

The Nestlé logo is a white outline of a bird's nest with three birds, centered on the page. The background is a dark green, abstract image of what appears to be the inner structure of a plant or a close-up of a leaf, with light green highlights.

**Nestlé  
Modern Slavery  
Statement  
2021**

# Contents

1. Introduction
2. Our business and supply chains
3. Policies and contractual controls
4. Risks of modern slavery
5. Due diligence processes
6. Training and capacity building
7. Working with others
8. Tracking progress and effectiveness
9. Looking forward

This statement has been published in accordance with the Commonwealth Modern Slavery Act 2018, UK Modern Slavery Act 2015 and California Transparency in Supply Chains Act of 2010. It applies to, and sets out the steps taken by, Nestle Corporation and its consolidated subsidiaries ("Neste") during year ending 31 December 2021 to prevent modern slavery and human trafficking in their businesses and supply chains. Neste provides this joint statement for itself and on behalf of certain foreign subsidiaries that are directly covered by a disclosure obligation in their respective jurisdictions. Currently this includes Neste (Suisse) S.A and Neste Components B.V., pursuant to Section 54(1) of the UK Modern Slavery Act 2015; and Neste (Suisse) S.A and Neste Australia Pty Ltd, pursuant to the Commonwealth Modern Slavery Act 2018. Through this statement, Neste also satisfies the disclosure requirements pursuant to the California Transparency in Supply Chains Act of 2010. This statement has been prepared in joint consultation with the aforementioned subsidiaries, whose relevant representatives were provided with the opportunity to contribute to the statement process. The Board of Directors of Nestle Corporation, for itself, Neste Australia Pty Ltd., Neste Suisse S.A. and Neste Components B.V. approved this Statement on 28 April 2022.

# 1. Introduction

Respecting human rights is essential to Neste's [purpose, vision and values](#). Neste respects the wellbeing and human rights of all of our rights-holders, including our employees, the employees of our contractors and service providers, the workers in our supply chain, our customers, and the communities in which we operate. We believe that every person deserves to live a life in freedom, safety and dignity.

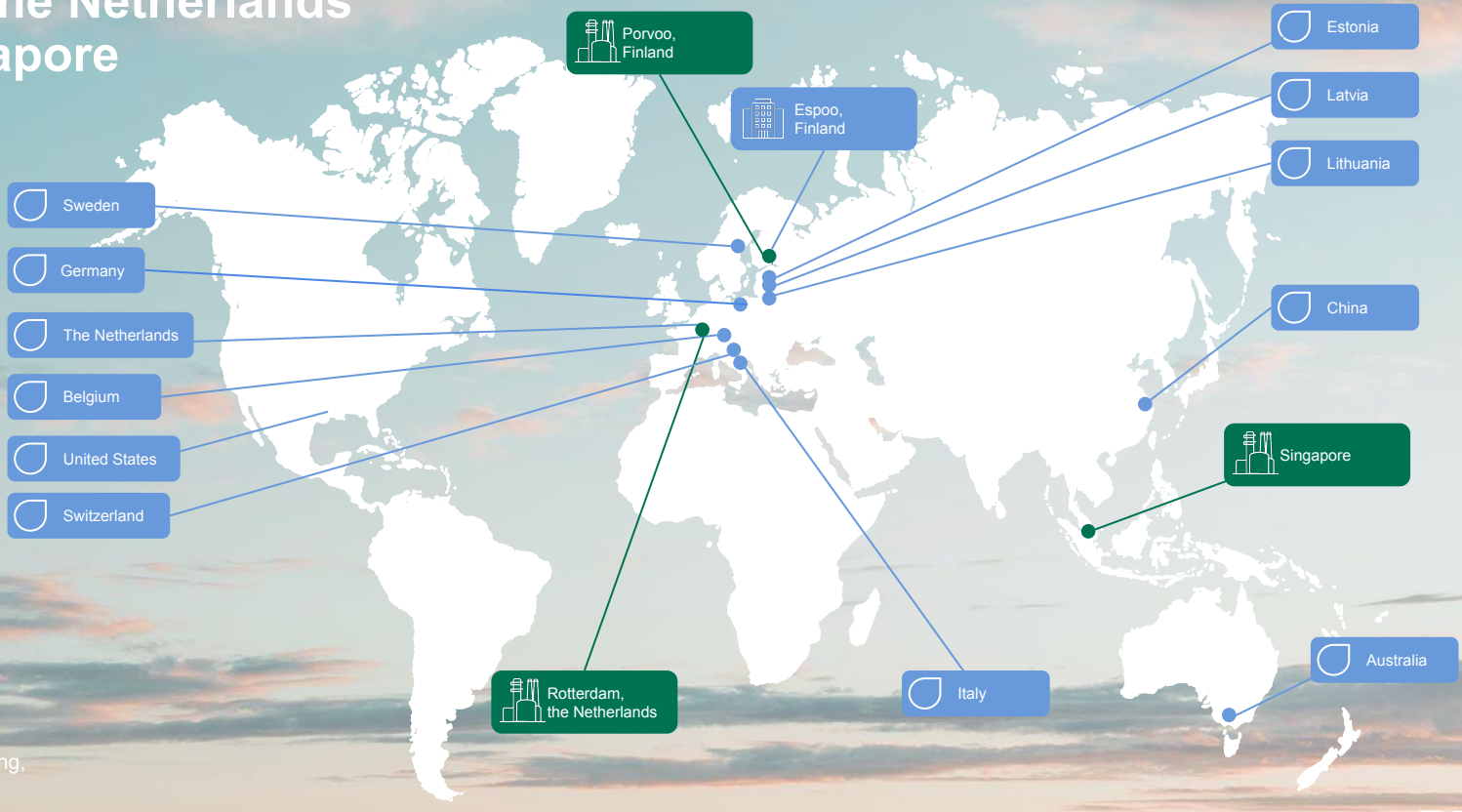
In 2021, Neste published a new [sustainability vision](#) with ambitious targets for human rights: our human rights ambition for 2030 is to create a more equitable and inclusive value chain in which everyone works with dignity. This includes requiring and securing living wages, advancing responsible recruitment practices in line with the Employer Pays Principle, increasing children's access to education, and reducing inequalities across the value chain. By taking tangible steps to address these key issues, we aim to advance systemic positive change and tackle the root causes of modern slavery.

