

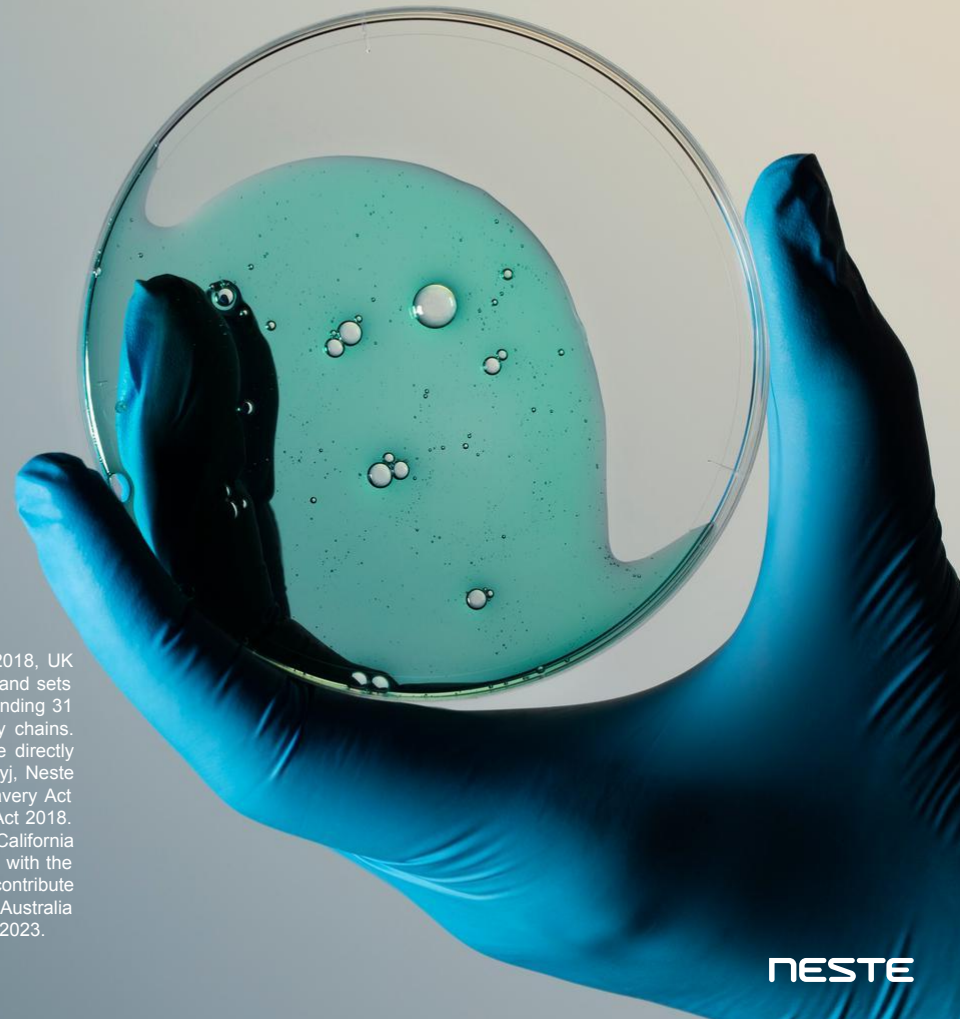


**Neste
Modern Slavery
Statement
2022**

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This statement has been published in accordance with the Commonwealth Modern Slavery Act 2018, UK Modern Slavery Act 2015 and California Transparency in Supply Chains Act of 2010. It applies to, and sets out the steps taken by, Nestle Corporation and its consolidated subsidiaries ("Neste") during year ending 31 December 2022 to prevent modern slavery and human trafficking in their businesses and supply chains. Neste provides this joint statement for itself and on behalf of certain foreign subsidiaries that are directly covered by a disclosure obligation in their respective jurisdictions. Currently this includes Neste Oyj, Neste Components B.V. and Neste Singapore Pte. Ltd pursuant to Section 54(1) of the UK Modern Slavery Act 2015; and Neste Oyj and Neste Australia Pty Ltd, pursuant to the Commonwealth Modern Slavery Act 2018. Through this statement, Neste also satisfies the disclosure requirements pursuant to the California Transparency in Supply Chains Act of 2010. This statement has been prepared in joint consultation with the aforementioned subsidiaries, whose relevant representatives were provided with the opportunity to contribute to the statement process. The Board of Directors of Nestle Corporation, for itself, Neste Oyj, Neste Australia Pty Ltd., Neste Singapore Pte. Ltd, and Neste Components B.V. approved this Statement on 27 April 2023.





