RENEWABLE ENERGY GROUP 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

REG Marketing Logistics Group, LLI







Note Regarding Forward-Looking Statements: This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. Factors that could cause actual results to differ materially include the risks and uncertainties described in REG's quarterly report on Form 10-Q for the quarter ended March 31, 2020. All forward-looking statements are made as of the date of this presentation and REG does not undertake to update any forward-looking statements.

TABLE OF CONTENTS



>LETTER FROM OUR PRESIDENT



Since our inception, Renewable Energy Group (REG) has blended environmental stewardship with profitable solutions. We convert fats and oils into biodiesel, renewable diesel and other products, offering customers cleaner burning solutions compared to petroleum diesel. We contribute to the circular economy by utilizing inputs that are largely waste byproducts from other industries, creating quality fuel that helps address increasing environmental carbon levels. Our relatively young industry is poised for substantial growth and innovation, driven by demand for the solutions we provide and our ability to offer immediate solutions to global challenges.

While sustainability is inherent in what we do, we recognize a need to be more explicit about our efforts. An increasing number of stakeholders are expressing interest in companies' environmental, social and governance (ESG) impacts, identifying long-term value from businesses focused on these topics. One such group, the Corporate Knights, named REG to its 2020 Clean200 list of publically traded firms generating revenue from products and services that provide solutions for the planet. We are proud to receive such a distinction and encouraged to continue to develop our ability to measure and share openly how sustainability is integrated into our operations.

Our 2019 results highlighted in this, our first–ever ESG report, have set us up to do great things in 2020. Our feedstock-flexible approach prioritizes lower-cost, lower carbon-intensive feedstock as the market allows and enables us to pivot quickly to other advantaged feedstocks as necessary. We optimize our assets, resulting in increased run rates and resource efficiency. Our team builds relationships with fleets and other customers

committed to carbon reduction now by blending higher percentages of our fuel into petroleum diesel and renewable diesel. We focus on incentivized markets, where the value of our renewable product is more thoroughly rewarded.

All of these achievements are made possible by our people. Their safety and that of those around us will always serve as a foundational value for our business, and we will continue our strong performance in this area to ensure those that work for and with our business return home safely and in good health every day. We recognize the outstanding power of our workforce and are constantly seeking new ways to leverage, enhance and reward the hard work of our team.

As our company forges ahead with our mission — to produce sustainable fuels that accelerate the transition to renewable, clean energy — we will continue to do our work thoughtfully and transparently. We are focused on continuously improving our contributions to sustainability and our ability to measure these accomplishments. ESG will continue to be interwoven into our business operations and philosophy, and we look forward to keeping you updated on our progress.

Cynthia J. Warner President and CEO



> 2019 COMPANY HIGHLIGHTS

MILLION GALLONS BIODIESEL AND RENEWABLE DIESEL PRODUCED



BIOREFINERIES

FEEDSTOCK WITH LOWER CARBON INTENSITY



¹ Carbon reduction based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on CA-GREET when available and GHGenius when CA-GREET life cycle analysis not available. ² Total recordable incident rate as defined by OSHA to determine the relative level of injuries and illnesses per 200,000 work hours; we are part of the chemical manufacturing industry, as defined by NAICS 325. ³ See EBITDA reconciliation at end of report.





CANADIAN PROVINCES

U.S. STATES

WHERE REG PRODUCTS WERE SOLD

REG 2019 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT | 4

COUNTRIES





ABOUT REG

Renewable Energy Group, Inc., (Nasdaq: REGI) is leading the energy industry in transforming renewable resources into cleaner fuels like biodiesel, renewable diesel and REG Ultra Clean[®]. We are dedicated to doing this in an environmentally and socially responsible manner, which is why we have integrated environmental, social and governance (ESG) practices into our business objectives.

Similar to the time value of money, there is higher value to carbon reductions now versus those in the future. We are highly active today, meeting our customers' energy needs responsibly, efficiently and sustainably. Our biofuel products serve as replacements for petroleum diesel and have an energy return ratio greater than 5-to-1, meaning five units of energy are generated for every one unit of fossil energy consumed.¹ This positive energy return and the fact that our cleaner fuels are available at scale today puts us in a unique position to help communities transition to a low-carbon sustainable economy immediately.

Our commitment to operate safely, work with integrity, respect our people and drive results guides how our employees conduct themselves and how our board and management operate with the long-term best interests of our customers and shareholders in mind. We run our organization this way not only because it is good business but also because it is the right thing to do.

¹ www.biodieselsustainability.com/faq/



SUSTAINABILITY STARTS WITH US

As a producer of cleaner fuels, environmental stewardship is inherent to our business. This commitment to sustainability is rooted in our culture and shapes how we operate as a company.

Our policies set the tone for our commitment to environmental stewardship. The REG Environment, Health and Safety (EHS) policy sets expectations for our commitment to the safety of our employees, the public and the environment. In 2019, we reviewed the policy and made slight modifications to make it even stronger.

Our policy is supplemented by various standards, procedures and directives to help guide actions across the organization. We also manage our safety and environmental data through an environmental and safety management system. We have created a facility-specific tracking system that identifies applicable regulatory requirements, records inspection and audit results, logs trainings and provides a standardized process of accountability to verify compliance. We also monitor additional activities required to meet corporate standards, which frequently surpass regulatory compliance obligations. Each REG facility must update this data monthly, and local personnel work with the centralized EHS team to maintain complete, accurate and consistent reporting.

