

RSPO Annual Communication of Progress

RSPO Members are expected to communicate on an annual basis, their progress in contributing directly to the production and use of sustainable palm oil. By cooperating, networking and working together within the multi-stakeholder platform provided by RSPO, members can ensure that all players along the palm oil supply chain operate transparently and constructively as well as participate in projects and activities to promote sustainable palm oil production, procurement and consumption. To safeguard the integrity of the initiative as a whole, it is envisaged that only those members adhere to the RSPO Code of Conduct, as well as openly communicate progress and challenges will be allowed continued participation in the RSPO.

Note: The RSPO Annual Communication of Progress should be completed by organizational members and it can be produced as a stand-alone statement or integrated in members' existing communications with their own stakeholders, such as annual reports or sustainability reports. Members should state their reporting year in the inaugural report and subsequent reports would have to be submitted by the anniversary date of the first report.

Submissions of the RSPO Annual Communication of Progress are an important demonstration of members' commitment to the RSPO and its objectives, including adherence to the RSPO Code of Conduct. Besides communication with stakeholders, these progress reports should serve as a useful tool for constructive dialogue, self-assessment and continuous improvement in the overall performance of the member's organization.

1. Profile

Name of organization : New Britain palm Oil Ltd **Membership type (Ordinary)**

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Report submitted by : Benedict Rich **email:** _____

Reporting Period : _June 2007_ to _July 2008_ (12-month period)

Date of Report : _28th September 2008

2. Details of Progress

Please provide a brief summary of progress achieved during this reporting period. The following items may be useful to include in your progress report. Please submit your report based on the following headings. The Code of Conduct provides the key guiding reference on what is expected of RSPO Members, their responsibilities and thus, content of Annual Communication of Progress reporting. Reporting with specific reference to each Member's service/trade/sectoral interest is expected.

A. Current efforts /progress in producing, procuring, utilizing and/or promoting sustainable palm oil

New Britain Palm Oil underwent auditing for certification for RSPO certified sustainable oil in April of 2008. Receiving three major non-conformances, NBPOL was subsequently re-audited in July, although outside the scope of this report, it is worth mentioning that NBPOL successfully closed off these majors within the required 60 days and has since been certified (September 2008) as producing Sustainable Palm Oil under RSPO standards across its entire operation.

The board remains committed to RSPO certification and this has been very strongly supported by the active part played by the CEO during this process. In addition, in May of 2008, NBPOL restructured its environment department to achieve and maintain the commitment to RSPO. There is now a department of sustainability, headed by a manager, with specific officers looking at OHS and Landscape and Social Issues, as well as an Environment Officer. The manager of this team reports directly, not only to the General Manager of NBPOL West New Britain Operation, but also to the Group Sustainability manager and the Director of Sustainability. These latter two roles are also new and emphasise the commitment of NBPOL to producing sustainable Palm Oil.

In addition to these fundamental changes, NBPOL has announced (on the 4th August) the intention to build an integrated palm oil processing facility in the UK to cater to the growing demand for fully traceable and sustainable palm oil in the EU. This will refine approximately 200,000 metric tonnes of refined palm oil per annum, which is expected to be commissioned by the end of the first quarter of FY2010.

B. Implementation of projects/initiatives that promote sustainable palm oil (including supporting activities like sponsorship)

A number of programs are ongoing dealing with the issues highlighted in the self assessment and a third party Baseline Survey. All managers in estates, mills and support functions are now familiar with the group's commitment and requirements. Communication has been two way and change is evident. The smallholders of PNG are independent and with over 7000 the logistics of approaching each is daunting. Nevertheless, during the course of 2008, over 98% of all smallholders have been engaged in the RSPO process, we have been happy to find an understanding amongst them of environmental and social issues and there have been and remain ongoing training days to apprise them of the issues of which they have less understanding. All of the awareness raising and feedback from the over 7000 smallholders has been documented and mapped.

Clean Development Mechanism (CDM) projects remain a focus for NBPOL. The company has pushed ahead with plans to capture methane from the effluent ponds of its mills and to connect this to the local government electricity grid. The resulting electrification of the rural areas will further help in the development of West New Britain. A biofuel power station is also under construction (started Nov 2007) which will burn waste mill by-products to produce electricity, this will be connected to the NBPOL internal grid in late 2008 and replace diesel electricity generation in several compounds as well as the company main housing and office site. Utilisation of by-products is also continuing in other areas. In another example of utilisation of waste products all NBPOL nurseries now use 100% compost made from EFB and POME is mixed with EFB as an alternative to inorganic fertilizer from Numundo.

OHS is an area where NBPOL has pushed ahead strongly over the course of 2007-8. Sadly by the time of the RSPO audit in April, it was felt that NBPOL had not progressed far enough with these initiatives, this was corrected over the course of the following months, with help from consultants and the restructuring described above. This has resulted in a much stronger OHS ethos within the company. Further results will be seen as we build on the structures put in place.

