

A child in a blue and black plaid shirt and jeans is standing in a field of tall green grass, throwing a green toy airplane into the air. The background shows a line of trees under a clear blue sky. A white graphic element, consisting of a curved line and a vertical line, frames the top and right sides of the title text.

Market Development and Regulation from the Perspective of a SAF Producer

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ISCC Technical Stakeholder Meeting
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Safe Harbor Statement

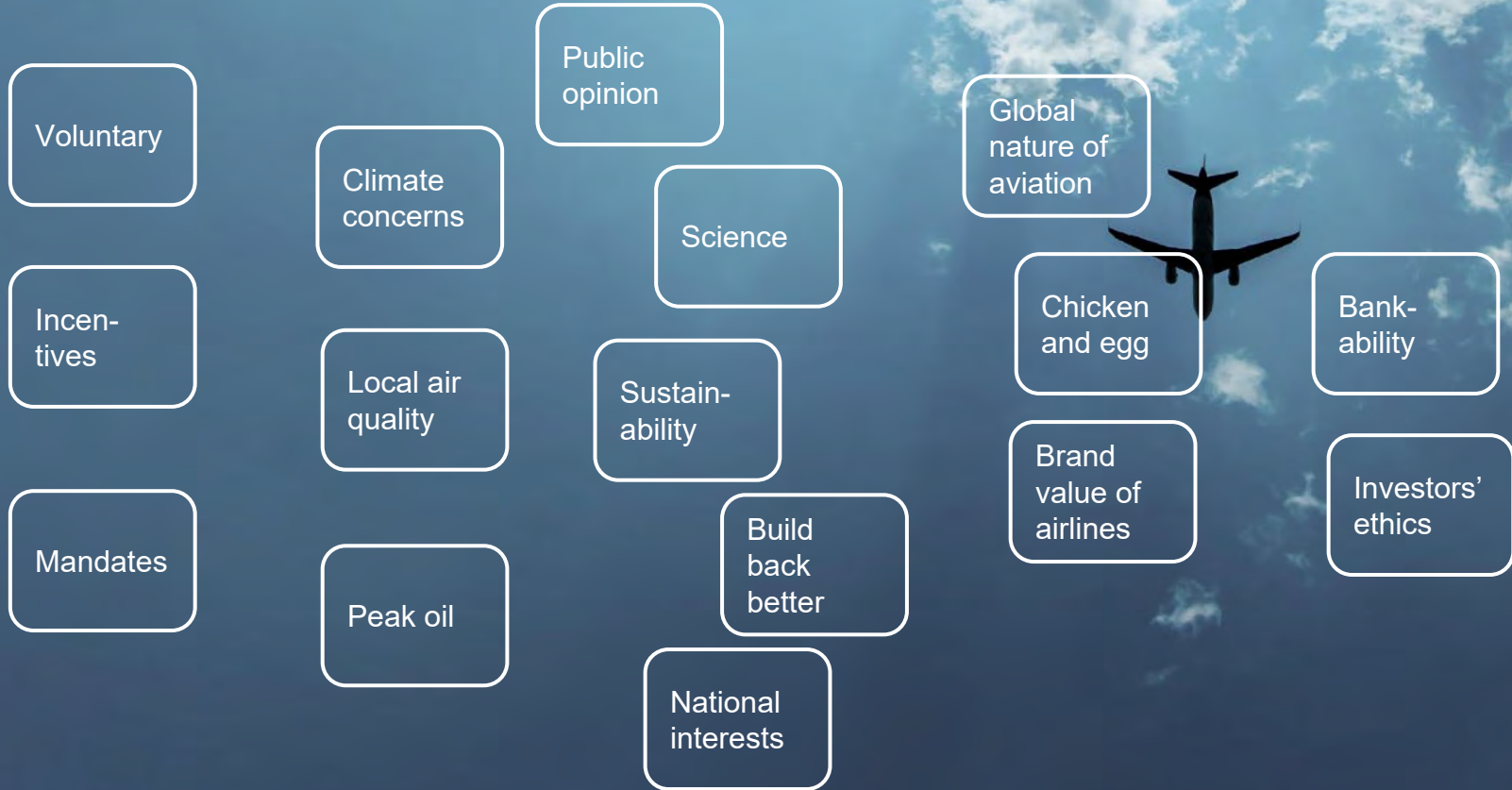
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Agenda