DOING THE LITTLE THINGS

Our dedication to the environment goes beyond policies. We also make routine decisions to improve our everyday activities and engage our workforce in the process.

2019 Highlights





BUTTERFLY HABITAT RESTORATION

Monarch butterflies are a critical part of the pollination process, leading to a healthier, more beautiful world. Their populations are declining, due in part to a loss in habitat and food source. That's why we established a Monarch fueling station at our Newton, lowa, biorefinery in 2019. The 1.5 acres includes native plants like milkweed, the Monarch caterpillars' only food source. Milkweed provides all the nourishment needed to transform the Monarch caterpillar into the adult butterfly. We are pleased to give them a new habitat in which to thrive.

Switched all lightbulbs at Ames headquarters to LED, joined a local composting program and eliminated the use of plastic water bottles.

Changed the sourcing materials for routine lab equipment so tools last longer, thereby reducing waste and saving money.



Encouraged employee engagement efforts by adding sustainability tips to our monthly newsletter, promoting volunteer opportunities and creating corporate challenges like riding your bike to work.







7

> PROCUREMENT — FROM WASTE TO FUEL



Our commitment to sustainability is incorporated into our production processes from the very start. The raw materials, known as feedstocks, used to make our renewable fuels are largely plant based, with their energy coming from the sun, not fossil fuels. They're also diverted waste or byproducts from other industries, such as food and agriculture, that we utilize to fuel a cleaner world. In 2019, 71% of our feedstock usage was lower-cost, lower-carbon distillers corn oil, used cooking oil or rendered animal fat, and the remaining 29% consisted of vegetable oils, such as soybean oil or canola oil.

We also support alternative feedstock development. The use of cover crops, for example, can have agronomic and environmental benefits, including improved soil health and capturing and storing carbon dioxide. We're also expanding our ability to turn waste into cleaner fuels with technology allowing the use of feedstocks with higher impurities.

FEEDSTOCK FLEXIBILITY

A capability that sets Renewable Energy Group apart from many competitors is being able to create high-quality fuel out of multiple feedstocks. This feedstock-flexible approach makes us, and our customers, less susceptible to price and supply issues. It also allows us to choose feedstocks with an advantaged carbon intensity, thereby enhancing our environmental benefits and capturing higher value in the market. This chart shows our ability to pivot between different feedstocks based on market conditions to optimize margins while maintaining fuel quality.



HOW WE MAKE DECISIONS

Our procurement decisions consider many factors, including price, biorefinery capabilities and need, the qualities different feedstocks give the finished fuel and market considerations where the fuel will be sold.

We seek long-term contracts with feedstock suppliers to confirm future feedstock supply and help us plan for capital projects that can lead to better logistics and reduced transportation emissions and costs. We ensure that our feedstock suppliers share our commitment to integrity, ethics and excellence with our <u>Vendor Code of Conduct</u> and our anti-bribery/anti-corruption policy.

Feedstock Flexibility

r

AT OUR PLANTS

Our production capabilities include 13 biorefineries in the United States and Germany with an effective production capacity of 628 million gallons per year using proprietary processes and technology. These facilities are strategically located near feedstock sources and key markets. They also offer a variety of ways to load and ship fuel, including truck, rail, barge and deep-water vessel, depending on the location.

DESIGN AND BUILD EXPERTISE

Renewable Energy Group is among the most experienced companies in North America at designing, constructing and upgrading biorefineries. We've used that expertise to design facilities that minimize waste, maximize yield and operate in a cost-efficient manner. Here are some of the results:

- All feedstock inputs result in a finished product, be that low-carbon fuel or renewable coproducts.
- Through technology iterations and plant improvements, we have increased our finished-fuel-per-pound-of-feedstock yield over time.
- We maintain this strong performance even when learning to run different types and greater amounts of waste feedstock.

We build recycling into our processes. Water is typically used to purify biodiesel by "washing" the soluble impurities out of the biodiesel. REG plants recover this "wash water" and recycle it back into the process. We also use methanol as an input in the biodiesel production process. Each REG biodiesel facility uses multi-stage methanol recovery and recycling to recover and reuse unreacted methanol. REG biodiesel facilities recover and reuse over 99.9% of all unreacted methanol from the process.













CONTINUOUS IMPROVEMENT

We do not sit idle when it comes to our production processes. We are committed to continuous improvement, and all REG employees are encouraged to propose ways to improve our operations. We also have people throughout the company specially trained in Six Sigma techniques for process improvement. Three times a year, we recognize employees with our President's Award for ingenuity and continuous improvement that led to enhanced profitability and better resource management. These projects often require minimal to no capital to achieve meaningful improvement.

This culture has led to small capital projects and efficiency improvement initiatives that have resulted in a 33% production capacity increase utilizing existing equipment, or 152 million gallons, at our biorefineries from 2016 to 2019. This also translates to approximately \$39 million invested in continuous improvement projects or approximately \$.26 invested per gallon.

When REG undertakes a project, we maintain a rigorous capital request process that ensures they are well-thought-out and financially prudent. This includes an EHS review to ensure environmental impacts are considered. We also pride ourselves on our cross-functional approach to capital projects.

Additionally, we formed a specialized team to prioritize and implement projects that improve the value of REG products within various environmental regulatory frameworks that we operate in. In 2019, these projects resulted in incremental EBITDA of approximately \$1.2 million.

> OUR PERFORMANCE

Our clean fuels provide a comprehensive approach toward sustainability. It's important to consider the environmental impact of a product from its time as a raw material through its end use.

