Moving Forward on Social Issues

Neste – BSR partnership
Presentation August 2015
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Labour campaigns stepping up gradually

Palm-Oil Migrant Workers Tell of Abuses on Malaysian Plantations
Global palm-oil industry contributes to human trafficking, rights advocates say

Organizations Seek Stronger Labor Protections, Corporate Responsibility in Palm Oil Industry
by Laurel Sutherlin  Posted on Mar 03 2015

Free and Fair Labor in Palm Oil Production:
Principles and Implementation Guidance

Where is palm oil produced with forced labor?
Findings

- **Social issues awareness** are increasing after previous years focus on environmental issues (HCV, HCS, No-deforestation)
  - Forced labour, child labour, decent wage, ethical recruitment practices, health & safety, community disputes, *etc.*

- Despite RSPO and ISCC requirements, and third-party audits there are still negative findings
  - Standards are good however there are weakness in the audit conduct (‘drive-by audit’ – many social criteria are impossible to determine during snap-shot audit)

- Obvious issues that need addressing
  - Shortcomings in social responsibility of the ‘palm oil industry standard’
  - Compliance to standards / legal requirements (conduct of agents, minimum wage, *etc.*)
  - Social and cultural issues \(\rightarrow\) beyond regulation
How we plan to mitigate

• Neste is committed to understanding and moving forward on social and human rights issues before they become a bigger challenge:
  ➢ Understand the process of third-party auditing (what questions to ask in the field?)
  ➢ Acknowledging pertinent social issues and challenges (public commitment)
  ➢ Understanding the complexity of such issues (focusing on action, not only resolution)
  ➢ Applying our business requirements across the whole supply chain (not only in palm oil)
  ➢ Working with partners (e.g. Neste has partnered with BSR as our third-party consultant to identify social issues and remedies)
Third party consultant

• BSR is an established non-profit organization with expertise on sustainability, specifically on international labour and social issues.
BSR-Neste Partnership

• First Phase: Exploring.

BSR conducted desktop research (publications, reports, interviews, introductory visits) on palm oil industry-focused relevant factors, recruitment practices and experiences of migrant workers reported by NGOs, identifying relevant stakeholders, as well as pooling experiences of parallel industries.
Overall issues identified

- These three areas are aligned with the pilot tool – while a robust management system is essential, the focus of the research findings is on the issue areas under Working Conditions and Protection of Rights.

- It's not only about identifying:
  - **shortcomings** in typical industry practices. BUT:
  - also about identifying **best practices**
A pilot assessment tool was designed based on the issue framework introduced above, and in alignment with RSPO, MSPO, the Free and Fair Labor in Palm Oil Principles, and the IFC Performance Standards related to labour issues.

The tool includes overall assessment questions, as well as two sets of questions designed for interviews with (a) management and (b) workers.
Moving forward

1. Neste’s standards and tools for labour assessment
   - Tested on the field, in collaboration with our suppliers
   - Based on best practices in the industry
   - Acknowledging shortcomings and how to move forward together

2. Workshops for all suppliers
   - Discussions of the findings in corporation with BSR
   - Multi-stakeholder engagement (NGOs, government, other industry players)

3. Working together with our certification systems: working groups
   - Promoting and discussing the need for change on tackling social issues
   - Going beyond current certification and auditing schemes