

RSPO Annual Communication of Progress

1. Profile

Guidance: The following information, notably the operational structure, will help report users to adequately understand (and respond to) the context of your report. Give a brief description of operating companies and locations, subsidiaries, joint ventures, most important products and/or brands, estimated palm oil production or trade volume. This will only need to be supplied once, unless profile information has changed during the reporting period (e.g. through mergers or acquisitions).

Name of the organisation:	New Britain Palm Oil Limited
Membership type (tick one only):	<input checked="" type="checkbox"/> Ordinary <input type="checkbox"/> Affiliate
Membership category (tick one only):	<input checked="" type="checkbox"/> Oil palm growers <input type="checkbox"/> Palm oil processors and traders <input type="checkbox"/> Consumer goods manufacturers <input type="checkbox"/> Retailers <input type="checkbox"/> Banks and investors <input type="checkbox"/> Environmental /nature conservation organisations(NGOs) <input type="checkbox"/> Social/development organisations (NGOs)
Operational structure of the organisation:	<p>New Britain Palm Oil Limited (NBPOL) is one of Papua New Guinea's major oil palm plantation and milling operators. In 2005 NBPOL acquired an 80% shareholding in Guadalcanal Plains Palm Oil Ltd (GPPOL) situated in Guadalcanal province in the Solomon Islands. In September 2008 the Group acquired Ramu Agri Industries Ltd (RAIL) and has subsequently realised a 100% share in this company. In 2010 NBPOL acquired 80% share in the ex Cargill (CTP) plantations in Milne Bay, Oro and New Ireland Provinces in Papua New Guinea (PNG).</p> <p>In 2009 NBPOL's prime activity was still the cultivation and processing of Oil Palm into Crude Palm Oil (CPO), Palm Kernel Oil (PKO) and Palm Kernel Expeller (PKE) for sales to both domestic and foreign markets (98.57% of total sales). However the group now operates sugar and cattle operations in PNG. NBPOL major export markets include the United Kingdom, Europe and Australia.</p> <p>The NBPOL head office is at Mosa, Bebere Plantation, PNG and New Britain Plantations Services and the consultancy arm (Global Sustainability Associates) has an office in Singapore. The Group also has a refinery in Liverpool</p> <p>Operations are as follows (2009 figures):</p>

NBPOL – PNG, West New Britain (WNB)
 34,858 ha of directly managed estates and 22,460 ha of associated smallholders producing 876,497 and 419332 tonnes of FFB respectively and which together produce 296,876 tonnes of CPO and 66,090 tonnes of PK. NBPOL has 8,212 employees and 7,500 independent smallholders. 4 CPO mills (one under construction) and one PKO mill and a refinery

RAIL - PNG, (Markham and Ramu valley)
 7687 ha of oil palm producing 13,528 tonnes of CPO and 2,367 tonnes of PK with 3,589 employees (including sugar and beef operations) and one CPO mill. At present there are 130 smallholders.

GPPOL (Solomon Is.)
 6,361 ha producing 25,123tonnes of CPO and 7,082 tonnes of PK with 1,783 employees and 221 independent smallholders. One CPO and PKO mill

In addition to Oil palm NBPOL also operates cattle enterprises in West New Britain and the Markham Valley (aprox.18,000 head and 9335 ha of pasture) maintaining a protein source in the provinces. It also has 8,200 ha of sugar cane at Ramu providing sucrose, molasses and ethanol for the domestic market.

New Acquisitions – PNG (Northern, Milne Bay and New Ireland provinces) - 26,295 ha and 5 mills and 7,897 smallholders.

NBPOL operates a research station (Dami OPRS) a world-class producer of oil palm seed and continues it research in breeding programs with the selection of better yielding elite palms.

Control of Group Sustainability activities and resource allocation resides with the Director of Sustainability (DOS) reporting to the CEO and the Board of Directors. The DOS is assisted by two Group Sustainability Managers.

Management of operating units sustainability activities are coordinated by a site specific sustainability manager (and team) who reports to the site General Manager who reports to the CEO.

Responsible Contact(s)

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Guidance: The standard reporting period is 12 months or less. The date of submitting the report should not be longer than 3 months after the end of the reporting period.

