

RENEWABLE ENERGY GROUP

# RIGHT PLACE, RIGHT TIME:

Accelerating the transition  
to clean energy

2020 ENVIRONMENTAL, SOCIAL  
AND GOVERNANCE REPORT



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**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. The words “believe,” “may,” “will,” “estimate,” “continue,” “anticipate,” “design,” “intend,” “expect” and similar expressions are intended to identify forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding the environmental impact of our products, our strategic initiatives, industry trends, and outlook regarding our operations, the production and procurement of our products and inputs, our growth, our management team, and our overall performance. Factors that could cause actual results to differ materially include the risks and uncertainties described in REG’s annual report on Form 10-K, quarterly reports on Forms 10-Q and other periodic filings with the Securities and Exchange Commission. All forward-looking statements are made as of the date of this presentation and REG does not undertake to update any forward-looking statements. All forward-looking statements are made as of the date of this presentation, and REG does not undertake to update any forward-looking statements based on new developments or changes in its expectations, except as required by law.

## ➤ LETTER FROM OUR PRESIDENT AND CEO

Reflecting on this past year, I am extremely proud of the REG team and our 2020 performance. It was an unquestionably hard year and we were not immune to the numerous associated stresses. Work processes and environments had to shift to keep people safe during an international pandemic, challenging market conditions tested the flexibility and resiliency of our business, natural disasters caused damage and disruption for our operations and for many of our employees, there was collective pain as injustices and flaws of our social and political systems were highlighted and personal life events looked anything but “normal.” Yet in the face of extraordinary uncertainty and challenges, REG remained committed to operating safely, acting with integrity, caring for one another and achieving results. Our shared values guided us as we navigated the difficulties of 2020, and the quality and agility of our people and practices resulted in strong business performance and significant, beneficial environmental impact.

Our operations are an essential part of the supply chain, enabling transportation of food, medicine and other goods. We are also an essential part of the transition to a low-carbon economy. As one of North America’s leading biodiesel producers and a global leader in renewable diesel production, we offer customers an immediate and efficient option for greenhouse gas reduction. We contribute to the circular economy by converting fats and oils, frequently considered waste byproducts from other industries, into high-quality, cleaner-burning fuel that can be used in any diesel engine and can leverage existing distribution infrastructure.

Our business and industry are at an inflection point. Driven by our vision and our successful strategic deployment, we ensured that in 2020, we were at the right place at the right time. Historical demand for our product pushed by regulations is shifting to a broader societal pull for decarbonization. Environmental policy continues to be prioritized around the world, and businesses and investors are increasingly recognizing a responsibility to be part of the solution. While many alternative technologies are still developing a functional value proposition, there is an urgency to make changes NOW. REG is already making real and immediate carbon reductions and stands ready to grow and innovate to meet increasing demand.

This report serves as a useful summary of the year, highlighting our impactful results. In the following pages, you will read about meaningful developments in our customer and business relationships, creative applications and new markets for our products, and strong operational performance. Additionally, you will note the increased emphasis we placed on supporting our people and keeping them safe, not only during a pandemic but also with the long-term objective of fostering an inclusive, collaborative and thriving culture.

The work is not easy and likely never done. The challenges of the pandemic are not completely behind us and the environmental and social crises facing our world are substantial. Yet as we demonstrated in 2020, REG can and does deliver under pressure, and we remain steadfast in our commitment to act and operate in keeping with our values.



In the face of **extraordinary uncertainty and challenges, REG remained committed to operating safely, acting with integrity, caring for one another and achieving results.**



*Cynthia J. Warner*  
Cynthia J. Warner  
President and CEO

## > ABOUT REG

### WHAT WE DO

Renewable Energy Group, Inc. ("REG") (NASDAQ: REGI) is leading the energy industry by transforming renewable resources into cleaner fuels like biodiesel, renewable diesel and REG Ultra Clean®. To ensure we do this in an environmentally and socially responsible manner, we have integrated environmental, social and governance (ESG) practices into our business objectives.

We take waste byproducts from other industries and convert them into high-quality replacements for petroleum diesel with up to 90% lower carbon intensity and up to 5-to-1 energy return ratio, meaning five units of energy are generated for every one unit of energy consumed. Our bio-based products work in existing diesel equipment and are readily available, enabling customers to immediately reduce their carbon footprints without incurring additional costs or having to wait for changes to infrastructure.

Our commitment to safety, integrity, humanity and financial health guides how our employees conduct themselves and how our board and management operate. We run our organization this way not only because it is good business but because it is also the right thing to do.

## A CLEANER EARTH WITH REG FUELS



### EQUIVALENT TO



CO<sub>2</sub> EMISSION REDUCTION FROM

**1.7 MILLION**

PASSENGER ELECTRIC VEHICLES  
ON THE ROAD IN ONE YEAR<sup>2</sup>



GHG EMISSIONS FROM

**10.4 BILLION MILES**

DRIVEN BY AN AVERAGE  
PASSENGER VEHICLE<sup>3</sup>



CO<sub>2</sub> EMISSIONS FROM

**4.6 BILLION POUNDS**

OF COAL BURNED<sup>3</sup>



CO<sub>2</sub> SEQUESTERED BY

**5.5 MILLION ACRES**

OF U.S. FORESTS  
IN ONE YEAR<sup>3</sup>

<sup>1</sup> Carbon reduction based on life cycle analysis of REG-produced fuels versus petroleum diesel.

<sup>2</sup> Assuming annual travel of 11,484 miles/year and national grid average electricity versus gasoline using CA-GREET.

<sup>3</sup> epa.gov/energy/greenhouse-gas-equivalencies-calculator

# ➤ REG VALUES, MISSION AND PURPOSE

We are proud of our over 25-year history and our strong, successful culture. Over the past year, we dedicated time to explicitly defining the elements of our culture that will continue to guide our decisions, how we work and where we set our focus. The process was collaborative and included all employees. Our Senior Leadership Team launched the process by identifying key themes prevalent in the business. Through multiple discussions with employees and after several iterations, these elements were refined to the following concepts. The conceptual format — rather than scripted statements — is intentional, enabling each employee to fully describe them and bring them to life in a way that is personally meaningful.

It has been rewarding and gratifying to us to be able to count on our values during the particularly stressful time of COVID-19. No matter how uncertain our lives became, our values served as a foundation to guide whatever decisions we would need to make over the course of the pandemic, and we felt motivated to carry on due to the meaning behind our mission. This sense of certainty and purpose energized us collectively to succeed despite the incredibly challenging and distracting circumstances.

## VALUES

**Our values define who we are and guide our actions:**

1. **SAFETY** — Always
2. **INTEGRITY** — Honest, fair and transparent
3. **HUMANITY** — Authentic, respectful and caring
4. **DRIVING RESULTS THE REG WAY:**
  - Collaboration
  - Innovation
  - Dedication and passion
  - Effectiveness — Intelligent, focused and reliable delivery

## MISSION

**Our mission is what drives each of us every day. We are committed to:**

### SUSTAINABILITY

- Accelerating the transition to renewable, clean energy
- Producing clean, sustainable fuels and making them readily available to customers
- Vigorously growing a financially sustainable company

### CREATING COMPELLING VALUE FOR

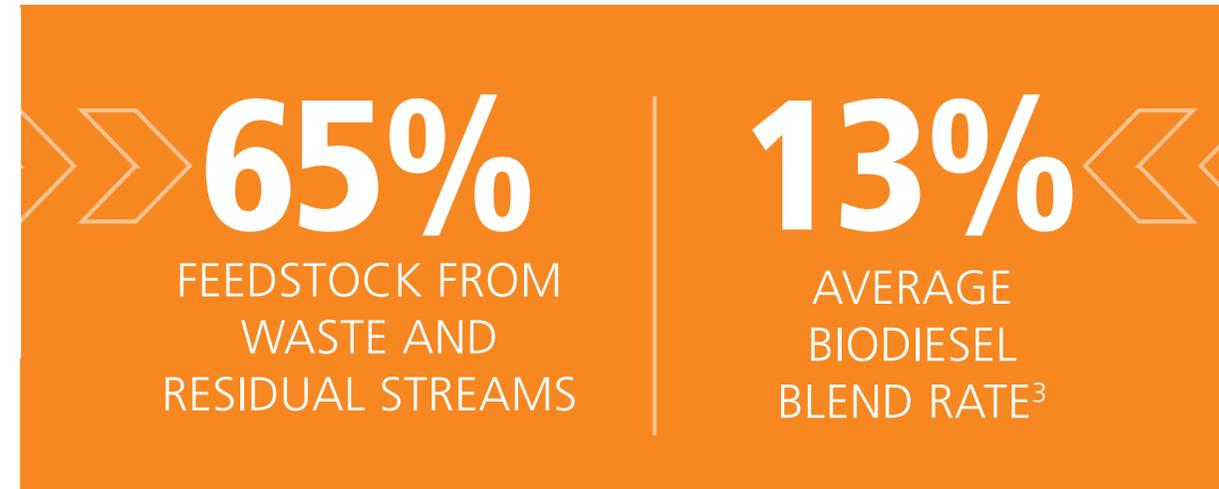
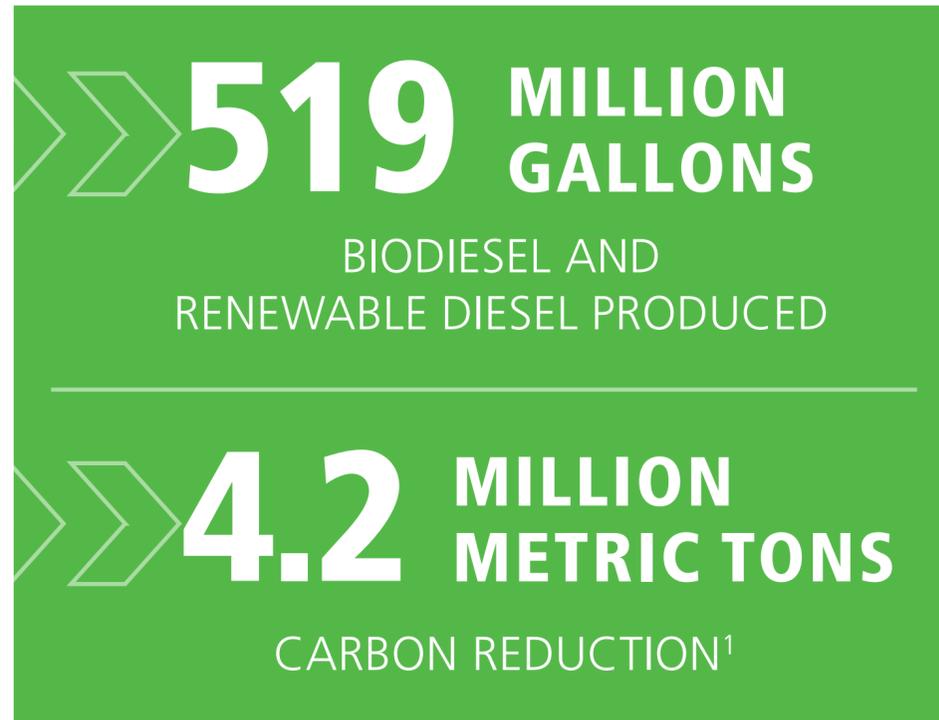
- Society
- Our ecosystem
- Employees
- Customers
- Shareholders

