

Neste's Renewable Raw Material Grievances (November 2022)

No	Target of grievance	Relationship with Neste (Direct/Indirect raw material sourcing/Other)	Parent Company Group	Grievance raiser/report/link	Status
1	Rimbunan Hijau	Not in supply chain, but part of indirect supplier parent company group (Rimbunan Hijau -> Olenex)	Rimbunan Hijau	Global Witness (GW)	<p>[MONITORING] 7 October 2021: GW released a public report titled 'The True Price of Palm Oil'. The allegations on RH in this report are largely similar to the letter that was sent to Wilmar's customers in July 2021. The report, however, contains additional information related to RH's health and safety practices.</p> <p>Our supplier, Wilmar, continues to monitor and investigate the remaining issues related to worker PPE Provision and RH's safety and health practices, and will guide RH towards resolution of this case.</p> <p>More info can be found here: https://www.wilmar-international.com/sustainability/grievance-procedure</p> <p>July 2021: A letter was sent to Wilmar's customers from the NGO Global Witness (GW), alleging environmental and social non-compliance incidents by Rimbunan Hijau (RH). A summary of the allegations in the letter were as follows:</p> <ul style="list-style-type: none"> - Environmental degradation and deforestation activities; - Violence and harassment against community members, through local police; - Lack of Free, Prior, Informed Consent (FPIC) prior to development of land; - Decent accommodation and facility for employees living in company housing; and - Workers' health and safety. <p>Wilmar immediately reached out to RH for clarification on the issues raised by GW, and has been actively engaging with the company since. RH has rebutted the allegations and provided us with all relevant documents which include:</p> <ul style="list-style-type: none"> - A field visit report by an independent consultant; - Evidence of engagements between RH and GW since 2017; - Landowner consent forms to ascertain FPIC and identify cultural sites that require protection; - Voluntarily written statements by a landowner, contents of which were further corroborated by a statement given by a local ward councillor; - Correspondence between Gilford Ltd and the Royal Papua New Guinea (PNG) Constabulary; - Board meeting minutes by landowner companies; and - A mediated agreement between Gilford Ltd and a landowner company issued

					by the PNG National Court.
2	Sime Darby	Indirect Supplier	Sime Darby	U.S. Customs & Border Protection (CBP)	<p>[MONITORING] 15 February 2022: Sime Darby announced several changes and improvements to its governance structures, policies and procedures, with the primary goal of ensuring the wellbeing of its workers. Towards this end, Sime Darby will reimburse recruitment fees to its foreign workers for costs they had incurred to secure employment with Sime Darby. Sime Darby has also established an improved Responsible Recruitment Procedure and implemented new processes to enable better dialogue with its workers. Press release of Sime Darby on 15 February 2022: https://simedarbyplantation.com/sime-darby-plantation-institutes-sweeping-changes-in-governance-and-operations/</p> <p>December 2021: Sime Darby appointed Impactt Ltd as a third-party assessor to conduct a comprehensive evaluation of the group's labor practices across its Malaysian operations. Target by early 2022. Neste continues to monitor for developments on whether Liberty Shared and US CBP are willing to share information to be able to move forward. RSPO investigation result is another key development to observe.</p> <p>1 March 2021: Established an expert Stakeholder Human Rights Assessment Commission and appointed Impactt Ltd as a third-party assessor to conduct a comprehensive evaluation of the group's labour practices across its Malaysian operations.</p>
3	PT Binasawit Abadi Pratama (PT BAP)	Direct Supplier	GAR	Friends of the Earth Netherlands	<p>[MONITORING] RSPO complaints panel investigation here.</p> <p>October 2022: The Secretariat had physical meetings with both the Complainant and the Respondent on 30.09.2022 and 12.10.2022 respectively.</p> <p>January 2022 - September 2022: The ToR for an independent investigation has been prepared and is being peer reviewed.</p> <p>25 August / 29 September 2021: Pending investigation</p> <p>28 July 2021: The resources of the ring fencing budget is pending the finalisation of the SOP.</p> <p>23 June 2021: Pending the upcoming of the investigation.</p> <p>25 May 2021: The draft response letter has been sent to the CP for endorsement. The Complaints Desk will be publishing the finalised ToR onto</p>

