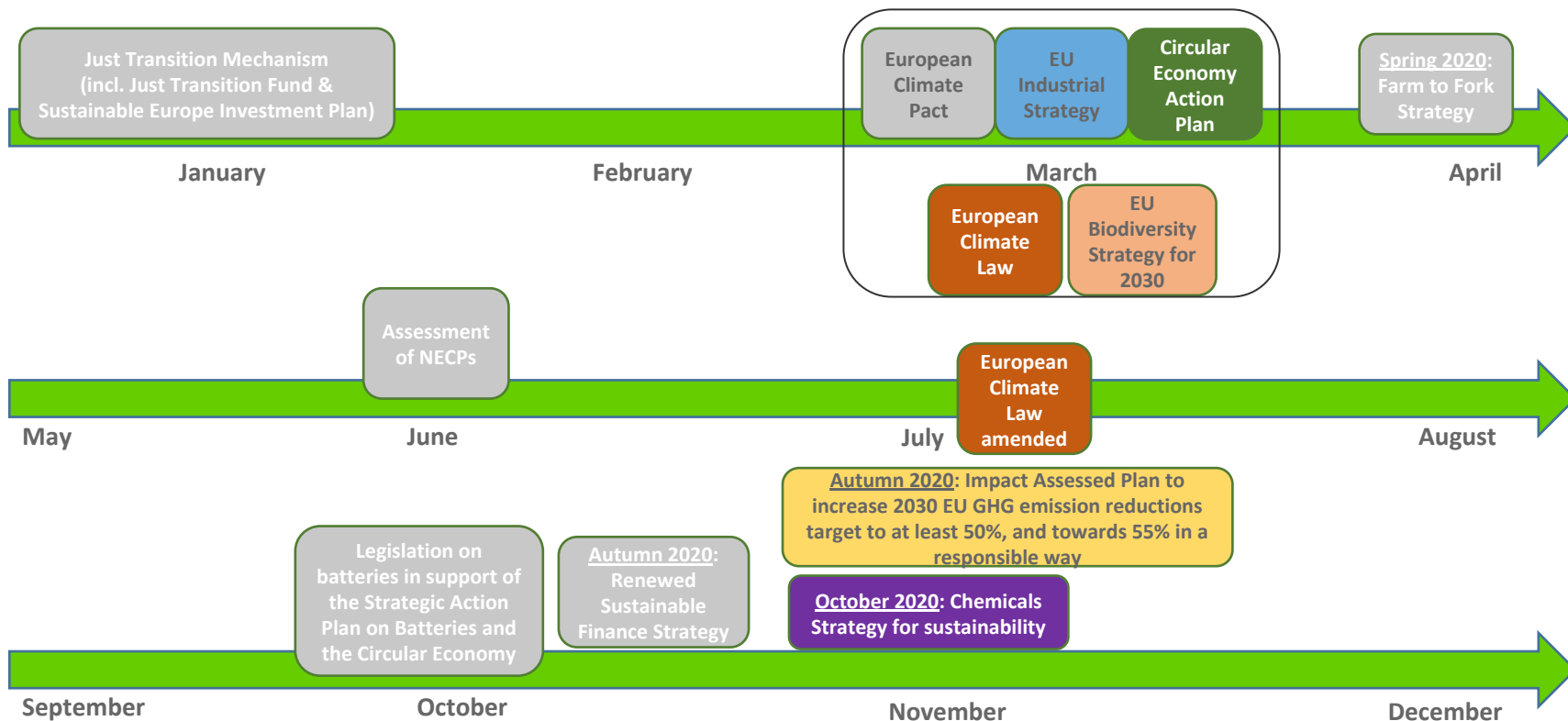
EUROPEAN GREEN DEAL PROPOSAL 11.12.2019

- ❖ **more ambitious climate targets (-50...-55% GHG by 2030)**
 - Impact Assessed Plan by autumn 2020; Carbon Border Tax
- ❖ **carbon neutral EU by 2050**
 - The first European Climate Law; European Climate Pact
- ❖ **added with several new sectors, i.e. finance, taxes, circular economy, biodiversity etc.**
 - EU Industrial Strategy, Circular Economy Action Plan, EU Biodiversity Strategy 2030, Zero-Pollution Action Plan, Chemicals Strategy for Sustainability, Renewed Sustainable Finance Strategy, Revision of the Energy Taxation Directive, ...

