



Dear Interested Parties,

Several years ago, members of the Advanced Biofuels Association (ABFA) agreed to a mission statement concerning the issue of global climate change. At that time, our members chose to recognize the impact that human behavior has had on our planet and the need for private industry to participate in delivering solutions, over time, to reduce greenhouse gas (GHG) emissions. Today, the Association is taking another step by releasing a set of principles to guide policy surrounding low-carbon fuels. ABFA's member companies have collectively developed these principles over the last year and have voted to approve them.

Before we began this undertaking, our Association broadened its membership and diversified the participants in this critical conversation about the future of low-carbon fuels. This resulted in some of the largest refiners in the world sitting directly across the table from some of the largest biofuels producers and fuels distributors in America and abroad. And we were able to reach consensus on a great deal; the list of companies endorsing this set of principles is significant.

These principles offer a starting point for a conversation we expect to continue long into the future, with complicated and diverging interests in play. However, we felt this starting point was indeed critical to establish. From here, we welcome the opportunity to continue the conversation to inform policy addressing the role low-carbon fuels will play in combatting the threat currently facing our planet.

Our discussion remained at a high level, creating the best opportunity for agreement and concrete direction. We focused on examining the kinds of policies that would be necessary to develop real-time solutions to lower GHG emissions and mitigate the impact of climate change.

To be successful, private industry and governments around the world must foster partnership. Additionally, buy-in from every sector requires having a common approach to carbon accounting – one based in science and governed by certified and consistently-updated data and models. Low-carbon fuel policy will not work if the world cannot align on metrics, methodologies, and standards for assessing carbon reduction. ABFA's members support policy that is inclusive, data driven, broad, efficient, transparent, fair, timely and current.

While our scope focused on the transportation fuels sector, these principles can be generally applicable across many sectors. The Association considered applicability to all potential fuels, however, we focused most specifically on heavy-duty transportation, the hardest sector to electrify. Therefore, we concluded that developing lower carbon advanced fuels was the most impactful first step ABFA's members could take toward that end.

We present to you this document, Principles for Low Carbon Fuel Policy, the culmination of this year-long effort. We release it to the public in hopes of furthering efforts to come together, in alignment, to develop solutions addressing the impact of carbon emissions on our climate.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael J. McAdams", written over a horizontal line.

Michael J. McAdams
President, Advanced Biofuels Association

Principles for Low Carbon Fuel Policy

Advanced Biofuels Association
December 2, 2021

ABFA supports advancing policies to address America's largest source of GHG emissions

Objectives: Promote policies to drive America's energy transition to carbon neutral transportation

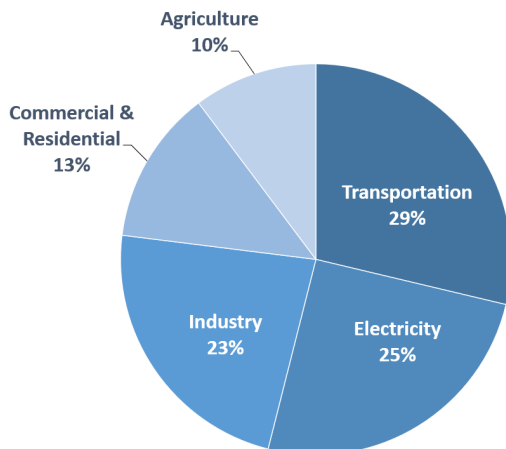
Scope: The full supply chain of inputs, processes, or fuels (inclusive of electricity) produced and used in the American transportation sector

Goal: Seek to find common ground among a broadly inclusive group representing all forms of transportation fuel used or produced in America to promote effective, harmonized policies to maximize efficiency, and long-term predictability.

Method: The diversity of perspectives represented in the group will make total consensus elusive. That will not prevent action consistent with the will of the majority of member companies

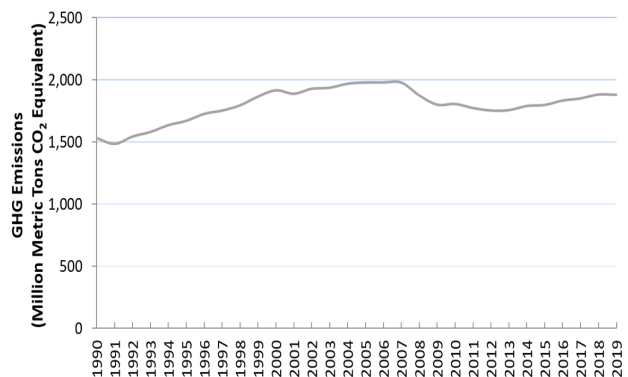
Values: Our potential for effectiveness lies in our broad representation. Debate should be conducted openly and respectfully in an environment of trust. We will respect and be efficient with the use of each other's time

Total U.S. Greenhouse Gas Emissions
by Economic Sector in 2019



U.S. Environmental Protection Agency (2021). Inventory of U.S. Greenhouse Gas Emissions and Sinks: 1990-2019

Greenhouse Gas Emissions from Transportation, 1990-2019



ABFA supports an approach that is grounded in principles

Guideposts: Data driven, politically feasible, legally sound, market neutral, solving for efficiency, cost, and transition toward carbon reduction.

Balanced: Policies must drive innovation and investments in all fuel sectors and provide a long term market signal within the bounds of feasibility

Consistent: Measurements and scoring must be consistent across all sectors

Dynamic: Best and most recent information must be closely monitored and updated to reflect ever changing realities

Phased: Targets should be set for long term predictability to drive progress from well established baselines

Comprehensive: Apply obligations to the broadest feasible array of fuel sectors

Flexible: Allow for broadest array of means possible to meet obligations inclusive of credit trading to promote optionality, risk mitigation, efficiency, and innovation

ABFA supports science-based, data-driven LCI accounting methodology

Inclusive: CI LCA methodology to be established by regulators with broad stakeholder input

Broad: Carbon reductions from feedstock and technology innovations, process improvements, and other fuel characteristics should be included regardless of sector or source

Fair: Measurement of reductions must be applied consistently

Timely: Monitoring and verification services should be provided by regulated 3rd party vendors to address regulator capacity constraints

Current: Periodic review of models and methodology to be performed to capture continuous improvements with evaluation schedules established and adhered to

Transparent: Updated analytical models to be peer reviewed and revised as applicable

Funded: Process to be fully funded through appropriations and or user fees

Endorsed By

**Alder Fuels - Bayou Fuels - Brazilian Trade - BSBios - Christianson - ExxonMobil
Fulcrum - Gevo - LanzaJet - LanzaTech - Marathon - NEFI - Neste - Nuseed - Oberon
Phillips 66 - RBF - Red Rock Biofuels - REG - Shell - Sprague - Sungas Renewables
Targray - TotalEnergies - Velocys - Victory Renewables - Virent - WorldEnergy**