

Neste's Renewable Raw Material Grievances (June 2023)

| No | Target of grievance | Relationship with Neste (Direct/Indirect raw material sourcing/Other) | Parent Company Group | Grievance raiser/report/link | Status |
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| 1 | PT Alamsari Lestari | Not in the supply chain | Mentari Group | Mighty Earth Rapid Response Report 42 | [CLOSED] June 2023: PT Alamsari Lestari, the alleged deforester, is not in our supply chain. We received information concerning the alleged deforestation from our sustainability partner in 2022 and had informed our direct supplier, First Resources, to investigate the matter. Our supplier informed us that they do not source from PT Alamsari Lestari, but had previously sourced from one of the subsidiaries of the Mentari Group, PT Grahacipta Bangkojaya, in 2021. The last deliveries were in February 2022. Following their investigation, our supplier confirmed that PT Alamsari is not in compliance with their policy on sustainable palm and had initiated engagement with the Mentari group to undertake corrective actions. Considering the unsuccessful attempts to engage with the Mentari group, First Resources has decided to suspend sourcing from the Mentari Group and its related entities in August 2022, and the suspension remains in effect until now, at the time when the Mighty Earth report is published. |
| 2 | Runding Putra Persada (RPP) | GAR, Musim Mas | PT Runding Putra Persada (RPP) | Rainforest Action Network | <p>[MONITORING] June 2023: GAR had a discussion with the BKSDA (The Natural Resources Conservations Agency of Indonesia) and BPKH (Forestry Boundaries Agency) to seek guidance regarding handing over of land to the authority. Additionally, our suppliers and RPP carried out a visit to CV Buana Indah and Pak Mahmudin but the team did not have a chance to meet Pak Mahumudin, the team was informed that Pak Mahmudin was not willing to provide a written statement regarding the commitment to hand over the 4 ha land.</p> <p>May 2023: GAR in collaboration with its peers, visited RPP, CV Buana Indah and Pak Mahmudin to discuss progress and support them in fulfilling the agreed action plan.</p> <p>March 2023: GAR and Wilmar carried out a joint verification field visit to assess the progress of the agreed upon action plan. Executive summary of the follow-up field verification can be found here. Wilmar and GAR continue to engage with PT RPP and monitor the implementation plan.</p> <p>December 2022: GAR and Wilmar conducted a field verification against PT</p> |

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| | | | | | <p>RPP and its supply chain, CV Buana Indah and a smallholder farmer on 15 November 2022. GAR informed us about the findings and has updated the field verification report on their grievance log, outlining the detailed findings and time-bound action plans to ensure supply from PT RPP is in accordance with NDPE commitments and policies. The action plans include requirements for PT RPP to improve its traceability system and due diligence mechanism for prospective suppliers, and requirements to engage with its suppliers, Mr Mahmudin and CV Buana Indah, to address the findings within given time frames. Mr Mahmudin is required to release four hectares of land within the SMRS area to the authorities with supporting evidence, and CV Buana Indah is required to provide a list of all supplying farmers including the farmer's name, address, farm size, spatial coordinates and status of land rights. These plans will be subject to audit / verification. At the same time, GAR and Wilmar will provide support and assistance to PR RPP to build the capacity of PT RPP team and the farmers in its supply chain. See detailed information in GAR's field verification report.</p> <p>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 (SMRS). 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> |
| 3 | GAR | Direct supplier | GAR | <p>Mongabay.</p> <p>BBC</p> <p>The Gecko Project</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 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</p> |

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| | | | | <p>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> |
| 4 | 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] 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</p> |

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| | | | | <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.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 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> |
| 5 | PKPP Plantation Sdn Bhd | Indirect raw material via Wilmar, KLK & IOI | LKPP Corporation Sdn Bhd | <p>Mighty Earth Rapid Response Report #30 (ME RRR #30)</p> <p>[MONITORING] December 2022: With regards to the deforestation issue raised in the ME RRR#30, IOI responded to us that the management of LKPP advised them to liaise directly with the management of PKPP because LKPP had clarified that LKPP and PKPP are different entities. In November 2022, IOI received another case report on PKPP where the report alleged non-compliant land development within the concession of PKPP. IOI engaged with PKPP by sharing the case report and a proposal on the Recovery Plan. IOI informed us that PKPP is currently investigating the case. More information can be found on IOI's website.</p> <p>April 2022: IOI, together with its external consultant, visited LKPP Corporation on 12 and 13 April 2022. The physical engagement covered topics like ethical recruitment, forced labor issues, workers' accommodation and employment contract.</p> <p>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> |

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| | | | | | <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 | PT Binasawit Abadi Pratama (PT BAP) | Direct Supplier | GAR | Friends of the Earth Netherlands | <p>[MONITORING] RSPO complaints panel investigation here.</p> <p>June 2023: Selection process for the independent investigator is ongoing.</p> <p>May 2023: Procurement process for the independent investigation is ongoing. The Expression of Interest along with the ToR has been published on the</p> |

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| | | | | <p>RSPO website.</p> <p>March 2023: The Secretariat has furnished the draft Terms of Reference (ToR) for an independent investigation to the Complaints Panel, setting out the revised terms following feedback from parties.</p> <p>November 2022: The Secretariat has completed its internal review of the draft ToR for an independent investigation and the same will be furnished to the Complaints Panel for endorsement.</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 Complaints Panel for endorsement. The Complaints Desk will be publishing the finalised ToR onto the RSPO website.</p> <p>28 April 2021: Pending RSPO Complaints Panel'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 Complaints Panel.</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_jjZCxfpEqcVtKJQaHqxLAG</p> <p>25 November 2020: The Complainants have provided their response on the</p> |
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| | | | | <p>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. 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>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</p> |
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| | | | | | bribery of government officials and hopes that this now draws a line under this unfortunate and regrettable incident. |
| 7 | Rimbunan Hijau | Not in supply chain, but part of indirect supplier parent company group (Rimbunan Hijau -> Olenex) | Rimbunan Hijau | <u>Global Witness</u> (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. |

*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 |
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| 1 | PT BEST | December 2018 | Lost of RSPO Membership, an additional requirement of Neste | - 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 | - 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 |

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| | | | | 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.