

Particulars

About Your Organisation

1.1 Name of your organisation

Neste Oyj (Neste Corporation)

1.2 What is/are the primary activity(ies) or product(s) of your organisation?

- Palm Oil Grower
- Processor and/or Trader
- Consumer Goods Manufacturer
- Retailer
- Bank and/or Investor
- Social and/or Development NGO
- Environmental and/or Conservation NGO
- Affiliate

1.3 Membership number

4-0010-06-000-00

1.4 Membership category

Consumer Goods Manufacturers

1.5 Membership sector

Ordinary

Consumer Goods Manufacturers

1. Operational Profile

1.1 Please state your company's main activity within the palm oil supply chain.

- Food Good Manufacturer - own brand
 Food Good Manufacturer - third-party brand
 Home & Personal Care Good Manufacturer - own brand
 Home & Personal Care Good Manufacturer - third-party brand
 Ingredient Manufacturers
 Biofuels
 Other

Other

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2. Palm Oil and Certified Sustainable Palm Oil Consumption

Information in Section 2 - Palm Oil and Certified Sustainable Palm Oil Consumption - is a mandatory declaration in your ACOP. This includes volume data on palm oil and palm oil products consumed, to enable the RSPO to accurately calculate uptake on a member, sector and total level. ACOP reports without reported volume data will be considered incomplete and will not be accepted.

2.1 Please list down all operations and subsidiaries using palm oil that are owned and/or managed by the member, including those under Group Membership

<https://www.neste.com/corporate-info/who-we-are/production>

2.1.1 In which markets does your company sell goods with palm oil and oil palm products?

Applies globally

2.2.5 Total volume of all palm oil and palm oil products (palm-content only) used in your company's own-brand products and in products produced by your company for third-party brands in the year:

Description	Tonnes
Total volume of crude/refined palm oil (tonnes)	674000.0
Total volume of crude/refined palm kernel oil (tonnes)	0.0
Total volume of palm kernel expeller (tonnes)	0.0
Total volume of palm oil/palm kernel oil derivatives and fractions (tonnes)	662756.0
Total	1336756.0

2.2.6 Please estimate the percentage of derivatives and fractions (reported in Question CG.2.2.4) derived from palm oil or from palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

Description	Percentage
Palm oil-based derivatives and fractions	100.0
Palm kernel oil-based derivatives and fractions	0.0

2.3 Volume of RSPO-certified palm oil and palm oil products used in your company's own brand products and in products produced by your company for third-party brands in the year (tonnes):

Description	Crude/Refined Palm Oil (CSPO)	Crude/Refined Palm Kernel Oil (CSPKO)	Palm Kernel Expeller (CSPKE)	Certified Derivatives and Fractions
RSPO Credits from Mill / Crusher	0.0	0.0	0.0	0.0
RSPO Credits from Independent Smallholder	0.0	0.0	0.0	0.0
Mass Balance (MB)	0.0	0.0	0.0	0.0
Segregated (SG)	0.0	0.0	0.0	0.0
Identity Preserved (IP)	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0

2.3.1 Please estimate the percentage of RSPO-certified derivatives and fractions (reported in Question CG.2.3) derived from RSPO-certified palm oil or from RSPO-certified palm kernel oil. The default split for volumes is assumed to be 80% palm oil-based derivatives and 20% palm kernel oil-based derivatives.

Description	Percentage
Certified Palm oil-based derivatives and fractions	100.0
Certified Palm kernel oil-based derivatives and fractions	0.0

2.4 According to the volume information you have provided in Question 2.2 and Question 2.3, your company's certified palm oil and palm oil products uptake is:

0.00%

2.4.1 If your company has not reached 100% usage of sustainable palm oil through the four supply chain models (RSPO Credits, MB, SG or IP), do you have any plans to cover the gap using RSPO Credits?

No

2.4.2 Please explain why you do not intend to cover the gap using RSPO Credits

All our certified materials are 100% ISCC. Our claims are only related to ISCC.

2.5 Please estimate the regional distribution of your company's RSPO certified palm oil and palm oil-products usage (as declared in Question CG.2.3) in the following countries/regions:

Countries/Regions	Percentage
Europe	0.0
North America	0.0
Malaysia	0.0
Indonesia	0.0
China	0.0
India	0.0
Latin America	0.0
Africa	0.0
Rest of World	0.0

3. TimeBound Plan

3.1 Which year did your company achieve (or expects to achieve) the RSPO supply chain certification?

2009

3.2 Which year did your company begin (or expects to begin) using RSPO-certified sustainable palm oil and palm oil products in own-brand products

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3.2.1 If the previous target year for CG.3.2 has not been met, please explain why.

All our certified materials are 100% ISCC certified. Our claims are only related to ISCC. Currently, we are working towards buying RSPO RED certified oil once there is availability of certified material in the market. We are in conversation promoting RSPO RED among the suppliers.

3.3 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from any supply chain option in own-brand products.

