



Modern Slavery Statement 2019

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This statement has been published in accordance with the UK Modern Slavery act 2015. It applies to, and sets out the steps taken by, Nestle Corporation and its subsidiaries ("Neste") during year ending 31 December 2019 to prevent modern slavery and human trafficking in their businesses and supply chains. The following Neste companies must report for the purposes of the UK Modern Slavery Act: Neste Corporation and Neste (Suisse) S.A. The Board of Directors of Neste Corporation, for itself and Neste (Suisse) S.A., approved this Statement on 21 October 2020.

1. Introduction

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

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 recognise 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 mandatory human-rights due diligence in a number of countries and at the EU-level, recognising the need for harmonisation and alignment of the existing and proposed frameworks.

This statement details the steps Neste is taking to identify, assess and address the risks of modern slavery in our business operations and supply chains. It describes the steps taken during 1 January - 31 December 2019, and provides an update on the activities and commitments detailed in our [first Modern Slavery Statement](#). The statement also outlines our commitments towards mitigating the risk of modern slavery in our operations and supply chains in 2020.

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



Refineries



Headquarters



Sales, marketing and/or supply

2. Our business and supply chains

[Neste](#) is in the business of combating climate change and driving circular economy. We are the world's largest producer of renewable diesel and renewable jet fuel refined from waste and residues. We invest heavily in researching, testing and deploying new raw materials, and are exploring ways to introduce liquefied waste plastic as a raw material for new plastics and chemicals. We are introducing renewable solutions to the polymers and chemicals industries and are also a technologically advanced refiner of high-quality oil products. In 2019, Neste placed 3rd on the [Global 100 list](#) of the most sustainable companies in the world.

Neste has operations globally, and refineries in Finland, the Netherlands and Singapore. Our headquarters are in Espoo, Finland and in 2019 Neste employed an average of 5,474 employees worldwide. In 2019, Neste's revenue stood at EUR 15.8 billion.

Neste's business activities are divided into three key operating segments: Renewable Products, Oil Products and Marketing & Services. A fourth business segment, Others, consists of Neste Engineering Solutions (NES), which delivers high-quality technology and engineering services for the group and its external customers, and Nynas, a joint venture 49.99% owned by Neste.

Any purchasing of goods and services that does not come under the procurement and supply of crude oil or raw materials for refining is covered by our 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 business, such as maintenance, assets, equipment, stationary, contracting and services. In 2019, we spent 2,518 MEUR on indirect procurement, with a total of 7,607 suppliers across 48 countries.

You can read more about our business, supply chains and joint ventures in our [2019 Annual Report](#).

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

Renewable Products

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

Renewable diesel is produced at the Porvoo, Singapore, and Rotterdam refineries with a total capacity of 3.0 million tons per year.

We use approximately [10 different sustainably-produced raw materials](#) to produce our renewable products. These include wastes and residues such as used cooking oil, animal fat, fish fat, and vegetable oil processing waste and residues. Our raw materials also include sustainably-produced, 100% certified vegetable oils such as rapeseed oil, soybean oil and palm oil.

The raw material supply chains for our renewable products are extensive and global. In 2019, we procured raw materials from 95¹ suppliers in over 50 countries across Europe, North America, South America, Asia, Africa and Australia.

Oil Products

Our Oil Products segment produces, markets and sells a wide variety of traditional 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 solvents, liquid gases and bitumens.

Neste's oil products are refined in Porvoo and Naantali. 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 14 million tons per year. In 2019, we sourced crude oil and fossil feedstocks from 48 suppliers in Russia, Norway and Denmark.²

Marketing & Services

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.

This segment includes our network of 779 stations in Finland, and 212 stations in the Baltic countries (Estonia, Latvia and Lithuania).

¹ 160 Demeter suppliers excluded from the figure due to the integration in progress. You can read more about Neste's 2019 acquisition of Demeter in our 2019 Annual Report.

² As disclosed in our 2019 Annual Report, our crude oil sources in 2019 were Russia (12 mil tons), Norway (1.5 mil tons), Denmark (0.2 mil tons), and other countries (1.2 mil tons)

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 Commitment](#) and [Principles](#), [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 Commitment and Principles

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. Our [Human Rights Commitment](#) and [Principles](#) are informed by the [International Bill of Human Rights](#), the [International Labor Organization's Declaration on Fundamental Principles and Rights at Work](#), the [UN Women's Empowerment Principles](#), the [Children's Rights and Business Principles](#) and the [UN Declaration on the Rights of Indigenous Peoples](#). They are also informed by the [UN Global Compact \(UNGIC\)](#), to which we have been a signatory since 2014. We are committed to implementing the UNGC 10 principles, including Principle 4 on the elimination of all forms of forced and compulsory labour.

