



NBPOL Sustainability Handbook People – Planet - Profit

[Includes documented grievance procedure](#)

NBPOL Undertaking

NBPOL will ensure that all principles and policies within this handbook are actively promoted and communicated to all our stakeholders. We will prepare and support all our people to implement and apply these policies and procedures in an effective way monitoring the implementation and through the Board report t to our shareholders annually.

NBPOL will abide by the constitution of PNG and all applicable laws and regulations governing PNG including voluntary codes of practice

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NBPOL Corporate philosophy

NBPOL's Vision

Sustaining People, Planet and profit

NBPOL's Mission

Continuously improve profitability and performance through developing management operations which are economically viable, environmentally appropriate and socially Beneficial

NBPOL Sustainable policy

NBPOL embraces the principles of sustainable Development and the company's goal is to ensure that future generations will continue to benefit from today's actions.

NBPOL defines sustainable development as encompassing social responsibility, resource stewardship, appropriate environmental control and the capacity to produce efficiently. The goal of sustainable development will be achieved by balancing the considerations for People, Planet and Profit in all management decisions and operations.

NBPOL is acutely conscious of its varied responsibilities in respect People Planet and Profit NBPOL is committed to continuous improvement of its performance. The implementation of a Sustainable Management System (SMS) will provide the framework to realize these goals. The SMS will be wholly based on the Principles and Criteria set out by the Roundtable on Sustainable Palm Oil (RSPO)

NBPOL will maintain a safe, healthy and viable working environment and conduct all operations in a manner consistent with its SMS framework. NBPOL will operate in compliance with all applicable national and international legislation and ensure that long term economic viability does not compromise its Ethical and Business policies.

NBPOL is committed to invest in the development, advancement of its employees and will, through training improve knowledge, skills, competency, in order to enhance performance, process and career

NBPOL is committed to ensuring that land management practices are consistent with the long-term productivity of the resource, so that the land remains suitable for agricultural use. In particular it adopts the following undertakings:

- To preserve soil fertility and prevent erosion of any land under it's control
- To conserve and maintain the quality of ground and surface waters
- To minimize the use of chemicals through integrated pest management

- To manage the impact of development on such critical habitats as, coastal wetlands, estuaries, rivers and streams, to ensure that possible pollution and its effects are minimized.

NBPOL is actively seeking to continually improve environmental performance through:

- Pollution prevention by minimizing emissions to air, land and water. Optimal use of renewable resources, while minimizing the use of non-renewable resource.
- Provision of adequate resources for effective implementation of sustainable management programs
- Ensuring the SMS integrates with all other company policies

NBPOL will not undertake new developments in areas of Primary Forest or on land containing one or more High conservation value. Land development undertaken by the company takes into account the maintenance of biodiversity, protection of cultural heritage and customary land use and the capability of the land to sustain the proposed agricultural activities

NBPOL upholds the principles of Free, Prior and Informed consent and undertakes to use this principle in all negotiations and interactions with stakeholders.

NBPOL will be a responsible corporate citizen, making positive contribution to the communities within which it operates

NBPOL conducts its operations in a transparent manner and complies with all relevant legislation in the countries it operates in. It sees these regulations as a minimum performance standard and therefore in addition will:

- Communicate this policy to all employees, suppliers, contractors, shareholders, and joint venture partners.
- Encourage smallholders, suppliers and contractors to implement appropriate SMS
- Monitor and report on its sustainability performance to it's Board of Directors

By implementing the principles of the RSPO, NBPOL is adopting a planned approach to achieve the balance between People, Planet and Profit. NBPOL believes that this approach is the safest, most efficient and socially and environmentally responsible way of operating sustainably.

People

Kulim People Policy

Our people are our priority. We are committed to the development of our people to ensure their career success, bringing about immediate and long term benefits to the organisation and other stakeholders, and ensure a sustainable future for the Group.

We will treat our people with respect, dignity and fairness.

We will endeavour to attract, develop and retain qualified, creative and innovative people, by:

- Providing a safe and attractive workplace through our values, social responsibility, ethical business practices and business success.
- Ensuring that our people have a clear understanding of our vision, mission, values and the policies governing our business.
- Ensuring that our people have a clear understanding of our stakeholders' wishes, needs and expectations.
- Ensuring that our people are challenged by realistic goals and empowering them to make the necessary decisions.
- Supporting our people's needs and expectations in developing and enhancing their skills, knowledge, qualifications and careers.
- Endeavouring to offer our people fair remuneration, attractive employment terms and safe work conditions.
- Developing an organisational architecture that facilitates the release of people's energy and drive and creating a corporate climate that will stimulate the expression of their full potential as individuals and as a team within the Group.
- Most of all, we will strive to provide full meaning to the work and effort of all our people that is ultimately translated in terms of strong value contributions that will benefit the community and society at large.

Core Labour Standards

Children and young persons

NBPOL shall not engage in or support the use of child labour as defined by PNG law and will provide adequate support to enable children of its employees to attend and remain in school until no longer a child. NBPOL shall not expose children or young workers to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy.

NBPOL shall not engage in or support the use of forced labour, nor shall personnel be required to lodge 'deposits' or identity papers upon commencing employment with NBPOL.

Health and Safety

NBPOL will appoint a senior management representative responsible for the health and safety of all personnel and accountable for the implementation of the Health and Safety elements and will provide a safe and healthy working environment and will take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring in the course of work

NBPOL will minimize, as far as is reasonably practicable, the causes of hazards inherent in the working environment detecting, avoiding or responding to potential threats to the health and safety of all personnel.

Adequate Training

NBPOL will ensure that all personnel receive regular and recorded training in all aspects of their work including health and safety. In addition NBPOL will ensure that such training is repeated for new and reassigned personnel.

Housing and work place amenities

NBPOL does not have dormitory facilities nor does it intend to house any personnel in such facilities. Where housing is provided it will meet the minimum requirements of the law.

NBPOL will provide, for use by all personnel, clean bathrooms, access to potable water, and, if appropriate, sanitary facilities for food storage.