Life cycle analysis (LCA) is a method used to evaluate the environmental impact of a product through its life cycle, encompassing extraction and processing of the raw materials, manufacturing, distribution, use, recycling and final disposal.

In the context of fuel, greenhouse gas (GHG) LCA is often referred to as calculating GHG emissions from "well to wheel." LCA is a common way to quantify a fuel's GHG impact and is used in many leading carbon reduction programs in places such as California, Oregon, British Columbia and Germany. LCA is expressed as a carbon intensity (CI) score. The CI of a fuel is calculated by totaling the net fossil GHG emissions associated with each aspect of producing the fuel — the feedstock we use, our manufacturing process, transportation required throughout our supply chain and the final emissions produced from using our fuel. Biogenic GHG emissions are not included because the carbon released was recently captured from the environment as part of the natural carbon cycle and therefore not considered new emissions.

The following is a generic example of the California Low Carbon Fuel Standard (LCFS) LCA for biodiesel made from used cooking oil (UCO). Petroleum diesel has a CI of 100.45 gCO₂e/MJ, so used cooking oil-based biodiesel represents a more than 75% decrease in GHG emissions by comparison.

FULL LIFE CYCLE CARBON EMISSIONS FOR USED COOKING OIL BIODIESEL



1 g/MJ **Used Cooking Oil Collection** & Transport

2019 California LCF

In addition to the societal benefits we generate by providing lower GHG fuel to the market, we are able to benefit from financial incentives for our products. Markets like California incentivize low-carbon fuel, so we are able to generate more value from our lower GHG fuels and capture more of that value in profits for REG shareholders.



| | DEC | | | 2017 | 2018 | |
|----|------------------------------------|----------------------------------|--|-------|-------|--|
| | best-in-class fuel ¹ | REG fuel average ² | Thousand metric tons of CO ₂ emissions avoided through | 3,508 | 3,942 | |
| CI | 11.99 | 34 | renewable diesel ³ | | | |





¹ REG UCO biodiesel from REG Albert Lea, Minnesota; lowest CI fuel in our portfolio.

² Using carbon reduction for 2019 REG fuel production based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on CA-GREET when available and GHGenius when CA-GREET life cycle analysis not available.

³ In 2019 we changed our emission estimate tool to reflect a more robust approach. 2017 and 2018 carbon reduction based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on EPA life cycle analysis. 2019 carbon reduction based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on CA-GREET when available and GHGenius when CA-GREET life cycle analysis not available.

> PERFORMANCE — ENVIRONMENTAL METRICS

Another leading measure of the environmental impacts of business activity is the GHG Protocol. GHG emissions in the GHG Protocol framework are separated into scope categories. Scope 1 captures direct emissions from owned or controlled assets, Scope 2 measures indirect emissions from purchased energy, and Scope 3 encompasses the remaining indirect emissions throughout the value chain not captured in Scope 2, including upstream and downstream emissions.

The following chart shows some of our performance metrics expressed as scope emissions.¹ We are committed to continuing to develop these metrics — building on our LCA work — in 2020.

When normalized by both fuel produced and total products produced, natural gas and relatively static year over year. Figures below are aggregate.

| | 2017 | 2018 | 2019 |
|--|-------|-------|-------|
| Natural gas usage at North American production facilities — thousand MT CO ₂ e/yr (Scope 1) | 113.2 | 130.7 | 129.4 |
| Electricity usage at North American production facilities and headquarters — thousand MT CO ₂ e/yr (Scope 2) | 59.7 | 65.4 | 66.4 |
| Steam usage at North American production facilities — thousand MT CO ₂ e/yr (Scope 2) | 18.5 | 17.7 | 17.0 |
| Hydrogen usage at North American production facilities — thousand MT CO ₂ e/yr (Scope 3) | 59.6 | 66.1 | 72.4 |
| Thousand metric tons of CO ₂ emissions avoided through use of our biodiesel and renewable diesel ² | 3,508 | 3,942 | 4,156 |



In addition to our sustainability efforts to reduce GHG emissions, we also track water usage and waste generation at our plants.

When normalized by both fuel produced and total products produced, water use, haz/non-haz waste are relatively static year over year. Figures below are aggregate.

| | 2017 | 2018 | 2019 |
|---|----------|----------|----------|
| Water usage — thousand cubic meter/yr | 859.6 | 997.7 | 983.3 |
| Haz waste³ — MT/yr | 38.5 | 36.7 | Negligib |
| Non-haz waste⁴ — MT/yr | 12,231.2 | 12,733.4 | 19,011. |

Criteria air pollutants: Every REG facility is a "small source" of air emissions according to Title V definitions in the Clean Air Act. Typical facility emissions are less than half the 100 tons per year pollutant threshold. Low emissions are a result of efficient design.

| d | elect | ric/stea | n us | sage | are |
|---|-------|----------|------|------|-----|
| | | | | | |





¹Utilizes EPA CO₂ equivalency calculator.

²In 2019 we changed our emission estimate tool to reflect a more robust approach. 2017 and 2018 carbon reduction based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on EPA life cycle analysis. 2019 carbon reduction based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on CA-GREET when available and GHGenius when CA-GREET life cycle analysis not available.

³Prior to 2019, the majority of REG production facilities were classified as small- or very small-guantity waste generators. Due to a sulfur treatment redesign in 2019 (see on pg. 13), all REG facilities now qualify in those two categories, making our hazardous waste generation negligible.