Reporting Period:	July 2009 to June 2010
Date of Report:	05 July 2010

2. Details of Progress

A. Analysis and Strategy for Sustainable Palm Oil

1. High-level strategic view of the organisation's relation to sustainable palm oil and related longer term objective.

The New Britain Palm Oil Group has sustainability as one of its core values. The Group is committed to continuous improvement in all aspects of sustainability. It is committed to maintaining its RSPO credentials through annual surveillance audits in WNB, and to the certification of all new acquisitions in 2011 and 2012. to the RSPO standard. The operations in RAIL have been audited and recommended for RSPO certification and are now awaiting RSPO approval. The Solomon Islands National Interpretation has been completed and is with the RSPO pending approval. Audits cannot commence in the Solomon Islands until the RSPO has ratified this NI. The group has been waiting 6 months for this to occur. The Group is also committed to including smallholders within the scope of RSPO certification in a participatory and inclusive manner and to jointly include all smallholders in continuous improvement strategies. The nearly 8,000 additional smallholders in the new acquisition areas will be included in this commitment.

New Britain Palm Oil Group is still committed to abide by the RSPO Code of Conduct and to promote the production and use of sustainable palm oil.

2. Time bound plan with milestones/targets.

- NBPOL Certification of the WNB operations was initially achieved in September 2008, surveillance audit and re-certification was achieved in September 2009. The second annual surveillance audit is booked for August 2010.
- NBPOL target for the surveillance audit is recertification with zero major non-conformances and not more than 5 new minor non-conformances – achieved for September 2009. All existing minor non-conformances were closed out before September 2009. This target will be maintained in all subsequent audits.

- NBPOL target was to achieve 80% smallholder compliance with the RSPO independent smallholder guidance standard by September and 95% by September 2009 (all targets achieved). The challenge is now to maintain this level given the new guidelines for smallholders throughout 2010.
- To implement a CDM program in all mills to reduce green House Gas emissions and to provide cheap electricity to the rural population – December 2010- this is on target for 2 mills. The other mills are re targeted for 2011.
- GPPOL was planned to be certified to RSPO standard in December 2009 – as the RSPO have yet to ratify the Solomon Island NI this is delayed. –a date cannot be given but it will be within 2 months of the approval of the NI.
- GPPOL target remains zero major non-conformances and less than 5 minor non-conformances
- GPPOL target, to achieve 100% smallholder compliance with the RSPO independent smallholder guidance standard by December 2012, is likewise held up awaiting the RSPO secretariat to confirm acceptance of the NI. However our commitment remains to include smallholders in the certification process.
- To facilitate a national Interpretation of the generic RSPO standard for the Solomon Islands. This was completed in December 2009 and awaits approval by the RSPO. At time of writing, (July 2010) the RSPO Executive Board has endorsed the Solomon’s NI pending some minor changes.
- RAIL was targeted to be audited to PNG -RSPO standard in March 2010. It achieved certification in August 2010. RAIL achieved the group standard of no major non-conformances but incurred 6 minor non conformances. A target of zero major non-conformances and less than 5 minor non-conformances has been set for the surveillance audit (date will be March 2011).
- RAIL target is to include new smallholders in surveillance audits as and when they enter the unit of certification.
- The Group target was to achieve Group certification by March 2010 including all independent smallholders. The delay with the Solomon Islands has forced this to be revised to late2010.
- The Group target was to deliver fully segregated, traceable and certified sustainable palm oil into the European market by March 2010. This has been achieved with the building of the Liverpool refinery.
- Group completed its target to transparently report on Material Social and Environmental issues at NBPOL through the production of a Sustainability report to GRI, G3 guidelines by September 2008. The Group is committed to produce an update to this report by April 2010 and to demonstrate completeness through the inclusion of the GPPOL and RAIL operations. A second cycle of reporting has been completed and the 2009 “Sustainability Report” is available which includes GPPOL and RAIL. The third reporting cycle has not been decided but will include the new acquisitions.
- The Group is committed to use the Sustainability report as the link between Performance and Engagement with all its stakeholders by December 2010 – achieved. The 2009 report will be used to expand this engagement.
- The Group began work on calculating the carbon footprint of its operations with a target for reporting on these of December 2010. Reporting is contained with the 2009 Sustainability Report. Further reporting will continue as the Group continues to ground truth data.