1. Introduction

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

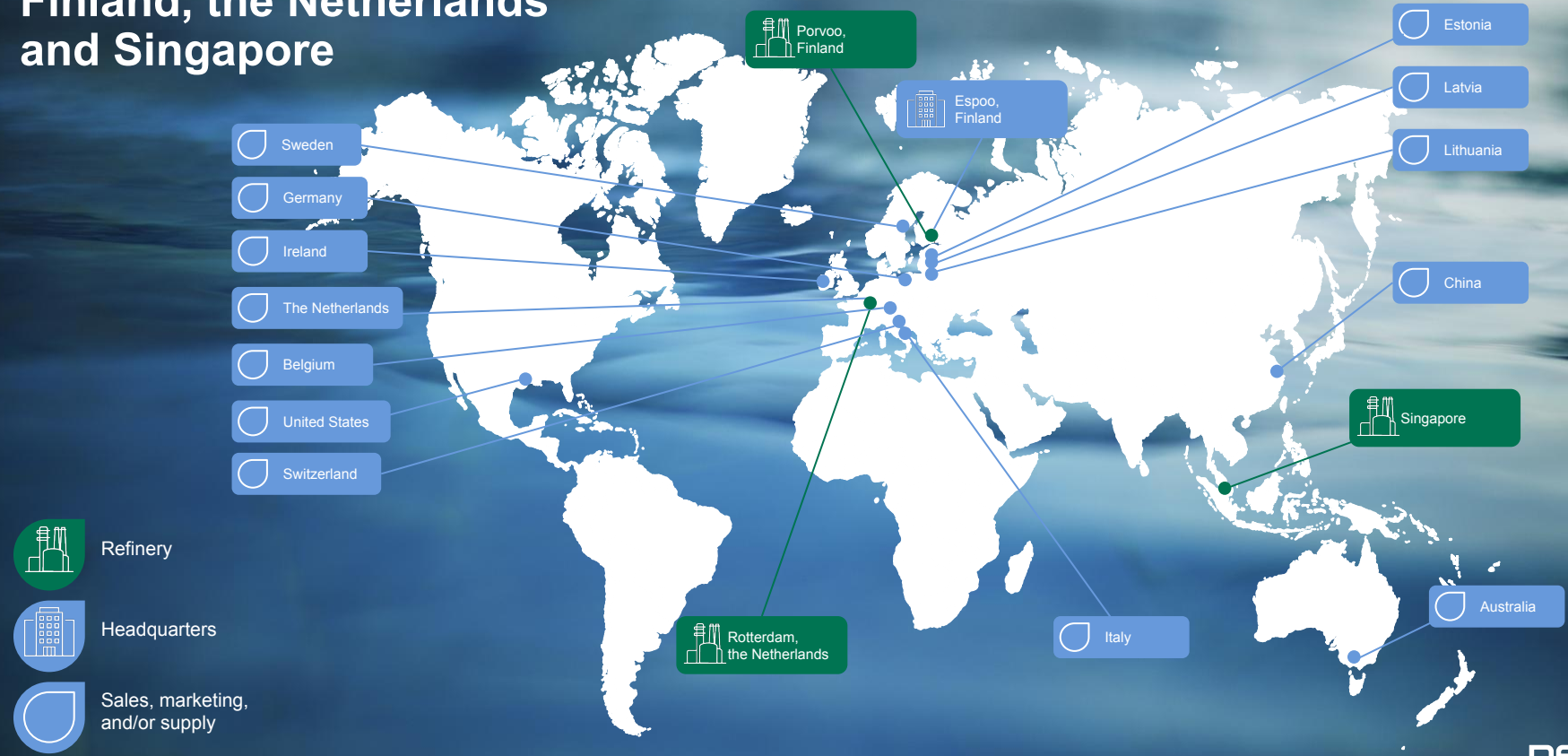
Our [sustainability vision](#), launched in 2021, identifies growing inequality, climate change and biodiversity loss as interconnected issues. It includes our [2030 human rights ambition](#) to create a more equitable and inclusive value chain by 2030, in which everyone works with dignity. The four priority areas for action under this 2030 human rights ambition are living wages, children's rights, responsible recruitment and inequality. By taking tangible steps to address these key issues, we aim to advance systemic positive change and tackle the root causes of modern slavery.

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

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

This Modern Slavery Statement details the steps Neste is taking to identify, assess and address the risks of modern slavery and human trafficking in our business operations and supply chains. It describes the steps taken during 1 January - 31 December 2022, and provides an update on the activities and commitments detailed in our [2021 Modern Slavery Statement](#).

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



Refinery



Headquarters



Sales, marketing, and/or supply

2. Our business and supply chains

[Neste](#) creates solutions for combating climate change and accelerating a shift to a circular economy. We refine waste, residues and innovative raw materials into renewable fuels and renewable and recycled feedstock for polymers and chemicals.

We are the world's leading producer of sustainable aviation fuel, renewable diesel and renewable feedstock solutions for various polymers and chemicals industry uses. We are also developing chemical recycling technologies and capacity to combat plastic waste pollution.

Neste has operations globally, and refineries in Finland, the Netherlands and Singapore. Our headquarters are in Espoo, Finland and in 2022 Neste employed an average of 5,244 employees worldwide, of which 1,642 were based outside Finland. In 2022, Neste's revenue stood at EUR 25.707 billion.

Neste's operations are divided into four operating segments: Renewable Products, Oil Products, Marketing & Services and Others.

Information on the supply chains and business activities for Renewable Products, Oil Products, and Marketing & Services segments (our three business areas) is detailed on p.6. The Others segment consists of Neste's Engineering Solutions, and common corporate costs. Any purchasing of goods and services excluding direct logistics, supply of crude oil or renewable raw materials for refining is covered by the Neste Indirect Procurement function. Indirect Procurement is responsible for the sourcing, purchasing and supplier management of all the goods and services we use to run our businesses, such as utilities, chemicals, materials, equipment, contracting and subcontracting services, research, IT and professional services. In 2022, we spent 4,177 MEUR on indirect procurement, with a total of 6,816 suppliers.

You can read more about Neste's business, operations, supply chains and joint ventures in our [2022 Annual Report](#).



Neste's business activities are divided into three business areas:

Renewable products

The Renewable Products segment produces, markets and sells renewable diesel, sustainable aviation fuel, renewable solvents as well as raw material for bioplastics based on Neste's proprietary technology, to domestic and international wholesale markets.

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

Neste currently uses a wide variety of globally-sourced renewable raw materials, and waste and residues account for 95% of our global renewable raw material inputs. In the short term, we continue to use renewable raw materials such as used cooking oil, animal fat, fish fat, and vegetable oil processing waste and residues.

In the short to mid-term, we expect to use also other types of raw materials, such as acid oils, brown grease, novel vegetable oils, palm oil mill effluent (POME) and liquified waste plastic for polymers and chemicals industry use. In the long term, we expect to use algae, lignocellulose, municipal solid waste, renewable hydrogen and power-to-X.

The raw material supply chains for our renewable products are extensive and global. In 2022, we procured raw materials from 557 suppliers in 56 countries across Europe, North America, South America, Asia, Africa and Australia.

Oil products

Our oil products' offering includes high-quality oil products and related services for the road transportation, non-road uses, aviation and marine sectors, as well as products for the oil and petrochemical industries.

The product range includes diesel fuel, gasoline, aviation and marine fuels, light and heavy fuel oils, gasoline components, and special fuels such as small engine gasoline, solvents, liquid gases and bitumens.