Remuneration and working hours

NBPOL will comply with all applicable laws and industry standards and defines a normal working week as not exceeding 44 hours.

All employees are entitled to at least one day off in every seven-day period.

Overtime shall not exceed 12 hours per employee per week and will be reimbursed at a premium rate.

Where NBPOL is party to a collective bargaining agreement freely negotiated with worker organizations (as defined by the ILO) representing a significant portion of its workforce, it may require overtime work in accordance with such agreement to meet short-term business demand.

All wages paid for a standard working week shall always meet at least legal or industry minimum standards and shall be sufficient to meet basic needs of personnel and to provide some discretionary income.

Wage and benefits composition will be detailed clearly and for all workers at each and every payday. Payment will be made in a manner convenient to workers and NBPOL will not make deductions from wages for disciplinary purposes

Rights of Employees

NBPOL respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. In those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all such personnel.

NBPOL will not engage in nor support discrimination in any form.

NBPOL does not support and will not engage in the use of corporal punishment, mental or physical coercion, and verbal abuse.

NBPOL will establish, implement and monitor a documented grievance procedure accessible to all its employees.

Occupational Safety and Health Policy

NBPOL is committed to achieving the highest performance in occupational health & safety with the aim of creating and

Maintaining a safe and healthy working environment throughout its business.

NBPOL will strive to:

Seek continuous improvement in Occupational Health & Safety performance taking into account evolving community expectations, management practices and provide necessary resource in all areas of Occupational Health & Safety.

Comply with all applicable laws, regulations and standards and where adequate laws do not exist, adopt and apply standards that reflect our commitment to Health & Safety.

Ensure that Occupational Health & Safety will be an essential part of the planning process for all operational activities;

Ensure that all accidents, incidents and serious occurrences will be investigated and appropriate corrective actions taken;

Manage risk by implementing management systems to identify, assess, monitor and control hazards and by reviewing performance;

Ensure that all employees, Contractors, and visitors are informed of and understand their obligations in respect of this policy;

Communicate openly with Contractors and the community on OHS issues; and contribute to the development of relevant OHS policy, legislation and regulations;

Involve all employees and contractors in the improvement of occupational health & safety performance and ensure;

All employees including Contractors employees are encourage to participate in ensuring the objectives of this policy are achieved.

NBPOL HIV / AIDS Policy

NBPOL shares the same level of concerns as the government of PNG over the safety and welfare of its employees and their families. The Company greatly values the contributions of its employees towards a consistent positive performance of the Company over the past years. One of the contributing factors being that of a healthy workforce and the threat of HIV/AIDS could undermine that trend.

On those bases, NBPOL has developed its own HIV/AIDS policy not only to protect its employees and their families from HIV/AIDS but also to provide counselling and protect infected employees from discrimination at the work place.

NBPOL is a member of the Business Coalition Against HIV & Aids, a non-government initiatives set up to help with people in the private sector with AIDS. <http://www.baha.com.pg/>

The Medical Facts about HIV/AIDS:

HIV cannot be transmitted through casual contact:

This means that a person cannot become infected with HIV from a handshake, a hug or sharing cups and dishes, tools, telephones, computer keyboards, bathroom facilities or drinking from the same water containers. You cannot simply “catch” HIV from air, food, insects, and animals or by working along side someone with HIV.

Key Principal Factors about the Policy:

The policy aims to ensure a consistent and equitable approach to the prevention of HIV/AIDS among NBPOL employees and their families, and to the management of the consequences of HIV/AIDS, including the care and support of staff members living with HIV/AIDS.

HIV/AIDS and the workplace:

NBPOL recognizes the seriousness of the HIV/AIDS epidemic, its significant impact on the workplace, and the role of the workplace in providing access to healthcare resources.

Discrimination:

NBPOL recognizes that people with HIV/AIDS may live full and active lives for many years and it will not discriminate or tolerate discrimination against employees or job applicants on any grounds, including HIV/AIDS.

Gender Equality:

NBPOL recognizes that gender discrimination means that women will be more negatively affected by HIV/AIDS. NBPOL will continue to maintain an equal gender relationship in a non-discriminatory work environment to ensure that every worker receives equal access to healthcare and other resources.

NBPOL further recognizes the presence of gender issues including all forms of violence, and will ensure that employees respect each other to enable everyone to live and work in harmony.

Healthy Work Environment:

NBPOL is committed to maintaining a safe and healthy work environment for all staff, recognizing that HIV is not transmitted by casual contact.

NBPOL recognizes the importance of factors such as appropriate and safe housing, a reliable water supply, good sanitation, and a healthy environment. NBPOL will ensure that appropriate strategies are put in place to maintain a high standard of these factors.

Dialogue:

In designing and implementing awareness and education programs, NBPOL management will cooperate with, support, or draw on the resources of employees and their representative organizations, NGOs, faith-based organizations and/or governmental organizations with expertise in HIV/AIDS.

HIV/AIDS Screening of Workers:

NBPOL rejects HIV testing as a prerequisite for recruitment, access to training or promotion. Pre-employment medical examination – or any other test required for employment purposes - will not include an HIV test.

Confidentiality:

An employee with HIV/AIDS has no obligation to inform NBPOL or other employee of their status. Where a person chooses to inform another employee that he/she has HIV/AIDS, this information is not disclosed to any other person, including human resources managers and medical personnel, without the consent of the person who has given the information. Where the company doctors have confirmation that an employee has HIV/AIDS, that information will be disclosed under strict confidentiality to the concerned employee followed by counselling. Upon the consent of the infected employee, that information will also be disclosed to the Head of Department for operational reasons.

Employment Security:

NBPOL will respond to the changing health status of employees by making reasonable improvements in hygiene within staff accommodation area. Employees may continue to work as long as they are able to perform their duties safely and in accordance with performance standards.

Prevention:

NBPOL recognizes that HIV/AIDS prevention is the responsibility of all employees, including senior management and supervisors. NBPOL will involve employees and their representatives in the planning and implementation of awareness, education and counselling programs, especially as peer educators, counsellors and home based care providers.

