

**EXPRESSION OF PRINCIPLES**  
**Dated September 14<sup>th</sup>, 2023**

As entered into between:

- 1. the Minister of Economic Affairs and Climate Policy**, acting as administrative body and as representative of the State of the Netherlands, represented by Mrs. M.A.M. Adriaansens;
- 2. the State Secretary of Infrastructure and Water Management**, acting as administrative body and as representative of the State of the Netherlands, represented by Mrs. V.L.W.A. Heijnen;
- 3. the Provincial Executive of the Province of Zeeland** (*College van Gedeputeerde Staten*), acting as administrative body (*bestuursorgaan*), on its behalf Mr. J. de Bat and the royal commissioner of the Province of Zeeland, acting a representative of the Province of Zeeland, on its behalf Mr. J. de Bat (hereafter: "Province of Zeeland");

and

- 4. ZEELAND REFINERY N.V.**, with its registered office in The Netherlands, with offices at Luxemburgweg 1, 4455 TM Nieuwdorp, represented in this matter by Mrs. J. Hahn (hereafter: "Zeeland Refinery");

Regarding cooperation to reduce Greenhouse gas emissions in the Netherlands, to reduce the impact on the (local) environment and to contribute to the energy transition and circular economy by Zeeland Refinery.

Parties 1 and 2 hereafter individually as well as jointly referred to as the "State";

Parties, 1, 2, 3 and 4 hereafter jointly referred to as the "Parties";

WHEREAS:

### **Legal and policy framework for CO<sub>2</sub> reduction**

1. Parties acknowledge that additional efforts for reduction of Greenhouse gas emissions are required to achieve the goals of The Paris Agreement, the European Climate Law, the Dutch Climate Law (*Klimaatwet*) and the Dutch Coalition Agreement (*Coalitieakkoord*);
2. The Dutch Coalition Agreement as presented on December 15, 2021, increases the national CO<sub>2</sub> reduction targets to at least 55% in 2030 (vs 1990), and the Government aims for 60% CO<sub>2</sub> reduction in 2030, and for climate neutrality in 2050 and for establishment of a green economy that is climate neutral, fossil free and circular;
3. For the industry, as laid down in the 26 April 2023 letter about the additional climate policies (hereafter: "Kamerbrief Voorjaarsbesluitvorming Klimaat"), the proposed target is reduction of CO<sub>2</sub>-emissions to a maximum of 29.6 million tons per year (hereafter: Mton) in 2030;
4. The Government has presented a national roadmap to accelerate the transition in the Dutch industry towards a climate neutral, fossil free and circular economy. Parties acknowledge that their mutual cooperation will take place in the context of the developing policy around accelerating the transition of the industry;

### **Tailor-Made Approach ("Maatwerk")**

5. The Government aims to facilitate the climate transition of the industry in the Netherlands with, amongst other instruments, a tailor-made approach for the 10-20 largest industrial emitters. As set out in among others the letter informing parliament on the tailor-made approach<sup>1</sup> (hereafter: "Zomerbrief") and the letter informing Parliament on the progress of the tailor-made approach<sup>2</sup> (hereafter: "Voortgangsbrief"), the aim of the tailor-made approach is to support these companies, based on mutual commitments, in achieving additional and accelerated CO<sub>2</sub> reduction before 2030 and having a sustainable future in the Netherlands. Furthermore, the aim is to contribute and to meet now and in the long-term other sustainability challenges in the Netherlands;
6. Where needed, the Government, as stipulated in the Dutch Climate Policy Program, intends to support the largest industrial emitters in their endeavors in order to contribute to additional CO<sub>2</sub> reduction, while considering European principles regarding state aid and a level playing field on the internal market and aiming for an international level playing field;
7. In the Zomerbrief and the Voortgangsbrief, the Government explained the structure of the discussions with the 10-20 largest emitters for a tailor-made approach. The structure will be along the following lines:
  - i. First, discussions will be held to see whether parties can come to an expression of principles ("EoP"), in which they express their intention to further discuss the possibilities of reducing additional CO<sub>2</sub>-emissions and reduction of impact on the local environment by the respective companies and the possibilities of the Government to assist therewith;
  - ii. Second, if an EoP appears to be a good basis for further discussions, parties intend to continue discussions with the aim to define the specific measures to be taken and intend to agree on those in a draft joint letter of intent ("JLoI");
  - iii. Third, the draft JLoI will be submitted to the 'Adviescommissie Maatwerkafspraken Verduurzaming Industrie' for an expert advice to the Minister of Economic Affairs and Climate Policy with respect to, among others feasibility, cost-effectiveness and level of ambition;
  - iv. Finally, if a final JLoI has been agreed upon and signed, parties intend to implement and elaborate their agreements in binding tailor-made agreements;
8. The current EoP, therefore, is only of an indicative, non-binding nature, which means that in the further discussions in the context of the tailor-made approach neither Party can be legally held to expressed intentions, statements, facts or numbers mentioned in this EoP, among other things because in this stage, such expressed intentions, statements, facts or numbers

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<sup>1</sup> Kamerbrief Zomerbrief Maatwerk, d.d. 8 July 2022.