## PURPOSE

**Our purpose is why we do what we do. It consists of four related elements:**

- **CREATING A CLEANER WORLD**
- **REDUCING GHG AND CARBON FOOTPRINT**
- **FOR NOW**
- **FOR THE FUTURE**

## ➤ 2020 HIGHLIGHTS



<sup>1</sup> Carbon reduction based on life cycle analysis of REG-produced fuels versus petroleum diesel.

<sup>2</sup> Adjusted EBITDA is a measure not prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). See Appendix for a reconciliation of Adjusted EBITDA to GAAP net income from continuing operations and the note thereto for further information regarding Adjusted EBITDA.

<sup>3</sup> Calculated based on biodiesel-ULSD blends only.

# ▶ LOCAL IMPACT, GLOBAL RECOGNITION

At Renewable Energy Group, leading with our values has led to great results. In 2020, we were proud to be recognized at the local, national and international level for the positive impact our products and business have on our communities, the environment and the economy.



## EMISSIONS AVOIDED

DNB Asset Management reported that REG had the largest net potential avoided emissions of carbon dioxide in its Renewable Energy fund portfolio.



## BUSINESSPERSON OF THE YEAR

REG President and CEO CJ Warner was named one of Fortune's top-20 businesspeople of the year. The magazine considers return on capital, total return to investors and other metrics and then identifies what it calls "star executives who achieved the remarkable."



## TOP WORKPLACE

REG was named one of Iowa's Top Workplaces by the Des Moines Register newspaper. The honor was based on employee responses to a survey about the REG culture.



## LOCAL HONORS

We were also recognized by numerous local organizations for safety, philanthropy, business and public relations awards in communities where we have facilities.

## Analyst and Investor Day

In October, REG held a virtual event to update analysts and investors on our key strategic initiatives, products and markets, growth strategies and sustainable value. Several of our senior leaders provided an in-depth review of our business and answered questions from participants.

The theme for the day — Right Place, Right Time — communicated how our lower-carbon fuels and our position in the marketplace are allowing us to accelerate the transition to clean energy and to make a positive impact right now. The investment community continues to recognize our capabilities in this area, as well as the financial and ESG value REG offers. We were included in nearly 20 ESG exchange-traded funds at the end of December and are increasingly engaging with investors on ESG topics.

The Analyst and Investor Day presentation and webcast recording are [available on our website](#).



# ➤ OUR RESPONSE TO COVID-19

## FUELING CRITICAL TRANSPORTATION

What we do at REG is bigger than our own company. We play a vital role in a supply chain that brings food, medicine and other goods to businesses, hospitals and homes. We help create a cleaner world.

2020 served as a good reminder of our value, as governments in different parts of the world declared that REG was an essential business that had a “special responsibility” to continue operations during the pandemic. While transportation was down overall last year, some segments saw increases in activity, such as haulers serving online retailers and grocery stores and bringing vital supplies to hospitals and healthcare centers. Our cleaner fuels helped them do their jobs — in an environmentally friendly manner — and continued to give farmers and others a market for their waste and byproducts.

## RESPONSE

While serving our customers and the broader economy, we also focused on our operations.

We created a COVID-19 Emergency Response Team in February 2020 to start our response planning. This cross-functional, international team continues to meet to monitor the situation and ensure we are making informed decisions, mitigating risks and providing clear direction to our employees regarding pandemic-driven changes to our business.

Actions included:

- Establishing a paid-time-off policy for employees affected by COVID-19, including for care of impacted family members, enabling our team to prioritize health and make safe decisions to stay home and slow the spread.
- Implementing a remote-work policy for employees able to work from home.
- Instituting site-specific plans for social distancing, personal protective equipment (PPE), workspace and personal hygiene, and reporting and responding to possible virus exposure.
- Updating ventilation systems for virus mitigation.
- Coordinating efforts to procure PPE and cleaning supplies.
- Developing protocols for visitors, mask usage and travel.
- Establishing and tracking metrics on employees off work due to COVID-19; location status; facility supply status; and the business impact on staffing, critical supplies and transportation.
- Instituting a weekly employee newsletter to provide status by business location as well as national and international updates, developing an intranet page with additional information and providing other periodic updates to keep employees informed.
- Creating a return-to-learn program for employees with school-age children to ease the challenges of at-home learning.
- Supporting our communities with financial donations, volunteers and other assistance.
- Learning to produce hand sanitizer from renewable sources to ensure availability to our essential workers when it was in short supply.
- Holding voluntary on-site COVID-19 vaccination clinics in 2021 and donating a specialized freezer to a local medical facility to aid in efficient and accessible vaccination efforts.



# ➤ ABOUT THIS REPORT

At Renewable Energy Group, one of our focuses is continuous improvement across our operations, including in our disclosure efforts. We want to communicate information that's important to us and to our stakeholders.

To develop this report, we sought input from several sources:

- Framework-setting institutions, including CDP, the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD)
- ESG ratings and questionnaires
- External and internal stakeholders, as further detailed

We are proud of our ESG story, but we are not complacent. We continue to build upon our first report, released last year, and our story will evolve as we continue to develop and refine our priorities, process and disclosure efforts.

## STAKEHOLDER ENGAGEMENT

Listening to and learning from our diverse groups of stakeholders is critical to our success. We use a variety of methods to engage them, and that information is shared throughout our organization.

Some of these efforts are broad in their reach, such as our [website](#), social media channels, ESG report and events, while some occur at a more interpersonal level. In 2020, we also undertook a market research project that included interviews with stakeholders and a review of the media landscape to better understand the perception of our industry.



**Communities** — We believe in building strong relationships with our communities, which we do by, among other things, participating in chambers of commerce and other organizations, resulting in frequent exchanges, presentations, appearances and offering of philanthropic support. We further encourage our employees to volunteer by providing eight hours of paid leave for volunteer work.



**Customers** — In addition to regular communications, we provide data on carbon reductions that our customers have achieved by using our fuels, host an annual customer appreciation event (which was virtual in 2020), conduct surveys and have a Customer Business Advisory Board made up of a cross section of our customer base. In 2021, we plan to form a Fleet Advisory Board to hear specifically from this customer group.



**Employees** — We aim for frequent, reciprocal conversations with our workforce, leveraging surveys, town halls, leadership meetings and employee newsletters. Our monthly leadership call and quarterly all-company town halls always include safety discussions, “shout out” recognition time and space for questions and answers. We also stress the importance of supervisor-employee feedback and rely on our reporting structure to relay information.



**Investors** — We hold an annual shareholders' meeting, conduct quarterly earnings calls, attend and present at investment conferences and welcome one-on-one interactions with shareholders and other prospective investors. In 2020, we also hosted a virtual Analyst and Investor Day event.



**Interest Groups** — A key strategy for renewable fuel advocacy and market acceptance is engaging non-governmental organizations. REG focuses on collaborating with commodity agriculture groups, environmental advocates, fuel/energy industry partners, science-based accreditation organizations and community business associations to discuss the impact of our products and company potential.



**Policymakers** — Our government affairs team and senior leaders meet with policymakers at the local, state and federal levels in North America and Europe to advocate for cleaner fuels, with a nonpartisan approach and on a principled basis.



**Suppliers** — We are regularly in communication with suppliers, attend and host site visits (when it's safe to meet in person) and provide similar environmental impact reports as we do with customers.

# ENVIRONMENT

Each year — each moment, actually — taking positive action to help the environment becomes more important. In 2020, we continued to improve the sustainability of our operations, our cleaner fuels reduced millions of tons of emissions, and we expanded our efforts to get fuel more directly to end users.