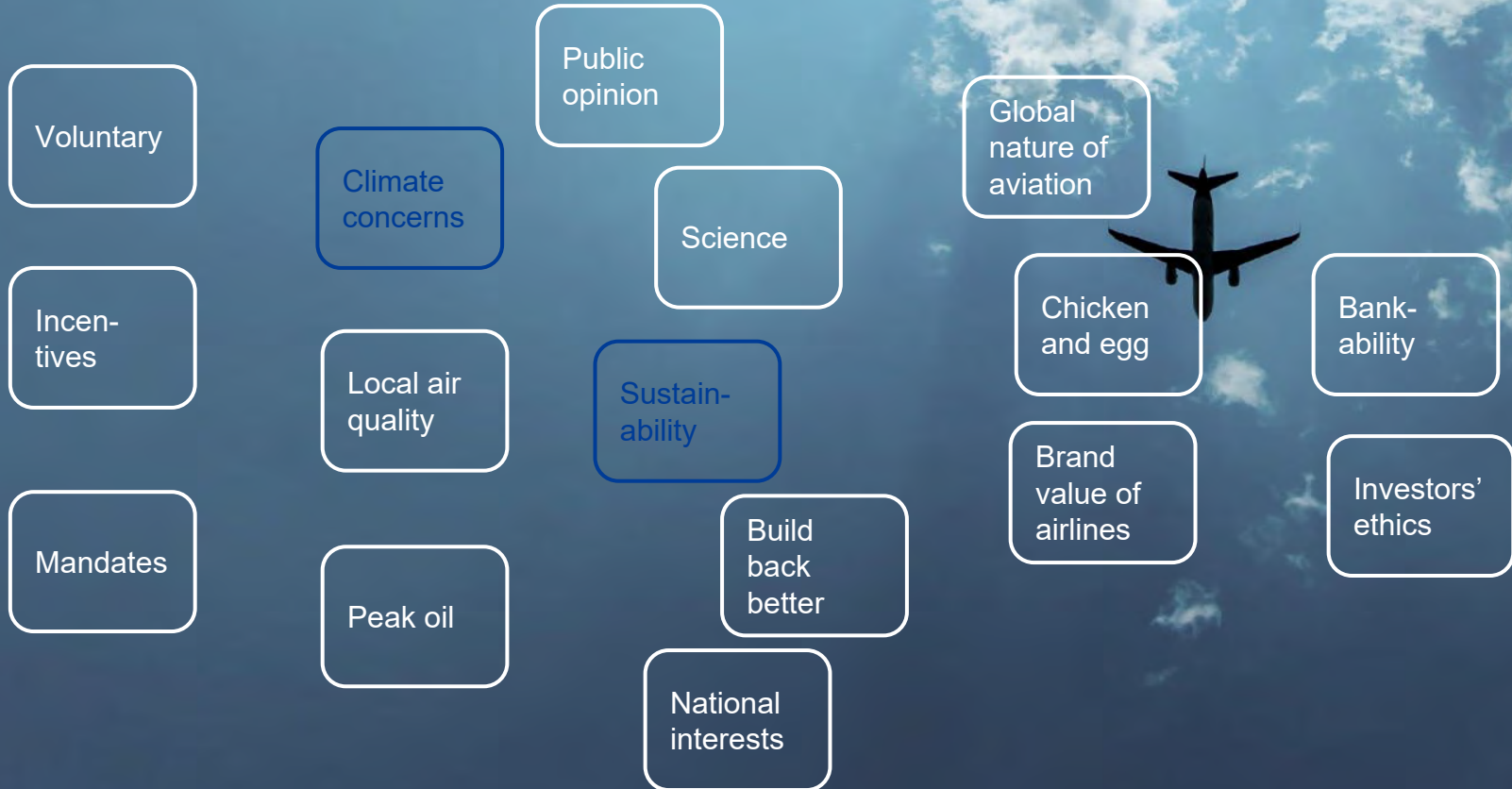
- drivers for the development
- voluntary market
- incentives
- mandates
- ReFuelEU Aviation