⁴Non-hazardous waste increased in 2019 in part due to our increased capacity at Ralston, but also in part due to the quality of feedstock we process at our facilities. Running food or agricultural byproduct waste, which has lower CI, results in greater non-hazardous waste during production. However, the end product has a lower CI, meaning the overall carbon impact is less because of our choice in feedstock.

> PERFORMANCE — ENHANCED RESOURCE MANAGEMENT

In 2019, we undertook several projects at our production facilities that improved our resource management. Highlights include:



REG Geismar redesigned and installed an improved fuel gas sulfur treatment system. This resulted in hazardous waste generation at the plant being reduced by over 70,000 lb/yr. The project also improved sulfur recovery, resulting in a substantial reduction of sulfur dioxide emissions. This big project was identified as a result of our continuous improvement efforts and will provide significant environmental benefits and cost reductions over time.



REG Ralston installed emission controls at biodiesel truck loadout operations. Biodiesel does not require volatile organic compound (VOC) emission controls due to its low vapor pressure; however, customers wanted the option to load trucks that had prior loads of gasoline. This project was identified as a customer service opportunity, providing fleet flexibility to customers with an onsite emission control solution, thereby improving environmental stewardship and enhancing the safety of the REG Ralston loadout operation.



REG Geismar operators identified a simple adjustment that could be made to a hydrogen recovery membrane to reduce hydrogen use by 7%. When reviewed with engineers, it was an elegant solution. The hydrogen membrane optimization has reduced the carbon intensity of the fuel produced at REG Geismar by 1 gCO₂e/MJ, or approximately 3% CI improvement. This was a low-cost, significant environmental improvement that happened because of the REG team's approach to continuous financial and environmental footprint improvement.

> REG PRODUCTS — DRIVING SUSTAINABILITY

Our biofuels are among the easiest, most effective ways for diesel users such as fleets, farmers, construction, mining and building owners to maintain performance and reduce emissions from older diesel engines that do not have modern emissions control technologies.

Biodiesel

Made from renewable resources that are byproducts of other processes, including recycled cooking oil, animal fats and vegetable oils. It can reduce total hydrocarbons by approximately 70%, particulate matter by approximately 60% and carbon monoxide by up to 35% compared with ultra-low sulfur diesel (ULSD).¹

Renewable Diesel

Made from the same feedstocks as biodiesel, but utilizing a different production process. It can reduce total hydrocarbons by over 10%, particulate matter by nearly 40%, carbon monoxide by approximately 25% and nitrogen oxides by approximately 15% compared with ULSD.²

REG Ultra Clean

This innovative, proprietary low-carbon diesel replacement offers a premium and easyto-use solution. A blend of 80% renewable diesel and 20% biodiesel can reduce total hydrocarbons by over 20%, particulate matter by over 40%, carbon monoxide by over 25% and nitrogen oxides by approximately 10% compared with ULSD.²

Other Solutions

We offer several clean alternatives for the heating and power generation markets, including Bioheat[®] blended fuel, REG Bio-Residual[™] Oil, glycerin and methyl esters.

¹https://afdc.energy.gov/vehicles/diesels_emissions.html

²Reductions based on emissions data from California Air Resources Board and compared to U.S. federal ULSD.

³Carbon reduction based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on CA-GREET when available and GHGenius when CA-GREET life cycle analysis not available.



A CLEANER EARTH WITH REG FUELS



GENERATES



EQUIVALENT TO



Source: epa.gov/energy/greenhouse-gas-equivalencies-calculator

CARBON REDUCTION NOW

Climate change is a complex issue requiring immediate action. At Renewable Energy Group, we support an integrated approach to renewable fuels, recognizing the importance of different technologies for different applications at different times. Our stance is that biodiesel, renewable diesel and REG Ultra Clean are among the easiest ways for diesel users to address climate change right now.

They are drop-in fuels, meaning no vehicle or infrastructure changes are needed for fleets to run on them. Fleets don't have to go through the expense of buying new vehicles or waiting years for another option to become viable they can use these fuels now, and the emissions reductions are immediate.

TECHNOLOGY COMPARISON TO REG FUEL

Increase in GHG e compared to REG

Petro

Compressed

Bio-Compressed

Electric Heavy-I U.S. Avera

¹ Based on the CA-GREET 3.0 model, unless otherwise noted. ²100% UCO biodiesel from REG Albert Lea. ³100% UCO renewable diesel from REG Geismar ⁴Renewable diesel/biodiesel 80/20 blend made from best-in-class REG products. ⁵ Using carbon reduction for 2019 REG fuel production based on life cycle analysis of REG-produced fuels (U.S. and E.U.) versus petroleum diesel based on CA-GREET when available and GHGenius when CA-GREET LCA not available. ⁶ Based on CARB lookup table. ⁷ Based on 2019 weighted average CI of bio-compressed renewable natural gas used to fulfill CA LCFS and adjusted by diesel EER of 0.9 ⁸U.S. average grid mix based on EPA E-GRID data, contained in the CA-GREET 3.0 model and adjusted by diesel EER of 5; Electric HDV from 100% renewable energy would result in a 0.00 CI score but a 100% renewable grid is not currently available.