A full time member of the sustainability team has been engaged (April 2008) to work on habitat, biodiversity and social impact assessments in both our existing plantation and the proposed new developments. He will be assisted by a team of consultants, as we continue to build capacity in this area. The existing cartography, GPS and GIS research compliments this work and all NBPOL plantations are now located within the wider context of the West New Britain environment and landscape.

The NBPOL foundation continues to be the practical vehicle for help to communities in West New

Britain whilst the company's strong performance ensures that the shares held in trust by the people of West New Britain generate wealth for the social and welfare aspects of the province.

C. Significant economic, social or environmental problems encountered in production, procurement and/or use of sustainable palm oil and efforts made to mitigate or resolve them

Socially problems are encountered due to PNGs isolation and undeveloped state. A good example of this is ensuring that workers at NBPOL continue to receive a reasonable remuneration for their work. This has been affected by the lack of any recent government work in this area. This has forced NBPOL to conduct its own research into a decent living wage. The company's commitment to providing a decent living wage has been ongoing through the course of 2007-8. In November of 2007 a wide scale survey was carried out to see what the cost of living actually was for the lowest paid of NBPOL workers. Information on food prices, the cost of transport, schooling and other consumables was collected from across the island of West New Britain covering remotely sited plantations as well as more urban ones. The information was then fed into a matrix to determine whether the salary paid to these workers was sufficient. The matrix has been named the 'Bilum Index' after the PNG name for a shopping basket. This exercise will be repeated on a six monthly basis, as costs continue to rise. Data from this matrix can also be used to indicate a number of other social indicators such as the health of our workers and their families. However, were updated government figures available on wage rates and other social indicators, then NBPOL would not have need to expend the considerable resources, especially in terms of time that it has on this project.

The rising oil palm price has brought change and pressures onto the island where this remains the primary form of income for the majority of the population. Incomers from other provinces have been seen to increase, as have prices in the shops. With people, especially out growers or leaseholders who are unused to producing to fluctuating commodity prices, this unexpected increase has been welcome, but it remains to be seen how they will deal with any major price drop, due to the cultural attitude towards savings. NBPOL remain acutely aware that communication is the key when dealing

with either existing smallholders or leaseholds as well as landowners in potential new development areas.

D. Outlook/summary of planned activities to promote sustainable palm oil production, promotion and/or use in the next reporting period as well as action to address social or environmental problems encountered (under part C, if relevant).

The capacity building of the 'Sustainability Department' in NBPOL continues. Consultants will remain an integral part of the mentoring process to newer members of staff, who will over time stand on their own. OHS will continue to be a focus. Targeted work such as accurate collection and analysis of accident statistics will help enable NBPOL to reduce Lost Time Injuries and help prevent avoidable accidents.

The Bilum Index will be repeated at 6 monthly intervals to determine the up to date decent living wage.

FPIC will become an integral part of new developments and landowner consultation.

NBPOL is hoping to work together with NGOs in PNG and is possible develop projects and Memorandum of Understandings with them. It is aimed that they will help monitor NBPOL'S sustainable credentials, as well as provide a balanced view towards Oil Palm and Environmental and Social Issues NBPOL will be attending RT6 this November.

E. Recent publications of environmental / social / sustainability reports or annual reports relating to the objectives and tasks of RSPO

NBPOL Sustainability Report due in Nov 2008

NBPOL Annual Report 2007

Lord S and Clay J. (2006): Environmental Impacts of Oil Palm –practical considerations in defining sustainability for impacts on the air, land and water in (Incorporated Society of Planters)

Lord S (2006) Sustainable Oil palm (The Body Shop)

Lord S (2006) RSPO implementation (RT5)

Lord S and Betitis T (2007) EFB Composting in Oil palm Nurseries (PIPOC)

Lord S. and Ong K.P (2007) Delivering sustainability. MPOA public Forum road show Aug 2007

F. Recognition and awards for excellence in promoting sustainable palm oil

Recertification to ISO 14001 (2004) for all mills, estates and support services
Recertification to ISO 14001 and 9001 for Dami Seeds
Certification to RSPO criteria 2008 entire operation

G. Suggestions on how the RSPO can play an active role in enhancing your organization's sustainability performance, particularly in relation to promoting sustainable palm oil

The RSPO needs to identify clear alternatives to paraquat.
RSPO to provide a mechanism to fund certification for smallholders
RSPO secretariat to visit PNG (Simon, has this occurred yet?)
RSPO to assist PNG oil palm Plantation companies to enter into dialog with PNG social and environmental NGO's

Your report should be concise and should not exceed 2 pages (A4) in length. Please note that your report will be posted on the RSPO website and published in a compilation. Please feel free to include copies of any documents that would be useful to support your report. During submission, please complete Items 1 (Profile) and 2 (Details of Progress). You can submit your Annual Communication of Progress (preferably in MS Word format) to the RSPO Secretariat via email (rspo@rspo.org).

RSPO Secretariat