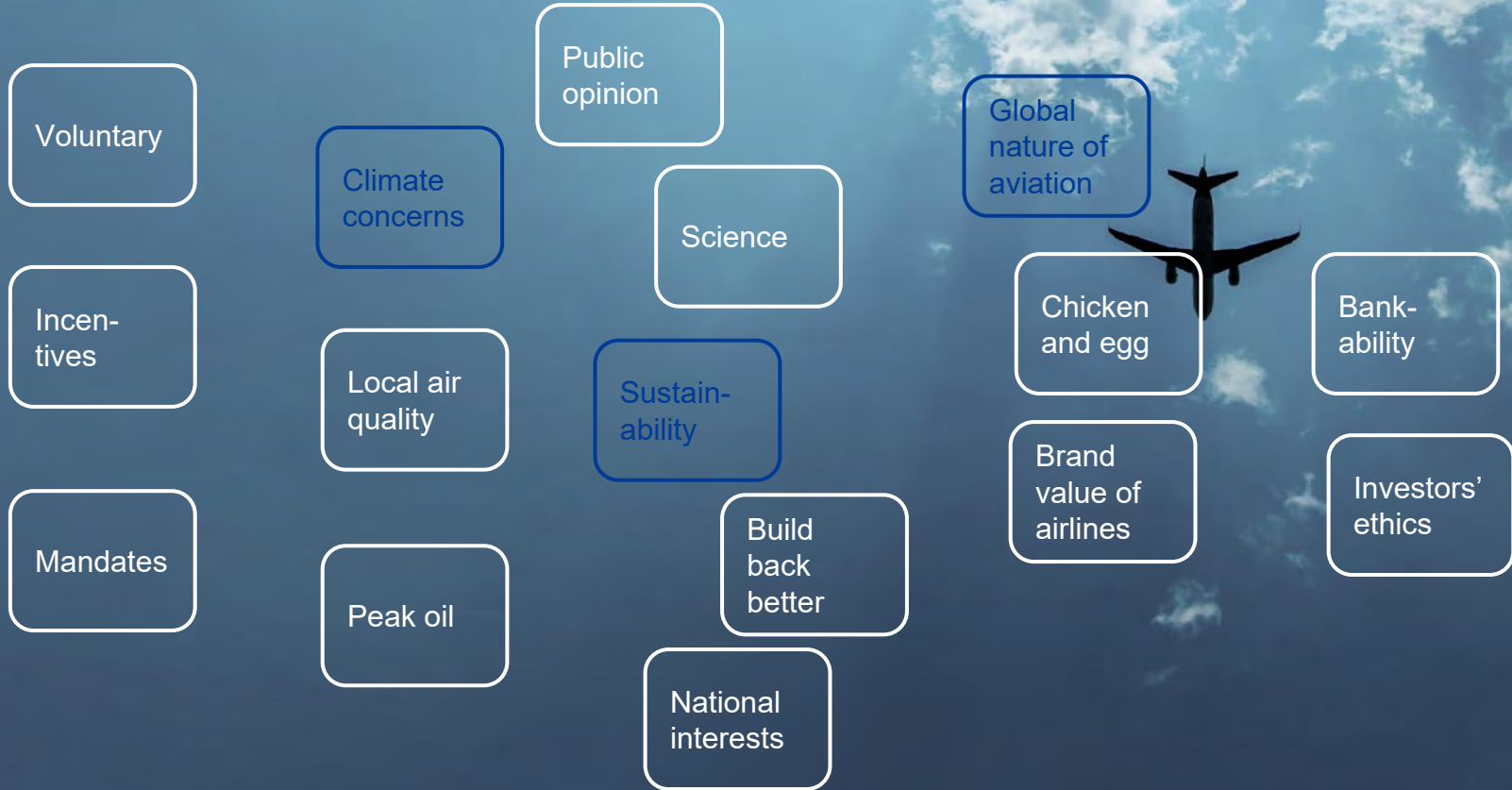
Drivers for the development of SAF market and regulation