				<p>the RSPO website.</p> <p>28 April 2021: Pending RSPO CP's response to Respondent and review of the most recent audit report.</p> <p>24 February 2021: The Secretariat has furnished the draft ToR to the CP.</p> <p>20 January 2021: The Secretariat is to update the draft ToR of the legal review.</p> <p>22 December 2020: Respondent submitted additional documents <u>on GIS Analysis:</u> https://rspo.my.salesforce.com/sfc/p/#90000000YoJi/a/0o000000i20g/ya.IUraBa2FpGy.7MKFf_jjZCxfpEqcVtKJQaHgXLAG</p> <p>25 November 2020: The Complainants have provided their response on the difference on the hectarage clearance. Pending confirmation from the GIS team.</p> <p>October 2020: Case is currently being handled by the RSPO Complaints Panel. The Secretariat is waiting for a response from the Respondent on the issues pertaining land clearing and the final remark from the GIS team.</p> <p>April 2020: The key points of GAR's response to the FPP complaints to the RSPO are as follows:</p> <ol style="list-style-type: none"> 1. Allegation that GAR failed to secure necessary permits for eight (8) concessions in Central Kalimantan: the complex issue of obtaining permits in Indonesia affects all companies and is not peculiar to GAR. It is also a well-known issue to stakeholders including the RSPO. GAR has submitted evidence of the various legal changes that have occurred over the years re the allocation and designation of land for palm oil plantations. Through all the legislative changes, GAR and its subsidiaries have complied with the applicable and valid regulations at the time and have therefore been operating legally 2. Allegation that GAR and its subsidiaries failed to comply with RSPO New Planting Procedures: this is factually incorrect and without basis. GAR has submitted a list of documents verified by the RSPO certification body and submitted to the RSPO in 2014. In addition, GAR highlighted that the only new planting since 2014 has been to fulfil plasma development for the community. In this, GAR has also filed all the necessary documentation for the plasma development.
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4	Wilmar	Direct supplier	Wilmar	<p><u>Friends of the Earth Netherlands</u></p> <p>[MONITORING] May 2021: Earthworm Foundation Report 5: Wilmar's Operations Linked to Pasaman Barat Community, West Sumatra: https://www.wilmar-international.com/docs/default-source/default-document-library/11052021-ef-wilmar-quarterly-eng.pdf?sfvrsn=96912f5_0</p> <ol style="list-style-type: none"> 1. Resolution Process with the Koto Baru and Kinali Communities and PT PMJ 2. Communication with parties and community organizations in West Pasaman 3. Strengthening the Grievance Procedure <p>September 2020: Earthworm Foundation Report 4: Wilmar's Operations Linked to Pasaman Barat Community, West Sumatra: https://www.wilmar-international.com/docs/default-source/default-document-library/sustainability/14092020-ef-wilmar-quarterly-report_eng.pdf?sfvrsn=be4670bf_2</p> <p>Initial checks on the list of suppliers indicated that PT Tidar Kerinchi Agung is not Wilmar's supplier. PT Karya Agung Mega Utama (PT KAMU) is not a subsidiary under Wilmar International. Some of the cases are already logged into the RSPO Complaints mechanism. More details can be found here (Reference no: RSPO/2018/12/RB, RSPO/2018/06/RB, RSPO/2018/07/SW, R76).</p> <p>Wilmar commissioned Earthworm Foundation (EF) in September 2018 to conduct a thorough evaluation of issues raised against Wilmar's internal</p>

				<p>systems on social grievance and resolution at three of its subsidiaries in Pasaman Barat in West Sumatra - PT AMP Plantation, PT Gersindo Minang Plantation (GMP) and PT Primatama Mulia Jaya (PMJ).</p> <p>Since November 2019, Wilmar reached out to all the companies to seek clarification on the allegations as part of the investigation. As the issue listed in the interim report are generic and similar for all groups, Wilmar is unable to verify the cases without knowing the specific issues from the complainant. Wilmar had a meeting with FPP and Nagari Institute in November 2019 in Bangkok and it was agreed that a follow up meeting would be held to further discuss the issues and possible resolutions. A meeting with Nagari Institute in Padang on 11 February 2020 was held, and it was reiterated that in order to clearly seek resolution, it was important for Nagari Institute and FPP to provide more details in order for them to further investigate the cases and work towards the resolution. This did not need to have specific persons identified, rather details on the specific allegations. Nagari Institute was unable to share more information beyond the original interim report. However there was agreement to continue with a follow up meeting with Nagari Institute tentatively for March 2020. In the meantime, Wilmar continues to engage with both Nagari Institute and FPP.</p>
5	PKPP Plantation Sdn Bhd	Indirect raw material via Wilmar, KLK & IOI	LKPP Corporation Sdn Bhd	<p>Mighty Earth Rapid Response Report #30</p> <p>[MONITORING] January 2022: Our direct supplier, IOI continued to engage with LKPP to support their transformation to responsibly produced palm oil. The engagements were carried out remotely as physical engagements remained challenging during Covid-19. Capacity building, interview sessions, documentation reviews and discussion on NDPE topics were part of the engagements and are still ongoing. Please refer to IOI's grievance update for more information.</p> <p>July 2021: As part of the implementation of their NDPE policy, IOI together with external consultants are reviewing LKPP's labour practices to check on Recruitment procedures, working hours, minimum wages, working conditions, employment contracts, grievance mechanism to counter and increase awareness on Forced Labour. This review is spread over 3 stages and is targeted to be completed in 6 months.</p> <p>April 2021: IOI will be conducting remote engagements and activities with LKPP on traceability, no deforestation and no exploitation to support the delivery of their NDPE Commitments commencing June 2021.</p> <p>January 2021: The NDPE policy has been shared and is available here.</p>