<sup>2</sup> Kamerbrief Voortgang Maatwerkafspraken, d.d. 27 February 2023.

cannot and will not be fully verified by the Parties to this EoP and because neither Party wants to enter into legally binding commitments with this EoP;

9. Parties confirm explicitly that (i) they shall have full discretion in agreeing on a JLoI or not, and in modifying, removing or completing any intentions, statements, facts or numbers mentioned in this EoP, and (ii) that at its sole discretion, either Party may terminate discussions at any time for any reason.

### ***Zeeland Refinery's role in the Netherlands***

10. Zeeland Refinery N.V., located in the province of Zeeland, is a major producer of fuels and raw materials in the Netherlands. As such, Zeeland Refinery provides, amongst others, the Netherlands and the EU with essential products for transportation and the chemical industry: fuels for road transport, shipping and aviation (Fuel), and key raw material for the chemical production of a broad variety of products used in daily life (Feedstock);
11. Zeeland Refinery is an efficient and flexible refinery and has the ambition to remain so. Zeeland Refinery has improved its energy efficiency by 24% during the period 2008-2021, which makes Zeeland Refinery a frontrunner amongst its peers globally;
12. Zeeland Refinery is of importance to the province of Zeeland as a driver of economic activity and employment, both as a producer and exporter of important products in fuel and feedstock and as a good neighbor to the region;
13. Zeeland Refinery employs about 700 employees & contractors in the Netherlands. In addition, Zeeland Refinery estimates that in the Netherlands its activities contribute to an indirect employment of around 1500 workers;
14. In an energy world that is changing rapidly, Zeeland Refinery wants to lead the way in the production of raw materials and fuels that are needed in a zero-emission economy. With our core values i) committed and talented team, ii) operational excellence, iii) pro-active and iv) relevant in a low-carbon world, Zeeland Refinery is a frontrunner, both with regard to its individual employees and as a company, and wants to stay that in a net-zero and circular society;
15. Zeeland Refinery is a joint venture. 55% of the shares are owned by TotalEnergies, headquartered in Paris, France, and founder of Zeeland Refinery in the early 1970s and 45% of the shares are owned by Litasco which is headquartered in Switzerland. Litasco is part of LUKOIL, headquartered in Moscow, Russia.
  - a. **TotalEnergies** is a global multi-energy company that produces and markets energies: oil and biofuels, natural gas and green gases, renewables and electricity. With more than 100,000 employees in close to 130 countries, TotalEnergies' ambition is to meet the dual challenge of more energy and fewer emissions, together with its customers, stakeholders and society as a whole to contribute to our planet's sustainable development and help effectively to address the issue of climate change. TotalEnergies' Climate ambition is to get net zero by 2050 together with society. It means accelerating the deployment of renewable, decarbonized energies (solar and wind power, sustainable biomass, hydrogen, etc.), investing in R&D and innovation in new energies, limiting to the strict minimum emissions from operated facilities (Scope 1 and 2) and storing residual carbon. TotalEnergies is actively present in the Netherlands, among others through its offshore Exploration and Production activities and its Marketing activities. TotalEnergies is also investing in the new energy ecosystem in the Netherlands, amongst others CCS (Aramis), electric vehicles charging points, hydrogen refueling network. Moreover, TotalEnergies aims to invest in offshore wind in The Netherlands.
  - b. **LUKOIL** is one of the world's largest companies supplying energy products to over 100 countries, active in Exploration and Production, Power Generation, Refining and Marketing and Distribution. In Europe, LUKOIL is present in Power Generation, in two Refineries (in Bulgaria and in Romania), and the Zeeland Refinery Joint Venture and in Marketing and Distribution in several countries. Next to Zeeland Refinery LUKOIL runs a business of fuel service stations in the Netherlands.

Since its foundation in 1991, LUKOIL has always strived at being innovative, and has invested heavily (>\$13 bn for refining alone, in the last 15 years) in modernizing its assets to world class standards. With the same innovative spirit LUKOIL approaches the sustainability challenge of our planet.

LUKOIL is an internationally oriented company that firmly commits to International standards and agreements: e.g. the Paris Climate Agreement, UN sustainable development goals, UN Global Compact (since 2008), GRI.

