

PUBLIC SUMMARY REPORT**RSPO ASA 1****NEW BRITAIN PALM OIL LIMITED****Mosa, West New Britain, Papua New Guinea***Report Author***Allan Thomas – September 2014**raneeall@ozemail.com.au

Tel: +61 412 492 353

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)
1 Robinson Road
#15-01 AIA Tower
Singapore 048542
Tel +65 6270 0777
Fax +65 6270 2777
Aryo Gustomo : aryo.gustomo@bsigroup.com
www.bsigroup.sg

PT BSI Group Indonesia
Menara Bidakara II,
Jl. Jend.Galot Subroto kav. 71-73 Komplek Bidakara
Pancoran, Jakarta Selatan 12870
INDONESIA
Tel +62 21 83793174
Fax +62 8379 3287

TABLE of CONTENTS

	Page N^o
1.0 SCOPE OF CERTIFICATION ASSESSMENT	3
1.1 National Interpretation Used	3
1.2 Certification Scope	3
1.3 Location and Maps	3
1.4 Description of Supply Base	5
1.5 Date of Plantings and Cycle	5
1.6 Other Certifications Held	5
1.7 Organisational Information / Contact Person	5
1.8 Time Bound Plan for Other Management Units	6
1.9 Area of Plantation	6
1.10 Approximate Tonnages Certified	6
1.11 Date Certificate Issued and Scope of Certificate	6
2.0 ASSESSMENT PROCESS	7
2.1 Certification Body	7
2.2 Qualifications of the Lead Assessor and Assessment Team	7
2.3 Assessment Methodology, Programme, Site Visits	8
2.4 Stakeholder Consultation and List of Stakeholders Contacted	9
3.0 ASSESSMENT FINDINGS	9
3.1 Summary of Findings	9
3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D)	28
3.3 Noteworthy Positive Components	29
3.4 Issues Raised By Stakeholders and Findings with Respect To Each Issue	30

LIST of TABLES

Table 1 Mill GPS Locations.....	3
Table 2 Company Estate FFB	5
Table 3 Smallholder FFB	5
Table 4 Company Estate Hectare Statement.....	6
Table 5 Smallholder Hectare Statement	6
Table 6 Total Realized Production	6
Table 7 Total Budgeted Production.....	6
Table 8 UTZ Traded and Budgeted CPO	6

LIST of FIGURES

Figure 1 Location Map.....	4
Figure 2 Age Profile Company Estate	5

LIST of APPENDICES

A NBPOL RSPO Certificate Details	
B Certification Audit Programme	
C Continuous Improvement Plan	
D Non Conformity, Observation Summary & Corrective Actions	
E Supply Chain Assessment – Oil Palm Mills NBPOL	

SUMMARY

BSi has conducted an annual surveillance assessment of the NBPOL operations in West New Britain comprising 5 mills, 1 refinery, 1 fractionation plant, supply base, support services and infrastructure. BSi concludes that NBPOL operations comply with the requirements of RSPO Principles & Criteria for the production of Sustainable Palm Oil 2007: for the following scope: All of NBPOL has adopted the segregated supply chain formula including Annex 4: Procedures for annual surveillance and supply chain requirements for CPO Mills – November 2011.

Sustainable production of palm oil from Sept 1, 2014-Aug 31, 2015 (FFB-1,376,515 tonnes: CPO- 308,587: PKO-27,740) BSi recommends that NBPOL be approved as a producer of RSPO Certified Sustainable Palm Oil.

Abbreviations USED

BOD	Biological Oxygen Demand
CC	Cover Crop
CDM	Clean Development Mechanism
CIP	Continuous Improvement Plan
CLUA	Clan Land Useage Agreement
COP	Code of Practice
CRP	Customary Right Purchase
DEC	Department of Environment & Conservation
DLPP	Dept of Lands & Physical Planning
DLQ	Type of housing provided
DOH	Dept of Health
DOL	Department of Lands
EB	Executive Board OPIC
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior and Informed Consent
GHG	Green House Gas
GPPOL	Guadalcanal Plains Palm Oil Limited
HCV	High Conservation Value
HOPGA	Hargy Oil Palm Growers Association
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
KBT	Kimbe Bulk Terminal
MG	Management Guidelines
MSDS	Material Safety Data Sheet
MTL	Mosa Transport Limited
NBPOL	New Britain Oil Palm Limited
NLDD	Native Land Dealing Document
OD	Company Out Grower (Smallholder), Department
OHS	Occupational Health & Safety
OHSAS	Occupational Health and Safety Systems
OMP8	Oil Palm Management Program used by the company
OPIC	Oil Palm Industry Corporation
OPRA	Oil Palm Research Association
PAF	Planting Application Form
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
RAIL	Ramu Agri Industries Limited

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
SHA	Small Holder Association
SIA	Social Impact Assessment
SM	Company Sustainability Manager
SOP	Standing Operating Procedure
TCS	Tax Credit Scheme
TRP	Timber Rights Purchase
TSS	total Suspended Solids
VOP	Village Oil Palm (a class of Smallholder)
VWS	Vehicle Workshop
WNBP	West New Britain Province

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

At this stage there is no national interpretation of the 2013 RSPO Principles and Criteria.