NAVIGATING THE TRUCKING LANDSCAPE WITH CLEANER FUELS

Ruan Transportation is a giant in the U.S. trucking industry, with several thousand vehicles operating in 48 states. They use REG biodiesel and REG Ultra Clean to help meet sustainability targets while keeping fleet performance strong. "Ruan wants to help reduce emissions, and a lot of our customers have sustainability goals and we also want to support them by being a cleaner supplier," said Steve Larsen, the company's Director of Procurement and Fuel. "With biodiesel, you can start being cleaner right away without having to do any equipment or infrastructure changes."



| missions products | | REG Best-in-Class Biodiesel | REG Best-in-Class Renewable Diesel | REG Ultra Clean | REG Fue Average |
|------------------------------|--|--------------------------------|---------------------------------------|--------------------|------------------------|
| | Cl ¹ (gCO ₂ e/MJ) | 11.99 ² | 18.99 ³ | 17.59 ⁴ | 34 ⁵ |
| leum Diesel | 100.45 ⁶ | 738% | 429% | 471% | 195% |
| Natural Gas | 79.21 ⁶ | 561% | 317% | 350% | 133% |
| Natural Gas | 36.20 ⁷ | 202% | 91% | 106% | 6% |
| Duty Vehicle age Grid Mix | 33.91 ⁸ | 183% | 79% | 93% | 0% |





PRODUCT INNOVATION

Innovation for Renewable Energy Group includes finding new uses and added value for our products and different ways to get them directly to end users, moving downstream in the value chain. In 2019, we continued to focus on bringing the environmental advantages of our fuels directly to end-use customers.



REG Fueling Station

We opened our first branded fuel station in July, allowing us to sell higher blends of biodiesel directly to end-use customers. The Seneca Diesel Fueling Station is in northern Illinois, next to one of our biodiesel plants. The station is open to the public and is especially convenient for the more than 16,000 trucks that visit the plant every year.





SUCCESS WITH B100

Biodiesel is traditionally blended with petroleum diesel. Using a simple fuel delivery modification system, we introduced 100% biodiesel, or B100, to our own fuel delivery vehicles in Iowa and several external organizations in 2019. This included an agreement with our hometown of Ames, Iowa, to run several municipal trucks on B100. "We undertook the B100 project because we wanted to be responsible stewards to our planet," the mayor said. "It's a tremendous opportunity to make a big impact."

16



PROMOTING A CULTURE OF SAFETY

Safety is a core value at Renewable Energy Group. Our safety performance is an outcome of a safety culture instilled within every REG employee and the way we do business. We believe an accident-free workplace is possible and will continue the relentless pursuit to keep all of our employees, business partners, communities and the environment safe. As part of our VisionZERO program, we've set 2020 safety targets that build upon our company-record 2019 performance.

VisionZERO

The VisionZERO culture model was developed to communicate the key elements of a strong safety culture and to set the vision to have zero injuries, environmental incidents and process safety incidents. In 2019, we conducted safety culture workshops at the majority of our facilities to strengthen our commitment and understanding of these concepts.

To further this vision, we utilize multiple tools to keep safety front-of-mind. That includes the EHS policy and management system described on page 7. Another is SEE Signals, a safety tool that asks people to 1) stop to identify hazards, 2) evaluate what could go wrong and 3) execute a plan and prevent incidents. Reinforcing this are stoplights at each REG location that switch between red, yellow and green lights as an event occurs.



Our culture model lays out four categories in which to consider our activities:



Mindset Creating a mentality in which safety is among everyone's top priorities



Expectations Ensuring employees know what is required of them, with the expectations established, consistent and reinforced



Commitment Employees' responsibility for their co-workers' and their own safety, and creating accountability





Action Executing the tools, processes and systems we've established to promote safety

SAFETY DATA

In 2019, our total incident rate of 0.44 incidents per 200,000 work hours was a record low for us and is considered industry-leading performance.¹ We have demonstrated an 82% reduction from 2014 to 2019. Additionally, over half of our production facilities reached milestones in 2019 for time worked without a recordable injury. While biodiesel is nontoxic and biodegradable, REG recognizes our responsibility to minimize spills. We continue to prioritize these efforts and are proud of the year-over-year reduction in Tier 2 events achieved in 2019.

| | 2017 | 2018 | 2019 | | |
|--|------------------|------|------|--|--|
| Total incident rate (RII) ² | 1.37 | 1.25 | 0.44 | | |
| Lost-time incident rate (DART) ³ | 0.57 | 0.68 | 0.44 | | |
| Fatality rate | 0 in REG history | | | | |
| Tier 1 process safety rate ^₄ | Not Available | 0.11 | 0.11 | | |
| Tier 2 process safety rate ^₄ | Not Available | 0.55 | 0.22 | | |

¹ According to the 2018 Bureau of Labor Statistics industry rate for NAICS 325 Chemical Manufacturing. ² Total recordable incident rate as defined by OSHA to determine the relative level of injuries and illnesses per 200.000 work hours.

³ Days away, restricted, or transferred (DART) rate as defined by OSHA to determine relative number of recordable workplace injuries or illnesses resulting in time away from work, restricted job duties or permanent employee transfer.

⁴ Process safety incident (API rate per 20,000 incidents). We use API-754 process safety performance indicators for the refining and petrochemical industries for loss-of-containment incidents. Prior to 2019, loss of primary containment (spills) were tracked and reported, but the data collection process that aligns with API guidelines had not been implemented.

>2019 SAFETY HIGHLIGHTS



Fire Equipment Donation

REG Madison donated fire-suppression equipment a trailer and high-volume foam system — to the DeForest Windsor Fire & EMS in Wisconsin. The equipment will help keep the firefighters, the community and our employees safe.