Neste's oil products are refined in Neste's refinery in Porvoo, Finland. Our crude oil refining capacity is ca. 10 million tons per year.

In 2022, we purchased oil products from 85 suppliers, including natural gas and industrial gas suppliers. Our crude oil and fossil feedstock sources in 2022 were Norway (7.1 mil tons), Russia (3.1 mil tons), USA (0.6 mil tons) and other countries (1.9 mil tons).

Neste Shipping chartering operations are also included in the Oil Products segment.

Marketing & Services

Marketing & Services offers sustainable, low-emission and digital solutions for the needs of consumers, companies and partners in Finland and in the Baltic countries. We seek to develop a diverse range of services aiming to provide the most convenient customer experience.

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

This segment includes our network of 720 stations in Finland and 222 stations in the Baltic countries (Estonia, Latvia and Lithuania). In Finland, Neste MY Renewable Diesel™ is available at 184 stations and in the Baltics at 30 stations.

You can read more about all four of our operating segments in our [2022 Annual Report](#), p.12-16

3. Policies and contractual controls

Group-wide policies

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

Code of Conduct

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

Supplier Code of Conduct

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

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

The Supplier Code of Conduct is included in the terms of contract with all suppliers, contractors and other business partners participating in the delivery of any raw materials, products, components, materials or services to Neste, covering both direct and indirect procurement. Companies consolidated through mergers and acquisitions are also expected to implement Neste Supplier Code of Conduct in their sourcing.

In 2022, 99% of the renewable raw material volumes,¹ 84% of the crude oil and fossil raw materials volumes and 73% of overall indirect contracted spend in 2022 were covered by Neste Supplier Code of Conduct or equivalent.²

To support implementation across our business, Neste has issued an e-learning to train relevant Neste employees on the Supplier Code of Conduct requirements, with specific sections on human rights and modern slavery. We also provide live training sessions for selected Neste teams, led by our human rights and sustainability specialists. More information on our e-learnings and training workshops is available on p.18-19.

Neste encourages and supports its business partners to continually improve and develop beyond the minimum, to reach the human rights standards and expectations set out in the Human Rights Principle. Neste has published an official [Supplier Code of Conduct Guidance](#), updated in 2022, with supporting information and practical recommendations to help our suppliers meet their obligations under the Supplier Code of Conduct. In 2022, we carried out online capacity building workshops including training on Supplier Code of Conduct requirements for our medium and high risk renewable raw material suppliers and sub-suppliers. Read more about these trainings on p.19.

1)Agri Trading excluded. 2) In certain situations Neste may, after the assessment of the supplier's or business partner's own policies and principles, agree that compliance with their own code of conduct is sufficient for the purpose of complying with the Neste Supplier Code of Conduct). For more information, see Neste [2022 Annual Report](#) p. 87.

Human Rights Principle:

Our [Human Rights Principle](#), updated in 2022, describes Nestlé's commitments and responsibilities with regards to embedding respect for human rights across our activities, value chains and business relationships.

Nestlé is committed to respecting human rights and remediating adverse human rights impacts throughout its business operations and value chains. Nestlé demonstrates and meets this commitment by implementing, and acting in accordance with, the [United Nations Guiding Principles on Business and Human Rights \(UNGPs\)](#) and [OECD Guidelines for Multinational Enterprises](#).

Nestlé respects internationally recognized human rights as set out in the [International Bill of Human Rights](#) and the principles concerning fundamental rights set out in the [ILO Declaration on Fundamental Principles and Rights at Work](#). Nestlé also respects additional human rights standards and UN instruments elaborating on the rights of vulnerable groups who may need particular accommodation or protection in order to fully enjoy their human rights without discrimination. We are committed to implementing the ten principles of the [UN Global Compact](#) and [UN Women's Empowerment Principles](#), to which we are signatories, and also act in accordance with the [Children's Rights and Business Principles](#) and [UN Declaration on the Rights of Indigenous Peoples](#).

Under the Nestlé Human Rights Principle, child labor and all forms of forced labor are prohibited, including also the prohibition of certain practices that can lead to forced labor such as document retention, recruitment fees and deceptive practices regarding employment contracts. More information on these topics are available in Sections 5.4 & 5.5 of the [Human Rights Principle](#).



2022 Human Rights Principle Update

Understanding that our impacts on human rights have evolved with changes to our business and the world around us, in 2022 we conducted a major review and update of the Nestlé Human Rights Principle,³ informed by extensive consultation with both internal and external stakeholders. Key updates to the principle include a new section on respecting the rights of human rights defenders, a greater focus on stakeholder engagement, enhanced clarity on our human rights governance and remediation processes, and more detail on how we act to implement the principle in practice.

During the external consultation process, we received recommendations for improvements to the principle from a range of recognized topic experts, including human rights NGOs, government representatives, and trade union experts. Our internal consultations at Nestlé included discussion and feedback from multiple teams, such as Sustainability, Human Resources, Health & Safety (HSSEQ), Public Affairs, Compliance, and Legal.

As part of the update process, we also incorporated the results of our annual human rights saliency assessment and reviewed current industry-leading practices and expected requirements under upcoming human rights due diligence legislation in various countries and at the EU level.

The Human Rights Principle received final review and approval by Nestlé's CEO, based on the endorsement of the Nestlé Executive Committee. It forms part of Nestlé's Management System (NMS) and is publicly available on our [website](#).

