

RSPO Annual Communication of Progress

Name of organization : New Britain Palm Oil Ltd
Membership type: Ordinary
Report prepared by : Dr Simon Lord (slord@nbpol.com.pg)
Report submitted by : Dr Simon Lord (slord@nbpol.com.pg)
Reporting Period: April 2005 to April 2006
Date of Report September 16 2006

New Britain Palm Oil Ltd (NBPOL) operate 18 oil palm estates, 4 oil mills, an oil refinery and fractionation plant, bulk terminal, oil palm plant breeding and seed production facilities and an integrated oil palm and cattle enterprise on the North coast of West New Britain Province. NBPOL has 33,209 hectares under cultivation and in addition purchase and process fruit from a further 22,592 hectares of oil palms grown by smallholders. NBPOL has joint venture seed production facilities in Colombia, Indonesia and Malaysia.

Total revenue generated by the company reduced by 9% to K355 million kina in 2005. At the operating level NBPOL posted a pre tax profit of 90 million kina in 2004, a 28% reduction over the preceding year due mainly to reduced CPO prices and increased Fuel related costs. Oil production in 2005 (CPO & PKO) reached a record 234,279 MT

NBPOL has maintained certification of its entire operation to AS/NZS 1SO 14001 and upgraded the system to compliance with the newer standard (ISO 14001:2004). The company continues to utilise the structure and discipline of the ISO 14001 standard as a means to achieve integration of Occupational health and Safety (OHS), crop management and environmental protection and as the vehicle for implementation of the RSPO principles and criteria.

NBPOL continues to believe that its current practices for the production of palm oil are sustainable and accepts that to maintain these each individual operation must be regularly scrutinized. NBPOL has developed the role of the company environmental advisor, training the job holder to IRCA, International Register of Certificated Auditors standards and in addition has recruited a further professional to drive the planned changes in OHS. Third party surveillance audits by SGS (the accredited body who certified NBPOL to ISO 14001) continue and to date there have been 3 surveillance audits (9 month intervals) and no major corrective actions have been incurred. There have been over 200 integrated internal audits since NBPOL started ISO 14001 in 2004 and over 400 recorded field and mill visits by senior managers. In addition NBPOL has hosted two compliance audits conducted by the Department of Environment & Conservation aimed at benchmarking the company's performance against the National Environment act (2000).

NBPOL has developed a tool for self assessment against the RSPO principles and criteria and has published this through the secretariat of the Roundtable. As a result of the self assessment the company then paid for an independent third party to auditor the company against the criteria. Both the results and the audit checklist have been made available to the executive board of the roundtable. The company has also promoted the

use of sustainable palm oil by providing resources for its officers to publish and present three scientific papers on some of the issues involved in sustainable oil palm (cf. the company website www.nbpol.com) and to set up an exhibition booth at the RT3.

NBPOL the largest plantation company in PNG has through its membership of the Palm Oil Producers of Papua New Guinea sponsored officers to attend the Criteria Working Group and Executive Board of the RSPO. In addition NBPOL has sent delegates to the Smallholders Task force and the verification and Certification Working Group to assist in this work. Through its smallholder extension services it has engaged in the two year pilot study scheme by examining practical ways of introducing the concepts of the sustainable palm oil into extension management. In addition NBPOL has through the Oil Palm Research Association jointly funded both long and short term research aimed at determining key factors in sustainable management of Oil Palm.

Along with other producers in PNG, New Britain Palm Oil is supporting the national Interpretation working group and it aim to deliver practical guidelines for the implementation of sustainable palm oil within the country. NBPOL not only sends delegates but support the work of the secretariat and help to maintain the PNG page of the RSPO website (www.rsपो.org/National%20Interpretation.htm#PNG)

NBPOL is actively searching for alternative to the chemicals on the WHO Ia and Ib lists but recognised that the issue of paraquat is of prime importance. RSPO can help all the producers of PNG by engaging with the manufactures of agrochemicals to find a cost effective means of controlling weeds in the immature phase of the palm. NBPOL is willing to work with all Stakeholders in the pursuit of alternatives and would welcome joint initiatives.

The company continues to monitor environmental, social as well as financial performance at the board level and has appointed senior company executives to oversea both OHS and Environmental issues. Consultants have been engaged to assist in the integration of current health and Safety thinking with the relevant principles in the RSPO and in house training programs are well underway.

NBPOL is currently working with The Nature Conservancy on a report on the status of the reefs in the Kimbe Bay area and has support a number of Provincial Government environmental initiatives.

The company continues its work on zero effluent discharge. The newest mill (Numundo) has had zero effluent discharge status since 2000 and the system of direct application of EFB mixed with mill effluent solids (trialled last year) is now in place in over 1200 hectares and is set to increase substantially next year when the mill expands to 80 tonne / hour. Composting of EFB for nursery potting mix has extended to all nurseries .the entire land area of NBPOL holdings (33,000 ha) has now characterized and benchmarks established for a number of soil parameters. Work has begun on surveying vegetation within all riparian strips and buffer zones determining marginal and high erosion risk areas together with monitoring compaction. Pest and disease outbreaks

along with fertiliser and pesticide applications continue to be monitored centrally through the OMP agronomic database.

The company assists the local community through the New Britain Palm Oil Foundation, which is a charitable body set up to make funds available for the betterment of health and education and the improvement of social conditions in West New Britain Province. During 2005 the Foundation donated 5 Double classrooms, as well as the shipping and construction costs of an additional 2 classrooms for the Kimbe and Hoskins Secondary schools. Funding was also provided for rebuilding of the Talasea police station.

The smallholders are a vital part of the company's strategy and supply a third of its crop, Fruit payments for 2005 totalled 54 million kina and the company continues to assist smallholders by providing credit facilities for the smallholders at its own expense, as well as voluntarily funding half of the Oil Palm Industry Corporation's smallholder extension programmes.

TAX CREDIT SCHEME

The company has made successful use of the tax credit arrangements whereby an allowance of 0.75% of the company's taxable revenue can be spent on public infrastructure maintenance and construction. The company has concentrated its tax credit expenditure so far on the maintenance of major highways and village feeder roads. A total of 2.2 million kina was spent on tax credit projects in the year 2005. In addition the company has continued, at its own expense, to undertake road maintenance to allow continued access to villages and settlements