Ralston Safety Day We created an interactive safety experience at our Ralston, lowa, biorefinery that included demonstrations from other facilities in the state. This was an optional event used to instill the importance of safety in a fun way.



VisionZERO EXCELLENCE AWARDS

REG acknowledges good safety behavior year-round, but three times a year we recognize excellence in EHS with our VisionZERO Excellence Awards. In 2019, two of the awards were for lifesaving efforts by employees:

- mindset cultivated by REG.





precautions and meet strict standards for the safe handling and shipment of regulated criteria.

• An REG employee in Louisiana rushed into a neighbor's burning home to warn them it was on fire. They were sleeping and he got them and their pets to safety just before the roof collapsed. The employee attributed his response to the safety training and

• A truck driver at our Albert Lea, Minnesota, biorefinery complained of severe chest pains. The team there reacted calmly and swiftly, calling 911 and using a defibrillator before emergency personnel arrived.

> RIGOROUS COMPLIANCE PROGRAMS

REG maintains several company-specific policies to guide our practices and instill integrity in our In addition to our policies, REG participates in a variety of process safety, governmental and thirdoperations, including policies mentioned elsewhere in this report: EHS, Business Conduct and party compliance programs that are meticulous in their standards. Participation in these programs adds value to our product, but also imposes significant oversight and compliance obligations to Ethics, Vendor Code of Conduct, Anti-bribery/Anti-corruption. Many of our policies have stricter our business. Below are some of the most notable programs and the corresponding requirements standards than applicable laws and regulations because we prioritize doing what is right. for participation.

| | SUMMARY | REGISTRATION | REPORTING & VERIFICATIO |
|---|---|---|--|
| Renewable Fuel Standard (RFS) | U.S. federal policy that requires a certain volume of renewable fuel to replace or reduce the quantity of petroleum-based transportation fuel, heating oil or jet fuel. Among other requirements, advanced biofuels must achieve at least a 50% reduction in GHG emissions compared to a 2005 petroleum baseline, and the feedstock used must qualify as renewable biomass. | Registration of fuel pathway includes assessment of feedstock, process and fuel type and is subject to independent third-party review at time of registration and every three years or with major changes. | Quarterly and annual reporting submitted by the company. Annual attest engagement completed by independent third-party auditor. |
| California Low Carbon Fuel Standard (LCFS) | Designed to decrease the carbon intensity (CI) of California's transportation fuel and increase usage of low-carbon fuel alternatives. Participating fuels must obtain a CI score specific to their facility and fuel. The CI score generates credits or deficits based on whether it is higher or lower than the annual CI goal. The baseline year for the program is 2010. | Registration of fuel pathway includes assessment of feedstock, process and fuel type. The application includes yield data, purchase data, sales data, inventory data, transportation distances, utility information and more, dependent on the fuel. Initial validation of pathways performed by independent third-party auditor and professional engineer. | Quarterly and annual reporting submit- by the company. Annual verifications conducted by independent third-party auditor and professional engineer. |
| International Sustainability and Carbon Certification (ISCC) and REDcert | Certification programs for sustainable biomass, biofuels and bioliquids, specifically for the EU Renewable Energy Directive. These sustainability certification systems cover all sustainable feedstocks. They were developed through a multi-stakeholder process and are governed by association members, including research institutes and NGOs. | All elements of the supply chain are individually certified. Proofs of sustainability are passed through all stakeholders in the biofuel supply chain. | Proofs of sustainability generated for every sale of biofuel. Annual report to sustainability scheme. Annual attest engagement conducted by independer third-party certification bodies. |
| Norwegian Environmental Agency Guidelines | Sustainability criteria, reporting and verification requirements set forth in Norwegian legislation, which took effect in 2014. The guidelines cover GHG emission savings, land criteria and mass-balance system. The Norwegian legislation complies with the tenets of the EU Renewable Energy Directive, which sets targets for how much energy comes from renewable resources. | No registration. Independent third-party assessment of feedstock origins, sustainability criteria associated with mass balance and GHG calculations for refinery production. | Proofs of sustainability generated for every sale of biofuel. Annual attest engagement completed by independer third-party auditor. |













OUR PEOPLE

Renewable Energy Group aims to foster a culture of inclusion and dialogue with our employees, where everyone is accepted, ideas are shared freely and everyone has opportunities to develop their skills and passions.

2019 HIGHLIGHTS

Employee Engagement Survey

REG had a 95% participation rate, with 85% of employees responding favorably to four key engagement questions. These scores exceed generalized U.S. and worldwide data on comparable surveys and are consistent with the passion, drive and innovation our employees show on a daily basis. Results are used by our functional areas to support specific efforts and to set corporate-level initiatives.

Flexible Schedules

Based on the 2018 employee engagement survey, we created a new policy to accommodate nonstandard work hours and locations when possible. We are committed to meeting both our business needs and our employees' needs.

Respectful Work Environment

All U.S. employees completed respectful work environment training, which included nondiscrimination, anti-harassment and violence-in-the-workplace content. This training reinforces our existing values of operating with integrity and caring for humanity.



Employee-Led Committees

Several employee-led initiatives allow people to pursue passion projects outside of their core responsibilities, including a wellness committee started in 2019 and existing safety and philanthropy committees. These committees improve engagement and collaboration and lead to a more enjoyable work environment.

Diversity

REG recognizes the importance of diversity. In 2019, we put increased emphasis on diversity in our recruiting efforts and expanding the locations and networks we leverage to find new hires. Additionally, we engage with several external organizations that focus on diversity to improve awareness throughout our organization, learn best practices and better support our workforce. We want to continue to improve in this area and will increase our efforts in 2020.