Care, Support and Counselling:

NBPOL will treat employees who are infected or affected by HIV/AIDS with empathy and care, and will provide all reasonable assistance, which may include counselling, time off, sick leave, and information regarding the virus and its effects.

HIV/AIDS Committee:

NBPOL has established a HIV/AIDS committee to coordinate and implement the HIV/AIDS policy and program. The committee will report regularly to the Head of Human Resources Personnel Manager who will then advise the Board on a regular basis.

Sexual Harassment Policy

NBPOL defines sexual harassment as any unwanted conduct of a sexual nature having the effect of verbal, non-verbal, visual, psychological or physical harassment:

NBPOL recognises that such sexual harassment exists both within the workplace and in society at large. NBPOL seeks to eradicate all forms of sexual harassment in the workplace and wherever possible influence the behaviour of its employees in a wider social setting.

NBPOL has a zero tolerance to Sexual Harassment in the work place

NBPOL wishes to maintain safe and healthy working environment where all employees, irrespective of status, position or sex, are treated with dignity and free from any form of harassment, humiliation and intimidation of a sexual nature.

NBPOL has created a code of practice to be implemented in all its operations to address this problem to assist it to ensure that adequate procedures are available to deal with the problem and prevent its recurrence. The code of practice outlines:

1. A policy statement prohibiting sexual harassment.
2. Clear definition of sexual harassment.
3. Complaint/grievance procedure.
4. Disciplinary rules and penalties against harasser and against those who make false accusation.
5. Protective and remedial measures for the victim.
6. Promotional and educational programmes to explain the company's policy on sexual harassment and to raise awareness.

Disciplinary Policy

Objective of the Policy.

The objective of the discipline policy is to establish reasonable and consistent standards of behaviour contributing to effective work and high productivity.

All employees, from the Management level to Junior level of employees are subject to meet the same prescribed standard of conduct and rules of employment.

Role of line Management.

It is each Manager's responsibility to maintain discipline of his immediate subordinates and, ensuring that employees observe rules and reasonable instruction. Managers must be strict about unsatisfactory behaviours and unacceptable standards of work, but must at the same time ensure that any disciplinary action is justified and fairly administered.

Any administration of disciplinary action should be used by Managers to correct undesirable behaviours rather than punitive in purpose. Where-ever possible, the aim should be to persuade the employee to change their behaviour to conform to the accepted rules of the Company.

This requires Managers to explain to employee concerned.

- (a) Terms of service and conditions of work;
- (b) The duties required of them and the work standards that are expected;
- (c) The rule of employment and the circumstances that can lead to further disciplinary action, suspension and dismissal.

Role of Personnel Department.

The Personnel Department's role is to provide advice on the employee's previous history, to give guidance on precedent and to ensure, as far as possible, that disciplinary measures are applied consistently and fairly throughout the Company.

NBPOL has created a disciplinary procedures handbook which details

General rules of employment

The Formal procedure for disciplinary actions

Definitions of poor behaviour, unacceptable behaviour, misconduct and gross misconduct

Essential procedural steps in handling a disciplinary investigation and associated

authorities required. Company standard disciplinary letters in English and Tok Pisin

Appeal procedure

PROCEDURE FOR HANDLING STAKE HOLDER ISSUES

New Britain Palm Oil Limited (NBPOL) has nominated the Company Secretary as the person responsible for the handling of all enquiries about and grievances against the company.

Any enquiries or issues relating to NBPOL or the actions of any of the companies officers should be addressed to the Company Secretary

The current Company Secretary is Himson Waninara
He can be contacted on:

Company Tel (675) 9852177
Direct line Tel (675) 9852075
Mobile (675) 691 9622
Fax (675) 9852070
Email: hwaninara@nbpol.com.pg

In his absence the deputy is The Company Legal Officer

The current Company Legal Officer is John Elijah
He can be contacted on:

Tel (675) 9852177 ext 109
Home (675) 9852177 ext 185
Fax (675) 9852003
Email jelijah@nbpol.com.pg

The current General Manager is Jamie Graham
He can be contacted on:

Company Tel (675) 9852177
Direct line Tel (675) 9852170
Mobile (675) 6932617
Fax (675) 9852019
Email jgraham@nbpol.com.pg

Surface mail for all the above is:

New Britain Palm Oil Ltd
Post Office Kimbe
W.N.B.P.
Papua New Guinea

GRIEVANCE PROCEEDURE FOR STAKE HOLDER ISSUES

This procedure is given to ensure that local and other interested parties understand the communication and consultation process for raising any issues with NBPOL

NBPOL accepts its responsibility as a corporate citizen of PNG and wants local communities to be aware and involved in the communication and consultation methods it uses.

NBPOL recognises that any dispute resolution mechanisms must be established through open and consensual agreements with affected parties.

NBPOL aims to resolve Grievances (including those originating from employees) through Consultative Committees and realises that any system must resolve disputes in an effective, timely and appropriate manner that is open and transparent to any affected parties