- The new acquisitions at Poliamba, Higaturu and Milne Bay have been brought together under the Kula group. The acquisition falls outside of the reporting period of this report but mention is made to re state our commitment to certify these unit by 2012

3. Targets for the next reporting period.

The target to fully integrate the existing ISO 14001 and RSPO Management Systems to present a combined re-certification audit -September 2009 was achieved.

- After confirmation of the audits at RAIL and GPPOL this integrated system will be rolled out to all units.
- To apply the principles of sustainability to the Groups Beef and Sugar enterprises – exploring the Better Sugar initiative and SAN standards for Sustainable cattle.
- Progress with the certification of the new acquisitions
- Annual progress with carbon foot printing and the CDM projects
- Annual progress with the habitat management plans for WNB including the new development at Silavuti
- Annual progress with improvements of fiscal management and transparency and governance with local Incorporated Land Groups
- Annual progress with capacity building within the smallholder sector (Solidaridad funded program)
- Further reporting on output of the MOU's with a) WWF including work connected with the WWF Gold standard on the CDM projects and work done b) The Nature Conservancy (TNC) c) Live and Learn (Local PNG NGO).
- Progress with Department of Environment and Conservation and Oil Palm Research Association on adoption of the RSPO principles and criteria into a statutory Code of Conduct for the Oil Palm industry in PNG

4. Statement from the organisation's senior representative.

RSPO certification continues to be the driver for continued improvement in our social, environmental, safety and production performance. Our Sustainability Group plays an increasingly important role in management decision making in all aspects of Company operations. Our commitment extends from the plantation workers right up to Board level with a Director of Sustainability participating in Company Policy determination and reporting to the Board on sustainable performance.

The NBPOL group is committed to going beyond the RSPO standard and to be responsive to provincial, national and international stakeholders

The Group remains committed to operating a fully traceable, segregated and certified supply Chain.

Guidance: Depending on the member organisation's profile or specific keywords provided by the organisation, it needs to consider and report how it will contribute to the RSPO mission. The objective translates into operational, time-bound deliverables on the longer term (3 to 5 years, with annual review) and the short term (one year, with annual updates). Justify any changes from last year. A sufficiently senior decision-maker confirms the commitments made.

B. Progress made in producing, procuring and/or utilizing sustainable palm oil

Guidance: Provide a report or update in relation to:

- the time-bound plan,
- applicable requirements (citing relevant principles and criteria, Chain of Custody/Trade and Traceability rules, Communication and Claims rules, Code of Conduct where possible); and
- efforts in engaging key stakeholders (interest groups, business relations, etc).

Information provided should be objective and verifiable, where possible quantified (volumes, hectareage, numbers of smallholders/labour/communities, etc).

The Group is on target to meet its time bound plan for certification of the entire group (section 4.2.4 of the verification documentation). Its target to certify the new acquisition by 2011- 2012 is within the 3 year time frame required

The certification audit for NBPOL (WNB) was in April 2008. The first surveillance audit was in September 2009 and confirmed that the 7 minor non-conformities were successfully closed out (section 4.2.7 of the verification documentation)

All 7,111 Independent smallholders were certified as conforming to the current RSPO Independent smallholder guidelines for sustainability on 3-16 April 2008 (section 4.2.3 of the verification documentation). The sampling procedure of section 4.2.9 of the verification documentation was maintained at both the certification and the surveillance audits. At the time of the surveillance audit smallholder numbers had risen to 7,300 and the sample size was amended. Smallholder numbers have since risen to 7400. These new addition are included in the "associated smallholder plan".

The ISO process approach still provides the framework for implementing RSPO on the ground (Criteria 1.2, 4.1, 4.4, 4.6 and 4.8, Principle 5 -except 5.2, criteria 7.1 – EIA and Principle 8). NBPOL has, in this reporting period, conducted over 60 internal audits to the ISO 14001 and OSHA 18000 standards (Criteria 4.7 and 4.8). A total of 32 non conformances were raised of which 26 have had their corrective action requests closed out.