					<p>KLK made reference to the engagement of trading partner with Tuan Haji Roslan, Director of PKPP Agro:</p> <p>November 2020:</p> <ul style="list-style-type: none"> a. PKPP has agreed to put a stop to all land clearing activity at Ladang Cherating concession. b. The PKPP management has set aside two land banks located at Lipis, Pahang (426 ha) and Pekan, Pahang (130 ha) for its recovery plan. c. A group-wide NDPE policy is in the pipeline, pending for written resolution by the Board of Directors of PKPP. d. A full implementation of NDPE policy is expected to be done latest by 1 Jan 2021. <p>November 2020: IOI updated that they are in discussions with PKPP management in developing NDPE Policy, commitment and implementation plans towards protection of conservation areas moving forward.</p> <p>Aug 2020: Engaged with our direct supplier, IOI, whom contacted LKPP for clarification about PKPP. LKPP has verified and replied that PKPP is a company under the same Parent group - PKNP - but there are no commercial connections. LKPP does not source FFB from PKPP.</p>
6	Felda Global Ventures (FGV)	Indirect raw material via IOI, Genting, Mewah & Wilmar	Felda Global Ventures (FGV)	<p>https://www.aljazeera.com/economy/2020/10/1/us-bans-palm-oil-imports-from-malaysian-producer-fgv</p>	<p>[MONITORING] August 2022: FGV commits to implementing action plans to strengthen its labour practices since it became a participating company of the Fair Labor Association (FLA) in 2019.</p> <p>Between November 2021 and January 2022, the FLA conducted Independent External Assessment (IEA) at FGV's headquarters in Kuala Lumpur and at the field level (mills and estates). In August 2022, the IEA-report, outlining the findings and action plans, is published on both FGV and FLA's websites (https://www.fgvholdings.com/press_release/fgv-continues-to-uphold-internationally-recognized-labour-standards-as-part-of-its-sustainability-agenda/, https://www.fairlabor.org/reports/fgv-action-plan-background-and-summary/).</p> <p>16 November 2021: FGV has appointed ELEVATE as the independent auditing firm to conduct an assessment of FGV's operations against the 11 International Labour Organization (ILO) Indicators of Forced Labour. The assessment is part of FGV's efforts towards petitioning for the revocation of the WRO by the CBP. Elevate is an independent sustainability and supply chain service provider with vast experience in advancing social compliance</p>