External Stakeholders

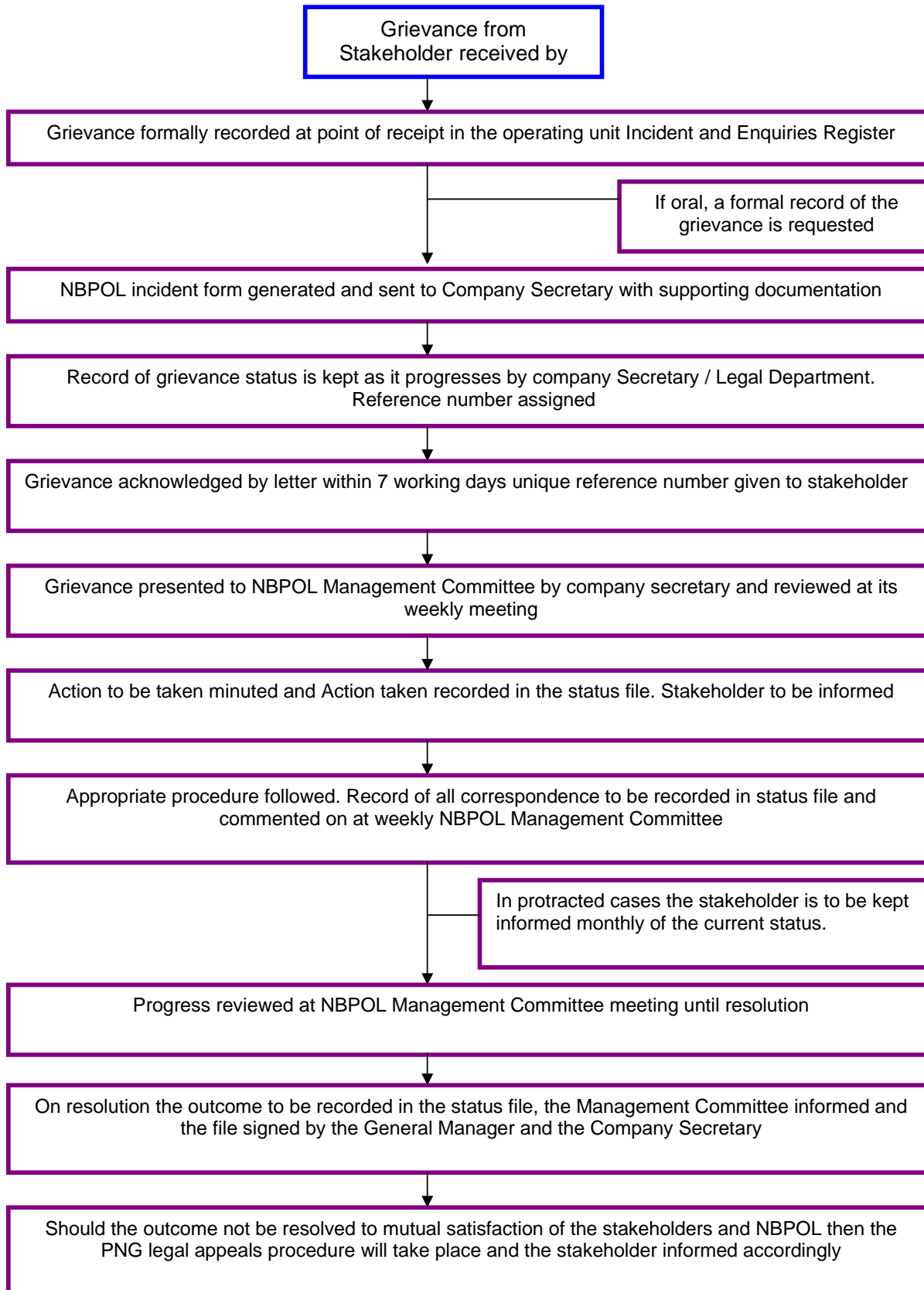
NBPOL has established a process for identifying legal and customary rights and a procedure for identifying people entitled to compensation. Local communities are to be represented by their own nominated representatives to ensure that the system for calculating compensation is fair and upholds the principle of free, prior and informed consent.

Internal Stakeholders

NBPOL has established company regulations which ensure all employees are treated with equality and in a transparent manner. The Regulations set out what is acceptable behaviour by both the company and the employee. The disciplinary procedure provides clear guidelines on how disciplinary investigation are undertaken and resolved. It includes a detailed appeals process.

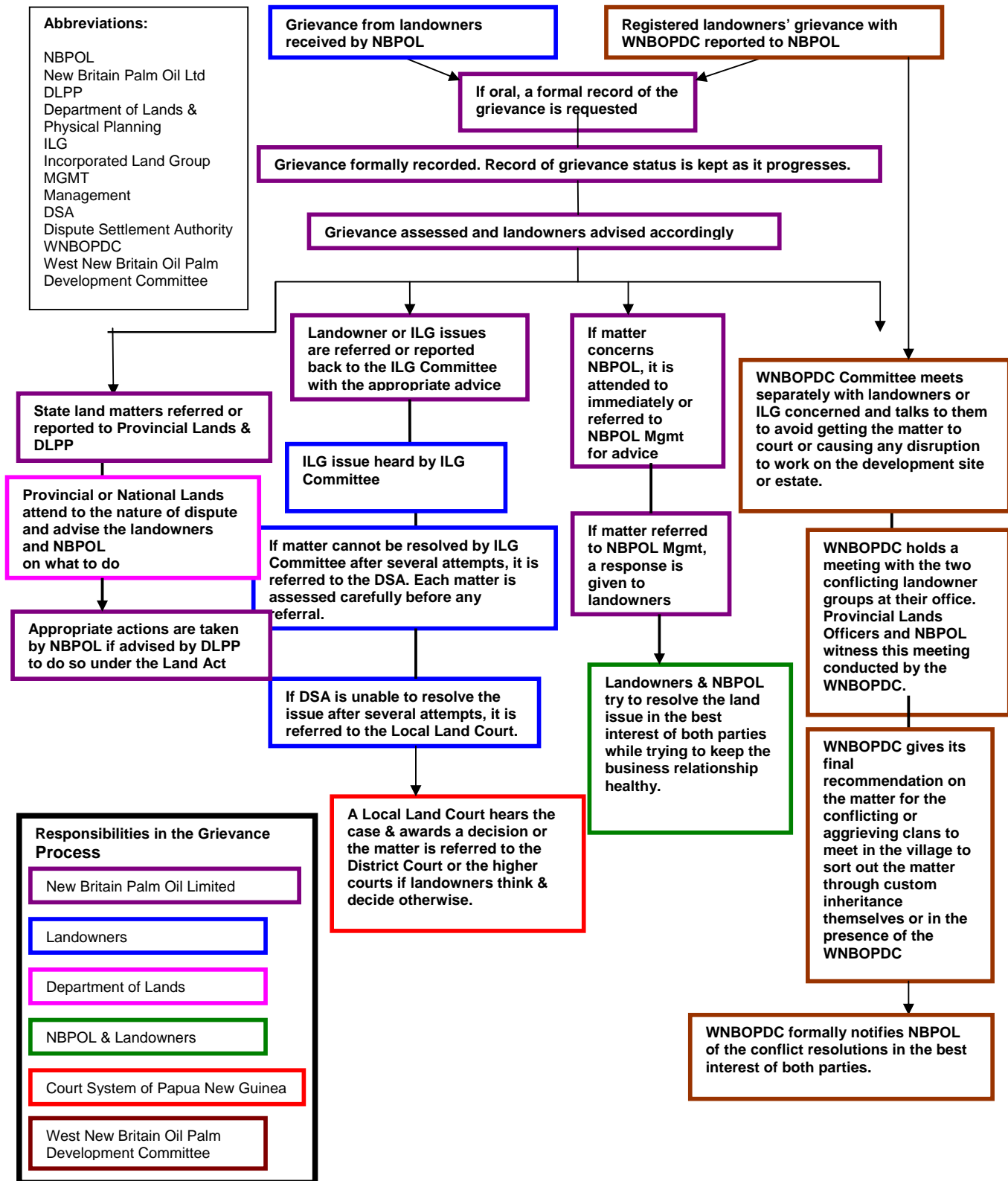
NBPOL abides by the Industrial Relations Dispute Settlement Machinery prescribed by the Industrial Relations Act (2005) allowing collective bargaining and recognises the rights of freedom of association.