# ➤ A SIMPLE STEP FOR CLEANER AIR TODAY

Waiting for future action is something the environment cannot afford. Each day a fleet fails to switch to cleaner fuels, harmful emissions continue to plague our communities, worsening the effects of climate change and creating irreversible damage to our planet. Yet many are doing just that — waiting for alternative energy sources that are not yet capable of meeting the performance and financial requirements of heavy-duty trucking fleets.

The lower-carbon solutions from REG are available now, at scale, with no equipment upgrades required. They are a simple step to create cleaner air today.

## BIODIESEL

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

## RENEWABLE DIESEL

Made from the same feedstocks as biodiesel, but leveraging a different production process. It can reduce engine emissions including total hydrocarbons by over 10%, particulate matter by up to 40%, carbon monoxide by approximately 25% and nitrogen oxides by approximately 15% compared with ULSD.<sup>2</sup>

## REG ULTRA CLEAN®

A proprietary low-carbon diesel replacement that is a premium, easy-to-use solution for fleets and comes in different blend levels. As an example of its sustainability, a blend of 80% renewable diesel and 20% biodiesel can reduce engine emissions, including total hydrocarbons, by over 20%, particulate matter by approximately 40%, carbon monoxide by over 25% and nitrogen oxides by approximately 10% compared with ULSD.<sup>2</sup>

## OTHER SOLUTIONS

We offer several other clean alternatives for heating, power generation, transportation and renewable chemical uses, including Bioheat® blended fuel, REG Bio-Residual™ Oil, glycerin, methyl esters, renewable propane, renewable naphtha and marine fuel. We also monitor and engage in additional market opportunities when favorable. This includes development of Sustainable Aviation Fuel, which we have previously produced and continue to consider as the market emerges.



**REG  
BEST-IN-CLASS  
BIODIESEL<sup>3</sup>**

**PROVIDES CO<sub>2</sub> REDUCTION OF**



**88%**  
vs. ULSD<sup>4</sup>



**85%**  
vs. CNG<sup>4</sup>



**65%**  
vs. EV AND U.S.  
GRID AVERAGE  
ELECTRICITY<sup>4</sup>



**42%**  
vs. EV AND CA  
GRID AVERAGE  
ELECTRICITY<sup>4</sup>

<sup>1</sup> [https://afdc.energy.gov/vehicles/diesels\\_emissions.html](https://afdc.energy.gov/vehicles/diesels_emissions.html)

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

<sup>3</sup> REG best-in-class biodiesel is UCO biodiesel from REG Albert Lea biorefinery.

<sup>4</sup> Carbon reduction based on life cycle analysis based on CA-GREET 3.0; utilized EV EER of 5.0 for heavy duty vehicles.

# ➤ CLEAN PERFORMANCE NOW

In addition to improved engine emissions, customers turn to Renewable Energy Group because they know our cleaner fuels offer them several advantages:

- Significant carbon reductions
- Ability to use in existing diesel equipment
- Available now at scale

In recent years, our sales and marketing efforts have focused on partnering directly with end users, such as fleets and home-heating businesses. This downstream expansion continued in 2020 on several fronts.

*“I think the future is extremely bright for biodiesel. We’re excited to partner with REG and also lead the way nationally in looking for new ways to be sustainable and a good steward of our environment.”*

**MAYOR JOHN HAILA**, CITY OF AMES



## FLEETS

The transportation sector experienced a lot of disruption during 2020, but the need to reduce harmful emissions did not stop. Some REG customers experienced strong demand as online shopping and need for groceries drove business to carriers. Our low-carbon fuel helped them keep their sustainability efforts at the forefront in a challenging year.



## BRANDED AGREEMENTS

We’re expanding our partnerships with companies in the fuel delivery business. We signed an agreement with fuel distributor Hunt & Sons, Inc. to supply REG Ultra Clean® at 24 locations in Northern California. This enables us to more directly serve our end-use customers and gives us an even stronger foothold in a state that incentivizes the use of cleaner fuels.



## DISTRIBUTION NETWORK

We also distribute fuels ourselves, such as at our cardlock fueling station in northern Illinois and our fuel delivery service in Iowa, both of which allow us more influence over offering higher blends and make carbon reduction easier for end users. These efforts are still in their early stages, but we’ve created a business model that we are learning much from so that we can scale up successfully.

## ➤ HIGHER BLENDS, GREATER BENEFITS

Biodiesel is often blended with petroleum diesel, with the percentage of biofuel in a gallon called the blend level. In 2020, we prioritized sales of higher blends because it allowed us to be more efficient with our resources, made good economic sense for our company and our shareholders and increased the positive environmental impact of our fuels. The average blend in 2020 was 13%,<sup>1</sup> showing continual improvement compared to previous years.

Recently, some forward-looking organizations have been using even higher blends, including B100 (meaning 100% biodiesel), to take full advantage of the environmental benefits of biodiesel. This can be done with a simple-to-install, cost-effective fuel delivery system addition.

The Washington, D.C. Department of Public Works is one such organization. In 2020, it expanded its B100 program with REG, saying it wanted to maximize emissions reductions while minimizing any effect on operations. This will build on the fleet's 2019 carbon reductions of over 1,598 tons from biodiesel usage. Our small fuel delivery fleet in Iowa also runs on B100, which in 2020 avoided an estimated 135 metric tons of emissions.

The world needs innovation and bold action to address climate change, and it's time fleets looked to higher biodiesel blends — all the way up to 100% biodiesel — as an easy, cost-effective way to reduce emissions and reach sustainability goals now.

<sup>1</sup> Calculated based on biodiesel-ULSD blends only.

<sup>2</sup> DOE, EPA, REG

<sup>3</sup> [https://www.biodiesel.org/docs/default-source/fact-sheets/oem-support-summary.pdf?sfvrsn=4e0b4862\\_12](https://www.biodiesel.org/docs/default-source/fact-sheets/oem-support-summary.pdf?sfvrsn=4e0b4862_12)

*“The increasing use of B100 in the DPW fleet is in part to help us reach our goal of 50% greenhouse gas emission reductions by 2032. Moving forward, our intention is to only purchase heavy-duty trucks that operate on B100 technology.”*

**RYAN FRASIER**, FLEET ASSOCIATE ADMINISTRATOR,  
D.C. DEPARTMENT OF PUBLIC WORKS

### Engine and Vehicle Manufacturers Continue to Support Higher Biodiesel Blends

The demand from fleets for bio-based diesel and higher biodiesel blends continues to accelerate. During 2020, distillate demand in the U.S. **fell** by approximately 8% versus the previous year, and yet bio-based diesel demand **increased** by 8% over the same period.<sup>2</sup> In addition to increasing demand for bio-based diesel, the National Biodiesel Board reports that “the vast majority of the medium- and heavy-duty truck OEMs support B20.”<sup>3</sup> This is very good news, as biodiesel offers **an immediate solution** for fleets to reduce their carbon footprint without any retrofitting of diesel engines and by utilizing the existing fuel infrastructure system.

Whenever possible, REG's own fleets use higher biodiesel blends (including B100) and we continue to work with OEMs and dealers to encourage them to support biodiesel use in all vehicle types and models. Our European team had recent success in sourcing new diesel vehicles, which will use high biodiesel blends, but their experience also highlighted the need for additional collaboration and education in this area to make it easier for fleets and consumers to use higher biodiesel blends. REG will continue to work with the industry to expand the use of high-quality, low-carbon, clean-burning biodiesel and we invite all engine and vehicle manufacturers to join us in this mission to enable **more sustainable transportation now!**

# ➤ REG ENVIRONMENTAL ETHOS

The cleaner fuels we produce do a lot of good for the environment. We believe that how we produce these fuels and operate as a company must also be grounded in good environmental stewardship.

This begins with our policies. The [REG Environment, Health and Safety \(EHS\) policy](#) sets expectations for our commitment to the health and safety of our employees, customers, vendors, guests and the environment. Our policy is supplemented by various standards, procedures and directives to help guide actions across the organization.

We track and maintain data through our Environmental Management System (EMS). In 2020, we made a significant update to our EMS to streamline and enhance our activities, as well as expand our analytical capabilities. We maintain a facility-specific tracking system that identifies applicable regulatory requirements, records inspection and audit results, logs training 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.

Our rigorous processes help minimize negative impact and we are pleased that in 2020 we had no reportable spills.<sup>1</sup> However, in the event that there are mistakes, we work quickly to rectify and improve issues. In 2020, REG Grays Harbor and REG Geismar had instances of biological oxygen demand (BOD) samples marginally above the permit limit; REG Mason City discharged wastewater to the Des Moines Waste Reclamation Authority at pH below permit expectation; and REG Ralston was late in conducting an air emission test and submitting a water permit fee, complications partly due to COVID-19 impacts. Each incident was short in duration, reported to the appropriate agencies and corrective actions were completed by REG.

<sup>1</sup> Per US EPA reportable quantity rules, [www.epa.gov/sites/production/files/2013-08/documents/release\\_notification\\_qa.pdf](http://www.epa.gov/sites/production/files/2013-08/documents/release_notification_qa.pdf).