NBPOL Sustainability Handbook remains valid and lists all the group's policies and commitments (Principle 1 and criteria 6.2 and 6.3). NBPOL also produced a second cycle of sustainability reporting (CSR) to GRI, G3 guidelines in April 2010 complimenting the earlier report (November 2008). Reporting on Key Performance Indicators this publically available document details our commitments and targets for all 8 principles of RSPO This report together with the Sustainability Handbook can be down loaded from www.nbpol.com.pg

POME pond performance continues to be rehabilitated, improving the quality of effluent and reduce odour emissions (criteria 5.6) as verified by the ISO third party audits. Use of biomass fuelled boilers to generate steam using milling by-products has further reduced fossil fuel consumption (criteria 5.3, 5.4 and 5.6),

Construction continues on the methane capture projects at MOSA and Kumbango Oil Mills which will be to the WWF Gold standard. The projects will capture methane from the POME discharge stream and use it to generate electricity. This will have the dual benefit of reducing uncontained methane emissions and reducing fossil fuel use

(criteria 5.4 and 5.6). Power that is surplus to operational needs will be available for community use in a rural electrification program (MOU signed with PNG power – criteria 6.1 and 6.10). Progress is being made on the remaining 2 mills in WNB. Progress has been slow due to availability of contractors. The MOU with WWF, outlining how some of the income generated from the sale of carbon credits will be used in Landscape Biodiversity studies is finalised. .

A total of 158 environmental aspects which impact the environment, have been reviewed with 259 new aspects identified – an increase of over 160%. This has been largely due to increased environmental awareness and an improved understanding of the EMS. Out of the 417 a total of 79 significant aspects have also been identified (22 adverse & 57 beneficial) a 50% reduction in the number of significant environmental risks as a consequence of the control measures employed. Programs are being developed implemented and monitored regularly to mitigate the adverse aspects while promoting beneficial aspects of our operations (Criteria 5.1, 5.3, 5.5, 5.6, 7.1 and 8.1). There has been a 20% reduction in the internal reporting of environmental incidents as awareness of these issue increases (Criteria 4.8) and control measures are put in place

Refinements to the Social and Environmental Impact assessments together with HCVF assessments has been made for the new development known as Silavuti (Criteria 7.1, 7.2, 7.3 and 7.5).

A “decent Living Wage “ program (known as the Bilum Index) continues to track cost of living changes, calorific intake and disposable income for NBPOL employees. Reviews are done every 6 months and to date there have been 4 reviews. (Criteria 6.1 and 6.5). Awareness posters in English and Tok Pisin created and socialised last year on Sexual harassment in the workplace, HIV/AIDS and engagement of youths and obtaining DOB to prevent employment of child labour continue to be utilised(Criteria 4.7, 6.7, 6.9 and 6.11)

The NBPOL Foundation, a charity set up to assist in social and welfare issues, has continued to contribute to the WNB communities (Criteria 6.11). The “Foundation”, established 1997 has the mission to contribute to the health and welfare of the community in and around the Group’s operations in WNB. In 2009, USD 181,516 was spent by the Foundation on various building & infrastructure projects. The Foundation does not have sovereignty in the Solomon Islands. Instead, direct assistance to the social development of the province is provided through the 2004 MOU between the company and the Guadalcanal Provincial Government. In 2009 GPPOL committed 500,000 Solomon dollars to the Provincial Government for community development projects in an around the Guadalcanal Province. This money was distributed to projects in 21 wards of the province and includes donations for women’s groups, youth group’s school upkeep and income generating projects. Transparency and accountability are provided through periodic public announcements as to the allocation of these donation the latest being the in the Solomon Star (Wednesday 26 August 2009). In addition, the Landowners Association investment fund also provides assistance for community projects.

The Foundation is undergoing restructuring to reflect the enlarged holdings of the group.

Lost time accidents are high and continue to challenge the Group at all locations. Four fatalities occurred during this reporting period. Targets for reduction have been set (Criteria 4.7 and 8.1).

A comprehensive Quality Improvement Plan has been developed to address Palm Nail injuries at WNB. In addition trials of gloves and suitable safety boots continue.

The Group CPO refinery, under construction in the United Kingdom was completed on schedule and began operations in the first quarter of 2010. The Group is now able to manage the sustainable operation of its entire supply chain and thus be able to market segregated RSPO Certified Sustainable Palm Oil in Europe (section 2.2 and 4.7 of the verification document). The capacity of this facility is 120,000 tonnes per annum. It’s completion emphasised our commitment to the RSPO mission statement.