Our seven human rights principles (pictured right) include both forced labor and the rights of children. These principles set the path and standards for a rights-based approach in Neste's operations and supply chains and extend to all of our suppliers and business partners, who are expected to share our commitment to respect and remediate.

Neste's seven human rights principles are:

1. Fair Employment
2. Health & Safety
3. Equality
4. Children & Young Workers
5. Forced & Compulsory Labor
6. Fair Treatment
7. Social & Economic Development

Supplier Code of Conduct

Our [Supplier Code of Conduct](#), renewed in 2019, defines the basic requirements Neste expects its suppliers and their own first tier sub-suppliers to adhere to and implement throughout their business. It explicitly prohibits forced or compulsory labor and child labor, and requires that recruitment fees and associated costs are not borne by workers. 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.

Access to Remedy

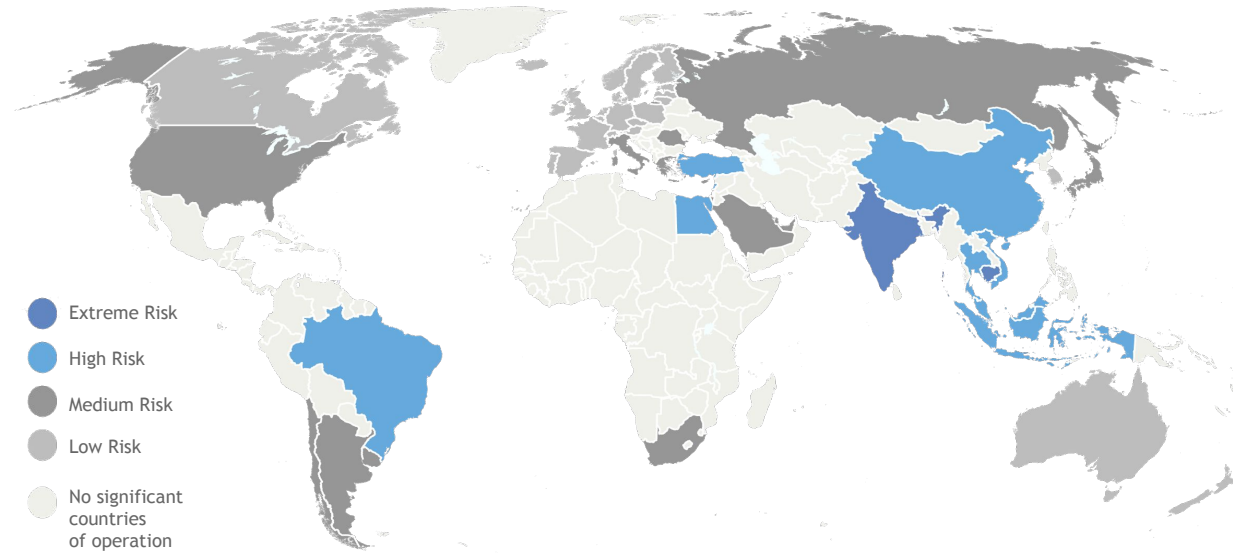
We take seriously any allegations that human rights are not properly respected in our business or supply chains, and encourage individuals, communities, business partners or other stakeholders who have reason to believe such activity is taking place to raise their concerns, without fear of retaliation, 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. Any reports made will be investigated confidentially, and Neste will not retaliate against anyone who files a report in good faith.

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.

4. Risks of modern slavery

Neste has undertaken several initiatives to identify and understand how human rights risks, including 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, desk-based research, supplier surveys, supplier engagement, and discussions with expert stakeholders.

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 those countries within our supply chains for Renewable Products, Oil Products, Marketing & Services and Indirect Procurement. We recognise that modern slavery is prevalent across the world, including those countries and regions traditionally perceived as low risk.



This map is an aggregate of a selection of Verisk Maplecroft indices. The map covers countries where we have significant business with suppliers, but may not cover all countries where our suppliers operate. This map was created based on Verisk Maplecroft's Global Risks Portfolio, © Verisk Maplecroft

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. 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 (2015-16), supplier engagement activities (2015-19), findings from our sustainability audits (2017-19), and ongoing work to map our supply chains and assess human rights risks by sector and geography. You can read more about our activities to mitigate forced labor risks in our palm supply chains in the case study on page 11.