GRIEVANCE FLOWCHART FOR STAKE HOLDER ISSUES



GRIEVANCE FLOWCHART FOR HANDLING LAND & LANDOWNER ISSUES

Summarized by Lillian Holland, Mar 2008



Planet

Environmental Policy

New Britain Palm Oil Ltd (NBPOL) embraces the principles of sustainable Development and the company's goal is to ensure that future generations will continue to benefit from today's actions.

NBPOL defines sustainable development as encompassing responsible resource stewardship, effective pollution prevention and the capacity to produce efficiently.

NBPOL is acutely conscious of its varied responsibilities in respect of the environment in which it operates and recognises that agricultural activities impact on the environment. NBPOL is committed to minimising these impacts through continuous improvement of performance. The implementation of an Environmental Management System (EMS) will provide the framework to realise these goals.

Environmental considerations are an integral part of NBPOL's overall management system. NBPOL policy is to conduct all operations in a manner consistent with its EMS framework

NBPOL is committed to ensuring that land management practices are consistent with the long-term productivity of the resource, so that the land remains suitable for agricultural use. In particular it adopts the following principles:

- To prevent degradation and erosion of any land under its control
- To conserve and maintain the quality of ground and surface waters
- To manage the impact of development on such critical habitats as coastal wetlands, estuaries, rivers and streams, to ensure that possible pollution and its effects are minimised.
- Land development undertaken by the company takes into account the capability of the land to sustain the proposed activities.

NBPOL is actively seeking to continually improve environmental performance through:

- Pollution prevention
- Waste reduction
- Provision of adequate resources for effective implementation of environmental management programmes
- Ensuring the EMS integrates with all other company policies

NBPOL conducts its operations in a transparent manner and complies with all Papua New Guinean Environmental and Occupational health and Safety legislation and industry codes of practise. It sees these regulations as a minimum performance standard and therefore in addition will:

- Communicate the policy to all employees, suppliers and contractors and make it available to the public on request
- Encourage suppliers and contractors to implement an EMS
- Monitor and report on the performance to its Board of Directors

NBPOL sees sustainable development as a balance between making economic progress, protecting the environment and being socially responsible.

By implementing the principles of ISO 14001 NBPOL is adopting a planned approach to achieve this balance, believing this to be the safest, most efficient and environmentally responsible way of operating sustainably.

KULIM Environmental Initiatives

The Group has long shown its concern and care for the environment. As an industry pioneer in environmental management, the Group believes environmental sustainability as one of our core business principles and has thus placed sustainable development as one of the cornerstone of the Group's business policy.

As a responsible corporate citizen, we recognize our responsibilities in safeguarding the environment. Through the Group's Environmental Policy, we have laid the foundation by which the Group should conduct business operations whilst developing a synergistic balance between environmental conservation and realizing our business objectives.

In line with the Group's commitment 'Towards Friendly Environment Practices', numerous environmental management initiatives have been adopted.

Pollution Management

Pollution has generally been closely linked with large-scale agricultural development, specifically plantation or estate operations during land clearing stages. The Group's PNG estates have had a zero-burning policy since their inception in the late 1960's. The Group's Malaysian operations has put into place Zero Burning techniques in its replanting programs from as early as 1984, starting with its Ulu Tiram Estate. This technique has since been adopted as a standard practice throughout the Group's plantations.

The zero burning technique contributes towards a cleaner, greener environment. In addition, it enhances soil fertility by replenishing organic matter and improving the soil's physical properties. This technique has now been taken a step further by incorporating the spreading of oil palm chips in a single layer along planting rows. The improvement minimizes the creation of breeding sites of the *Oryctes Rhinoceros* beetle and also facilitates the return of nutrients to the plants.

Soil Erosion Management

Another standard Group practice has been the planting of leguminous cover crops to minimize soil erosion occurrences. Following extensive trials on *Mucuna bracteata*, a shade tolerant leguminous cover crop, the cover crop is now adopted for commercial planting in all of the Group's Malaysian replanting programs. This particular species protects surface soil from erosion whilst also enhancing organic matter and soil moisture content. It also helps to recycle plant nutrient in the soil. To further mitigate soil erosion problems that might occur, another standard Group practice is terrace construction especially on land with rolling to hilly terrains.