Whistle blower policy has been established and distributed in English and Tok Pisin

NBPOL specific activities

Mangrove planting at Numundo coastline (indicator 4.4.2). A total of 5000 mangrove trees comprising of the following mangrove tree species *Bruguiera gymnorizha*, *Rhizophorra apiculata*, *Barringtonia asiatica* and *Xylocarpus sp* were planted along 1.5 KM of the coastline at Numondo plantation. Planting of the trees were carried out in collaboration with Mahonia Na Dari, School Teachers from Kimbe bay LMMA areas as well as school children of Patanga primary school. A total of 0.75 hectares have been planted for shoreline restoration.

A total of 3000 *Leucana lecephala*, 550 *Glyricidia sp* and 100 *Eucalyptus deglupta* trees were planted at Haella for fuel wood. Riparian enrichment plantings with native trees species such as *Eucalyptus deglupta*, *Homalium foetidum*, *Pometia pinnata*, *Black bean*, *Canarium indicum* and *Octomeles sumatrana* have been continuous event and has become part of the overall plantation management practice

Prior to 2009 a total of 12, 697 of the above tree species was established as part of the Riparian buffer-strip restoration in the company's operations. All plantations now have their own tree nurseries (indicator 4.4.2).

In 2009, NBPOL's buffer zones were noted as ideal habitats for some of the Bismarck endemics sought after by bird watching groups, (Black-headed Paradise Kingfisher, Bismarck Kingfisher, New Britain Munia). The Walindi Plantation Resort (WPR) and Mahonia Na Dari (MND) a local environment non-government organization engaged Dr. Rob Davis of Edith Cowan University with his team of birdwatchers to investigate the buffer zones and reserve areas within NBPOL Plantation The team discovered 63 bird species within the Numondo catchment with 32 species found in the Plantation operational areas. Ten migratory specie stop over at the Mill ponds and Cattle paddock and these sites were deemed to be critical habitats for such birds. There were also sightings of the threatened Pied Imperial Pigeon (now recognized as Yellowish Imperial Pigeon) and Red-knobbed Imperial Pigeon. This data will be presented by the team in scientific publications and enhancement strategies developed including exploring eco-tourism options (5.2.2 specific guidance)

NBPOL has mapped ten distinct habitat landscapes within existing plantations and is implementing a management plan for each. Over 20 "Biodiversity Fact-sheets" have been developed to assist the Managers to identify and manage High Conservation Value such as species refuges both within and outside of the plantations. NBPOL has also identified 13 sites within our plantations that have been assessed to hold one or more HCV's. The biodiversity Factsheets map these areas and assess the level of threats to each landscape type whilst also providing the ongoing mitigation measures required. Some 14% of the total land holding in WNB are given over to reserves and buffer zones.(Indicator 5.2.1 and 5.2.2)

Two trials have been carried out at Togulo and Bebere Division 2 plantations where compound residents were allocated equal plot areas at their back yards to plough and grow vegetables in order to improve diets (indicator 6.1.3). Progress is being monitored with a view to widespread adoption.

NBPOL's main expansions over the past years have been through acquisitions or on previously cultivated land. The largest new development is at Silovuti and comprises 7000 hectares. In 2008, work began on assessing the area in terms of soil suitability, HCV area and in conducting both social and environmental impact studies. The work on HCV assessment was particularly detailed used a combination of satellite imagery, helicopter transects as well as more conventional (and laborious) ground survey of the area. This work has been completed in late 2009 and a Lease-Lease back agreement was signed. Some 3,000 hectares were assigned a HCV as lowland forest and NBPOL agreed to include this area in the lease to enable the area to be conserved and managed. Assessing new developments (Indicator 7.3.1)

Individual plantation management unit watercourses have been identified and measured to ensure correct buffer zone requirements are met, erosion zones identified and enhancement strategies implemented. (indicator 4.4.2). This work is combined with the Buffer zone replanting program. To date 1200 Galip nut trees (*Canarium Indicum*) have been re-established within buffer zones with the help of students from the local secondary school.

In the Hearts and Minds Project (indicator 5.2.5) – awareness and training is conducted to help stop hunting/fishing.