Modern slavery is an umbrella term that covers all situations of exploitation that a person cannot refuse or leave, because of threats, violence, coercion, abuse of power or deception. This includes slavery, servitude, forced labor, human trafficking, and slavery-like practices such as debt bondage and the worst forms of child labor. Such forms of exploitation have long-lasting impacts on affected individuals and communities around the world.

Neste supports the elimination of all forms of modern slavery. We recognize that modern slavery is a growing global issue from which no industry is immune, and we understand our responsibility to prevent, mitigate and remediate the risk of modern slavery in our operations and supply chains. As an international business, we also welcome the increasing momentum towards establishing mandatory human-rights due diligence, as is outlined in our joint Nordic Business Network for Human Rights [statement](#) in favor of mandatory human rights due diligence legislation at EU level, published in January 2021.

This Modern Slavery Statement details the steps Neste is taking to identify, assess and address the risks of modern slavery and human trafficking in our business operations and supply chains. It describes the steps taken during 1 January - 31 December 2021, and provides an update on the activities and commitments detailed in our [2020 Modern Slavery Statement](#).

# Neste has operations globally and refineries in Finland, the Netherlands and Singapore



Refinery



Headquarters



Sales, marketing, and/or supply

## 2. Our business and supply chains

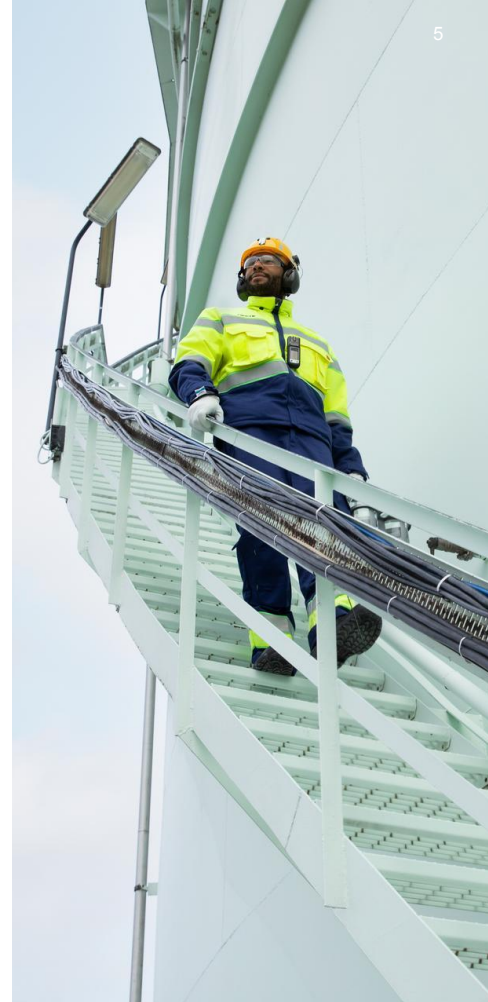
[Neste](#) creates solutions for combating climate change and accelerating a shift to a circular economy. We refine waste, residues and innovative raw materials into renewable fuels and sustainable feedstock for polymers and chemicals. We are the world's leading producer of renewable diesel, sustainable aviation fuel, and renewable feedstock solutions for various polymers and chemicals industry uses. We are also developing chemical recycling to combat the plastic waste challenge.

Neste has operations globally, and refineries in Finland, the Netherlands and Singapore. Our headquarters are in Espoo, Finland and in 2021 Neste employed an average of 4,872 employees worldwide, of which 1,309 were based outside Finland. In 2021, Neste's revenue stood at EUR 15.148 billion.

Neste's businesses are grouped into four key operating segments: Renewable Products, Oil Products, Marketing & Services and Others.

Information on the supply chains and business activities for Renewable Products, Oil Products, and Marketing & Services segments is detailed on p.6. The Others segment consists of the engineering and technology solutions company Neste Engineering Solutions and common corporate costs. Any purchasing of goods and services excluding direct logistics, supply of crude oil or renewable raw materials for refining is covered by the Neste Indirect Procurement function. Indirect Procurement is responsible for the sourcing, purchasing and supplier management of all the goods and services we use to run our businesses and implement our investment projects, such as utilities, chemicals, materials, equipment, contracting and subcontracting services, research, IT and professional services. In 2021, we spent 3,185 MEUR on indirect procurement, with a total of 6,219 suppliers across 46 countries.

You can read more about Neste's business, operations, supply chains and joint ventures in our [2021 Annual Report](#).



# Neste's business activities are divided into three operating segments:

## Renewable products

Our Renewable Products segment produces, markets and sells renewable diesel, sustainable aviation fuel, renewable solvents, and raw material for bioplastics to domestic and international wholesale markets.

Our renewable products' refineries in Finland, the Netherlands and Singapore produce renewable products entirely from renewable raw materials with a current annual nameplate capacity of approx. 3.3 million tons.



Neste uses a wide variety of sustainably-produced renewable raw materials. In the short term, we continue to focus on waste and residue raw materials such as used cooking oil, animal fat, fish fat, and vegetable oil processing waste and residues.

In the mid to longer term, we expect to use also other types of raw materials, such as novel vegetable oils, agricultural and forest harvesting waste and residues, algae, municipal solid waste and Power-to-X for CO2 conversion.

The raw material supply chains for our renewable products are extensive and global. In 2021, we procured raw materials from 389 suppliers in 51 countries across Europe, North America, South America, Asia, Africa and Australia.

## Oil products

Our Oil Products segment produces, markets and sells an extensive range of low carbon solutions that are based on high-quality oil products and related services to a global customer base. The product range includes diesel fuel, gasoline, aviation and marine fuels, light and heavy fuel oils, base oils, gasoline components, and special fuels such as small engine gasoline, solvents, liquid gases and bitumens.

Neste's oil products are refined in Neste's refinery in Porvoo, Finland. Base oils are also produced by a joint arrangement production plant in Bahrain. Neste Shipping chartering operations are included in the Oil Products segment.

Our crude oil refining capacity is 10.5 million tons per year. In 2021, we purchased oil products from 75 suppliers, including natural gas and industrial gas suppliers. Our crude oil and fossil feedstock sources in 2021 were Russia (7.8 mil tons), Norway (1.3 mil tons), Kazakhstan (0.3 mil tons), and other countries (0.7 mil tons).

## Marketing & Services

Marketing & Services offers sustainable solutions for the needs of consumers via its station network, and a wide variety of B2B customers and partners. We seek to develop a diverse range of services as part of our offering and to be where the customers are – in the mobile sphere.