3) The Nestlé Human Rights Principle was first published in 2017, following Nestlé's 2015 Human Rights Commitment to respect human rights in accordance with the UNGPs

Focusing on salient issues

Our Human Rights Principle outlines seven priority areas for human rights at Nestle - these are Nestle's salient human rights issues, that is, those issues that are at risk of the most severe negative impacts through our activities or business relationships:



Nestle's most salient human rights issues:

- Fair Employment
- Health & Safety
- Equity, Diversity & Non-Discrimination
- Children & Young Workers
- Modern Slavery
- Fair Treatment
- Economic, Social & Cultural Rights

We regularly analyze the saliency of our human rights impacts based on severity and likelihood. This enables us to actively monitor our progress in addressing our salient human rights issues, and to account for any new risks resulting from changes in our business. It also ensures that we accurately focus and prioritize our work to address human rights risks. In 2022, we expanded our saliency assessments to evaluate the effectiveness of the measures we have in place to address our salient issues. This encompassed determining which adverse impacts Nestle could cause, contribute or be directly linked to, and evaluating whether our existing practices are adequate in scale and complexity to address these. The results of this assessment were taken into account for our 2022 Human Rights Principle update.

Access to remedy

Nestle is committed to the remediation of adverse human rights impacts in its business operations and value chains, in accordance with our [Human Rights Principle](#).

Nestle provides access to appropriate and effective remedy by making efficient grievance mechanisms available to our rights-holders, including at the operational level and site level and seeks to ensure that grievances are addressed early and remediated directly.

Where Nestle identifies that it has caused or contributed to adverse impacts on the human rights of others, we provide for or co-operate in the remediation of the adverse impacts through legitimate processes intended to deliver an appropriate and effective remedy.

Where adverse impacts have occurred that Nestle has not caused or contributed to, but which are directly linked to Nestle's activities through our business relationships, Nestle seeks to use its leverage to prevent or mitigate the risk of the impacts continuing or recurring.

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 [Ethics Online](#). Ethics Online is available 24/7 and is accessible in multiple languages. Reports can be made anonymously via phone or web service, and can be made by anyone, including children. Any reports made will be investigated confidentially, and Nestle will not retaliate against anyone who files a report in good faith.

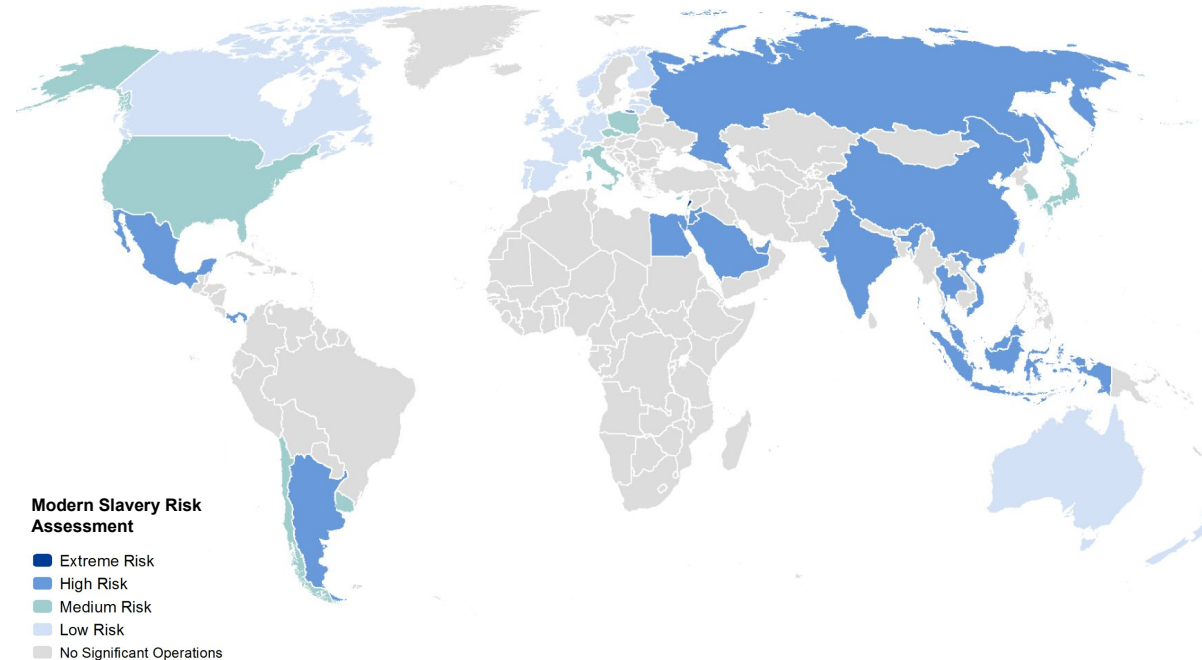
In 2022, we set up an operational-level local complaints and feedback mechanism at our Singapore refinery, providing a channel for all onsite workers, including contractors' employees, to be able to raise local complaints directly to Nestle and access effective remedy. More information on the site-level complaints mechanisms established for Nestle refineries, expansion projects and turnarounds is available in our [2021 Modern Slavery Statement](#) and on our [website](#). Read more about our grievance procedures and how we respond to allegations of modern slavery on p.17 & 22.

4. Risks of modern slavery

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

Country risk

A key element in understanding the risk of modern slavery in our supply chains is assessing country risk. We use a bespoke, industry leading, country risk assessment methodology to map modern slavery risks for the countries in which we operate and have supply chains and maintain an up-to-date country risk categorization based on country risk indices, including specific indices related to modern slavery such as child labor, forced labor, migrant workers and vulnerable groups. Our categorization also includes a list of no-go countries and regions based on considerations including trade sanctions, conflicts and sustainability risks. The map on the right illustrates the level of modern slavery risk for the countries from which we sourced our renewable raw materials, crude oil and fossil feedstocks in 2022. We recognize that modern slavery is prevalent across the world, including those countries and regions traditionally perceived as low risk. Read more about how we integrate country risk assessments into our sustainability and human rights due diligence processes on p.12-16.



This map covers countries where we have significant business with suppliers, but may not cover all countries where our suppliers operate. The map is based on an aggregate of a selection of indices from Verisk Maplecroft's Global Risks Portfolio, © Verisk Maplecroft. At the start of the war in Ukraine, Neste decided to stop using Russian crude oil entirely and started replacing it with other qualities. The last crude oil cargo with Russian origin was supplied to Neste in July 2022 and the supply contracts ended. Supply contracts for other fossil raw materials from Russia ended at the end of 2022.