## 2020 Innovation and Sustainability Highlights

Our environmental ethos is supported by our innovative culture. We want to accelerate innovation by intentionally unleashing the creativity of our employees at all levels and in all departments. A few of these efforts included:

- A wind turbine was completed in December at our REG Albert Lea biorefinery in Minnesota, providing 100% renewable electricity to the facility. Related emissions reductions are not reflected in 2020 results.
- We're sending growing volumes of our nondistilled biodiesel into the marine market to displace high-polluting bunker fuel with a lower-carbon product that doesn't require as much energy in production as distilled biodiesel.
- We converted land adjacent to our Ames headquarters to native plant species to address water issues and reintroduce native habitat. The space will also be enjoyed by employees as a natural respite when we return to the office.



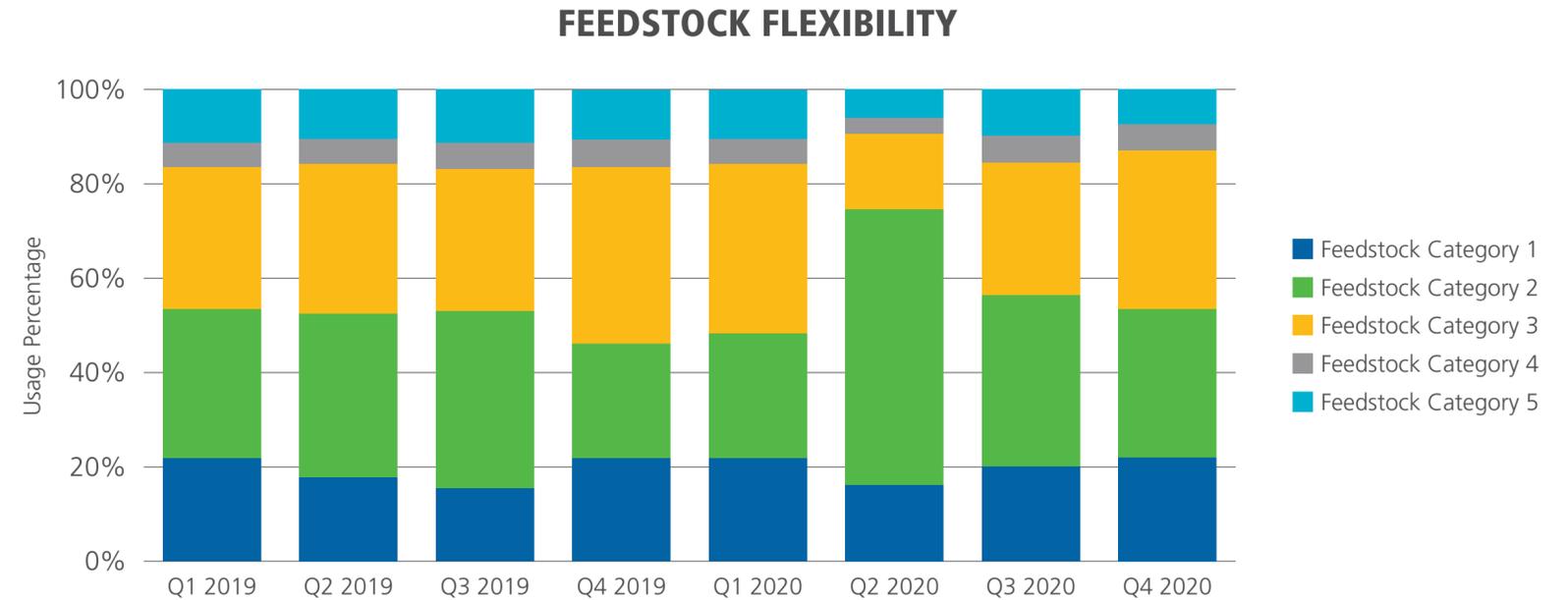
# ➤ SUSTAINABLE SOURCING AND OPTIMIZATION

Renewable Energy Group recycles fats and oils into high-quality, lower-carbon fuels. Known as feedstocks, these raw materials are largely plant-based — with their energy coming from the sun instead of fossil fuels — and are derived from waste or byproducts from other industries. Feedstock type can affect the characteristics of a finished fuel, including its carbon intensity. In 2020, 65% of our feedstock usage was from harder-to-process, lower-carbon waste and residual streams, like distillers corn oil, used cooking oil or rendered animal fat, and the remaining 35% consisted of vegetable oils, such as soybean oil or canola oil.

In 2020, we used 14 different feedstock types, which can be broadly grouped into five categories. The production capabilities and expertise that allow us to make high-quality fuel out of a variety of feedstocks sets us apart from many other producers. This feedstock flexibility 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 environmental benefits and capturing higher value in the market.

The pandemic disrupted feedstock markets in 2020. For example, with restaurant dining drastically reduced, used cooking oil was less available. As demonstrated in the chart to the right, our feedstock flexibility put us in an advantaged position, and we shifted between feedstocks based on supply and price while still producing high-quality biodiesel and renewable diesel that helped fleets reduce greenhouse gas emissions.

In addition to existing sources, we support alternative feedstock development. This can include finding new sources of the feedstock already included in our processes, identifying different types of waste and byproducts, and engaging with the agricultural community on various projects. One such project is cover-crop potential, as this can generate new sources of renewable raw materials for our processes while enhancing soil composition, retaining nutrients that might otherwise pollute waterways and sequester more carbon in the soil.



Our 25 plus years in the industry has allowed us to develop a strong supply network, and we've worked to build trusted relationships with our feedstock suppliers. We source our feedstocks from over 100 vendors worldwide. At the end of 2020, over 95% of our suppliers had been with us for over five years, and more than 55% for over 10 years. We vet new suppliers and review existing relationships on a routine basis to ensure they share our values and meet our Vendor Code of Conduct.

We manage this complex supply chain with a proprietary linear program-based optimization tool. We track and analyze various characteristics, such as feedstock type, quality, availability and pricing; logistics; regulatory incentives; and customer needs. This tool enables us to make calculated decisions on how to feed our operations in an efficient and impactful way, resulting in reliable production, enhanced environmental impact and optimized financial results.

# ➤ INTENTIONAL DESIGN AND CONTINUOUS IMPROVEMENT

REG is among the most experienced companies in North America at designing, constructing and upgrading biorefineries. Our production capabilities include 12 active biorefineries in the U.S. and Germany with an effective production capacity of approximately 643 million gallons a year. We've used that expertise to design facilities that minimize waste, maximize yield and operate in a cost-effective manner.

A variety of REG employees are trained in Six Sigma techniques, bringing process improvement expertise to areas throughout the company. Three times a year, we recognize employees with our President's Award for ingenuity and continuous improvement, which has led to enhanced profitability and better resource management.

This culture of continuous improvement has allowed us to grow organically with relatively low investment, resulting in 37% production capacity increase, or 166 million additional gallons, from 2016 to 2020. REG maintains a rigorous capital request process that ensures projects are well planned and financially prudent.

In addition to the many examples highlighted throughout this report, other notable 2020 improvement projects included:

- A process change at REG Grays Harbor, allowing us to recover waste byproduct from our manufacturing process and reprocess it into additional lower-carbon biodiesel.
- Alterations to the biodiesel distillation system at REG Albert Lea, resulting in higher yields and higher quality product. These improvements will be implemented at other REG facilities in 2021.
- Equipment upgrades to enhance monitoring and reduce problematic issues that can result in unplanned downtime.
- Several projects that minimize environmental and safety risks, enabling our continued strong EHS performance.



## ➤ FILLING THE PROJECT PIPELINE

Each year, we identify projects at our facilities that will have a positive impact — on the environment, our operations, our investors and our customers. Toward the end of 2020, we had 12 projects underway that were intended to either lower our own carbon footprint or open new markets for our coproducts and enhance the impact of our business. Highlights include:



### REG EMDEN TANK FARM

We increased the storage capacity at our German biorefinery on the North Sea coast. The project improved logistics, increased our blending capabilities and enabled an expanded feedstock strategy, all of which translate into a positive environmental impact.



### REG SENECA UPGRADE

We increased the refinery's capacity to process brown grease, which is a waste feedstock that is caught immediately before it goes to city sewers and has a low carbon intensity, leading to a cleaner-burning biodiesel. The project also resulted in improved bio-residual oil quality and a reduction in catalyst usage during the production process, improving our resource management and decreasing downtime at the plant.

### REG Geismar Expansion

We announced a **major upgrade to our renewable diesel facility** in Louisiana, with construction scheduled to begin in 2021 and a target mechanical completion date in late 2023. The plant's production capacity is to increase 277%, from 90 million gallons a year to approximately 340 million gallons. Renewable diesel is in high demand as a cleaner-burning, drop-in replacement to petroleum diesel. We also blend it with biodiesel to create REG Ultra Clean®, one of the lowest-carbon liquid fuels on the market. In addition to the environmental benefits, the REG Geismar project will create over 500 construction jobs and, once completed, more than 60 full-time plant jobs.