Integrated Pest Management (IPM)

For better pest control on the estates, the Group continued with the Integrated Pest Management (IPM) system. IPM involves the integration of suitable methods of pest control that are compatible to each other in suppressing pest population below the

economic injury-causing level. Another eco-friendly method to reduce pesticide usage is through the breeding of the barn owl, *Tyto alba*, as a biological means of rat control. The Group has promoted the breeding of barn owls since the 1980s and presently, this IPM approach of rat control is ongoing with barn owl boxes erected strategically throughout all the Group's Malaysian estates. In the effort to reduce leaf-eating pests, the Group also continues to adopt trunk injection of insecticides wherever possible.

This method overcomes the problem of unnecessary killing of beneficial insects. In addition, pheromone is used to trap the *Oryctes rhinoceros* beetles thus resulting in less frequent insecticide spraying. As an integral part of IPM, planting of beneficial plants such as *Cassia cobanensis*, *Antigonon leptopus*, *Euphorbia heterophylla* and *Turnero subulata* are also put into place to encourage the proliferation of natural enemies for the control of bagworms and nettle caterpillars, which in turn will bring about an ecological balance.

Controlled Chemical Applications

The use of chemical fertilizers, a costly input and a potential source of pollution, is constantly being monitored and researched to achieve optimal usage. To minimize losses of applied nutrients, the Group persistently uses mechanical spreaders where possible.

Another measure to minimize exposing land to erosion whilst maintaining non deleterious ground vegetation was the usage of a weed management policy instead of indiscriminate weed control. Herbicide usage was also minimized by mechanically cutting our harvester's paths where applicable. Another effort to reduce the usage of chemicals for the control of inter-row vegetation in estates was via cattle rearing in the Group estates. The cattle rearing project is currently being evaluated for a wider-scale adoption throughout the Group

Waste Management

Oil palm plantations are known for producing large amounts of by-products, particularly Empty Fruit Bunches (EFB) and treated Palm Oil Mill Effluent (POME). As a means of waste management, the Group has put into practice the recycling of these by-products back into the fields since the early 1980s. This method, an excellent source of plant nutrient, is known to be environment-friendly and is in compliance with environmental legislation. The Malaysian operations alone recycled a total 125,062 tonnes of EFB and 406,453 tonnes of POME. Similar practices are now in place in Indonesia, Papua New Guinea and the Solomon Islands. Other by-products such as fibres and fruit shells that are also produced by the palm oil mills are utilised as fuel, thus making the Group's mills self sufficient in terms of energy requirements.

Zero Discharge

Another intensive effort by the Group is the commercial production of bio-compost, an organic fertilizer and soil conditioner from the integration of EFB and POME. Bio compost production eliminates the harmful effects of green house gas emission. The Mills Integrated Waste Management System (MIWAMAS) involves the shredding of EFB and

then placing them in rows before being sprayed with POME. Inoculants are also added to speed the composting process. Our pioneer MIWAMAS plant, incidentally the first commercial plant in the country, is located at Ladang Sedenak, Johor. For 2005, the total bio-compost application at the group estates is 10,401 tonnes. The technology utilises the by-products of the Group's mill operations whereby natural compost produced is collected and used as fertilizer in the plantations. The benefits are two-fold as the by-products are recycled and re-used to enrich the soils whilst simultaneously reducing the usage of chemical fertilizers.

Other environmental management initiatives

Other waste management measures were also introduced and practiced by the Group including the recycling programme for the proper disposal of used fertiliser containers to further complement the treatment of scheduled wastes. The recycling programme, supported by Dupont Malaysia Sdn Bhd, the fertiliser supplier, involves the collection and return of all empty fertiliser containers to Dupont to then be recycled at source. As a group that has practiced environmental sustenance measures from the early 80s, KULIM strongly adheres to good agricultural practices (GAP) initiatives. Its continuous commitment as a truly diversified plantation company will ensure that as the Group grows, it does not forget to respect the environment in which it operates and works from

The Roundtable on Sustainable Palm Oil (RSPO)

KULIM and NBPOL are members of the RSPO. The RSPO is a global multi-stakeholder initiative on sustainable palm oil that was formally established under Article 60 of the Swiss Civil Code on 8 April 2004. The RSPO is a unique platform for pragmatic co-operation to contribute to the expansion of sustainably produced palm oil and its uses. NBPOL will support the RSPO's effort in undertaking projects that will enhance the production and use of sustainable palm oil. These projects are divided into the following broad groups:

- Plantation management practices
- Development of new plantations
- Responsible investment in oil palm
- Chain of custody

NBPOL is actively involved with the RSPO and the Head of Research serving on the Criteria Working, Verification and Smallholder Groups and executive board. NBPOL has recently developed a self assessment tool for the RSPO Principles and Criteria and has undergone a Bench audit against these criteria with a favourable result. NBPOL is now ready for full certification to the RSPO standards. NBPOL is taking a leading role in defining PNG national standards for the RSPO.

Subscribing to EMS ISO 14001

KULIM subscribes to the philosophy of Environmental Management System standard (ISO 14001). Under an ISO 14001 framework, all operations in PNG are have been ISO certified since April 2004. In Malaysia, one of the first plantations in the country to achieve

MS ISO 14001 was Ladang Sedenak which was awarded the EMS ISO 14001 on 27 October 2004.

Profits

Business Policy

Our goal at NBPOL is to deliver value to our stakeholders. We will manage our business with due skill, care and prudence.

In doing business, we are committed to fulfilling the needs of our customers, and to comply with the operative legislation and regulation applicable to the markets in which we trade, with awareness of the environmental impact our businesses create.

Our business policy is structured to provide a planned and systematic approach to quality and continued improvement, with emphasis on effective customer satisfaction, value added product development, growth and increasing value to our stakeholders.

Our business strategy requires the setting up of objectives, measures and key performance indicators, documented and reviewed per schedule as to their compliance and effectiveness. Ongoing implementation and maintenance of the business manual will ensure that quality management and business excellence permeates throughout the organisation.

We are committed to invest in the development, advancement and value of both the Company and our employees through training in order to improve knowledge, skills, competency, and to enhance performance, process and career.