Training Opportunities

REG offers many internal and external training opportunities to employees. Internal training is focused on safety, professional development, manufacturing, leadership, compliance and business skills. The offerings evolve with our business. Employees can also submit requests to attend external training important to job function or development.









COMMITMENT TO OUR COMMUNITIES

Central to our corporate social responsibility is a commitment to the communities where we live and work. In 2019, REG donated to 145 various causes in our communities, with our employee-led philanthropy committee overseeing the process. Funds are allocated based on several factors, including proximity to our facilities, participant impact and alignment with our philanthropy pillars: youth, health, environment.

2019 HIGHLIGHTS

Youth

REG supports local Boys & Girls Clubs near our locations. This includes a five-year commitment totaling \$250,000 to the chapter in our home county in Iowa. We also hosted a "Christmas in July" for the Club youth at our Ames office with games, face painting, balloon animals and snacks.

Health

REG made a significant gift to the Baton Rouge General Regional Burn Center in Louisiana. The state-of-the-art renovations are scheduled to be completed later this year. This gift enables us to give back to the community that cares for our employees.



REG employees participated in the American Red Cross's Sound the Alarm event in Des Moines and Ames in 2019. Volunteers went house to house providing fire safety education, installing new smoke detectors and replacing old batteries in over 130 homes. REG also donated \$10,000 to the event.



VOLUNTEER TIME OFF

REG offers employees up to eight hours of paid volunteer time off (VTO) each year. The program is being expanded to our European operations in 2020.

Environment

REG donated to The Community Academy, a summer program in Ames, Iowa, that provides educational experiences for school-aged kids to help them form meaningful relationships with the environment and the community.

OVER 1,000 HOURS **VOLUNTEERED IN THE U.S. IN 2019**

1 / 1/0 **OF REG U.S. WORKFORCE USED VTO IN 2019**

35% **VTO USAGE GOAL FOR 2020**







BOARD COMPOSITION

Our Board of Directors and Senior Leadership Team are responsible for setting our organizational tone and demonstrating the high ethical and professional standards maintained throughout our company. We routinely reflect on our governance performance and work hard to implement best-in-practice tools and approaches to ensure company oversight today will drive us successfully into tomorrow. Extensive governance information is available in the investors section of our website, regi.com, and in our latest proxy filing.

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|-------|------------------------------|----------------------------|--|---|------------------------------|--|------------------------------|--|--|---|
| BC | DRN | 1955 | 1949 | 1965 | 1953 | 1950 | 1947 | 1968 | 1950 | 1958 |
| IN | DEPENDENT ¹ | ٠ | • | • | • | | • | ٠ | ٠ | |
| S | Audit | ٠ | | | | | CHAIRPERSON | • | | |
| TEE | Compensation | ٠ | • | | | | | CHAIRPERSON | | |
| TIMMO | Nominating and Governance | | CHAIRPERSON | • | | | | ٠ | | |
| Ŭ | | | | • | CHAIRPERSON | | | | | |
| | RISK | | - | • | | | | | | |

¹Per NASDAQ.

²As of May 1, 2020. Figures include multiple components of directors' stock compensation; further details available in our proxy filing. The Board of Directors met 13 times in 2019 and all directors had perfect board and committee attendance.





> REG LEADERSHIP

BOARD COMPOSITION

Every year the Nominating and Corporate Governance Committee conducts a review and develops a recommendation to the Board of Directors regarding the qualification standards for directors and committees. The assessment considers criteria for independence, size and composition, as well as board member skills. Board members are encouraged to participate in educational opportunities to strengthen skills and enhance governance capabilities. Additionally, proposed changes are considered during the recruitment and nomination process for new director candidates. Shareholders may submit candidates, utilizing the process defined in our bylaws, and the Board of Directors also utilizes external recruitment assistance to broaden the recruitment process and find individuals with specific skills beneficial to the Board.

At our 2019 annual meeting of stockholders, an advisory vote ("say-on-pay") on 2018 REG has identified the following essential characteristics for our board members individually compensation awarded to our named executive officers received approximately and collectively: 98% support of all voting stockholders, signaling approval for our compensation approach to attract, retain and motivate our named executive officers.

- Senior leadership experience an outstanding record as a leader, experience dealing with multiple shareholders and an independent thinker
- Financial expertise experience serving as or actively supervising a principal financial officer, principal accounting officer, controller or public accountant
- Commercial expertise experience related to global business, regulatory, brand marketing, business development, ESG or human resources
- Industry expertise experience in biofuels, petroleum, feedstock, commodities, downstream and fleet, petro-chemical or alternative transportation sectors
- Public or private board experience with demonstrable understanding of modern board practice and principles
- **Diversity** in perspective, experience base, geography, age, gender and background
- Independence as defined by NASDAQ and as represented through actions and dialogue



EXECUTIVE COMPENSATION

Our executive officers are paid a base salary per their experience, skills, knowledge and responsibilities. Additionally, they are paid for performance, both in the form of an annual incentive plan cash award and through a long-term incentive stock program. The majority of our executive compensation is variable compensation or at-risk pay. This approach advances the execution of our business strategy and links rewards to the achievement of short- and long-term goals. Additionally, we maintain a Clawback Policy, allowing us to recover certain equity and cash incentive payments from executive officers in instances where misconduct or negligence resulted in a significant financial restatement.