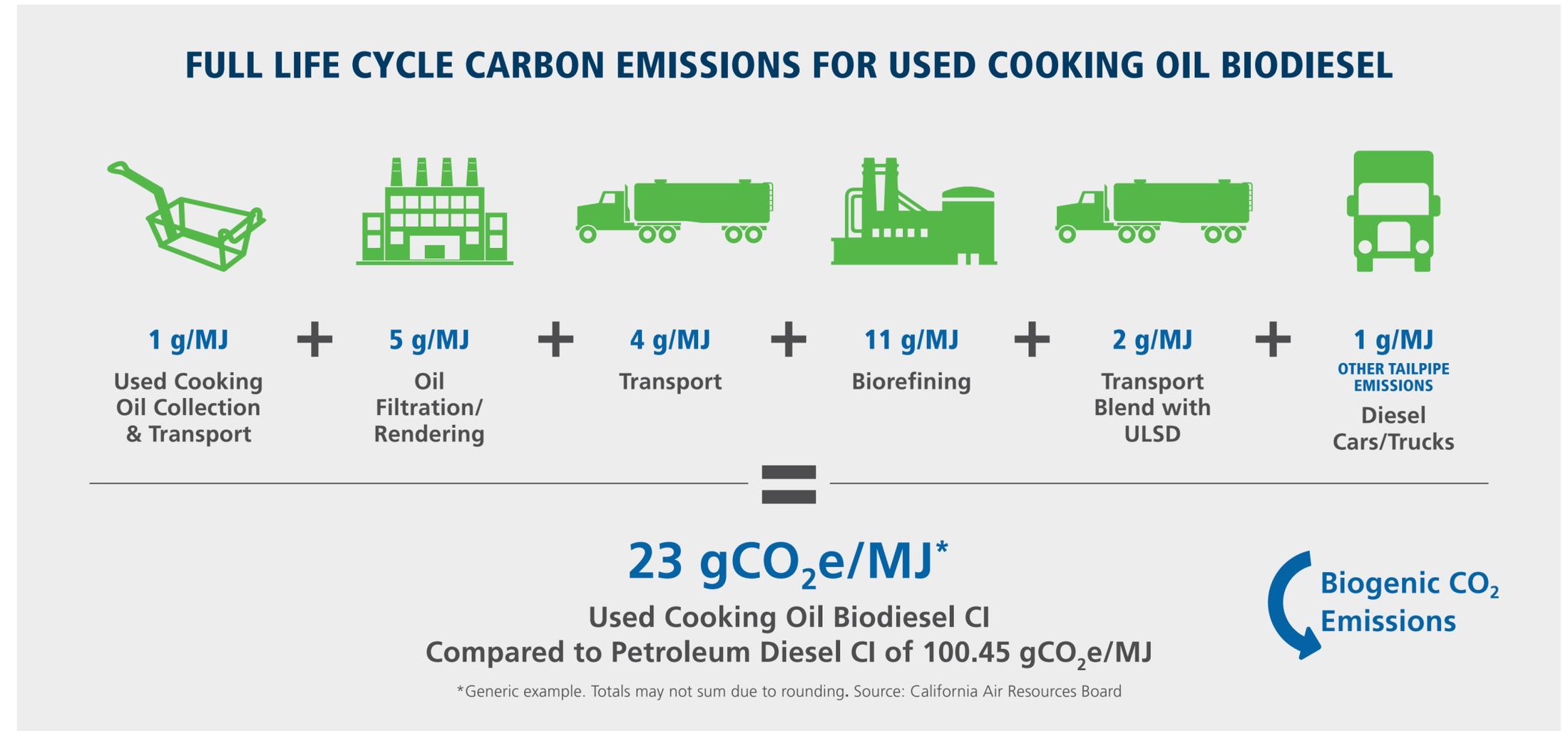


# THE FULL IMPACT OF EMISSIONS

Each of the steps in our value chain result in environmental impact — raw material production and sourcing, fuel production, fuel delivery and end use.

This is what a life cycle analysis (LCA) measures. LCA is a common way to quantify a fuel’s “well to wheel” greenhouse gas (GHG) impact and is used in many leading carbon reduction programs in places like California, Oregon, British Columbia and the European Union. 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 — feedstock used, manufacturing process, transportation required throughout the supply chain and the final emissions produced from using the 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 is 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 gCO<sub>2</sub>e/MJ, so UCO-based biodiesel represents a more than 75% decrease in GHG emissions by comparison.



	REG best-in-class fuel <sup>1</sup>	REG fuel average <sup>2</sup>		2018	2019	2020
<b>2020 California LCFS CI</b>	11.99	36	<b>Thousand metric tons of CO<sub>2</sub> emissions avoided through use of our biodiesel and renewable diesel</b>	3,942	4,156	4,197

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

<sup>2</sup> Using carbon reduction for 2020 REG fuel production based on life cycle analysis of REG-produced fuels (U.S. and EU) versus petroleum diesel based on CA-GREET when available and GHGenius when CA-GREET life cycle analysis not available.

# GHG EMISSIONS REPORTING

Environmental impacts of our business can also be presented on a gross basis using the scope emissions framework outlined by the GHG Protocol. 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. Similar data is underlying our product LCA disclosure and our business scope emissions disclosure, but the presentation provides different insight into our impact.

REG has improved on our 2019 initial reporting of scope emissions by adding additional locations and activities to our reporting. Because of these changes, the aggregate data has limited comparability year over year. Therefore, we are showing 2020 aggregate data and three years of intensity data. Our intensity data is normalized by total products, which helps contextualize our operations and the growth of our business.

Additionally, our Scope 3 data is not complete. We are currently reporting emissions associated with four of the 15 total categories included in Scope 3, per GHG Protocol. We will continue to enhance these metrics over time, but we believe it is important to share what we can, especially as much of the positive impact of our business influences Scope 3, primarily through the end use of our renewable product.

GREENHOUSE GAS EMISSION	(Thousand MT CO <sub>2</sub> e) <sup>1</sup>	2020 Performance
	SCOPE 1 GHG EMISSIONS	150.9
	SCOPE 2 GHG EMISSIONS <sup>2</sup>	87.6
	SCOPE 3 GHG EMISSIONS FROM:	1,420.4
	PURCHASED GOODS — HYDROGEN/METHANOL	
	UPSTREAM TRANSPORTATION AND DISTRIBUTION	
DOWNSTREAM TRANSPORTATION AND DISTRIBUTION		
USE OF SOLD PRODUCTS — NON-RENEWABLE CONTENT		
AVOIDED EMISSIONS FROM BIO-BASED DIESEL PRODUCED <sup>3</sup>	4,197	

(MT CO <sub>2</sub> e/MT Total Products)	2018	2019	2020
SCOPE 1 GHG EMISSIONS INTENSITY	.08	.08	.08
SCOPE 2 GHG EMISSIONS INTENSITY	.05	.05	.04

# ENERGY CONSUMPTION

## Owned Fleet Management

REG maintains a small fleet of vehicles for two primary purposes. First, we have several passenger vehicles for employee transportation for business purposes. This fleet was not heavily utilized in 2020 due to travel restrictions, but we are still committed to lessening the impact of these vehicles. We have implemented technology that streamlines carpooling coordination, and we prioritize purchasing diesel vehicles so we can utilize cleaner-burning biodiesel. Second, we have a distribution fleet comprised of heavy-duty vehicles in Des Moines, Iowa. We have implemented B100 technology, which allows us to maximize our biodiesel usage and avoid fossil carbon emissions from petroleum diesel. See [page 13](#) for additional details about the B100 technology used by our fleet and our efforts to purchase diesel vehicles for higher biodiesel blend purposes.

## Renewable Electricity

In December 2020, construction on a wind turbine was completed at our Albert Lea, Minnesota, facility. The turbine is expected to provide 100% of the facility's energy needs, but the reduced emissions are not reflected in our 2020 performance. We are exploring renewable projects at other REG locations, as well. This new, clean power generation, coupled with our ongoing energy reduction efforts, is helping us reduce the carbon impact of our operations while enabling our production of lower carbon fuel.

Footnote citations are on [page 22](#).

ENERGY CONSUMPTION REG ENTERPRISE	(Thousands GJ)	2020 Performance
	DIRECT ENERGY CONSUMED (EXCLUDING FLEET VEHICLES) <sup>4</sup>	2,996.7
	INDIRECT ENERGY CONSUMED <sup>5,6</sup>	833.72
	PERCENT OF ELECTRICITY SOURCED FROM GRID	100%
	FLEET FUEL CONSUMED — NON-RENEWABLE	2.3
	FLEET FUEL CONSUMED — RENEWABLE	2.9

(GJ Total Energy Consumed/MT Total Products)	2018	2019	2020
COMBINED ENERGY INTENSITY <sup>6</sup>	1.93	1.97	1.94

## OTHER IMPACT

### AIR EMISSIONS

Every REG facility is a “small source” of air emissions according to Title V definitions in the Clean Air Act. As demonstrated by our data, other air emissions are not a source of significant impact for our business.

OTHER AIR EMISSIONS REG PRODUCTION FACILITIES	(MT)	2020 Performance
	NITROGEN OXIDES	141.4
	SULFUR OXIDES	30.6
	VOLATILE ORGANIC COMPOUNDS	39.3
	PARTICULATE MATTER	10.8
	HAZARDOUS AIR POLLUTANTS	30.9

### REDUCING WASTE

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 the “wash water” and recycle it back into the process. Notably, REG did not withdraw water from any high or extremely high stress areas.<sup>7</sup>

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.

Notably, in 2019, REG Geismar redesigned and installed an improved fuel gas sulfur treatment system. The company was able to reduce its hazardous waste output from 36.7 metric tons per year to a now-negligible output.

OTHER REG PRODUCTION FACILITIES	2020 Performance	
	WATER WITHDRAWAL (THOUSAND CUBIC METER)	1,344.1
	HAZARDOUS WASTE (MT)	Negligible
	NON-HAZARDOUS WASTE (MT)	15,083.4

	2018	2019	2020
WATER WITHDRAWAL INTENSITY (THOUSAND CUBIC METER/MT TOTAL PRODUCTS PRODUCED)	.60	.73	.68
NON-HAZARDOUS WASTE INTENSITY (MT/MT TOTAL PRODUCT)	.01	.01	.01

# ➤ NOTES ON REPORTING

The following information provides additional context on the data from the previous three pages.