Risk by sector and geography

While we acknowledge that modern slavery can be found in all countries and industries, we have identified our renewable products supply chain for palm oil in Southeast Asia as having the highest risks for forced labor, child labor and indebted labor. As detailed in our [previous Modern Slavery Statements](#), this is based on the results of a [BSR](#) corporate-wide human rights impact assessment on Nestlé's business and value chains (2016); social and labor studies on the ground in Indonesia and Malaysia (2015-2016); supplier engagement activities (2015-2022); findings from our sustainability audits (2017-2022); an ethical recruitment survey of our Malaysian palm suppliers (2020); and ongoing work to map our supply chains and assess human rights risks by sector and geography.

In our own operations, we have identified construction and maintenance projects as being high risk for modern slavery and exploitative practices which can lead to forced labor. This includes, for example, major refinery turnarounds and expansion projects. Our [2021 Modern Slavery Statement](#) details the assessments, audits and practical steps taken to identify and address risks to migrant workers in our 2019-2022 Singapore refinery expansion project.

In October 2021, we commissioned BSR to conduct a Human Rights Risk Assessment for Nestlé's Rotterdam Expansion Project to evaluate potential human rights risks before a final [investment decision](#) was made in June 2022. The methodology used in the assessment was based on the UN Guiding Principles on Business and Human Rights, and included the mapping and analysis of potential risks, a salience assessment to prioritize risks, and recommendations for the management of risks in both the construction and operations phase of the project. In 2022, we began planning contractor audits and key actions to ensure we will be able to hear worker voices during the Rotterdam refinery expansion, for example, implementing a local complaints mechanism and carrying out worker voice surveys.

We are actively working to identify, assess and address potential risks in our own operations through our participation in the [Consumer Goods Forum \(CGF\) Human Rights Coalition](#), which aims to end forced labor through focused and collective action. In 2022, as part of our work under the coalition we carried out human rights due diligence assessments for two selected areas within our own operations: Production (Singapore) and Shipping. These operations were prioritized and selected for assessment based on the results of a 2020-21 corporate-wide exercise to map and understand internal processes and gaps in addressing modern slavery risks across our common functions and operating segments, taking high risk sectors and geographies into account. You can read more about this work on p.20.

In 2022, we carried out two human rights assessments on our indirect procurement function taking country and sector risk into consideration. Read more about these assessments on p.16.

5. Due diligence processes

We conduct ongoing human rights due diligence in our operations and supply chains to identify, prevent, mitigate and, where necessary, remediate the occurrence of modern slavery.

In recognizing that our human rights impacts may change over time as our operations and value chains continue to evolve, we are committed to embedding human rights due diligence across our business on a continuous basis. We achieve this by building human rights due diligence into our existing systems and processes, and creating new and separate processes when needed. When assessing human rights risks we engage with affected stakeholders and pay special attention to vulnerable groups such as women, children, migrant workers and Indigenous peoples. In all cases, we aim to centralize our rights holders and ensure a people-first approach. More information on our approach is available in our [Human Rights Principle](#).

Automated screening for potential business partners

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

Assessing sustainability risks in our supply chains, including for modern slavery, begins before agreements have been signed or raw materials, products, components, materials or services are delivered.

Nestlé has implemented systematic controls for counterparty screening and monitoring during which potential business partners undergo automated screening, escalated to a 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 similar compliance issues, counterparties are also screened for selected ethical concern categories in third-party enforcement databases and major news outlet sources, which in practice can include topics related to human rights and modern slavery.



Due diligence for renewable raw material suppliers:

Raw material suppliers for our renewable products are subject to rigorous human rights due diligence as part of our supplier sustainability approval process, which is covered under our Neste Principle on Renewable Products Supplier Sustainability Approval.

The Principle applies worldwide to any Neste company which is establishing a business relationship with a supplier of renewable raw material for Neste's renewable products. It sets the minimum sustainability requirements for approving suppliers through a five-step sustainability due diligence process (pictured on the right).

Sustainability due diligence process for renewable raw material suppliers

1. **Raw material evaluation**
2. **Country and raw material risk assessment**
3. **Counterparty screening**
(incl. financial risk assessment)
4. **Sustainability review**
5. **Sustainability audits**

The sustainability review encompasses a comprehensive range of sustainability topics that include strong criteria on human rights and modern slavery. As part of this review, all potential renewable raw material suppliers must complete a self-assessment survey that contains questions related to modern slavery and our [Supplier Code of Conduct](#) human rights requirements. The questions cover topics such as fair employment, employment contracts, child labor, forced labor, recruitment fees and use of recruitment agencies, vulnerable groups, retention of identity documents, access to remedy, and freedom of association and collective-bargaining.

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

The validity period of the sustainability approval for a supplier is three or five years depending on factors such as country risk, raw material volumes supplied to Neste, and the outcome of a supplier's sustainability review. Once the validity period expires, the supplier will undergo a new review.

In addition to understanding the sustainability performance of our direct suppliers, we also want to gain visibility on practices throughout the entire renewable raw material supply chain, including our second-tier suppliers. During supplier onboarding, we require our renewable raw material suppliers to disclose their supply chain actors and locations as determined by market requirements – and even go beyond that in some cases. For palm oil, for example, we require suppliers to provide us with the [exact coordinates of plantations](#).

Neste's sustainability due diligence process for renewable raw materials suppliers is mainly managed through Neste's Supplier Sustainability Portal (SSP), a digital platform that is used to facilitate our evaluation of potential and existing renewable raw material suppliers, to support performance monitoring and to enable active supplier engagement. The portal was brought fully into use in 2020. In 2022, a total of 325 renewable raw material suppliers were onboarded and screened using sustainability criteria, including modern slavery topics.

Neste's renewable raw material suppliers are subject to rigorous human rights due diligence.

Used cooking oil (UCO)

UCO consists of oils and fats of a vegetable or animal origin that have been used by the food industry or restaurants to cook food for human consumption. UCO is considered a waste as it is no longer fit for human consumption for food hygiene reasons. [Read more](#) about used cooking oil.



