



Sustainability Report

2014/15



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Chairman's welcome



“ We will continue this work to break barriers and have already begun work to explore new standards, such as the Sustainable Agriculture Network (SAN) standard which forms the basis of the Rainforest Alliance certification scheme.”

Dear Stakeholders of New Britain Palm Oil,

Welcome to our fifth sustainability report covering 2014/5, and the first to be published since we joined the Sime Darby Group in March 2014.

I first visited New Britain Palm Oil (NBPOL) in 1969, and little did I know that some 45 years later, I would have the privilege of taking on the role of Non-Executive Chairman of the company. Through these many decades,

NBPOL has been a company that has always shown true leadership, blazing trails in research, good agricultural practice and, in the past 10 years, on sustainability and transparency.

Over the past two years, NBPOL has remained a leader. We have undergone assessments against the strictest sustainability standards in the industry, the High Carbon Stock Approach and the Palm Oil Innovation Group Charter, and continued to rank highly against our peers in disclosure

benchmarks. We will continue this work to break barriers and have already begun work to explore new standards, such as the Sustainable Agriculture Network (SAN) standard which forms the basis of the Rainforest Alliance certification scheme. We will also ensure that our work is shared and disseminated to our colleagues in the Sime Darby Group and that we learn from their global experience.

In research, we have entered into a joint venture to develop

high yielding F1 hybrid oil palms along with other supporting technologies that underpin significant yield and productivity enhancements for the palm oil industry world-wide, and agriculture in general.

Apart from these global initiatives, which are critical in driving forward the industry as a whole, I have also been impressed with the robust work being undertaken on the ground in Papua New Guinea (PNG) and Solomon Islands. Our work to safeguard the future of the endemic and highly endangered Queen Alexander Bird Butterfly is a stellar example of an initiative where one company can truly make a difference. I am also impressed by the efforts of the NBPOL team in promoting awareness and standing up to domestic violence, which is a blight on the societies in which we operate, and the continued outstanding efforts of our medical teams in ensuring that communities have access to basic services and vaccines.

In spite of all these positive achievements there are still areas where we need to enhance our performance. The challenging economic context and weather conditions have made it difficult for us to complete the planned methane capture facilities and improve our carbon footprint. We have not abandoned these plans to reduce our GHG emissions from POME, and will review plans to ensure we meet our commitments over the coming years. I would also like to see a stronger focus on health and safety. We have improved our accidents rates, but we must continue to improve. On behalf of everyone at NBPOL, we would like

“ Our work to safeguard the future of the endemic and highly endangered Queen Alexander Bird Butterfly is a stellar example of an initiative where one company can truly make a difference.”

to send our deepest sympathies to the families of the four employees who lost their lives in accidents while at work. We take such incidences very seriously and we will make it our priority to prevent any such occurrences in the future.

Beyond our plantation operations, our Liverpool refinery is going from strength to strength, with increasing production capacity and an active customer outreach that ensures that the marketplace for sustainable and traceable palm oil continues to grow.

Our continued success and progress depends strongly on the ongoing contributions from, and engagement with, our stakeholders. I would like to extend a warm thanks to all the civil society groups, business partners, smallholder and community groups who have continued to work with us over the past years. We are mere

planters, and to tackle the complex environmental and social issues, as we are expected to do, we will always need different perspectives and expertise.

Most of all, I would like to extend my sincere thanks to every employee in New Britain Palm Oil for continuing to uphold some of the world's highest standards throughout a time of change and some turmoil. I look forward to continue the good work over the coming years.

Dato' Henry Barlow,
Non-Executive Chairman
New Britain Palm Oil

Targets and Achievements

STATUS ON TARGETS FROM 2013 SUSTAINABILITY REPORT

Targets	Target dates (year end)	Sustainability Report 2014/15
No legal non compliances.	2015	Achieved.
Reduce Group lost time accidents rates by 5% annually.	2015	Not achieved – Group LTA increased 4%
No work related fatalities.	2015	Achieved at RAI, MBE, POL, HOP and GPP. Not achieved at WNB.
No land developed on peat.	2015	Achieved.
BOD levels below 90ppm for all mills built before 2013.*	2015	Achieved at GPP and POL. Not achieved at WNB. No discharge at HOP, MBE and RAI.
BOD levels below 20ppm for mills built after 2013 that don't use land application.*	2015	No river discharge from new mill.
Percentage of boilers operating where boiler smoke density exceeds Ringelmann 2 cannot exceed 20%.*	2015	Achieved.
All employees paid above living .	2015	Achieved.
No employees work more than 12 hours overtime per week.	2015	Not achieved.
All employees have minimum 1 day off per 7 days.	2015	Achieved.
No expansion without FPIC.	2015	Achieved.
No expansion without an HCV assessment.	2015	Achieved.
All sites ISO14001 certified.	NA	Target under review.
100% of RSPO premium paid to smallholders.	2015	Achieved.
Maintain RSPO certification for all sites (inclusive of smallholders).	2015	Achieved.
CDM projects complete for HOP, MBE and WNB.	NA	Target under review.

* For clarity, the wording of targets has been reviewed.

WNB – West New Britain
 RAI – Ramu Agri Industries
 MBE – Milne Bay Estates
 HOP – Higaturu
 POL – Poliamba
 GPP – Guadalcanal Oil Palm

NEW OR ONGOING TARGETS

Targets	Target dates (year end)
Phase out methamidophos.	2016
No legal non compliances.	2017
Reduce Group lost time accidents rates by 5% annually.	2017
No work related fatalities.	2017
No land developed on peat.	2017
BOD levels below 90 ppm for mills built before 2013.	2017
BOD levels below 20 ppm for mills built after 2013 that don't use land application.	2017
Percentage of boiler operating where boiler smoke density exceeds Ringelmann 2 cannot exceed 20%.	2017
All employees paid above living wage.	2017
No employees work more than 12 hours overtime per week.	2017
All employees have minimum 1 day off per 7 days.	2017
No expansion without FPIC.	2017
No expansion without an HCV assessment using ALS accredited HCV assessors.	2017
No expansion without a peer reviewed HCS assessment.	2017
All sites ISO14001, OHSAS18000 and SA8000 compliant.	2017
100% of RSPO premium paid to smallholders.	2017
Maintain RSPO certification for all sites (inclusive of smallholders).	2017
Progressive certification against SAN standard at two sites.	2017
Three new methane capture projects completed across the Group.	2020

About New Britain Palm Oil – Overview

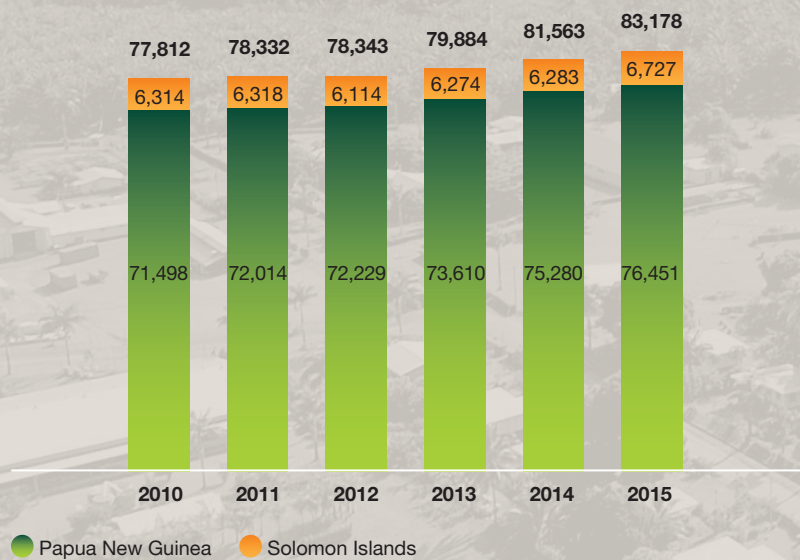
“ **New Britain Palm Oil is a vertically integrated producer of fully traceable, RSPO certified palm oil products. We have a land bank of around 135,000 ha across six sites in Papua New Guinea (PNG) and Solomon Islands, including 83,000 ha of oil palm, 5,600 ha of sugar and 9,000 ha of cattle pasture.** ”

New Britain Palm Oil is a vertically integrated producer of fully traceable, RSPO certified palm oil products. We have a land bank of around 135,000 hectares (ha) across six sites in Papua New Guinea (PNG) and Solomon Islands, including 83,000 ha of oil palm, 5,600 ha of sugar and 9,000 ha of cattle pasture. We also own two state-of-the-art refineries, one in Liverpool in the UK and one in PNG, a joint venture research facility in Indonesia, and the world-renowned Dami research

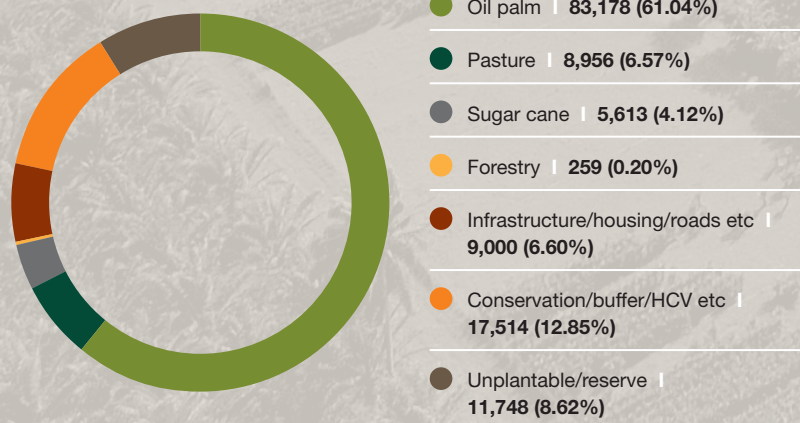
station and seed production unit. Our Group’s registered office is in West New Britain Province, PNG, and we have management offices in Port Moresby and in Singapore.

Since March 2015, we have been part of the Malaysian-listed Sime Darby Group as a wholly-owned subsidiary of Sime Darby Plantation Sdn Bhd.

**NBPOL at a glance:
TOTAL HECTARES OIL PALM**

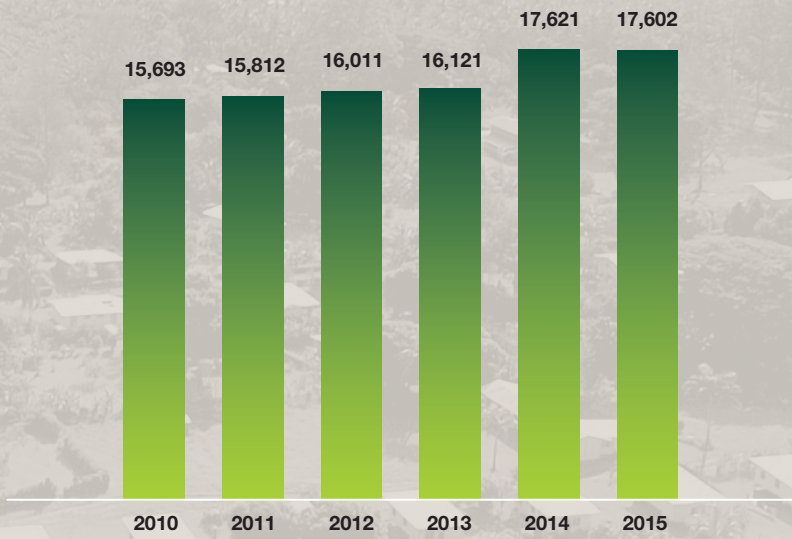


TOTAL TITLED LAND 136,268 HA

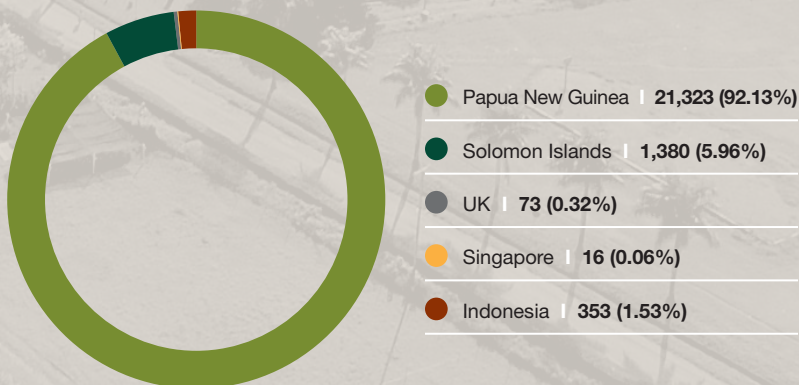




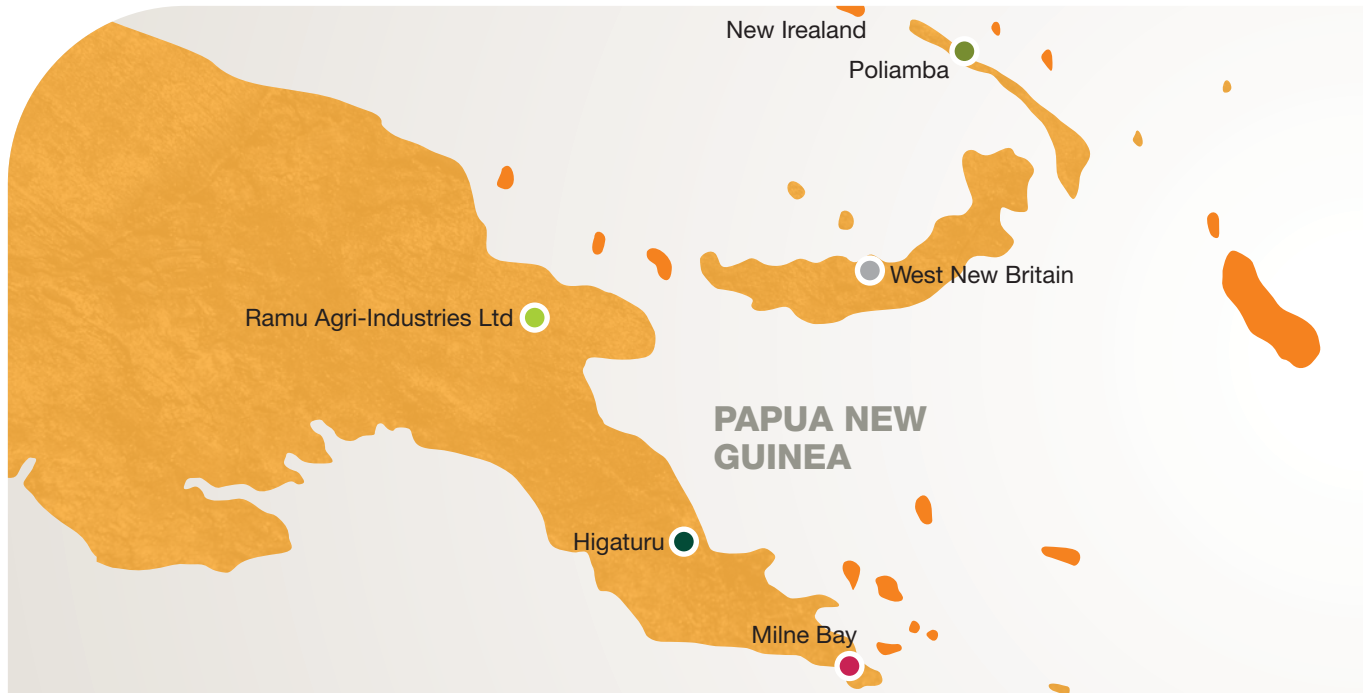
NUMBER OF SMALLHOLDER BLOCKS



EMPLOYEES BY REGION



Our operations



WEST NEW BRITAIN (WNB), PAPUA NEW GUINEA

- ISO14001 certified since 2004
- RSPO certified since 2008
- 37,451 ha oil palm
- Five mills and one palm kernel crusher
- 275,809 tonnes of CPO produced in 2013
- 9,173 ha set aside for conservation
- Refinery bulking terminal
- 8,186 smallholder blocks producing 31% of FFB
- 8,508,548 seeds produced in 2015 and operation is ISO9001 certified
- 3,816 head of cattle
- 394 ha of pasture
- Land comprises a mix of state lease titles and subleases from customary landowners

RAMU AGRICULTURAL INDUSTRIES LTD (RAI), PAPUA NEW GUINEA

- Acquired by NBPOL in 2008
- RSPO certified since 2010
- 12,941 ha oil palm
- One mill and one palm kernel crusher
- 44,731 tonnes of CPO produced in 2015
- 3,500 ha set aside for conservation
- 330 smallholder blocks producing 2.8% of FFB
- 18,413 head of cattle
- 8,562 ha of pasture
- 5,613 ha of sugar
- Land is primarily state owned lease title

MILNE BAY ESTATES (MBE), PAPUA NEW GUINEA

- Acquired by NBPOL in 2010
- RSPO certified since 2012
- 10,895 ha oil palm
- One mill and one palm kernel crusher
- 1,039 ha set aside for conservation
- 52,648 tonnes of CPO produced in 2015
- 834 smallholder blocks producing 5% of FFB
- Land comprises a mix of state lease titles and subleases from customary landowners



HIGATURU OIL PALM (HOP), PAPUA NEW GUINEA

- Acquired by NBPOL in 2010
- RSPO certified since 2012
- 9,564 ha oil palm
- Three mills and one palm kernel crusher
- 1,500 ha set aside for conservation
- 75,354 tonnes of CPO produced in 2015
- 6,287 smallholder blocks producing 39.1% of FFB
- Land comprises a mix of state lease titles and subleases from customary landowners



POLIAMBA (POL), PAPUA NEW GUINEA

- Acquired by NBPOL in 2010
- RSPO certified in 2012
- 5,601 ha oil palm
- One mill and one palm kernel crusher
- 19,471 tonnes of CPO produced in 2015
- 470 ha set aside for conservation
- 1,749 smallholder blocks producing 21.5% of FFB
- Land is primarily state owned lease title



GUADALCANAL PLAINS PALM OIL LIMITED (GPP), SOLOMON ISLANDS

- Acquired by NBPOL in 2005
- RSPO certified since 2011
- 6,727 ha oil palm
- One mill and one palm kernel crusher
- One effluent tertiary polishing plant
- 34,919 tonnes of CPO produced in 2015
- 789 ha set aside for conservation
- 216 smallholder blocks producing 4.7% of FFB
- Land is state owned lease title



NEW BRITAIN OILS, LIVERPOOL, UNITED KINGDOM

- Commissioned in 2010
- RSPO SCC certified since 2012
- 100% dedicated to processing traceable, RSPO certified sustainable palm oil
- Products include 'New Britain Finest' RSPO branded bakery fats as well as frying oils, margarines, shortening and palm-based bulk products for the food and personal care industries.

Focus on productivity gains through R&D

Since our early days we have placed great emphasis on improvements in yields and extraction rates as a critical vehicle for growth. Our Group 30:30 Charter was designed over 10 years ago to guide our operations in good agricultural practice and work towards our ultimate objective of achieving a 30% combined extraction rate and average yields of 30 tonnes per hectare (MT/ha) across our group estates.

Although difficult weather patterns and El Niño have slowed our progress in recent years, we are still making headway. In 2015, two estates exceeded 30 tonnes per hectare, with one WNB estate achieving an extraordinary 34.4MT/ha.

At the heart of our 30:30 ambition is a strong emphasis on research. Our Dami research station remains one of the world's leading production units for seeds, providing planting materials and technical services for our own operations and to customers globally.

Our biotechnology services focus on the cloning of breeding palms, producing bi-clonal seeds to assist in the seed production business. Using a technique called clonal micropropagation, tissue is extracted from the flowers of the donor palm and used as starter material. No genetic modification work is undertaken in this process.

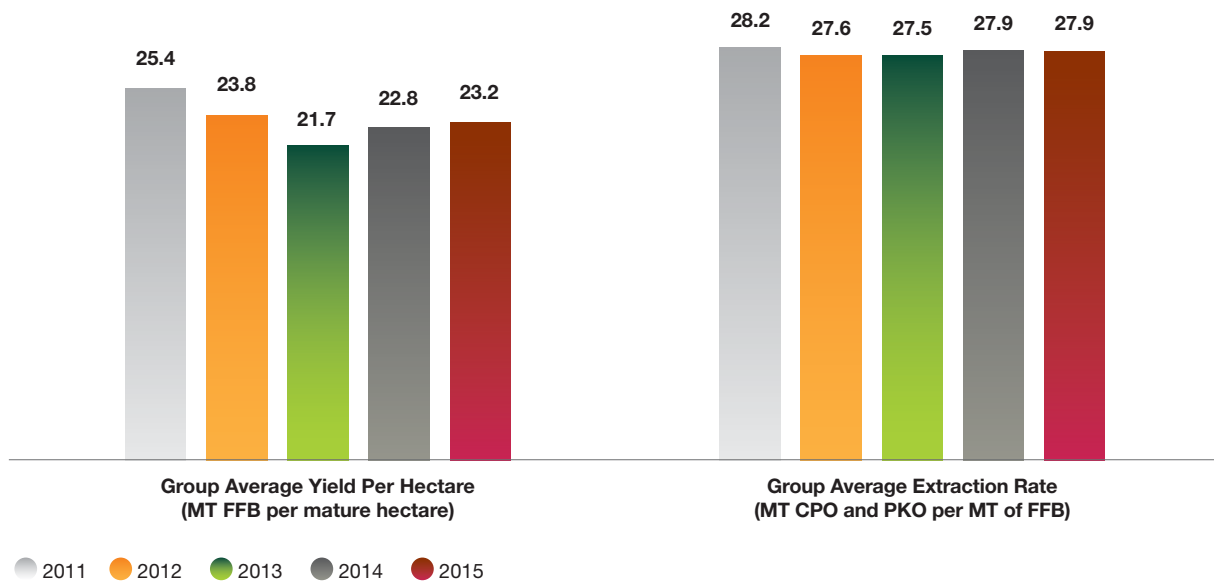
Utilising GIS technologies, Precision Agriculture provides GIS mapping services that integrate with our proprietary Oil Palm Management Programme (OMP) database. This management tool is used to map the health status and track the harvesting progress of all individual palms.

Our agronomy services advise clients on soils, climate, foliar nutrient status and other relevant agronomic data to support sustainable palm oil management using our OMP database. Site specific information allows for more efficient use and effective

application of fertilizer, pesticide and palm management. NBPOL agronomy services also advises on organic recycling initiatives and the development of zero discharge technology in mills.

In 2014, we built on our research legacy by establishing Verdant Bioscience Singapore Pte Ltd (VBS). A partnership between our wholly owned subsidiary Ultra Oleom Pte Ltd (52%), Sipef (38%) and Biosing PTE (10%), the company was created with the objective of conducting research and developing high-yielding seeds with a view to commercialisation. This is a long term venture that will potentially deliver a quantum leap in palm oil yields through genetics research and development. However, this is not genetic modification. We are committed to delivering higher yields per hectare, a principal that underpins the very notion of sustainable agriculture.

TOWARDS 30:30



Linking directly to the marketplace



In 2010, we became the first company in the world able to deliver fully traceable and segregated 100% RSPO certified palm oil products. Our two refineries in Liverpool and in West New Britain processes only fully segregated RSPO certified palm oil from our own plantations, and both are certified under the RSPO Supply Chain Certification System to provide assurance to our customers of the integrity of our supply chain.

We are constantly expanding our product range to ensure that sustainable palm oil is accessible across a vast number of food products. Our New Britain Oils refinery currently provides bakery fats such as margarine and

shortening, frying oils and bulk oils, including custom blends. In 2015, we expanded our bakery fats capacity by 30% in order to meet a substantial increase in demand.

Our refineries work closely with customers to ensure that we meet their exact requirements and remain responsive to their queries and concerns. For example, we have recently released statements on the use of palm oil in gluten-free products and a briefing on trans-fats and saturated fats. For more information and ongoing updates visit www.newbritainoils.com.

Continuing our sustainability journey – Certification

We recognise that third-party assurance of our sustainability initiatives is critical to our continuous improvement. Furthermore, we believe that standards developed in collaboration with both commercial and not-for-profit organisations are the best means for developing credibility and trust, as well as for ensuring that we remain responsive to the ever-evolving stakeholder landscape.

Roundtable on Sustainable Palm Oil

The Roundtable on Sustainable Palm Oil (RSPO) has been the cornerstone of our sustainability efforts for a decade. In 2008, we were among the first companies in the world to achieve certification and all of our operations, inclusive of smallholders, have been fully certified against the RSPO Principles & Criteria (P&C) since 2012. We have served three terms as members of the Roundtable's Board of Governors and remain strongly involved in the RSPO, in particular the Smallholder Working Group, which we co-chaired until 2015.



Palm Oil Innovation Group

In 2013, we were among the founding members of the Palm Oil Innovation Group (POIG). This initiative was established by NGOs Greenpeace, Rainforest Action Network, Forest Peoples Programme and WWF in partnership with producers Agropalma, DAABON and ourselves.

POIG was created to build on the RSPO P&C in areas that POIG members felt the P&C could be strengthened. In particular, the POIG Charter sets out stronger guidance on no deforestation, peat, FPIC, labour standards, traceability and transparency.



We completed a trial assessment, undertaken by Rainforest Alliance and AidEnvironment, against the indicators developed by POIG in 2014, with no major non-conformances noted. The full report can be downloaded here: <http://www.nbpol.com.pg/wp-content/uploads/2013/07/POIG-assessment-report-NBPOL-final-version-12-14.pdf>

POIG requires all member companies to commit, at an enterprise level, to implement the POIG Charter. Since becoming a part of the Sime Darby Group, we have therefore ceased to be eligible as POIG members until such a time when Sime Darby Plantation joins the initiative. Sime Darby Plantations is currently engaging with POIG to explore membership possibilities.

Sustainable Agriculture Network and Rainforest Alliance

We continue to explore new avenues for improving our sustainability performance. Over the past years, we have engaged extensively with Rainforest Alliance and the Sustainable Agriculture Network (SAN), and have started a series of mapping exercises to explore the possibility of certifying our operations against the SAN standard. We are keen to seek certification. The Rainforest Alliance's integrity and iconic logo are well recognised by consumers in our major markets and we believe that such certification could add tremendous assurance and value to our customers. Compliance with the SAN standard also demonstrates our continuous efforts to improve our sustainability performance.

Corporate governance and management

New Britain Palm Oil Limited (NBPOL) is a wholly owned subsidiary of Sime Darby Plantation Sdn Bhd. NBPOL has its own Board of Directors and an independent, non-executive chairman. The Board consists of eight non-executive directors, four of whom are independent, and one executive director. Three members are PNG nationals, two are British citizens and four are Malaysians.

The management structure was revised following the

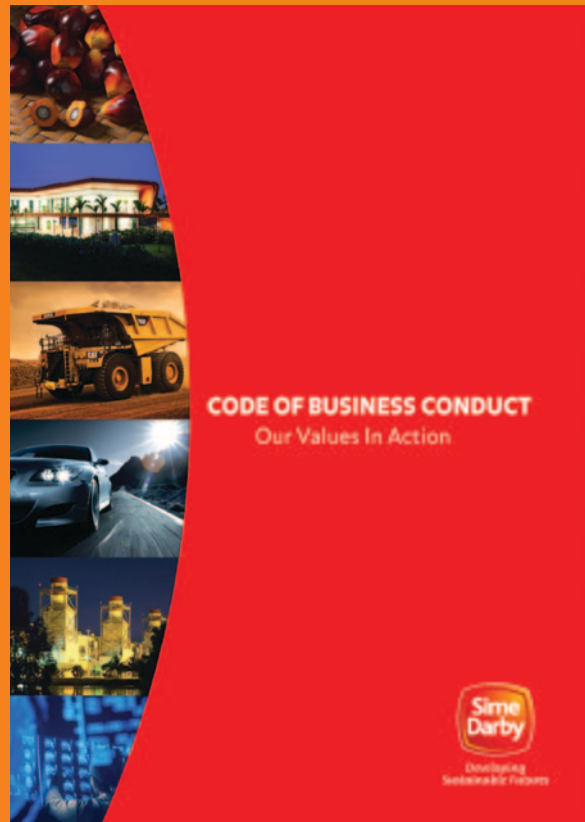
takeover, but emphasises stability and retained focus. The Chief Executive Officer position is held by the Group's former Chief Operating Officer, and the majority of site general managers have remained in their positions.

Emphasis has also been put on keeping the management of sustainability consistent. The Board continues to receive and discuss quarterly sustainability updates and a detailed report on environmental and social KPIs is distributed monthly.

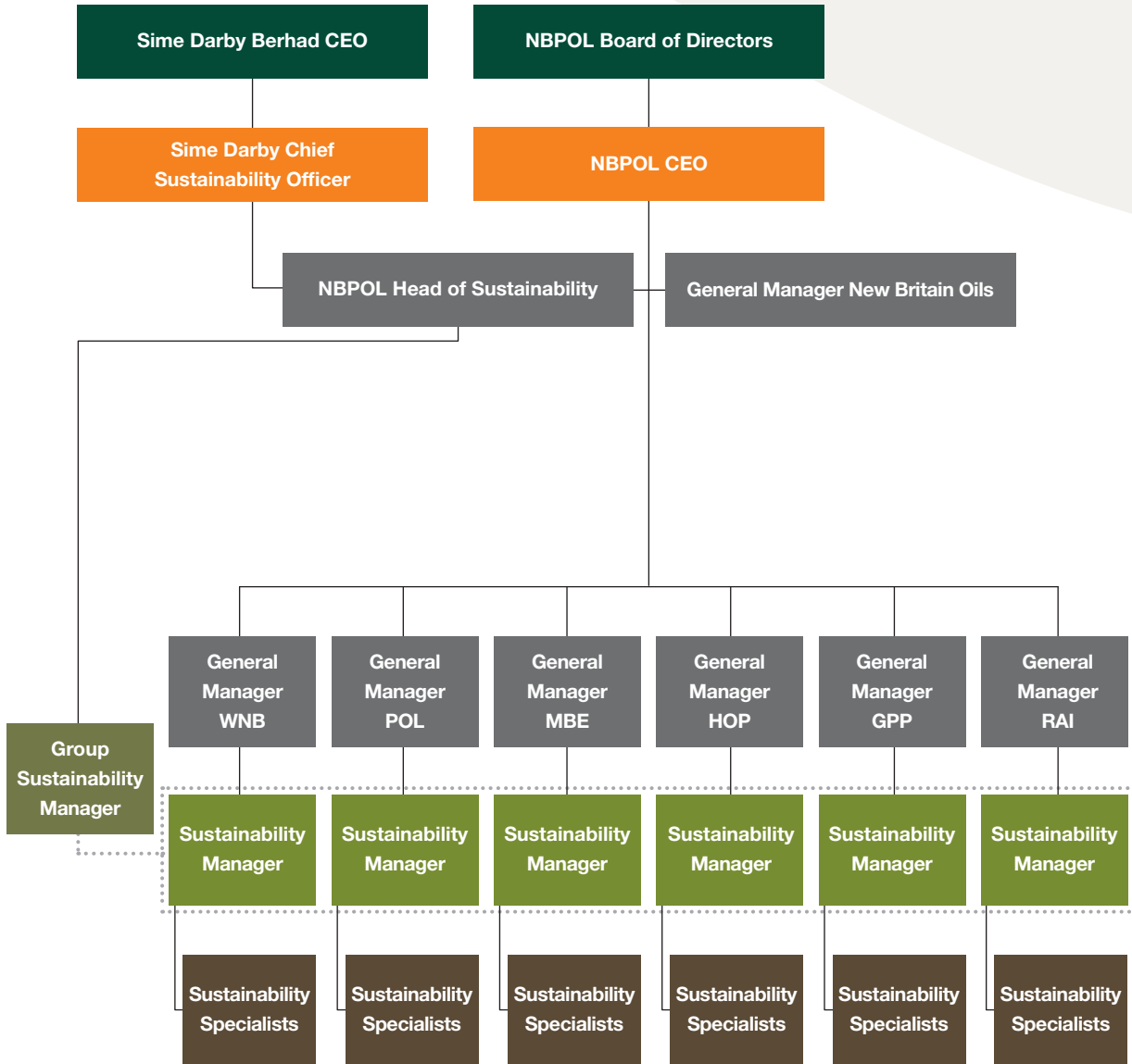
The Group's former Group Sustainability Director is now Chief Sustainability Officer in the Sime Darby Group and has oversight of NBPOL's sustainability strategy. At NBPOL Group level, a PNG-based Head of Sustainability and a Group Sustainability Manager have been appointed, allowing closer collaboration with sites. Each site has a Sustainability Manager as well as relevant specialists.

INTEGRITY AND ANTICORRUPTION

We understand that the foundation of sustainability is transparency and integrity in all that we do. In 2012, we launched a comprehensive Business Ethics Policy providing guidance to our business units. As a member of the Sime Darby Group, we have now strengthened this commitment as all of our operations are now bound by the Sime Darby Code of Business Conduct (http://www.simedarby.com/upload/COBC_English.pdf). We know that such guidance is critical to avoid unethical business practices, particularly as our primary operations are on PNG, which has consistently received rankings in the lowest 10th percentile on the Corruption Perception Index published annually by Transparency International.



THE MANAGEMENT STRUCTURE



Continuing our sustainability journey –

Stakeholder engagement



Stakeholder engagement is part of our DNA. At site level, our critical stakeholders are the communities we depend on for access to land, employment, local goods and services. At a wider Group level it is also important to maintain strong links to regulatory bodies at both provincial and national levels. Without such local engagement in PNG and Solomon Islands, we put our license to operate at risk.

Structured stakeholder visits have been initiated at our biggest site in West New Britain with the ambition to engage and promote dialogue between different stakeholder groups on issues that affect both themselves and NBPOL. The approach has been to bring different key stakeholders in the Province on site tours and for presentations of RSPO Certification standards. The programme has so far engaged WNB had NGOs, provincial government officers, students businesses, schools, community organisations, industry bodies, media and church-run organisations.

West New Britain also facilitated a Social Impact Register review with key stakeholders in West New Britain in 2014. This is updated annually through participatory events and stakeholder engagements.

As a company operating in an industry subject to much scrutiny, and being focused on exports to highly sophisticated European and US markets, we need to be responsive to evolving expectations. We have therefore built strong relationships with our customers and with NGOs all over the world. We have a hands-on approach to engagement,

seeking to respond proactively to all queries from stakeholders.

A recognised leader

We are pleased to see that our performance continues to be recognised by global benchmarks that scrutinise the agriculture sector.

In 2014, we were named as a 'Green Tiger' by the Forest Heroes campaign. The campaign recognises companies that have extensive forest protection policies and are deemed to be responsible suppliers.

We are also ranked highly in the Sustainable Palm Oil Transparency Toolkit (SPOTT) initiative, undertaken by the Zoological Society of London and launched at the end of 2014. We are currently ranked third among 50 companies on a detailed set of sustainability and certification-related criteria.

Complaints and grievances

Each of our sites keeps a record of all grievances from employees, communities and local NGOs. These are categorised and addressed on an ongoing basis. Our RSPO auditors have access to these records to ensure that we can document proactive engagement.

Since we became an RSPO member in 2004, we have only been subject to one formal complaint raised through the RSPO complaints mechanism. The complaint was lodged in August 2015 by a local stakeholder in WNB and covered eight topics: smallholder affairs, Buffer Zone Exploitation, Waste Disposal, Biogas Electricity Power Plant, Excessive Deductions, Pricing Formula, Review Contract Agreement and General Humanitarian Welfare and Sustainability.

We investigated and responded immediately to all topics, outlining our perspective and recommended actions. With regards to Smallholder Affairs, we acknowledged a need for greater transparency and engagement and outlined our improvement plan. We also recognised the need for improvement around waste disposal and initiated a training module for all our mills, as well as audits to ensure compliance. For the remaining six topics, we explained our position and that we did not feel that remediate action was required. The complainant accepted our response and in October 2015 the RSPO Complaints Panel determined that the issue was fully resolved and the matter closed

Protecting our planet – Protecting forests and biodiversity

Integrating HCV and the HCS Approach

Our Forest Policy was launched in 2013 and sets out our clear commitment to protect forests and biodiversity in the areas where we operate. We ensure that all new developments follow the RSPO New Plantings Procedure (NPP) and that our operations have undergone all of the preliminary assessments, including a High Conservation Value (HCV) assessment, and have detailed biodiversity management plans.

As part of our commitment to the POIG Charter, we have also committed to use the High Carbon Stock Approach (HCSA), developed as a multistakeholder initiative led by NGOs such as Greenpeace, Rainforest Action Network and WWF, as well as leading commodity producers.

The HCSA classifies land into different strata based on its above-ground carbon value. This classification is used to inform decisions about whether or not to develop a given piece of land.

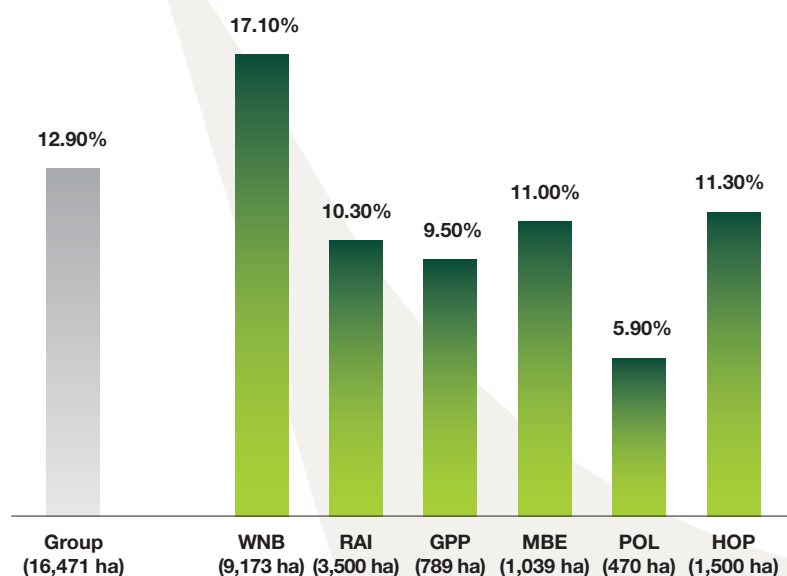
We are already committed to conducting HCV assessments prior to any new developments. But in 2015, we decided to combine these two methodologies in assessment for 31 proposed new mini-estates at Higaturu in Oro Province, even prior to this being a requirement by the RSPO.

The Tropical Forest Trust (TFT) conducted the HCS assessment and Daemeter conducted the HCV assessment as part of our plantation expansion. The assessors carried out field surveys and collected relevant data from each mini estate. The studies assessed 3259 ha, of which 504 ha were HCV and or HCS. An additional 163 ha were classified HCVS Indicative Conserve. Although below the size threshold, these latter forest patches were strategically located to enhance connectivity, and are still subject to consultation with the land owning communities. The work has been submitted to RSPO and a key recommendation is to utilise the strong correlation between HCS and HCV in order to streamline the process.

The study illustrated a key dilemma for PNG, namely that many communities live in what

is classified as high forest cover landscapes with secondary, late secondary and sometimes even primary forests that are classified as HCS. For such communities we are investigating diversified means for them to improve their livelihoods and get access to basic services and infrastructure. We began exploring this issue in 2013 when we launched our One Hour Principle Partnership (i.e. ensuring that communities have access to schooling, potable water and health services within a one-hour walk radius). We have now also taken an active role in the High Forest Cover Landscapes Working Group established by the High Carbon Stock Approach Steering Group. This group will seek to come up with decision models and alternative development scenarios for communities living in areas deemed off-limits by the no deforestation frameworks.

PERCENTAGE OF TITLED LAND SET ASIDE FOR CONSERVATION AREA (2015)



Preventing fires

We have had a strong ethos of zero burning since 1969. We believe that this is not only important for avoiding air pollution and the spreading of fires, but that it is also best for soil conservation and crop performance.

At least two of our operations are located in landscapes where man-made fires on grassland are common. These include fires resulting from accidents, but also fires set deliberately, often

by communities wishing to clear land, but which are in some cases arson. In 2015, Poliamba experienced a prolonged dry season during which around 100 ha of land totalling almost 4,000 palms were burnt. The fires were illegally started or occurred naturally due to the strong heat from the sun.

We keep a detailed fire register at each site and investigate all fires to understand how we can prevent or mitigate them.



Protecting forests and biodiversity



Guardians of the world's largest butterfly

We are privileged to have the Queen Alexandra Birdwing butterfly (QABB) (*Ornithoptera alexandrae*), the world's largest butterfly, as an endemic flagship species near our operations at Higaturu. The species is endemic to the forests of the Oro Province and the female Birdwing's wingspan can exceed 25 cm. The QABB is endangered: it is one of only three insects to be listed on Appendix I of CITES, and international trade of specimens is illegal.

We have designated a piece of natural forest area within one of our plantations as a reserve area having identified it as a natural habitat for the QABB. We are exploring the possibility of converting this reserve area into a conservation area under the Papua New Guinea Protected Area legislation. We will be liaising with the Conservation Environment Protection Authority (CEPA) for registration of the reserve as a conservation area under the relevant CEPA Act.

We have carried out tree planting around the edges of the reserve as it is being disturbed by human activities. The reserve is monitored on a regular basis for the presence of QABB, and to restore QABB habitat we have planted over 150 cuttings of *Pararistolochia dielsiana* vines, a source of food for the QABB.

Over the past two years we have embarked on a QABB conservation project that has involved a survey of all buffer zones and forest reserves within the entire project site. With the assistance of an external entomologist we have been able to survey all areas within the vicinity of our plantations to identify possible QABB breeding sites.

Protecting buffer zones and enhancing mangroves

We are continuously managing our buffer zones within our plantations and mini estates. This is done through buffer rehabilitation, including tree planting and propagation and planting of QABB larval food plant vines, to restore biodiversity in all buffer zones.

Our buffer zone policy prohibits all kinds of activity, including firewood collection, gardening,

making fires and cutting trees. Following encroachment by local communities and our employees, the company has introduced tough disciplinary measures for people who are caught breaching the policy. We also conduct regular awareness drives on buffer zone policy for our employees and are working towards ensuring that employees are allocated sufficient land for food gardening so they do not feel the need to farm in the buffer zones. In WNB, where

population pressure is greatest, an annual survey is done to ensure that this commitment is being met.

In West New Britain, the Sustainability Department initiated a mangrove project in partnership with the community of Koimumu and the Wildlife Management Committee. The aim is to address erosion and harvesting of mangroves along the shores where our plantations are located. The community's collective effort resulted in the planting of 8,600 mangrove seedlings. The community will also receive training on the importance of preserving ecosystems through NBPOL's community outreach programme.

In partnership with the PNG Forest Research Institute and the University of the Sunshine Coast, Australia, the RAIL forest nursery has expanded to produce over 70 species of native trees from the Ramu Markham valley. Research is ongoing into the natural (pre-fire) vegetation of the valley and grasslands to identify the reference ecosystem for restoration activities and improve biodiversity outcomes. The target for tree planting activities is to create protective buffers along riverbanks and form linkages between forest patches and conservation areas within the landscape.

In addition to native forest restoration, activities to engage villagers in community forestry as a livelihood activity are set to increase the amount of wooded areas in the valley, with positive impacts for both communities and the wider environment.



Eliminating Greenhouse Gas emissions

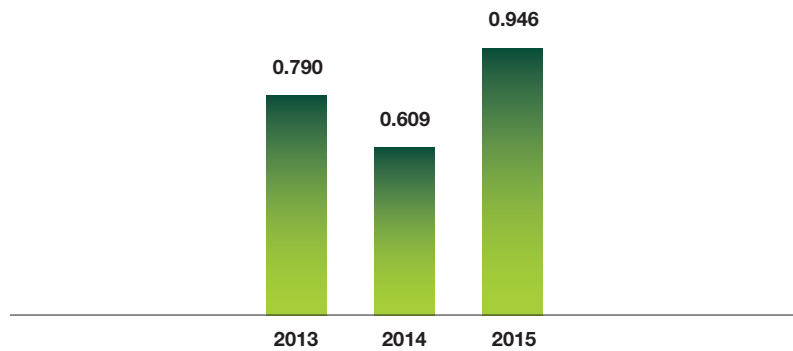
Our carbon emissions 2013–2015

Total net emissions for the Group for 2015 were calculated at 571,721 metric tonnes of carbon dioxide equivalents (MT CO₂e). For 2014, the total figure was 530,784 MT CO₂e and for 2013 the total was 496,080 MT CO₂e. This represents an annual increase of 7.62%.

In 2015, our overall carbon footprint was 0.946 MT

CO₂e per tonne of CPO and PK produced by our mills, an increase of 19.75% compared to 2013. A high proportion of this was due to replanting, resulting in an increased use of fertiliser as well as lower crop sequestration. In addition, the mothballing of Sumberipa, which had very low carbon emissions, contributed to the group average increase. However, we also recognise that increased POME emissions were a contributing factor.

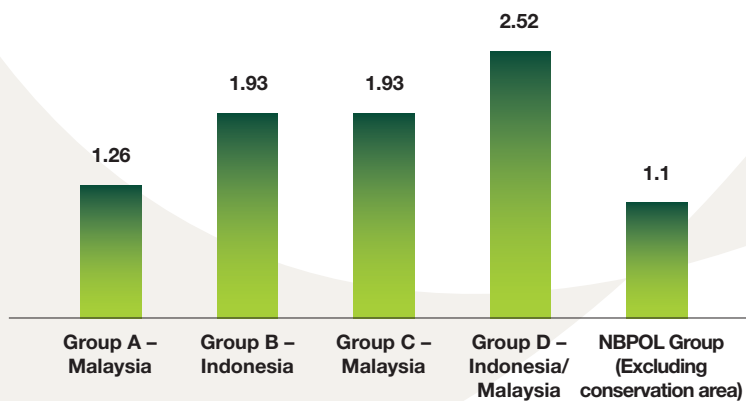
CPO AND PK CARBON FOOTPRINT (MT CO₂E/MT PRODUCT EX-MILL)



However, our emissions remain at the very low end for our industry. We have compared our 2014–15 footprint with four RSPO certified plantation groups

that have published comparable calculations, produced in accordance with the PalmGHG V2.1.1 methodology.

PEER BENCHMARK (PALMGHG 2.1.1)



Note: To ensure comparability, conservation area sequestration (-41,393 MT CO₂e) has been excluded from carbon calculations, as it is unclear whether peer company figures were inclusive of these.

SCOPE OF THE CALCULATIONS

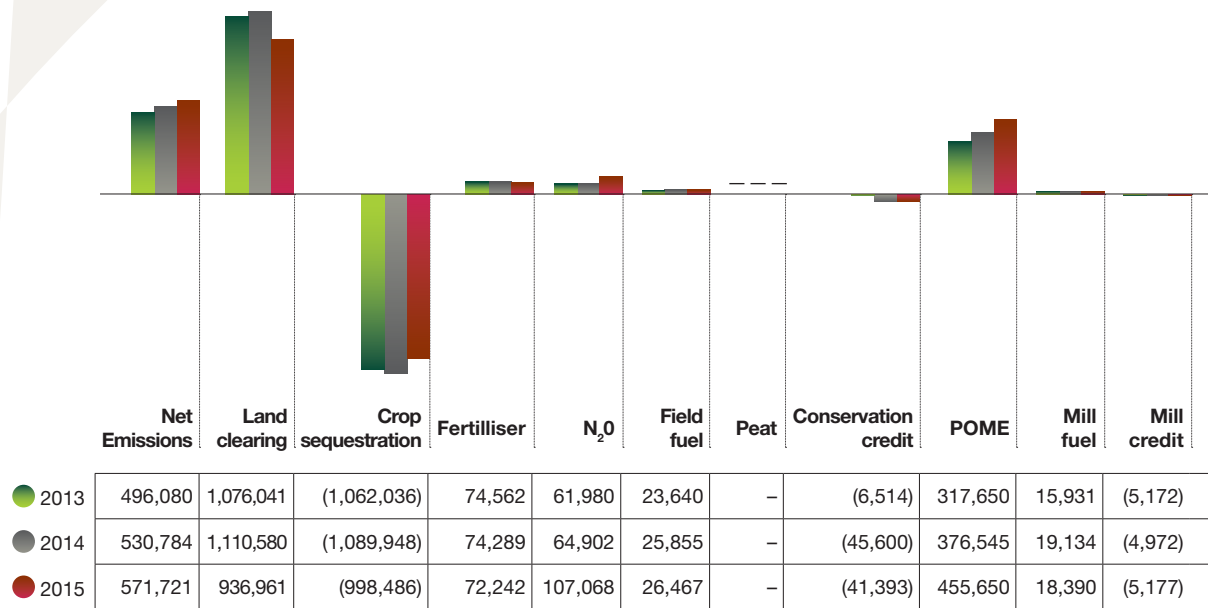
The calculation of the carbon emissions in this report covers the following:

- Carbon emissions ex-mills for Crude Palm Oil (CPO) and Palm Kernel (PK)
- Carbon emissions from ex-kernel crushing plant for Palm Kernel Oil (PKO) and Palm Kernel Expeller (PKE)
- Carbon emissions ex-refineries for RBD Palm Oil (RBDPO) and Palm Fatty Distillates (PFAD)

Product carbon footprint for CPO, PK, PKO, PKE, RBDPO and PFAD is reported for twelve individual mills, six kernel crushing plants and two refineries, as well as consolidated products. Carbon footprint is also reported for the whole of NBPOL oil palm operations. However, for 2015, the number of mills has been reduced to eleven as Sumberipa Palm Oil Mill was no longer operated by NBPOL.

The total land covered is 323,123 ha, comprising NBPOL estates (183,987 ha) and smallholder estates (139,136 ha).

EMISSIONS SOURCES AND SINKS 2013-15 (MT CO₂E)



Emissions sources and sinks

The impact of previous land use change (LUC) is the most significant emissions source and was responsible for 58% of our 2015 carbon emissions, constituting a total 976,001 MT CO₂e. This is a significant decrease from 2013, where LUC comprised 68% of the total 1,076,041 MT CO₂e emitted.

This reduction in LUC emissions is due to the mothballing of one mill and related estates (Sumberipa in Higaturu), which previously accounted for around 60,000 tonnes of CO₂e. In addition, many of our older estates originally planted on advanced secondary forest are now older than the 25-year crop cycle applied by the PalmGHG and are therefore categorised as replanted oil palm, which has a lower default CO₂e value.

However, due to the replanting of these older estates, we are also recording much lower crop

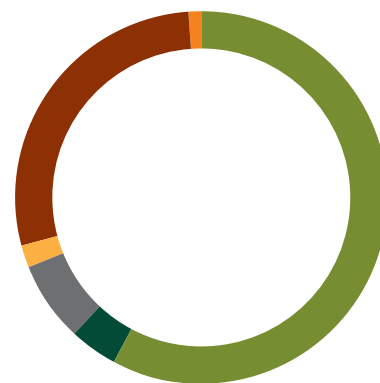
sequestration values due to the high proportion of young or immature oil palms.

New plantings in many areas have also led to increased use of fertiliser, with N₂O contributing 7% of total gross emissions – just over 107,000 MT CO₂e. This figure is likely to be reduced when palms are mature and require less fertiliser.

There are no peat emissions as no peat land has been used for oil palm cultivation. Soil studies by NBPOL have shown that planted areas previously reported to be peat land did not actually fall within the definition.

In addition to LUC, palm oil mill effluent (POME) is the most significant contributor to our carbon emissions. In 2015, POME accounted for 28% of our total gross emissions, an increase of 30% against 2013. Noting this increase, we will look to address its causes and manage POME more proactively.

2015 EMISSIONS ATTRIBUTABLE



- Land clearing | 58%
- Fertiliser | 4%
- N₂O | 7%
- Field fuel | 2%
- POME | 28%
- Mill fuel | 1%

Eliminating Greenhouse Gas emissions

PRODUCT EMISSIONS BY MILL

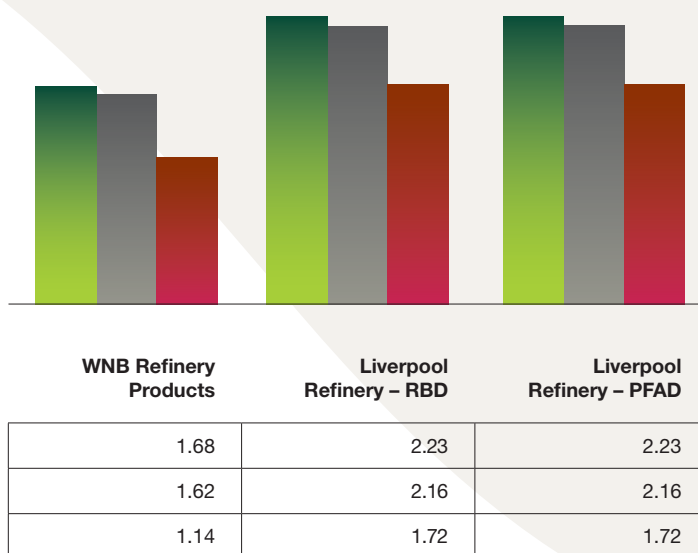
Location	Mill Name	2013	2014	2015
GPP	Tetere	0.60	0.79	1.21
MBE	Hagita	1.13	0.68	1.44
Poliamba	Poliamba	0.88	0.67	0.63
RAIL	RAI (Gusap-2015)	(2.18)	(1.42)	(1.55)
Higaturu	Sangara	0.39	0.57	0.80
	Sumberipa	0.48	0.59	–
	Mamba	(0.34)	0.98	1.16
West New Britain	Numondo	1.47	1.31	1.60
	Kumbango	0.90	0.90	0.65
	Mosa	1.06	1.31	1.02
	Kapiura	1.12	1.40	1.04
	Warastone	1.23	1.49	1.56

Refinery products

While refined products are outside of the scope of the RSPO PalmGHG calculator, we have expanded the calculation to include our refineries in WNB and in Liverpool. This enables our customers to incorporate our products into their own product carbon footprints.

Despite the increase in carbon per tonne of CPO at group level, refined products saw a significant 23% decrease in carbon footprint in Liverpool and a 32% decrease in West New Britain. This reduction is due to a higher proportion of CPO being delivered from two mills with low carbon emissions, both of which are equipped with methane capture facilities.

CARBON FOOTPRINT – REFINED PRODUCT (MT CO₂E/MT PRODUCT)



Changes to methodology

Since 2010, we have measured the product carbon footprint of Crude Palm Oil (CPO) and Palm Kernel (PK) produced at our mills in Papua New Guinea and Solomon Islands, as well as that of the refined products from our UK and PNG refineries. The lack of an industry-wide reporting framework made it necessary for us to

develop our own methodology. In 2012, we adopted the RSPO-led PalmGHG Version 1 to ensure that we could benchmark our figures against peers. In 2014, the RSPO GHG Working Group launched a major revision to the Palm GHG framework that significantly changed the way previous land use is categorised and the way sequestration and

POME emissions are calculated. Initial reviews showed that the two methodologies yielded vastly different results, increasing our plantations footprint to more than double our previous results due to the introduction of new previous land use categories and accompanying increases in default values.

COMPARISON PALM GHG V1 VERSUS V2 – MT CO₂E/MT PRODUCT

Mill	2014 PalmGHG Excel V1	2014 PalmGHG Software V2	Difference
Gusap	-3.1	-1.4	-54%
Hagita	0.0	0.7	2281%
Kapiura	1.1	1.5	32%
Kumbango	1.2	0.9	-27%
Mamba	3.4	1.0	-71%
Mosa	1.2	1.3	8%
Numondo	2.0	1.3	-34%
Poliamba	0.3	0.7	93%
Sangara	0.3	0.6	81%
Tetere	0.3	0.8	173%
Warastone	1.2	1.5	28%

For this year's report, we have decided to use PalmGHG Version 2. We believe this version represents the latest in scientific research, delivers on our commitment to the RSPO and also allows us to benchmark our performance against our peers.

However, as a result, we are not able to track our progress from our previous reports covering 2010–2012.

While we strongly support the use of best available science and the constant improvement

of measurement tools, we hope that PalmGHG will not continue to evolve in a manner that makes tracking year-on-year comparisons and measuring progress impossible.

Integrated pest management

We have operated an Integrated Pest Management (IPM) system since 1998. The system follows generally accepted principles of field monitoring, cultural control practices, biological controls and targeted use of pesticides needed to maintain pest damage below economic damage thresholds. This is backed by strong ongoing research and development support.

Biological controls

As a first step in our IPM strategy we use good agricultural practices such as ground cover management, maintenance of nectar-producing plants and use of high-quality planting materials to suppress pests and diseases. Manual weeding is undertaken for immature plantings to ensure that minimal chemical application is needed.

We train our field operators to recognise signs of pest and disease outbreaks in order to initiate early control responses. Smaller infestations of weeds or insect pests are limited through manual weeding or hand picking. Smallholder extension officers are also trained in the early detection and reporting of potential outbreaks.

We are constantly improving and reviewing our use of biological controls through a long term R&D programme, and currently apply a wide range of methods. These include the mass rearing and distribution of native hymenoptera egg parasitoids and stichotrema to control Sexava, Baculovirus to control oryctes, psyllid bugs to suppress mimosa and the gall fly to combat Chromolaena.

Pesticides

Access to pesticides is highly restricted, and all hazardous substances are stored in designated custom-designed buildings. We keep a register of accidents and incidences of abuse or misuse of chemicals, and closely monitor health effects and toxicity. We have continuously reduced our pesticide usage over the past decade and, based on available public data, we have one of the lowest usage levels in the industry.

We do not use bio-accumulative and persistent pesticides. In accordance with our commitment to the POIG Charter we do not use chemicals identified by the WHO as Class 1A or 1B, or those listed on the Stockholm or Rotterdam Conventions, the FSC 'Highly Hazardous' list or the SAN

prohibited pesticide list. We do not use paraquat (N,N'-dimethyl-4,4'-bipyridinium dichloride).

One Class 1B pesticide, methamidophos, may be used as a last resort for emergencies such as severe Sexava infestation, but only in strict compliance with best management practice as prescribed by the PNG Oil Palm Research Association, and only on approval of the POIG Organising Committee. Dimehypo, a less toxic Class 3 chemical, has been trialled and shown to be an effective alternative to methamidophos. Government import approvals for Dimehypo are in progress, and we expect this chemical to replace methamidophos in 2016.

PESTICIDES CURRENTLY USED IN OUR OPERATIONS

Herbicides	<ul style="list-style-type: none"> • Metsulfuron Methyl (Ally) • 2,4-D Acid Amine • Glufosinate (Basta) • Glyphosate (Roundup) • Fluroxypyr meptyl (Starane)
Fungicides	<ul style="list-style-type: none"> • Thiabendazole • Thiram
Rodenticides	<ul style="list-style-type: none"> • Brodifacoum (Kleran)
Insecticides	<ul style="list-style-type: none"> • Tetramethrin-phenothrin • Permethrin • Methamidophos (Emergency use only) – to be replaced by Dimehypo • Acephate

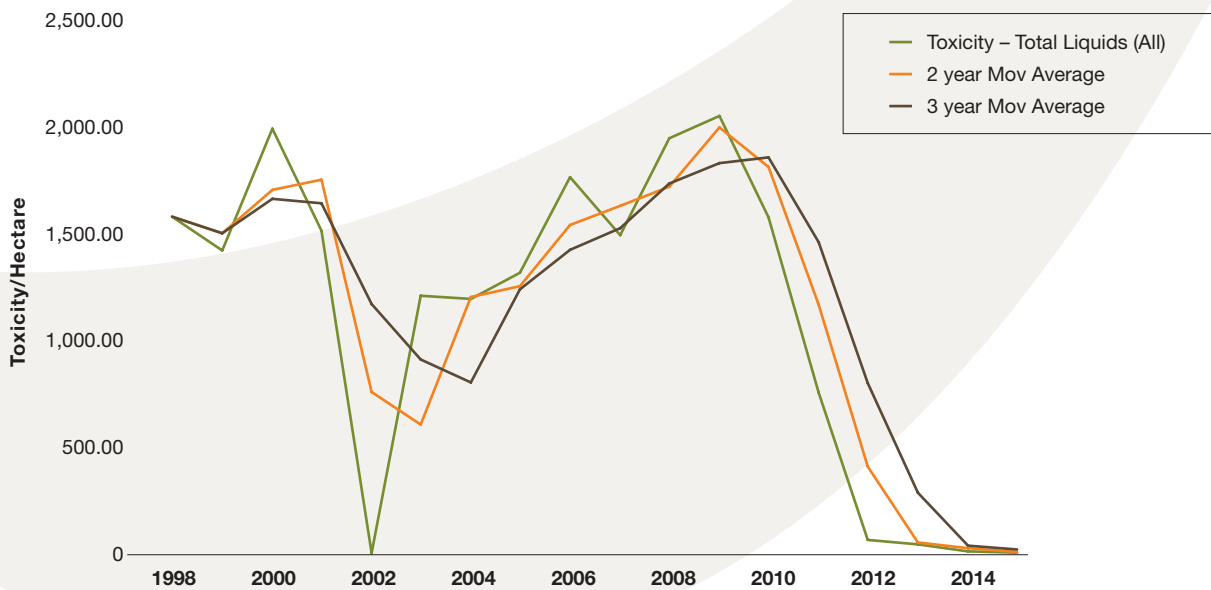


Monitoring and reporting

The use of pesticides is monitored by monthly reports from our estate offices. Group level pesticide use, measured in toxicity units per hectare, is reported biennially in our sustainability report. Pesticide usage will typically vary year-on-year in line with climatic conditions, pest levels and crop lifecycles. However, as a result of our continuous monitoring, we are now able to track long-term trends and have noted a dramatic decrease in toxicity units over time. This trend is particularly linked to the phasing-out of paraquat that was completed in 2012. We limit our reporting to herbicides due to their common usage in plantation management.

Insecticides, rodenticides and other pesticides are used infrequently and are targeted and limited in accordance with the restrictions set out by the RSPO P&C and the POIG Charter Indicators.

WEST NEW BRITAIN TOXICITY PER HECTARE (LIQUID HERBICIDE)



Protecting waterway

We use water from local rivers and boreholes for mill processing and for irrigation of our nurseries. There is no water shortage in any of the landscapes in which we operate. However, we are still monitoring water usage at mills and ensuring that any discharge

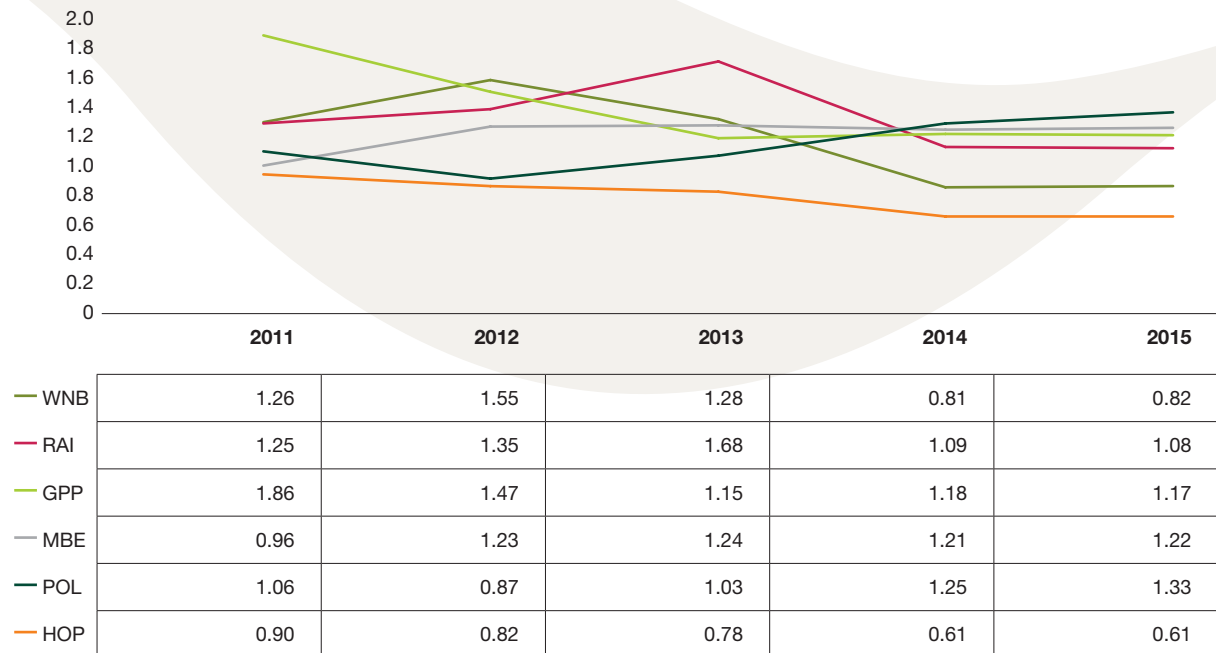
meets the highest standards. Most of the effluent discharged into rivers meets the stringent World Bank recommendations of 50 ppm (parts per million) of biological oxygen demand (BOD). Only 6% of weekly readings show numbers exceeding this level.

Where we use field application of mill effluent for soil nutrition, we have had no instances of BOD levels above the legally required 5,000 ppm (which will be reduced to 4,000 ppm from 2018).

DISCHARGE AT ENVIRONMENTAL IMPACT POINT – AGAINST TARGETS

Mill	Above 100ppm		Above 90ppm		Above 50ppm	
	2015	2014	2015	2014	2015	2014
MOM	1	4	1	4	3	9
KOM	4	12	4	14	11	30
NOM	0	0	0	0	1	0
KAPOM	0	0	0	0	0	0
POL	0	0	0	0	1	0
GPP	NA	NA	NA	NA	NA	NA

WATER USAGE PER TONNE OF FFB PROCESSED





Monitoring reef health in the coral triangle

The shores of West New Britain are part of the 'coral triangle' and home to some of the most extraordinary marine life and reefs in the world. In 2014, we started carrying out reef checks in the Silovuti area after a local village lodged a complaint that palm oil producing activities might have caused damage to the reef system. To ensure that our operations and the activities of surrounding communities do not have adverse impacts on the reefs, we have initiated an annual reef check programme,

establishing a baseline and mapping the health of the reef and fish populations. The methodology used is based on international 'reef check' guidelines and has been adapted to PNG in conjunction with the James Cook University in Australia. The project aims to measure long term trends, but due to ongoing training of staff, as well as unusual weather patterns such as El Niño, we are not yet able to provide adequate results. However, we believe that this initiative will help in understanding impacts and mitigation in the medium to long term.

Supporting livelihoods – Partnerships with communities and smallholders

Community relations at our operations go far beyond philanthropy. Local communities own most of the land on which we plant through customary rights and we work in close partnership to ensure that everyone in the community benefits from our operations. Smallholders are one of our most important stakeholders, providing 25% of our annual FFB, and we believe that we get the best results through empowering and supporting them.

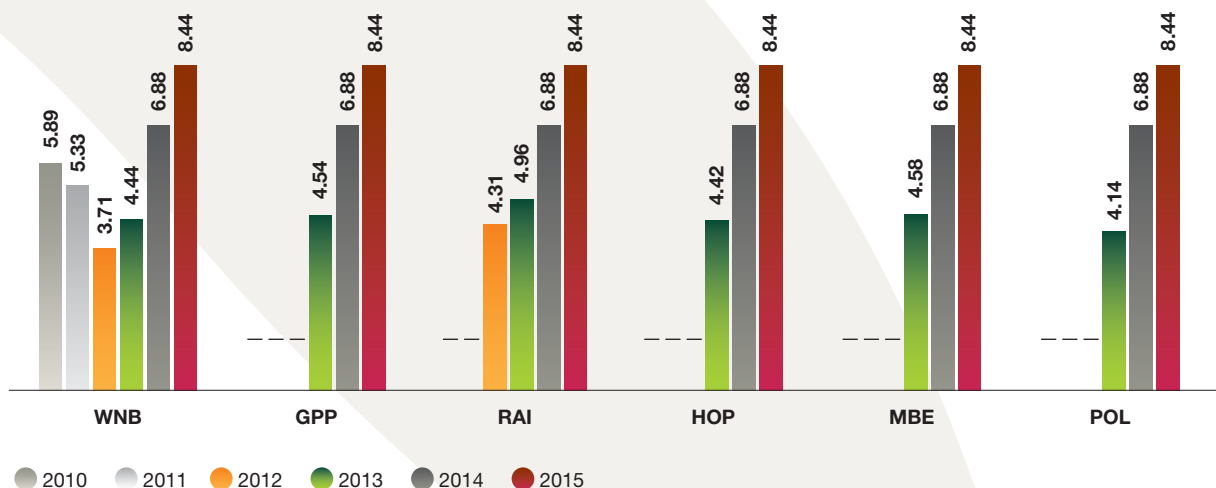
We provide interest free credit to smallholders for their farm inputs – for example tools and fertilisers – and have outstanding credit in 2015 of around PGK 10 million.

Sharing the sustainability premium

All smallholders selling fruit to our mills have been RSPO certified since 2012 and they receive a significant sustainability premium. Originally, we paid out a premium corresponding to the value of GreenPalm

certificates. Since we achieved full certification, and are able to sell oil as segregated, we now calculate premiums based on the more substantial direct RSPO premiums. These are received on the sale of CSPO converted to FFB equivalents and paid to each smallholder on the basis of their production with no administrative or other deductions. The company covers all smallholder certification costs and these are not charged back to the growers.

SMALLHOLDER PREMIUM PER MT OF FFB (PGK)



Engagement with landowners

Without the free, prior and informed consent (FPIC) of landowners, we would not be able to sustain our operations. In accordance with management guidelines, NBPOL does not solicit expressions of interest for expansion. Each site has a Lands Department with specialist officers who address landowner requests and queries and resolve any disputes.

In 2015, Higaturu began an FPIC process with landowner groups who had much earlier expressed an interest in NBPOL establishing a small estate on

their customary land. An FPIC awareness document was created to highlight information about all aspects of establishing an estate. It included legal processes and company policies, as well as the potential positive and negative impacts of oil palm development. All information in the document was then communicated to the local communities in an appropriate form using the FPIC process. This allows communities to freely exercise their customary rights and make informed choices. As a result, 31 new development proposals were created with the full consent of the traditional landowners. This

was followed by participatory social and environmental impact assessments, plus independent HCV and HCS assessments. All members of the Incorporated Land Groups (ILGs) and surrounding communities were encouraged to take part in this assessment, as all would be affected through future development of their lands. Information was collected via consultation with communities about health, education, water, food and other vital information about their livelihoods. Communities were also encouraged to discuss any concerns they had regarding future development and palm oil.



Financial literacy training for smallholders and landowner groups

In recent years we have worked closely with Solidaridad, a Dutch social NGO, to establish programmes to enhance conditions and empower smallholders. The programme has covered practical issues such as intercropping and good agricultural practices, but the focus for 2015 was placed on management and capacity building of Incorporated Landowner Groups (ILGs), as well as on financial literacy. Eight training workshops were conducted, with an equal mix of male and female smallholders. This was followed by 12 local radio broadcasts in West New Britain.

In 2015, a total of 80 smallholder farmers and a women's group attended financial literacy training facilitated by NBPOL in Poliamba. Just under half of the attendees were women. Most had never been exposed to the topics covered and participants greatly appreciated the training.

The socio-economic impact assessment (SEIA) is important, as it becomes a record of the pre-development environmental and socio-economic situation in new development areas. It identifies the current social and economic situations faced by communities as well as the potential adverse impacts on these communities resulting from development. Social impact mitigation plans are then produced based on the assessor's recommendations to alleviate the negative and enhance the positive impacts.

In Poliamba, we returned 4.7 ha of Lubugem Plantations in Nalik Estate to the traditional landowners after a boundary identification survey confirmed overplanting. This reduced the land area of Nalik Estate from 60

ha to 55 ha. We have agreed to pay the traditional landowners for use of the 4.7 ha. This process is currently delayed due to internal disputes within the landowner group on who should receive the payments.

In 2014, the traditional landowners from Panamana Village near Poliamba placed a gorgor (a traditional taboo) over the jetty where palm oil shipments take place. The villagers disagreed with Poliamba over the royalty payments. However, the issue has been resolved through roundtable discussions to improve the royalty rate and include provision of free power. The villagers agreed that the palm oil shipment could continue and lifted the *gorgor*.

Higaturu, in partnership with Bank of South Pacific (BSP) Popondetta branch, is planning financial literacy training for ILGs. The literacy training will cover topics such as budgeting and savings. It is hoped that this training will allow ILGs to be in a better position to wisely manage their finances for their own benefit and that of their communities.

In close liaison with BSP, Higaturu has already begun facilitating the opening of personal bank accounts for interested ILG members. Bringing this service closer to the community means a reduction in transportation costs and less time spent standing in long queues at the bank. Accounts are opened and cards are distributed on the same day.

Partnerships with communities and smallholders



Community development

Beyond our commercial relationships, we also want to contribute to the development of the wider community and broader national development goals. Papua New Guinea and Solomon Islands are both ranked low (157 and 156 respectively) on the UN Human Development Index, which measures basic needs such as primary education, child mortality and access to potable water. Operating in remote rural areas means that we are often best placed to assist in providing basic facilities, infrastructure and support to communities.

We established the New Britain Palm Oil Foundation in 1997 to structure our community investment programmes. In 2014, the Foundation adopted the One Hour Principle Partnership and its three pillars of water, health and education. In partnership with Voluntary Services Overseas (VSO), we undertook a community needs analysis to understand how we could most effectively help communities.

In addition to the activities carried out at Group and Foundation level, sites also develop local programmes. These include our eye clinics in Higaturu, and the community mangrove project in West New Britain. In Poliamba, a new initiative called the Kavieng Mobile Library has distributed more than 2,025 cartons of books to elementary, primary, secondary and vocational schools within the oil palm catchment areas, as well as in surrounding communities in Kavieng, Namatanai and the outer islands of New Hanover, Simberi, and Djaul. West New Britain also has a long-running donation programme that collects books for distribution in local primary schools.

In partnership with the World Bank and ILO a new initiative has been launched in GPPOL, which is not covered by the Foundation, to support GPPOL spouses. The initiative includes the establishment of women's groups and support for training and liaising with other groups to fund equipment. Around 30 women graduated in April 2014 and the

programme has continued to grow. The groups comprise three different sub-groups covering sewing, catering and floral art respectively.

Community security

Although we seek to provide a high level of security and ongoing training of security officers, violent incidents continue to occur at some sites. At Higaturu, two of our security guards have been killed in the last two years. One was attacked in his home due to allegations of sorcery. The other was ambushed and shot while transporting employees' wages.

Following the second incident, we revised our procedures to require that all employees, including permanent, casual or seasonal workers, open a bank account. Now fortnightly wages are paid directly into employees' accounts, thereby removing the need to transport large sums of cash and minimising the associated risks.

SPECIAL AGRICULTURAL AND BUSINESS LEASES (SABLS) AND DEVELOPING CUSTOMARY LAND

Legal land title is an obvious prerequisite for any investment in commercial agricultural development. However, 97% of PNG's land mass is customary land and non-citizens cannot legally engage in any dealings with it. To enable and promote customary landowners' entry into commercial agriculture, without putting the ownership of their land in jeopardy, lease-back amendments were introduced to the Land Act. Within these provisions, at the instigation of landowners, the State would lease a defined area of land from the customary landowners for an agreed period and then issue back to the landowners a lease registered under the Land Registration Act for the same period. The customary landowners then possess a negotiable title, as a Special Agricultural and Business Lease (SABL), over their own land and can negotiate with banks or companies to arrange finance for development, or to sub-lease to developers on agreed terms and conditions. In this way, NBPOL has engaged with customary landowners in expanding oil palm development beyond the company's original State agricultural leases. At the end of 2015, NBPOL had

31,691 ha of oil palm planted on land with SABL titles.

However, SABLS in PNG have become the subject of significant controversy. There is a provision within the Lands Act that allows for a SABL title to be granted to a third party providing the customary landowners give consent. A SABL can be granted for a period of up to 99 years and all customary rights on the leased land are suspended during the period of the lease (the land, in effect, becoming alienated). Since 2005, the area of land categorised as alienated in this way has increased by more than 1,200-fold to around 5.2 million ha, or about 11% of PNG's land area. This increase in recent land alienation appears to have been driven by commercial interests proposing to establish agro-forestry (usually oil palm related) projects allowing for the issuance of Forest Clearance Authorities (FCAs) for the commercial sale and export of timber cleared for the proposed agricultural development. Capacity constraints and administrative issues within the Department of Lands and Physical Planning have compromised adequate regulatory controls. In some cases customary landowners had not given their consent or would be unaware that a title had been created on their land and given to a third party.

Widespread concern expressed by landowners, the public and non-governmental organisations led to the establishment of a Commission of Inquiry into

SABLS in September 2011, accompanied by a moratorium on the issuance of any further SABLS. NBPOL was commended during the Commission of Inquiry hearings for being one of the few operators exercising a legally correct, fair and equitable application of the SABL process.

Although the SABL process is not flawed, and contains significant safeguard requirements, its administration and application over the last 10 years appears to have been widely abused. As a consequence, the PNG Government is working to implement a new legislative and administrative system of Voluntary Customary Land Registration (VCLR) that it feels better protects customary land rights. Under VCLR, a Parent Freehold is created, which is then owned in perpetuity by the customary landowners. NBPOL is working closely with the PNG Government in the transition to the VCLR system. All new NBPOL oil palm developments on customary lands will utilise VCLR, and NBPOL has committed to work with customary landowners and the government to convert existing SABL land titles to VCLR titles.

A fair place to work



Our 25,000 employees are the backbone of our operations. We are the largest private employer in PNG and contribute significantly to employment on Guadalcanal in Solomon Islands. With such a large footprint among the communities in which we operate, we want to uphold the highest standards for fair and safe workplace practices. We support

the ILO core labour standards, which are embedded in both the RSPO P&C and our Human Rights Policy.

Our employees

Our employees are predominantly local, with just over 100 people, less than 1%, coming from outside our countries of operation. The largest groups

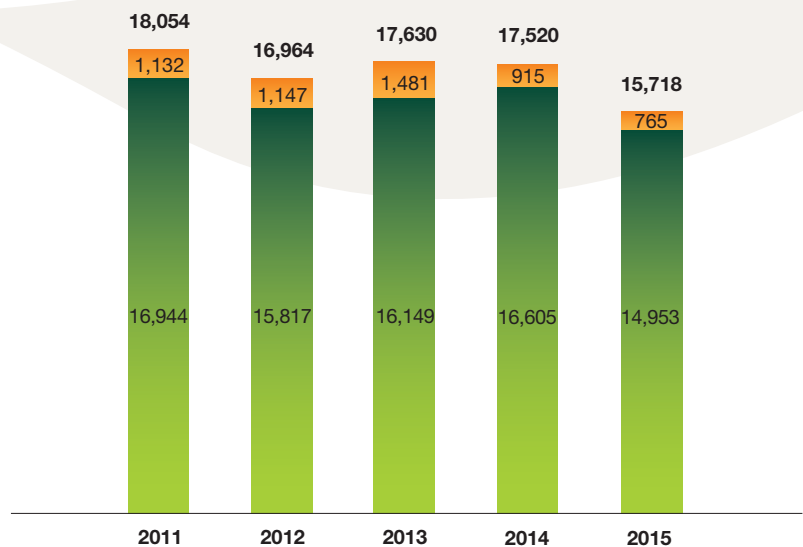
are field and mill workers and around 95% of these employees are permanent. We employ a small group of seasonal labourers for special projects and in high season. Seasonal workers are housed and given access to the same benefits as permanent workers.

EMPLOYEES BY LEVEL (2015)



- Management and Executives | 553 (2%)
- Junior Staff | 2,649 (12%)
- Workers | 19,956 (86%)

FIELD WORKERS BY CONTRACT TYPE (AT YEAR-END)



- Seasonal Workers
- Permanent Workers (includes all manual workers and junior field staff)

A fair pay structure

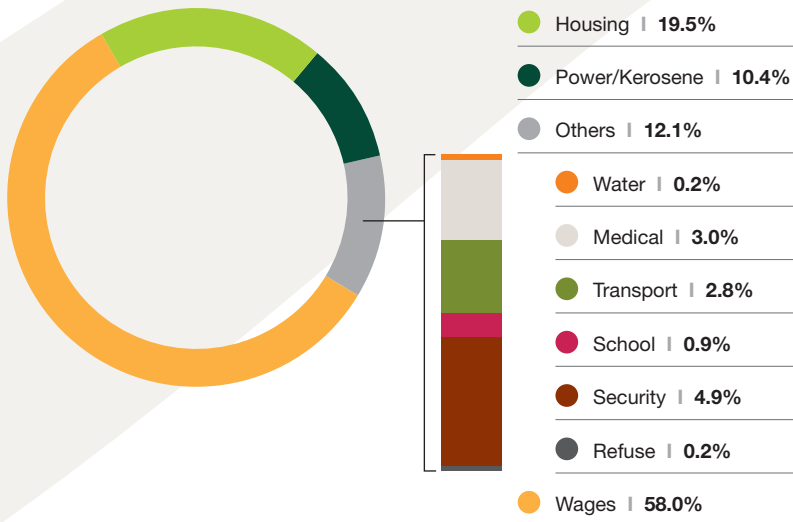
Almost all our employees are paid a combination of wages, housing, utilities, medical care, schooling and transport. Over the past decades, our lowest wage for Grade 1 unskilled workers has always been significantly above the national minimum wage. In 2014 and 2015, PNG increased its minimum wage by over 40%. PNG however recognises that

in rural industries an employee's remuneration package comprises of a significant non-cash component as outlined above. As such the Government made partial payment provisions for agricultural employers to discount the value of the non-cash employee benefits from the national minimum wage rate. Following application to the Government for partial

payment allowance, along with all other agricultural employers, the partial payment review committee awarded NBPOL a concession based on analysis of non-cash benefits provided to its employees.

In 2015, the take-home pay of our lowest wage earners was PGK 2.5 per hour. When the value of housing and other benefits is included, this effective pay is PGK 4.31 per hour, 28% higher than the mandatory national minimum wage.

COMPOSITION OF NBPOL'S MINIMUM WAGE (2015: 4.31 PGK/HR)



Child labour and bonded labour

New Britain Palm Oil has a strict policy to prevent child labour and will not employ anyone under the age of 16. We take great pains to verify the ages of all employees, including the checking of birth certificates, school and church records, ID cards from previous employment, driving licenses and statutory declarations. A medical examination is mandatory before commencing employment for all potential employees.



A fair place to work

It is not unusual that children work on smallholder family farms, picking loose fruit or weeding to help out their family. Through our ongoing engagement with smallholders, we seek to raise awareness about potential hazards for children and the need for them to attend school.

We uphold a complete ban on any form of coerced labour practice. We do not require bonds, deposits or the withholding of travel documents for any of our workers.

Freedom of association

All our employees are free to form and join unions of their choosing. Around 23% of our

employees across all of our sites are members of independent unions. In 2015, we had a no incidences of work stoppages due to industrial action.

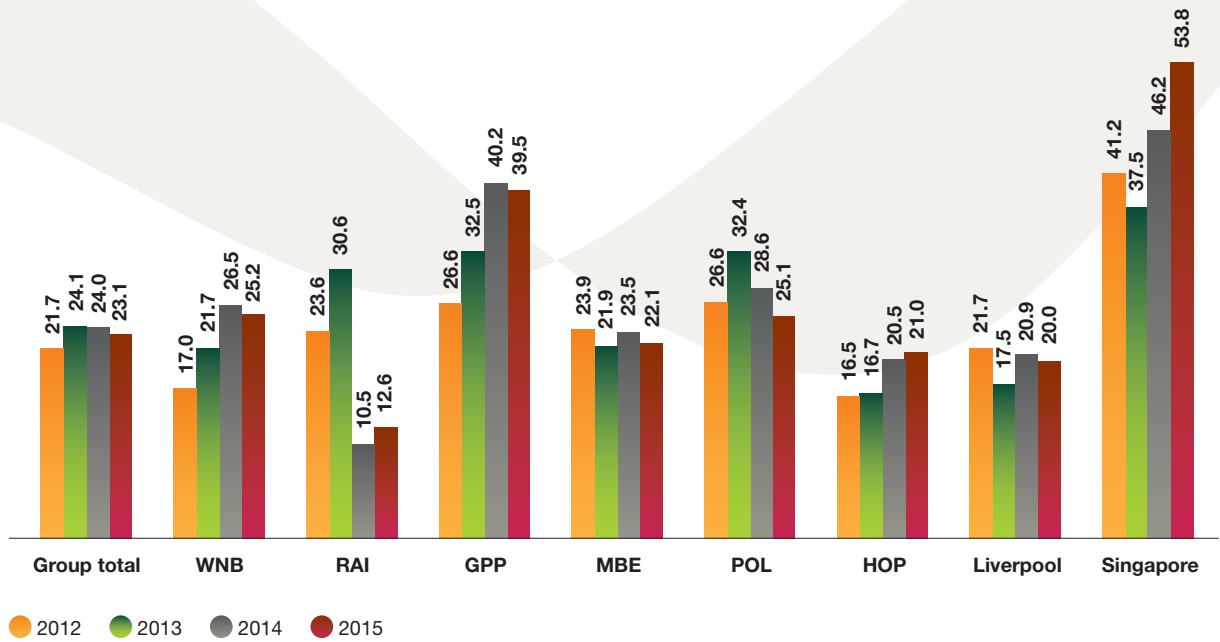
Non-discrimination

We operate on an equal opportunities basis and employees receive the same pay and benefits regardless of gender. Around 25% of our employees are women and some sites have established gender committees to ensure that issues of particular concern for women are raised and addressed.

Since 2013, GPPOL has placed a strong focus on sports as a means to break down gender

and ethnic barriers and alleviate conflicts. The site has established a basketball league, now in its fourth year, and has also established rugby-for-kids and soccer-for-girls programmes. These initiatives are developed to encourage interaction between different communities and groups. They are also useful as a means to educate communities on topics such as assistance for victims of domestic violence and sexual harassment.

FEMALE EMPLOYEES (%)



Note: Gender figures for 2014–2015 are calculated as an average of monthly figures. As a consequence, there may be minor inconsistencies between other employee figures in this report and against 2011–2013 figures, which were reported as at year-end.

Outreach on domestic violence

We recognise that protecting our female employees and their families against domestic violence and harassment is critical. Domestic violence is one of the biggest issues facing women in PNG and we have identified this as a key area for taking action.

All our sites have domestic violence policies and undertake extensive awareness activities to ensure that employees and dependents understand our zero tolerance policy and know how to report violations. We also reach out to the community to encourage them to work together to prevent and minimise violence in their villages.

Established in December 2011 in West New Britain, the NBPOL Women Empowering

Women initiative has been registered as a member of the Business Coalition for Women (BCFW). NBPOL is active on the Against Violence Working Group of the BCFW, which provides insight and recommendations to the BCFW relating to its programmes and activities within PNG. Two of the most successful initiatives developed by the Working Group have been the Gender Smart Safety Toolkit and the Gender Smart Audit, and NBPOL has been the first player from the agriculture sector to get involved. The Gender Smart Safety audit will be conducted annually in WNB and subsequently rolled out to other NBPOL sites.

Through its community enhancement programmes, the NBPOL Women Empowering Women

Association has raised funds for an ultrasound scanner that was donated to the maternity ward at Kimbe General Hospital in 2014. In 2015, the Projects Committee extended their programmes and renovated the ablution block of the maternity ward. Plans are in place to refurbish the Gigo Town Clinic and raise funds for a mammogram. The strength of the Association in WNB has led other sites, such as Milne Bay Estates, Poliamba and Ramu Agri Industries, to form their own women's groups.

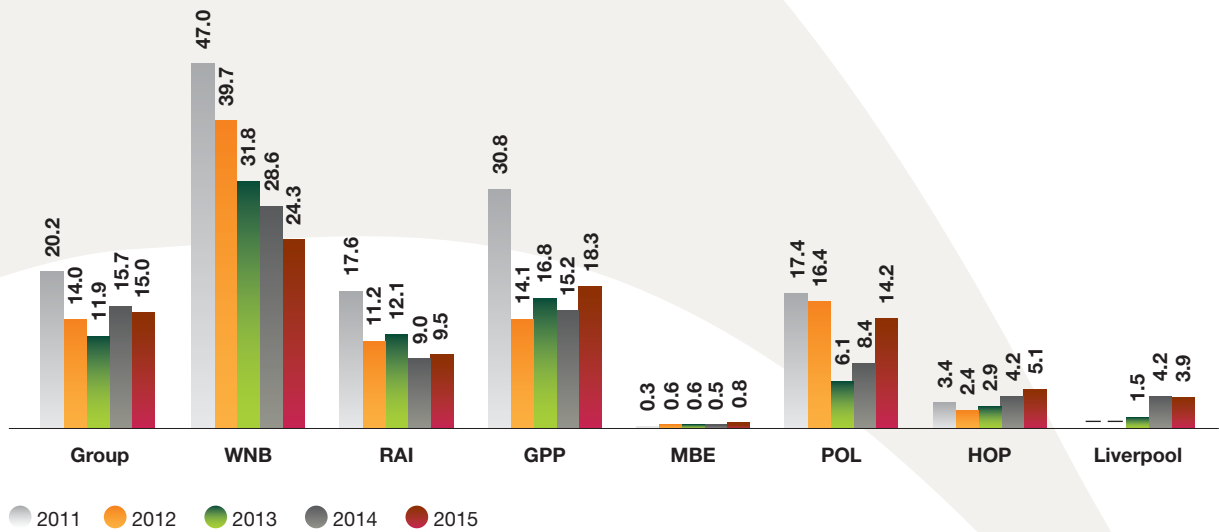
Promoting health and safety

A safe workplace

We have increased our focus on health and safety over the past decade. We have made great headway, reducing our accident rate to half of what it was when we first started recording

accidents in a structured manner. Nevertheless, with an average lost time accident rate of 15, we are still above the industry benchmark and continue to seek ways of reducing accidents.

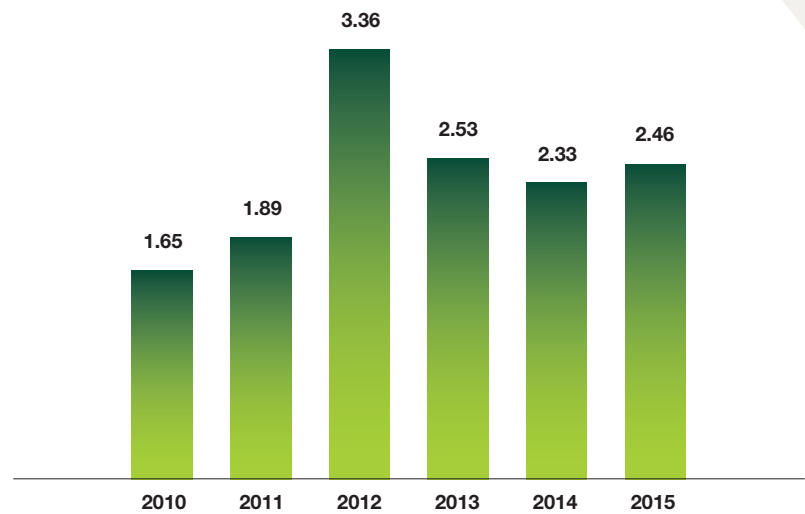
LOST TIME ACCIDENTS (PER 200,000 WORKING HOURS)



Note: Accident figures in the above diagram differ from our 2012/13 Sustainability Report, which contained some minor inaccuracies in the accident diagrams.

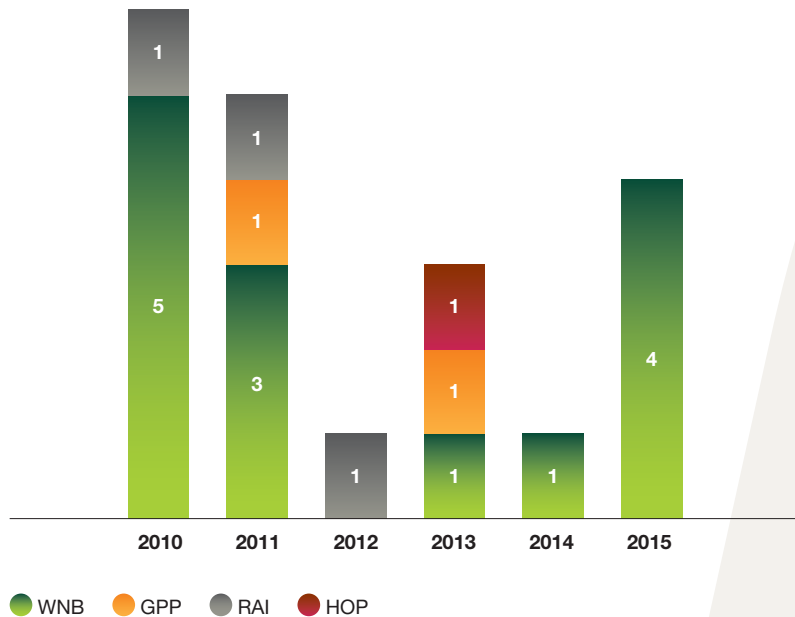
The vast majority of accidents are minor injuries such as cuts and thornpricks. These rarely cause permanent injury, but may result in infections if not treated immediately. This is reflected by the fact that each injury results in on average 2.5 days of absence.

SEVERITY RATE (AVERAGE LOST DAYS PER ACCIDENT)



We are saddened to report that five fatalities occurred in West New Britain during 2014 and 2015. Three incidences were road collisions, one involved a crane touching high-wire electricity, and one involved a fruit loader at the mill in a breach of standard operating procedures.

FATALITIES



SUPPORTING COMMUNITY HEALTH

There is no functioning public healthcare available in many of our communities. Our clinics and aid-posts are therefore critical to ensure that employees, their families, and the wider community have access to a reasonable level of healthcare.

Our clinics provide both emergency assistance and a broad range of services. In 2015, for example, we provided 26,000 immunisations, of which 23,000 were given to dependents.

Another important service we have delivered is a family planning programme, linked to *Spacim Pikinini* (family planning), which has been expanded to cover West New Britain and Milne Bay.

HIV/AIDS continues to be a focus area at all sites, and we continue our work with extensive training and awareness programmes

conducted with Businesses Against HIV and AIDS (BAHA).

Milne Bay has also developed an extensive programme to ensure that communities have access to eye testing and glasses. The programme has been developed in collaboration with Rotary and the local Alotau General Hospital.

In 2014, Higaturu established a partnership with the Hepatitis-B Free Team, a registered charity organisation in Australia. Their mission is to facilitate improved delivery of Hepatitis B vaccine to communities in resource poor settings. By doing so, the Team aims to free the world of Hepatitis B, to promote improved health care through education, and to facilitate and mobilise partners and volunteers in consultation with communities to provide support in a sustainable way.

Our clinics hosted and supported the Hepatitis-B Free Team with

logistics and provided guidance on local needs. To date this work has reached the isolated communities of Itokama, as well as Kokoda and Health Centres in Popondetta. Having been met with positive responses from employees, dependants and outside communities covering all of the company estates and villages, we intend to continue the partnership in the future.

Being transparent – The fine print: Base data and notes

Category/ Indicator	Measurement unit/breakdown	2015	2014	2013	2012	2011
Employees						
Total number of employees	Full time equivalents – permanent	23,158	25,433	25,077	24,088	24,677
	WNB	10,210	10,571	10,365	10,171	9,495
	RAI	3,529	3,825	3,554	3,513	4,646
	GPP	1,380	1,508	1,377	1,550	1,784
	MBE	3,029	3,347	2,999	2,661	3,038
	POL	1,902	2,458	2,974	2,490	2,396
	HOP	2,653	3,639	3,729	3,633	3,254
	Singapore	16	17	16	19	17
	UK	73	68	63	51	47
	Indonesia	353				
Female employees	Group	5,730	5,915	6,047	6,155	
	WNB	2,739	2,816	2,252	3,407	
	RAI	496	403	1,088	940	
	GPP	575	606	448	733	
	MBE	771	791	657	542	
	POL	513	703	963		
	HOP	614	576	622	519	
	Singapore	7	6	6	7	
	UK	15	14	11	7	
	Female employees – Management	Group	68	60	63	46
WNB		26	24	23	20	
RAI		13	11	11	11	
GPP		3	2	4	3	
MBE		6	5	4	4	
POL		6	5	7		
HOP		6	6	10	5	
Singapore		7	6	3	2	
UK		1	1	1	1	

Employees						
Total Management (Expats & National)	Group	553		440	431	433
	WNB	224	214	210	205	212
	RAI	102	93	90	83	95
	GPP	25	27	28	28	30
	MBE	58	57	55	55	56
	POL	37	36	36	37	33
	HOP	67	62	8	8	7
	Singapore	13		7	8	
	UK	6	6	6	7	
	Indonesia	21				
	Philippines	1				
Employee turnover	WNB (includes casual and seasonal)			14.85	15.77	30.83
	RAI (includes casual and seasonal)			49.07	56.81	69.78
	GPP (includes casual and seasonal)			73.82	117.85	118.67
	MBE (includes casual and seasonal)			17.17	10.37	49.31
	POL			39.10	56.81	61.78
	HOP			8.70	7.85	12.05
	Singapore			27.03	6.06	0
	UK*	13% 6%	9% 4%	17% 8%	15% 10%	3.6

The fine print: Base data and notes

Health and Safety						
Lost time accident rate	Accidents per 200,000 working hours	15	15.7	11.89	14.03	20.2
	WNB	24.3	28.6	31.8	39.7	47
	RAI	9.5	9	12.1	11.2	17.6
	GPP	18.3	15.2	16.8	14.1	30.8
	MBE	0.8	0.5	0.6	0.6	0.3
	POL	14.2	8.4	6.1	16.4	17.4
	HOP	5.1	4.2	2.9	2.4	3.4
	Liverpool	3.9	4.2	1.5	0	0
Severity rate	Average number of lost days per incident	2.46	2.33	2.53	3.36	1.89
Fatalities	Number	4	1	3	1	5
Training						
Total training cost as % of payroll (USD)	WNB			3.49%	1.94%	1.72%
	RAI			2.00%	2.10%	
	GPP			2.10%	1.70%	0.88%
	MBE			1.61%	2.63%	2.30%
	POL			0.65%	0.42%	0.41%
	HOP			1.95%	3.30%	
	Liverpool	1.87%	1.31%	1.24%	1.23%	

Land						
Hectares	Group - Titled	136,268	135,203	134,611	129,195	129,130
	Group - Oil palm	83,178	81,563	79,884	78,343	78,333
	WNB - Titled	53,610	53,610	53,610	53,610	53,610
	WNB - Oil palm	37,451	36,985	36,948	36,819	36,126
	RAI - Titled	34,032	33,962	33,962	34,095	34,030
	RAI - Oil palm	12,941	12,434	11,490	11,035	10,685
	GPP - Titled	8,304	7,892	7,740	7,577	7,577
	GPP - Oil palm	6,727	6,283	6,274	6,114	6,318
	MBE - Titled	19,013	19,013	19,013	13,662	13,662
	MBE - Oil palm	10,895	10,968	10,730	10,267	11,134
	POL - Titled	8,030	7,922	7,922	8,244	8,244
	POL - Oil palm	5,601	5,665	5,623	5,659	5,536
	HOP - Titled	13,279	12,805	12,364	12,007	12,007
	HOP - Oil palm	9,564	9,228	8,819	8,449	8,533
Area set aside for conservation (Hectares)	WNB	9,173	9,173	9,478	8,943	5,006
	RAI	3,500	3,500	254	148	148
	GPP	789	789	2	2	2
	MBE	1,039	1,039	1,940	1,762	0
	POL	470	470	219	219	2,537
	HOP	1,500	1,500	2,905	2,905	2,905
Peat developed	Hectares	0	0	88	88	88

The fine print: Base data and notes

Production						
Fruit processed	WNB	1,256,795	1,303,516	1,176,249	1,281,613	1,424,035
	RAI	187,906	180,520	145,552	101,706	90,344
	GPP	151,502	149,591	143,076	146,564	144,515
	MBE	232,784	234,020	199,704	231,822	250,854
	POL	101,096	112,362	121,684	139,141	139,215
	HOP	339,504	351,747	299,406	372,234	379,960
CPO	WNB	275,809	289,531	258,534	286,615	326,103
	RAI	44,731	44,404	35,673	26,460	22,782
	GPP	34,919	33,752	32,154	31,846	31,592
	MBE	52,648	53,225	45,280	52,324	54,569
	POL	19,471	22,334	24,939	28,978	29,834
	HOP	75,354	77,958	65,479	81,719	86,778
PKO	WNB	30,219	29,484	26,239	26,812	30,635
	RAI	3,727	3,516	2,544	1,716	1,632
	GPP	3,614	3,347	3,173	3,387	3,537
	MBE	5,806	5,727	4,648		
	POL	2,209	2,409	2,659	652	
	HOP	8,453	8,438	6,533	4,493	4,016

Smallholders						
Smallholder hectares		42,497	47,396	46,202	45,148	42,757
Number of smallholder blocks		17,602	17,621	16,121	16,011	15,812
Smallholder production (MT FFB)	WNB	389,076	423,037	395,687	439,910	464,604
	RAI	5,268	6,296	3,974	2,523	1,344
	GPP	7,187	11,339	10,976	15,908	14,218
	MBE	11,701	14,856	12,957	16,945	13,634
	POL	21,756	23,255	22,826	22,833	20,710
	HOP	132,606	162,777	143,104	186,580	167,864
Environment – Oil palm						
Water usage (MT/MT of FFB)	WNB	0.82	0.81	1.28	1.55	1.26
	RAI	1.08	1.09	1.68	1.35	1.25
	GPP	1.17	1.18	1.15	1.47	1.86
	MBE	1.22	1.21	1.24	1.23	0.96
	POL	1.33	1.25	1.03	0.87	1.06
	HOP	0.61	0.61	0.78	0.82	0.9
Total number of significant spills		1	0	0	0	1

About this report

Completeness

The report covers the calendar years 2014-15. Data includes all our operations as at 31 December, unless otherwise noted. The report does not include detailed information on our small office-based operations in Singapore or any joint ventures in which we hold less than 51%. In addition to impacts within our own organisational boundaries, the report covers material aspects for all associated smallholders in PNG and Solomon Islands. There have been no changes in scope to our 2012/13 Sustainability Report, except

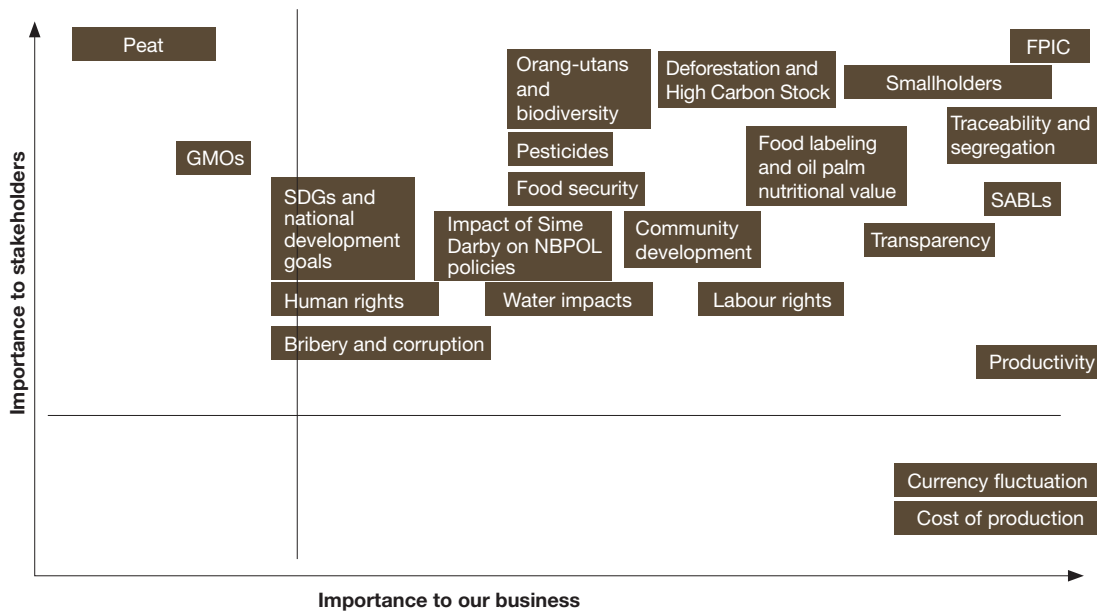
in cases where we have been able to provide more complete coverage on specific data.

Materiality, Stakeholder Inclusiveness and Sustainability Context

We determine material aspects for our business based on in-depth and ongoing discussions with a wide range of stakeholders. This includes local engagement at site level by our operational teams, as well as international engagement in organisations such as the RSPO and other multistakeholder initiatives. We also look to leading standards such as SAN and the Palm Oil Innovation Group

Charter, as well as benchmarks such as the Sustainable Palm Oil Transparency Toolkit published by the Zoological Society of London to ensure that we are responsive to the themes and aspects which are critical to stakeholders. The extent to which these themes are directly relevant to our business has guided us in balancing report content and in-depth data included. Throughout the report we seek to provide an appropriate context for our performance, particularly in relation to the unique social and environmental landscapes in Papua New Guinea and Solomon Islands.

NBPOL 2015 SUSTAINABILITY MATRIX



Report cycle and assurance

This is our fifth bi-ennial Sustainability Report. Our previous report was published in May 2015. We have not sought third-party

assurance for the content of this report. We are reviewing the need for such assurance on an ongoing basis, based on feedback from our stakeholders.

Finding your way around: Global Reporting Initiative G4 Index

Our report is aligned to The Global Reporting Initiative (GRI), the leading guideline for sustainability reporting. The GRI is a multi-stakeholder organisation seeking to make social, environmental and governance reporting as

robust as financial reporting. The guideline contains principles and performance indicators for reporting. More than 3,000 organisations have used the guideline to produce their sustainability reports. The latest version is G4, used in this report,

which was launched in May 2013. This index contains only indicators which we believe to be material aspects of our operations. Note that the ‘assurance’ as required in GRI G4 has not been included since no sections have been formally assured.

GENERAL STANDARD DISCLOSURES

General Standard Disclosures **Page or reason for omission**

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Finding your way around: Global Reporting Initiative G4 Index

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G4-19	Material Aspects identified in the process for defining report content	46
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STAKEHOLDER ENGAGEMENT		
G4-24	List of stakeholder groups engaged by the organisation	2-3 16
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G4-26	Approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group	16
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	G4-EC8	Significant indirect economic impacts, including the extent of impacts	30-33
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Finding your way around: Global Reporting Initiative G4 Index

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Freedom of Association and Collective Bargaining	G4-HR4	Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	36
Child labour	G4-HR5	Operations and suppliers identified as having significant risk for incidents of childlabour, and measures taken to contribute to the effective abolition of child labour	35
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Human rights			
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	G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken	
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Supplier assessment for impacts on society	G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	30-31, 33

What it means: Glossary

Biodiversity – The diversity (number and variety of species) of plant and animal life within a region.

Biological Oxygen Demand (BOD) – The amount of oxygen used when organic matter undergoes decomposition by micro-organisms. Testing for BOD is done to assess the amount of organic matter in water.

CO₂ Equivalents – Carbon dioxide equivalents (CO₂e) provide a universal standard of measurement against which the impacts of releasing (or avoiding the release of) different greenhouse gases can be evaluated.

Deforestation – is defined by POIG as direct human-induced conversion of forest to non-forests, with an exception for small-scale low intensity subsistence conversion by indigenous peoples and forest dependent traditional communities (consistent with HCV 5).

Effluents – Water discharged from one source into a separate body of water, such as mill process water.

Emissions – Greenhouse gas (GHG) or carbon emissions are gasses in an atmosphere that absorb and emit radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone.

Extraction rate – The amount of oil extracted from oil palm fruit at a mill. Oil is extracted from the flesh, crude palm oil (CPO) or from the nut, palm kernel oil (PKO).

High Carbon Stock (HCS) – A High Carbon Stock forest are the vegetation classes above the level between degraded lands (former forest now scrub and grassland) and regenerating secondary natural forest. It is identified through a combination of vegetation stratification based on interpretation of remote sensing images and field checks, and a biome or regional specific carbon threshold or range.

High Conservation Values (HCV) – The concept of High Conservation Value Forests (HCVF) was first developed by the Forest Stewardship Council (FSC) in 1999 as their 9th principle. The FSC defined

HCVF as forests of outstanding and critical importance due to their environmental, socio-economic, cultural, biodiversity and landscape value.

ILO (International Labour Organization) – ILO is a tripartite world body representative of labour, management and government and is an agency of the United Nations. It disseminates labour information and sets minimum international labour standards called “conventions”, offered to member nations for adoption.

Integrated Pest Management (IPM) – IPM is a pest control strategy that uses an array of complementary methods: mechanical devices, physical devices, genetic, biological, legal, cultural management, and chemical management. These methods are done in three stages: prevention, observation, and intervention. It is an ecological approach with a main goal of significantly reducing or eliminating the use of pesticides.

Peat – Peat is an accumulation of partially decayed vegetation matter. Peat forms in wetlands or peatlands, variously called bogs, moors, muskegs, pocosins, mires, and peat swamp forests.

Roundtable on Sustainable Palm Oil (RSPO) – A multi-stakeholder organisation based in Kuala Lumpur, Malaysia. The organisation has developed a certification scheme for sustainable palm oil.

Social Impact Assessment – Social impact assessments include the process of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions (policies, programs, plans, projects) and any social change processes invoked by those interventions. Its primary purpose is to bring about a more sustainable and equitable biophysical and human environment.

Stakeholders – Any group or individual who are affected by or can affect the company's operations.

Sustainability – A term expressing a long-term balance between social, economic and environmental objectives. Often linked to

Sustainable Development which is defined as “Development that meets the need of current generations without compromising the needs of future generations”.

Traceability – Traceability is the capability to track sustainable palm oil along the entire supply chain.

Segregation – This system allows sustainable palm oil to be kept separate from conventional palm oil throughout the entire supply chain.

WANT TO TALK? CONTACT US

We improve by listening to our stakeholders' comments. If you have any comments or questions about the contents of this report, or about our sustainability performance, we would welcome your contribution.

Please contact us by email at sustainability@nbpol.com.sg, or through our Port Moresby office:

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