Ethics Policy

NBPOL has conducted its business to the highest standards of ethics, integrity and governance since its inception and shall continue doing so. These standards shall guide all our activities:

- We will maintain full and accurate company records to account for our activities. All assets and property of the company will be used only for the benefit of the Company. No team member activities will conflict with the interests of the Company.
- We will deal with both customers and suppliers based on merit, fairness, and “arms-length” relationships. We will work diligently to earn our customers’ business and will expect our suppliers to do the same to earn ours
- We will deal with competitors in intense competition, but will not engage in any unfair or illegal practice, or in any restraint of trade with them.
- We will deal with all team members with respect, courtesy, and fairness. We will ensure a workplace environment free of harassment or discrimination. We will provide opportunities based solely on performance.
- We will educate all team members concerning our ethics policies and will require their compliance. Each team member will be responsible for his/her own compliance with the content and spirit of these policies.

We will be a responsible corporate citizen, making positive contribution to the communities within which we operate.

Profits with Responsibility

The Group recognizes the increasing relevance of enhancing its Corporate Social Responsibility to deliver value as well as produce an overall impact on society.

The Group acknowledges the critical importance and the profound merits attached in adopting an integrated approach to social and environmental concerns within the context of the Group's core business objectives and strategies. This has become the overriding philosophy of the Group's continuous progress towards delivering value to all our stakeholders.

Our Corporate Social Responsibility (CSR) strategy is about delivering positive impact on society as well as the environment through our operations, products and services and through our interactions with stakeholders. The adoption of this CSR concept signifies its inseparability with the Group's other important efforts such as ensuring sustainable growth and enhancing its Corporate Governance practices and efficiencies.

Centred on a stakeholder-driven approach, the Group CSR strategy is developed within the ambit of its already established Corporate Philosophy to reflect a common, unified management system.

The task of embedding the CSR principles into the Group's core operations and activities is an ongoing, dynamic and challenging process. Nevertheless, we are highly committed to meet the challenges head on and take it as a crucial responsibility.

Social Contributions

The New Britain Palm Oil Foundation continued its CSR works throughout 2005 with a majority contribution towards enhancing the surrounding community's education infrastructure. Since its establishment, the Foundation has donated over K3 million towards various community projects as well as capital expenditure on Education, Health and Law and Order in West New Britain.

In 2006 the Foundation continued its support for the health, education and law and order sectors.

Expenditure in the health sector was the highest. K32,500 was paid to the Kimbe General Hospital Improvement Program account under agreement for specific medical equipment as part of the counterpart funding for the upgrading work currently being undertaken by the Australian government at Kimbe Hospital at a cost of K7 million.

The rest of the counterpart funding has come from the West New Britain Provincial Government.

A brief summary of other expenditure by the foundation is as follows:

Poinini Technical School: Electrical System:	K3, 700
Pangalu Primary School: Double classroom:	K82, 453
Hoskins Secondary School: Electrical System:	K5, 211
Kapuluk Primary School: Materials	K9, 970

Law and Justice: (Police and Court House)	K14, 378
Rikau Primary School: Building Materials	K27, 902

A number of other small donations were made to education and health institutions in 2006.

Urgent repair work was carried out to the operating theatre of Valoka Hospital (Hoskins) to enable a team of doctors from Australia carry out surgery on cataract patients.

Quality Policies

Dami Oil Palm Research Station (English)

Dami Oil Palm Research Station (OPRS) manages one of the world's premier collections of elite oil palm breeding material. Dami OPRS through intense selection criteria produce hybrid tenera seeds for use within New Britain palm Oil Ltd and for sale to clients around the world. Dami is committed to sustaining this business by producing seeds that have high oil yields and precocity and through servicing the needs of its customers.

Dami OPRS have defined the quality policies and objectives for Dami Seed. A quality management system (QMS) has been established to ensure that these policies and objectives are understood, implemented, and maintained. By placing this QMS within the framework of ISO 9001, Dami is implementing a planned approach to achieve sustainable growth and ensure client satisfaction.

Dami is committed to producing seed that reliably give an early return on investment, maximise oil and kernel yields and increase the economic returns of our client's plantations. Dami OPRS has adopted both long and short-term plant breeding strategies to achieve these goals.

In addition Dami actively seeks to improve its performance on a continuous basis through:

- Adoption of quality management training programs, where all employees learn the importance of quality management and how to measure and monitor it.
- Provision of adequate resources for effective implementation of all quality control programs
- Optimal use of all renewable resources and minimizing all non-renewable resource.
- Integrating the QMS within the wider framework of the ISO 14001 certified Environmental management System and ensuring compatibility of the QMS with all other company policies
- Ensuring the results of these improvements are available to our clients

Dami complies with all appropriate legislation and codes of practice but sees these as a minimum performance standard. By defining a QMS that is in compliance with the requirements of ISO 9001 and ISO 14001, Dami has adopted a philosophy of going beyond compliance and in addition undertakes to:

- Conduct its operations in a transparent manner
- Communicate the Quality policy to all employees, Clients, suppliers, contractors, shareholders, and joint venture partners.
- Monitor and report on the quality performance to it's Board of Directors

The approach of Dami OPRS to communicating and implementing these values is through encouragement, education and training. In inviting its clients to “Grow with us”, Dami is asking its clients to share in its philosophy of continuous sustainable improvement and the benefits this achieves.

Dami Oil Palm Research Station (Tok Pisin)

Dami Research Station i save kamapim na lukautim ol pikinini wel pam i winim ol narapela i stap long narapela hap long graunl.

Ol lain i go pas long Research long Dami i kamapim pinis ol as tingting blong nambawan sid. Dispela as tingting ol i laik bai olgeta wok man meri i mas save na bihainim olgeta taim.

Dispela as tingting em stap aninit long lo bilong ISO9001.