## **DATA INCLUSION AND REVISIONS**

2018 and 2019 data is representative of North American facilities only. 2020 data is representative of North American and German facilities. Normalizing by applicable total products shows intensity trends over the last three years, irrespective of data set completeness.

While 2018 and 2019 aggregate data are not included in this report, it is underlying all intensity figures. It is important to note that we revised a few environmental data points for these two years based on improved data collection. As demonstrated by the intensity figures, these revisions do not impact general trends in our resource management performance.

## **METHODOLOGY AND ADDITIONAL NOTES**

<sup>1</sup>GHG emissions data is calculated using emissions factors from the U.S. EPA and California GREET 3.0 Model. Methodology is consistent with guidance from GHG Protocol.

<sup>2</sup>Scope 2 emissions are calculated using the location-based method, meaning use of grid average emissions factors.

<sup>3</sup>Carbon avoidance is based on life cycle analysis of REG-produced fuels versus petroleum diesel.

<sup>4</sup>This is representative of the energy contributing to Scope 1 emissions, excluding fleet fuel consumption.

<sup>5</sup>This is representative of the energy contributing to Scope 2 emissions.

<sup>6</sup>Figures updated 7/1/21 due to computational correction.

<sup>7</sup>Water stress is determined using the Aqueduct Water Risk Atlas.



# SOCIAL

2020 tested the resolve of all of us, both professionally and personally. That's why we felt it was more important than ever to support our people and our communities.



# ➤ PROMOTING A CULTURE OF SAFETY

Safety is a top priority and core value at Renewable Energy Group. Our VisionZERO culture model sets the tone for safety at REG. VisionZERO 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. It includes four categories:

## MINDSET

Creating a mentality in which safety is a value that we do not compromise.

## EXPECTATIONS

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

## COMMITMENT

Giving employees responsibility for their co-workers' and their own safety, and creating accountability.

## ACTION

Executing, auditing and improving the tools, processes and systems we've established.

### Additional safety tools include:

- Our [Environment, Health and Safety \(EHS\) policy](#), which sets expectations for our commitment to the safety and health of our employees, customers, vendors and guests.
- Facility-specific data tracking and standards that often surpass regulatory requirements, which are explained in more detail on [page 14](#).
- Mandatory safety training for all employees, with sessions customized based on job function. This includes safety culture workshops for office personnel to underscore the importance of safety even for people who don't work at a biorefinery.

### PROCESS SAFETY

Process safety involves preventing releases of hazardous materials that could result in serious injuries to employees or neighbors, as well as harming the environment. Biodiesel is nontoxic and biodegradable, but REG recognizes our responsibility to minimize spills and we work diligently to prevent process safety incidents at our facilities by:

- Performing process hazard analysis (HAZOPs) at facilities and implementing layers of protection.
- Utilizing the Management of Change (MOC) process for all changes to the process, equipment and procedures before implementation and Pre-Startup Safety Reviews (PSSR) to ensure all potential hazards of the change(s) have been identified and mitigated.
- Managing equipment integrity and reliability.
- Using currently recognized and accepted good engineering practices in the design and construction of facilities and equipment, following both global and local standards.
- Investigating all incidents to determine root causes and causal factors and then sharing learnings throughout the company to prevent recurrence.
- Providing safety, operations and maintenance training to help ensure that our employees are properly trained to identify and mitigate hazards and risks.
- Reviewing and auditing our facilities and seeking opportunities for continuous improvement.

**VISIONZERO**  
ZERO INJURIES, ENVIRONMENTAL AND PROCESS INCIDENTS

# ➤ SAFETY PERFORMANCE

While we strongly believe an injury- and incident-free workplace is achievable, we set annual non-zero safety targets that build on the previous year's performance. These short-term targets help us continually advance towards VisionZERO. Although we fell short of our 2020 goal of a less than 0.77 total recordable incident rate, we believe we have a very strong safety culture, are well under the pre-COVID-19 industry average and are committed to taking actions to return to industry-leading performance in 2021. We did meet our goals related to spill mitigation and improvement (process safety rates).

The Occupational Safety and Health Administration (OSHA) required work transmission of COVID-19 illness cases to be included in reporting figures. It was difficult to determine where individuals contracted the virus, which made reporting on this figure challenging. Additionally, there is a lag in industry data, inhibiting benchmarking efforts. As noted throughout this report, REG took extreme care to protect our employees, contractors and visitors to our facilities.

The scale of the international pandemic was unique in the history of REG, and the first time OSHA required public illness to be reported as an injury, making it hard to compare performance year over year. We are showing safety data both with and without coronavirus-related illness cases in 2020. Unfortunately, amid the additional challenges introduced by COVID-19, including the associated change in work practices and personal and professional stresses, we did not meet our goal. Each instance was assessed, corrected and learned from. We are committed to improving our performance in 2021.

	2018	2019	2020
<b>TOTAL RECORDABLE INCIDENT RATE (TRIR)<sup>1</sup></b>	1.25	0.44	1.56 1.10*
<b>LOST-TIME INCIDENT RATE (DART)<sup>2</sup></b>	0.68	0.44	1.56 1.10*
<b>FATALITY RATE</b>	0 in REG history		
<b>TIER 1 PROCESS SAFETY RATE<sup>3</sup></b>	0.11	0.11	0.22
<b>TIER 2 PROCESS SAFETY RATE<sup>3</sup></b>	0.55	0.22	0.00

\*Excludes COVID-19 illness cases. Data for REG employees only. Contract worker incidents are not included in these rates, although we do monitor.

<sup>1</sup> Total recordable incident rate as defined by OSHA to determine the relative level of injuries and illnesses per 200,000 work hours.

<sup>2</sup> 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.

<sup>3</sup> 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.

## Safety Culture in Action

In 2020, REG Geismar underwent a project called a turnaround, or TAR, in which the catalyst used in the production process is replaced and other maintenance activities are done. Although this is a regular event, it is one that comes with tight deadlines and an increased focus on safety.

The Geismar TAR team completed this project under extreme circumstances given the challenges associated with the pandemic and the need to have many individuals on site to perform the work. The team put in place illness prevention and reporting measures while providing timely communication to everyone as policies and plans changed. REG Geismar established daily wellness checks on everyone entering the site, a policy for safe social distancing, and a procedure in the event of a positive COVID-19 case. Other actions included mandatory face shields, a crew dedicated to sanitizing, and additional space for breaks and meetings.

The Geismar TAR is an example of the REG safety culture in action. By taking care of each other and following protocols, the team was able to complete the project without any infections or injuries. Other safety measures related to COVID-19 efforts can be found on [page 8](#).

# ➤ RESPONSIBLE BUSINESS

REG maintains company-specific policies to guide our practices and instill integrity in our operations. Many of our policies have stricter standards than applicable laws and regulations, and a cross-functional Policy Committee ensures adequate review and input in policy management.

Our key policies can be found on our website, and summaries are below:

- Code of Business Conduct and Ethics — Includes policies relevant to conducting business activities and transactions with the highest level of integrity and ethical standards and in accordance with all applicable laws. It applies to all employees, officers and directors of the company and its subsidiaries.
- Environmental, Health and Safety — Outlines the occupational, process safety and health and environmental standards for our company. All REG employees and individuals working for or on behalf of REG must comply.
- Code of Ethics for Senior Financial Officers — Identifies specific expectations for particular members of the leadership team to maintain the highest level of honesty and integrity, specifically in relation to our governance practices and financial reporting processes.
- Vendor Code of Conduct — Sets expectations regarding the high integrity and ethical standards required to maintain a business relationship with REG and covers a wide range of business practices and procedures. It applies to our suppliers, customers, third parties, contractors, intermediaries and their agents.
- Anti-Corruption Policy — Contains information intended to reduce the risk of corruption and bribery, which the company strictly prohibits, from occurring in the company's activities in every jurisdiction in which it operates. All company employees and third parties are responsible to become familiar with it and comply.
- Whistleblower Hotline — Provides an avenue for employees to report a possible instance of wrongdoing.

## **BUSINESS PARTNER SCREENING**

Part of our commitment to operating responsibly is making sure we work with businesses who do the same. We conduct due diligence on new potential partners to evaluate the compatibility of values and practices, including their treatment of people and the environment, and to make sure they comply with our policies, as noted in our Vendor Code of Conduct. This process includes use of international watch lists, media/headline reviews, direct solicitation of company information, REG-conducted research and Compliance Team assessment.

We also perform annual reviews of our partnerships based on materiality to our business and assessed risk of the relationship based on various factors. This process is similar to the initial diligence performed. Additionally, several of the third-party programs in which we participate include some sort of supply chain review or audit, as noted on [page 27](#).



## ➤ COMPLIANCE STANDARDS

In addition to our policies, REG participates in a variety of process safety, governmental and third-party compliance programs that are meticulous in their standards. These programs have different approaches, metrics and rules, but overall, they collectively provide assurance that our operations are managed with utmost care, with significant oversight and in fulfillment of our compliance obligations to our business. Below are some of the most notable programs and the corresponding requirements for participation.

	SUMMARY	REGISTRATION	REPORTING & VERIFICATION
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 companies 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 submitted 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 reporting to sustainability scheme. Annual attest engagement conducted by independent 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 independent third-party auditor.

