



Information Regarding Venezuelan Sanctions

Stockholm, 31st October 2019

Dear Sir/Madam,

As you are probably aware, Nynas is because of its partial ownership by PDVSA to some extent affected by sanctions issued by the United States against Venezuela and PDVSA. Supported by the Swedish foreign office, Nynas has been in continuous dialogue with US authorities and we have met with the US State Department and the Office of Foreign Assets Control (OFAC) to explain our position. The meetings have provided Nynas a good opportunity to explain our situation and the importance of our business.

As a result of the continuous dialogue and information that Nynas has provided to OFAC, a general license has been issued to Nynas and it has now been renewed for the third time. The general license permits companies to continue to trade with Nynas without breaching US sanctions. The General License now called GL13D is valid until 14 April 2020.

The GL13D allows for the continued sale and usage of products of Venezuelan origin that are already in inventory, however, it limits new sourcing by Nynas of Venezuelan origin petroleum or petroleum products. Nynas has always processed a variety of other feedstocks at its refineries, including crude oils from for example the North Sea, Latin America and Australia. Nynas has already increased the use of other feedstocks and has, for some time, been testing and preparing for an alternative feed slate. Nynas will continue to execute the crude flexibility program at our refineries to completely shift the sourcing to alternative crude oils and raw materials. Nynas can manufacture the products that you purchase from crude oils that are not sourced from Venezuela.

In addition, Nynas maintains a large inventory of crude oil and finished naphthenic base oil products at its refineries and in its global logistic system, to manage any disruptions in raw material supply.

Recently, Neste announced in their Q3 report that they have fully written off their shareholding in Nynas. As commented by Neste, this means that Nynas will continue with its operations unaffected but with no financial impact on Neste's operating profit nor net profit. This has no link to Neste's continued support of the Nynas business, and Nynas continues to enjoy strong support from both of its shareholders.

If you have any further questions or concerns, please do not hesitate to address them to your local sales representative.

Nynas appreciates and values our partnership and we look forward to a continued fruitful cooperation with your Company.

Best regards,

Simon Day
VP Naphthenics
Nynas AB