Dami i tru long kamapim ol gutpela pikinini wel pam i save karim kaikai hariap na I save karim planti frut na pam bai mas stap longpela taim

Long kamapim dispela wok Dami bai:

- Dami bai trenim ol wok man meri long luksave na mekim ol wok gut.
- Dami imas gat olgeta sampting long kamapim gutpela wok.
- Usim gut ol samting blong wok.
- Kualiti Menesmen Sistem (QMS) i mas i stap insait na bihainim as tingting bilong ISO 14001.
- Toksave blong ol dispela wok painim aut i mas go long ol kastoma.

Bihainim as tingting blong ISO9001 na ISO14001, Kualiti Menesmen Sistem (QMS) bai mekim dispela;

- Mekim ol wok long stretpela pasin.
- Toksave long dispela Kualiti Polisi igo long ologeta wok man meri, ol kastoma, ol saplaia, ol sia holda na ol bisnis patna.
- Sekim na toksave long Kualiti blong wok igo long ol Dairektas.

Dami bai toksave na givim skul long kamapim gutpela wok. Dami i askim ol kastoma long gro wantaim mipela.

Our “30:30” Production Charter

What do we mean by a “30:30” production charter?

This refers to our production bench-mark of average yields of 30 tonnes of FFB per hectare at an extraction rate of 30 percent of palm products per tonne of FFB (CPO + PK) for palms over the age 60 months from field planting. In net terms the “30:30” charter sets out our strategy for attaining yields of at least 9 tonnes of palm products per hectare from our mature oil palm plantings.

The concept of 30:30 is also based on the fact that these targets have been achieved in some of our estates and mills over recent years, what we now need to do is to achieve these targets and exceed where possible, so that our average production levels reach “30:30”.

Why do we need “30:30” charter?

Profitability is pivotal in the group’s drive towards sustainable palm oil production. Land resources are limited and the effective and profitable use of our land resources requires us to maximise profits from the finite area on which we operate. Profitability in the palm oil industry is closely linked to high output, efficient use of inputs and low unit costs. Driving palm oil yields higher and reducing production costs is a strategy that will underpin our profitability and sustainability.

The Charter: How we can achieve “30:30”

In very simple terms the palm oil production system can be likened to a hose pipe connected to a tap. The genetic potential of the palms we plant determined the extent by which the tap is opened and has the greatest single influence over our profitability. Everything we do after planting the palm is a simple exercise of realising the palms genetic potential.

The agronomic inputs determine the gauge of the pipeline and the extent to which we reduce friction and allow the full flow of oil down the pipeline. Low or inappropriate inputs reduce the pipeline diameter and reduce oil flow. Excessive agronomic inputs mean a larger pipeline than is necessary and a waste of resources.

The managerial inputs in the estate, during transportation and at the mill determine the degree of oil leakage from the pipeline. Oil losses can occur through poor field practices, particularly at harvest and during crop transport and obviously can occur at the mill due to poor efficiency in oil extraction.

The following components of the production chain have been identified as critical for the target of 30:30 to be achieved. We have identified five areas in the production of palm oil (genetic potential, immature palm husbandry, mature palm husbandry, transport systems and milling systems) in each area minimum standards have been set that will allow us to achieve the 30:30 target. The five areas are set out below with their minimum standards:

1. Genetic potential, minimum standards:

- a. FFB Yields:
 - i. 24-36 months from planting +15 MT per ha
 - ii. 37-48 months from planting +20 MT per ha
 - iii. 49-60 months from planting +25 MT per ha
 - iv. 60+ months from planting +32 MT per ha
- b. Oil and kernel yields:
 - i. Oil to bunch >28%
 - ii. Kernel to bunch >5%
- c. Disease free:
 - i. Certified parent palms free of virus & phytoplasma
 - ii. Low crown disease incidence
 - iii. Ganoderma resistance
- d. Vegetative characteristics:
 - i. High harvest index
 - ii. Medium to low height increment

2. Immature palm husbandry

- a. Nursery best practice, producing palms for field planting in <12 months after intensive selection
- b. Field preparation and planting best practice ensuring full organic matter conservation and easy access to each palm and ensuring 100% of the planting points are plated with healthy seedlings
- c. Planting and upkeep designed to ensure 100% crop recovery in maturity so that on sloping ground either terraces or platforms are mandatory
- d. Soil and water conservation best practice to minimise soil fertility loss and conserve moisture
- e. No detrimental weeds that compete for nutrients and light, however encourage beneficial plants that harbour beneficial insects
- f. Managed Fertiliser program, targeted to maximise palm uptake for growth and early maturity
- g. Ensure easy field access to each and every palm to allow efficient operations and supervision
- h. Preparation for 24 month harvesting so that crop is maximised

3. Mature palm husbandry

- a. Easy access to each palm
- b. Harvesting standards of cutting only ripe bunches with at least one loose fruit per kg of bunch weight
- c. Harvest palms at least twice per month, preferably 3 times per month
- d. Zero crop loss so that every ripe bunch is harvest from every palm and all loose fruit is collected
- e. Maintenance pruning upheld with frond placement to reduce soil erosion
- f. Managed Fertiliser program with annual leaf sampling and analysis followed by agronomic field assessments and recommendations
- g. Soil and water conservation best practice, legume cover crops to be maintained
- h. Deleterious weeds removed, beneficial plants encouraged, minimise herbicide use to the palm circle and spot spraying of noxious weeds

- i. Roto-slashing of paths where tractor access is possible

4. Efficient Transport systems

- a. All harvested crop to be collected and transported to the mill within 12 hours
- b. Reduce excessive handling and bruising of FFB, utilise hydraulic tipping vehicles to discharge directly into the mill ramp
- c. All loose fruit and bunches to be collected at loading stations without trash

5. Efficient Milling systems

- a. Minimise FFB handling and damage and process all fruit within 8 hrs of arrival
- b. Oil losses as a % of FFB to be kept below 1.4%:
 - i. Empty Bunch losses <0.50
 - ii. Press fibre losses <0.55
 - iii. Sludge losses <0.35
- c. Recycling of organic by-products back to the field
- d. Fruit grading and prompt reporting systems to allow rapid field corrective actions