# ➤ OUR PEOPLE

At Renewable Energy Group, we want to be sure to support and take care of each other while also continuing to make REG a better place to work. This was especially true in 2020, which was a challenging year for many people.



## ORGANIZATIONAL CHANGES

We wanted to accelerate the company's performance as a leader in a rapidly growing industry, and we know that our strategy and growth starts with our people. As a result, we announced in August the addition of a role at the senior leadership level, focused on People Development. We also announced changes in December as to how our Senior Leadership Team is structured. These changes, which lay the foundation for growth, development and advancement throughout the organization, are discussed further in the Governance section.



## AGILE WORKSTYLE

REG created a flexible work schedule policy in 2019, and that was put to the test in 2020. Most of our employees spent the year working outside the office and juggled work needs with home life, including in many cases having to care for young children and handle online schooling. We worked to accommodate these needs, including shifts in hours, while still meeting business objectives. We embraced new tools and technology to stay connected and productive. Employees who continued to work in person did so differently for their safety as detailed on [page 8](#).



## INCLUSION AND DIVERSITY

We recognize that diversity is experienced in many ways, and we are focused on fostering an inclusive culture that welcomes people from all backgrounds and values the unique contributions of all team members.

In 2020 we created three new internal groups to enhance our inclusion and diversity efforts: the Inclusion & Diversity (I&D) Council, BIPOC (Black, Indigenous and people of color) Council and Women's Council. Our Senior Leadership Team championed the formation of these groups, which consist of team members who voluntarily raised their hands to participate and lead in this important area. These individuals represent all aspects of our global organization, including various races and ethnicities, genders, levels in the organization, departments and locations. These councils are exploring I&D-related business needs at REG and will help set the focus of our efforts.



# ➤ EMPLOYEE GROWTH AND SUPPORT



## EMPLOYEE FEEDBACK

REG surveys employees, with the results used to support specific efforts in functional areas and to guide corporate-level initiatives. Due to the pandemic, the 2019 survey occurring mid-year, and awareness of survey fatigue, we chose not to survey employees in 2020 while continuing to implement changes based on previous findings. However, plans are already underway to conduct an engagement survey in 2021.

That does not mean employee feedback was not collected in 2020. Much of this occurred at the department level and between employees and their managers. We also participated in Iowa's Top Workplaces survey, which provided useful insight into employee sentiment and ultimately won us a Top Workplaces Award. We also encouraged employees to share their thoughts through other channels, such as company town halls. We made after-action reviews a best practice for key projects and events, allowing us to evaluate what worked and what could have gone better so that we could learn from our efforts and make positive adjustments for the future.



## EMPLOYEE-LED COMMITTEES

REG has several employee-led committees, including inclusion and diversity, wellness, philanthropy and safety. These committees continued to meet, make recommendations and drive positive change within REG even as they spent most of 2020 meeting remotely. They also continued to promote employee engagement with activities like a photo contest to encourage people to get outside, hosting a speaker on mental health, regular "coffee chats" on Zoom and putting together a wellness bingo game.



## POSITIVE EMPLOYEE RELATIONS

We are proud of our positive employee culture, and the results are seen in our employee retention. The following are our voluntary/involuntary turnover rates for the past three years. They include employees from discontinued operations, and the 2019 number is higher because of discontinued operations at REG Life Sciences and REG New Boston. Not included is turnover from interns who completed their program.

2018	2019	2020
13.90%	17.67%	9.36%

We respect the rights of our workforce and comply with all applicable laws, including freedom of association and collective bargaining. To date, we have always found agreeable solutions to employee concerns and there is currently no formal union representation within our organization. Our German facilities participate in a Works Council, which is customary in Germany.



## TRAINING OPPORTUNITIES

Most training opportunities quickly pivoted to virtual sessions in 2020, and one bonus was the opportunity for greater collaboration with our employees globally. In addition to existing internal courses on safety, professional development, manufacturing, leadership, compliance and business skills, in 2020 we introduced department overviews to promote awareness of other business functions and to allow team members to enhance their presentation skills. We also sponsor employee participation in external leadership programs and support other training opportunities important to their job function or personal development.



## COVID-19 IMPACT

REG is a family, and in such an unusual and challenging year, we felt it was important to offer extra support to our employees and their families. We provided additional paid time off for employees exposed to, exhibiting symptoms of or contracting COVID-19. This benefit extended to employees needing to care for immediate family members with COVID-19. With many schools going remote in the spring and fall, we also implemented a "return to learn" program to assist employees with school-age children, which included things such as laptops loaned out to families, tutor connections, parental assistance, and educational materials on home schooling and finding alternate childcare.

## ➤ OUR COMMUNITIES

Supporting the communities where we live and work has perhaps never been more important than it was in 2020. Giving back was more challenging with in-person events restricted by the pandemic, but with our employee-led philanthropy committee leading the process, REG donated to over 170 causes last year. Funding decisions are made based on factors such as proximity to our facilities, participant impact and alignment with our philanthropy pillars of youth, health and the environment.

### YOUTH

The city of Glidden, Iowa, near our Ralston biorefinery, identified a need for additional in-town childcare options. REG donated \$50,000 toward the construction of the Lil' Wildcat Education Center. We believe that early childhood education is critical for our employees' families and rural communities.

### HEALTH

REG is a longtime supporter of Mary Greeley Medical Center in Ames, Iowa. In 2020 we made one of our biggest donations ever to the hospital, \$100,000, which will go toward a new Family Care Center that will include upgraded labor and delivery, neonatal intensive care and pediatric units. Not only does this support the community, but it also demonstrates our commitment to our employees' families and specifically to women and working mothers.

### ENVIRONMENT

REG donated \$15,000 to Story County Conservation in our home county for water-quality monitoring and trail enhancements. In 2021, REG volunteers will conduct monthly water quality sampling. This serves as a great way to get employees involved in the community and beneficially impact the environment beyond our routine business.

### PANDEMIC SUPPORT

The pandemic was a special focus of our philanthropy in 2020. We contributed over \$40,000 to COVID-19-related causes in communities where we have locations, including food pantries and meals and personal protective equipment for first responders. Donations were made to many other local organizations experiencing hardships due to funding interruptions and strain on programming. We also contributed to local chambers of commerce and participated in local economic stimulus programs.

### VOLUNTEER TIME OFF

Heading into 2020, we set a goal of 35% of employees using their eight hours of paid volunteer time off (VTO). We exceeded our target with 46% usage in the U.S., which was a great result in a year in which many of the typical volunteer activities were not available.

### 25TH ANNIVERSARY

To celebrate the company's 25th anniversary, REG allowed all employees to direct a \$25 donation to a nonprofit organization from a list of choices in North America and Europe. Funds were donated to eight organizations: American Cancer Society, Arbor Day Foundation, Boys & Girls Clubs of America, Disabled American Veterans, Thurgood Marshall College Fund, Aktion Kind e.V., Caritasverband für die diözese Osnabrück e.V and Voedselbank Amsterdam.



# GOVERNANCE

Thanks to the corporate strategies and governance policies we had in place, Renewable Energy Group not only weathered the pandemic but had a successful year. With an eye toward 2021 and beyond, we also reorganized our Senior Leadership Team to accelerate our growth.



# ➤ COLLABORATION

The Board of Directors and Senior Leadership Team work together to set the tone at REG, conducting themselves with the highest levels of professional and ethical integrity. We routinely reflect on our governance performance and the tools and approaches we use to ensure company oversight today will drive us successfully into tomorrow. Additional information regarding shareholder rights, board structure and responsibilities, and compensation are available on the [investor section on our website](#), specifically in our SEC documents and in the Governance section.

## **STRATEGY & RISK MANAGEMENT**

This Board-Management collaboration extends to company strategy and risk management. REG Management is responsible for development and implementation, and they leverage the experience and expertise of individual Board members as needed. Oversight occurs at the Board committee level, with ultimate responsibility resting with the full Board. In addition to defined responsibilities per the committee charters (found at [regi.com](#)), REG routinely considers the appropriate oversight for salient risks at both the committee and management levels and proposes changes as needed. In 2020 we prioritized enhancements to our Enterprise Risk Management (ERM) program, and we are increasing efforts on this front even more in 2021.

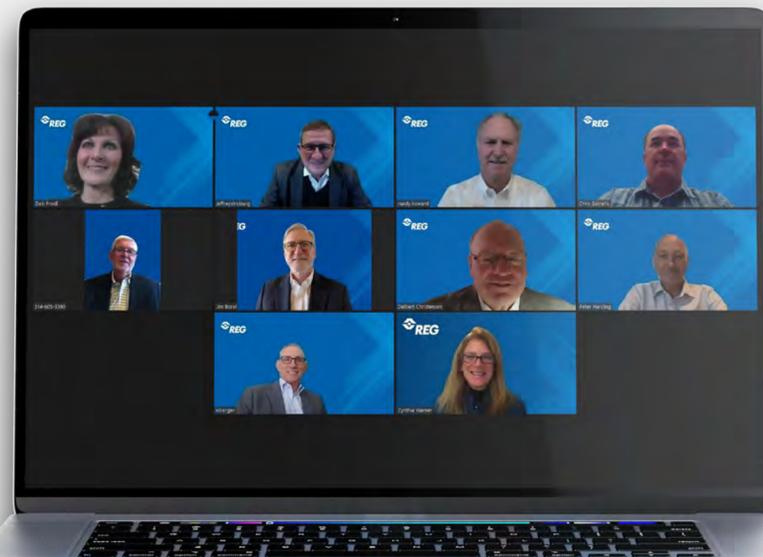
REG utilizes a robust management system comprised of governance documents and corporate policies, which are reviewed annually. These include a Certificate of Incorporation, Bylaws, a Code of Business Conduct and Ethics, Corporate Governance Guidelines and a Code of Ethics for Senior Financial Officers.