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3.3.1 If the previous target year for CG.3.3 has not been met, please explain why.

All our certified materials are 100% ISCC certified. Our claims are only related to ISCC. Currently, we are working towards buying RSPO RED certified oil once there is availability of certified material in the market. We are in conversation promoting RSPO RED among the suppliers.

3.4 Which year did your company begin (or expects to begin) using 100% RSPO-certified sustainable palm oil and palm oil products from physical supply chain options (Identity Preserved, Segregated and/or Mass Balance) in own-brand products.

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3.4.1 If the previous target year for CG.3.4 has not been met, please explain why.

All our certified materials are 100% ISCC certified. Our claims are only related to ISCC. Currently, we are working towards buying RSPO RED certified oil once there is availability of certified material in the market. We are in conversation promoting RSPO RED among the suppliers.

3.5 If the TimeBound Plan commitments declared above do not cover all countries in which the member operates, please explain why

All our certified materials are 100% ISCC certified. Our claims are only related to ISCC. Currently, we are working towards buying RSPO RED certified oil once there is availability of certified material in the market. We are in conversation promoting RSPO RED among the suppliers.

4. Trademark Use

4.1 Does your company use or plan to use the RSPO Trademark in own-brand products?

No

4.3 Please explain why your company does not plan to use the RSPO Trademark in own-brand products

- Challenging reputation of palm oil
- Confusion among end-consumers
- Costs of changing labels
- Difficulty of applying for RSPO Trademark
- Lack of customer demand
- Limited label space
- Low consumer awareness
- Low usage of palm oil
- Risk of supply disruption
- Others

Others

The biofuel market is a tightly regulated market, where sustainable certification is not an option, but compulsory. Thus, in procuring our material we have to strictly adhere to the certification standards endorsed by the governments of which we operate and sell our products. Thus, the commitment above covers only materials of which certification are recognized in the markets where we operate, while other markets which products we sell to (biobased chemicals) adhere to our commitment for certification and compliance to our policies and principles for responsible sourcing. This period we are already buying 100% ISCC (International sustainability and carbon certification system) certified material into our supply chain. It happens that all our suppliers are also mostly RSPO certified. This current certification covers our obligation to comply with the EU RED (renewable energy directive) and at the same time North American compliance. Our commitment above does not only include RSPO oil, but also other sustainability certified systems.

5. Actions for Next Reporting Period

5.1 Please outline activities that your company will take in the coming year to promote the production or consumption of certified sustainable palm oil (CSPO)

We will continue to work with brands sharing the common supply chain producing palm oil derivatives to ensure that we work together to make the landscapes/ jurisdictional approaches sustainable. We will also promote and support the certification of RSPO RED.

6. Shared Responsibility

The Board of Governors of the Roundtable on Sustainable Palm Oil (RSPO) approved new Shared Responsibility rules on 31 October 2019, requiring all members to share sustainability requirements and obligations. Reporting of Shared Responsibility indicators will be done through several channels, including ACOP. As the implementation of Shared Responsibility reporting is still on-going and in development, the Shared Responsibility section in ACOP is not yet final and may change in future ACOP cycles. For more information on Shared Responsibility, please go to <https://rspo.org/news-and-events/news/what-are-the-new-shared-responsibility-rules> or email the ACOP team at acop@rspo.org

Labour & Labour Rights

6.1 Does your company have a publicly-available policy covering Labour & Labour Rights?

Yes

6.1.1 Does the policy cover:

- No discrimination
- Wage and working conditions
- Freedom of association
- No child labour
- No harassment
- No forced or trafficked labour

6.1.2 Has your company previously uploaded or linked its Labour & Labour Rights policy in previous ACOP reporting cycles?

Yes

Ethical Conduct & Human Rights

6.2 Does your company have a publicly-available Policy covering Ethical Conduct & Human Rights?

Yes

6.2.1 Does the policy cover:

- Recruitment
- Contractors
- Sub-Contractors & Third-Party Contractors

6.2.2 Has your company previously uploaded or linked its Ethical Conduct & Human Rights policy in previous ACOP reporting cycles?

Yes

Land Use

6.3 Does your company have a publicly-available Policy covering Land Use?

Yes

6.3.1 Does the policy cover:

- Free Prior and Informed Consent (FPIC)
- Compensation

6.3.2 Has your company previously uploaded or linked its Land Use policy in previous ACOP reporting cycles?

Yes

Occupational Health & Safety**6.4 Does your company have a publicly-available Policy covering Occupational Health & Safety?**

Yes

6.4.1 Has your company previously uploaded or linked its Occupational Health & Safety policy in previous ACOP reporting cycles?

Yes

Climate Change & Greenhouse Gas (GHG)**6.5 Does your company have a publicly-available policy covering Climate Change & Greenhouse Gas (GHG)?**

Yes

6.5.1 Does the policy cover:

- Identification and assessment of GHG
- Public reporting of GHG footprint
- Monitored implementation plan to reduce or minimise GHG emissions

6.5.2 Has your company previously uploaded or linked its Climate Change & Greenhouse Gas policy or report in previous ACOP reporting cycles?