LUKOIL considers various options for pursuing the climate targets: i) Energy efficiency improvement; ii) Renewable Power projects; iii) Carbon Capture and Storage projects, and iv) Low carbon energy resources (such as biofuels and hydrogen). With its hands-on business culture LUKOIL likes to get things done:

- a) The Power Generation business includes renewable energy sources and operates several hydro-electric powerplants, several solar- and wind powerplants, providing 1 billion kWh of green energy to suppliers (2021) and is growing.
  - b) LUKOIL actively targets a reduction in GHG (scope 1+2) emissions from its operation and in 2021, Lukoil already achieved an 18.5% reduction (vs 2017).
16. Parties acknowledge that refineries can become a supplier of low-carbon and net-zero fuels and chemical raw materials. They share the vision that many of the existing assets for fossil fuel & raw material production can be transformed to assets for the production of low-carbon and net-zero products. Zeeland Refinery with a hydrocracker configuration in its refinery scheme can make this transformation incrementally; both shareholders are committed to making the sustainability transition happen for Zeeland Refinery.

### **CO2-emission reduction**

17. Given the before-mentioned position of Zeeland Refinery versus its peers, parties believe Zeeland Refinery can play an important role for the energy and sustainability transition in The Netherlands as the company: i) excels in energy efficiency, ii) has expertise in the large scale production and use of hydrogen and iii) can contribute to a low carbon energy supply in 2030 and sustainable energy supply with the potential of providing negative emissions;
18. Despite Zeeland Refinery's efforts in energy efficiency improvements, it emits 1,6 Mton of CO<sub>2</sub> (2022) and belongs to the top 10 industrial CO<sub>2</sub> emitters in the Netherlands;
19. Zeeland Refinery has a climate neutrality roadmap which consists of five pillars: i) optimize energy efficiency, ii) transform hydrogen streams on site; current fossil-based hydrogen streams will be transformed into renewable hydrogen and / or low carbon hydrogen, iii) circularity, iv) electrification and v) supply of residual heat to 3<sup>rd</sup> parties. With the right conditions Zeeland Refinery's roadmap could be more ambitious than the climate ambitions as described in the Dutch Carbon Levy and the EU Green Deal;
20. Parties acknowledge that investment in the technologies required to achieve sustainability targets carry a significant market risk as the development of
  - a) the *gas, electricity and CO<sub>2</sub> emission prices* (influenced by emission trading scheme and carbon taxation), renewable electricity and low carbon markets in general, which largely drive the project return, are challenging to predict and significantly influenced by geopolitical developments and governmental policies.
  - b) *circular economics* are challenging to predict and for a large part determined by governmental policies – both in end product targets as well as application of biofuel accounting.
21. Though the required investments for Zeeland Refinery's current ambition to be carbon neutral are envisaged, as a result of the investments required to sustain its operations and regulatory compliance, Zeeland Refinery indicates it is not economically viable to

significantly accelerate its already ambitious targets without (additional) government support;

22. Parties acknowledge that for the transition of existing refinery assets towards sustainable energy carrier production, energy efficiency, renewable and low carbon hydrogen and electrification are of primary importance. The parties also recognize the need for a level playing field in the EU and global market. To ensure a level playing field within Europe, ratified Government policy and legislation aiming for CO<sub>2</sub> and other emissions reduction shall always be compliant with applicable European Directives, such as the applicable version of the Energy Tax Directive, the Renewable Energy Directive (REDIII), the Energy Efficiency Directive and the Industrial Emission Directive.

### ***Energy efficiency***

23. Energy efficiency is the crucial first step. Despite the fact that Zeeland Refinery is already excelling in terms of energy efficiency, Zeeland Refinery has defined a promising portfolio of next generation energy efficiency projects;
24. Parties underline that different facilitators are necessary to enable the contribution that Zeeland Refinery can make in energy efficiency improvements.