Our Marketing & Services segment markets and sells petroleum products and associated services directly to end-users who are predominantly private motorists, industry, transport companies, farmers, and heating oil customers. Traffic fuels are marketed through Neste's own service station network and direct sales.

This segment includes our network of 723 stations in Finland, and 224 stations in the Baltic countries (Estonia, Latvia and Lithuania). In Finland, Neste MY Renewable Diesel is available at over 150 stations, and in the Baltics at over 10 stations.

You can read more about all four of our operating segments in our [2021 Annual Report](#), p. 12 - 14

## 3. Policies and contractual controls

We have several group-wide policies in place relevant to modern slavery and regularly review and improve our policies and guidance documents, with input from both internal and external stakeholders. Our commitments, policies and principles relevant to modern slavery include, but are not limited to, our [Human Rights Principle](#), [Code of Conduct](#), [Supplier Code of Conduct](#), [Sustainability Policy](#), and [Neste Responsible Sourcing Principle](#). You can find more information about Neste's policies and principles on our [website](#).

### Neste Human Rights Principle

In line with the United Nations Guiding Principles on Business and Human Rights, Neste has made a commitment to respect human rights and remediate adverse human rights impacts throughout our business operations and value chains. In accordance with our [Human Rights Principle](#), Neste respects the internationally-recognized human rights laid down in the International Bill of Human Rights, the fundamental rights in the eight core conventions of the ILO as set out in the ILO Declaration on Fundamental Principles and Rights at Work, the Children's Rights and Business Principles, and the UN Declaration on the Rights of Indigenous Peoples. We are committed to upholding and implementing the Women's Empowerment Principles and UN Global Compact (UNGC), to which we are signatories, including UNGC Principle Four on the elimination of all forms of forced and compulsory labor.

Neste's Human Rights Principle sets the path and standards for a rights-based approach in all of our business decisions. Under this Principle, child labor and all forms of forced labor are prohibited, including also the prohibition of certain practices that can lead to forced labor such as document retention, recruitment fees and deceptive practices regarding employment contracts. We expect all of our suppliers and business partners to uphold our Human Rights Principle and address human rights impacts not only in their own workplace and supply chains, but also in communities impacted by their business activities.

The Human Rights Team, under Neste's Sustainability and Corporate Affairs function, is responsible for implementing the Human Rights Principle at Neste. More information on Neste's governance structure is available in our [2021 Annual Report](#).

### Code of Conduct

In 2021, Neste renewed its [Code of Conduct](#). The Code of Conduct applies to the entire Neste group and contains key human rights requirements and expectations for all Neste employees to comply with in their daily work. For example, all employees are expected to be aware of how their work impacts the human rights of people in Neste's operations, value chain and communities, understand how to recognize potential human rights risks in their daily work and decision-making, and know how to recognize and report signs of modern slavery. You can read about how we are training our employees on the expectations set out in the new Code of Conduct on p.17-18.

## Focusing on salient issues

In 2017, we published Neste's seven salient human rights issues in our [Human Rights Principle](#). Recognizing that our impacts on people continue to evolve as our business changes and our approach to human rights due diligence develops, in 2021 we initiated a new procedure for reviewing Neste's salient issues and understanding the gaps in our mitigation activities. This saliency review will be adopted as an ongoing, annual practice at Neste, enabling us to better manage risks to human rights across all of our business activities.

## Our seven human rights principles define our salient human rights issues:

1. Fair employment
2. Health and safety
3. Equality, diversity and non-discrimination
4. Rights of children and youth
5. Forced labor
6. Fair treatment and access to remedy
7. Social, economic and cultural rights





## Supplier Code of Conduct

Our [Supplier Code of Conduct](#), defines the basic requirements Neste expects its suppliers and their own first tier sub-suppliers, contractors and business partners to adhere to and implement throughout their businesses.

Neste's minimum human rights requirements for suppliers are outlined in section 4.1 - 4.7 of the Supplier Code of Conduct, which is based on the internationally recognized human rights and labor standards enshrined in the Universal Declaration of Human Rights and ILO eight core conventions. The Supplier Code of Conduct prohibits child labor and all forms of forced and compulsory labor. It also explicitly requires that all Neste suppliers ensure any recruitment fees and associated costs are not borne by their workers, and that all employees are made aware of the key terms of their employment prior to commitment to work.

The Supplier Code of Conduct is included in the terms of contract with all suppliers, contractors and other business partners participating in the delivery of products, components, materials or services to Neste, covering both direct and indirect procurement.<sup>1</sup> Neste has published an official [guidance](#), updated in 2021, with practical recommendations to help our suppliers meet their obligations under the Supplier Code of Conduct. We have also issued an e-learning to train relevant Neste employees on the Supplier Code of Conduct requirements, with specific sections on human rights and modern slavery. You can read more about how we are training our employees on identifying and preventing modern slavery in our operations and supply chains on p.17-18.

## Access to remedy

Neste is [committed](#) to remediate adverse human rights impacts throughout its business operations and value chains, and we expect all of our business partners to uphold this commitment to respect and remediate

We take seriously any allegations that human rights are not properly respected in our business or supply chains, and encourage individuals, communities, business partners or other stakeholders who have reason to believe such activity is taking place to raise their concerns, without fear of retaliation, via our whistleblowing channel, [Ethics Online](#). Ethics Online is available 24/7 and is accessible in 19 languages. Reports can be made anonymously via phone or web service, and can be made by anyone, including children. Any reports made will be investigated confidentially, and Neste will not retaliate against anyone who files a report in good faith. Read more about our grievance procedures and how we respond to allegations of modern slavery on p.15 and p.21.

In 2021 we also expanded the channels available for raising complaints and work-related concerns at the site-level. Following the successful implementation of an onsite grievance mechanism to channel local complaints at the Singapore Refinery Expansion Project during 2020, in 2021 we took steps to implement similar practices at our Porvoo refinery to provide a channel for all onsite workers to raise work-related concerns during the 2021 Turnaround.

Read more about the site-level grievance channels and systems established at the Neste Singapore Expansion Project in the case study on p.16.

