

**case 5-522-996**  
**April 27, 2020**

Andrew Hoffman

## **Neste: Fueling the Future of Transportation**

Peter Vanacker, Neste's president and CEO, stepped off the stage after giving his speech at the foundation-stone ceremony in July 2019 to commemorate the company's new expansion in Singapore to produce fuels from renewable sources at a higher capacity. Neste, a Finnish oil refining company with decades of experience with sustainability, was responsible for producing the most renewable diesel (a fuel with the same performance as petroleum diesel but made from renewable and sustainable biomass) in the world while exploring other renewable fuel options in the aviation, maritime, and road transportation industries.

Vanacker looked around the room and was impressed by how engaged the crowd seemed to be. The company had been ranked consistently among the most sustainable-oriented corporations for more than a decade, and Neste's core competency of producing superior fuel solutions provided a stable pathway toward the company's overarching goal of expanding sustainability for its customers in the transportation sector. He had become CEO of Neste only in November of the year prior, yet the expansion in Singapore represented the single largest investment in the company's history. Vanacker had spoken about the future of the company at length with the Senior Vice President of Sustainability and Public Affairs, Simo Honkanen, and knew the expansion would accompany discussions of Neste's renewable product portfolio when he returned to company headquarters in Finland.

With such a sustainability-centered reputation, he wondered how the company's position as a leader in the renewable fuel industry might change in the coming years. Would local and national regulations hinder or help facilitate the move toward fewer emissions? Neste was also now investing in producing new polymers—bio-based plastics that could be reused and recycled—made from the same material streams of waste and residue fats and oils as Neste's renewable fuels. How well would this new product align with company capabilities? Would it be better to expand Neste's renewable product portfolio or focus only on its core competency of refining fuels? How else could the company help support sustainability for the transportation sector beyond acting only as a producer?

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