Animal fat from food industry waste

Animal fat is derived from the food industry's meat processing waste. Neste sources mixed animal fat waste that is unsuitable for human consumption. [Read more](#) about animal fat waste.



Extensive portfolio of renewable raw materials

Other waste and residues

Our raw material portfolio also includes fish fat from fish processing waste, tall oil based raw materials and technical corn oil.



Vegetable oil processing waste and residues

Many vegetable oil processing wastes and residues can be used as raw materials to produce Neste's renewable products, including palm fatty acid distillate (PFAD), spent bleaching earth oil (SBEO) and palm oil mill effluent (POME). [Read more](#) about vegetable oil processing waste and residues

Vegetable oils

In 2022, the share of conventional vegetable oils of our global renewable raw materials inputs was approximately 5%, with 100% certified palm oil representing about 4%. Neste plans to reduce the share of conventional palm oil to zero of its global renewable raw material inputs by the end of 2023. [Read more](#) about the vegetable oils we have in our portfolio

Sustainability Audits:

Neste carries out sustainability audits to mitigate sustainability and modern slavery risks in the supply chain. We use a risk-based approach when selecting suppliers to be audited, paying special attention to raw materials or countries with the highest human rights and modern slavery risks. Sustainability audits are conducted either by our own local sustainability specialists or a third-party auditor.

The main purpose of our Neste sustainability audits is to verify that our suppliers comply with the [Neste Supplier Code of Conduct](#) and local regulatory requirements. However, the criteria in our audit framework go beyond compliance by assessing a broader range of human rights topics on top of our minimum requirements. This approach allows us to improve our monitoring and understanding of systemic human rights issues in our supply chains, such as modern slavery.

Recognizing that traditional approaches to auditing can be limited in their ability to identify and assess human rights impacts, our audit approach was developed in collaboration with Neste's human rights team and external experts. The audit criteria have a strong human rights focus, and include, for example, indicators of forced labor and child labor, recruitment fees, employment contracts, fair wages, favorable working conditions, labor standards, access to basic services, decent housing, grievance mechanisms, and topics related to vulnerable groups and neighboring communities.

Our sustainability audits centralize our rights-holders by including conversations with groups such as management, workers with different job profiles, third-party employees and, when possible, union or worker's committee representatives. In order to scale up the number of workers we engage with in our supply chains and improve our overall understanding of workers' experiences, in 2022 we launched the use of a worker voice tool to complement, but not replace, worker interviews during Neste sustainability audits.

After our audits, we follow up on cases of non-compliance and require our suppliers to provide remedy for workers and resolve significant open issues within a specified timeframe. The Neste Sustainability Audit Standard, which was published in 2021, sets out the overall requirements for sustainability audits at Neste.

In 2022, we conducted a total of 118 sustainability audits: 26 on renewable and recycled raw material suppliers, 35 on terminals, and 57 contractor audits.⁴ 28% of the audit findings for 2022 were related to human and labor rights. Where possible, we also conduct sustainability audits on our sub-suppliers, with 5 second-tier renewable raw material suppliers audited in 2022. The results of our 2022 sustainability audits are summarized on p.88 of our [2022 Annual Report](#).

4) No unannounced Sustainability Audits in 2022



Worker voice

As Neste's global business continues to grow, so does the reach of our supply chains and the number of workers impacted by our business activities worldwide. This means that we also need to grow our ability to capture these workers' voices in a systematic manner. For this reason, in 2022, we partnered with [Work Ahead](#) to launch the use of a worker voice tool in Neste's supply chains. The worker voice tool is an audiovisual survey that enables direct and anonymous engagement with workers using mobile devices. In May 2022, we piloted the tool with a Neste raw material supplier in Asia, and will roll this out for wider use in 2023. The survey will provide insights on various topics impacting workers in Neste's supply chains, for example, inequality, living wages, recruitment fees and children's access to education – priority areas of focus under our human rights ambition for 2030. It will be used to complement, but not replace, worker interviews during Neste sustainability audits, as a way to scale up the number of workers we engage with and improve our overall understanding of workers' experiences.

Living wages:

In 2022, we initiated an internal living wage gap assessment for Neste's own employees in Finland, using data provided by the [Fair Wage Network](#). The results of this assessment enabled us to verify that all Neste employees working in Finland receive compensation above the local living wage benchmark. In May 2022, The Fair Wage Network provided living wage training sessions for relevant specialists on our Sustainability and Human Resources teams. We also started using living wage data in sustainability audits for raw material suppliers, with the dual aim of gaining a better understanding of our supplier wage practices and raising awareness to build supplier knowledge on this topic. In 2023, we plan to expand and complete the living wage gap assessments for our own employees across our global locations and take further steps to promote living wages in our supply chains.

Due diligence for oil suppliers:

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

The due diligence process for our crude oil and other fossil raw material suppliers includes a country risk assessment and counterparty risk assessment. We also assess all new suppliers based on publicly available information regarding topics such as governance, labor standards and practices, human rights, forced labor, child labor, health and safety, environment, as well as crude oil production specific issues, such as flaring. This sustainability review was developed in 2021 to complement the existing due diligence process for our fossil raw material suppliers.

In 2022, a total of 24 such suppliers were assessed. The sustainability review is renewed every three years for fossil raw material suppliers. For more information, see p.90 of our 2022 [Annual Report](#).

Due diligence for indirect procurement:

Neste's indirect procurement covers the purchasing of goods and services that are not included in the sourcing and delivery of refined crude oil or renewable and recycled raw materials. Indirect procurement suppliers are required to approve and comply with Neste's Supplier Code of Conduct. Prior to engaging in a commercial relationship with an indirect procurement supplier, Neste carries out an initial supplier analysis including counterparty screening and a financial status check. The selection process for indirect procurement also includes sustainability and human rights criteria.

In 2022, we carried out two assessments to enhance our understanding of the human rights risks in Neste's indirect procurement supply chains, including risks related to modern slavery.