In 2019, we continued to advance our understanding of the modern slavery risks in our palm supply chains by conducting a desk-based review of the key challenges and best practices regarding migrant workers and forced labor risks in Malaysia. In 2020 we will be following up on the results of this review by surveying our Malaysian palm suppliers on their specific recruitment and employment practices for migrant workers.

In 2019, Neste decided to renew its organizational structure to drive the execution of its global growth strategy in renewable products. Building on our 2019 human rights due diligence gap assessment (see right) and recognizing a need to advance our understanding of modern slavery risks across our operations and supply chains as our organization continues to change and grow, in 2020 we will be conducting a corporate-wide exercise to map and understand internal processes and gaps in addressing modern slavery risks across our common functions and operating segments.

We recognize that modern slavery is a complex issue that can also be hidden in those areas of a company's business activities that have not been identified as high risk. In 2018-19 we worked with external experts at [Enact](#) to conduct a human rights due diligence gap assessment based on the UN Guiding Principles on Business and Human Rights. The gap assessment focused on two of Neste's common functions, Human Resources and Indirect Procurement (including NES), as well as the business area Marketing & Services. While focused on human rights more broadly, the gap assessment identified areas of Neste's business in which our Human Rights Commitment and Principles are not yet fully implemented, and in doing so, also helped us flag parts of the business where more oversight on modern slavery may be needed.

Case Study:

Working with others to assess and address human rights risks in the palm oil industry

Neste has engaged in multiple partnerships and supplier engagement activities aimed at tackling common challenges related to human rights and the fair treatment of workers in the palm oil industry. Our work has been recognized for making a [gradual impact on human rights issues](#) in Malaysia and Indonesia, and our projects with [smallholder producers](#) of palm oil support social development in the region.

In 2015-16, we partnered with global non-profit organization Business for Social Responsibility (BSR), to carry out [social and labor field studies](#) and interview workers and management at palm oil plantations in Malaysia and Indonesia. The findings of these studies were used to develop our Human Rights Principles (2017), new Supplier Code of Conduct (2019), and sustainability audit program (2017-19), all of which centralize our rights-holders and include strong criteria on modern slavery.

As a follow up to the field studies, we organized [workshops](#) in Indonesia and Malaysia to share our findings and engage in open discussion with our suppliers, NGOs and representatives from local government. Topics covered included forced labor, child labor, ethical recruitment, working conditions, worker voice mechanisms, and rights of migrant and casual workers.

Since 2015, we have continued to host [annual sustainability workshops](#) to engage our palm suppliers in open dialogue on sustainability topics and advance capacity building on human rights. As of 2018, our third-party suppliers have also attended the workshop, in addition to direct suppliers.

Our 2019 workshop included sessions on forced labour, ethical recruitment, grievance mechanisms, and the [Traceability to Plantation Risk-Calibrated Approach](#), developed by Neste and our partner, Consortium of Resource Experts (CORE). Additional awareness raising on ethical recruitment continued throughout 2019 as part of Neste and CORE's regular supplier engagement activities. on policy development and implementation, management systems, due diligence, and grievance mechanisms.

We believe that close engagement and collaboration with our raw material suppliers provides us the best opportunities to advance human rights and proactively mitigate risks within our supply chains. As such, supplier engagement remains our key strategy to drive, improve and transform our supply base.

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.

We expect all of our business partners and suppliers to uphold [Neste's policies and principles](#), including our Human Rights Commitment and Principles, 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 screening and monitoring in which all potential business partners and suppliers undergo automated pre-screening, escalated to manual review if any issues are found or the counterparty's business case matches predefined criteria. While the screening is predominantly focused on economic sanctions and trade compliance issues, counterparties are also screened for selected ethical concern categories in third-party enforcement databases and major news outlet sources. Human rights is one of the most significant drivers behind non-jurisdiction targeting sanctions that focus on actions of specific entities.

Identifying and selecting good partners is crucial to the sustainability of our supply chains, and knowing the origin of our renewable products is a basic requirement on which we will not compromise. Therefore, ensuring the sustainability of our supply chains begins before a deal has been closed or any raw material is delivered.