# ➤ BOARD COMMITTEES

The committees of our Board of Directors allow for more focused oversight of key areas of our business. Committees include Audit, Risk Management, Compensation, and Nominating and ESG.

In 2020, the Nominating and Governance Committee's name was changed to the Nominating and ESG Committee and updated its charter to assume responsibility for oversight of the company's proper incorporation of broader ESG issues in its approach and strategic thinking, as well as how we relay our approach to others, including in this report. This highlights the value the Board, and the company as a whole, puts on promoting sustainability, supporting our people and society and practicing good corporate governance.



## **The Audit Committee oversees establishment and reviews with management:**

- Company's major risk exposures not overseen by Risk Committee, including information security.
- 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 integrity of the Company's financial statements.
- The Company's compliance with legal and regulatory requirements.
- The qualification, independence and performance of the independent auditors and the performance of the Company's internal audit functions.

## **The Risk Management Committee oversees and reviews with management:**

- Agricultural and energy commodity price risk.
- Environmental, health and safety risk.
- Policies, procedures and systems to address such risks.

## **The Compensation Committee:**

- Guides the Company's pay-for-performance compensation philosophy and oversees the compensation system and processes currently in place, which allow us to ensure that individuals are rewarded based upon the impact and value they contribute to REG strategic priorities.
- Evaluates the performance, compensation and contracts of the CEO and all other executive officers.
- Provides oversight for the CEO succession plans and management development plan.
- Administers the stock and other equity-based compensation plans of the company.
- 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 ESG Committee:**

- Identifies, evaluates, recruits and recommends potential new Board members and monitors the process to assess Board effectiveness.
- Develops and recommends corporate governance principles applicable to the Company.
- Oversees matters of corporate governance, including environmental, social and governance, relevant to the Company.

# ➤ BOARD OF DIRECTORS

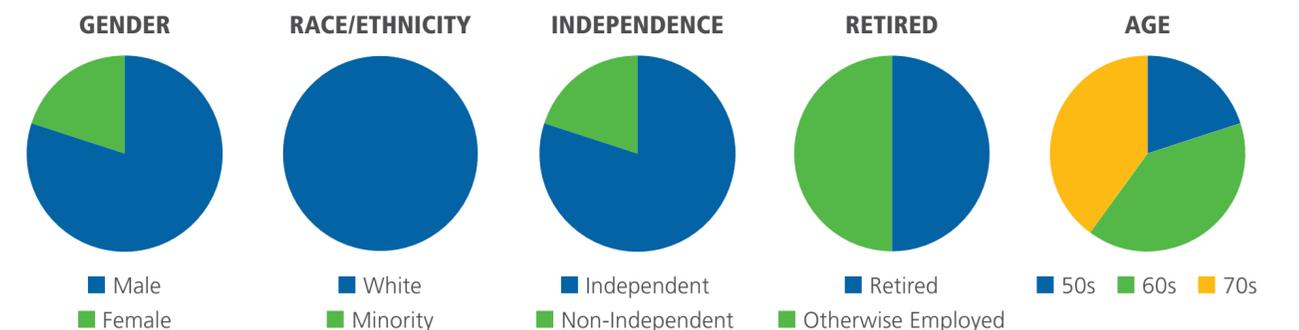
Every year the Nominating and ESG Committee conducts a review and develops a recommendation to the full Board regarding the qualification standards for directors and committees. The assessment considers criteria for independence, size and composition, as well as board member skills. Board members are encouraged to participate in educational opportunities to strengthen skills and enhance governance capabilities.

Our Board values experienced and dedicated individuals with diverse backgrounds, perspectives and skills. The following table shows the composition of the Board with respect to critical qualifications and expertise that advance our strategy.

## RENEWABLE ENERGY GROUP: CRITICAL SKILL CRITERIA MATRIX

 Leadership	● ● ● ● ● ● ● ● ● ● ●	<b>10 of 10</b>
 Financial Expertise	● ● ● ● ●	<b>5 of 10</b>
 Growth Opportunities (Bus. Development or M&A)	● ● ● ● ● ● ● ● ● ●	<b>9 of 10</b>
 Industry Experience	● ● ● ● ● ● ● ● ● ● ●	<b>10 of 10</b>
 Operating/Manufacturing Experience	● ● ● ● ● ● ● ●	<b>8 of 10</b>
 Marketing & Distribution Experience	● ● ● ● ● ●	<b>6 of 10</b>
 Strategic Planning	● ● ● ● ● ● ● ● ● ● ●	<b>10 of 10</b>
 International Experience	● ● ● ● ● ● ● ● ● ●	<b>9 of 10</b>
 Governmental, Legal & Regulatory	● ● ● ● ●	<b>5 of 10</b>
 Human Capital & Compensation	● ● ● ● ● ●	<b>6 of 10</b>
 Corporate Governance & Investor Relations	● ●	<b>2 of 10</b>
 Environmental, Health, Safety & Sustainability	● ● ● ●	<b>4 of 10</b>
 Technology/Cyber Security	● ● ●	<b>3 of 10</b>

 <b>Walter Berger</b> DIRECTOR	 <b>James Borel</b> DIRECTOR	 <b>Delbert Christensen</b> DIRECTOR	 <b>Debora Frodl</b> DIRECTOR	 <b>Peter Harding</b> DIRECTOR
 <b>Randolph Howard</b> VICE CHAIRPERSON	 <b>Michael Scharf</b> DIRECTOR	 <b>Christopher Sorrells</b> LEAD INDEPENDENT DIRECTOR	 <b>Jeffrey Stroburg</b> CHAIRPERSON OF THE BOARD	 <b>Cynthia (CJ) Warner</b> PRESIDENT AND CEO DIRECTOR



# ➤ REG LEADERSHIP

## MANAGEMENT COMPOSITION

In 2020, we focused on recruiting leaders with the skills and expertise that would help drive the company forward. We continue to value diversity in experience, perspective, personal and professional background and more, which we believe leads to more informed and ultimately effective decision-making.

A major initiative last year was a reorganization of our Senior Leadership Team to streamline the reporting structure and accelerate our growth. Also, while the changes occurred at the senior management level, this move will allow us to better recruit, promote and develop strong talent throughout our organization. The reorganization included:

- Creating a senior vice president level for five positions: Business Development, Commercial Performance, Manufacturing and Engineering, People Development, and Sales and Marketing. This change resulted in three women, including our CEO, holding senior-level positions.
- Regrouping specific business areas and including different portions of the business at the vice president level. We were able to promote and recruit additional talent as a result of this change and increased our minority representation at this level.

In a rapidly changing industry, it was the right time to make these organizational enhancements to support our business strategy and bring new focus, resources and capabilities to key areas.

## Experienced Leadership Team



**Cynthia (CJ)  
Warner**

PRESIDENT AND CHIEF  
EXECUTIVE OFFICER



**Brad  
Albin**

SENIOR VICE PRESIDENT,  
MANUFACTURING AND  
ENGINEERING



**Craig  
Bealmear**

CHIEF FINANCIAL  
OFFICER



**Eric  
Bowen**

GENERAL COUNSEL  
AND SECRETARY



**Trisha  
Conley**

SENIOR VICE PRESIDENT,  
PEOPLE DEVELOPMENT



**Neville  
Fernandes**

VICE PRESIDENT,  
CORPORATE AFFAIRS  
AND DEVELOPMENT



**Bob  
Kenyon**

SENIOR VICE PRESIDENT,  
SALES & MARKETING



**Natalie  
Merrill**

SENIOR VICE PRESIDENT,  
BUSINESS DEVELOPMENT



**Chad  
Stone**

SENIOR VICE PRESIDENT,  
COMMERCIAL  
PERFORMANCE

# APPENDIX

## ADJUSTED EBITDA RECONCILIATION

(in thousands)	12-months Ended Dec. 31, 2020
Net income (loss) from continuing operations	\$122,813
Adjustments:	
Interest expense	7,911
Income tax expense (benefit)	5,929
Depreciation	37,315
Amortization of intangible assets	<u>1,772</u>
<b>EBITDA</b>	<b>\$ 175,740</b>
Gain on sale of assets	(205)
(Gain) loss on debt extinguishment	(1,809)
Gain on lease termination	(4,449)
Interest Income	—
Other (income) expense, net	(3,533)
Impairment of assets	22,404
Stock compensation expense	<u>7,698</u>
<b>Adjusted EBITDA</b>	<b>\$ 195,836</b>

Total balances may not foot due to rounding.

This presentation includes certain financial measures that are not calculated in accordance with U.S. generally accepted accounting principles ("GAAP"), including Adjusted Earnings Before Income Taxes, Depreciation and Amortization ("EBITDA") (including estimated Adjusted EBITDA). These non-GAAP financial measures are not measures of financial performance prepared or presented in accordance with GAAP and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation, and users of any such information should not place undue reliance thereon. REG's definitions (which may be materially different than similarly titled measures used by other companies) of these measures as well as certain additional information regarding these measures. REG believes the presentation of these metrics may be useful to investors because it supplements investors' understanding of our operating performance by providing information regarding our ongoing performance that excludes items we believe do not directly affect our core operations.



**RENEWABLE ENERGY GROUP**

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