In the first assessment, we completed a comprehensive study of all the products and services purchased as indirect procurement from 2019–2022, and used this to establish a country/sector human rights risk level for each of our procurement categories, identifying priority areas of focus for enhanced human rights due diligence. In total, the assessment covered 152 different types of products and services across our nine procurement categories: chemicals, professional services, logistics, IT, research & development, technical services, technical materials, utilities and real-estate management.

In the second assessment, we designed and piloted a new framework for evaluating the human rights practices of Neste's indirect procurement suppliers. The framework included criteria on forced labour, child labour, recruitment fees, employment contracts, and other human rights topics related to modern slavery. The goal of the assessment was to enhance visibility on supplier practices and improve our overall understanding of the human rights risks in indirect procurement supply chains. Desktop assessments were carried out for 50 key suppliers. The suppliers selected for assessments were chosen based on risk and spend, taking into consideration the results from the first assessment. We are incorporating lessons learned and considering options for carrying these assessments forward at scale.

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. Where adverse impacts have occurred that Neste has not caused or contributed to, but which are directly linked to Neste's activities through our business relationships, Neste seeks to use its leverage to prevent or mitigate the risk of the impacts continuing or recurring.

Upon learning about serious allegations concerning our suppliers, we put all further purchases from those suppliers or supply chains on hold. If the sustainability criteria and requirements included in our contracts have been verifiably breached, the nature of these is considered serious and progress to resolve those issues is not made in a reasonable time, we terminate our contract with the supplier in question.

Our primary means of action is engagement and cooperation with our supplier to remedy the issue.⁵ This is because we seek to prioritize the wellbeing of those whose rights have been harmed, and ending purchases does not resolve problems or provide access to remedy for affected rights-holders.

More information on our grievance procedures can be found on p.9 & 22 Read more about how we ensure access to appropriate and effective remedy in our [Human Rights Principle](#).

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

- Requiring the supplier to provide a detailed account of the situation and add it to Neste's [public log](#) of renewable raw material supply chain grievances.
- Engaging and cooperating with suppliers.
- Providing an assessment and, if necessary, conducting supply chain audits by our own local sustainability specialists or a third-party auditor.
- Requiring a detailed plan with a timeline for corrective actions from the supplier.
- Cooperating with the supplier and other stakeholders to help develop their operations, practices and processes and perform necessary corrective actions.
- Monitoring and reporting on the progress online via Neste's log of renewable raw material supply chain grievances.
- Ending purchases if we do not see adequate progress or if the supplier loses relevant certifications.

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

6. Training & Capacity Building

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

Training our employees:

The specialists on our human rights team undergo regular training to stay updated on the best practices in business and human rights, and engage in information-sharing and peer-learning with other specialists and experts in the field to collaboratively tackle challenging topics. For example, through our membership and participation in the [Nordic Business Network for Human Rights](#), our human rights specialists attend full day member meetings multiple times a year, including talks, workshops and round-table discussions. We are also a member of the Finnish corporate responsibility network FIBS, and throughout 2022, our human rights specialists participated in various sessions on business and human rights, which included training on living wages/incomes and other topics to address the root causes of forced labor. 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 2022, we completed the roll out of our new Code of Conduct e-learning to all Neste employees globally, which includes topics on modern slavery and advancing respect for human rights. It highlights our basic expectation for all employees to be aware of how their work impacts the human rights of people in our operations, value chain and communities. For example, all employees are expected to understand how to recognize potential human rights risks in their daily work and decision-making, and know how to recognize and report signs of modern slavery. The training is mandatory for all Neste employees, and available in multiple languages.

We have also integrated human rights and modern slavery training into both our global induction for all new Neste employees, and our Supplier Code of Conduct e-learning. The Supplier Code of Conduct e-learning is available to all Neste employees, and mandatory for employees whose roles are relevant to procurement and supply. The training covers our minimum human rights requirements for suppliers, as well as additional information to help employees understand risks and communicate about them with suppliers e.g. an explanation of the ILO Indicators of Forced Labor, practical guidance on how to identify and report signs of modern slavery, case studies, and information on modern slavery country risks in regions where Neste has operations and supply chains.



Collaborating with The European Institute for Crime Prevention and Control (HEUNI) to provide modern slavery training for Neste employees

In 2022, we enhanced our employees' understanding of modern slavery and labor exploitation risks by partnering with The European Institute for Crime Prevention and Control ([HEUNI](#)).

HEUNI provided training for Neste employees on the prevalence of modern slavery in all countries and sectors around the world, and shared information on the occurrence of labor exploitation in the regions and sectors connected to our business and value chains. The training seminar was open for all Neste employees to attend across our global locations.

In addition to this, HEUNI also provided bespoke training for members of our production, supply and procurement teams with practical guidance on how to identify, prevent and mitigate risks of labor exploitation. Read more about our collaboration with HEUNI on our [website](#).



Training our employees:

In 2022 we carried out customized training for our Indirect procurement team on the minimum human rights requirements in our [Supplier Code of Conduct](#). The training also covered modern slavery topics, highlighting specific risks to be aware of in different procurement categories, with recommendations for complying with minimum requirements and advancing best practices with suppliers. These trainings were carried out in a live workshop format by Neste's human rights specialists, allowing for questions and discussion with participants.

In 2022, 1,390 hours were used for training Neste employees on human rights and modern slavery topics relevant to Neste's business operations and supply chains. 51% of all Neste employees and 86% of the new employees hired in 2022 underwent mandatory training on modern slavery. On top of this mandatory training, many of our employees attended various optional workshops and seminars on modern slavery held throughout the year.

Training for Neste suppliers and contractors:

We believe that close engagement and collaboration with our contractors and raw material suppliers provides us the best opportunities to advance human rights and proactively mitigate modern slavery risks within our supply chains.

In 2022, we carried out global human rights capacity building and training for our renewable raw materials suppliers and sub-suppliers across Asia, Oceania, Americas, and the EMEA region. The participants included our direct suppliers and certain second-tier suppliers from countries with a medium to high risk of human rights and labor standards violations. Topics covered in the virtual workshops included human rights due diligence, forced labor, recruitment fees, children's rights, living wages and more.