GPPOL Specific Activities

At the end of May 2010 GPPOL had 221 registered smallholders producing from 873 ha. Based on the information from the smallholder survey which covered 100 smallholders, an awareness and training programme has been implemented. This occurs through a newsletter, information pamphlets and a monthly Field Day/Training session and form part of the Smallholder Training schedule which, for 2010, has been devised to cover the following RSPO P&C– Introduction to RSPO, Principle 1, 2, 4, Criterion 4.2 to 4.8. Future programmes will continue through the relevant P&C for Smallholders. Newsletters have been issued on "RSPO and Environmental Awareness", "Soil Fertility, Erosion and Water Quality" with an attachment "The Importance of Buffer Zones". An Information Sheet has been issued on "Bunch Stalk Removal". Attendance at Field Days has been excellent with keen interest displayed by the growers.

As much of GPPOL will be replanted over the next decade a buffer zone policy has been implemented to ensure such are re-established to the appropriate standards once replanting is done. To facilitate improvement prior to replant the policy includes the gradual removal of palms currently in the designated buffer zone areas and the encouragement of re-vegetation of appropriate plant species. Water quality monitoring points are being identified where any water courses leave the plantation. These will be monitored quarterly. (Criterion 4.4)

Since the last quarter 2009 all Departments have had OH&S Committees which meet every 3 months. Hazards and risks have been identified for all areas of the operations. These all report to a GPPOL OH&S Committee which also meets every 3 months. The committees and monthly EMS audits ensure the welfare of employees in the workplace is not neglected. (Criterion 4.7)

An understanding has been arranged with the Solomon Islands Red Cross where they conduct quarterly First Aid training for GPPOL employees. Currently the company has 28 trained First Aiders based in all departments of the organisation. (Criterion 4.8)

The GPPOL Liaison Committee has now been established following the social impact assessment that was carried out in July 2009. The concept is to bring together communities surrounding the company estates, in order to discuss the positive and negative impacts of the company operations. Invitations have been sent out to members of the community as well as to representatives of NGO's and provincial government officials. A Terms of Reference has been written to guide the committee. From the committee meetings the company will formulate a social improvement plan which will guide the company. This social improvement plan will be categorised into priorities 1, 2 and 3, These priorities will be acted on accordingly.

RAIL Specific Activities

At RAIL about 300ha have been identified as having HCV importance. Since most of the HCV sites are predominant surrounded by grasslands, improvement work will concentrate on planting of native species of trees to re-habilitate these sites. Planting of trees for fuel wood, timber and fruit/nuts has been going on for the last 2 years under a collaborative project funded by Australian Centre for International Agricultural Research. Over 200 farmers are participating in growing trees especially in replacing grasslands on hilltops. (criteria 5.2.2 specific guidance)

C. Challenges

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

Most of the statements from last year are still valid

The site specific sustainability team established in WNB to meet the challenges presented by the breadth of the RSPO standard is led by a Sustainability Manager and comprises an environmental officer, and OHS advisor, a Landscape officer and a livelihoods (social accountability) officer as well as a projects officer and a Sustainability internal auditor. Although well resources and supported by external consultants the Team still struggles with full implementation of the RSPO standard.. In RAIL the team is smaller but no less dedicated whilst a Sustainability Manager has yet to be recruited for GPPOL. In the new acquisitions teams are being developed but the current PNG mega Liquid Natural Gas (LNG) projects have led to a scarcity of talented individuals within country. Availability of strong sustainability professionals will remain a challenge for PNG.

We continue to struggle with embedding a culture of safety awareness within PNG. Whilst work on improving our OHS and Environmental performance has been relatively straight forward it has nevertheless been difficult to maintain Safety and environmental responsibility within the workforce.

We continue to experience difficulties in finding sufficient local contractors capable of building the required new houses to schedule. The in country capacity has further been stretched with the new LNG projects.

We also continue to struggle with carrying out the requirements of Principle 7. Our FPIC process is currently taking on average 5 years in some instances it is extended to 11 years. We have found the Forest Peoples Program FPIC guideline for companies to be very beneficial and a useful resource and built our new Management Guidelines on the advise contained in this publication.

Whilst we welcome the RSPO initiative on registering HCV practitioner we still feel that there is a need to revise HCV toolkit. The Current PNG HCV toolkit was not designed to assess land change and our external consultants have struggled to apply the principles resulting in a stringent application of the Precautionary approach.