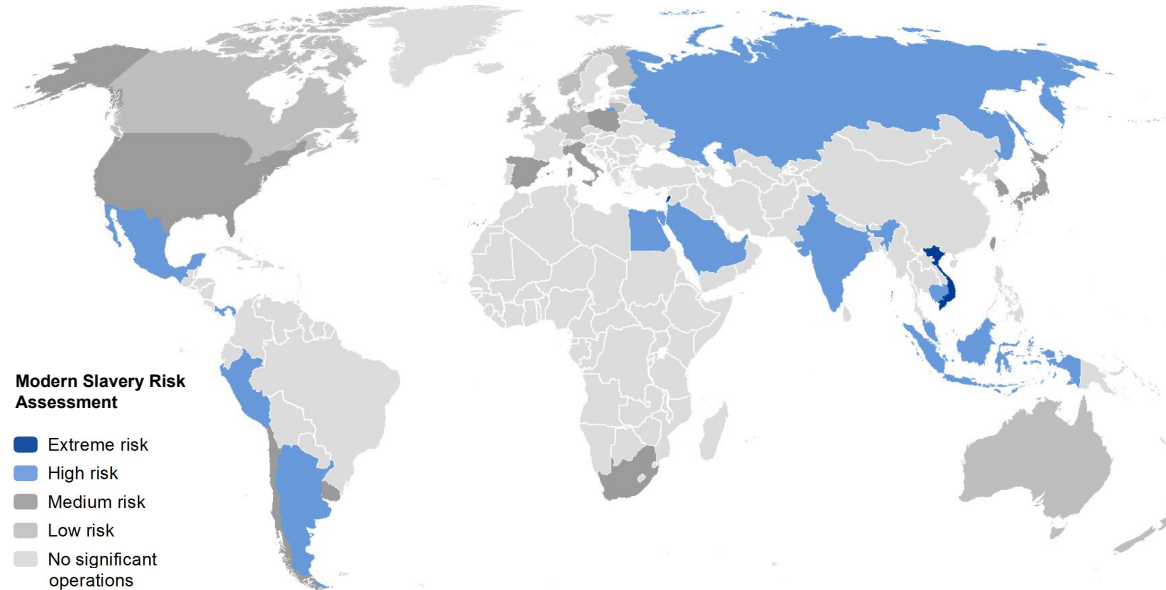
<sup>1</sup>) In 2021, 99% of the renewable raw material volume and 88% of the total supplied volumes of crude oil and fossil feedstocks were covered by Neste's Supplier Code of Conduct or equivalent. 86% of the new indirect supplier contracts included a commitment to the Neste Supplier Code of Conduct or equivalent. For more information, see Neste [2021 Annual Report](#) p. 78

## 4. Risks of modern slavery

Neste has undertaken several initiatives to identify and understand how human rights risks, including child labor and modern slavery, may be present in our operations and supply chains. In order for us to effectively prioritize our activities, our risk assessment includes mapping of supply chains and operations, country risk assessments, project risk assessments, desk-based research, supplier surveys, supplier engagement, and discussions with expert stakeholders.

### Country risk

A key element in understanding the risk of modern slavery in our supply chains is assessing country risk. We use a bespoke, industry leading, country risk assessment methodology to map modern slavery risks for the countries in which we operate and have supply chains. The map on the right illustrates the level of modern slavery risk for the countries from which we sourced feedstocks in 2021 for Renewable Products and Oil Products. We recognize that modern slavery is prevalent across the world, including those countries and regions traditionally perceived as low risk. Read more about how we integrate country risk assessments into our sustainability and human rights due diligence processes on p.13.



This map covers countries where we have significant business with suppliers, but may not cover all countries where our suppliers operate. The source countries displayed above are defined based on the origin of the feedstock. The map is based on an aggregate of a selection of indices from Verisk Maplecroft's Global Risks Portfolio, © Verisk Maplecroft

## Risk by sector and geography

While we acknowledge that modern slavery can be found in all countries and industries, we have identified our renewable products supply chain for palm oil in Southeast Asia as having the highest risks for forced labor, child labor and indebted labor. As detailed in our 2019 and 2020 Modern Slavery Statements, this is based on the results of a [BSR](#) corporate-wide human rights impact assessment on Neste's business and value chains (2016); social and labor studies on the ground in Indonesia and Malaysia (2015-2016); supplier engagement activities (2015-2021); findings from our sustainability audits (2017-2021); an ethical recruitment survey of our Malaysian palm suppliers (2020); and ongoing work to map our supply chains and assess human rights risks by sector and geography.

In our own operations, we have identified construction projects as being high risk for modern slavery and exploitive practices which can lead to forced labor. In 2018, we undertook a human rights risk assessment for the Neste Singapore expansion during the planning stage of the project, in partnership with external experts at Enact. The risk assessment identified the most severe human rights risks and impacts that could potentially occur during the construction phase of the project, and highlighted migrant workers on the construction site as being an especially vulnerable group at risk of experiencing negative human rights impacts. Following the recommendations from this risk assessment, throughout 2021 we continued to carry out regular site checks and social audits for our construction contractors in Singapore, paying special attention to the rights and needs of migrant workers.

In October 2021, we commissioned BSR to conduct a Human Rights Risk Assessment of Neste's potential Rotterdam Expansion Project. The methodology used in the assessment was based on the United Nations Guiding Principles on Business and Human Rights, including a salience assessment and the integration of considerations related to the impacts of COVID-19. The assessment covered the construction phase of the project, with additional analysis and considerations included for the operations phase.

In line with our ambition to advance a rights-based approach in all of Neste's business decisions, in 2021, we strengthened the human rights criteria and assessments required for decision making on strategic business development, investments and innovation projects. We also undertook human rights risk assessments for our algae and lignocellulose Innovation platforms. The aim of this is to ensure that human rights risks and impacts are comprehensively assessed for all major projects at Neste, before any final investment decision is made, and starting from the earliest stages in the project.

Recognizing that modern slavery is a complex issue that can also be hidden in those areas of a company's business activities that have not previously been identified as high risk, in 2020 we completed a corporate-wide exercise to map and understand internal processes and gaps in addressing modern slavery risks across our common functions and operating segments. In 2021, we used the results of this assessment to inform the selection of priority areas of focus for action in 2022, as part of our membership and collaboration with the Consumer Goods Forum Human Rights Coalition, which aims to end forced labor through focused and collective action. You can read more about our collaboration with the Consumer Goods Forum on p.19.