Since [2015](#), we have hosted annual sustainability workshops to engage our palm oil and PFAD suppliers in open dialogue on sustainability topics and to advance capacity building on human rights. Our 2022 workshop was curated especially for our suppliers with the objective of raising awareness and advancing action on topics such as human rights due diligence and strategies to achieve 100% traceability to plantation. 35 participants from our 16 existing and new supplier companies attended the workshop. These sustainability workshops are crucial to ensuring that our suppliers are actively involved in improving their own work to respect human rights and assess forced labor risks in their own operations and supply chains.

In 2022, we organized a seminar with all of Neste's contractors audited during the Singapore Expansion project to share information on best practices and our overall learnings from the audits, with the aim of promoting the continued uptake of positive human rights practices in the wider construction industry beyond Neste's operations. The seminar covered topics such as forced labor, responsible recruitment and living wages. Read more about the seminar [here](#).

7. Working with others

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

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

We are a member of the [Consumer Goods Forum \(CGF\) Human Rights Coalition on Working to End Forced Labour](#). Members of the coalition are committed to helping achieve fair and decent working conditions worldwide by driving individual and collective action in their own operations and supply chains. In 2022, as part of our work under the coalition we carried out human rights due diligence assessments for two selected areas within our own operations: Production (Singapore) and Shipping, following the [CGF Maturity Journey Framework](#). We also worked collectively through the coalition to advance positive human rights practices in palm supply chains and on the publication of a [guide on the repayment of recruitment fees](#).

Understanding the urgent need to address the root causes of modern slavery through building inclusive economies and reducing inequalities, Neste is an active member of the World Business Council for Sustainable Development (WBCSD) [Business Commission to Tackle Inequality \(BCTI\)](#), a cross-sector, multi-stakeholder coalition representing business, civil society, intergovernmental institutions, academia, the labor movement, and the investor community. We view inequality as a systemic risk and root cause of many human rights issues across the value chain, including modern slavery. In 2022, Neste actively contributed to BCTI working groups focused on defining the actions that businesses should take to reduce inequality, as published in the [BCTI Introductory Report](#). Moving into 2023, we plan to continue contributing to the work under the BCTI and its associated workstreams.

We are involved in multiple collaborative initiatives to advance respect for human rights and address the risks of forced labor in the palm sector. This includes multi-stakeholder collaboration with our suppliers, local government, smallholder farmers, NGOs and major brands to drive positive impacts along the value chain. Read more about these initiatives in our [previous Modern Slavery Statements](#) and [2022 Annual Report](#), p. 93.



Collaborating to respect children's rights

Neste is committed to respecting, supporting and promoting children's rights, and implements the [Children's Rights and Business Principles](#) throughout our business and value chains, including in our workplace, marketplace and communities. We recognize and respect The Convention on the Rights of the Child and its four core principles.

Neste was recognized as a Leader in Global Child Forum's latest global children's rights and business benchmark, [The State of Children's Rights and Business 2021](#). Neste placed among the top 9% of out of 832 benchmarked companies across nine global industries.

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

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

As is the case with all human rights issues, children's rights are best advanced through collaboration. At the end of 2022, we started a partnership with [SOS Children's Villages](#) for a three year project to support children in high-risk communities where Neste has supply chains.

As detailed in our previous [Modern Slavery Statements](#), in recent years we have also continuously collaborated on various initiatives to protect the rights of children living on palm plantations. Read more about our broader activities to respect, support and promote the rights of children and youth on our [website](#).



8. Tracking progress and effectiveness

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

Key performance indicators (KPIs)

We have introduced sustainability KPIs to track our progress and effectiveness on topics relevant to modern slavery. These KPIs are updated on an annual basis and our performance and figures for 2022 are published in the [Neste Annual Report](#). A selection of our KPIs relevant to Modern Slavery are listed below:

Modern Slavery: Modern slavery is recognized as a [material topic for Neste](#) and has its own set of KPIs as set out in our 2022 Annual Report. Our modern slavery KPIs include targets to increase the number of employees who have received training on modern slavery, to strengthen Neste's capacity to identify, assess, and address human rights risks in our operations and supply chains, and to achieve the [Leadership Level](#) for 100% of own operations by 2025 in the Working to End Forced Labour initiative under the Consumer Goods Forum's Human Rights Coalition.

Ethics, compliance and corporate governance: We have KPIs in place to track and publicly disclose the number and type of grievances that have been raised in person or via [Ethics Online](#), and encourage employees and external stakeholders to report observed or suspected misconducts. Our KPIs also track the number of employees who have completed our Code of Conduct e-learning which includes topics on modern slavery.

Supply chain and raw material sustainability: These KPIs track the percentage of business partners who have committed to Neste's minimum sustainability requirements in the Supplier Code of Conduct (which include specific criteria on forced and child labor). They also track the total number of sustainability audits conducted annually and the number of Neste's renewable raw material supplier sustainability assessments and Oil Product supplier desktop reviews (which both include modern slavery criteria).

Additional details on our KPI targets and progress for 2022 are available in the table on p. 35-39 of the Neste [2022 Annual Report](#).

Grievance processes

Neste provides access to appropriate and effective remedy by making efficient grievance mechanisms available to our rights-holders, including at the operational level and site level, and seeks to ensure that grievances are addressed early and remediated directly.

As detailed in our [previous Modern Slavery Statements](#), we have established strong procedures for tracking and processing grievances, including a cross-functional team to ensure speed and consistency in how we manage grievance cases. We track and publicly report in our annual report the number and type of grievances raised to Neste in person or via [Ethics Online](#).

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

We have also established grievance channels and processes at the site-level to channel local complaints and work-related concerns. Read more about the operational-level complaints and feedback mechanism established at our Singapore Refinery in 2022 on p.9.

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

9. Looking forward

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

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

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

This Statement was approved by the Board of Directors of Nestlé Corporation on 27 April 2023.

Signed

Matti Lehmus

President and CEO, Nestlé



NESTE

Change runs on renewables