### ***Renewable and low carbon hydrogen***

25. Parties acknowledge that the importance of low carbon and in particular renewable hydrogen in the energy transition will quickly increase, as a replacement for fossil fuels and raw materials and as a storage solution for renewable electricity to balance the electricity system.
26. Parties acknowledge that due to its geographical location close to the coast and close to the place where large quantities of renewable electrons will soon come ashore, Zeeland Refinery is ideally positioned to convert large volumes of green electrons into green molecules, and thus act as a driver of the renewable hydrogen economy;
27. Another route to reduce industrial CO<sub>2</sub> emissions, concerns Carbon Capture Utilization and Storage (CCUS). Currently, carbon plays an important role in millions of products, such as packaging, consumer electronics, textiles, building materials and fuels. The need for these products will continue to exist, and with it probably also for carbon as a raw material, since this element has many qualities that cannot easily be replaced. However, it must be ensured that the source of the carbon (most probably CO<sub>2</sub>) becomes circular. This can be done by creating a system in which you always reuse carbon. Parties envision that access of industries to these sustainable carbon resources will become a key competitive factor in the new global playing field (Letter to Dutch Parliament May 15<sup>th</sup> 2020: "Visie verduurzaming basisindustrie 2050; de keuze is aan ons, 15 mei 2020"). Carbon Capture and Storage (CCS) could be an option studied by Zeeland Refinery as a starting point. The necessary investments in Carbon Capture technology can accelerate a circular CO<sub>2</sub> system and economy by recycling carbon from CO<sub>2</sub>. Subsequently, a system can be developed from this basis in which the carbon is no longer just captured and stored but used in the form of Carbon Capture and Usage (CCU), and thus contribute to the Dutch ambition of a circular economy in 2050. In the light of this ambition and development, parties acknowledge that the use of Carbon Capture and Storage (CCS) is a transitional application of this technology that clearly should be phased out before 2050, unless this technique can play a part in achieving negative emissions to offset hard-to-abate emissions, e.g. via BECCS (BioEnergy and Carbon Capture & Storage) and/or DACCS (Direct Air Capture with Carbon Storage);
28. Parties further underline that different facilitators are necessary to enable the contribution that Zeeland Refinery can make to a renewable hydrogen ecosystem, potentially through a low-carbon transition period, for example:
  - Timely development of the national hydrogen network in accordance with the roadmap in the National Hydrogen Program (NWP).
  - Timely realisation of energy & CO<sub>2</sub> infrastructure and a clear industrial demand for such infrastructure.
  - A sufficient amount of available renewable electricity from multiple sources (e.g.

- wind, solar).
  - Appropriate and coherent set of policies creating demand incentives recognizing renewable and low carbon hydrogen production and consumption processes.
  - Availability of electrolyser module production capacity.
  - Timely permits to execute the project portfolio.
  - Access to existing and future subsidy schemes that allow business cases to be adequate.
  - The tariffs for existing and future subsidy schemes to be indexed to mirror market price developments and budget levels to remain adequate.
29. Parties acknowledge that CO<sub>2</sub>-reduction projects by industry require timely realisation of energy & CO<sub>2</sub> infrastructure and a clear industrial demand for such infrastructure. The Government has developed a national and regional infrastructure program (*Programma Infrastructuur voor een Duurzame Industrie (PIDI)*) in which governments, industry and grid operators work together to (i) take stock of all infrastructural needs for the industry, including for Zeeland Refinery, and (ii) to enable acceleration of infrastructural projects admitted to the MIEK (*Meerjarenprogramma Infrastructuur Energie en Klimaat*) where desirable and possible;

### **Circularity**

30. The Government has set the ambition to realise a complete circular economy by 2050. Zeeland Refinery acknowledges the importance of contributing to the Governments ambition of a circular economy by, (i) using raw materials more efficiently in existing production processes; (ii) making use of sustainably sourced, renewable (inexhaustible) and generally available materials if new materials are required; and (iii) by developing new production methods and new circular products. The Government has set a reduction of 50% of use of primary raw materials (minerals, metals and fossil fuel) as the intermediate goal for 2030; The State has laid down more detailed policy goals regarding circular economy in several policy briefs, such as the National Circular Economy Program (*Nationaal Programma Circulaire Economie*)<sup>3</sup>
31. Parties acknowledge that the current national legal framework for the production of sustainable energy carriers is focused on dedicated circular processing units. However, the transition could start with co-processing of existing renewable and/or recycled feedstocks in existing hydrotreating or hydrocracking facilities. In order to accommodate and accelerate the production of sustainable energy carriers, the scope of the legal framework should include co-processed sustainable transport fuel molecules (i.e. for road transport and for sustainable aviation fuels). Parties underline that different conditions are necessary to facilitate this transition, for example:
- Alignment between all relevant authorities and bodies in developing and implementing the necessary legislation, while respecting their respective constitutional and legal roles and obligations
  - Recognition of the mass-balancing methodology for the co-processing of renewable and/or recycled feedstocks
  - Specifically for the hydrocracking co-processing of renewable and/or recycled feedstocks a proper recognition of all product streams is needed based on a clear and fixed mechanism.
32. Parties acknowledge the importance of the development of markets for sustainable products (not limited to bio-based energy carriers) for transportation and feedstock, as the use of these products has the potential to reduce scope 1, 2 and 3 greenhouse gas emissions when replacing and phasing out conventional products. Market creation, for example through blending mandates and/or minimum uptake percentages in end markets for low carbon, circular and renewable fuel and feedstock as part of a coherent set of policies, are vital to stimulate investments necessary for the production of sustainable fuels for transportation

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<sup>3</sup> *Nationaal Programma Circulaire Economie (NPCE)*, d.d. 3 feb 2023

and raw materials for chemical manufacturing of products used in daily life. Market creation depends on the necessary instrumentation, for example but not limited to:

- mass balancing methodology,
- sustainability criteria and methodology,
- certification or MRV (monitoring reporting and verification),
- cross-border agreements.