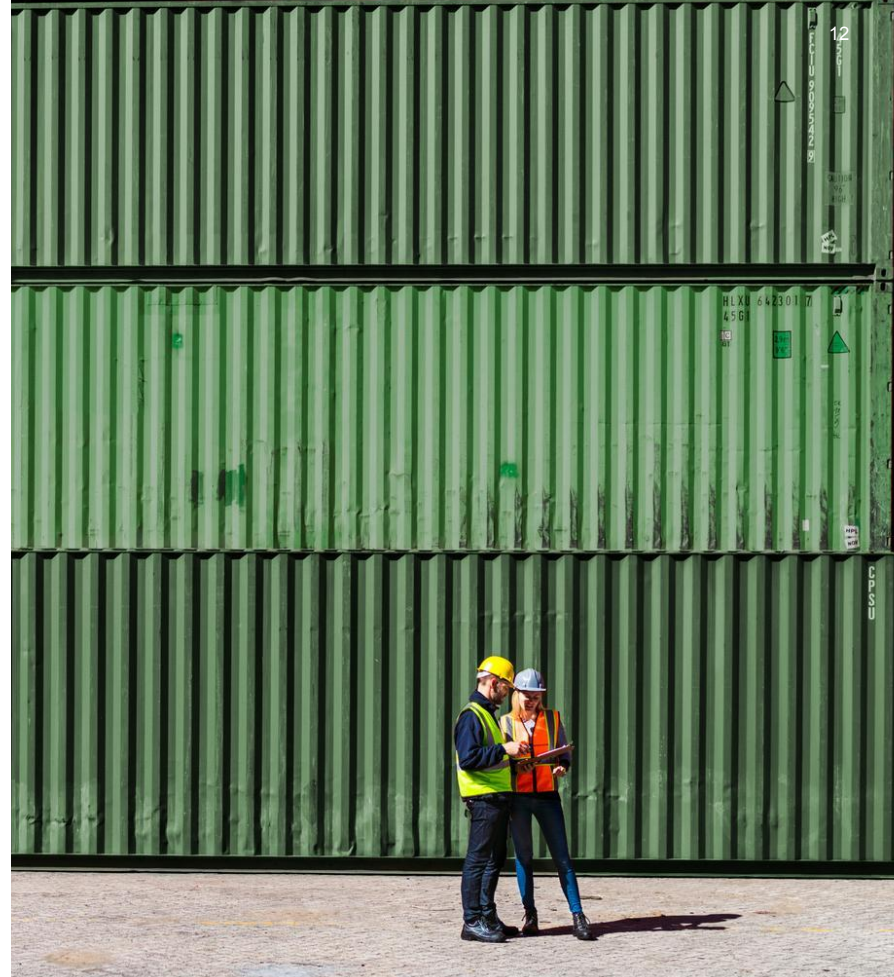
## 5. Due diligence processes

Having established risk, we conduct human rights due diligence within our supply chains and operations to prevent, mitigate and, where necessary, remediate the occurrence of modern slavery.

In recognizing that our human rights impacts may change over time as our operations and value chains continue to evolve, we are committed to embedding human rights due diligence across our business as an ongoing, iterative process. We achieve this by building human rights due diligence into our existing systems and processes, and creating new and separate processes when needed. When assessing human rights risks we engage with affected stakeholders and pay special attention to vulnerable groups such as women, children, migrant workers and Indigenous peoples. In all cases, we centralize our rights holders and ensure a people-first approach.

We expect all of our business partners and suppliers to uphold Neste's [policies and principles](#), including our [Human Rights Principle](#) and the minimum requirements in our [Supplier Code of Conduct](#), a key element in Neste's supplier management system.

To support and validate this expectation, Neste has implemented systematic controls for counterparty compliance screening and monitoring in which suppliers and other counterparties that meet risk-based criteria, undergo pre-screening, escalating to further review if any issues are found. While the screening is predominantly focused on economic sanctions and trade compliance issues, human rights is one of the most significant drivers behind non-jurisdiction targeting sanctions that focus on actions of specific entities, and counterparties are also screened for selected ethical concern categories in 3rd-party enforcement databases and major news outlet sources.



## Due diligence for raw material suppliers:

Raw material suppliers for our renewable products are subject to rigorous human rights due diligence as part of our supplier sustainability approval process under the Neste Principle on Renewable Products Supplier Sustainability Approval. The Principle applies worldwide to any Neste company, which is establishing a business relationship with a supplier of renewable raw material for Neste's renewable products. It sets the minimum sustainability requirements for approving suppliers through a five-step sustainability due diligence process, which includes strong human rights and modern slavery criteria: (1) Feedstock Evaluation, (2) Country and Feedstock Risk Assessment, (3) Counterparty Screening, (4) Sustainability Desktop Review, (5) Sustainability Audits.

In order to identify human rights risks in our renewable raw material supply chains, we undertake a Country and Feedstock Risk Assessment (2) and maintain an up-to-date country risk categorization based on country risk indices, including specific indices related to modern slavery such as child labor, forced labor, migrant workers and vulnerable groups. Our categorization also includes a list of no-go countries and regions based on considerations regarding trade sanctions, conflicts, human rights and sustainability risks.

After undergoing Neste Counterparty Screening (3), all potential raw materials suppliers must complete a self-assessment survey that contains questions related to modern slavery as part of the Sustainability Desktop Review (4). The questions are aligned with the Neste Supplier Code of Conduct and the Neste Human Rights Principle, and cover topics such as fair employment, employment contracts, child labor, forced labor, recruitment fees and use of recruitment agencies, vulnerable groups, retention of identity documents, access to remedy, and freedom of association and collective-bargaining.

The five-step sustainability due diligence process is mainly managed through Neste's Supplier Sustainability Portal (SSP), a digital platform that is used to facilitate our evaluation of potential and existing renewable raw material suppliers, to support performance monitoring, and to enable active supplier engagement. The portal was brought fully into use in 2020. In 2021, the total number of onboarded renewable raw material suppliers was 223.

We continue commercial negotiations only with approved parties who meet our sustainability requirements, and all partners must continue to meet these criteria and commit to developing their operations in the future. Our overall approach to advancing sustainability due diligence throughout the supplier relationship is to work with our suppliers to drive positive practices and mutually enhance sustainability performance through continuous engagement, collaboration, and improvement.

## Sustainability audits:

Based on steps 1-4 of the sustainability due diligence process, we are able to use a risk-based approach to prioritize which suppliers to select for Sustainability Audits (5), which are conducted either by our own local sustainability specialists or a third-party auditor. The purpose of Neste sustainability audits is to assess and determine suppliers' compliance with Neste's Supplier Code of Conduct, Human Rights Principle, Neste Responsible Sourcing Principle and local regulatory requirements.