As the first company to bring associated smallholders into the certification process we now have 2 years experience of the issues. We feel that the time is right to review the guidelines for smallholders and to formulate more pragmatic strategies. Despite this we continue to uphold our belief that smallholders are an integral part of the supply chain and cannot be excluded. We would welcome the smallholder task force to visit PNG to see, first hand, the situation.. The PNG National Interpretation Working group is actively seeking to find solutions and we continue to play an active part in this. The deficiencies in the Government Smallholder extension services create additional burdens to our budget as the Group strives to fill the void. We acquired Solidaridad funding to support a capacity building program to help improve the situation and we are most grateful. More however needs to be done and we welcome further collaborations in this neglected area.

NBPOL still sees failings in the Incorporated Land Groups (resource owners) in all areas of governance and fiscal management as our greatest weakness and our greatest opportunity for improvement. Attempts to engage with NGO's to support work in these areas has not fully materialised. Again we actively seek partners to assist in this area. Particularly as changes to the PNG law on ILG's could have a serious impact on the stability of these groups.

The threat of logging companies using the guise of oil palm development to gain land access has become our greatest concern. The Company is supporting the need for a Statutory Code of Practice to enforce compliance with the RSPO Principles and practices of sustainability which is being led by CELCOR a DEC. We must take a more active role.

The Group is still journeying towards sustainability. It has reached some milestones along a very long road. As we journey we realise the need to be more open and transparent and in so doing seek partnerships to assist us and the community in which we live and operate. Formal agreements have been reached and partnership formed with a number of NGO's but we need to work harder at engagement with all stakeholders. We continue to work towards such engagements. It is hard and morally challenging to inform resource owners that we cannot develop a parcel of land because of our sustainability principles and in lieu of alternatives the people then elect to form alliance with non RSPO producers. There is a need to develop landscape level planning and alternative incomes for such people. We do not have the capability and once again appeal for more collaborative work to find alternative income streams.

2. Suggestions on how the RSPO can assist your organisation's sustainability performance.

None of the previous suggestions given in this section were followed up by the RSPO and indeed there has been no feedback on reporting in general. Therefore we repeat the following : -

More practical output guidance such as the FPP FPIC guidance for companies would be welcome.

Harmonisation of the current documentation through a thorough review would help to remove ambiguities which have led to variations in auditor approaches.

A review of the current HCV assessment toolkits (possibly under the umbrella of the biodiversity sub group) would make these more relevant to oil palm. Specifically, guidelines on the management and monitoring of identified HCV areas and the various mitigation strategies available to Oil Palm developments.

A visit to the Pacific by the RSPO Secretary general or even RSPO Board would be most welcome and allow them to see the regional differences as expressed in the National Interpretation. Specifically if funds could be made available for representatives from the Smallholder Task Force to visit the Pacific it may help the Board understand the Melanesian approach to land and customary rights and allow the producers, smallholders and stakeholders in PNG and the Solomon's to understand the concerns of this task force.

RSPO could speed up the process of certification by establishing clear business rules for certification (as it has done for surveillance audits)

NBPOL thinks the RSPO could improve its communications.

A number of companies have now gone through certification and a number of minor issues have arisen where guidance could be stronger. Specifically guidance to the auditors on interpretation is required.

The RSPO may consider in the mid future to include guidance on water foot-printing within the P and C.

3. Suggestions on how your organisation can assist RSPO's overall progress.

NBPOL has always supported both the RSPO's vision and mission without counting the cost. The Group will continue to support the RSPO Sustainability Standard within the full scope of the Code of Conduct. The Group will strive to support and facilitate the National Interpretation and Implementation programs of the countries in which it operates. In addition, through the consultancy arm GSA, the Group will be available to advise and assist countries, organisations and companies when requested.

NBPOL has always made available the services of Simon Lord and Petra Meekers (FOC) to assist the RSPO working Groups and consultation panels. It will commit to this continuing support and in addition it now also offers the services of Darrel Webber on the same terms.

NBPOL will not support the RSPO if it continues to marginalise growers outside of the Malaysian / Indonesian oil palm hinterland.

Guidance: RSPO encourages openness about problems encountered as a way to provide a balanced and credible picture of performance and to invite solutions or views from other stakeholders.