### **Electrification**

33. A following route to reduce CO<sub>2</sub> emissions in the industry is electrification. It is currently estimated that at least 60%<sup>4</sup> of the industrial sectors will therefore electrify its processes wholly or partially. The Parties further underline that the following different facilitators are necessary to enable the contribution that Zeeland Refinery can make to the energy efficient & electrified ecosystem, for example:
- a. Timely development of sufficient renewable electrical capacity.
  - b. A sufficient amount of available renewable electricity.
  - c. Timely availability of electrical infrastructure.
  - d. Access to existing and future subsidy schemes that allow business cases to be adequate.
  - e. The tariffs for existing and future subsidy schemes to be indexed to mirror market price developments and budget levels to remain adequate.

### **Living Environment & Environmental impact**

34. Parties acknowledge that the Dutch Coalition Agreement aims to decrease its reactive nitrogen emissions to reduce the deposition thereof in Dutch Natura 2000 nature areas, and that each sector, including the industrial sector, is expected to contribute fairly to the necessary reduction of reactive nitrogen emissions. The letter regarding nitrogen<sup>5</sup> explains the policy framework;
35. The Government aims, in line with the European Zero Pollution Vision, to reduce air-, water- and soil contamination by 2050 to levels that are no longer harmful to general health and natural ecosystems, thereby taking into account the limits of planet earth with the aim of realizing a toxin-free environment and has formulated emission reduction and health gain ambitions in several policy acts to this end;
36. The Government has formulated an emission policy that includes the legal obligation to minimize emissions of persistent pollutants and pollutants of high concern (*zeer zorgwekkende stoffen (ZZS)*) and inform the authorities on achieved reduction and next steps to further achieve zero emissions every five years;
37. Zeeland Refinery is committed to reduce its emissions to levels no longer considered harmful to health and natural ecosystems by 2050 in line with the European 'Zero Pollution Ambition';
38. Zeeland Refinery acknowledges that the transition towards sustainable, climate neutral and green production implies that further improvement towards sustainable water supply is necessary and wants to further improve the intake, handling and discharge of water on the site;
39. Zeeland Refinery pursues an open dialogue with civil society, local communities, local and regional authorities and the Government, and aims for optimal transparency regarding its transition plans and the associated environmental risks;
40. Parties acknowledge that early alignment, effective prioritisation, planning and cooperation between the Government, the relevant (local) governmental authorities, the relevant public institutions and Zeeland Refinery are important for effectively conducting permitting processes to obtain the relevant permits on time;

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<sup>4</sup> Rapport: "Routekaart Elektrificatie in de Industrie"; TNO, DNV, MSG, TKI (2021)

<sup>5</sup> Kamerbrief *Stand van zaken stikstof en landelijk gebied*, d.d. 15 juli 2022.

41. Zeeland Refinery continues to recognize that the internal and external safety for both its employees and surroundings are a key priority. Zeeland Refinery continues to work with the competent authorities to further optimize its operations and (external) safety performance including sharing its knowledge concerning (external) safety with existing and new stakeholders;
42. Zeeland Refinery will continue to work with the local authorities (a.o. the Province) and the Ministry of Economic Affairs and Climate Policy on the ambition of providing residual heat to the built environment and regional industrial players.

**Have agreed:**

**1. Definitions**

The following terms, if capitalized as indicated, shall have the following meaning:

- a. **BAT:** best available technologies (*beste beschikbare technieken*) as defined in article 1.1 paragraph 1 of the Dutch Environmental Permitting (General Provisions) Act (*Wet algemene bepalingen omgevingsrecht*);
- b. **Carbon Capture and Storage:** the process of capturing, transporting and permanent storing of carbon dioxide to prevent it from entering the atmosphere, hereafter also to be referred to as 'CCS';
- c. **Climate neutrality:** net-zero Greenhouse gas emissions in CO<sub>2</sub> equivalent terms;
- d. **CO<sub>2</sub>:** all Greenhouse gases in CO<sub>2</sub> equivalent terms, unless stated otherwise;
- e. **Company:** Zeeland Refinery N.V.;
- f. **Dutch Climate Law:** the law enacted on 2 March 2022, also known as the *Klimaatwet*.
- g. **Dutch Climate Agreement:** the agreement dated 28 June 2019 as supported by the Government, Dutch companies and other interested parties in relation to the reduction of Greenhouse gases as part of the Dutch climate policy (*Klimaatakkoord*);
- h. **Dutch Coalition Agreement:** coalition agreement (*Coalitieakkoord*) of the current Government dated 15 December 2021;
- i. **Dutch Climate Policy Program:** the governmental policy program (*beleidsprogramma Klimaat*) dated 2 June 2022 on the main features of the climate policy until 2030 aimed at the realisation of the objectives of the Dutch Climate Law;
- j. **Dutch CO<sub>2</sub> Levy:** the national levy on industrial CO<sub>2</sub> emissions, governed by the 'Wet belastingen op milieugrondslag' chapter VIB;
- k. **EoP:** this Expression of Principles;
- l. **Government:** the government of the Netherlands;
- m. **Greenhouse gases:** the gases listed in Annex II to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the European Union;
- n. **Meerjarenprogramma Infrastructuur Energie en Klimaat:** the multi-annual program in which the Government, together with other stakeholders, coordinates timely decision-making and realisation of infrastructural projects of national interest that are needed to achieve CO<sub>2</sub> reduction and will hereafter be referred to as 'MIEK';
- o. **Parties:** the Parties to this Expression of Principles;
- p. **Party:** one of the Parties to this Expression of Principles;
- q. **Permits:** means any permits, licenses, exemptions, consents or other authorizations that Zeeland Refinery might require from the Government or any (local) governmental organization for the realization of the projects resulting in business continuation;
- r. **PIDI:** *Nationaal Programma Infrastructuur Duurzame Industrie*;
- s. **Renewable Carbon:** means carbon that forms a substitute for *new and additional* fossil carbon, being (i) CO<sub>2</sub>-based from direct CO<sub>2</sub> utilization, (ii) sustainable biomass and (iii) recycle;
- t. **Site:** means the site of Zeeland Refinery in Nieuwdorp;



## 2. Objectives for the cooperation between the Parties

The objectives of this Expression of Principles are:

1. to establish a framework for future cooperation between the Parties with the aim of realizing the reduction of greenhouse gas and nitrogen emissions, and improve the intake of water, on the Zeeland Refinery Site.
2. to collaborate and to create mutual understanding on the dependencies around the various CO<sub>2</sub>-reduction pathways, e.g. regulatory frameworks (e.g. REDIII), permitting, infrastructure, Zeeland Refinery asset and investment roadmap, (lack of) existence of markets for sustainable products, availability of sufficient renewable power and financial support for the uneconomical component of the business case(s), so that a clear action perspective arises for Zeeland Refinery to take an extra step towards climate-neutral and circular business, in line with the Government's goals and within a level playing field in the EU and global market.
3. for Zeeland Refinery to investigate several scenarios to meet the following intentions, and for Parties to seek sufficient comfort in the right conditions resulting from objectives 1 and 2. Furthermore, Parties intend to do the maximum that can reasonably be expected to ensure that Zeeland Refinery meets the following goals:
  - a. reduction of its scope 1 CO<sub>2</sub> emissions in the Netherlands by 1 Mton by 2030 (relative to the year 2022, where 1,6 Mton was emitted), with support of the tailor-made approach. This intended reduction goes 0,26 Mton beyond the estimated 0,74 Mton reduction resulting from the Dutch CO<sub>2</sub>-levy;
  - b. reduction of NO<sub>x</sub> emissions by 2030 by at least 10% up to 50%, as much as reasonably possible compared to 2022 levels, by the implementation of its selected CO<sub>2</sub>-reduction pathways, or a combination of pathways, with support of the tailor-made approach;
  - c. reduction of intake & discharge of water with at least 10 up to 50%, as much as reasonably possible compared to the 2022 levels, by the improvement of the handling of water;
  - d. stimulation of markets for low carbon renewable products as this will support the transition towards clean transportation and a sustainable chemical industry in the EU and globally.

## 3. Intentions

### 3.1 Intention 1 – establish basis for cooperation

1. Parties intend to cooperate on the basis of mutuality (“wederkerigheid”) in a staged process to create mutual and simultaneously increasing levels of commitment, in due course towards binding agreement(s) on achieving the objectives, to be laid down in writing and subject to authorised signature.
2. As the next step, Parties intend to strengthen their cooperation by drawing up and agreeing on a JLoI. The JLoI will elaborate on the levels of commitment related to all intentions to be pursued thereafter. At the moment of signing this EoP, Parties aim to agree the JLoI on March 31st 2024.
3. Parties acknowledge that apart from an adequate application process, early alignment, effective prioritisation, planning and cooperation between the State, the relevant (local) governmental authorities, the relevant public institutions and Zeeland Refinery are important for effectively conducting permitting processes to obtain the relevant Permits, including NO<sub>x</sub> related permits and to that effect:
  - a. Parties acknowledge each Party’s and other entities’ responsibilities under various laws and regulations;
  - b. Parties intend to, individually and jointly, engage and align with relevant public entities and institutions to promote a timely and predictable permitting process. Zeeland