Raw material suppliers for our renewable products are subject to rigorous human rights due diligence as part of our [supplier sustainability approval process](#). All potential suppliers must complete a self-assessment survey that contains questions related to modern slavery. In 2019, this self-assessment survey was updated with strengthened human rights criteria. The questions were improved and aligned with the 2019 Neste Supplier Code of Conduct, and cover topics such as employment terms and wages, employment contracts, child labor, forced labor, recruitment fees and use of recruitment agencies, retention of identity documents, and freedom of association and collective-bargaining. 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 sustainability due diligence is to work with our suppliers to drive positive practices and mutually enhance sustainability performance through continuous engagement, collaboration, and improvement.

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, favourable working conditions, labor standards, access to basic services, employee and community grievance mechanisms, and topics related to vulnerable groups and neighbouring communities. The criteria in our audit framework are aligned with our 2019 [Supplier Code of Conduct](#), and additionally go beyond compliance in addressing a broader range of human rights topics and impacts. All of our sustainability audits centralize rights-holders by including conversations with management, site workers, third-party employees and union or worker's committee representatives. You can read more about our approach to sustainability audits in the case study on page 14.

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 remediate the issue. 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. You can read more about our approach to addressing shortcomings that arise with suppliers on our [website](#).

Case Study:

Understanding human rights risks in used cooking oil supply chains

In September 2019, we continued to develop our due diligence processes by piloting an on-site audit for a supplier of used cooking oil (UCO) in Asia. The site visit to our UCO supplier included conversations with a range of rights-holders in the supply chain such as the local management team, site workers at the processing facility and the used cooking oil collectors. In addition to visiting our supplier's facilities, we also visited a number of the restaurants and hotels from which the used cooking oil is collected and engaged in dialogue with their respective management and workers. This is because our aim is not only to understand the sustainability performance of our direct suppliers, but also to gain visibility on practices and risks throughout the whole UCO supply chain.

In this case, centralizing our rights-holders allowed us to gain an in-depth understanding of the unique human rights issues impacting workers in the local geopolitical context, which includes a large influx of undocumented migrants and refugees from an ongoing conflict in a neighboring country. Taking this approach meant we were better able to support our supplier in developing management systems to mitigate these risks and advance positive human rights practices in our supply chain for UCO.

6. Working with others

Working in partnerships is an important part of how we do business. We believe that increased protection for human rights is best achieved by working together with rights-holders, suppliers, civil society, governments and other businesses.

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.

We are also a member of the Finnish corporate responsibility network [FIBS](#), and participate in their quarterly focus sessions on business and human rights which include training on modern slavery topics. These are conducted in partnership with human rights experts from [Enact](#).

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 2019, we continued to participate in a number of partnerships to advance capacity building and mitigate forced labor in the palm sector. More details on these initiatives can be found in the case study on page 11.

We are also engaged in collaborative efforts to protect children's rights. In 2019, Neste, together with a number of major brands, partnered with Business for Social Responsibility (BSR) and Wilmar on a program aimed at protecting the rights of children living on palm plantations. The program includes developing a *Child Protection and Safeguarding Implementation Manual* as well as a series of capacity building workshops that enable palm suppliers to learn, discuss and implement pragmatic measures to strengthen the rights and protection of children.

7. 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.

Our 2019 Sustainability KPIs included targets on managing human rights risks in our renewable raw material supply chains, enhancing internal capacity to manage human rights risks, and encouraging employees and external stakeholders to report grievances. We track and publicly disclose the number and type of grievances that have been raised in person or via our whistleblowing channel, and the number of renewable raw material suppliers who have undergone our sustainability due diligence assessment and the results of these assessments. More details on our sustainability KPIs can be found in our [2019 Annual Report](#).

A key element of being able to track progress and effectiveness is knowing - and being 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 2019, we updated our Neste Traceability Dashboard 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 2019, we also continued the development of our 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. This enhances our ability to track and measure supplier performance on human rights issues, including issues related to modern slavery. The SSP was partially taken into use in 2019 and deployment will continue in 2020.

8. Looking forward

We recognize that our business and extended supply chains are not static but continually evolving. As a fast-growing organisation, 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.

As a global company, Nestlé is closely monitoring the impacts of COVID-19. We recognize and understand that the economic and social impacts of the coronavirus pandemic are leading to an increase in factors that fuel modern slavery, such as poverty, inequality and lack of opportunity for decent work, and that those who are already in vulnerable positions are being disproportionately affected. We are adapting our human rights activities and priorities for 2020 in response to these exceptional times as needed, and will report on this in our next statement.

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

This Statement was approved by the Board of Directors of Nestlé Corporation on 21 October 2020.

Signed

Peter Vanacker
President and CEO, Nestlé

NESTE
The only way is forward