

Neste's Renewable Raw Material Grievances (November 2023)

No	Target of grievance	Relationship with Neste (Direct/Indirect raw material sourcing/Other)	Parent Company Group	Grievance raiser/report/link	Status
1	PT Suka Jaya Makmur PT Kusuma Alam Sari	Not in the supply chain.	Alas Kusuma group	Mighty Earth Rapid Response Report 43	<p>[MONITORING] November 2023: Mighty Earth alleged that Alas Kusuma's PT Mayawana Persada (timber plantations) has cleared 14,000 ha of forest between January and August 2023, marking it the largest deforester in Indonesia. Alas Kusuma group operates two oil palm plantations, PT Suka Jaya Makmur and PT Kusuma Alam Sari. These two palm oil plantations rely on external sales of FFB since the group does not own any palm oil mills. An October 2023 Aidenvironment <u>report</u> identified five mills as potential buyers of Ala Kusuma's palm oil:</p> <ul style="list-style-type: none"> - PT Cipta Tumbuh Berkembang (CTB) - PT Surya Borneo Indah (SBI) - PT Bumi Perkasa Gemilang (BPG), belongs to Tunas Baru Lampung group - PT Graha Agro Nusantara (GAN), belongs to KPN group - PT Pundi Lahan Khatulistiwa (PLK) <p>The first four mills are not in our supply chains. As for the last mill on the list, Pundi Lahan Khatulistiwa, our direct supplier has confirmed that the mill had ceased sourcing from Alas Kusuma group since 5 January 2022. Pundi Lahan Khatulistiwa will conduct an investigation and address deforestation issues before considering a resumption of purchase.</p> <p>Regarding the KPN group, the implicated mill, PT Graha Agro Nusantara, is not in our supply chain. However, other mills within the KPN group are part of our supply chains, and our direct suppliers have initiated engagement with PT GAN. Mighty Earth has also informed us that PT GAN sources from the Alas Kusuma. Our supplier conveyed that PT GAN is presently investigating the issue, and we are monitoring the case closely through our direct supplier.</p>
2	GAR	Direct supplier	GAR	<p><u>Mongabay.</u></p> <p><u>BBC</u></p> <p><u>The Gecko Project</u></p>	<p>[MONITORING] May 2022: 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.</p> <p>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</p>

				<p>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 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.</p>
3	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] September 2023: According to FGV's media release on FY2022 financial performance, FGV is implementing ELEVATE's recommendations and expects to submit the final report to the U.S. Customs and Border Protection. FGV will reimburse current and former foreign workers, who were employed after 27 June 2019 for recruitment fees in three tranches between March and September 2023. Additionally, a sinking fund has been established for former workers who paid recruitment fees during their tenure but are no longer employed by FGV. For more information, please refer to the company's press release.</p> <p>March 2023: According to our direct supplier, FGV is in the process of developing and implementing a remediation plan based on the outcomes of ELEVATE's assessments. The remediation plan will be verified by ELEVATE. For more information, please refer to IOI's grievance log.</p> <p>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 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.fgvholdings.com/press_release/fgv-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.fgvholdings.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</p>
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				<p>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 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. 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/fqv-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>
4	PT Binasawit Abadi Pratama (PT BAP)	Direct Supplier	GAR	<p><u>Friends of the Earth Netherlands</u> [MONITORING] RSPO Complaint Panel investigation here. The progress of the complaint is summarised as follows: October 2023: Investigation has commenced.</p> <p>As of August 2023: The Complaint Panel has endorsed the appointment of an independent investigator, allowing the Secretariat to proceed with the procurement process.</p>