				<p>and addressing forced labour risks by applying a worker-centric approach.</p> <p>FGV had discussions with their US-based legal counsel and Elevate on the audit design and plan, which is expected to begin in November 2021.</p> <p>20 October 2021: FGV is committed to taking all the necessary steps towards lifting the WRO, including the appointment of an independent auditing firm to conduct an assessment of FGV's operations against the 11 International Labour Organization (ILO) Indicators of Forced Labour, as advised by the CBP.</p> <p>FGV has identified an independent auditor to carry out the audit work and is currently working with a US-based legal counsel to finalise the terms and conditions for the appointment. In ensuring that the scope and methodology of the audit meet the requirements and expectations of the CBP, FGV foresees a slight delay in the appointment and expects to formalise the appointment by November 2021.</p> <p>30 August 2021: https://www.fqvholdings.com/press_release/fqv-updates-its-steps-to-address-the-u-s-customs-and-border-protection-cbps-withhold-release-order-wro-2/</p> <p>1 July 2021: https://www.fqvholdings.com/wp-content/uploads/2021/07/FGV-Sustainability-Updates-1-July-2021.pdf</p> <p>1 April 2021: FLA Assessment Report on the Implementation of FGV's Action Plan to Enhance Labour Practices 3 key areas of focus as recommended by FLA; grievance mechanism, remediation procedures and worker representation structures</p> <p>FGV is committed to resolving the matter with the CBP and will revisit the appointment of an independent firm in June 2021 for a comprehensive external audit on FGV's labour practices, as suggested by the CBP.</p> <p>27 January 2021: FGV has decided to take a systematic approach in ensuring that the rights of its workers are respected and protected, thereby eliminating practices that may be indicative of labour exploitation. This is to ensure that the best labour practices are observed in accordance with international standards throughout its entire operations. FGV has decided to revisit the appointment of an independent third-party audit firm for an audit of FGV's operations after FGV is satisfied that all of the above measures have been</p>
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				<p>strengthened and implemented accordingly, within six months. FGV will continue to engage with the CBP to keep them abreast of the various measures undertaken and its other ongoing initiatives pertaining to labour rights, and FGV is committed to resolving the matter as expeditiously as possible.</p> <p>https://www.fgvholdings.com/wp-content/uploads/2021/01/FGV-Sustainability-Updates-January-2021.pdf</p> <p>3 December 2020: https://www.fgvholdings.com/press_release/fgv-updates-its-steps-to-address-the-withhold-release-order-wro-issued-by-u-s-customs-and-border-protection-cbp/?pagen=1%5C</p> <p>13 October 2020: FGV is not a direct supplier; however, Neste decided not to make any further purchases from supply chains that are verifiably traced back to FGV until the allegations by US Customs and Border Protection (CBP) have been sufficiently cleared. No further information about CBP's findings including nature or locations of any incidence were disclosed.</p>
7	GAR	Direct supplier	GAR	<p>Mongabay.</p> <p>BBC</p> <p>The Gecko Project</p> <p>[MONITORING] An investigation conducted by The Gecko Project, BBC News and Mongabay reported that palm oil producers are failing to comply with legal obligations requiring them to share their plantations with communities. Neste is aware of the complex issues related to smallholder plasma in Indonesia. We have reached out to GAR to understand the allegation raised in the report. In responding to the report of Gecko Project, GAR had issued advisories outlining the process of plasma implementation in Indonesia and its challenges associated with plasma fulfilment as well as its good practices in mitigating the risks and its commitment towards fulfilling its outstanding plasma obligations. We will continue to engage with our supplier and to monitor their plasma development progress while at the same time, we continue to support smallholders projects to build the capacity and awareness of smallholders as we recognise that smallholders development is a key to more sustainable development of palm oil.</p> <p>Since 2018, we have collaborated with several global brands, palm oil companies as well as non-governmental agencies to aim for a large-scale transformative sustainability impact in the Siak and Pelalawan regions in Indonesia, known as the Siak Pelalawan Landscape Programme (SPLP). The Siak and Pelalawan regions are home to more than 200 villages, with districts spreading over 2 million hectares. The program has helped protect forests, peat and biodiversity and support sustainability performance of smallholder</p>