In recognizing the traditional approach to auditing is limited in its ability to identify and assess human rights impacts, we have worked with external experts to develop an audit approach for tackling systemic human rights issues in our supply chains, such as modern slavery. Our sustainability audits have a strong human rights focus, and include, for example, criteria on the indicators of forced labor and child labor, fair wages, favorable working conditions, labor standards, access to basic services, employee and community grievance mechanisms, and topics related to vulnerable groups and neighboring communities. The criteria in our audit framework are aligned with our Supplier Code of Conduct, and additionally go beyond compliance in addressing a broader range of human rights topics and impacts. Our sustainability audits centralize rights-holders by including conversations with groups such as management, site workers, third-party employees and union or worker's committee representatives.

In 2021, we conducted a total of 19 sustainability audits for renewable raw material suppliers, of which 3 were onsite, 9 were virtual and 7 were third-party audits.<sup>2</sup> Due to the ongoing pandemic situation in 2021, virtual auditing practices were used in cases where it was not possible to conduct on-the-ground audits. We also conducted 8 sustainability audits for contractors in the Singapore Expansion project. In 2022, we aim to focus on increasing the number of audits, prioritizing through a risk-based approach and paying specific attention to 3rd-party auditing. The results of the 2021 sustainability audits are summarized on p.79 of the [2021 Annual Report](#).

2) No unannounced Sustainability Audits in 2021

## Supply chain traceability:

Identifying and selecting good partners is crucial to the sustainability of our supply chains. In addition to understanding the sustainability and human rights performance of our direct suppliers, we also want to gain visibility on practices and human rights impacts throughout the entire raw material supply chain, including our sub-suppliers. During supplier onboarding we require our renewable raw material suppliers to disclose detailed information about their supply chain actors and locations. For example, for crude palm oil we need to know the exact GPS coordinates of all the plantations. For used cooking oil, in addition to regulatory requirements, we require exact information about the actors in our supply chain until the collection point where the used cooking oil is gathered.

## Oil suppliers:

As we are transforming from a traditional oil refiner into a provider of renewable and circular solutions, we continue to produce high-quality oil products from crude oil and condensates. Neste is purely a buyer of crude oil; we do not own shares in any company producing crude oil, nor are we engaged in oil exploration or drilling. Additionally, we do not purchase crude oil from Arctic sea areas or conflict areas.

The due diligence process for our Oil Products (OP) suppliers includes Country Risk Assessment and Counterparty Risk Assessment. In 2021, we developed and implemented a Sustainability Desktop Review based on publicly available information of the suppliers to complement the existing process. In addition to assessing country and counterparty risks, our sustainability due diligence process consists of reviewing a range of Environmental, Social and Governance (ESG) topics, including human rights, labor standards and practices, child and forced labor, and health and safety. In 2021, a total of 86 OP suppliers were assessed. In 2022, we will focus on further improving the sustainability due diligence process and are committed to continue assessing all new suppliers.

# What do we do if indicators of modern slavery are found?

We take all allegations of suspected human rights violations and shortcomings seriously and investigate all cases. If we become aware of a human rights violation in our supply chain, our primary means of action is engagement and cooperation with our supplier to remedy the issue.<sup>3</sup> This is because ending purchases does not resolve problems or provide access to remedy for affected rights-holders.

For more severe cases where we are investigating credible serious allegations against a supplier, we put all further purchases from the supplier on hold until a remediation plan has been approved and implementation is in progress. In all cases, we prioritize the wellbeing of the affected rights-holders. Read more about our grievance procedures on p.21.

**We address adverse human rights impacts once we become aware of them and have several ways to take action:**

Requiring the supplier to provide a detailed account of the situation

Providing an assessment and, if necessary, a supply chain audit carried out by Nestle or partner sustainability experts locally

Requiring a detailed plan for corrective actions from the supplier

In the case of palm suppliers, submitting the shortcoming to the RSPO grievance process either by us or by the counterparty involved

Cooperating with the supplier and other stakeholders to develop practices and processes

Discontinuing purchases if we do not see adequate progress or if the supplier loses their certificate

<sup>3</sup>) While this is Nestle's primary process, our approach allows for more stringent actions to be taken straight away, for example in cases of severe human right abuse, or where more drastic measures are required by law.

# Case Study:

## Implementing effective grievance channels at the Singapore Expansion Project

In 2018 we completed a [human rights risk assessment](#) for the construction phase of the Singapore refinery expansion. The assessment highlighted the need to implement effective grievance channels and access to remedy for all workers on the site.

Throughout 2020-2021 we implemented these recommendations with a priority to ensure that the entire workforce at the Singapore expansion, including all the employees of our contractors and sub-contractors, are able to raise their concerns directly to Neste.

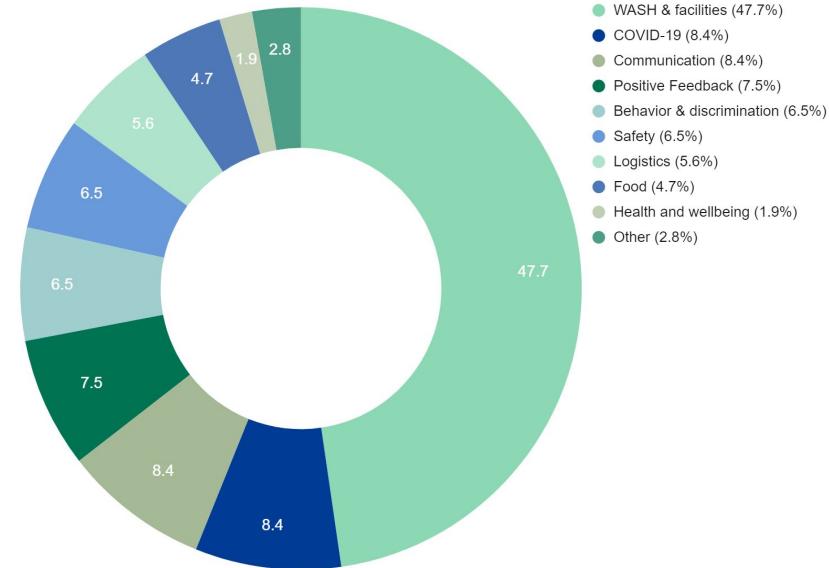
Understanding that an effective grievance mechanism is one that is trusted and used by the people it intends to serve, we mapped the construction site and placed suggestion boxes in the four locations most accessible to workers. We ensure that all communications about the suggestion boxes and our grievance-handling processes are made available in multiple languages and communicated to the workforce in various ways, including onsite posters, regular safety meetings and training for new workers.