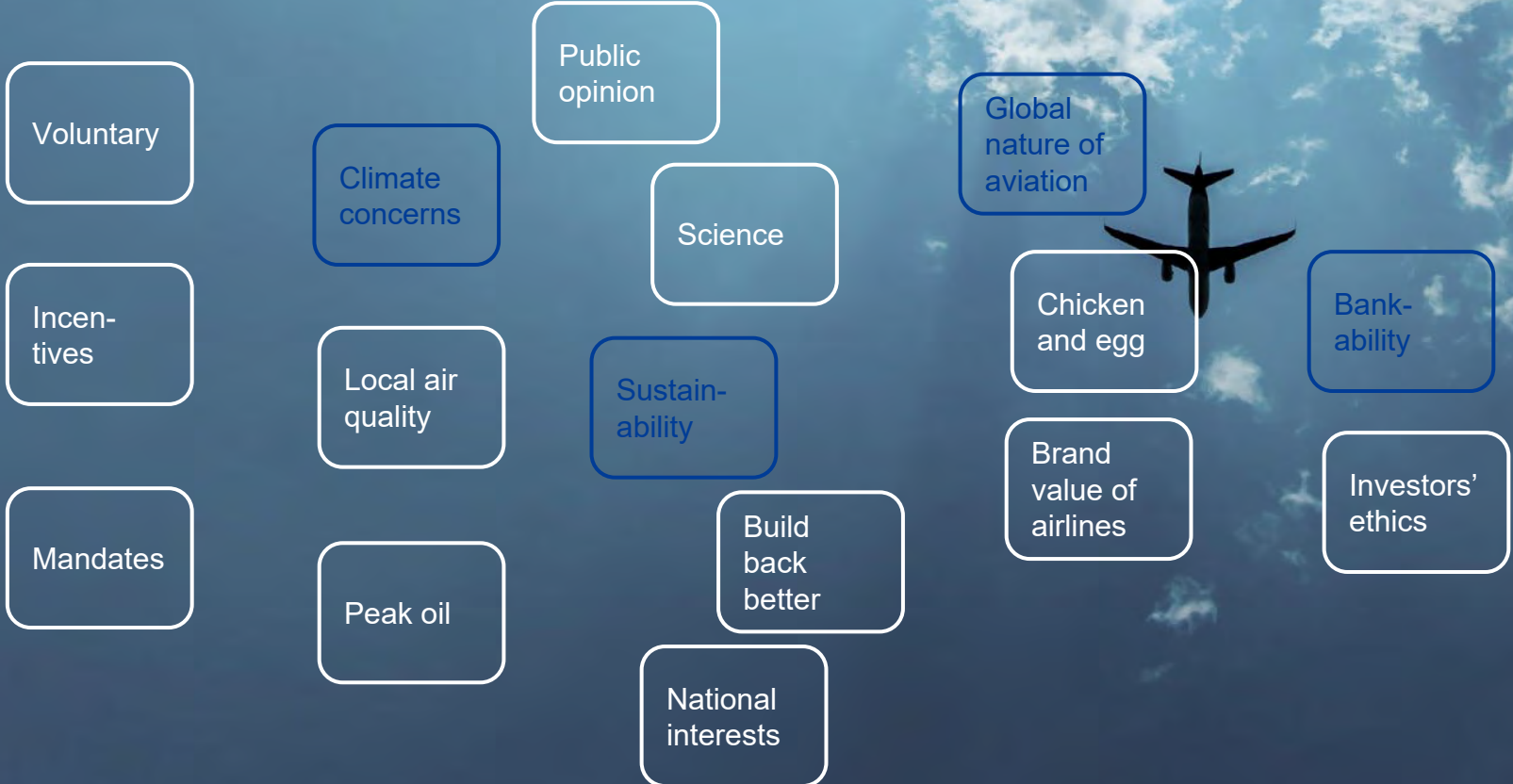
Drivers for the development of SAF market and regulation