1.2 Certification Scope

This certification assessment includes the production from five (5) Palm Oil Mills and 25 company-managed plantations, of which 10 are “Mini Estates”.

1.3 Location and Maps

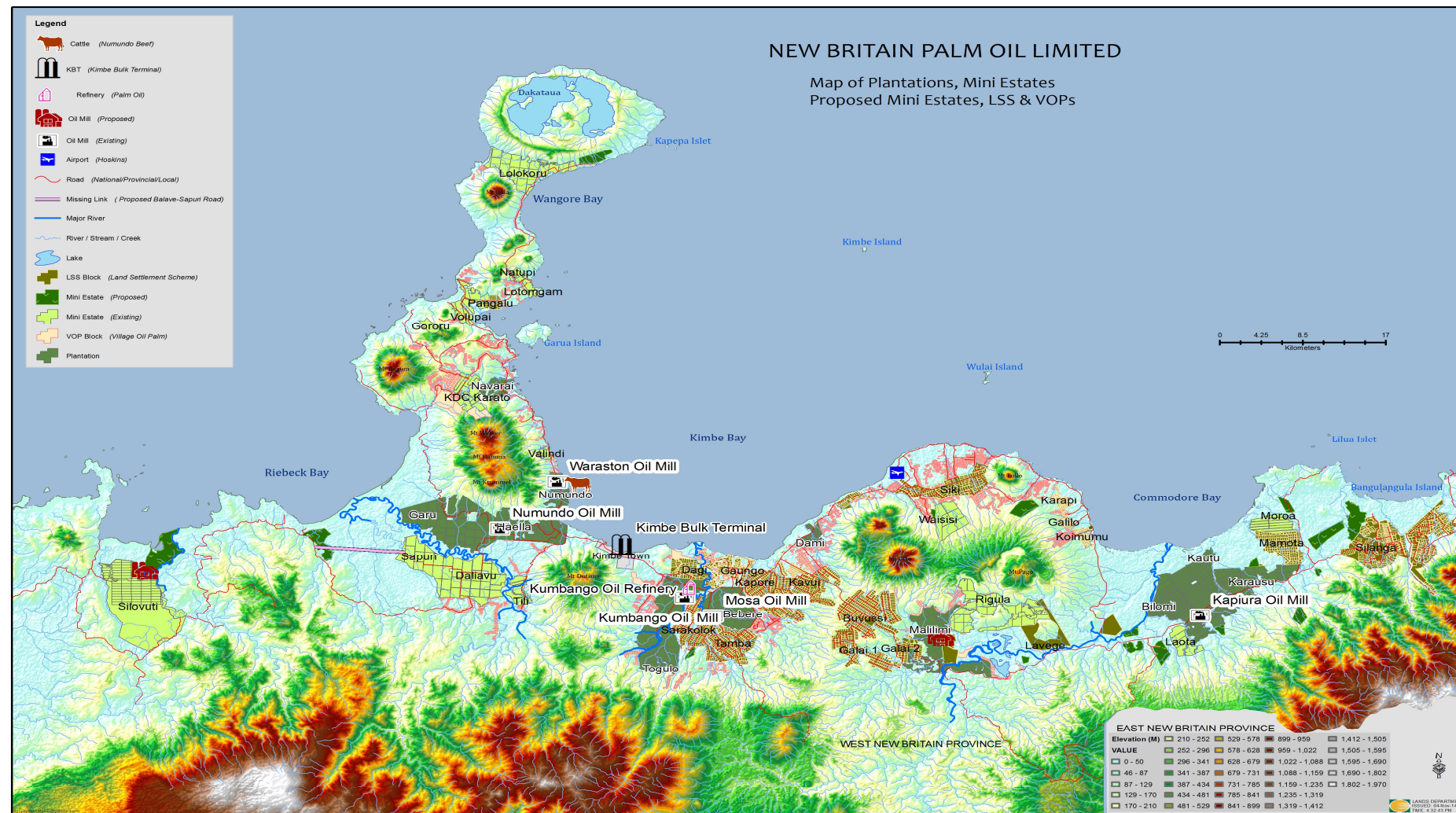
The NBPOL palm oil mills and plantations are located in West New Britain Province of Papua New Guinea.