In addition to the suggestion boxes, we also promote the use of Neste's global whistleblowing channel, [Ethics Online](#), which is made accessible to workers via web, phone and QR codes posted at various locations on site. Workers are also encouraged to raise concerns to their supervisors via email, phone or in-person, if they wish.

As of December 2021, we had received a total of 107 submissions via the grievance channels promoted on site, with the majority of these (95%) made via the suggestion boxes. Suggestion box submissions received included local complaints, as well as positive feedback. A summary of the type of complaints received, arranged by topic, is available in the chart on the right.

When implementing remediative actions for local complaints, we are results-focused and aim to tackle root causes. For example, to remedy issues related to WASH (Water, Sanitation and Hygiene) we improved our management system to increase the regularity for monitoring and maintaining basic facilities on the project site, such as drinking water dispensers, lighting and fans.

We have resolved 100% of all the local complaints received to date, with the time needed to resolve issues ranging from one week to several months depending on the scope. Any local complaint that identifies or suspects a misconduct is reported and handled according to the Neste Misconduct Investigation Standard.



In 2021, the effectiveness of the onsite grievance channels and processes were evaluated following one year of full implementation. We found that the suggestion boxes in particular functioned as an effective channel between workers and management, enabling us to field a wide range of questions, inquiries, and complaints. We also noted several areas for improvement, for example, streamlining grievance handling procedures to support more efficient remediation, and communicating to the workforce more regularly on the progress and outcomes associated with our on-site grievance channels.



## 6. Training & capacity building

Understanding that risk assessments, due diligence processes and sustainability audits alone are not sufficient for tackling an issue as hidden and complex as modern slavery, we are also committed to training our employees on our policies, and engage in capacity building with suppliers operating in high risk sectors and geographies.

The specialists on our human rights team undergo regular training to stay updated on the best practices in business and human rights, and engage in information-sharing and peer-learning with other specialists and experts in the field to collaboratively tackle challenging topics. For example, through our membership and participation in the Nordic Business Network for Human Rights, our human rights specialists attend full day member meetings four times a year, including talks, workshops and round-table discussions. We are also a member of the Finnish corporate responsibility network FIBS, and throughout 2021, our human rights specialists participated in their quarterly focus sessions on business and human rights, which included training on human rights due diligence and modern slavery topics. These workshops are conducted in partnership with human rights experts from Enact Sustainable Strategies. In addition to our membership in these networks, our attendance and participation at the annual UN Forum on Business and Human Rights serves as a platform for us to evaluate our approach and learn from others.

In 2021, Neste renewed its Code of Conduct and rolled out a related e-learning to all Neste employees globally. The e-learning provides training on Code of Conduct expectations for employees, including human rights and modern slavery topics. For example, all employees are expected to understand how to recognize potential human rights risks in their daily work and decision-making, and know how to recognize and report signs of modern slavery. The training is mandatory for all Neste employees, and available in 11 languages: English, Finnish, Dutch, Estonian, German, Italian, Latvian, Lithuanian, Malay, Mandarin and Swedish.

We also integrated human rights training into both our global induction for all new Neste employees, and our new Supplier Code of Conduct e-learning. The Supplier Code of Conduct e-learning is available to all Neste employees, and mandatory for employees whose roles are relevant to procurement and supply. The training includes a dedicated segment on Neste's minimum human rights requirements for suppliers, including the prohibition of child labor and all forms of forced labor, ensuring all employees are made aware of the key terms of their employment prior to commitment to work, and the requirement that no workers are to pay recruitment fees or associated costs. To ensure our employees are able to identify modern slavery risks and communicate our requirements to suppliers, the Supplier Code of Conduct training also incorporates additional information on forced labor and vulnerability - this includes an explanation on the ILO Indicators of Forced Labor, practical guidance on how to identify and report signs of modern slavery, case studies, and information on the prevalence of modern slavery in geographies where Neste has operations and supply chains.

In line with our KPI to increase the number of Neste employees who have received training on forced labor and vulnerability, in 2020, we carried out targeted human rights and modern slavery trainings for our global procurement and renewable raw material supply teams. In 2021, we expanded and tailored these training sessions for key members of the innovation team involved in carrying out new research and development projects at Neste.

## In 2021, 77% of Neste employees were trained on Neste's human rights policies and processes

Training on forced labor and vulnerable groups was carried out for 3381 Neste employees as part of the new Code of Conduct E-Learning, 627 employees as part of the Neste Global Induction, 125 employees as part of the Supplier Code of Conduct e-learning, and 15 employees in a specialised in-person training session for human rights risks under new feedstock projects in Innovation. In 2021, 77 % of Neste employees were trained on topics related to Neste's human rights policies and processes. You can read more about our Sustainability KPIs on p.21.

We believe that close engagement and collaboration with our raw material suppliers provides us the best opportunities to advance human rights and proactively mitigate modern slavery risks within our supply chains. [Since 2015](#), we have hosted annual [sustainability workshops](#) to engage our palm suppliers in open dialogue on sustainability topics and advance capacity building on human rights. In August 2021, we organized a two-day workshop on grievance mechanisms for Neste's direct palm oil and PFAD suppliers. The workshop provided guidance on establishing effective grievance mechanisms, best practices, and practical steps for addressing No Deforestation, Peat and Exploitation (NDPE) related grievances. Suppliers were also provided with training on Neste's grievance mechanism, and introduced to grievance resolution processes and best practices for grievance handling.





## 7. Working with others

We believe that human rights are best advanced through collaboration. We actively seek out opportunities to work with stakeholders, to collaboratively enhance our leverage to tackle the root causes of modern slavery, and contribute to systemic positive change.

Neste is an active member of the [Nordic Business Network for Human Rights](#). This helps us stay updated on the most recent knowledge and trends in business and human rights, and provides us with a space to share difficult dilemmas with experts and peers. The network is chaired by the Danish Institute for Human Rights. Neste is one of 12 companies in the NBNHR who have signed a [joint statement](#) in support of EU legislation on mandatory human rights due diligence, published in January 2021, emphasizing the urgent need to harness the transformative power of the UNGPs across all industries and value chains, in the pursuit of tackling complex issues like modern slavery and realizing universal human rights for all.

