Neste Oil welcomes strict sustainability criteria for biofuels

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Neste Oil Corporation
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The European Commission to propose a directive on the promotion of the use of energy from renewable sources

Neste Oil welcomes the transport biofuels targets and the strict environmental sustainability criteria for biofuels proposed by the European Commission. Neste Oil agrees that no feedstocks should be permitted if obtained from high-biodiversity land (forest with no significant human intervention) or land with high carbon stock (e.g tropical wetlands).

Neste Oil's own NExBTL renewable diesel will conform to the sustainability criteria proposed by the Commission. It is the world's cleanest diesel and has the potential to use a wide variety of feedstock. Neste Oil continues to develop its next generation fuel technology that can also use alternative non-edible feedstocks such as wood chip.

"We believe that high standards of sustainability are essential to the long term success of the renewable fuels industry. Renewable fuels made from sustainable feedstocks can make an important contribution to reducing transport CO2 emissions," says Mr Risto Rinne, President and CEO of Neste Oil Corporation.

"Bio-feedstock producers, producing countries and users should work towards enforceable rules that simply make unsustainable biofuels production bad business. Sustainability should create the basis for profitable business operations in biofuels. These ideas should be built into legislation. The European Commission's proposal is a positive move towards this direction," added Mr Rinne.

Neste Oil is committed to continue working with a wide group of stakeholders in order to ensure sustainability practices and standards over the entire life cycle of NExBTL renewable diesel production. Neste Oil is pleased to see that the Commission held to the targets for increasing the usage of biofuels in the EU countries. The EU's leadership has helped to drive standards up globally.

However, Neste Oil believes that the proposal does not yet achieve technology neutrality for biofuels. The EU should evaluate technologies and feedstocks based on sound science, ie. on their efficiency and greenhouse gas balance. The EU should keep the door open to technologies and feedstocks which do not even exist today to encourage further innovation.

Climate change is a global problem and needs global solutions. To meet its targets, Europe will need feedstocks and biofuels which are produced outside Europe.

"All in all, it is reassuring that the debate is entering a more mature stage and some of the 'silver bullet' hype is being displaced by a more sober assessment that there will be good and bad biofuels", said Mr Rinne.

NESTE OIL CORPORATION
Osmo Kammonen
Senior Vice President, Communications

Further information:
Jarmo Honkamaa, Deputy CEO, Neste Oil, +358 10 458 4758
Simo Honkanen, Vice President, Biodiesel Division, Neste Oil, +358 50 458 4170

About Neste Oil
Neste Oil Corporation is a refining and marketing company focused on advanced, clean traffic fuels, with a strategy that prioritizes growing its refining and premium-quality renewable diesel businesses.

Neste Oil's refineries are located at Porvoo and Naantali in Finland, and have a total refining capacity of approx. 250,000 bbl/d. The company employs around 4,800 people and its shares are listed on the Nordic Exchange Helsinki. For further information, see www.nesteoil.com

About NExBTL

NExBTL, produced by Neste Oil, is the cleanest renewable diesel fuel available today. It offers significant reductions in both greenhouse gas emissions and pollution compared to fossil diesel fuel. The precise reductions in greenhouse gases depend on the raw materials used in production. Tests have shown NExBTL to produce 40-60% less reduction of greenhouse gases throughout the whole product lifecycle. NExBTL can be used in any blend, and it does not require modifications to the existing vehicle pool. It can also be used 100% without blending.

Neste Oil view on palm oil as biofuel feedstock

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As a part of the global combat against climate change, the European Union has set a target for biofuels to represent 10 percent of road transport fuel consumption by 2020, a target supported by Neste Oil and respected mainstream environmental bodies including the WWF [1]. There are many challenges in meeting this target – and those set by non-EU nations – especially the need to ensure that growth in biofuel production is ethically sourced from sustainable feedstock, audited and certified. These standards are similar to those now in use in the commercial forestry sector [2].

Neste Oil's proprietary technology for producing NExBTL renewable diesel can potentially use a wide range of raw material feedstocks. In the near-term, vegetable oil sourced from palm oil is among the most widely and commercially available – although we are investing in R&D to explore alternative feedstocks including waste wood and non-food plant oils.

Unregulated and uncertified palm oil cultivation could carry unacceptable risks including deforestation, displacement of land for agriculture, and impacts on biodiversity. This is why Neste Oil has been determined to set the highest standards for sustainability and meet stringent requirements for auditing and certification. Based on the participation in various greenhouse gas calculation working groups [3] palm oil is estimated to have a high potential to save greenhouse gas emissions.

Neste Oil was the first oil company to join the Roundtable on Sustainable Palm Oil (RSPO) and commits fully to sustainable sourcing of feedstocks for the production of the NExBTL renewable diesel. The RSPO has over 270 members, representing all phases of production and civil society – including many NGOs with critical interests in rainforest conservation and protecting the habitat of threatened species including orangutan populations.[4]

Neste Oil believes that innovation and technology can help ensure that increased demand for vegetable oil does not require rain forest devastation. The current output per hectare can be doubled by improving yield through better farming techniques. Furthermore, Neste Oil is looking at ways in which disused land (idle land) can be used to produce vegetable oil. It is estimated that in Southeast Asia alone there is over 20 million hectares [5] of non-rain forest land suitable for sustainable palm oil production currently not in use. Neste Oil's view is that renewable diesel is part of the solution to improving fuel efficiency and reducing the detrimental environmental effects of traffic. Better fuels allow more efficient engines and lower fuel consumption. Better quality fuels, such as NExBTL diesel, also permit the reduction of exhaust gases.

[1] WWF Position on Biofuels in the EU, WWF European Policy Office, July 2007
[2] For example, the Forest Stewardship Council and the Sustainable Forestry Initiative
[3] For example the RTFO process in UK and "Criteria for Sustainable Biomass production" in the Netherlands
[4] NGO members of the RSPO are: WWF (International Secretariat and Indonesian and Malaysian chapters,) Wetlands International, BOS International, PanEco, Global Environment Centre, Oxfam International, Both ENDS, Fauna Flora International, Pesticide Action Network (PAN) Asia-Pacific, Sawitwatch
[5] A study by WWF Germany, Switzerland and the Netherlands: Rain Forest for Biodiesel