Refinery intends to continue its engagement with relevant stakeholders, e.g. those in the vicinity of its operations, in relation to the permitting process; and

- c. The State intends to facilitate, where possible and within its purview, timely decision-making on permit applications for any Permit and, whilst respecting their respective authority and role under public law, encourage relevant public entities and authorities whose actions and/or decisions are required for obtaining any Permit, to contribute to timely decision making.

### *3.2 Intention 2– reduction of Zeeland Refinery's CO<sub>2</sub> emissions*

1. Zeeland Refinery will investigate several scenario's that intend to reduce its scope 1 CO<sub>2</sub> emissions in the Netherlands by 1 Mton by 2030 (relative to the year 2022, where 1,6 Mton was emitted), with support of the tailor-made approach. This intended reduction goes 0,26 Mton beyond the estimated 0,74 Mton reduction resulting from the Dutch CO<sub>2</sub>-levy.
2. Zeeland Refinery will conduct an investigation in 2023 on what additional CO<sub>2</sub> reduction can be achieved in 2030 in the context of the long-term sustainability and circularity strategy. It will work out various decarbonisation pathways. The analysis has a dependency also on the other accelerated environmental emission reductions that potentially come out of the tailor-made approaches process. Finally this analysis will be done with the shareholders of Zeeland Refinery who will need to endorse it.
3. The results of this research on the additional CO<sub>2</sub>-reduction pathways will give a clear picture on the additional governmental support that is needed. Based on this, Parties can agree on mutual commitment for environmental measures over and above the statutory requirements in the JLoI-phase, i.e. 1 Mton by 2030 relative to the year 2022.
4. When conducting the research on the CO<sub>2</sub>-reduction pathways, Zeeland Refinery will consider Carbon Capture and Storage (CCS) as a first step to developing a carbon economy and low carbon mobility, that will lay the foundation for Carbon Capture and Usage (CCU).
5. Zeeland Refinery is investigating the stepwise phasing in of renewable hydrogen production and/or intake on site. This development will allow Zeeland Refinery to reduce its CO<sub>2</sub> emissions and will put Zeeland Refinery in a position to kickstart the renewable hydrogen economy and landscape in the Zeeland region and beyond.
6. Parties intend to explore: (i) the potential to increase the share of flexible electricity consumption, in order to allow for the efficient integration of renewable electricity into the electricity grid in space and time, and (ii) the inclusion of future commitments in a JLoI regarding a certain share of flexible electricity consumption.
7. Parties intend to agree to monitor and periodically evaluate Zeeland Refinery's additional CO<sub>2</sub> emissions.
8. Zeeland Refinery intends to further reduce its greenhouse gas emissions to net zero in 2050.
9. Parties acknowledge that it is Zeeland Refinery's intention not to further trade with other companies additional CO<sub>2</sub> dispensation rights under the Wet belastingen op milieugrondslag that ensue from the additional CO<sub>2</sub> reduction realised by the tailor-made approach, in order to prevent a "waterbed effect". The effects hereof will be discussed in the coming period and worked out in more detail in the JLoI.

### *3.3 Intention 3 – reduction of Zeeland Refinery's NO<sub>x</sub> emissions*

1. Zeeland Refinery aims, with the support of the tailor-made approach by the State, to decrease its reactive NO<sub>x</sub> emissions to reduce the deposition thereof in Dutch Natura 2000 nature areas, in order to contribute fairly to the necessary reduction of reactive nitrogen emissions.
2. Zeeland Refinery will investigate to what extent (bandwidth ambition 10-50%) it can contribute to the reduction of NO<sub>x</sub> emissions, what measures are required for this and what support is required from the State in terms of permits, infrastructure, amended regulations and financial feasibility, so that this can result in concrete tailor-made agreements between Parties. The mutual dependency and opportunities with the CO<sub>2</sub>-reduction path will also be taken into account.

### *3.4 Intention 4 – improvement of Zeeland’s Refinery’s intake, handling and discharge of water on the site*

1. This intention relates to the further improvement towards sustainable water supply that is needed for climate neutral and green production. For this, Zeeland Refinery aims, a.o. with the support of the tailor-made approach by the State, to improve its intake, handling and discharge of water.
2. Zeeland Refinery will investigate to what extent (bandwidth ambition 10-50%) it can contribute to the improvement of the intake of water, what measures are required for this and what support is required from the State in terms of permits, infrastructure, amended regulations and financial feasibility, so that this can result in concrete tailor-made agreements between Parties. The mutual dependency and opportunities with the CO<sub>2</sub>-reduction path will also be taken into account.