In fall 2021, Neste became a member of the [Consumer Goods Forum \(CGF\)](#) and joined the CGF Human Rights Coalition, which is focused on ending forced labor through collective action. Together with our 27 coalition co-members, we are committed to helping achieve fair and decent working conditions worldwide by driving individual and collective action in our operations and supply chains to eradicate forced labor. We began work to identify key focus areas for action under this coalition, with further assessments projected to start in 2022.

Understanding the urgent need to address the root causes of modern slavery through building inclusive economies and reducing inequalities, in 2021 we joined the World Business Council for Sustainable Development (WBCSD) [Business Commission to Tackle Inequality](#) (BCTI). In 2022, we will continue to work closely with WBCSD and partner companies in this initiative, which aims to mobilize the global business community to tackle inequality and generate shared prosperity for all.

## Collaborating to protect children's rights

Neste is committed to respecting and supporting children's rights, and to implementing the [Children's Rights and Business Principles](#) throughout our business and value chains, including in our workplace, marketplace and communities. In 2021, Neste was recognized as a Leader in Global Child Forum's latest global children's rights and business benchmark, [The State of Children's Rights and Business 2021](#). Neste placed among the top 9% of out of 832 benchmarked companies across nine global industries and was ranked 3rd out of 119 companies assessed in the energy and utilities sector.

The Neste [Human Rights Principle](#) identifies the rights of children and young workers as a salient human rights issue for Neste, and defines expectations for addressing children's rights issues in Neste's operations and supply chains. This includes prohibiting child labor, ensuring the rights to education and health for children, and upholding the right to just and favorable work conditions and no hazardous work for young workers.

We are committed to eradicating child labor and recognize the need to find durable solutions that support children and members of their families, who are in or at risk of child labor, to ensure they are given the chance they deserve to better education, protection and future.

As is the case with all human rights issues, children's rights are best advanced through collaboration. Since 2019, Neste, together with a number of major brands, have partnered with [Business for Social Responsibility](#) (BSR) and Wilmar on a program aimed at protecting the rights of children living on palm plantations. In 2020, the initiative included the publication of the [Child Protection Policy Implementation Manual](#) and a series of workshops on child protection in the Indonesian palm sector. In 2021, the practical applicability of the manual was tested and assessed through pilots on selected palm plantations in Indonesia and Malaysia, with NGO support. Read more on our [website](#).



# 8. Tracking progress and effectiveness

Modern slavery is a complex, multi-faceted issue, which is often hidden and can thus be challenging to address effectively. As such, we are committed to assessing the effectiveness of our due diligence activities, so that we can continuously improve, strengthen and refine our approach.

## Key performance indicators (KPIs)

We have introduced sustainability KPIs to track our progress and effectiveness on topics relevant to modern slavery. These KPIs are updated on an annual basis and published in the [Neste Annual Report](#):

**Forced labor and vulnerable groups:** Our forced labor KPIs include targets on managing forced labor risks in Neste operations and supply chains, increasing the number of employees who have received training on forced labor, and tracking the remediation of critical and major forced labor non-compliances found in Neste Sustainability Audits.

**Ethics, transparency and open communication:** Our KPIs for ethics, transparency & open communication include targets to roll out monthly updated grievance logs on our website, track and publicly disclose the number and type of grievances that have been raised in person or via our whistleblowing channel, and encourage employees and external stakeholders to report observed or suspected misconducts.

**Supply chain sustainability:** Our supply chain sustainability KPIs track the number of sustainability audits conducted annually, the percentage of business partners who have committed to Neste's minimum sustainability requirements in the Supplier Code of Conduct, and the number and outcome of Neste's renewable raw material supplier sustainability assessments.

Additional details on our KPI targets and progress for 2021 are available in the table on p. 33-36 of the Neste [2021 Annual Report](#).

## Grievance processes

As detailed in our 2020 Modern Slavery Statement, we have established strong procedures for tracking and processing grievances, including a cross-functional team to ensure speed and consistency in how we manage grievance cases.

We maintain a [publicly available log of sustainability-related grievances](#) raised in our raw materials supply chains on our website. This grievance log is updated on a monthly basis to include new grievances as well as provide status updates on the remediation of existing grievances. The sustainability-grievances logged on our website include any grievances related to modern slavery or labor exploitation in our extended raw material supply chains. More information on how we monitor and track sustainability grievances, including a [diagram of our grievance process](#) is available on our website.

We have also established grievance channels and processes at the site-level to channel local complaints and work-related concerns. You can also read more about these channels in the case study on p.16.

Suspected or identified misconducts raised via any of the above grievance channels or our whistleblowing channel, [Ethics Online](#), are reported and handled according to the Neste Misconduct Investigation Standard.

## Traceability

A key element of being able to track progress and effectiveness is to know– and be transparent about – our value chain.

Neste's publicly available [Traceability Dashboard](#) provides detailed information on our palm oil and palm fatty acid distillate (PFAD) supply chains. In 2021, we continued to update our Neste Traceability Dashboard twice a year, to provide exact coordinates to the oil palm plantations in Neste's supply chain. This type of supply chain mapping and information sharing increases the probability that modern slavery issues will be identified and addressed in our extended supply chains.

Palm supply chain mapping activities are carried out in collaboration with our palm oil suppliers and sustainability specialists from the Consortium of Resource Experts (CORE), who also track progress and monitor effectiveness of Neste requirements on the ground by directly engaging with our suppliers on advancing their commitments under the No-Deforestation, No-Peat, No-Exploitation pledge (NDPE).

## 9. Looking forward

We recognize that our business and extended supply chains are not static but continually evolving. As a fast-growing organization, it is essential that we remain aware of emerging risks in our new supply chains and alert to the complex nature of modern slavery. We are committed to improving our understanding and management of modern slavery risks over time, and will continue to reflect on, develop and extend our approach to modern slavery, both in breadth across our key business segments, and in the depth of work within our raw material supply chains and sourcing regions.

We know that there is more work to do and we expect our approach to managing the risk of modern slavery to evolve as we learn from our risk assessments and due diligence processes.

We work according to our values: We care. We have courage. We cooperate.

This Statement was approved by the Board of Directors of Nestle Corporation on 28 April 2022.

Signed

Peter Vanacker

President and CEO, Nestle



**NESTE**

Change runs on renewables