The Compensation Committee evaluates compensation annually and revises as appropriate. In 2019, the Compensation Committee explored stock ownership best practices and in early 2020 enacted new management ownership guidelines. These facilitate an ownership mindset, aligning the long-term interests of business decision-makers with shareholders.

| COVERED PERSON | SHARE MULTIPLE REQUIREMENT (\$) |
|--------------------------------------|--|
| Chief Executive Officer | 5 times annual base salary |
| All other covered executive officers | 3 times annual base salary |
| Non-Employee Director | 3 times annual cash retainer for board service |





OVERSIGHT OF RISK AND STRATEGY

STRATEGY

REG Management frequently discusses strategy with the Board and reviews all major strategic initiatives. Board members have served as advisors to initiative leaders and assisted in relationship development and due diligence in business development transactions. Management finds it advantageous to leverage the expertise and experience of our Board members to build robust strategy at an accelerated pace.

RISK

One of the Board's responsibilities is to provide oversight of our risk management processes and deployment of appropriate risk management systems throughout the Company. REG Management manages risk and strategy, with oversight occurring at the Board committee level and ultimate responsibility resting with the full Board. Each committee chair, as appropriate, reports to the full Board at regular meetings concerning the activities of the committee, the significant issues discussed and the significant actions taken by the committee. In addition to defined responsibilities per the committee charters (found at <u>regi.com</u>), REG routinely considers the appropriate oversight for salient risks at both the committee and management levels and proposes changes as needed.

Overview:

The Audit Committee oversees establishment and reviews with management:

- Company's major risk exposures not overseen by Risk Committee
- Steps management has taken to monitor and control such exposures, including the Company's policies with respect to risk assessment and risk management, unless specifically delegated
- The controls, systems and mitigations in place for high impact and/or highly likely risks

The Risk Management Committee oversees management's assessment and policies and procedures to address:

- Agricultural and energy commodity price risk
- Environmental, health and safety risk

The Compensation Committee:

• Periodically, but at least annually, evaluates whether there are any risks arising from the Company's compensation policies and practices for employees that are reasonably likely to have a material adverse effect on the Company

The Nominating and Corporate Governance Committee:

• Monitors effectiveness of the Board and oversees matters of corporate governance applicable to the Company





GOVERNANCE STRUCTURES

SHAREHOLDER ENGAGEMENT

We believe effective corporate governance includes regular, constructive conversations with our shareholders on topics including operating and financial performance, corporate governance, environmental and social issues.

We have a robust shareholder engagement program, led by our Investor Relations and Corporate Affairs teams and our Corporate Secretary. This integrated team engages proactively with our stockholders, monitors developments in corporate governance and social responsibility and, in consultation with the Board and Senior Management, adopts and applies developing practices in a manner that best supports our business and culture.

We actively engage with our stockholders year-round through quarterly earnings calls, presentations at investor conferences, the annual meeting, press releases, information on our website and all information provided in our SEC filings. We integrate what we learn into our governance calendar.

GOVERNANCE DOCUMENTS

The Board maintains the Certificate of Incorporation, Bylaws, a Code of Business Conduct and Ethics, Corporate Governance Guidelines and Insider Trading and Communications Policy, with annual review conducted by the Nominating and Corporate Governance Committee. Any recommended changes are presented to the Board of Directors for consideration.

Overview:





• Code of Business Conduct and Ethics — Requires all directors, officers and employees to act with integrity and the highest ethical standards, comply with laws and other legal requirements, engage in fair competition, avoid conflicts of interest and otherwise act in our best interests. Review Code of Business Conduct and Ethics here.

• Corporate Governance Guidelines — Provides standards and practices designed to contribute to our success and to assure public confidence in our Company, including policies on succession planning, senior leadership development, Board performance evaluations, committee structure and Board diversity. Review Corporate Governance Guidelines here.

• Insider Trading and Communications Policy — Defines appropriate and inappropriate activities related to securities trading and communication, and also instates preventative measures to protect confidential information and avoid even the appearance of improper conduct of anyone employed or associated with our Company.





ADJUSTED EBITDA RECONCILIATION

| (in thousands) | 2019 |
|--|------------|
| Net income (loss) from continuing operations | \$389,731 |
| Adjustments: | |
| Interest expense | 12,176 |
| Income tax expense (benefit) | (570) |
| Depreciation | 36,298 |
| Amortization of intangible assets | 1,632 |
| EBITDA | \$ 439,267 |
| Change in fair value of contingent liability | 566 |
| Loss (gain) on debt extinguishment | (488) |
| Other (income) expense, net | (1,763) |
| Impairment of assets | 12,208 |
| Non-cash stock compensation | 6,707 |
| Adjusted EBITDA excluding BTC allocation | \$ 456,497 |
| Biodiesel tax credit 2018 ¹ | (238,564) |
| Adjusted EBITDA | \$ 217,933 |

Total balances may not foot due to rounding.

¹On December 20, 2019, the BTC was retroactively reinstated for the 2018 and 2019 calendar years. The retroactive credit for 2018 and 2019 resulted in a net benefit to us that was recognized in our GAAP financial statements for the quarter ending December 31, 2019. However, because a portion of this credit relates to the 2018 operating performance, our presentation of Adjusted EBITDA reflects the allocation of the net benefit to each of the four quarters of 2018 based upon the portion of the BTC benefit that related to that quarter. The portion of the credit related to 2019 was allocated to each of the four quarters based upon the portion of the BTC benefit that related to that quarter.





RENEWABLE ENERGY GROUP

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