					farmers. The project kick-started with village-level engagements by identifying key sustainability related issues at the villages and capacity building of village facilitators. Various training on best management practices - including fire management and good agricultural practices were conducted. Read more about the project on Neste's website and the stories from the field on SPLP's website .
8	<ol style="list-style-type: none"> 1. PT Usaha Sawit Unggul (USU) 2. PT Sawit Sukses Sejati (SSS) 3. Sumber Tani Agung Group (STA) 4. PT Teguhkarsa Wanalestari (TW) 5. PT Asia Sawit Lestari (ASL) 6. PT Prima Mas Lestari (PML) 	1. Not in supply chain 2 & 3. Neste may be connected to SSS indirectly via STA via Neste's direct suppliers, Wilmar and ICOF 4 & 5. Indirect suppliers via Apical	<ol style="list-style-type: none"> 1. PT Usaha Sawit Unggul 2. PT Sawit Sukses Sejati 3. Sumber Tani Agung Group 4. PT Teguhkarsa Wanalestari 5. PT Asia Sawit Lestari 6. PT Prima Mas Lestari 	Mighty Earth Rapid Response Report #39	<p>[MONITORING] August 2022: We continued to engage with our direct supplier and urge them to clarify and investigate the links with USU and SSS.</p> <p>May 2022: STA informed Neste's direct suppliers that STA occasionally sourced FFB from SSS and in response to Mighty Earth Rapid Response Report #39, STA has ceased sourcing from SSS while they are investigating the allegations.</p> <p>With regards to TW, ASL and PML, Neste's direct supplier has engaged with the three mills companies and these companies informed that they have no linkage to USU and SSS, the two companies alleged to have been involved in deforestation.</p>
9	Runding Putra Persada	GAR, Musim Mas	PT Runding Putra Persada (RPP)	Rainforest Action Network	<p>[MONITORING] October 2022: Our direct suppliers informed us about the report and we are following up the progress of investigation closely. Our suppliers engaged with PT RPP following the report from RAN. Their preliminary findings revealed that Mr. Mahmudin's farm has a valid land ownership certificate (Sertifikat Hak Milik, SHM) and the area as indicated in the copy of SHM did not overlap with the Rawa Singkil Wildlife Reserve. See detailed findings on our direct suppliers' website: GAR and Musim Mas.</p> <p>GAR and PT RPP had a meeting to discuss the case further and it was agreed that GAR will conduct onsite verification on 7 November 2022 to better understand the case. One of the purposes of the visit is to verify that Pak Mahmudin did not operate beyond its SHM's boundary.</p>
10	Global Sawit Semesta	Apical, Musim Mas	Global Sawit Semesta (GSS)	Rainforest Action Network	<p>[MONITORING] October 2022: Our direct suppliers, Apical and Musim Mas engaged GSS and the following are the summary of their engagement with PT GSS which are published on their website: Musim Mas and Apical.</p> <ol style="list-style-type: none"> 1. PT Natama Prima is a supplier of PT GSS. 2. PT Natama Prima sourced from farms owned by Mr. Mahmudin. These farms are located at different locations from the coordinates stated in the RAN report. 3. PT GSS had verified the locations physically on site, and overlaid the GPS locations with Forest Function Map. The analysis showed that

					<p>the area is located in a non-forest estate (Area Penggunaan Lain; APL) and outside of Rawa Singkil National Reserve.</p> <p>4. Following the engagement, PT GSS has decided to cease sourcing from Mr Mahmudin's estates.</p> <p>We will continue to monitor the case closely through our direct suppliers.</p>
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*Neste does not operate any palm oil refineries, plantations and is not a palm oil trader

**Direct suppliers refers to parent company groups that have direct business relationship with Neste

***Indirect suppliers refers to parent company groups that do not have direct business relationship with Neste

No	Suppliers / Parent Group Companies	Date Suspended	Reason of suspension	Engagement with supplier
1	PT BEST	December 2018	Lost of RSPO Membership, an additional requirement of Neste	<ul style="list-style-type: none"> - 4 October 2018: Engagement at supplier's Surabaya HQ with owners/management - 22 November 2018: NDPE/Sustainability Workshop for various departments from PT BEST - 8 January 2019: facilitated discussion supplier with RSPO
2	PT Tunas Baru Lampung	December 2018	Deforestation	<ul style="list-style-type: none"> - 8 January 2019: Engagement at supplier's Jakarta HQ with management on severity of issues, received commitment to work on outstanding issues - 21 February 2019: Supplier engagement & workshop planning - 14 March 2019: NDPE/Sustainability Workshop for related departments from operations, sustainability, auditing from PT TBL - 10-11 April 2019: Neste Annual Supplier Workshop attended by 20 palm/pfad supplying companies - 18 July 2019: Engagement at supplier's Jakarta HQ with sustainability Head & Team to further discuss stop-work-order
3	FGV	October 2020	Allegations of labour issues. U.S. Customs and Border Protection issued a <u>Detention Order</u> on FGV Holdings Berhad, its subsidiaries and joint ventures.	Purchases from supply chains that are verifiably traced back to FGV on hold
4	Sime Darby	February 2021	U.S. Customs and Border Protection issued a <u>Withhold Release Order</u> on Sime Darby, its subsidiaries, joint ventures and affiliated entities.	Purchases from supply chains that are verifiably traced back to Sime Darby on hold
5	AA Sawit Sdn Bhd Jernih Kemboja Sdn Bhd	March 2022	Allegation of deforestation, reported by <u>Mighty Earth Rapid Response Report #38</u> .	Purchases from supply chains that are verifiably tracked back to AA Sawit Sdn Bhd and Jernih Kemboja Sdn Bhd are put on hold.