No

Complaints & Grievances**6.6 Does your company have a Complaints & Grievances Mechanism?**

Yes

6.6.1 Is your Complaints & Grievances mechanism in line with the RSPO's grievance mechanism? For details of the RSPO's grievance mechanism, please go to <https://askrspo.force.com/Complaint/s/>

Yes

Smallholders**6.7 Does your company support oil palm independent smallholder groups?**

Yes

6.7.1 Does this support cover:

- Fair and transparent dealings with Smallholders
- Improved Smallholder livelihoods

6.7.2 How is your company supporting them?

1. Since 2017, we have co-funded the Wild Asia Group Scheme (WAGS) project coordinated by the Malaysian non-governmental organisation Wild Asia, involving smallholders producing palm oil in Malaysia. The goal of the project is to improve sustainability of the smallholders in Sabah region in the northern part of Borneo, Malaysia. By 2019, the project had engaged 712 smallholders and 4 small growers. 13,224.92 tons of fresh fruit bunches (FFB) has been certified through RSPO Group Certification, which achieved 43% of the target of 50,000 tons of certified FFB by year 2020. In 2019, we focused on improving smallholders practices in farming, chemicals usage and using waste materials as organic fertilisers. These efforts will continue in 2020 with development plans to reach out to more small growers and farmers. 2. Similar cooperation with smallholders in Indonesia continued through a project coordinated by Golden Agri Resources (GAR), Indonesian Palm Smallholders Union (Serikat Petani Kelapa Sawit, SPKS), and World Resources Institute (WRI). By the end of 2019, the project had mapped 7 villages, covering more than 510 Ha of land in Siak, Indonesia. Discussions are ongoing to map smallholders also in other villages, and efforts to conduct certification gap assessment, verification and audit within these will continue in 2020. Such mapping of smallholders will enable the project to organize targeted trainings to prepare the smallholders towards becoming certified (Indonesian Sustainable Palm Oil, ISPO; the International Sustainability and Carbon Certification, ISCC; and Roundtable on Sustainable Palm Oil, RSPO). In 2020, we are looking into how the more advanced smallholders can get certified. The project was integrated into a larger, regional project taking a holistic approach to improving sustainability in the entire Siak region.

7. Challenges

7.1 What significant obstacles or challenges has your company encountered in the promotion of certified sustainable palm oil (CSPO)? What efforts has your company taken to address these obstacles or challenges?

- Awareness of RSPO in the market
- Difficulties in the certification process
- Certification of smallholders
- Competition with non-RSPO members
- High costs in achieving or adhering to certification
- Human rights issues
- Insufficient demand for RSPO-certified palm oil
- Low usage of palm oil
- Reputation of palm oil in the market
- Reputation of RSPO in the market
- Supply issues
- Traceability issues
- No challenges faced
- Others

Others

Neste produces biofuel which is highly regulated by our market regulation and need to be in compliance with EU RED. Some EU RED compliance schemes are ISCC and RSPO RED. Unfortunately, the RSPO RED has not been adopted by RSPO certified plantations.

7.2 In addition to the actions already reported in this ACOP report, what other ways has your company supported the vision of the RSPO to transform markets to make sustainable palm oil the norm?

- Engagement with business partners or consumers on the use of CSPO
- Engagement with government agencies
- Promotion of CSPO outside of RSPO venues such as trade workshops or industry associations
- Promotion of physical CSPO
- Providing funding or support for CSPO development efforts
- Research & Development support
- Stakeholder engagement
- No actions taken
- Others

Others

Following our publication of the Neste Traceability Dashboard (<https://www.neste.com/corporate-info/sustainability/sustainable-supply-chain/traceability-dashboard>), we have enhanced our latest 2019 suppliers transparently online with additional details of the supply chain. In the commitment of making our supply chain more transparent and sustainable, we have identified the need to work with various stakeholders to transform this supply chain. In 2020, we aim to build on our collaboration with various brands, partners, suppliers and NGOs to develop traceable and sustainable landscapes. The many aspects of these supply chain include government cooperation, independent millers and independent smallholders. For smallholders, we also have committed ourselves to cooperation projects aiming at supporting smallholders in the development of their sustainability expertise and the adoption of sustainable practices. We are, for example: - Participating in a project coordinated by the Malaysian organization Wild Asia involving smallholders producing palm oil in Malaysia. - Engaging in a smallholder project coordinated by GAR (Golden Agri Resources), SPKS (Indonesian Palm Smallholders Union), and WRI (World Resources Institute). Through developing the sustainability and traceability of smallholders' production, we aim at enabling certification of their production, which is a prerequisite for Neste's raw material sourcing from the smallholders.

7.3 If your company has any other publicly-available reports or information regarding its palm oil-related policies and activities, please provide the links here

<https://www.neste.com/corporate-info/news-inspiration/material-uploads/annual-reports>