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Voluntary market

Corporate SAF market is taking shape with evolving standards and first deals

Companies demonstrating willingness to pay

- First mover businesses announcing SAF transactions to compensate business travel emissions
- Microsoft: SAF supplied to Alaska by World Energy at LAX
- Deloitte: SAF supplied to Delta and American Airlines by Neste at SFO



Standards emerging for reporting emission reduction

- SBTi will launch guidelines for setting targets for business flight emission savings with SAF by Q1 2021
- SAF use is proposed to be reportable as Scope 3 emission reduction versus standalone reporting (similarly as offsets)



Movements towards a standardized market

- WEF Clean Skies for Tomorrow coalition aiming to create a tradable market for SAF credits
- SABA Sustainable Aviation Buyers Alliance
- Neste



Both regulatory initiatives and voluntary market for SAF are needed to drive emission reductions in the aviation



**Mandates and
regulatory
incentives drive SAF
markets**

**Voluntary SAF
market is an
opportunity to
accelerate emission
reductions**

Strong growth in sustainable aviation fuel market with opt-in schemes, incentives and SAF mandates

AMERICAS

Opt-ins continue to drive market growth and additional long-term policy frameworks for SAF expected



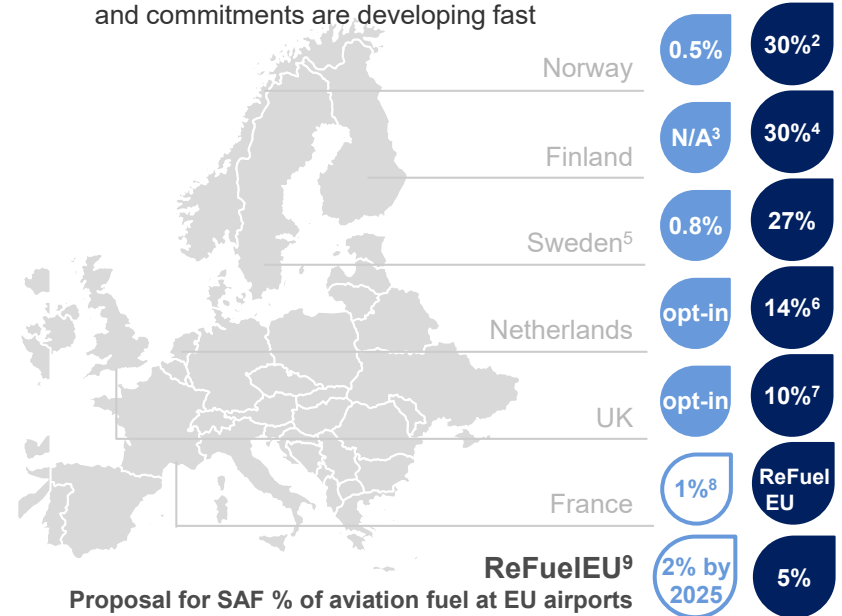
ASIA

Regulation in early phase but Neste well-positioned with regional production in APAC