### *3.5 Intention 5 – reduction of Zeeland Refinery's local environmental impact*

1. Zeeland Refinery aims that the on-site and external safety exposure, on and around production- and storage sites should not deteriorate in comparison to the current situation and, where possible, improve. Where necessary, Zeeland Refinery will mitigate new risks.;
2. Parties intend to agree to monitor and periodically evaluate Zeeland Refinery's local environmental impact.
3. Zeeland Refinery intends to investigate what it takes to realize the lowest possible emission levels within the BAT Associated Emission Level bandwidth.

### *3.6 Intention 6 – Circularity at Zeeland Refinery*

1. Zeeland Refinery will explore several scenarios to meet the following intentions:
  - A. to become a circular industrial player in 2050 at the latest and intends to carry out a study with the objective to apply circular principles in its operating model, in line with the set-out goals of the Government as detailed in the National Program Circular Economy<sup>3</sup>.
  - B. to replace 10% of its fossil-based feedstock by renewable feedstock (not from an origin that is in competition with food crops) in 2030 and accelerate towards a 100% circular operation beyond 2030. Zeeland Refinery acknowledges that the former percentage is lower than the 2030 goal as set out by the Government<sup>3</sup>. Accordingly, Zeeland Refinery and the State intend to cooperate in the exploration of barriers and opportunities around accelerated integration of circular principles at Zeeland Refinery.
2. The Parties intend to explore pathways to incentivize and accelerate the availability of renewable carbon for sustainable chemicals manufacturing and sustainable mobility and will mutually discuss the scope and outcome of these studies. With this, Parties intend to achieve a common understanding on next steps as well as work together towards more concrete circularity targets and plans.

## **4. Time schedule**

The Parties share a joined sense of urgency. The Parties therefore have the ambition to draw up and agree to a JLoI subject to signature by March 31<sup>st</sup> 2024.

## **5. Costs**

Each Party bears its own costs associated with this EoP.

## **6. Interpretation of terms and substance of this document**

1. The terms of this EoP are not legally binding nor legally enforceable upon either Party hereto.
2. The current EoP is only of an indicative, non-binding nature, which means inter alia that neither Party can be legally held to expressed intentions, statements, facts or numbers mentioned in this EoP, among other things because in this stage, such expressed intentions, statements, facts or numbers cannot and will not be fully verified by the Parties to this EoP and because neither Party wants to enter into legally binding commitments with this EoP; the EoP only serves the goal of affirming Parties' intention to engage in further discussions about the possibilities of additional CO<sub>2</sub> reduction;
3. Parties shall after signing this EoP begin discussions on a JLoI, which will more specifically describe the plans of the State and Zeeland Refinery in this respect;
4. Parties confirm explicitly that (i) they shall have full discretion in agreeing on a JLoI or not, and in modifying, removing or completing any intentions, statements, facts or numbers mentioned in this EoP, and (ii) that at its sole discretion either Party may terminate discussions at any time for any reason, in which case the terminating Party is not liable for any damages or compensation of costs towards (any of) the other Parties.
5. The Provinces of Zeeland are co-signing this EoP to express their support of the objectives and intentions of this EoP and to express their intention to participate in the upcoming discussions about the JLoI and possibly becoming a party to that JLoI.
6. To the extent this EoP creates any legal relationship between the Parties, that legal relationship shall be governed by and shall be construed in accordance with the laws of the Netherlands. Any dispute about the interpretation or implementation of this EoP will be resolved through consultations between the Parties.

## **7. Other**

This EoP comes into effect on the signature date.

## **8. Counterparts**

This EoP may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this EoP.

**Signed in four original copies, each in the English language.**

**Minister of Economic Affairs and Climate Policy,**

*acting in her capacity as administrative body (bestuursorgaan) and as representative of the State of the Netherlands,*

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By: Mrs. M.A.M. Adriaansens

Place:

Date:

**State Secretary of Infrastructure and Water Management,**

*acting in her capacity as administrative body (bestuursorgaan) and as representative of the State of the Netherlands,*

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By: Mrs. V.L.W.A. Heijnen

Place:

Date:

**The Provincial Executives of the Dutch Province of Zeeland (Gedeputeerde Staten),**

*acting as administrative body (bestuursorgaan) and the royal commissioner of the Province of Zeeland, acting as a representative of the Province of Zeeland, on his behalf,*

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By: Mr. J. de Bat

Date:

Place:

**Zeeland Refinery N.V.,**

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By: Mrs. J. Hahn

Place:

Date: