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## PUBLIC SUMMARY REPORT

# RSPO ANNUAL SURVEILLANCE ASSESSMENT ASA 1

## NBPOL – HIGATURU OIL PALM (HOP) Oro Province, Papua New Guinea

*Report Author*

**Allan Thomas – January 2014**

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**SUMMARY**

BSi has conducted the surveillance assessment of the HOP operations comprising 3 mills, supply base, support services and infrastructure. BSi concludes that HOP operations comply with the requirements of RSPO Principles & Criteria: 2007 and PNG NIWG Indicators and Guidance March 2008 including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module – CPO Mill - Segregation for the following scope:

Sustainable production of crude palm oil (81,718.60 tonnes CPO) and 16,297 tonnes of PK and 6426 tonnes of PKO).

**BSI RECOMMENDS THAT NBPOL – HIGATURU OIL PALM LIMITED BE APPROVED AS A PRODUCER OF RSPO CERTIFIED SUSTAINABLE PALM OIL.**

**ABBREVIATIONS USED**

BOD	Biological Oxygen Demand
CIP	Continuous Improvement Plan
CLUA	Clan Land Usage Agreement
COP	Code of Practice
CPO	Crude Palm Oil
DEC	Department of Environment & Conservation
DOH	Dept. of Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior and Informed Consent
GHG	Green House Gas
HACCP	Hazard Analysis of Critical Control Points
HCV	High Conservation Value
HCVF	High Conservation Value Forests
HOP	Higaturu Oil Palm
IE	Independent Estate (a class of Smallholder)
ILG	Incorporated Land Group
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
LLB	Lease-Lease Back
LSS	Land Settlement Scheme (a class of Smallholder)
LTI	Lost Time Injuries
MG	Management Guidelines
MSDS	Material Safety Data Sheets
MVW	Motor Vehicle Workshop
NARI	National Agriculture Research Institute
NLDD	Native Land Dealing Document
OHS	Occupational Health & Safety
OPRA	Oil Palm Research Association

PCD	Pollution Control Device
PMP	Pest Management Plan
PNG NIWG	Papua New Guinea National Interpretation Working Group
POME	Palm Oil Mill Effluent
POPA	Palm Oil Producers Association
PPE	Personal Protective Equipment
RAB-QSA	Internal Auditor Accreditation Body
SADP	Smallholder Agriculture Development Project
SABL	Special Agriculture Business Lease
SEIA	Social and Environmental Impact Assessment
SG	Smallholder Grower
SIA	Social Impact Assessment
SM	Company Sustainability Manager
SOP	Standard Operating Procedure
TRP	Timber Rights Purchase
VOP	Village Oil Palm (a class of Smallholder)

**1.0 SCOPE OF CERTIFICATION ASSESSMENT****1.1 National Interpretation Used**

The operations of the mill and their supply bases of FFB were assessed against the PNG NIWG: March 2008 of the RSPO Principles and Criteria: 2007.

**1.2 Certification Scope**

This surveillance assessment includes the production from three (3) Palm Oil and Kernel Mills and 5 company owned plantations and Smallholders.

**1.3 Location and Maps**

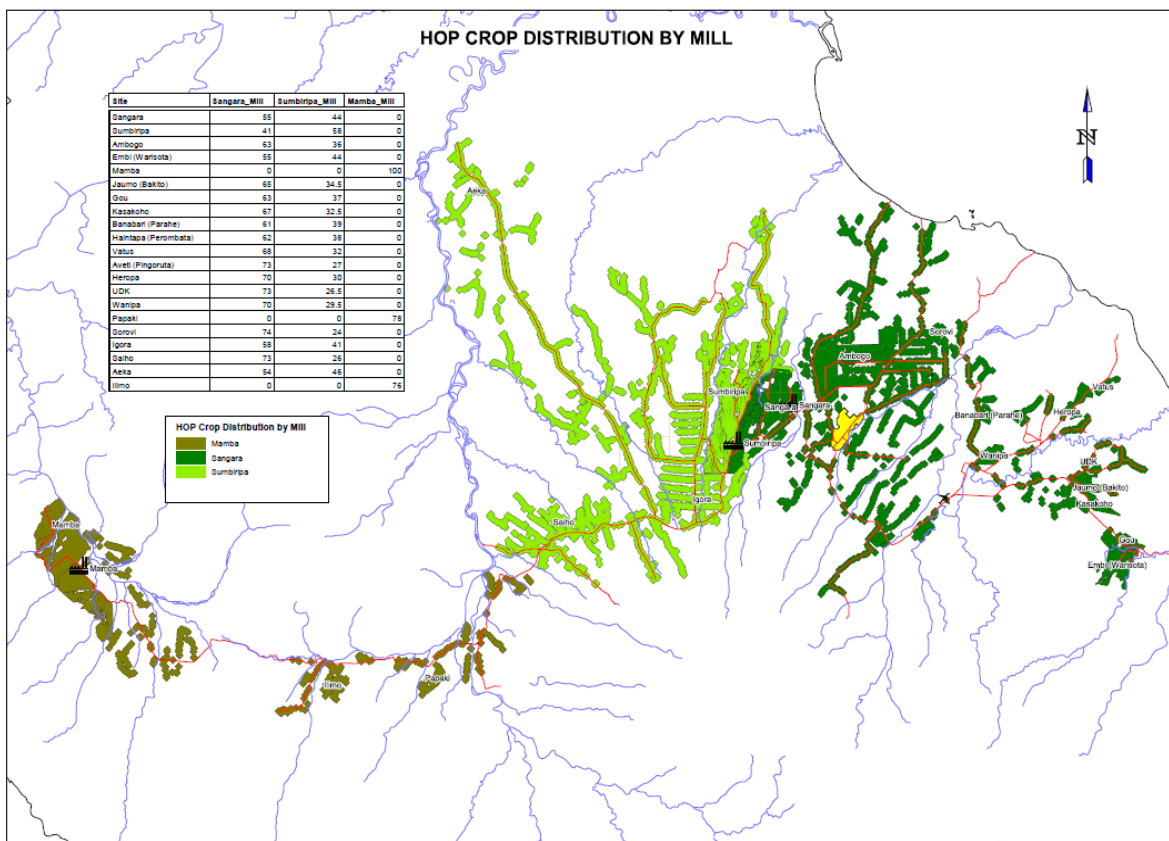
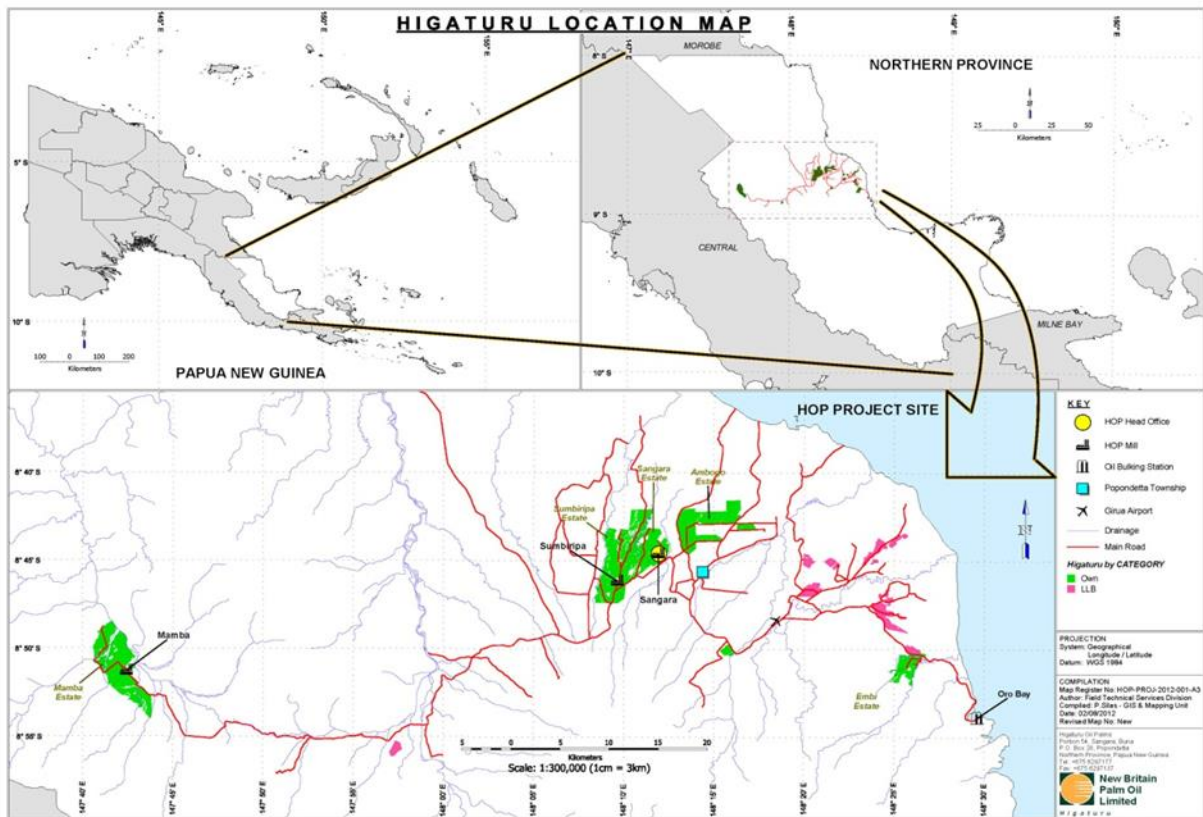
The HOP palm oil and kernel mill and estates are located in Oro Bay province.

The GPS locations of the mill are shown in Table 1.

**Table 1: Mill GPS Location**

<b>MILL</b>	<b>EASTINGS (Longitude - DMS)</b>	<b>NORTHINGS (Latitude - DMS)</b>
Sangara Mill	E 148 <sup>0</sup> 11'55.338"	S 8 <sup>0</sup> 44'36.1896"
Sumbiripa Mill	E 148 <sup>0</sup> 09'38.8548"	S 8 <sup>0</sup> 46'09.0624
Mamba Mill	E 147 <sup>0</sup> 42 '25.308"	S 8 <sup>0</sup> 51'16.8084"

Map 1 Location Map – Higaturu Oil Palm Limited



**Table 2 Crop Distribution by Mill****1.4 Description of Supply Base**

Oil palm fruit is sourced from company managed Plantations and from Smallholders.

Operations designated as Plantations are company owned and managed oil palm that has been planted on State Agricultural Leases and Lease – Lease back held by HOP. The FFB production from plantations is listed in Table 2.

**Table 2: Plantation FFB Production 2012-13**

Plantation	FFB (tonnes) - 2012	FFB (tonnes) -2013
Embi	36, 507.94	31,249.95
Ambogo	50, 220.32	48,221.62
Sangara	39,991.76	38,254.73
Sumbiripa	39,277.25	35,422.60
Mamba	20, 056.35	3,152.46
<b>Total</b>	<b>186,053.62</b>	156,301.36

Smallholder Growers (SG's) supply approximately 45 % of oil palm fruit processed by the Mill. There has been a reduction in amount of FFB due a large replant in a number of estates including Embi and Mamba.

HOP has held comprehensive discussions with the SG's on RSPO implementation. HOP has stated its commitment to work with the SG's on the implementation of the RSPO P&C with the objective of certified smallholders

The SG's comprise small holdings of oil palm that were developed under a Village Oil Palm scheme (VOP) that were developed on customary land. The VOP was developed independently of the company. The SG's manage all aspects of their small holdings of oil palm, including harvesting. FFB production is shown in Table 3

**Table 3: Smallholders and FFB Production 2012-13**

Smallholders (Total No), 2012	FFB (tonnes) - 2012	FFB (tonnes) 2013
<b>5, 707</b>	<b>186,579.91</b>	<b>143,104.40</b>

**1.5 Date of Plantings and Cycle**

The company owned plantations were developed since 1976 under CDC – PACRIM and CTP (previous owners). The age profile of the palms on Plantations is detailed in Table 4.

**Table 4: Age Profile of Company Estate Planted Palms as at 2012**

Year	Age	Ha	%
1991	22	124	1.4
1992	21	81	0.92
1994	19	108	1.23
1995	18	0	0.00
1996	17	678	7.69
1997	16	0	0.00
1998	15	318	3.61
1999	14	502	5.69
2000	13	770	8.73
2001	12	968	10.98
2002	11	1,472	16.69
2004	9	445	5.05
2005	8	472	5.35
2006	7	51	0.58
2007	6	51	0.58
2011	2	359	4.07
2012	1	1, 384	15.69
2013	0	1037	11.76
<b>Total</b>		<b>8820</b>	<b>100%</b>

**1.6 Other Certifications Held**

HOP holds no other certification although were previously certified to ISO 9001 and ISO 14001 under previous management from 2000 to 2009. They intend to regain certification to ISO 14001 by 2015.

**1.7 Organisational Information / Contact Person**

NBPOL – HIGATURU OIL PALM  
Post Office Box 28  
POPANDETTA  
ORO BAY PROVINCE  
PAPUA NEW GUINEA

Contact Person: Mr Mike Jackson, General Manager  
Phone: +675 6297177 Fax No: +675 6297137

EMAIL: [mjackson@nbpol.com.pg](mailto:mjackson@nbpol.com.pg)

### 1.8 Time Bound Plan for Other Management Units

NBPOL estates and mills in West New Britain were certified to PNG National Interpretation of the RSPO in 2008 and recertified (2013 -2014)..

Guadalcanal Plains Palm Oil Limited (GPPOL) comprises of a mill and approximately 6000 ha planted to palms, in the Solomon Islands. This operation received its first certificate in March 2011 and continued to be certified (2013-2014).

RAIL was certified to RSPO in July 2010 and re-certified in 2013.

Poliamba Estates was certified in March 2012 and recertified in January 2013.

Higaturu Estates in Oro Province, PNG was certified in February 2013 and recertified for 2014.

Milne Bay Estates in Milne Bay Province PNG was certified in February 2013 and recertified for 2014.

All the NBPOL operations in both PNG and Solomon Islands has achieved certification to RSPO in line with the previous time bound plan.

BSI considers this to conform to the RSPO requirements for certification.

### 1.9 AREA OF PLANTATION

The areas of planted palms at company owned and managed Plantations are listed in Table 5.

**Table 5: Estates Hectare Statement**

Plantation	2013	
	Mature (ha)	Immature (ha)
Embi	1369	490.05
Ambogo	1545	143.48
Sangara	1511	nil
Sumbiripa	1617	nil
Mamba	356	1787
<b>Total</b>	<b>6398</b>	<b>1787.35</b>

The areas of Smallholders planted palms listed in Table 6.

Table 6: Smallholders Planted Area	Mature (ha)	Immature (ha)
2012	11032	923.36
2013	10585	695

### Approximate Tonnages Certified

**Table 7: Approximate Tonnages Certified 2012-13**

MILL	CPO	PK	PKO
Sangara 2012	44,097	10,919	4493
Sangara 2013	35934.68	9050.52	6426
Sumbiripa Mill 2012	29,618	7,767	na
Sumbiripa Mill 2013	29,497.43	7104.33	na
Mamba Mill 2012	8002	0	na
Mamba Mill 2013	47	12.04	Closed from Feb 13
2-			

### 1.11 Date Certificate Issued and Scope of Certificate

#### Scope

Scope of the Certificate is for the production from the single palm oil mill and its supply base (refer Table 7 for tonnages).

Certificate details are included as Appendix A. The Certificate issue date will be the date of the RSPO approval of the Assessment Report.

#### Inclusion of Smallholders

During the audit of HOP operations, the audit team remained aware of resources that HOP had committed to the RSPO management of its Smallholders. In particular, HOP had initiated RSPO awareness for Smallholders back in 2009 through the Papua New Guinea National Interpretation Working Group (PNG NIWG) process and worked with the local smallholder representative and this has been ongoing since this time with field days and further support. HOP has worked closely with the Smallholder representative (OPIC) in the development of a "Planting Approval Form" which is used for environmental screening of new applications for development of new areas of land to oil palm. The PNG NIWG submitted the "Planting Approval Form" along with the NI to the RSPO, EB and the public review process. Since late

2007, no new Smallholders have been accepted without being subjected to a field assessment in accordance with the “Planting Approval Form”.

### Smallholders

The PNG NIWG had previously established the status of the SG’s as “independent” under guidelines previously set.

Smallholders are not under any obligation or contract to supply to the mill but are associated to the company through geography and logistics. The Government National extension service is present in Oro Bay Province in PNG. HOP has therefore included Smallholders in the company wide awareness programs, compliance surveys and other RSPO related work

HOP has a defined list of all their Smallholders and ascertained each of their location and status. All these areas are indicated on maps of an appropriate scale. This information is compiled into a Company database. HOP has agreed to collect the fruit from these defined independent Smallholders.

HOP is continuously exploring options to improve smallholder productivity. The establishment of the ‘Smallholder Rehabilitation Programme’ is an example of this commitment. At the time of the audit, the rehabilitation programme was trialled at a section in Sorovi Division. Under this arrangement, growers sign a contract with SHA who manages their blocks for the grower. SHA then contracts workers to work on the blocks. (The contracted workers are mostly the children of the smallholder growers whose blocks are under the rehabilitation contract.) The blocks are applied “best management practice” (BMP) standards, which includes best practices for upkeep, fertilizer application and harvesting. The crops are harvested by the contracted workers and the growers are paid 60% of the FFB crop and 40% is paid to SHA to manage the rehabilitation work. HOP is commended this initiative.

The audit was carried out from 3rd – 7<sup>th</sup> of November 2013 with 93 block inspections/interviews in total and a meeting with the Popondetta Oil Palm Growers Association (POPGA) executive and a confidential meeting with the General Manager of HOP, which concentrated on communications with all stakeholders.

The HOP Smallholder Affairs (SHA) and Oil Palm Industry Cooperation (OPIC) Popondetta team are

to be commended for their efforts in organising the growers for interview and patience during the interviews. The auditor was accompanied by the HOP SHA Manager, an HOP Sustainability officer and the respective OPIC Divisional Manger at all times during the field interviews. The SHA, Sustainability and OPIC representatives did not interfere with the interview unless asked to participate.

The auditor would like to thank HOP Estates (HOP), particularly the Smallholder Affairs department (SHA), OPIC officers and the executive of POPGA who accompanied the auditor on the extensive travels to the individual blocks but did not intrude into the discussions unless specifically requested.

Smallholders represent a significant area of plantings; in fact a greater area than estate plantings, the production of FFB from smallholder blocks is **around 45%** of the total FFB production in Oro Bay province. Recent improvements in smallholder fertiliser application have seen a considerable increase in yield which will only improve with continued fertiliser application.

The interviews consisted of a series of questions which required the block holder or caretaker to respond to the Round Table for Sustainable Palm Oil (RSPO) Principles and Criteria.

BSi examined in detail the smallholder survey database and concluded that the information showed the great majority of Smallholders therefore met conformance with the relevant Indicators of the PNG NIWG (March, 2008). The validity of the smallholder survey results was tested by selecting a sample of 93 Smallholders that were representative of a range of conditions and subjecting these to field audits. This figure is well in excess of the RSPO sampling guidelines. BSi also interviewed Smallholder representatives who had been involved in the baseline survey and confirmed their knowledge of the relevant RSPO P&C’s.

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi Management Systems provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur, Jakarta, and Bangkok.

## **2.2 Qualifications of the Lead Assessor and Assessment Team**

### **Allan Thomas Lead Assessor**

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 18 years' experience in systems management and auditing of large organisations in construction, forestry, agriculture, manufacturing and in private and Government sectors both in Australia, South East Asia and the South Pacific. During the past 15 years, he has been the Manager of a large certification body based in Australia with responsibilities throughout SE Asia. He has performed over 100 comprehensive audits of management systems throughout the Palm Oil industry including Occupational Health and Safety, Environmental and Quality Management Systems. He has also advised companies on the implementation of OHS in the Oil Palm Industry. He has worked in Indonesia, Malaysia and PNG in the Oil Palm industry. Allan has conducted over 2000 system audits in the last 12 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

He is a Lead Environmental Auditor (ISO 14001) with IRCA, A Lead OHS Auditor (OHSAS 18001 & AS 4801) with IRCA, a Lead Quality Auditor (ISO 9001:2008) with RABQSA and also an accredited Heavy Vehicle Auditor. He has also implemented strategies for implementing and maintaining SA 8000. Allan has also been appointed a Federal Safety Officer by the Australian Commonwealth Government.

He has conducted Integrated Management assessments of a large number of palm and kernel oil mills and many oil palm plantations in Indonesia, Malaysia and Papua New Guinea. He has worked closely with RSPO in developing an audit checklist for the Principles and Criteria and

developed an audit methodology. This was carried out at the instigation of Dr. Simon Lord – in 2005 prior to RT3. Dr. Lord is a former member of the Executive Board – this audit checklist was bought by RSPO in early 2006 He also performed the first base line assessment of the applications of the P&C. He is a strong advocate of environmental, safety and social accountability.

### **Mike Finlayson - Technical Expert Social**

Mike has 20 years' experience as a development specialist in Australia, Asia and the Pacific and has worked in PNG since 1985. Mike focuses on the social impact assessment (SIA) of large-scale resource projects and has recent experience in Australia, Papua New Guinea, China and the Philippines:

In 2009 Mike conducted a SIA of an expansion of oil palm for Hargy Oil Palms Limited, in West New Britain;

In 2008 Mike provided advice and participated in the conduct of an SIA for the development of a large bauxite mine on traditionally-owned land in the Cape York area of northern Australia;

Between 2007 and 2009 Mike led a team conducting a SIA of an oil & gas project in Gulf and Central Provinces of PNG;

Since mid-2008 Mike has worked with Ok Tedi Mining Limited to prepare socio-economic data for mine-impacted communities, prepare a social and economic report (as an attachment to the 2009 mine closure plan), and provide advice on social and economic monitoring;

In early 2009 Mike provided advice to the University of Inner Mongolia (China) on the design and conduct of a SIA to examine the impact of mining and petroleum operations on traditional herding activities; and

In 2007 Mike conducted an economic analysis of the proposed Tampakan copper and gold mine in the Southern Philippines.

Mike aims to maximize sustainable development through the promotion of effective and practical solutions in large-scale resource industries by working with local consultants and local organizations while ensuring high quality outcomes in line with current international best practice. Mike is a member of the International Association for Impact Assessment (IAIA) and is familiar with, and has conducted studies in accordance with the Equator Principles and Global Reporting Initiative.



Mike is also a director of Project Design & Management Pty Ltd (PDM), a company specializing in development assistance and humanitarian aid, with a long history in PNG. Mike is conversant in Tok Pisin.

### Deane Woruba (Small Holders)

Deane is a natural resources research scientist with 10 years of experience in agricultural research, socio-economics, the government public sector and environmental protection in the oil and gas industry.

The experiences gained from working in the leading industries and institutions in these sectors have instilled results-driven work ethics in proactive cross-cutting research and development work.

The majority of his experience is in agriculture pest management where he developed monitoring tools for pesticides and the incorporation of GIS technology into the oil palm integrated pest management (IPM) systems for the palm oil industry of Papua New Guinea (PNG).

In his time in the oil and gas industry, he led a team to successfully regain the ISO 14001 environmental management systems certification for Oil Search (PNG) Ltd.

He has assisted in developing and have managed donor-funded projects with multidisciplinary, multicultural and multinational teams.

His experience in the public sector is in initiating and facilitating diplomatic dialogues between stakeholders of the Agriculture and Natural Resources Sectors and the PNG Government for the best way forward for the sectors.

He enjoys networking and maintain an extensive connection with professionals (mainly in the agriculture and natural resources sectors) in PNG and overseas. He has excellent verbal, written and interpersonal communication and strategic management skills and pride myself as a proactive self-starter with and the willingness to learn and explore.

### QUALIFICATIONS

- Master of Philosophy, Charles Sturt University, Orange, New South Wales, Australia, 2013 (to be conferred)
- ISO 14001 (RABQSA-EM) Internal Environmental Management Systems Auditor, NCSI training, Australia, 2012

- Bachelor of Science in Agriculture, The Papua New Guinea University of Technology, Lae, Papua New Guinea, 2003
- New Zealand University Bursary & New Zealand High School Certificate, Wairarapa College, Masterton, New Zealand, 1999

### PROFESSIONAL AFFILIATIONS

2009-2013: Australian Entomological Society

2009-2013: Society of Australian Systematic Biologist

2013: Society of Environmental Toxicology and Chemistry, Australasia

### 2.3 Assessment Methodology, Programme, Site Visits

The pre audit for HOP was conducted from 22<sup>nd</sup> – 26<sup>th</sup> July 2012.

The certification assessment was conducted from the 28<sup>th</sup> October to 2<sup>nd</sup> November 2012.

The first surveillance (ASA 1) was conducted from 3<sup>rd</sup> to 7<sup>th</sup> November 2013

The three mills and their supply base including Smallholders is a certification unit as defined by RSPO with an exemption being granted by RSPO due to the relationship of the mills. Therefore the mills were audited along with the plantation and Smallholders as they represented 100% of its supply base. The 2008 PNG National Interpretation of the RSPO Principles and Criteria (as found on the RSPO website) was used throughout and all Principles were assessed.

The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

Smallholders were included in this audit. A total of 93 blocks were audited of the smallholder blocks. This is in excess of the requirements. They were all Village Oil Palm (VOP), lease-lease back or under a title.

After the interview with each smallholder was concluded the auditor inspected each block with the block holder and in the absence of any officers

from HOP in order to gain an understanding of any issues of concern that the block holder wished to raise about the oil palm company HOP

#### **2.4 Stakeholder Consultation and List of Stakeholders Contacted**

Stakeholder consultation involved external and internal stakeholders.

Telephone calls were made to arrange meetings. Within the audit process itself, meetings were held with stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees; Smallholders, contractors and the research staff of the Oil Palm Research Association.

The representatives of the Higaturu Oil Palm Processing Workers Union were interviewed during the course of this assessment.

External stakeholders included organizations such as Provincial Government, NGOs and Civil Societies, who have an interest in the Oro Bay area and resident communities in and around HOP.

Stakeholder consultation took place in the form of meetings and interviews. Meetings with government agencies and NGOs were held in their respective premises.

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators. Apart from the environmental NGO's, most of the stakeholders had not heard of RSPO prior to 2007 but they agreed with its objectives and expressed their willingness to collaborate in the promotion of sustainable palm oil in the Oro Province. In a number of interviews and meetings, the presence of company representatives did not restrict discussion of both the positive and negative aspects of HOP's operations. Although company representative were present they were on the periphery and did not influence the process.

The company representatives only introduced the team and were requested to leave during meeting with stakeholders. For internal stakeholders the same procedure was followed and company

representatives left once the consultations started (this occurred with senior management. Employees are involved in consultation and committees).

#### **List of Stakeholders Contacted**

- Mike Jackson, General Manager
- Paul Maliou, Sustainability Manager
- Esther Wafiware, Sustainability Officer (OHS)
- Saroj Sharma, Construction Manager
- John Jerry, HIV Response Coordinator
- Garry Harvey, Assistant Construction Manager
- Bennadict Naha, Construction Supervisor
- Liz Cazalet, Manager Health Services
- Eric Mesak, Administration Manager
- Mato Nasingom, Training Officer
- Bob Wilson, Field Manager Mamba
- Peter Schlesinge, Plantation Manager, Mamba
- Ben Osa, Lands Coordinator
- Seth Mulugwaula, OIC Security
- Anista Matbob, Welfare Officer
- Lindsay Saboko, Plantation Manager, Sumberipa
- Brian Cazalet, Field HOD
- Vijou Vergis, Field Manager, Sangara, Sumberipa, Ambogo and Embi
- Charles Yadup, Nursing Officer, Siroga Clinic
- Brian Pikip, Nursing Officer, Irigi Clinic
- Zeivia Tanopit, Plantation Manager, Ambogo
- Lavinia Muntadi, CHW, Irigi Clinic
- Howell Augustine, Financial Controller
- Russel Simon, Senior Accountant
- HOP Processing Worker's Union:
- Webster Gadebo, Interim President
- Bradley Javosa, Mill Shop Steward
- Florence Kopapa
- Windora Bibi

#### **Others:**

- Florence Tumbare, Clinical HEO, Kokoda Hospital
- Erwin Korarome, Regional Coordinator, Tingim Laip
- Chris Gabidia, Officer, Tingim Laip

Meetings were also held with several village wardens and female employees.

#### **2.5 Date of Next Surveillance Visit**

12 months from November 2013.

### 3.0 ASSESSMENT FINDINGS

#### 3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

Seven (7) Nonconformity was assigned against Minor Compliance Indicators.

HOP has prepared a Corrective Action Plan (Appendix D) addressing the identified nonconformity and observations that was reviewed and accepted by BSi.

Six (6) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 28).

BSi's assessment of HOP operations, comprising two palm oil mill, estates, Smallholders, infrastructure and support services, concludes that HOP operations comply with the requirements of RSPO Principles & Criteria : 2007 and PNG-NIWG Indicators and Guidance : 2008.

BSi recommends that HOP be approved as a producer of RSPO Certified Sustainable Palm Oil.

***Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.***

**HOP ensures that any requests for information are recorded no matter what the format of that request although none have been received at this stage (1.1.1)**

There is a process where a request for information is rejected by HOP and the reasons why it was rejected. There have however been no requests for information received in the previous 12 months.

HOP maintains a record of responses if requests are received - including timeliness and includes all stakeholders - internal and external.

Any requests for information are recorded by the relevant authority and if information cannot be made available the reason for this decision is recorded and explained to the relevant stake holders.

On the whole documents that are not released are not harmful to the environment or society and are mainly of a confidential financial nature

Management have decided which documents are to be made available to the public and a list of these documents is now in place.

Most of the Village Oil Palm (VOP) growers and Land Settlement Scheme (LSS) growers have their Customary Land Usage Agreement (CLUA) or the Land Titles respectively, with OPIC or the National Development Bank (NDB) if they have outstanding loans. OPIC is currently locating these for copies to be made for the growers.

OPIC is also making multiple photocopies to ensure that the CLUAs and Land Titles can always be found.

However, the cooperation between the company, OPIC and the NDB has yielded excellent results in compliance with this criteria.

***Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.***

Management have decided which documents are to be made available to the public and a list of these documents is in place widely throughout the organisation in estates and mill offices throughout Higaturu. There is a register available of all documents which have been made publicly available which has been approved by top management. This was most recently updated in September 2013. (1.2.1)

A large number of documents are available through the relevant Government authorities. A number of documents are not available due to commercial confidentiality or at the discretion of the HOP General Manager.

Documents are able to be viewed free of charge however a charge may be made for copies of documents.

Most of required policies are published and are widely available in the Group Sustainability Handbook ([www.nbpol.com.pg](http://www.nbpol.com.pg)).

The list of documents that can be made available on request includes:

1. Land titles/Leases
2. Maps of lease areas
3. Annual Reports
4. Sustainability Reports
5. HOP Policies and Guidelines
6. Environmental Policies
7. Equal Employment Opportunity
8. Water Management Plan
9. Sexual Harassment Policy
10. HCV assessments
11. SEIA assessments
12. Environment Plans & Environment Permits
13. Copies of Government laws, regulations, Code of Practices.
14. DEC Permit Compliance: Environmental Monitoring Reports
15. Waste Management Plans
16. Production Reports
17. FFB Pricing Information
18. Financial report
19. Employee Training.

Documents pertaining to financial information can only be shared upon the discretion of the HOP General Manager.

Land Titles are to be made available on request if appropriate. Land Titles are in the public domain and are readily available through Provincial Government offices.(1.2.3)

All new Village Oil Palm (VOP) plantings are made in strict accordance with a Planting Approval Form (PAF) and have Clan Land Usage Agreements (CLUAs).

Some LSS block holders still have loans with the National Development Bank (NDB), so their titles are held by the NDB

There are instances of deceased estates where the original owner has died intestate and this causes problems with title transfers. However, all respondents were going through the process of transferring titles to their names. This is an area where the company and OPIC need stronger cooperation to assist in the transfer process.

Group Policies such as OHS, Environmental, HIV-Aids, Equal Employment Opportunities and Sexual Harassment Policies are all available. HOP has separate policies for the following: Health and

Safety, HIV/AIDS, Sexual Harassment, Whistle Blower, Malaria and Domestic violence amongst others. These are also widely available in all operational areas. (1.2.2 , 1.2.6).

**1.2.6 Observation: There appears to be at least different versions of the Domestic Violence Policy on display in various places and the company should settle on only one policy and display that. Several versions of the malaria and sexual harassment policies were observed on Company notice boards. Care needs to be taken that the policies displayed are current and accurate (including Tok Pisin translations of Company policies).**

**Actions: All policies displayed are now the current versions which available in all areas on company noticeboards.**

The HOP OHS Plan will be made available on request and is displayed on all notice boards throughout mill, estate offices, compound notice boards and many other areas. (1.2.4) This was reviewed and re-issued for all areas in August 2013.

All Heads of Departments have a copy of the OHS Plan. It is also made available on the company's web site. Smallholders showed good awareness of safety practices on their blocks. Practices included keeping the blocks clean, safely placing cut fronds between the harvest rows and safe storage of chemicals.(1.2.5).

There is a documented procedure for dealing with complaints and grievances. This is the complaints and grievance procedure and is current and controlled. It ensures all complaints and grievances are documented and addressed. (1.2.8)

Both OPIC and the company Smallholder Affairs department have good grievance mechanisms. The two organisations should work more closely together.

The Documented system for access to customary land and negotiation procedures for settling disputes is available on request.(1.2.9)

All lease – lease back titles have to be renegotiated to follow the provisions of the revised Customary Lands Registration Act 2009 and the revised Incorporation of Land Groups Act 2009, which both were certified by the March sitting of parliament 2012. There is five year period for all stakeholders to conform to the new legislation.

There is a Continuous Improvement Plan (CIP) which is updated as plans are achieved and new plans are included and are available for all operations including the mill and estates as well as all other ancillary operations. This includes: Housing, Medical, Workers welfare, EMS, OHS, Social Issues, Health, and Communication with stakeholders, Free Prior and Informed Consent (FPIC).

The required improvements identified in the Social Impact Assessment (SIA), have being incorporated into the long term financial plan and CIP. These are most comprehensive and can be sighted in the Appendix C for CIP.(1.2.10)

Smallholder growers are aware of safe management practices. This was evident during the interview when they talked about safe practices to minimize injuries when working.

There was an effective grievance mechanism in place at OPIC, POPGA and SHA.

There was evidence of a documented system for resolving land disputes through mediation and growers are aware this system exists.

The growers on the rehabilitation programme complained about the lack of transparency regarding the contract under which they are bounded to. However, SHA were able to demonstrate to the auditor the type of contract and the exit clauses should the grower wish to terminate the contract.

***Criterion 2.1 – There is compliance with all applicable local, national and ratified international laws and regulations.***

There is in place a documented system which includes the process for ensuring that all legal requirements with regards to Higaturu Oil Palms are known and documented. This information is passed on to the relevant areas of operations to ensure that all involved are aware of any changes to laws or any new laws introduced. The Sustainability Manager is responsible for managing the process of ensuring all legal requirements are known and met. (2.1.1)

All permits and licences viewed were current this includes all water extraction permits. There is a recorded expiry date for all permits. There is a regular review of all legal requirements such as permits to ensure that Higaturu are in compliance with each one. This was most recently updated in September 2013.

There is register of PNG legal and regulatory requirements including codes of practices, environmental permits, etc. and nationally ratified conventions. Copies are held by the Sustainability Manager. These company officials also keep abreast of any changes to legal or regulatory requirements and update the list / register if and when required. The register presented was quite extensive and included all legal and regulatory requirements known to concern HOP.

This is a very good record and ensures all returns, licenses and permits can be renewed on time as required.

This included the following Environmental Permits for all operations as required.

**ENVIRONMENTAL PERMITS ARE CURRENT –**

E.G WD-L2B EXPIRES August 2033  
WE – L2A Expire October 2012  
WE- L2B Expires August 2033

There is evidence that all Permits, Licences and Certificates have been obtained and are up to date wherever possible. There is evidence in place that all fees were paid on time and the issue of current certificates is out of the control of HOP. These expire in June 2014. A letter is available from the appropriate Government department which includes information that required inspections have been carried out in line with requirements and issue of the new Boiler Permits is imminent. (2.1.2) The Sustainability Manager has prepared the Environmental Management Plan for 2012 which was forward to the DEC as required by the permits.

The issue with regards to the paying of correct super for all employees has been addressed and all employees have been identified and are being included in the super scheme. A list of employees and super payments was sighted by the social auditor.

There is also regular testing of water quality and recent lab results indicated the water was pure and fit for consumption – this also indicated improvement in water quality in all company estates. On the few occasions where the readings show contaminated water any affected residents are advised to boil all water before drinking. This is done by distributing a memo throughout the areas. The areas are thoroughly investigated to identify the cause of this contamination. Some tests from the independent lab appear to be inconsistent and have sent elsewhere for further testing to

determine the accuracy of some results. When there does appear to be contamination the reading for each one is the same which seem highly improbable.

There is a system in place for tracking changes to laws and regulations which is by subscription to PNG law and other bodies providing information on law changes. (2.1.3)

Smallholders are aware of the relevant customary, local and national laws.

Examples of methods of ensuring laws are being implemented include external re-conformation with such agencies as the Department of Environment and Conservation (DEC), Dept. of Labour and Industrial Relations who visit annually, and Dept. of Health (DOH). This is further supported by internal physical inspections to ensure that certificates, permits etc. are current. The legal office also subscribes to publications which advise of legal changes in PNG.

Therefore all applicable local, national and ratified international laws and regulations have been identified. This includes areas such as: land rights, labour laws, chemical use, environmental regulations, storage etc.

HOP is however proactive in renewing permits due to expire, taking the initiative to contact the official regulatory bodies to follow up on permits etc.

Oro Bay is a patrilineal society, all smallholders interviewed were well aware of customary and legal issues. The smallholder growers demonstrated knowledge of relevant national, local and customary laws.

***Criterion 2.2 – The right to use the land can be demonstrated and is not legitimately contested by local communities with demonstrable rights.***

HOP landholdings are mainly State Agricultural Leases that were established by the former owners of HOP. HOP holds a copy of the State Leases and the use of the land is consistent with the terms and conditions (2.2.1). These documents also show a history of land tenure and the actual legal use of the land and include records of any transfers of deeds. Ownership has been legally transferred to HOP. These state leases expire in 2075. (2.2.1)

There are in place a number of lease-lease back arrangements.

Lease holders are able to demonstrate tenure and that agreements made with HOP are compliant and transparent – see comments below.

However due to the amendment in the act made in March 2012 this will not be required for 5 years until this is reviewed and all lease-lease back arrangements have been investigated.

Therefore all Documents indicate legal ownership or lease of land and all state leases and land titles are available in Head Office as well as any copies in operational areas. These titles are well managed and easy to locate at the moment. All leases/titles could therefore be viewed in the estate Head Office.

An official government letter is however available stating that former CTP estates are now owned by NBPOL.

Boundaries are normally landmarks such as Roads and Rivers which have been identified through participatory means with the customary landowners. A number of boundary pegs were sighted during this assessment in a number of estates including Embi and Sangara. These are transferred onto maps of each estate clearly indicating these boundaries. There is therefore evidence that all legal boundaries can be clearly identified. Boundaries are marked on maps and with titles - some are marked with boundary pegs - have been previously surveyed. (2.2.2)

During the audit sightings of maps for all Estates were made. Maps of boundaries identified the position of boundary pegs once located and marked both on maps and via GPS. The maps presented were excellent and of the highest quality.

HOP engaged a registered surveyor to identify the legal boundaries of all areas. There have not been any disputes recorded at this time and in recent history.

Records of all resolutions are maintained with Sustainability Manager.

There is proof where disputes have been resolved or are being resolved.(2.2.3).

The issues raised with regards Sumberipa estate form 2012 have been resolved and claimant has acknowledged that the areas in question had in fact recorded the incorrect block numbers. This land is within the lease and is state land. A letter was obtained from the claimant stating this was the case. This included negotiations with NBPOL Sustainability Director when he was recently in Port Moresby.

There are no significant land disputes within the operations of HOP. (2.2.4)

There are no operations outside the legal boundaries of the plantations as far as HIGATURU OIL PALMS is aware

All Village Oil Palm growers have relevant Clan Land Usage Agreements for their blocks as it is an integral part of the loan document but most small growers are not aware of this.

VOP growers have CLUA and LSS growers have land titles for their oil palm blocks.

Transfer of titles from deceased estates is an issue as many LSS block holders have outstanding rents which must be settled before title can be transferred.

Some older VOP Blocks have been established by “purchase of customary land “by outsiders” or non-clan members. A new CLUA has been developed for these blocks and should be used for any future agreements with non-clan members and also should be used at the time of replant for existing blocks.

***Criterion 2.3 – Use of the land for oil palm does not diminish the legal rights of other users without their free, prior and informed consent.***

Current maps are available showing occupied state land and include tenure. There is no customary land within HOP boundaries. There are no operations on alienated land. (2.3.1 & 2.3.3)

All Land Titles are in place.(2.3.5)

There are copies of the small amount of negotiated agreements available detailing processes of consent - Copies of negotiated agreements are available in Land Title Officer Office and with company lawyer. This is with regards to a number of lease – lease back arrangements. (2.3.2)

Detailed maps for all VOP’s were available during this assessment. (2.3.4)

All VOP Blocks are established using the Planting Approval Form (PAF) which contains sketch maps of the blocks vegetation prior to clearing and has safeguards to protect any High Conservation Value (HCV) in the vicinity of the new plantings.

A larger number of smallholders now have possession of their titles or CLUA’s. OPIC has continued the system where all documents

relating to title and land use are copied and kept in the OPIC office.

The VOP growers demonstrated knowledge of customary land rights, which in Popondetta can be awarded though patrilineal or matrilineal , depending on the local land situation in each area.

The slow transfer of titles from deceased estates or blocks bought by new owners remains a concern. This issue was raised in the 2012 audit and was still evident in the 2013 audit. The suggestion of a “Will System” remains a viable option.

All new blocks planted under the Smallholder Agricultural Development Project (SADP) have valid CLUA and land titles. (2.3.7).

***Criterion 3.1: There is an implemented management plan that aims to achieve long-term economic and financial viability.***

The management of HOP can demonstrate commitment to long term economic and financial viability through long term planning.

Annual replanting programme is in place for the next 5 years (2013 to 2018) and includes estates due for replanting including hectares and date for each year (3.1.2). There is completed replant programme documented until at least 2018.

There is a five year business plan for HOP. It is available from the General Manager. There are business plans in place that take into account crop projection, mill extraction rates, costs of production, annual replanting programmes, forecasts and financial indicators. The auditor sighted crop projections for all estates and associated SG’s. All mill extraction rates are documented (3.1.1)

The cost of production is reviewed and compared against expenditure each year with projects in place for future years. This includes costs per tonne.

Forecasts are in place for the next 5 years on a rolling basis.

The Five Year plan is reviewed on, at least, a yearly basis with the CEO of the Group. The latest review and update was completed in July 2012.

***Criterion 4.1: Operating procedures are appropriately documented and consistently implemented and monitored.***

HOP defines its Standard Operating Procedures in what it terms Management Guidelines (MG's). MGs are used as the framework for all operations. HOP refers to MG's and the Recognised Industry Field Handbooks for guidance. Other publications are used for reference only (4.1.1)

These documents are available for Mill, Estates, Transport, Construction, Motor Vehicle Workshops, Clinics and all operational areas.

Standard Operating Procedures (SOP) are in place for each station in the process of palm oil production from weighbridge to storage and transport, storage and despatch to the Bulk Terminal at Oro Bay.

**4.1.4 Observation: Construction need to ensure adequate records of monitoring/inspections to show SOP's are being followed and that they are effectively in place. Construction needs to ensure follow up any actions that are reported to ensure actions are completed.**

**Action: Construction have now prepared SOP's for all operations. These are in place for all plant used in the carpentry shop. There are now regular monitoring programmes in place to ensure any required actions are followed up.**

The mill has in place Work instructions for all mill activities. They are available in the mill and at the area of operations. Adequate document control in the form of issue date and approval is to be put in place.

A number have been updated recently and re-issued – this includes for Thresher – 26.6.13 and Kernel Mill 23.9.13.

Mechanisms are in place to determine the effectiveness of the SOP's. These include regular inspections within the mill with regards to records of operational checks including hourly and bi-hourly monitoring of conditions at a number of stations including Sterilisers, Boiler, Presses and all other areas which are included and included completed log sheets if applicable. These are completed on a daily basis and then they are collected and reviewed by the mill engineers to ensure SOP's are monitored and any potential breakdowns are recorded and include proactive maintenance takes place. (4.1.2)

On the whole the implementation and monitoring of the effectiveness of SOP's is very well managed in each mill.

There is also a routine regular scheduled preventive maintenance programme for all mill

stations. This maintenance is carried out under the Mechanical and Electrical Engineering divisions to ensure ongoing production capability is maintained and that operating machinery is safe for employees to use. Any deviation from standard procedures is reported in daily records and followed up to ensure documented practices are being followed. This all appears effective as the mill was operating well.

The process of determining effectiveness of procedures also takes place with regards to Construction, CWS and other areas. Inspection reports are maintained for all operational areas.

Regular monthly inspections of all areas by Sustainability Manager and his team determine effectiveness of processes in place. This was witnessed in all areas. The report is very extensive and includes both areas of compliance and non-compliance with any areas not being compliant being followed up at subsequent audits. In regards to estates the estate managers will ensure MG's are being followed. This will be further supported by inspections by SM. (4.1.2)

The system requires that records of monitoring are kept. This includes drain and pollution control devices (PCD's) as well as use of PPE etc. - any actions taken such as cleaning needs is recorded. This also includes action taken for any OHS breaches.

The estates are similar to the mill and there are scheduled field inspections which are undertaken by field inspectors as well as estate managers. A number of inspections for estates were sighted including August inspections by the Field Inspectors for Sangara, Sumberipa and Mamba Estates.

The estate managers carry out these field inspections to ensure Management Guidelines are being followed and divisional assistants issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. This is further supported by the Senior Field Managers who also carry out monthly field inspections which are further supported by the issuing and circulating of an inspection report to each estate. These were sighted for August, September and October 2013 for each estate. Any non-conformances are recorded and followed up in a specified time frame. These inspections occur in each estate. The inspections are scored to indicate areas for improvement and record if improvements have



been made since the previous inspection. (4.1.4). There is an expectation that a certain score be achieved and improved in a number of criteria.

National Codes of Practice are referenced within each SOP or Management Guideline if applicable to that particular operation. There is Code of Practice (COP), for Oil Palm Processing. This document is referenced in the legal register, SOP's and MGs. There are also Codes of Practices for Hydrocarbon Control and the Central Vehicle Workshop (CWS) these are again referenced in the MG's. Other COP's which affect estates are referenced in documentation and include Logging and Landfill. (4.1.3)

The latest issues of MG's are controlled by the Sustainability Manager who ensures current applicable PNG COP's are in place. This is completed by using an issue date and number, as well as ensuring all documents are adequately controlled.

The "Smallholder Rehabilitation Project" is a commendable project by HOP to demonstrate to smallholders the potential of their blocks. It is hoped that once the block owners realizes the potential of the blocks, they will exit the programme and continue implementing the BMP standards with increased production. This will have significant positive impact on smallholder income and crop for the company mill, a "win-win" situation for both parties.

***Criterion 4.2: Practices maintain soil fertility at, or where possible improve soil fertility, to a level that ensures optimal and sustained yield.***

Fertiliser use is being recorded and monitored. Fertiliser inputs are recorded for each estate - including recommendation and application against recommendations. These recommendations are made as a result of the most recent tissue analysis which is an annual event. (4.2.1)

Records indicate type of fertiliser used, the estate and block number of areas where it is applied

HOP has soil maps in place - includes difference types of soils and these were available. Soil sampling was completed by an independent testing authority in 2012 and therefore all soils in all areas have been recently tested and reports are available which includes outcomes and recommendations. This soil sampling also included maps of areas under planting. There are extensive

soil maps in place for the whole of Higaturu including the new planting areas (7.1)

There is evidence of an annual tissue analysis- with the most recent being conducted in June 2013. The analysis is completed by a laboratory in Malaysia - AAR. This is an accredited lab. (4.2.2)

Recommendations are made by Singapore office on the application of fertiliser. This was sighted in the OMP 8 records of application.

All palm by-products including fronds, EFB, compost, effluent and expeller are therefore recycled. These are used as nutrients and are put in place to improve organic matter and to substitute or supplement inorganic fertiliser. (4.2.3).

**4.2.3 Observation: There is evidence that nutrient strategy is not at times effective as on a number of occasions EFB was left in piles rather than being returned to the field and spread amongst the palms.**

**Action: EFB is now being used in the nutrient strategy and is used in the areas of new planting.**

The recommended fertilizer application rates by PNGOPRA were available at OPIC. Despite knowledge of the different types of fertilizers, the growers are unsure about the application rates for the different types of fertilizers.

During the audit, a lot of full fertilizer bags were observed to be where the bags were dropped off with the fertilizers unused.

The smallholder growers were aware of the importance of frond stacking and legume cover crop management as alternatives for soil fertility improvement. A majority of the growers had legume cover crop in their blocks except for those who had the legume cover crop shaded out as the species planted was not shade tolerant.

**Criterion 4.3: Practices minimise and control erosion and degradation of soils.**

There are slopes over 25° and these areas have never been planted.

HOP has maintained buffer zones near streams and rivers in steep areas. These remain intact and are not encroached upon.

Techniques to improve soil fertility include the following: Ensure adequate ground cover, avoid over spraying of herbicides, terracing, road design and maintenance.

At HOP the practice is to use old stand as nutrient during replant. In all areas cover crop is planted or existing cover crop quickly re-establishes again once replant is completed. Inspections indicate that this remains the case. In the EMBI estate replant the cover crop has come up quickly and is providing protection against erosion in the steeper areas.

There are no known fragile or problems soils at HOP.(4.3.6)

There have been no new plantings on slopes above 25° since November 2007.(4.3.2).

During the present replant any steep areas (of which there are few) are not being replanted.

On fields with over 9° erosion control practices are in place. These include use of terracing which have been re-established during the current replant, effective cover crop is in place and use of an effective roading strategy which takes any rain water quickly off the roads.(4.3.3)

All blocks with slopes over 25° are identified on the estates contour maps.

(4.3.1)Erosion risk assessments for each block have been completed. Maps are available which indicates any blocks which could be prone to erosion. Seasonal factors are considered such as wet and dry seasons and techniques to control erosion include the following: provision of adequate legume ground cover, avoidance of over spraying of herbicides, review of road design and provision of adequate maintenance including appropriate drainage and use of culverts.

HOP is using irrigation practices which are designed to prevent erosion in the nursery - this area is controlled with regards to erosion due to the flat terrain. Fronds are also used to prevent erosion by correct stacking practices following pruning and after harvesting of FFB. They also consider water use efficiency as there is no irrigation if over 10 mm of rain fall the previous night.

A plan for road maintenance including roads, blocks and time frames as well as budgets has

been produced for 2013 for all estates. This includes management of rainfall run off. The Maintenance plan indicates priority of grading and which roads are to be included on an annual basis.(4.3.5)

The road maintenance plan is monitored continuously to ensure management are aware of the status of the plan.

The roading programme is controlled to ensure it is up to date and that areas with potential and actual erosion areas are given priority over less risky areas. This was reviewed in all estates visited including Embi and Sangara.

Most of the smallholder blocks in Popondetta are planted on flat land and soil erosion is not a concern. Where there are slight slopes growers are using appropriate techniques such as maintaining a ground cover and placing palm fronds across the flow of water. There is much more awareness of erosion after cyclone Guba. Replants strictly adhere to buffer zones for class one and two waterways, as palms previously planted to close to waterways caused erosion problems during cyclone Guba.

There are no peat soils over 3 metres in depth in the area. (4.3.4)

***Criterion 4.4: Practices maintain the quality and availability of surface and groundwater.***

HOP has issued a Water Management Plan with the most recent being reviewed and updated in August 2013 (4.4.1). This plan has been updated and includes all current strategies in place for the management of water from all sources.

BOD levels of discharges are monitored and Higaturu have records for the previous 6 years and beyond. All recent reading show any discharge of POME is well below the allowable limit. All discharge from the effluent ponds is by land application which requires a BOD of under 5,000. The records of application indicate this is well within these limits. Sumbiripa Mill which has 60 tonne per hour capacity is only running at around 50% capacity and therefore due to evaporation and low production there has been no discharge for almost 2 years. HOP however are testing the effluent levels for the final pond where discharge would occur. There is a plan to temporarily stop processing of FFB at this mill for the next few

years. Mamba estate has undergone a complete replant over the previous 2 years and as a result the mill has not been operating since the last major replant has there are no mature palms to harvest at this time. Therefore Mamba mill will not be milling for the foreseeable future until the replant begins to yield millable FFB. At Sangara mill there is discharge and this is controlled through a series of gully ponds which discharging. Any discharges are for land application and do not flow into local waterways. Readings indicate that BOD levels are well under the allowable limits.

The Water Management plan which was last reviewed and updated in August 2013 is comprehensive and includes all areas of water use including drinking, mills and other water usage – includes testing regimes and schedules- copies of the water quality criteria for PNG is documented.

HOP has the facility to be able to monitor the water flow in each mill as flow meters are installed. Water use is being monitored. Effective records are collected and the data will be analysed.

With regards to monitoring of water quality by an outside lab, the results indicate water quality has been very good recently and the most recent test results in October 2013 indicate that there is no faecal coliforms and pH within the acceptable range as prescribed by the DEC at the moment.

A number of results which were received from the local independent lab indicate the presence of faecal coliforms. However all and any readings were all the same with no variation and therefore there is no confidence in the results. It is improbable if not impossible for all readings from all areas to be exactly the same. The samples are to be analysed further by another lab to determine accuracy and veracity and HOP are awaiting the results. However at any time when results indicate some contamination of water action is taken immediately to rectify the issue and trace the source of any contamination and workers and their families are being advised very strongly to boil all water prior to drinking. This is done by the clinics, at morning muster and placing warning letters on the compound/village noticeboards and at each estate office. The records from each clinic does not indicate that gastro ailments are high and therefore water quality appears to comply with legal requirements.

HOP will take action to ensure use of water does not have an adverse effect on downstream users.

Water Quality has been tested both upstream and downstream were they run through the company's operations to determine if there have been any adverse effects to the water quality. These results indicate very little affect from the company's operations.

Hazardous Chemical residues are being adequately prevented from entering water courses in all areas. This in particular includes Mills, Bulk Terminal CVWS, Construction and Central Stores were management practices prevent hazardous substances entering water courses – effective management practices or chemical wastes and better management of interceptors and other Pollution Control Devices has resulted in less evidence spills having impact outside of the immediate area of the occurrence. The interceptors are proving very effective in managing water quality of any discharged waste water. The plan goes on to formalise how stormwater and mill drains are regularly inspected and includes templates of records of any actions taken. Much of the plan is already implemented.

These improvements are providing much improved protection for both ground water and surface water from possible contamination. A number of triple interceptors and sediment traps are already in place and are proving to be effective in preventing pollution of storm water. The quality of the water being discharged is also monitored and is within the guidelines for discharge and the traps capture any contaminants.

HOP monitors the water flow in the mill as flow meters are installed. The mill water use per tonne of FFB is being monitored and trend data is available since 2008 for Sangara mill. Use is around 1:1. This is monitored for each mill. The other mills (Sumbiripa and Mamba where only commissioned in 2008 and 2009 respectively however records are in place since that time.

Water use for domestic and nursery is monitored and reported on as part of the water extraction permit conditions.

The riparian buffer zones are maintained in good condition. The buffers in existing plantations were inspected and found to be within the limits as prescribed by the environmental permits and logging code of practice for each estate and are being re-established at each re-plant which has taken place. All permanent water courses have buffers in place and with HOP signage indicating

the location and extent of the area. This was seen to be the case in Embi, Sangara, Amboga and Mamba where extensive replants are currently taking place. (4.4.2).

Extensive training takes place to ensure that workers are aware of the proper disposal of any chemical wastes including pesticides etc.

See 4.3.6. More awareness is needed for the new Principles and Criteria under RSPO which requires buffers to be re-established on existing blocks when replanting in accordance with the PNG Logging Code of Practice. For new blocks, which are all VOP, this is not a problem as the buffer requirements are clearly outlined in the Planting Approval Form.

Almost all the blocks that were near waterways did not have a buffer zone. These blocks were established well before RSPO. The new blocks planted under the SADP were considerate of the buffer zones.

During the audit, there were two complaints on possible water contamination; at Popondetta Agriculture College (UNRE) and the Avo River at Ilimo. HOP was aware of these complaints and are working with the Department of Environment and Conservation (DEC), the Department of Lands and relevant stakeholders to ensure this issues are resolved.

***Criterion 4.5: Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.***

There is an Integrated Pest Management Programme (IPM) for specific pests with the main one at present being ganoderma, other pests such as bagworm and oryctes as well as other pests are also monitored to keep any infestations in check and allow HOP to put in place measures to control any such pests.. The Programme includes a number of techniques for controlling pests these include: pest monitoring, selective use of chemical treatment, and encourage establishment of bio-control agents.

There are records of the locations and application timeframes for all chemicals used. There is a measurement of the amount of each pesticide used and type for each specific pest e.g. for Ganoderma - use established techniques which does not include chemicals and instead use biological control. HOP monitors pests and

disease as part of the IPM. The only significant pest at the moment is ganoderma which is in the old copra plantation areas which are susceptible, at the present time (4.5.2). There is a programme of monitoring and removing of diseased palms including the methods used to prevent spread of ganoderma.

This is completed by the ganoderma team which monitors the extent of any ganoderma and any treatment. Treatment is by manual felling of the infected palm and pesticides are not used.

At present the rat issue is under control and the rat population and damage continues to be monitored via a regular rat census. If numbers and signs of infestation indicate an increase to a certain level rat baits may be used.

HOP is maintaining records of all applications including active ingredients applied per ha using published toxicity data. Workers are trained in the implementation of the IMP as well as in monitoring its continued success. (4.5.1)

The Integrated Pest Management Plan (IPM) has been recently updated (August 2013) and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. All pests and diseases which are identified are monitored constantly. The use of pesticides is being monitored and use is being reduced and data is kept. The IPM also includes now the use of beneficial plants to help control some pests – this includes tunera and others.

The use of all chemicals is justified with the reason for their use and type being recorded with a plan to reduce usage. Since the monitoring of pesticides and other chemicals become official there is evidence that the use of chemicals is steadily reducing.

A policy of minimal use of pesticides (herbicides in particular) is in place. Smallholders are aware of PPE requirements for sprayers.

**4.5.2 Minor NC: The IPM program has not apparently been extended to smallholders and therefore evidence of Ganoderma has not been detected or treated, therefore the IPM has not been implemented and monitored for smallholders with regards to this pest.**

**Whilst some action has been taken such as appointing a person to monitor ganoderma and redirect the sexava levy toward ganoderma. This**

**has not been fully implemented across all small holders and therefore this Minor NC is left open.**

Response: Evidence of IPM training was reviewed from OPIC and SHA records. There were some IPM training material from OPIC with insufficient details. The training scheduled made by OPIC was not followed and the training officer could not provide evidence of training being delivered (no attendance records).

It is understood that OPIC are recruiting a Pest and Disease Officer who will take up this task of developing and implementing the IMP training. This position was discussed since 2011. Funding for this officer will come from the Sexava levy, which is currently managed by HOP. At the time of the audit, candidates for this position were reviewed.

SHA also showed records of two in-field Ganoderma demonstrations, which was conducted in conjunction with PNG Oil Palm Research Association's (PNGOPRA) Head of Plant Pathology. These trainings are an improvement, however, the organization of these seem sporadic, as there were no proper schedule.

This MNC remains open until the OPIC Pest and Disease officer is recruited and a more detailed training programme for IMP training is drafted and evidence of delivery of this programme is collected. At the exit meeting, it was agreed that if the Pest and Disease Officer was recruited by the 26th of November, this MNC will be closed. For the successful implementation of the IPM programme, HOP must collaborate with OPIC and PNGOPRA.

The Oil Palm Research Association (OPRA) has a station at Popondetta and there is a well-established Integrated Pest Management system in place. However, this seems not to be working. Of the blocks visited, fifteen inspected had Ganoderma infections or suspected Ganoderma infections which represent 35% of blocks.

**4.5.2 Observation: Many growers complained about the Sexava levy. Maybe funds from this could be used in the fight against Ganoderma.**

**Action: The funds from the sexava levy for small holders have been redirected to the control of ganoderma on behalf of the small holders.**

**Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of**

**pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, Smallholders are actively seeking to identify alternatives and this is documented.**

There is a formal justification for agro chemical use and this is documented within the management guideline specific for pesticide usage (MG6) which attempts to ensure that the most effective and least harmful chemicals are always first choice and there is avoidance prophylactic and indiscriminate spraying. (4.6.1)

Types of uses are weeding, pathways, upkeep and other activities within the estates. This includes chemicals used, dosages, and frequency of use. HOP is recording where pesticides are being used, quantities and against what target pest.

The Management Guideline has documented what chemicals are used and where and in what situation. It stipulates the maximum dose possible for each application. There are plans in place to gradually reduce the use of Agrochemicals – which appears to be effective given the reduction in the use of agrochemical applications over the last number of years. This indicates a downward trend in use of most chemicals. (4.6.2)

Paraquat is not used at all at HOP. The application of paraquat was stopped as of 1<sup>st</sup> June 2012. (4.6.5)

The alternative to paraquat has been identified by HOP – is Basta although this is more costly and not as effective.

It is HOP policy not to supply paraquat or any chemicals to any Smallholders. This policy is strictly monitored. There was no evidence of small holders being supplied with paraquat.

All chemicals require management approval prior to use and only chemicals listed for use by DEC, and as per PNG Oil Palm Industry practice are used. This list has been distributed to chemical users to ensure that they have no un-approved chemicals which are being used.

Specific products are being used to target pest and diseases which have a minimal effect on non-target species. Pesticides are selected to minimise risks to health and environment. This is outlined in the Pesticide Usage Management Guidelines. However due to the fact that very few pesticide

types are available pesticides are not routinely rotated to reduce the possibility of resistance.

Records of pesticides usage are comprehensive and include as a minimum areas treated, amount of pesticide used per hectare and number of applications. Usage is compared with records of previous year and this information is used to monitor and plan reduction in use. There is trend data showing the use of all main chemicals for the last 6 years is gradually reducing.

There is in place A Management Guideline which is controlled with regards to the use of WHO Type 1A or 1B chemicals. HOP is able to demonstrate that Type 1A & 1B chemicals are not used by application records and purchasing records/stock control.(4.6.3)

There is no aerial spraying of pesticides in oil palm plantations.(4.6.4)

Records of training are kept in each estate for the following:

- Pesticide Mixers
- Pesticide Sprayers
- Pesticide handlers in main stores

The training data is also maintained to show the nature and content of the training covered. The training appears to be very effective with all pesticide mixers being well aware of PPE use, chemicals use and mixing ratio, storage and hygiene.

There is a minimum requirement of PPE that must be worn / used in the handling and application of pesticides. PPE specifications are stated in the MG and further demonstrated in training manuals.

PPE for sprayers is supplied and its use demonstrated in the training programs of which there is plenty of evidence of in the estate training records. The company supplies three sets of overalls to all pesticide operators so that one can always be considered clean. Overalls are washed at the pesticide mixing areas in specially constructed wash areas so that sprayers and mixers do not need to take them home and therefore the risk of cross contamination with family members is eliminated.(4.6.8, 4.6.9)

All sprayers and mixers sighted during the assessment were using the correct PPE which is supplied by HOP. If sprayers do not have the correct PPE they are not allowed to work in the spraying gangs and have to get the proper PPE before they can start.

Current Material Data Safety Sheets (MSDS) are obtained for all chemicals used and are available at the areas of mixing. Concentrates are not taken into the field as all spray solutions are pre-mixed in a designated area. The status, availability and display of MSDS in all areas is to be commended.

Storage of chemicals is locked areas with limited access to only the pesticide mixers. All areas where chemicals are stored are adequately ventilated through cross flow ventilation. All chemicals containers are triple rinsed and pierced prior to being placed in the designated pesticide waste pit (landfill).

The pesticide mixers in all areas were aware of this practice and could describe it when questioned. Records of containers disposed are kept including numbers sent to landfill. (4.6.10)

Methods of storage and disposal of chemicals (pesticides) are included in training provided. HOP is using only chemicals that are registered with DEC and a reference list had been obtained from them.

HOP policy is not to use either pregnant or breast feeding mothers to work with pesticides. None were sighted.(4.6.14)

Health checks are conducted for pesticide operators. This is carried out by a medical officer on a yearly basis and records of these checks are kept in the relevant clinic. All pesticide operators/handlers had last been screened in and the company Health workers maintain records of screening and schedule.(4.6.13).

HOP do not use organophosphates or methamidophos as at present there is no Sexava. (4.6.11)

There is no request for CPO residue testing. (4.6.12)

Smallholders do not use chemicals categorised as World Health Organisation Type 1A or 1B, or listed by the Stockholm or Rotterdam Conventions.

Chemicals are only applied by trained persons in accordance with the product label. There are certificates indicating that training has been carried out (as evidenced in the VOP Office, during the audit) and the longer term Smallholders are proficient in the use of chemicals.(4.6.6)

There are however no National regulations for

disposal of chemical containers and the Smallholders adopt the best practices introduced by HOP.(4.6.10).

A majority of the growers do not use agrochemicals, especially pesticides, due to the high cost of these. Most of the growers are unaware of the types of chemicals and how to use them. However, there was interest from some growers who would like to use chemicals, especially herbicides for weed control. Information on training for chemical handling needs to be disseminated so it is accessible to the interested parties.

During the audit, only one grower informed of the usage of herbicides to manage weeds. This grower was a former agriculture extension worker and is well versed in chemical handling. However, this grower was not certified to handle chemicals. (4.6.7)

All smallholders agreed that they could not recognise chemicals unless they came in containers with proper labels. No growers interviewed had been on a herbicide training course.

**Criterion 4.7: An occupational health and safety plan is documented, effectively communicated and implemented.**

(4.7.1) There is an OHS Plan in place in all the following areas:

- Estates
- Labs
- Pesticide Stores
- Mills
- Bulk Terminal
- Workshops
- Clinics
- Stores

HOP has in place a health and safety policy which has been implemented and is being monitored. The policy is widely available to all workers, visitors and contractors. The policy is publically displayed on notice boards and within documentation. It is also available in all areas where people congregate.

All areas have implemented and monitored this plan to a very substantial degree. The situation has improved considerably since the RSPO pre-certification audit. Each plan has been issued and is current with the latest issue being in October 2012 throughout the organisation. (4.7.2)

Hazards and Risks have been identified for all operations in all areas. This also includes the degree of risk as well as the controls in place. Procedures and plans are in place to address all operations. These have been distributed to all areas and to the respective managers and supervisors. There are regular documented inspections taking place which ensure that OHS Policy is being implemented. These are carried out at least 3 monthly and more often in higher risk areas. (4.7.3)

4.7.2 OFI: The current hazard identification and risk assessment register does not include the risks associated with HIV/AIDS and the strategies in place to try to combat this.

**4.7.3 Minor NC: There are not always records of all workers involved in operations having been trained in safe working practices e.g. construction, to ensure adequate control is in place to prevent workplace injury and illness.**

**Action: Construction department now have records of training in all work areas for the construction staff this includes safe work practices to prevent workplace injury.**

**4.7.3 Minor NC: In Sangara mill there were a substantial number of damaged electrical leads and welders which were being used despite the threat of electrocution.**

An area of compliance is the availability and distribution of MSDS throughout all areas which were inspected. There is an updated register of all chemicals used which is updated as each product is used or other products are no longer used. All pesticide stores have a set of MSDS in place for all chemicals used. This assist consistency and ensures all areas handling pesticides have consistent control.

**4.7.2 Observation: Need to ensure that precautions are attached to products and these are required to be in place and readily retrievable in case of need e.g. MSDS's are not always available in areas being used.**

**Action: There are now MSDS in place in all areas and are now readily available. There is a register of MSDS in each place for the substances being used.**

In regards to chemicals and other material used in the mills is now well managed. However a number of containers were either not labelled or miss used such as soft drink bottles.4.7.2

**4.7.2 Minor NC: A number of containers were observed without a label to identify the contents therein. There was also the use of soft drink bottles for the storing of substances such as oil and other chemicals.**

Contractors are now being included in the control of OHS matters on site. They are now providing a safety plan for their activities and also agree in the induction to site to follow all HOP requirements regards OHS issues including provision of PPE. A number of plans prepared with or for contractors on site were viewed. This included MCP, Eli-Conzag, Robert Walker and CIDAR who had all agreed to follow HOP requirements for safety and environmental management on site.

HOP has provided the required PPE appropriate to each task once hazards have been identified and the risk assessed. The level of proper use of PPE within all areas for both workers and contractors is compliant with all requirements. A number of areas of Safety Management have improved greatly since the certification audit. Staff at HOP are very proactive with regards to policing the use of appropriate PPE at Morning Musters and workers are reprimanded if they do not use the supplied PPE.

Workers involved in areas of high risk are being trained in work practices – this includes pesticide operations, firefighting, construction safety and plant repair and service. Records of training are being maintained.

Signage supports the use of PPE addressing when and what type of PPE is to be used and under what circumstances. Sign management and placement is well managed and signs are available and are correctly positioned to reinforce any requirements. The introduction of the “lock out – tag out” system was found to have reduced the risk of injury by having dangerous plant isolated during repairs and servicing.

**4.7.3 Observation: The lock out – tag out procedure is not being applied correctly. The areas are not always locked and the tag does not at time indicate the issue, who put the tag in place and the date. A number of tags appeared to have been in place for a long period of time. Also high risk work permits are not being signed off once work in being completed in some case at Sangara mill.**

There are emergency procedures in each area and these are tested to a degree. All areas had in place

records of testing the emergency procedures including tsunami drills, snake bites, harvester injuries, plant accidents, fire drills and other possible emergency situations.(4.7.5)

The records of all drills and testing of emergency preparedness are comprehensive and include participation, times, any failings and any improvements which could be made in most places. A number of places are holding drills at least 6 monthly as required.

4.7.5 Emergency drills are not being conducted 6 monthly as required in a number of areas. This includes Central Workshop, Sangara Mill and Sangara estate as an example

An overall company OHS Officer has been appointed for HOP who coordinates the implementation and management of the OHS policy. An OHS representative has been appointed in all the following operations areas(4.7.4):

- Mill
- Bulk Terminal
- Estates
- MVWS
- STORES
- Construction

Most areas have regular OHS meetings (at least three monthly and sometimes more often) to discuss OHS matters. These were sighted in Sumberipa Mill – 3.10.13 & 30.8.13. There is a standard agenda in place which is now being used.

**4.7.4 Observation: A number of areas are not having regular safety meetings as required. This includes CVWS, Sangara Estate and Construction who have on occasions not only conducted the meetings but have actually copied the exact same minutes of one year ago. By doing this they are not complying with the criteria and using a means to discuss OHS outcomes.**

Some areas (but not all) are also holding Tool Box talks to disperse current or topical information or to reinforce safety issues such as use of PPE. It is normally some estates and Sumberipa Mill – however some areas are not compliant in this area. Therefore some areas of OHS management including drills and OHS discussions have deteriorated significantly in the last 12 months and unless action is taken in this area this will become Major NC.

HOP has 11 clinics. The clinics are clean and well-resourced and have reliable communications AND access to ambulances.



The Construction department building program includes plans to expand several clinics over the next three years to meet the growing demand from employees, dependents and local communities. However due to financial constraints some of these plans have been put back into the next years plans (4.7.6)

The company also has many Red Cross trained first aiders and uniform first aid kits in all field and mill work areas. The kits are checked and restocked regularly. A number of First Aiders are available in all work areas at all times including day and afternoon shifts. Each noticeboard in a particular area includes a photo of the current first aiders and the OHS representatives.

**4.7.6 Observation: It would be of more benefit that there be at least 2 trained First Aiders on each shift in each mill – this will ensure in case where one first aider is absent on leave at least there is one first aider available to workers at all times.**

**Action: There are now more first aiders trained and available in each area. There are records in place of St Johns training certificates for the first aiders. These are available in each area of work.**

HOP monitors a number of Safety Performance Indicators such as lost time injuries and regularly reviews all incidents. All accident records are kept and reviewed. The information is reviewed by Management during high level safety meetings to ensure objectives are being achieved and all incidents fully investigated. This was verified during the audit. This is an improvement since the pre-audit when it was unsure that all accidents are reported and investigated. The latest companywide meeting was held in August 2013 and was attended by all Senior Managers and HODs. The chair person is the company OHS Representative. (4.6.7)

There are records in place for all incidents, injuries and also near misses. There is consistency in the completion of the injury forms and this has been standardised throughout the company.

All departments provide details of LTA's which are then centralised into a report for the whole company and are reported at the main HOP OHS Committee meetings and then to the Group and finally to the Board of Directors.

There is evidence of accident avoidance amongst the smallholder blocks – no serious injuries have been reported on any of the blocks audited. Frond and fruit bunch thorn injuries are often treated by Smallholders with loose oil palm a fruit, which is believed to act as an antiseptic.

Both OPIC and HOP SHA hold regular training sessions and field days of which records are maintained.

All workers are covered by workers compensation accident insurance.(4.7.8).

All out growers responded to this point by saying that the best safety practice was to keep the blocks clean, harvest properly and carefully lay the cut palm fronds in the intermittent rows from the harvest rows. Many growers or family members have worked on the Estates at one time or another where they have learnt the safety measures used on the Estates. Training courses on the use of sickles, chisels, wheelbarrows, access, harvesting, tool care and frond management would still be welcomed.

Growers are aware of safe work practices and implement them to avoid injury when working with oil palm.

**Criterion 4.8: All staff, workers, Smallholders and contractors are appropriately trained.**

Much of the training that is conducted externally, or involves external trainers, has been cancelled in 2013 due to financial constraints. However, each department has conducted internal training. In addition:

- HOP engaged 8 apprentices in 2013 (bringing the total number of apprentices to 21);
- Industrial training was provided to more than 20 students during 2013, varying in length from 2 weeks to 6 months (depending on the course); and
- One employee is enrolled in a Diploma as an external student.

Minor non-compliance: Indicator 4.8.1

A companywide training program for 2013 was not prepared prior to the audit.

The relevant department identifies training needs, with additional training in policies and procedures provided by HR and Sustainability. A formal Training Needs Assessment process will be

undertaken in late 2013 to identify training needs and prepare a formal training program for 2014.

The department that provides the training maintains records that indicate the name of the trainer, the date and training provided, and a list of trainees.

### Inductions

Checklists are utilised for all induction training. Induction forms are signed by the inductee and records maintained. Contractors undergo a separate induction, again using a standardised form. The contract manager and the on-site workers are all required to attend the induction. The induction form is signed by the contract manager and by each worker, and records maintained. (4.8.1)

There are training records in place at each operational site recording skills and training and these were sighted at a number of operational areas during the audit.(4.8.2)

Some of the records are in the form of training attendance registers recording field training as well as more formal skills courses such as plant operators, driver's licenses, boiler operators and Red Cross First Aid training.

Medical officers from all 11 clinics meet each fortnight for in-service training and to discuss challenging cases. This helps ensure medical offices are up-to-date with current practices and medicines.

Checklists are utilised for all induction training (different checklists being tailored to different departments). Induction forms are signed by the inductee and records maintained.

Contractors undergo a separate induction, again using a standardised form. The contract manager and the on-site workers are all required to attend the induction. The induction form is signed by the contract manager and by each worker, and records maintained.

Training records are therefore kept for all employees.

Records of competency and on the job training are kept on site in the various estate offices, mills and workshops etc.

OPIC has Training Officer who is implementing the growers' training programme. OPIC is to be commended for this programme, which is well designed and the materials used are of good quality. The filing of training evidence (training attendances) could be improved. The training is

designed to use modern-day equipment (MS PowerPoint© presentations for delivery using a laptop and projector, which are powered by a generator). This approach targets smaller groups but allows for delivery of quality information and a more interactive and receptive audience.

All new growers under the SADP attended the "New Oil Palm Training Course" and were issued the Growers Certificate..(4.8.3)

***Criterion 5.1: Aspects of plantation and mill management, including replanting, that have environmental impacts are identified and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored to demonstrate continuous improvement.***

An Environmental Aspects and impacts register is in place and is reviewed and updated at least annually the last update being in August 2013. The register is comprehensive and clearly identifies significant environmental aspects and also nominates any legal requirements or restriction classed within the aspects. This register covers all operations impacted upon by HOP. This register also includes occasional operations such as construction of roads, construction, mill upgrades, and replants as well as intermittent operations such as drainage and irrigation and disposal of specific waste. (5.1.1)

All environmental impact assessments have been carried out and updated although there has been little change in the previous 12 months.

The environmental impact assessments cover both on site and off site activities. Whenever there are changes made to operations impacts are updated to reflect these changes

The methodology for determining aspects and impacts is included in the environmental aspects matrix and was available to determine how impacts were applied and the methodology used.

All departments visited did have current Environmental Impacts and assessments available.

There are improvement plans in place for the estates, mill, motor vehicles workshop construction, Store and other areas which are updated as plans progress. Each plan has funds allocated, time frames for completion identified. All plans are now formalised and the

improvements made are noted in the CIP (See 8.1). Some of the improvements identified at the pre-audit are already complete e.g. chemical storage and identification.

During the audit it was noted that all Smallholders audited have changed practices from widespread use of fire as carried out traditionally, to minimal use of small fires for gardens and no fires used for clearing, prior to planting or replanting.

There remains in place a five year plan from 2012-2017.

There is an Environmental Management Improvement plan in place which includes (5.1.2) - Impact assessment includes:

- Building new roads, processing mills or other infrastructure.
- Putting in drainage or irrigation systems.
- Management of waste
- Control of polluting activities
- Replanting or expansion of planting area.
- Disposal of mill effluents (see criterion 4.4).

This Environmental Improvement Plan was recently reviewed and updated August 2013.

The awareness of the rationale behind RSPO and the principles and criteria for RSPO certification had brought awareness to growers about the potential negative impacts of their activities and appropriate mitigation techniques.

Growers showed an excellent understanding of the potential negative impacts of their activities and explained that this was the main reason for not using chemicals (herbicides). The RSPO awareness was able to make the growers aware of common practices they follow that will have impact on the environment.

***Criterion 5.2: The status of rare, threatened or endangered species and high conservation value habitats if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and their conservation taken into account in management plans and operations.***

An assessor selected from the RSPO register of HCV assessors carried out an assessment of the presence of HCVs within and adjacent to the HOP

plantations. The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings. All of the land within the plantations has previously been used for other agricultural purposes and had previously been extensively logged. This was carried out in August 2012. (5.2.1)

The HCV studies include details on the status of endangered, rare and threatened species. The conservation assessments did not identify any rare, threatened or endangered species of fauna within the plantations or adjacent areas. (5.2.2)

Within the estate some areas are not planted and these habitats are being left in their natural state. These areas have been identified as refuge areas and riparian zones (HCV 4) .

Buffer zones have been established along all watercourses and signs erected to protect the sites and to discourage any illegal hunting, fishing or gardening etc. The signs are replaced once they become faded and hard to read. Most appear to be effective as there is little evidence of any illegal activities in areas.

Therefore any HCVF areas that have been identified are mapped. HCVF and Buffer Zones have been clearly marked and native trees are being planted to expand and protect them. There is a nursery in place to ensure native species are planted as fill ins in the buffer areas.

The main area of HCV and Management of endangered species is the Queen ALEXandra Birdwing Butterfly of which HOP has been well aware of for many years.(5.2.3).

The HCV Assessment report contained many recommendations for basically continuing the good work that has been carried out by HOP.

As far as possible HOP is attempting to avoid damaged to habitats by putting in place correct buffer zones and declaring habitats such as reserves and wet lands to be free from any activities which may deteriorate the habitat.(5.2.4)

Company employees are prohibited from the hunting and taking of fauna from the plantation and adjacent land. Conservation areas are well identified and well managed by the estate managers and staff. (5.2.5)

HOP requires employees and the employees of contractors to sign an agreement that they will not hunt, fish or utilise other subsistence resources.

Inspection during this assessment indicated there was little evidence of hunting, fishing or collecting activities in the HOP area.

HOP have provided gardening areas for use by workers adjacent to their housing to discourage worker encroachment into buffer zones and protected areas. This has been successful. Occasionally land owner groups implement their own systems to discourage encroachment.

All Smallholders had cleared most of their blocks well before the adoption of RSPO and prior to 2005. The Smallholders demonstrated an awareness of the impact of development of oil palm on surrounding natural areas. This has been further emphasised through the planting approval process (controlled by HOP) where the requirements for independent Smallholders have been explained as well as through repeated RSPO awareness sessions.

Areas of High Conservation Value (HCV) were identified for the new plantings under SADP. The new growers were made aware of through the Planting Approval Form (PAF).

The RSPO awareness has also assisted existing growers to be better aware of HCVs. The main area of HCV in the Northern Province is the Queen Alexandria Birdwing Butterfly (QABB) and posters of this endemic and endangered species was seen on some smallholder blocks.

***Criterion 5.3: Waste is reduced recycled, re-used and disposed of in an environmentally and socially responsible manner.***

The current waste management plan is presented in a separate management guideline (MG 8) and includes pesticide contaminated waste. The waste management plan is current and was available in all areas visited. The waste management and disposal plan was recently reviewed and re-issued under the control of the General Manager in August 2013. All waste streams are included as well as control methods.(5.3.2)

Waste is recycled wherever possible. Examples of recycling strategies include identification of the types of wastes, prohibited wastes guidelines, re-use of waste containing nutrients, management of effluent ponds, increasing the efficiency mill extraction.

The company's aspects register identifies all sources of pollution and waste and states their impacts and required mitigation measures. This

register is updated at least annually (August 2013). This waste management is very comprehensive and is very detailed with regards the management and control of all waste streams.

HOP has in place treatment system for POME in the form of effluent ponds and land application. Management of POME includes a SOP and this is being updated to include use of POME as a nutrient and for land application.

The following waste streams have been identified and are controlled through the Environmental Management System in operation at HOP. (5.3.2).

- Mill Effluent – through effluent ponds and land application.
- EFB other by products – Recycled to the field
- Fibre by-product – Fuel for furnace.
- Oils and Hydrocarbons (including containers) to Hydrocarbon pit or recycled
- Hydrocarbon spills treated with sawdust then burnt in boiler.
- Used oil – recycled, burnt in boiler.
- Pesticides (including containers which are triple rinsed, punctured and to pesticide pit.
- Pesticide spills – cleaned with spill kits used kits sent to pesticide pit.
- Office Waste –segregated, recycled where possible with rest to the landfill.
- Household waste – segregated, recycled where possible with the rest to the landfill.
- Human waste – Septic and soak a-ways.

Landfill sites are in place for all areas. The landfill sites are well managed and sign posted. This has been a large improvement and all landfills continue to be effective. The sites are large enough to last a long time. The main landfill near Sangara Mill is well managed with a permanent caretaker with times of the landfill opening being place on a sign post. There is little or no odour and little evidence of waste outside of each cell.

Household waste is separated and collected from each estate village on a weekly basis. Mamba has introduced composting for household green waste, which will be subsequently used by residents for gardens in each village.

Each clinic separates general waste, medical waste and sharps, and stores and disposes of them appropriately. Waste disposal records are maintained by each clinic.

**5.3.2 Minor NC There is evidence that waste is not always disposed of properly in some compounds**

**e.g. the road to Sangara landfill (domestic waste mixed with green waste), Siroga and Ambogo estate. More awareness is required to ensure residents at Mamba are disposing of green waste appropriately.**

**Action: The control of all waste areas has improved significantly and the landfill are well managed with in place for each different type of waste. There is now little evidence of mixing of different waste types.**

HOP intends to test biogas generators in the guesthouse and three new houses to trial the effectiveness in generating cooking fuel from human waste.

**5.3.2 Observation: Shouldn't put green waste in landfills as it reduces life of landfill and inhibits proper compaction e.g. Mamba**

**Action: See action for Minor NC 5.3.2.**

HOP ensures that the quantity of pesticide waste recycled or sent to land fill is recorded.

Separate Pesticide, Hydrocarbon and General waste areas are provided for all waste at each landfill. The control of disposal has been stated previously in this summary. The control of hydrocarbons has also been addressed elsewhere in this report. All estates have effective records of the proper disposal of use pesticide containers including method of destruction, placement and records of quantities destroyed.

HOP has in place a documented treatment system for POME in the form of effluent ponds. The effluent ponds are effectively maintained and managed.

Medical waste records include disposal of sharps and contaminated medical waste, giving amounts destroyed and where transported from with dates. All clinics send their waste to the main clinic at Head Office and thence to the local hospital where incineration occurs. The clinics also record the return of expired ointments and drugs.

Therefore the audit concluded that the waste management plan has been effectively implemented.

Very few growers live on their blocks, preferring to remain in their villages and walk to their blocks

when required. Those that did live on their blocks have appropriate rubbish pits and pit toilets.

There were no users of hazardous chemicals.

A few growers are still using the frond stacks for rubbish disposal.

**5.3.2 Minor Non-Conformance: Majority (almost 60%) of the growers admitted to not having rubbish pits for the disposal of household waste. Household waste was observed in the rivers/streams and in frond piles. This practice was mentioned in the 2012 audit. More awareness is required by OPIC and SHA to eradicate this practice**

Much more awareness is required by OPIC and the company's SHA to eradicate this practice.

***Criterion 5.4: Efficiency of energy use and use of renewable energy is maximised.***

HOP uses fibre to power the boiler which produces steam, drives the turbine and produces electricity. The use of renewable energy in this early stage is low due to the updating of the boiler. Once this is completed rates should lift once again. At the time of this audit due to low crop there is a higher proportion of non-renewable energy vs. renewable of around 30/70.

HOP provides records of both monitoring of kilowatt hours per tonne of palm product and kilogram of steam per tonne FFB. (5.4.1)

A large number of work areas including workshops are relying on natural light (opaque roof panels) and therefore use of electricity for lighting is reduced reducing impact in these areas.

HOP monitors the use of non-renewable energy (diesel) and this is monitored in the form of data which records use of diesel per tonne of FFB. (5.4.2)

The fuel used for all operations is measured and monitored with a view to reducing use of non-renewable energy.

***Criterion 5.5: Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situation, as identified in the ASEAN guidelines or other regional best practice.***

There is no burning in new developments or at replanting. Burning is not allowed by HOP and there is no evidence of burning.(5.5.1)

HOP will record any areas of sanitary burning if and when required. To date there has been no sanitary burning. (5.5.2)

Burning of domestic waste is against company policy and has been mostly eradicated. It is very rare to sight evidence of the burning of domestic waste by workers and families of HOP however a few cases were observed and Minor NC raised. (5.5.3)

**5.5.3 Minor NC: There was evidence of burning of refuse and domestic waste on a few occasions. This was sighted at Siroga near the treatment plant and also coming into Moale as well as evidence of burning of dried leaves.**

**Action: There was no evidence of the burning of waste in any areas visited during this assessment. The company held awareness sessions following the previous audit and these have proved effective as burning was not sighted on this occasion.**

The incineration of all medical wastes such as sharps, used bandages and gloves is permitted. Records are maintained of the amounts destroyed. This is carried out using a specially designed and constructed incinerator. Comprehensive records are maintained of any disposal of medical waste. (5.5.4)

The Smallholders are disposing of their waste in a responsible manner by mixing the organic waste with the pruned fronds and using a pit disposal method for other household waste. HOP has a strong “No Fire” Policy throughout its operations and those of Smallholders.

All respondents showed awareness of the RSPO guidelines on use of fire.

**5.5.1 Observation: Despite the RSPO awareness, a number of the growers admitted to using fire for clearing new garden and most of them admitted to have used fire for replant. HOP will put more focus on stopping this practice and will give a warning that crop will not be collected if a block is cleared by fire. OPIC and SHA will need to work together to ensure this practice is discouraged.**

**Criterion 5.6: Plans to reduce pollution and emissions, including greenhouse gases are developed, implemented and monitored.**

Assessments have been carried out on all recognised polluting activities and include gas and smoke emissions, particulate and soot emissions, effluent control, treatment and discharge. Any

Significant pollutants and emissions have been identified. There is a plan in place to reduce pollution – this is included in the aspects/impacts register and the waste management plan. (5.6.1)

The housekeeping in the mills and the bulk terminal was very well managed and all areas were clean and tidy with all potential pollutants under effective control.

HOP is keeping adequate records of mill emissions and effluent including critical data such as Smoke emissions, BOD levels, Total Suspended Solids and Oil & grease as required by the relevant environmental permits.

Significant pollutants and emissions have been identified within the Environmental Impacts register and plans are in place to reduce impacts via the Environmental Improvement Plan which was recently updated in August 2013. (5.6.2)

**5.6.2 Minor NC: There is evidence of poor and uncontrolled storage of waste oil near Sangara mill with oil incorrectly stored to prevent leaking in earth bund. Drums were at times not properly closed or stored upside down resulting in unnecessary spills.**

**Action: The oil drums full of waste oil have now been removed and oil is now kept in a large tanker and is then recycled.**

**5.6.2 Minor NC: Spills of hydrocarbon are not being properly monitored in a number of areas. In many areas absorbent is either not applied or not removed once it becomes saturated and therefore ineffective. Therefore significant pollutants are not being managed and monitored effectively.**

The treatment methodology of POME is recorded in effluent pond management plans and in MG 11 however HOP is discharging to land application POME at this stage. (5.6.3)

Comment: A number of bulk tanks have been painted by the supplier. It needs to be determined how to address these bulk facilities.

Stack emissions are being measured by smoke density readers that show emission levels are within requirements and at both Sumeripa and Sangara mills are well below the level of 20% - 80% of the time. The reader/meter is recording data on smoke density and mill management are able to

interpret this information in relation to allowable smoke emissions levels.

Records are now in place for over a number of years for these readings at least since 2005.

All drains within the mill and other areas are monitored and interceptors are in place to prevent storm water pollution. Records are in place to recorded inspection, cleaning and effectiveness of these PCD's. Recently a number of these traps have had their capacity increased and are now more effective in managing run off waste and storm water.

**Criterion 6.1: Aspects of plantation and mill management, including replanting, that have social impacts are identified in a participatory way and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.**

HOP engaged an independent contractor to conduct a Social Impact Assessment (SIA) in August 2012. This was used to prepare a detailed Register of Social Impacts and a Social Impacts Mitigation and Monitoring Plan (SIMMP). The SIA results were discussed with a range of internal and external stakeholders in February 2013. Subsequently, the Register of Social Impacts and SIMMP were updated (August 2013). The SIMMP has a clear focus on the main social impacts, and includes a timetable and person responsible for implementation and monitoring (6.1.1).

The SIA has been used to prepare a detailed Register of Social Impacts (indicator 6.1.1), dated September 2013, and a Social Impacts Mitigation and Monitoring Plan (dated September 2013) that includes the main social issues and one or more action plans for each social issue, along with timeframe and responsibility (indicator 6.1.3).

HOP has also has in place a communication program to discuss and enable input to the Social Improvement Plan for a range of internal and external stakeholders (indicator 6.1.2).

**6.1.2 Observation: It is important to engage broadly during the finalisation of the Social Impacts Mitigation and Monitoring Plan. HOP has outlined a consultation program prior to the end of 2012 to ensure key stakeholders are aware of, and able to contribute to the Social Impacts Mitigation and Monitoring Plan. Following this consultation the initial Social**

**Impacts Mitigation and Monitoring Plan will be finalised.**

**Action: Awareness on the Social Impacts Mitigation and Monitoring Plan was undertaken in February 2013. This is considered to be an appropriate response by HOP [but should be seen as part of an ongoing program of consultation with stakeholders].**

Several of the planned actions relate to activities specified in the 3-year building program (e.g. housing maintenance, upgrading water supplies, provision of electricity). The Social Improvement Plan and building program need to be reviewed periodically to ensure they are aligned.

The Social Improvement Plan is the basis for the social component of the Continuous Improvement Plan (indicator 8.1.1). The Continuous Improvement Plan should include clear indicators for each of the planned actions, and a report prepared on an annual basis indicating the progress in implementing the planned actions over the past year.

**Criterion 6.2: There are open and transparent methods for communication and consultation between Smallholders and/or millers, local communities and other affected or interested parties.**

HOP has a communication policy (updated July 2013) and a list of stakeholders (updated August 2013) with key contacts for these stakeholders. HOP has also identified the managers who are responsible for communicating with various stakeholders (6.2.2).

The Company's policies and other relevant documents are clearly displayed on a number of notice boards throughout the operational areas. HOP has also translated a number of simplified versions of key policies and is displaying these on the notice boards. This is to be commended, as many employees and their dependents have limited English skills.

As noted under Criterion 6.1, HOP discussed the results of the SIA with a range of internal and external stakeholders. This consultation should be continued rather than being regarded as a one-off exercise.

In the past year HOP established a Gender Committee, however, meetings have not been held for several months. The role of the Gender

Committee should be reviewed, and if regarded as beneficial, effort should be made to recommence meetings to fulfil its purpose.

**Observation: Indicator 6.2.2**

**Further effort is required to communicate with external stakeholders, including, for example, the provincial government, local councillors and other service providers in the areas in which HOP is operating. This would help disseminate information to project stakeholders, and provide an opportunity to engage periodically on the identification and management of social impacts. HOP has recognised the need to improve communication, as evident from the inclusion of activities in the Social Impacts Mitigation and Monitoring Plan to provide awareness on the FFB pricing mechanism to ILGs and smallholders.**

**6.2.2 Observation:** There are several options to facilitate interaction with particular stakeholders that HOP may wish to consider in the future. This includes the establishment of a women's group (discussed further under Criterion 6.9) or a group comprising local councillors and other government service providers. The latter provides an opportunity to consult broadly and could be used to engage periodically on the identification and management of social impacts.

**Action:** Progress has been made in terms of the establishment of a gender committee, although regular meetings have not continued beyond the middle to 2013; and while there is regular consultation with some external stakeholders (e.g. Kokoda Hospital), further work could be undertaken to liaise with external stakeholders.

Growers are aware of the grievance mechanism in place. OPIC has a Grievance Officer and the grievance processes was documented. Copies of the grievances recorded at OPIC and MOFA are sent to SHA. At POPGA, the grievances are recorded by the POPGA Secretary. SHA also has officers that attend to grievance at a receiving counter.

During the audit, all the growers interviewed stated they were not impressed with the service they are getting from their grower association, POPGA. They were concerned the levy of K5 per harvest was too much. None of the interviewed growers mentioned they go to POPGA to register grievances. However, when the auditor visited the POPGA office, there were growers queuing to

register complaints. Evidence of assault to the POPGA office was also observed and the auditor was advised these happened when the growers being unhappy about delayed crop payments, something that POPGA has neither jurisdiction nor responsibility for.

**Criterion 6.3: There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.**

HOP has a formal grievance policy and formal grievance process (revised August 2013). A separate policy has been prepared for grievances concerning sexual harassment or domestic violence (6.3.1) (refer Criterion 6.9).

**Observation: Indicator 6.3.1**

**There has been improvement in the recording of grievances but it is important to provide adequate detail when recording the actions taken, and to follow up and record information when the grievance has been forwarded to another department.**

When grievances are forwarded to HR or Sustainability, the grievance should not be identified as 'closed' but the grievance followed up with the relevant department and the outcome recorded. This should not only include the action taken, but an indication of whether the grievance has been resolved to the satisfaction of those involved. (6.3.1)

**6.3.1 Observation: There has been improvement in the recording of grievances but it is important to provide adequate detail when recording the actions taken, and to follow up and record information when the grievance has been forwarded to another department.**

The establishment of a separate register for sexual harassment and domestic violence (refer Criterion 6.9);

- The establishment of a separate register to record requests for assistance;
- The inclusion of additional details on the grievance and actions taken to address the grievance; and
- Promotion of the grievance mechanism among smallholders and local communities.

**6.3.1 Observation: It is important to continually promote the grievance mechanism to ensure both internal and external stakeholders are aware that: any person can raise a problem or issue with**



**HOP; the Company representative to be contacted is clearly identifiable and contactable; the Company will provide a response in a timely manner; and if the person is not satisfied with the response they can raise it a higher authority (e.g. the General Manager).**

**Response:** There has been improvement in the use of the grievance mechanism and the recording of grievances over the past year. However, further improvement is required to ensure adequate information is recorded to describe the action taken to address the grievance, and when grievances are forward to another department for action (e.g. HR or Sustainability), an effort is made to ascertain the action taken rather than indicating that the grievance has been resolved.

Growers are aware of the grievance processes in place at the OPIC offices and the Small Holder Affairs office. A grievance book is kept at SHA office (sighted). Grievance books are also kept at the OPIC town office and at the divisional offices (unsighted). However, most expressed their lack of faith in the operations of their own Growers Association for which K5.00 is deducted at each harvest.

**Criterion 6.4: Any negotiations concerning compensation for loss of legal or customary rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions.**

HOP has lease-lease back agreements with 11 ILGs (10 in the Embi area and 1 at Mamba) that includes approximately 1,300 ha of oil palm.

HOP is also discussing the potential development of an additional 1,400 ha of oil palm with 14 land groups (again, predominantly in the Embi area). The Lands Section is exploring alternative approaches to the usual LLB arrangement (documented in Management Guideline #21) to overcome the delays caused by the national inquiry into Special Agricultural Business Leases. The Lands Coordinator is also providing awareness to ILGs and local communities on the amendments to the Incorporated Land Act and Customary Land Registration Act, and is the key person within the Company for raising awareness on the benefits and costs associated with oil palm development on customary land. Plans to appoint a Community Development Officer have been delayed due to housing constraints, although additional resources

will be required in the Lands Section to provide training and support to ILGs so they can meet the requirements of the Incorporated Land Act and Customary Land Registration Act amendments within the next four years.

#### MAMBA GRIEVANCE

Landowners at Mamba submitted a grievance to HOP in July 2013, claiming the replant was adversely affecting water quality, and seeking compensation of K5 million per annum. HOP has subsequently responded and liaised with the landowners; investigated the allegation; invited the Department of Environment and Conservation (DEC) to investigate, and had water samples tested. Although waiting for a report from DEC, the water samples indicate that the water has not been contaminated. The approach by HOP in dealing with the grievance to date is considered as appropriate.

Although it may not be possible to influence the management of funds for existing mini estates, it may be possible to have an influence on proposed new mini estates.(6.4.3)

See above. CLUAs will need to be available for sighting by the auditor by the time of the next audit. All smallholders are well aware of their customary obligations with OPIC & SHAD now keeping copies of loan documents. CULA's should be available for perusal.

**Criterion 6.5: Pay and conditions for employees and for employees of contractors always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.**

#### Wages

On 1 July HOP increased its minimum wage to K2.26 per hour. While slightly less than the minimum wage of K2.29 per hour, HOP generally provides housing, electricity, water, medical coverage and some education support free of charge to its employees.

The vast majority of employees are enrolled in superannuation, with HOP providing a contribution of 8.4% of wages.

Wage payments are made to bank accounts. An ATM is located at Hagita, and in the past year HOP facilitated the introduction of EFTPOS in stores in the Mamba area. This is reducing the need for employees and dependents to travel to

Popondetta to buy food and other goods, significantly reducing the cost of living. Some surveys were conducted early in 2013 to help assess the cost of living of HOP employees and their families. Results are not yet available.

Contractors are required to sign an agreement in which they commit to meeting (or exceeding) legal minimum terms and conditions for their staff. (6.5.1 & 6.5.3)

### Employment conditions

Over the past year HOP has provided contracts to the majority of permanent employees, outlining the date employment commences, the position, salary and general employment conditions.

There is evidence in the form of induction records that contractors have agreed to meet minimum terms and conditions – this was sighted for a number of contractors. (6.5.2)

### Housing

There has been substantial progress in the renovation program in 2013. There is still substantial work required to complete all renovations, but progress is highly visible and generally well received from employees and dependents. Consultation with employees and dependents may help identify further improvements that can be incorporated in the renovation program in future years. This is likely to include:

- (i) Replacement of all wooden shutters (to improve lighting and ventilation);
- (ii) Separation of sinks (used to prepare food and wash dishes and clothes) from the ablution blocks; and
- (iii) Design improvements to houses provided for supervisors.

As noted in the 2012 certification assessment, HOP should also consider the provision of power points to all houses as part of the building renovation program. Power points will not only lift living standards, but reduce illegal wiring. (6.5.4)

**6.5.3 MINOR NC: There is uncertainty over existing employment conditions and entitlements, and possible future changes as NBPOL moves towards uniform conditions across its PNG operations. While some change is understandable as a result of a change in**

**management, NBPOL has been in control at Higaturu for over two years. It is unsatisfactory that employees continue to work without clearly understanding their employment conditions and entitlements.**

**Action: HOP has provided a contract to the majority of permanent employees, outlining the date employment commences, the position, salary and general employment conditions.**

**6.5.3 Minor NC: Although the majority of employees have employment contracts, there remains uncertainty over:**

- (i) Housing entitlements and when, or if, housing will be provided to the expected standard; and**
- (ii) Furniture entitlements, and when, or if, furniture will be provided.**

**These entitlements should be finalised, and clarification made to relevant employees, as soon as possible.**

Ongoing vigilance to limit the number of passengers (i.e. people visiting village residents) will be required to help reduce overcrowding.

**6.5.6 OFI:** Some of the current housing designs are relatively poor, particularly in respect to ventilation, and the location and design of ablution blocks and in some cases, kitchens. Although undertaking a major renovation of existing houses over the next five years, it may be possible to modify the designs to improve ventilation and other qualities of the houses. In addition to the above, HOP could consider the provision of power points to all houses as part of the building renovation program. The provision of power points would allow families to buy and use a range of electrical appliances, which has potential to greatly improve living conditions and worker productivity. The provision of power points will eradicate the practice of illegal wiring, which is a health and safety concern in all villages.

**Action: There has been substantial progress in the renovation program in 2013. The renovations are substantially improving the quality of housing provided, although there are still opportunities for further improvement. This is discussed further under Indicator 6.5.6.**

6.5.6 Minor NC: The management of housing and the management of passengers both need to be improved to help ensure a systematic approach to the provision of adequate housing.

Many 'passengers' reside in the village estates. They include friends and relatives, the children of employees who are over 18 years of age, and ex-employees and their families who continue to occupy HOP houses. The high number of passengers causes overcrowding, adds pressure to utilities (water, sewerage and power) and contributes to a range of social problems.

The management of houses also needs to be improved, as some recruitment has been prevented due to unavailable houses, despite vacant houses being available in other locations, or houses occupied by contractors.

#### Health and HIV

The health services provided to employees and dependents is of a high standard in comparison to other health services provided in rural areas of PNG. HOP is now registered with the National Department of Health, which means Higaturu receives medicines and medical supplies from AusAID and the Department of Health.

Action Plans have been prepared and updated periodically for all 11 clinics (most recently in October 2013). The Action Plans outline proposed renovations and additional facilities, equipment and vehicles. Progress has been constrained in 2013 due to financial limitations, or difficulties recruiting medical officers, but warrants additional financial support, as the health services are a major benefit to employees, dependents and the surrounding communities.

The Company has a HIV program that aims to raise awareness, undertake voluntary testing, provide counselling and provide care, including distribution of Antiretroviral drugs. The program targets employees and dependents. Tingim Laip, a local NGO that receives funding support from AusAID, and provincial health authorities, also implements HIV programs, including counselling, targeted peer education, condom distribution and home care. Although discussions were not held with provincial authorities, a new HIV clinic is being built at Kokoda Hospital. Additional collaboration between HOP, Tingim Laip and the provincial health authorities may be warranted.

The Tingim Laip program focused on high risk groups, which include (i) female sex workers, (ii) women who exchange sex for money, (iii) mobile men with money and (iv) people involved in the betel nut trade. All but the latter have a focus on

oil palm due to the relatively high payments made to employees, contractors and smallholders. HOP may need to allocate additional resources to increase the level of awareness and support provided within Estate villages, and possibly initiate a program to encourage testing among employees and dependents. Those people diagnosed with HIV can be counselled and treated, which is a much better option than being untreated and potentially, unknowingly infecting other people. Security

HOP has around 280 security officers. The main criminal activities are related to drug and alcohol abuse, including illegal possession of drugs and/or alcohol, disturbances (typically on pay weekends), stealing and domestic violence. Other than for domestic violence, the main offenders are typically young men or teenage boys from estate villages and nearby communities. There are issues also with abuse of women and children which is commonly occurring in PNG and the estates are facing similar difficulties with dealing with this issue. It would be good if HOP can find a way to look at investigating these cases and how best to deal with involved victims and offenders.

Other social issues that are being faced links to illegal activities (e.g. gambling and prostitution) as a result of the relatively high wage payments received by HOP employees, contractors and smallholders. Both are difficult to control due to the proximity of local villages to estate villages, and the freedom to move from one to another.

While HOP security officers are relatively well resourced, the same cannot be said for local police officers, who are often constrained by a lack of transport and other resources. In addition, very few of the criminal cases brought to the attention of local authorities by HOP security officers are acted on. The lack of prosecutions provides little incentive for HOP to pursue criminal cases through the courts. In response, HOP is trying to register some of its security officers as reserve police: this will enable them to make arrests and complete the documentation required for prosecution. This process is taking time.

Smallholder growers all use hired labour periodically, especially for harvesting and major up-keep work. These works usually are for a day or two at the most. Payment for these works are between K100 and K200, and is dependent on the nature of the work, the workload and the FFB price. In all cases, the payment made to the hired workers are always above the minimum wage standards for PNG.

**Criterion 6.6: The employer respects the right of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.**

HOP has a freedom of association policy (updated July 2013). A simplified version of the policy, presented in tok Pisin, is also displayed on company notice boards.

The Higaturu Oil Palm Processing Workers Union has around 400 members. Membership deductions are made through the payroll system. HOP has invited the Union to several meetings in 2013. However, several Union executives have resigned and new elections are required before the Union can meet with its members to identify issues to discuss with HOP. The Provincial Labour Officer appointed an ex-president of the Union as an Interim President in 2013. It is the Interim President's responsibility to oversee the new elections. If going to plan, discussions between HOP and the Union should recommence in 2014..(6.6.1 & 6.6.2 & 6.6.3))

**6.6.3 MINOR NC: The Higaturu Oil Palm Processing Workers Union may represent little more than 10% of the workforce, and its national registration may have lapsed, but HOP should identify the members as project stakeholders and should meet with Union representatives and discuss employment-related issues on a regular basis. Advice received by the Company from the Provincial Labour Office, to the effect that HOP need not meet with Union executives until it has been re-registered, is not interpreted as preventing HOP to discuss employment and other social issues with its own workers.**

**Action:** HOP has invited the Union to several meetings. However, several Union executives have resigned and new elections are required before the Union can meet with its members to identify issues to discuss with HOP. This process is expected to recommence in 2014.

**Criterion 6.7: Children are not employed or exploited. Work by children is acceptable on family farms, under adult supervision and when not interfering with education programmes. Children are not exposed to hazardous working conditions.**

HOP has a clear policy against the employment of children under the age of 16 and supervisors and employees are made aware that children must not help them during working hours. For new workers that fail to provide a birth certificate or clinic book, their age is estimated by health staff during the initial medical check. (6.7.1)

Almost all the growers interviewed were aware of not using children for oil palm work when it might interfere with their educational programmes. The growers did admit to children being used for light work, such as loose fruit picking, under adult supervision during weekends and school holidays.

During the audit, two growers openly admitted to making children of school age remain at home at school time so they can help with the harvesting. The Small Holder Affairs manager agreed to cooperate with OPIC initially through Radio Northern which reaches all growers, when it is operating and provides an excellent avenue for weekly information broadcasts

**Criterion 6.8: Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation or age is prohibited.**

The Equal Opportunities Policy is published in the company's "Sustainability Handbook". The Company's Legal Officer advised there are no known constitutional infringements. Interview of male and female workers did not identify any cases or forms of discrimination. The Policy is available to the public and includes PNG constitutional requirements. (6.8.1 & 6.8.2)

The EEO policy is displayed in all work areas and notice boards.

**Criterion 6.9: A Policy to prevent sexual harassment and all other forms of violence against women and to protect their reproductive rights is developed and applied.**

The Company has a policy on sexual harassment and other forms of violence (updated July 2013), separate procedures (dated September 2013) and a separate grievance mechanism. (6.9.1)

Domestic violence remains a major challenge at Higaturu, as it does across PNG. A range of people are usually involved in a domestic violence incident, including estate/department heads, security staff, the village warden and the Welfare Officer. Counselling is proving to be an effective

response in many cases of domestic violence, however, the Welfare Officer, who now reports to HR rather than Security, has limited transportation options. Having a vehicle at her disposal would allow counselling when and where required (rather than being restricted to the Siroga area, and having limited capacity to provide counselling services after hours, when it is usually most convenient to those involved).

The Company has a Nursing Mothers Policy (updated July 2013), and provides for two one-hour breaks for breastfeeding for a period of 6 months. (6.9.2).

**6.9.1 Observation: There is a need to review the sexual harassment and domestic violence policies to ensure they are accurate and effective. In terms of their effectiveness, the policies should articulate a process in which any person can access both support and advice on a confidential basis. Women, who will be the victim in the majority of cases, should be able to seek support from another women, and generally someone in close proximity, to avoid travel and therefore being conspicuous (implying several contact points may be required across HOP's operations).**

**Action: A document has been produced 'Procedures for dealing with complaints of sexual harassment and domestic violence' in September 2013. This is considered to be an appropriate response by HOP.**

**6.9.1 Observation: Input to sexual harassment and domestic violence policies, and any other issue effecting predominantly women, may appropriately addressed by a women's group or gender committee. HOP management is encouraged to support such a group if there are willing participants.**

**Action:**

The Company also provides six weeks paid maternity leave for all permanent employees, which is to be commended.

A gender committee is in place to address specific issues relating to women in the workplace.(6.9.3)

**Criterion 6.10: Smallholders and mills deal fairly and transparently with Smallholders and other local businesses.**

6.10.1 Improvement opportunity: All the growers interviewed were not aware of the current FFB price. They admitted to only knowing of the crop price when they receive their pay slip. However, the current and the past months FFB prices were observed on display at the OPIC office and OPIC divisional offices visited. This might suggest that the growers do not visit the OPIC offices frequently to keep up-to-date with the current FFB price. OPIC and SHA could look into the possibility of including a FFB price update segment into the local weekly oil palm radio programme.

Smallholder growers are still requesting information on pricing formulation. If this information is available, it should be made easily accessible to them.

The industry as a whole could prepare a poster or short pamphlet explaining how the price is calculated, and explaining why price variations occur.(6.10.2)

**6.10.3 Minor NC: There were claims of cheating during crop pick-up where transport crew transfer FFB crop weight from one grower and transfer the weight to a different grower. There were a lot of recorded similar cases in the grievance registers (sighted). HOP contracts FFB pick-up to an external service provider. This system needs to be reviewed. HOP will have to work closely with the transport company and possibly OPIC to ensure a more transparent check-and-balance system is in place to contain, if not eradicate such claims in future. HOP is one of the main commercial entities in Oro Province. Local contractors are used for a number of activities, including construction and transport. Contracting contributes to local employment and stimulates the level of economic activity in the province. Although this is very much a positive contribution to Oro Province, it is important to ensure that all contractors are aware of and have access to the**

**grievance mechanism. HOP has included the grievance mechanism as a part of the induction training provided to contractors.(6.10.4)**

6.10.4 Improvement opportunity: The “Smallholder Rehabilitation Project” is a great concept, which provides a win-win situation for the growers and the company. Unfortunately, all the growers under this contract that were interviewed during the audit were not fully aware of the nature of the contract, and especially the exit clauses. SHA might consider running an open forum discussion with these growers to make them better understand the concept and the contract specifics, especially the exit clauses, so they do not feel bounded to this contract for the agreed duration.

EFB is freely available to small holders (6.10.5)

Interview of contractors confirmed the Terms and Conditions of Contracts are explained to contractors before the Agreement is signed as well as during the induction process. Records are held of contractor inductions and include environment, health and safety performance requirements. The company uses a standard Contract prepared by its Legal Department.

**Criterion 6.11: Smallholders and millers contribute to local sustainable development wherever appropriate.**

HOP is one of the main economic drivers in the Province, particularly as a high proportion of the workforce is from Oro. The Company is also contributing to health and education services, undertaking road maintenance and repair, and providing support for a range of local organisations. As noted under Criterion 4.8, HOP also engages apprentices and supports industrial training, which contributes to the development of human resources in Oro Province and PNG more broadly.(6.11.1)

The Social Impacts Mitigation and Monitoring Plan indicates an intention to fund road and health projects through the Tax Credit Scheme (TCS). There will be a need to ensure TCS projects align with the province’s transport, health and education priorities. (6.11.2)

**Criterion 7.1 A comprehensive and participatory social and environmental impact assessment is undertaken prior to establishing new plantings or operations, or expanding existing ones, and the results incorporated into planning, management and operations.**

The new plantings in the new development commenced in July 2013 following the NPP assessment in October 2012.

A “New Planting Assessment” was conducted for the new development by BSI in October 2012 as required. The results and summary reported were posted on the RSPO web site for comment. See report on web site.

HOPL prepared an SIA for the development in addition to the Environmental Plan. HOPL has completed a full Social and Environmental Impact Assessment for this development to comply with RSPO P&C. The SIA included consultation with local stakeholders.

The SIA identified all major impacts of all activities. These included impacts of roads and other infrastructure (see 6.1). The results of the SEIA and HCV assessments have been incorporated into plans for the new plantings through the Management guidelines prepared.

The plan is based on the free, prior and informed consent of all local people whose lands are involved in the expansion.

There are plans in place to maintain or enhance all identified HCV and other areas maintained to prevent erosion.

There are no primary forests to be cleared as a result of this expansion.

An Environmental Permit has been issued for the new development IN July 2013.

An assessment of HCV’s has been completed in relation to the new developments (see 5.2) and which areas could be negatively affected. There is also an assessment of the local and adjacent natural ecosystems. All watercourses have been identified and including recommendations of measures to be taken to maintain the quality of these water resources including the maintaining of riparian – buffer zones alongside all water courses.

The legal requirement in PNG for the new development was that an SIA was required. DEC determined that an Environmental Permit was required; a copy of the permit was presented.

There have been no new VOP plantings at HOP for some time. However a Planting Approval Form (PAF) is being developed as there are plans (and a

high demand) for smallholder expansion once milling capacity (including a new mill) has been increased.

7.1.1)

The draft PAF includes all relevant RSPO Principles and Criteria.

Many of the Smallholders have small blocks of 1 hectare in extent and are planning to expand into the surrounding degraded areas. They are well aware of procedures for new plantings. (7.1.3)

***Criterion 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.***

Prior to new development at HOPL soil surveys were undertaken and soil types recorded with a view for long term suitability. Maps of soil types for new planting areas are kept by the Field Services Agronomy Section. Topographic information is also incorporated in these maps.

A map of the area prepared in 2013 was sighted. It includes a guide for drainage plans, roads, fields and blocks. This map includes all relevant topographic information.

There are no peat soils over 3 metres depth in the Oro Bay area (7.2.1 & 7.2.2).

There are now updated and complete soil maps for all plantation areas of Higaturu estates which now includes the new development areas.

***Criterion 7.3 New plantings since November 2005 have not replaced primary forest or any area containing one or more high Conservation Values.***

HCVs within the new development areas and adjacent to the proposed plantations. The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings.

Within the planned expansion estates some areas will not be planted and these habitats have been identified as either having fragile soils due to the slopes and the requirement of exclusion of the gully areas from planting due to the slopes in these areas. These are highlighted in regards to each separate ILG as to the status.

The assessment determined that there is are some HCV forest areas and there were recommendations that these areas be maintained.

Lewie Decker identified any rare, threatened or endangered species of fauna or flora within the new developments or adjacent areas. These were clearly marked on maps of all new development areas. At this stage only 2 of the new areas have been developed and all suggested areas have been left undisturbed and protected.

**Criterion 7.4 Extensive plantings on steep terrain, and/or on marginal and fragile soils, is avoided.**

At this time HOPL has no plans to develop any more areas that would require terracing.

All plantings near gullies are avoided to prevent erosion and these areas are excluded from planting activities.

There are no fragile or marginal soils within the proposed new development area.

There is no peat soil at the proposed new development.

All smallholder blocks are on mostly flat land, replanting and incorporation of buffer zones along water courses will reduce the area available on some blocks.

**(7.4.1)**

All blocks examined were either on flat or gently sloping land. (7.4.2)

No blocks audited were on slopes exceeding 9 degrees.

**Criterion 7.5 No new plantings are established on local peoples' land without their free, prior and informed consent, dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their own representative institutions.**

Evidence is available of consultation with local ILG's to ensure they are aware of developments through meetings. Each meeting with ILG's are recorded and minuted. There have been many such meetings with many attendees. There are records of all such meetings with dates and attendees.

An SEIA was conducted by an independent consultant in July 2013 – Narua Lovau.

HOPL is aware all future developments on customary land will require that local communities are consulted and no development will take place without FPIC.

**Criterion 7.6 Local people are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.**

There is a process for identifying those people entitled to compensation when customary land is involved. This system for determining compensation is defined in the PNG Lands Act. This particular development came about via the requests of the local people. There is no compensation required as people benefit from the new development via improved economy, paid employment, improved education facilities, housing, medical facilities and better infrastructure as a result.

*The people who were squatting on the HOP lease area at Sambogo Farm area were paid compensation for food plants and gardens. This was in line with the PNG government valuation of 2008. There have been no further claims at this stage with regards to this area.*

**Criterion 7.7 Use of fire in the preparation of new plantings is avoided other than in specific situations as identified in the ASEAN guidelines or other regional best practices.**

No burning intentionally takes place in new plantings.

HOPL has a no burn policy for new plantings and this is documented elsewhere in this report.

There has been no use of fire in the preparation of the new development so policy has been implemented.

**Criterion 8.1: Smallholders and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.**

Substantial change has occurred since NBPOL assumed control of HOP in 2010. A wide range of both internal and external stakeholders noted that NBPOL has already shown a commitment to improving the working and living conditions of its



employees and is engaging with local stakeholders in a more open and inclusive manner. (8.1.2)

Substantial progress has been made in addressing the concerns raised during the Pre-Audit (September 2011), including but not limited to:

- The finalisation of a Social Improvement Plan, in consultation with internal and external stakeholders;
- Improvements to water supply and sanitation in existing compounds, along with general housing maintenance;
- The progression of plans for five centralised housing compounds;
- The simplification of Company policies that are displayed in *Tok Pisin*;
- Improvements at all clinics, including the management of medical waste; and
- The inclusion of in-service training for the Health Extension Officer (HEO) and nursing officers.

No non-conformance issues were raised during the audit that related to social aspects. However, a number of observations were made during the Exit Meeting. These are described below and summarised in Attachment 2. A number of comments / suggestions made by external stakeholders may require a response or action by HOP. These are summarised in Attachment 3.

When NBPOL assumed control of the HOP the housing and general living conditions of the workforce and dependents were well below an acceptable level. The workers that are provided with housing are currently located in a large number of generally small compounds with few of the basic needs.

Further comments on workforce living conditions are made under Principle 6.

The company has implemented a Continuous Improvement Plan. Continuous improvement is a key requirement and a particular strength of the RSPO Principles and Criteria. The initial improvement plan has been expanded, particularly in the area of social impacts, and indicators developed against which performance can be monitored and assessed. A range of indicators to monitor social impacts should be developed for employees, customary owners with VOP or lease-back agreements, other local communities and local service providers. These indicators should

be reflected, where possible, in the suggested summary reports described under Criterion 4.8 and 6.11.

Objectives and Targets have been developed and an improvement plan prepared. The focus of continual improvement includes:

- Reduction in the use of certain pesticides (criterion 4.6).
- Environmental impacts (criterion 5.1).
- Waste reduction
- Pollution and emissions (criterion 5.6).
- Social impacts (6.1).

The company has implemented best practices for management of pesticides and the improved controls associated with this program has reduced overall chemicals usage over the past 5 years.

HOP has in place a programme to ensure all bulk hydrocarbons are controlled through containment via bunding of all hydrocarbon bulk tanks to 110% of contents in line with the Australian Standards AS 1940.

The company has implemented a best practice system for the segregation of wastes at source and turning recyclables into composts whilst disposing of non-recyclable in landfills. This program has reduced substantially the quantity of waste disposed in landfills.

Riparian buffer strips are being established at replant to trap coarse grained sediment from discharge into streams. Vetiver and Guatemala grass are being used to strengthen river and creek banks to prevent erosion.

A Continuous Improvement Plan is attached. Appendix C.

### **3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D)**

#### **MAJOR NONCONFORMITIES**

There were no major non-conformities raised as a result of this assessment

#### **MINOR NONCONFORMITIES**

Seven (7) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

**4.7.3 Minor NC:** In Sangara mill there were a substantial number of damaged electrical leads and welders which were being used despite the threat of electrocution.

**4.7.2 Minor NC:** A number of containers were observed without a label to identify the contents therein. There was also the use of soft drink bottles for the storing of substances such as oil and other chemicals.

**5.3.2 Minor NC:** Majority (almost 60%) of the growers admitted to not having rubbish pits for the disposal of household waste. Household waste was observed in the rivers/streams and in frond piles. This practice was mentioned in the 2012 audit. More awareness is required by OPIC and SHA to eradicate this practice.

**5.6.2 Minor NC:** Spills of hydrocarbon are not being properly monitored in a number of areas. In many areas absorbent is either not applied or not removed once it becomes saturated and therefore ineffective. Therefore significant pollutants are not being managed and monitored effectively.

**6.5.3 Minor NC:** Although the majority of employees have employment contracts, there remains uncertainty over:

- (i) Housing entitlements and when, or if, housing will be provided to the expected standard; and
- (ii) Furniture entitlements, and when, or if, furniture will be provided.

These entitlements should be finalised, and clarification made to relevant employees, as soon as possible.

**6.5.6 Minor NC:** The management of housing and the management of passengers both need to be improved to help ensure a systematic approach to the provision of adequate housing.

Many 'passengers' reside in the village estates. They include friends and relatives, the children of employees who are over 18 years of age, and ex-employees and their families who continue to occupy HOP houses. The high number of passengers causes overcrowding, adds pressure to utilities (water, sewerage and power) and contributes to a range of social problems.

The management of houses also needs to be improved, as some recruitment has been prevented due to unavailable houses, despite vacant houses being available in other locations, or houses occupied by contractors.

**6.10.3 Minor NC:** There were claims of cheating during crop pick-up where transport crew transfer FFB crop weight from one grower and transfer the weight to a different grower. There were a lot of recorded similar cases in the grievance registers (sighted). HOP contracts FFB pick-up to an external service provider. This system needs to be reviewed. HOP will have to work closely with the transport company and possibly OPIC to ensure a more transparent check-and-balance system is in place to contain, if not eradicate such claims in future.

*HOP has prepared a Corrective Action Plan (Appendix D) that has been reviewed and accepted by BSi. Progress on Corrective Action will be checked during the Surveillance Audit*

#### **OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT**

There were six (6) observation made as a result of this assessment.

**4.7.4 Observation:** A number of areas are not having regular safety meetings as required. This includes CVWS, Sangara Estate and Construction who have on occasions not only not conducted the meetings but have actually copied the exact same minutes of one year ago. By doing this they are not complying with the criteria and using a means to discuss OHS outcomes.

**4.7.3 Observation:** The lock out – tag out procedure is not being applied correctly. The areas are not always locked and the tag does not at time indicate the issue, who put the tag in place and the date. A number of tags appeared to have been in place for a long period of time. Also high risk work permits are not being signed off once work in being completed in some case at Sangara mill.

**5.5.1 Observation:** Despite the RSPO awareness, somegrowers admitted to use fire for clearing new garden and will need to told that for replant it is not acceptable to burn.. OPIC and SHA will need to work together to ensure this practice is discouraged.

**6.3.1 Observation:** There has been improvement in the recording of grievances but it is important to provide adequate detail when recording the actions taken, and to follow up and record

information when the grievance has been forwarded to another department.

The establishment of a separate register for sexual harassment and domestic violence (refer Criterion 6.9);

- The establishment of a separate register to record requests for assistance;
- The inclusion of additional details on the grievance and actions taken to address the grievance; and
- Promotion of the grievance mechanism among smallholders and local communities.

**6.10.1 OFI:** A number of the growers interviewed were not aware of the current FFB price. They admitted to only knowing of the crop price when they receive their pay slip. However, the current and the past months FFB prices were observed on display at the OPIC office and OPIC divisional offices visited. This might suggest that the growers do not visit the OPIC offices frequently to keep up-to-date with the current FFB price. OPIC and SHA could look into the possibility of including a FFB price update segment into the local weekly oil palm radio programme.

**6.10.4 OFI:** The “Smallholder Rehabilitation Project” is a great concept, which provides a win-win situation for the growers and the company. Unfortunately, all the growers under this contract that were interviewed during the audit were not fully aware of the nature of the contract, and especially the exit clauses. SHA might consider running an open forum discussion with these growers to make them better understand the concept and the contract specifics, especially the exit clauses, so they do not feel bounded to this contract for the agreed duration.

### **3.3 Noteworthy Positive Components**

There have been notable improvements in addressing social issues by Higaturu Oil Palms (HOP) over the past year, although several significant challenges remain. Over the past year HOP has:

Accelerated the housing renovation program;

Ensured the vast majority of the 4,876 permanent employees are enrolled in a superannuation scheme;

Facilitated the introduction of EFTPOS in stores in the Mamba area;

Updated the Social Impact Mitigation and Monitoring Plan, which remains focused on the main social impacts;

Introduced composting of household green waste at Mamba; and

Explored alternative approaches for developing oil palm on customary land.

A high standard of health services continues to be provided to employees, dependents and the local community.

Some of the main social challenges facing HOP in the immediate future include:

Improving housing and addressing overcrowding in estate villages;

Finalising and clarifying housing and furniture entitlements;

The ongoing challenge of adequately addressing HIV; and

Addressing domestic violence.

### **3.4 Issues Raised By Stakeholders and Findings with Respect To Each Issue**

1. Smallholders complaint that the FFB price formula does not compensate for the time and effort invested in block maintenance and harvesting.

Response: It is considered in the improvement plan to improved communication required with POPGA to explain the pricing formula including the impact of exchange rate variation as the Kina strengthens.

Auditors Comment: This action appears to be correctly taken.

2. Suggestions made that all roads within the LLB estates should be regularly maintained so that FFBs from all sections of the area can be collected. When road conditions are bad, FFB from inaccessible sections are not collected and hence

wasted. As a result, FFB royalty payments to landowners are reduced.

Response: The company would utilise the Tax Credit Scheme to improve roads within and leading into and out of the LLB estate. To do that it will liaise with Government to determine suitable projects and improve communication to the community regarding specific projects that are funded through the Tax Credit Scheme.

Auditors Comment: The company will make good use of the Tax Credit Scheme.

3. A concern was raised from various stakeholders residing downstream of plantation estates regarding contamination of Surface and groundwater from the fertilisers and pesticides (agrochemical) usage on the plantations.

Response: Investigate claims of contamination of water supply in villages downstream of the oil palm plantations and, if justified, take steps to improve water quality or assist with provision of alternate supply.

Water sampling plan to be developed to provide for sampling upstream and downstream and analysis for residues indicative of Company impact (human habitation, fertiliser application and Agri-chemical application). After implementation of the plan, review results to identify impacts. Develop and conduct an education program for downstream communities. Development strategy to be prepared and implemented based on the outcome of this work.

Auditor Comment: Results show HOPL is not causing issues to the water quality. All claims are investigated.

4. Oil palm cultivation has contributed to the demise of the QABB population on the Popondetta plains. Unless remedial measures resume, the presence of QABB in the area will be cease.

Response: Consider participation in a new Popondetta Plains QABB revival project with a competent NGO, DEC and the Oro Provincial administration.

QABB is an ongoing requirement that requires input from many parties. As a local enterprise with unique resources, the Company will assist, to the extent that resources and priorities permit, in a program established and managed by a competent and effective external organisation.

Auditor Comment: The company is assisting is maintaining the habitat for QABB.

5. The water source and supply systems at Sumbiripa Mill compound and Mamba village should be reviewed and upgraded.

Response: Upgrade water supply to all estate villages with priority given to Sumbiripa Mill Compound and Mamba village.

Design work required, followed by budgeting and infrastructure upgrade. Work is likely to include additional water bore and increased overhead tank capacity

### **3.5 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings**

Please sign below to acknowledge receipt of the assessment visit described in this report and confirm the acceptance of the assessment report contents including assessment findings.

Signed for on behalf of  
Higaturu Oil Palms

.....  
**Mr Mike Jackson**  
**General Manager**  
**Date:**

Signed for on behalf of  
BSi Management Systems Singapore Pte Ltd

.....  
**Mr Allan Thomas**  
**Lead Auditor**  
**Date: 3.1.14**

## ***Appendix “A”***

### ***RSPO Certificate Details***

Website: See NBPOL

Applicable Standards: RSPO Principles & Criteria: 2007; PNG National Interpretation: 2008

Kula Palm Oil Limited, Sangara Palm Oil Mill and Supply Base	
Location Address	Sangara Palm Oil Mill, Higaturu, Oro Province, Papua New Guinea.
GPS Location	South 8° 8.743386dd, East 148° 148.198705dd
CPO Tonnage Total	35934.68
PK Tonnage Total	9050.52
PKO Tonnage Total	6,532.64
FFB Tonnage Processed Total	165,044
Smallholders FFB Tonnage	84897.39
Kula Palm Oil Limited, Sumbiripa Palm Oil Mill and Supply Base	
Location Address	Sumbiripa Palm Oil Mill, Higaturu, Oro Province, Papua New Guinea.
GPS Location	South 8° 8.769184dd, East 148° 148.160793dd
CPO Tonnage Total	29497.43
PK Tonnage Total	7104.33
PKO Tonnage Total	0
FFB Tonnage Processed Total	134153.26
Smallholders FFB Tonnage	58111.83
Kula Palm Oil Limited, Mamba Palm Oil Mill and Supply Base	
Location Address	Mamba Palm Oil Mill, Higaturu, Oro Province, Papua New Guinea.
GPS Location	South 8° 8.854669dd, East 147° 147.70703dd
CPO Tonnage Total	47
PK Tonnage Total	12.04
PKO Tonnage Total	0
FFB Tonnage Processed Total	207.72
Smallholders FFB Tonnage	95.18

Estate	Production (ha)	Unplanted (ha)	Total Lease (ha)	Annual FFB Production (mt)
Embi	1,749.70	792.06	2,388.60	31,249.95
Ambogo	1,668.60	102.30	1,770.90	48,221.62
Sangara	1,507.20	280.80	1,788	38,254.73
Sumbiripa	1,616.76	509.84	2,126.60	35,422.60
Mamba	1,890.53	2,115.08	3,933.10	3,152.46
<b>TOTAL</b>	<b>8,433</b>	<b>3,800.08</b>	<b>12,233.08</b>	<b>156,301.36</b>

\*REPLANT PROGRAM – cause of reduced Productive Hectares in 2012

# ***Appendix “B”***

## ***ASA 1 Audit Programme***

## RSPO MAIN AUDIT SCHEDULE

### ASA1 SURVEILLANCE AUDIT PROGRAM

**Audit Dates:** Sunday 3<sup>RD</sup> November to Thursday 7<sup>th</sup> November

**Auditors:** Mr Allan Thomas (Lead Auditor)  
Mr Mike Finlayson (Social Aspects)  
Mr Deane Woruba (Smallholders)

The audit team will arrive at Popondetta on Sunday 3<sup>rd</sup> November.

Sunday afternoon at the Ridge

#### Monday 4<sup>th</sup> November

08:00-08:30 am- Certification Audit Entry Meeting (**HODs and Senior Managers**) – Academy Training Room.

##### Allan Thomas

Time	Activity	HOP Representatives
08:30am – 12:00pm	Sangara Mill, Laboratory, Effluent treatment, Landfill	CE, HS & Mill team
12:00am – 13:00pm	Lunch (Guesthouse)	
13:00pm – 15:30pm	Sangara estate	VWSM, JR, FZ
15:30pm – 16:30pm	RSPO System Documentation	Sustainability Team

##### Mike Finlayson

Time	Activity	HOP Representatives
8:30am – 10:30am	RSPO documentation, SIA, etc.	Sustainability Team
10:30am – 12:00pm	Meeting with Construction Manager & Assistant CM re- Housing Plan and other improvements in HOP villages.	CM, a/CM
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 14:00pm	Siroga Clinic – meeting with Liz Cazalet	L.Cazalet
14:00pm-15:00pm	Meeting with HRM and Training Officer re- training and training inductions, pay records and superannuation	ADM & TO
15:00pm-1600pm	Meeting with Finance on wage levels & super scheme	FC, a/FC, ADM

##### Deane

Time	Activity	HOP Representatives
8:30am – 12:00 noon	Smallholders – Sangara area – Sorovi Division	SHAM
12:00noon – 13:00pm	Lunch (Location to be determined)	
13:00pm – 16:30pm	Smallholders, Embi & Oro Bay area Sorovi Division	As above

#### Tuesday 5<sup>th</sup>

##### Allan Thomas

Time	Activity	HOP Representatives
7:30am – 12:00 noon	Travel to Mamba, Mamba Estate, VWS & Genset	FM Mamba, PM, DMs
12:00noon – 1:00pm	Lunch (Mamba Guesthouse)	
1:00pm – 4:00pm	Review Mamba mill and return to the Ridge	TS & Mamba mill team

##### Mike Finlayson

Time	Activity	HOP Representatives
07:30am – 12:00 noon	Travel to Mamba – Mamba, Komo & Kinea villages and Clinics	FM Mamba, PM, DMs
12:00noon – 13:00pm	Lunch (Mamba Guesthouse)	
13:00pm – 16:00pm	Mamba local communities, Kokoda Hospital and return to the Ridge	

##### Deane

Time	Activity	HOP Representatives



07:30am – 12:00noon	Meet with Smallholders Mamba Area (Illimo division)	FM/SHAM, Ben
12:00 pm – 13:00pm	Lunch (Mamba Guest house)	
13:00pm – 16:00pm	Meet with Smallholders Kokoda Area (Illimo Division)	FM/SHAM, Ben

### Wednesday 6<sup>th</sup>

#### Allan Thomas

Time	Activity	HOP Representatives
08:00am – 09:00am	Meet with GM & FM, review forward planning and Replant program	GM, FM
09:00am – 11:00am	Sumberipa Mill	Sustainability Team
11:00am – 12:00noon	RSPO Documentation	FM, PM, DMs
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 16:00pm	Oro Bay Bulking Terminal/Embi Estate/replant	CE, Japhet

#### Mike Finlayson

Time	Activity	HOP Representatives
8:00am – 10:00am	Lands Co-ordinator re- ILGs social impacts, grievance etc.,	Ben Osa
10:00am – 12:00noon	Sangara Estate (Moale,Javuni)	FM,EM,DMs
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 14:30pm	Meet with Union Representatives	Union
14:30pm – 16:00pm	Meet with female employee representatives	Selected employees

#### Deane

Time	Activity	HOP Representatives
8:00am – 12:00 noon	Meet with Smallholders Sumberipa area – Igora Division	SHAM
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 17:00pm	Meet with Smallholders Sumberipa area – Igora Division	SHAM

### Thursday 7<sup>th</sup> November

#### Allan Thomas, Mike Finlayson, Deane

Time	Activity	HOP Representatives
08:30am – 10:00am	Audit team meeting	Auditors only
10:00am – 11:00am	Exit Meeting Training Room- Academy	All HODS and Senior Managers
11:00am – 12:00noon	Early light lunch, Guesthouse	
1200 noon	Depart for Girua Airport	

Depart Guesthouse 12:00noon for Girua airport and departure at 13:10pm on PX.857 for Port Moresby.

Note:

*The number of smallholders to be assessed at the certification audit is calculated by the formula  $0.8 \times \sqrt{5,700}$ .*



**New Britain  
Palm Oil  
Limited**

*H i g a t u r u*

## ***Appendix "C"***

# ***CONTINUOUS IMPROVEMENT PLAN***

**HOP**



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*H i g a t u r u*

# **HIGATURU OIL PALMS**

## **Action Plan for Continual Improvement in Sustainable Performance**

**SUSTAINABILITY DEPARTMENT**

**Issue 2  
September 2013**

## Introduction

This Action Plan for Continual Improvement identifies the planned actions that New Britain Palm Oil Limited- Higaturu (HOP) will take in order to further improve its performance in the key areas of:

- Minimising the use of Certain Pesticides;
- Reducing negative and enhancing positive Environmental Impacts;
- Waste reduction;
- Pollution and emissions, and;
- Social Impacts.

HOP commits to maintaining and reporting on progress implementing this improvement plan commencing January, 2012 and reviewing it annually. By following this plan, HOP will continually improve its performance.

This plan provides guidance on how the sustainability principles to which HOP subscribes are implemented in a practical manner to provide operational, social and environmental benefits for all stakeholders.

These sustainability principles are defined in the following locations:

- RSPO Principles and Criteria (Papua New Guinea National Interpretation)
- ISO 14001 Environmental Management Systems – Requirements with Guidance for Use
- The Company Sustainability Handbook
- OHSAS 18001 Occupational Health and Safety Management Systems - Requirements

## Aim

The aim of this plan is to provide a blueprint for continually improving the sustainable performance of HOP whilst ensuring that it prospers and, by doing so, improves the lives of all stakeholders.

## Objectives

The objectives for this plan are measurable annual improvements in the sustainable performance of the Company, particularly against measures of the main social and environmental impacts and improvement opportunities for both plantation and milling operations.

The timeframe for realising Objectives can be split into short term (1 to 2 years), medium term (3 to 8 years) and long term (greater than 8 years). Generally, the short term objectives are readily achievable, provide limited returns but have low risk of failure.

The medium term objectives bring greater returns but are harder to achieve and are likely to require revision and modification along the way. The long term objectives are those that will really shape the Company's sustainable future. They require vision and strategic thinking and a long term commitment to bring them into reality.

## Scope

This plan for continual improvement in the sustainable performance of HOP applies to all aspects of the Company's operations including plantation and milling activities. It considers all sustainability criteria including performance in the fields of social, environmental and commercial performance.

## Overview

Initiatives in various areas of activity are identified according to the nature of the improvement to be achieved and the timeframe in which it is intended to develop and implement it.

Importantly, the expected indicators of success are identified to provide the basis for performance measurement in the future.

The plan is presented in tabular form with commentary provided to assist understanding of the rationale for the planned activity.

Each activity will be monitored on an ongoing basis by the person responsible for its implementation and reported, where significant events have occurred, at regular management meetings. Periodically the Company will prepare and publish as Sustainability Report that will report on progress in the implementation of this plan for improvement.

## Implementation

The start date of this plan is January 2012. It endeavours to cover a time span of 25 years as that is approximately the re-plant cycle of Oil Palm Plantations and some environmental improvements will only be implemented at the time of re-planting.

Having said that though, it must be recognised that this plan will not identify all sustainability initiatives to be actioned over the 25 year period to 2037 and it is expected that many additional sustainability improvements will be identified and actioned within that period. For that reason, the plan is reviewed annually.

The review will not just review progress on previously identified activities but will identify and incorporate additional improvement activities that have arisen because of need, technological, social or environmental change or for other reasons. Within the life of the plan, it is expected that environmental, social, political and commercial requirements and expectations will evolve and the plan will respond in dynamic fashion to ensure continued relevance.

Planned activities are identified on the following pages. They are grouped according to area of endeavour and time-frame. The tables provide information on the expected benefits to be achieved.

## 1. Pesticides

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
1.1	Improve sprayer training to reduce spraying of non-target areas	4.7.3	Reduced herbicide use, reduced ground cover damage, greater efficiency	2012-2014	Training record, reduced evidence of improper spraying.	Field Manager, Estate Managers, TSD	20%
1.2	Upgrade Chemical store and mixing areas	4.7.5	Chemical store and mixing area upgraded to required standard	August, 2012	Compliant storage of chemicals and mixing operations	Field Manager	Complete
1.3	Eliminate Usage of Paraquat	4.6.3, 4.6.5	Ordering has stopped, all stock to be exhausted by end April 2012	End April 2012	Zero paraquat usage	Field Manager TSD	Complete
1.4	Review pesticide and herbicide registration requirements in Papua New Guinea and confirm compliance. If necessary, work with Government and suppliers to clarify this issue.	4.6.10	Develop new pesticide and herbicide import registration requirements. To include chemicals categorised under WHO type 1A and 1B or listed by Stockholm or Rotterdam conventions	2015	Update import and labelling regulations that are compatible with the Company's pesticide use.	Sustainability Manager, Field Manager	0%
1.5	Extend training on the information contained in MSDS to increase understanding and awareness of their importance	4.6.11	Trained personnel who know the importance of MSDS and how to apply them.	June 2013	Improved MSDS awareness by personnel handling chemicals	Sustainability Manager	10%
1.6	Review Smallholder chemical use and training to ensure RSPO requirements are complied with	4.6.6	Work with OPIC to improve Smallholder awareness	December 2013	Smallholders have access to training	Sustainability Manager	0%

## 2 Environment

Environmental impacts of HOP operations are both positive and negative. The continual improvement plan is built into the environmental aspects list. This list is reviewed every twelve (12) months or more often if significant changes in the Company's operations or in the operating environment (including the regulatory environment) occur.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
2.1	Progressive reinstatement of buffer zones in replant areas.	4.4.2	All watercourses through the plantation areas have compliant buffer zones by the end of the current replant cycle.	2020	Evidence of established buffer zones	Field Manager, Estate Managers	10%
2.2	Progressive removal of unharvestable palms overhanging watercourses to reduce the quantity of fruit and fronds that cause pollution.	4.4.2	Watercourses free of fronds and FFB	2015	Clear watercourses	Field Manager, Estate managers	15%
2.3	Completion of the construction and commissioning of a Methane Capture Plant for POME to reduce the load on the treatment ponds.	4.4.1	Reduced odour and methane emission from the effluent ponds	2016	Methane Plant operation	General Manager, Chief Engineer	0%
2.4	Education of staff and smallholders on the need to reduce burning and to ensure rubbish is segregated and correctly placed in landfill sites.	5.5.3	Zero Burning at landfills	June 2012	No burned landfills	Sustainability Mgr	100%
2.5	Improve collection and treatment of septic waste and grey water at all compounds to reduce water pollution in the river.	6.5.4	Improved water quality for downstream communities resulting in improved health.	June 2015	Water quality meets PNG legal requirements	Sustainability Mgr	50%

No	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
2.6	Reduction in the quantity of water used in compounds through prompt repair of leaks and reduction of wastage.	4.4.1	Reduced water waste, reduced electricity consumption for pumping and treatment	June 2015	No evidence of leakage	Sustainability Mgr	10%
2.7	Develop and implement an ISO14001 compliant Environmental Management System and obtain certification	NBPOL Policy	Improved environmental performance	December 2015	ISO 14001 Certification	Sustainability Mgr	5%

### 3 Waste Reduction

Waste reduction is being achieved in accordance with the Waste Management Plan. Waste reduction provides for reduced generation of waste as well as increased use of re-use and recycling processes to reduce the amount of actual waste that is generated.

Refer to the Waste Management plan for further details.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
3.1	Refer to waste management plan						
3.2							
3.3							
3.4							
3.5							
3.6							



## 4 Pollution and Emissions

Pollution and emissions are identified in the Environmental Aspects listing. Plans to reduce these are provided in the list.

Control of rubbish and litter is seen as the biggest single issue in pollution control. It will be controlled through a mixture of education, increased collection, greater emphasis on recycling and greater supervisory intervention (December 2012).

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
4.1	Construct new, more efficient boiler at Sangara mill to reduce emissions and increase the amount of power generated from renewable resources	5.4.1	Reduced diesel fuel use and increased use of renewable energy.	December 2012	New boiler in operation	Mill Manager	30%
4.2	Install new more efficient diesel generators	5.4.2	Reduce diesel fuel use by greater efficiency.	August 2012	New Genset in operation	Mill Manager	100%
4.3	Education program on litter control	5.3.2	Less litter	December 2012	Litter reduced	Sustainability Mgr	20%
4.4	Regular maintenance of Smoke Density Meter to continue monitor emissions	Milling COP	Results of SDM readings below legal limit	Ongoing	Readings within legal limit	Mill Managers	100%
4.5	Regular cleaning and maintenance of Grease traps, interceptors, drains etc..	ISO 14001	No accumulation of wastes in traps, drains and interceptors	Ongoing	Traps, drains, interceptors are waste free	Mill Managers, VWS Manager	50%
4.6	Improve bunding around all diesel and fuel storage areas	ISO 14001	Install bunds to meet AS1940 standard	December 2014	Physical work carried out	Mill managers, Estate Managers, VWS Manager	50%

## 5 Social Impacts

Continued improvement in the social impacts of HOP's activities include: construction of additional housing, establishment of improved stakeholder communications, improvements to clinic facilities, improved communication and consultation with external communities. Planning for increased housing is progressive as plantation rehabilitation activities reduce, staff turnover reduces and attendance improves. A Community Development Officer will be appointed/recruited once housing becomes available and will commence work with the Company to establish objectives for improvement.

There is evidence that as labour turnover decreases, improved stability within the workforce will reduce some of the issues that result from a high level of transient workers.

A dedicated Social improvement plan has been developed and will be further refined with input from Stakeholders. It should be referred to for details of the planned social improvements.

<b>No.</b>	<b>Improvement Action</b>	<b>Reference</b>	<b>Expected Outcome</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Responsibility</b>	<b>Status at Review Date</b>
5.1	Refer to Social Improvement Plan						
5.2							
5.3							
5.4							
5.5							
5.6							

## 6 Health and Safety

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
6.1	Review of all accidents to clearly identify trends and highest risk activities and review of safety management plans	4.7.7	Targeted action plan to reduce accidents	June 2013	Reduced accident rate , initially by 5%	Sustainability Manager	10%
6.2	Develop and deliver OHS training for specific issues including Confined spaces, Harvesting near powerlines, Lifting (FFB), Working at heights, Dangers of electricity and Use of PPE	4.7.3	Workers have received specialised training	June 2013	Training records show greater competency	Sustainability Manager	10%
6.3	Work more closely with Government medical staff to improve the level of care to Company employees, their dependants and members of neighbouring communities	Company Policy	Higher level of care provided through Company facilities	December 2013	Records of communication with Health Dept officials	HEO	50%
6.4	Commence regular safety audits to confirm checking of items such as testing of emergency stops and other safety interlocks, use of PPE, identification, availability of fire fighting equipment and isolation of hazards.	4.1.2	Fewer hazards in the workplace	June 2013	Audit records	Sustainability Manager	10%
6.5	Development of a formalised program for emergency drills.	4.7.5	All drills to be reported to Sustainability Dept and followed up if not received.	December 2012	All drills conducted on time	Sustainability Manager	60%
6.6	Development of a mechanism for interchange of safety information with other Group Companies.	Company Policy	Regular meeting of Sustainability Dept Managers from all Company locations	December 2013	Records of meetings	Group Sustainability Director	25%

## 7 Legal Compliance and Transparency

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
7.1	All land agreements updated to comply with revised legislation	2.2.1	Fully compliant documentation	June 2015	Current documentation for all land leases	Sustainability Manager	5%
7.2	Update all list of permits and licenses	2.2.1	Records of compliance	Every Quarter	Valid permits and licenses	Sustainability Manager	70%
7.3							
7.4							
7.5							
7.6							

## 8 General (Forward Planning and other issues)

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
8.1	Conduct forward planning for new development areas including SEIA, permits and definition of new mill site.	3.1.1	Timely issue of permits and approvals for development	December 2016	Compliant permits and approvals	General Manager	0%
8.2	Quantify waste generated by company villages	WMP	Weigh waste collected from villages	2014	Records of trending	Sustainability Team	0%
8.3							
8.4							
8.5							
8.6							

## ***Appendix “D”***

### ***Nonconformities, Corrective Actions and Observations Summary***

ASA 1

7 Non-conformities against Minor Compliance Indicators

6 Observations/OFI

DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
4.7.3 Minor NC:	CR 08	In Sangara mill there were a substantial number of damaged electrical leads and welders which were being used despite the threat of electrocution.	Sangara Mill Manager was advised to replace all damaged electrical leads and reduce number of welding machines being used.	Sangara Mill Manager	End of March 2014	In progress
4.7.2 Minor NC:		A number of containers were observed without a label to identify the contents therein. There was also the use of soft drink bottles for the storing of substances such as oil and other chemicals.	Respective location Managers were advised to label all containers to identify contents and use of soft drink bottles for storing substances not allowed	Plantation Managers, Mill Managers, Procurement Manager and VWS Manager	End of March 2014	In progress
5.3.2 Minor NC:		Majority (almost 60%) of the growers admitted to not having rubbish pits for the disposal of household waste. Household waste was observed in the rivers/streams and in frond piles. This practice was mentioned in the 2012 audit. More awareness is required by OPIC and SHA to eradicate this practice.	Smallholders Manager and OPIC Manager to conduct on-going awareness to growers on proper waste management practices	SHAM and OPIC	End of June 2014	
5.6.2 Minor NC:		Spills of hydrocarbon are not being properly monitored in a number of areas. In many areas absorbent is either not applied or not removed once it becomes saturated and therefore ineffective. Therefore significant pollutants are not being managed and monitored effectively.	More liberal use of spill kits and drip trays to be utilised in the Vehicle Workshop, mills and other areas to control leaks and spill.	Vehicle Workshop Manager, Mill Managers, Plantation Managers	End of Feb 2014	On-going

DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
6.5.6 Minor NC:		<p>The management of housing and the management of passengers both need to be improved to help ensure a systematic approach to the provision of adequate housing.</p> <p>Many 'passengers' reside in the village estates. They include friends and relatives, the children of employees who are over 18 years of age, and ex-employees and their families who continue to occupy HOP houses. The high number of passengers causes overcrowding, adds pressure to utilities (water, sewerage and power) and contributes to a range of social problems.</p> <p>The management of houses also needs to be improved, as some recruitment has been prevented due to unavailable houses, despite vacant houses being available in other locations, or houses occupied by contractors.</p>	<p>A visitor application form will be developed and implemented</p> <p>A detailed survey will be conducted to identify illegal passengers, including employee's children over 18 years</p> <p>A proper housing allocation committee will be established to be chaired by the GM to address housing allocation issue</p>	<p>GM and Administration Manager</p> <p>GM, Administration Manager</p> <p>GM</p>	<p>End of June 2014</p> <p>End of June 2014</p> <p>End of June 2014</p>	
6.5.3 Minor NC:		<p>Although the majority of employees have employment contracts, there remains uncertainty over:</p> <p>(i) Housing entitlements and when, or if, housing will be provided to the expected standard; and</p> <p>(ii) Furniture entitlements, and when, or if, furniture will be provided.</p> <p>These entitlements should be finalised, and clarification made to relevant employees, as soon as possible</p>	<p>A review will be conducted on employees' entitlements as per NBPOL general policies and clarification disseminated down to all concerned.</p>	<p>Administration Manager</p>	<p>End of June 2014</p>	<p>On-going</p>
6.10.3 Minor NC:		<p>There were claims of cheating during crop pick-up where transport crew transfer FFB crop weight from one grower and transfer the weight to a different grower. There were a lot of recorded similar cases in the</p>	<p>Drivers (both company and contractors) have been warned on their instant dismissal if reported to be involved in transferring crop from one grower to another.</p>	<p>Field Manager, SHAM, USG</p>	<p>End of June 2014</p>	<p>On-going</p>



DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
		grievance registers (sighted). HOP contracts FFB pick-up to an external service provider. This system needs to be reviewed. HOP will have to work closely with the transport company and possibly OPIC to ensure a more transparent check-and-balance system is in place to contain, if not eradicate such claims in future.				

## OBSERVATIONS/OFI

**4.7.4 Observation:** A number of areas are not having regular safety meetings as required. This includes CVWS, Sangara Estate and Construction who have on occasions not only not conducted the meetings but have actually copied the exact same minutes of one year ago. By doing this they are not complying with the criteria and using a means to discuss OHS outcomes.

**4.7.3 Observation:** The lock out – tag out procedure is not being applied correctly. The areas are not always locked and the tag does not at time indicate the issue, who put the tag in place and the date. A number of tags appeared to have been in place for a long period of time. Also high risk work permits are not being signed off once work in being completed in some case at Sangara mill.

**5.5.1 Observation:** Despite the RSPO awareness, a lot of the growers admitted to using fire for clearing new garden and most of them admitted to have used or will be using fire for replant. Almost all replanted fields visited had burnt poisoned palms. OPIC and SHA will need to work together to ensure this practice is discouraged.

**6.3.1 Observation:** There has been improvement in the recording of grievances but it is important to provide adequate detail when recording the actions taken, and to follow up and record information when the grievance has been forwarded to another department.

The establishment of a separate register for sexual harassment and domestic violence (refer Criterion 6.9);

- The establishment of a separate register to record requests for assistance;
- The inclusion of additional details on the grievance and actions taken to address the grievance; and
- Promotion of the grievance mechanism among smallholders and local communities.

**6.10.1 OFI:** A number of the growers interviewed were not aware of the current FFB price. They admitted to only knowing of the crop price when they receive their pay slip. However, the current and the past months FFB prices were observed on display at the OPIC office and OPIC divisional offices visited. This might suggest that the growers do not visit the OPIC offices frequently to keep up-to-date with the current FFB price. OPIC and SHA could look into the possibility of including a FFB price update segment into the local weekly oil palm radio programme.

**6.10.4 OFI:** The “Smallholder Rehabilitation Project” is a great concept, which provides a win-win situation for the growers and the company. Unfortunately, all the growers under this contract that were interviewed during the audit were not fully aware of the nature of the contract, and especially the exit clauses. SHA might consider running an open forum discussion with these growers to make them better understand the concept and the contract specifics, especially the exit clauses, so they do not feel bounded to this contract for the agreed duration.

#### 2012 MINOR NON-CONFORMANCE CORRECTIVE ACTIONS

DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
4.5.2	CR01	The IPM program has not apparently been extended to smallholders and therefore evidence of Ganoderma has not been detected or treated, therefore the IPM has not been implemented and monitored for smallholders with regards to this pest.	Smallholder Manager has discussed with OPIC to conduct awareness and training on Ganoderma management. Smallholder Manager and OPIC to write up a procedure and also rolled out IPM.	SH Manager, OPIC with assistance from OPRA.	End of December 2012	Action taken see report. Action taken see report.
4.7.3	CR 02	There are not always records of all workers involved in operations having been trained in safe working practices e.g. construction, to ensure adequate control is in place to prevent workplace injury and illness.	Monthly programs on safety training to be done and trainings to be conducted on Hazard and Risk.	Construction Manager with assistance from Sustainability Officer – OHS.	End of November.	Action taken see report.
5.3.2	CR 03	There is evidence that waste is not always disposed of properly in some areas. The road to Sangara landfill (domestic waste mixed with green waste), Siroga and Ambogo estate. More awareness is required to ensure residents at Mamba are disposing of green waste appropriately.	Awareness and training on waste management or segregation for each company employees in the compounds and workplace.	Field Manager and respective estate managers, Mills, VWS and Offices	End of Dec 2012	Action taken see report.

DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
5.5.3	CR 04	There WAS evidence of burning of refuse and domestic waste on a few occasions. This was sighted at Siroga near the treatment plant and also coming into Moale as well as evidence of burning of dried leaves.	Awareness and training on "NO BURNING OF DOMESTIC WASTE to be included on monthly program for each company employees in the compounds and workplace.	All locations, village wardens, workplace supervisors with the assistance from Sustainability Department.	Sustainability Team	Action taken see report.
5.6.2	CR 05	Minor NC: There is evidence of poor and uncontrolled storage of waste oil near Sangara mill with oil incorrectly stored to prevent leaking in earth bund. Drums were at times not properly closed or stored upside down resulting in unnecessary spills.	Drums have to be removed and placed in a permanent bund with adequate capacity	Sangara Mill Manager, VWS Manager	End of November 2012	Action taken see report.
6.5.3	CR 06	There is uncertainty over existing employment conditions and entitlements, and possible future changes as NBPOL moves towards uniform conditions across its PNG operations. While some change is understandable as a result of a change in management, NBPOL has been in control at Higaturu for over two years. It is unsatisfactory that employees continue to work without clearly understanding their employment conditions and entitlements.	HR Manager and the team to work on terms and conditions for employees.	HR	End of Dec 2012	Action taken see report.
6.6.3	CR 07	The Higaturu Oil Palm Processing Workers Union may represent little more than 10% of the workforce, and its national registration may have lapsed, but HOP should identify the members as project stakeholders and should meet with Union representatives and discuss employment-related issues on a regular basis. Advice received by the Company from the Provincial Labour Office, to the effect that HOP need not meet with Union executives until it has been re-registered, is not interpreted as preventing HOP to discuss employment and other social issues with its own workers	HRM to organise meeting with Union Reps in the Company.	HR	End of Dec and onwards as scheduled.	Action taken see report.

2012

### 13 Observations / Opportunities for Improvement

**1.2.6 Observation:** There appears to be at least different versions of the Domestic Violence Policy on display in various places and the company should settle on only one policy and display that. Several versions of the malaria and sexual harassment policies were observed on Company notice boards. Care needs to be taken that the policies displayed are current and accurate (including Tok Pisin translations of Company policies).

**4.1.4 Observation:** Construction need to ensure adequate records of monitoring/inspections to show SOP's are being followed and that they are effectively in place. Construction needs to ensure follow up any actions that are reported to ensure actions are completed.

**4.2.3 Observation:** There is evidence that nutrient strategy is not at times effective as on a number of occasions EFB was left in piles rather than being returned to the field and spread amongst the palms.

**4.5.2 Observation:** Many growers complained about the Sexava levy when there is no evidence of Sexava in Oro Bay. Maybe funds from this could be used in the fight against Ganoderma.

**4.7.2 Observation:** Need to ensure that precautions are attached to products and these are required to be in place and readily retrievable in case of need e.g. MSDS's are not always available in areas being used.

**4.7.6 Observation:** It would be of more benefit suggested that there be at least 2 trained First Aiders on each shift in each mill – this will ensure in case where one first aider is absent on leave at least there is one first aider available to workers at all times. SUSTAINABILITY

**5.3.2 Observation:** Shouldn't put green waste in landfills as it reduces life of landfill and inhibits proper compaction e.g. Mamba

**6.1.2 Observation:** It is important to engage broadly during the finalisation of the Social Impacts Mitigation and Monitoring Plan. HOP has outlined a consultation program prior to the end of 2012 to ensure key stakeholders are aware of, and able to contribute to the Social Impacts Mitigation and Monitoring Plan. Following this consultation the initial Social Impacts Mitigation and Monitoring Plan will be finalised.

**6.2.2 Observation:** There are several options to facilitate interaction with particular stakeholders that HOP may wish to consider in the future. This includes the establishment of a women's group (discussed further under Criterion 6.9) or a group comprising local councillors and other government service providers. The latter provides an opportunity to consult broadly and could be used to engage periodically on the identification and management of social impacts.

**6.5.6 Observation:** Some of the current housing designs are relatively poor, particularly in respect to ventilation, and the location and design of ablution blocks and in some cases, kitchens. Although undertaking a major renovation of existing houses over the next five years, it may be possible to modify the designs to improve

ventilation and other qualities of the houses. In addition to the above, HOP could consider the provision of power points to all houses as part of the building renovation program. The provision of power points would allow families to buy and use a range of electrical appliances, which has potential to greatly improve living conditions and worker productivity. The provision of power points will eradicate the practice of illegal wiring, which is a health and safety concern in all villages

**6.5.6 Observation:** It is important to continually promote the grievance mechanism to ensure both internal and external stakeholders are aware that: Any person can raise a problem or issue with HOP; The Company representative to be contacted is clearly identifiable and contactable; The Company will provide a response in a timely manner; and If the person is not satisfied with the response they can raise it a higher authority (e.g. the General Manager).

**6.9.1 Observation:** There is a need to review the sexual harassment and domestic violence policies to ensure they are accurate and effective. In terms of their effectiveness, the policies should articulate a process in which any person can access both support and advice on a confidential basis. Women, who will be the victim in the majority of cases, should be able to seek support from another women, and generally someone in close proximity, to avoid travel and therefore being conspicuous (implying several contact points may be required across HOP's operations).

**6.9.1 Observation:** Input to sexual harassment and domestic violence policies, and any other issue effecting predominantly women, may appropriately addressed by a women's group or gender committee. HOP management is encouraged to support such a group if there are willing participants.

## ***Appendix E Supply Chain Report***

**NBPOL Higaturu Oil Palm Estates Supply Chain 1.11.13 - Sangara POM**

Requirements	SG
<b>1. Documented procedures</b>	
<p>1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Sangara, Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Mike Jackson Responsibility: Paul Maliou - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p> <p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>Around 55% of material comes from NBPOL Estates therefore there is no PO. 45 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used. Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p>

<b>3 Record keeping</b>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p> <p>3.2 Retention times for all records and reports shall be at least five (5) years.</p> <p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable</p> <p>The previously certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p> <p>The supply chain model is clearly indicated on all sales contracts</p>
<b>4. 4 Sales and goods out</b>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> <li>a) The name and address of the buyer;</li> <li>b) The date on which the invoice was issued;</li> <li>c) A description of the product, including the applicable supply chain model (Segregated)</li> <li>d) The quantity of the products delivered;</li> <li>e) Reference to related transport documentation.</li> </ul>	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p>
<b>5. Processing</b>	
<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>



<p>5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	<p>Not applicable to NBPOL or its mills</p>
<p><b>6. Training</b></p>	
<p>6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Staff in the weighbridge is already competent in separating the source of the material and this can be related to company &amp; small holder material – all RSPO. There are records of competency of staff in weighbridge</p>
<p><b>7. Claims</b></p>	
<p>7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims</p>	<p>All RSPO material</p>

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## NBPOL -Higaturu Oil Palm Estates Supply Chain 2.11.13 - Sumbiripa POM

Requirements	SG
<b>1. Documented procedures</b>	
<p>1.3 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.4 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Sumbiripa Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Mike Jackson Responsibility: Paul Maliou - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p> <p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>Around 55% of material comes from NBPOL Estates therefore there is no PO. 45 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p>
<b>3 Record keeping</b>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the</p>

<p>3.2 Retention times for all records and reports shall be at least five (5) years.</p> <p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>weighbridge and within the system. All were readily retrievable</p> <p>The previously certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p> <p>The supply chain model is clearly indicated on all sales contracts</p>
<p><b>4. 4 Sales and goods out</b></p>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <p>f) The name and address of the buyer;</p> <p>g) The date on which the invoice was issued;</p> <p>h) A description of the product, including the applicable supply chain model (Segregated)</p> <p>i) The quantity of the products delivered;</p> <p>j) Reference to related transport documentation.</p>	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p>
<p><b>5. Processing</b></p>	
<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material9; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>
<p>5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	<p>Not applicable to NBPOL or its mills</p>

<b>6. Training</b>	
6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staff in the weighbridge is already competent in separating the source of the material and this can be related to company & small holder material – all RSPO. There are records of competency of staff in weighbridge
<b>7. Claims</b>	
7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims	All RSPO material

**NBPOL-Higaturu Palm Oil Estates Supply Chain 2.11.13 - Mamba POM (Not operating during ASA 1)**

Requirements	SG
<b>1. Documented procedures</b>	
<p>1.5 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.6 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Mamba Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Mike Jackson Responsibility: Paul Maliou - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p> <p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>Around 64% of material comes from NBPOL Estates therefore there is no PO. 36 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p>
<b>3 Record keeping</b>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the</p>

<p>3.2 Retention times for all records and reports shall be at least five (5) years.</p> <p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>weighbridge and within the system. All were readily retrievable</p> <p>The previously certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p> <p>The supply chain model is clearly indicated on all sales contracts</p>
<p><b>4. 4 Sales and goods out</b></p>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> <li>k) The name and address of the buyer;</li> <li>l) The date on which the invoice was issued;</li> <li>m) A description of the product, including the applicable supply chain model (Segregated)</li> <li>n) The quantity of the products delivered;</li> <li>o) Reference to related transport documentation.</li> </ul>	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p>
<p><b>5. Processing</b></p>	
<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that is has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material9; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>
<p>5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> <li>▪ The crush operator conforms to these requirements for segregation</li> </ul>	<p>Not applicable to NBPOL or its mills</p>

<ul style="list-style-type: none"> <li>▪ The crush is covered through a signed and enforceable agreement</li> </ul>	
<b>6. Training</b>	
6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.	Staff in the weighbridge is already competent in separating the source of the material and this can be related to company & small holder material – all RSPO. There are records of competency of staff in weighbridge
<b>7. Claims</b>	
7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims	All RSPO material

## ***Appendix F Supply Base for Each Mill***



		TONNAGE TO MILLS	% FRUIT TO MILL
<b>Mill</b>	<b>SANGARA CPO MILL</b>		
	<b>SANGARA KERNEL MILL</b>		
	<b>CDM (start 2013)</b>		
<b>PLANTATIONS</b>	Embi (Warisota)	2388.598	55.00
	Ambogo	32298.48	63.00
	Sangara	23578.92	55.00
	Sumbiripa	16633.22	41.00
		0	NA
<b>Mini Estates</b>	Jaumo	3594.319	65.00
	Gou	1847.365	63.00
	Kasakoho	3019.882	67.00
	Banabari	1325.81	61.00
	Haintapa	1274.34	62.00
	Vatus	1349.378	68.00
	Aveti	1879.435	73.00
	Heropa	1371.787	70.00
	UDK	2253.475	73.00
	Wanipa	4242.549	70.00
	Papaki	371.86	14.00
<b>Associated Smallholders</b>	LSS / VOP Sorovi Division	56251.42	74.00
	Igora Division	27717.68	58.00
	Saiho Division	19445.36	73.00
	Illimo Division	2635.86	16.00
	Aeka Division	12569.75	54.00
		216049.488	1175
<b>Mill</b>	<b>SUMBIRIPA CPO MILL</b>		
<b>PLANTATIONS</b>	Embi (Warisota)	1904.464	44.00
	Ambogo	18221.63	36.00
	Sangara	18605.73	44.00
	Sumbiripa	23076.94	58.00
<b>Mini Estates</b>	Jaumo	1938.119	34.50
	Gou	1100.354	37.00
	Kasakoho	1506.015	32.50
	Banabari	848.625	39.00
	Haintapa	769.465	38.00
	Vatus	621.124	32.00
	Aveti	684.714	27.00
	Heropa	618.226	30.00

	UDK	880.208	26.50
	Wanipa	1932.616	29.50
	Papaki	230.28	8.00
<b>Assicated Smallholders</b>	LSS / VOP Sorovi Division	18880.43	24.00
	Igora Division	19426.73	41.00
	Saiho Division	6874.25	26.00
	Illimo Division	1404.26	8.00
	Aeka Division	10765.26	46.00
		130289.44	
<b>Mill</b>	<b>MAMBA CPO MILL</b>		
<b>PLANTATIONS</b>	Mamba	23530.5	100
<b>Mini Estates</b>	Papaki	2135.2	78
<b>Associated Smallholders</b>	LSS / VOP Sorovi Division	246.48	1.000
	Illimo Division	12765.03	76.000