2021 2030
% of SAF required in fuel volume

EUROPE

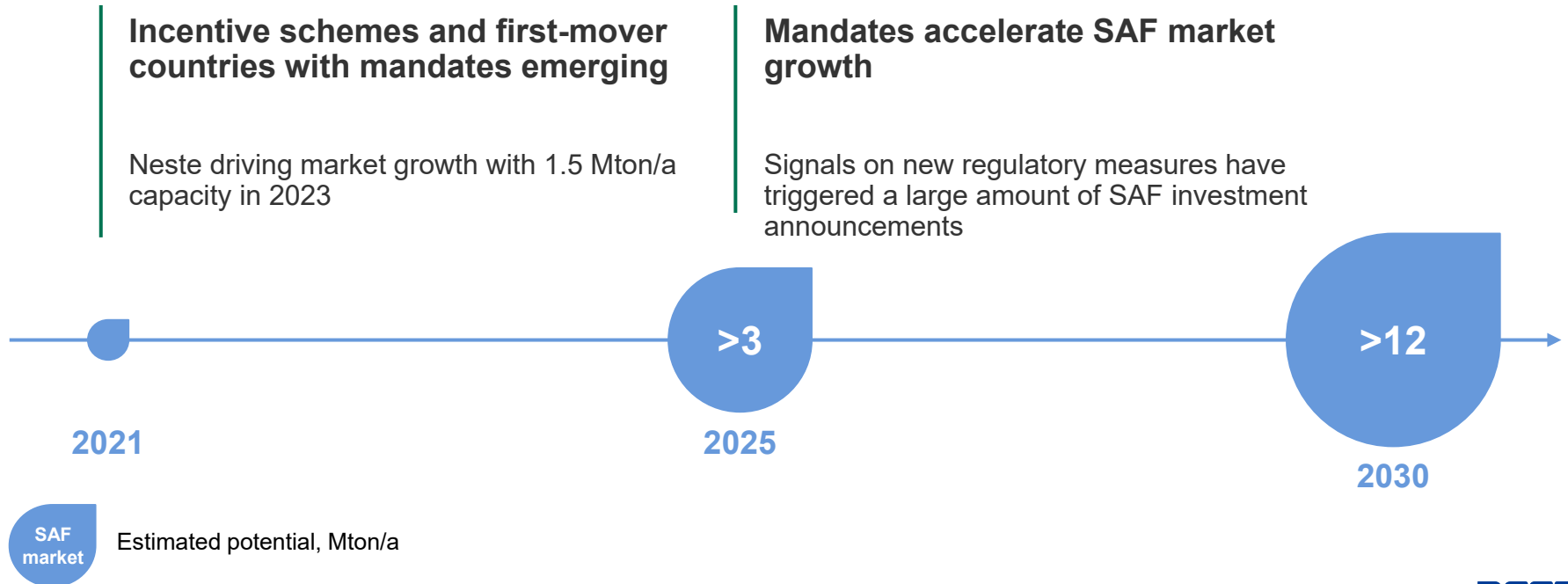
Regulation, national level mandates and commitments are developing fast



Opt-in refers to scheme where a renewable fuel mandate can be fulfilled with using renewable fuels either in road transportation or aviation.

1) Start of program in 2023 2) Proposal 3) Mandate expected in the near future 4) Proposal 5) GHG reduction mandate 6) Up to 14% 7) Up to 10% 8) 1% from 2022 announced 9) The EU-level regulation proposal to ensure SAF account at least 2% by 2025 and 5% by 2030 of aviation fuels at EU airports

Global SAF demand to exceed 12 Mton/a by 2030



Neste welcoming the ReFuelEU Aviation proposal, but changes are needed

A broader pool of feedstocks is needed

Limitation to Annex IX would make only 10% of HEFA feedstocks eligible, leading to:

- cost increases to suppliers and customers
- increased feedstock cost would affect also other sectors
- lost carbon sequestration in cover cropping and farming on degraded and contaminated land

Ambition level shall be higher in 2025 and 2030

Global carbon budget is requiring a much higher ambition than the proposed 2% and 5%. 10% is a realistic number for 2030

- feedstocks are available and production capacity can be built
- 82 stakeholders signed during COP26 the WEF CST 2030 Ambition Statement calling for 10% SAF

Member States should have the flexibility to set higher national mandates

The regulation should set just the minimum level

- some MS have already set or are in the process of setting higher mandates
- all impulses accelerating the defossilisation of aviation are needed

Thank you

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