The European Green Deal (EGD)



European Green Deal (EGD) indicative timeframe 2020



European Green Deal - overall targets

- EU's overall 2030 GHG reduction target to 50 - 55%
 - from present "at least 40%"
 - impact assessment by autumn
- The first **European Climate Law** by March 2020
 - 2050 climate neutrality target will be set in the law
 - "To achieve climate neutrality, a 90% reduction in transport emissions is needed by 2050"
- The Commission will propose to extend European emissions trading (ETS) to the maritime sector, and to reduce the EU Emissions Trading System allowances allocated for free to airlines
- By June 2021, review and propose to revise where necessary, all relevant climate-related policy instruments (ETS, ESR (non-ETS), RED II,...)
- A new industrial strategy and a circular economy action plan by March 2020
- Review of the relevant State aid guidelines, including the environment and energy State aid guidelines (2021)

A GREEN DEAL FOR EUROPE

A significant priority for the new Commission, the **Communication on the European Green Deal** was published in December 2019.

A multitude of intended legislative proposals and action plans with the aim to make the EU carbon-neutral by 2050. To this end, the Commission wants to review all legislative instruments on energy and climate policy by June 2021 and increase the 2030 emission reduction target to 50 % (or to 55%). Transport sector will be a special focus.

Key proposals (such as the Climate Law on 2050 climate neutrality, new EU Industrial Strategy, and Circular Economy Action Plan 2.0) were published in March 2020.

Neste advocacy goal: Recognition of the significant contribution of sustainable biofuels and Neste circular economy solutions to the EU's climate ambitions.

- Raise awareness and **convince decision-makers on the benefits of sustainable biofuels** in decarbonising the aviation and road transport sectors.
- **Promote Neste solutions to achieve full circularity** in line with the ambitions of the EU's new Industrial Strategy and the Circular Economy Action Plan.
- Ensure COVID-19 does not decrease level of ambition but reinforces the need for a green recovery.

Our climate commitments

HANDPRINT

Neste to reduce customers' greenhouse gas emissions with its renewable and circular solutions by at least 20 million tons CO₂e annually by 2030

FOOTPRINT

Neste to reach carbon neutral production* by 2035

* Scope 1 & 2

NESTÉ



Total plastics demand
in Europe **51 Mt/a**
and growing

Post-consumer waste in Europe
27 Mt/a of which 17 Mt packaging

8.5 Mt/a

3-4 Mt/a

> 1 Mt/a

**EU's Strategy for
Plastics in a
Circular
Economy:**

Increase recycling
of plastic and
reuse of plastic
packaging by
2030

Target for recycling in Europe

In the EU waste package,
recycling target for plastic packaging

- 50% by 2025
- 55% by 2030

Currently collected for recycling in Europe

Actually recycled in Europe

Neste target

Sources of figures: Plastics Europe, Deloitte, 2017

En 2019, la production de carburants renouvelables par Neste a permis une réduction significative des émissions de GES

Réduction de

9.6

millions de tonnes
d'émissions de GES
par rapport à
l'utilisation d'
énergies fossiles

Equivalent à la
suppression de

**3.5 millions de
véhicules
particuliers**
des routes

Volumes annuels d'émissions de GES

- UE : 4700 M tonnes/an
- France : 457 M tonnes/an
- Finlande : 55,5 M tonnes/an

Neste has started commercial sales of Sustainable Aviation Fuel since 2019





CASE

Responsible choices at home:

Redefining the future of plastics

IKEA and Neste are partnering to produce renewable polymers from Neste's renewable hydrocarbons derived from waste and residue raw materials as well as sustainably-produced vegetable oils.

IKEA aims to switch all
of the plastic used in
IKEA products to plastic
based on recycled
and/or renewable
materials
by 2030

"IKEA wants to contribute to a transformational change in the industry and to the development of plastics made from recycled or renewable sources. We are moving away from virgin fossil-based plastic materials in favor of plastic produced from more sustainable recycled or renewable sources."

LENA PRIPP-KOVAC, SUSTAINABILITY MANAGER, IKEA OF SWEDEN



■ We want to create
a healthier planet for
our children by
creating responsible
choices every day.