				<p>From January 2023, the Secretariat began collecting feedback from parties to finalise the Terms of Reference (ToR) for an independent investigation. Between March and July 2023, the Secretariat shared a revised draft ToR for an independent investigation with the Complaint Panel (CP). The procurement process for the independent investigator commenced with the publication of the ToR on the RSPO website. In June, the selection process for the independent investigator was ongoing, and in July, endorsement of an investigator by the CP was pending.</p> <p>Between January and November 2022, the process progressed through several stages. The details of an Independent Consultant were being identified. The Secretariat was also reviewing the ToR for an independent investigation and seeking a suitable consultant. Physical meetings were held with the Complainant and Respondent. By December, the review of the ToR was completed, awaiting CP endorsement.</p> <p>Between January and December 2021, the year began with an update of draft Terms of Reference (ToR) for a legal review in January, followed by the submission of the draft ToR to the Complaints Panel (CP) in February. The ToR was shared with Complainants and Respondents. The final ToR was scheduled for publication on the RSPO website. July marked pending resources allocation for a ring-fencing budget. Investigations were pending in August and September. The year concluded with a consultant's review in December.</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.IUraBa2EpGy.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>
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				<p>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</p> <p>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.</p> <p>3. Allegation of unethical behaviour by GAR: the claims by FPP are factually incorrect. Since October 2018 when the corruption case was instigated GAR and its subsidiary PT BAP have been transparent about the case, the fact that the individuals in question acted of their own accord and in breach of the company's Code of Conduct. This was proven in the decision of the Jakarta Corruption Court which also ruled that the incident reflected the actions of a few individuals in breach of Government Regulations as well as GAR's own Code of Conduct. Neither GAR nor PT BAP were parties to the case. Therefore, claims that either company acted unethically are without basis.</p> <p>GAR awaits the deliberation of the Complaints Panel and hopes that there will be a swift closure of this matter.</p> <p>March 19: GAR acknowledges the findings of the Jakarta Corruption Court in the matter of three executives of PT Binasawit Abadipratama accused of bribery of government officials and hopes that this now draws a line under this unfortunate and regrettable incident.</p>
5	Rimbunan Hijau	Not in supply chain, but part of indirect supplier parent company group (Rimbunan Hijau -> Olenex)	Rimbunan Hijau	<p><u>Global Witness</u> (GW)</p> <p>[MONITORING] September 2023: We followed up with our supplier, and they informed us that the process is still ongoing.</p> <p>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</p>

				<p>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.
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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

Neste's No-Buy List

No	Suppliers / Parent Group Companies	Date Suspended	Summary	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	Allegation of 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	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 traced back to AA Sawit Sdn Bhd and Jernih Kemboja Sdn Bhd are put on hold.
5	IndoGunta	December 2022	Allegation of deforestation	Neste requested its direct suppliers to put on hold sourcing from IndoGunta group for Neste's supply chains
6	Indofood / Salim Group	March 2023	Allegations of labour rights violations and deforestation	Neste requested its direct suppliers to put on hold sourcing from Salim group for Neste's supply chains
7	Samling	March 2023	Allegation of deforestation and land conflicts	Neste requested its direct suppliers to put on hold sourcing from Samling group for Neste's supply chains
8	Ciliandry Anky Abadi	March 2023	Allegation of deforestation	Neste requested its direct suppliers to put on hold sourcing from Ciliandry Anky Abadi group for Neste's supply chains
9	PT Teguhkarsa Wanalestari PT Prima Mas Lestari PT Asia Sawit Lestari	March 2023	Alleged ownership linkages with PT Usaha Sawit Unggul and PT Sawit Sukses Sejati, two companies alleged to have been involved in deforestation.	As the beneficial owners of the group of companies cannot be determined and the linkages of these companies to the alleged deforesters cannot be verified based on the information available, we asked our suppliers to exclude the three companies from Neste's supply chains. Please note that the two companies, PT Usaha Sawit Unggul and PT Sawit Sukses Sejati, alleged to have been involved in deforestation, are not in

				Neste's supply chains. The three allegedly-linked mills reported in the report are linked to us via alleged ownership linkages, not sourcing.
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Inclusion of companies or groups on the list above is not an indication of verified wrongdoing. Neste works together with its sustainability partners and suppliers to ensure compliance with its sustainability requirements, and carefully examines the information made available to it. When grievances are brought to our attention and we cannot confirm a company's compliance with our sustainability requirements, we request our suppliers to remove those companies from our supply chains.