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

Table 1 Mill GPS Locations

MILL	EASTINGS	NORTHINGS
Mosa	193904.84	9377831.2
Kumbango	191134.07	9381192.85
Numundo	171370.44	9388596.38
Kapiura	243536.48	9377869.69
Waraston	178000.00	9392000.00

Figure 1 Location Map



1.4 Description of Supply Base

Oil palm fruit is sourced from company managed Plantations; company managed Mini Estates and from associated Smallholders.

Operations designated as Plantations are company owned and managed oil palm that has been planted on State Agricultural Leases held by NBPOL. Also the Mini Estates are managed by the company as a plantation. The whole supply base is certified under the segregation model and includes 5 mills, one refinery (supply chain certified) and bulking terminal. Each mill will have in general designated crop but as the fully supply base is certified this is a general principle but based on estimates. The areas and FFB production from plantations are listed in Table 2.

Table 2 Company Estate FFB

Plantation	Tonnes FFB	Tonnes FFB
	2013-14	2014-15
Bebere	41,430	37,946
Kumbango	53,204	56,235
Togulo	29,886	35,628
Dami/Waisisi	22,180	27,113
Kautu	68,860	78,209
Kaurausu/Moroa ME	61,195	61,028
Bilomi/Loata	56,660	78,694
Haella	69,516	76,718
Garu	62,676	62,380
Daliavu	46,951	54,575
Sapuri	40,584	48,438
Malilimi	57,398	62,184
Rigula	65,756	71,306
Numundo	35,366	36,423
Navarai/Karato ME	16,832	20,037
Vol/Lot/Nat/Gor ME	35,974	44,400
Lolokoru ME	59,632	64,795
Silovuti ME	10,955	27,148
	835,054	943,257

* 'ME' denotes Mini Estates

Smallholder Growers (SG's) supply approximately 34% of the total tonnage of oil palm fruit processed by the Mill.

NBPOL has continued to hold comprehensive discussions with the SG's on RSPO implementation and continued management. NBPOL has restated its commitment to work with the SG's on the ongoing implementation of the RSPO P&C with the aim of maintaining certification to RSPO P & C.

The SG's comprise small holdings of oil palm that were developed under a Land Settlement Scheme (LSS) on State Leased land, Village Oil Palm (VOP) that was developed on customary land and Independent Estates (IE), that have been developed on both Customary and State leased land by customary landowners. The LSS, VOP and IE were developed independently of the company. The SG's manage all aspects of their small holdings of oil palm, including harvesting. FFB production of Smallholders is shown in Table 3.

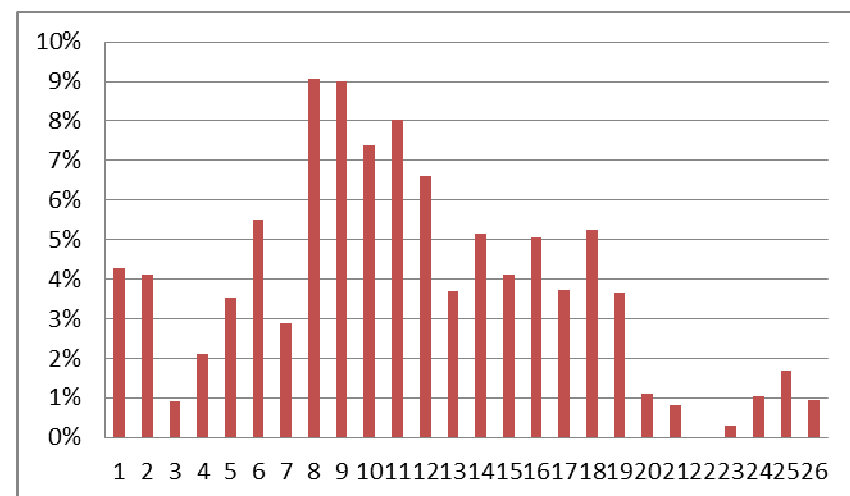
Table 3 Smallholder FFB

Smallholder Groups	ACTUAL	BUDGETED
	Sept 1, 2013- Aug 31, 2014 (Tons FFB)	Sept 1, 2014- Aug 31, 2015 (Tons FFB)
Hoskins	348,996	379,227
Kapiura	45,350	54,031
EU	13,240	13,240
Total Smallholders	407,586	433,258

1.5 Date of Plantings and Cycle

The company owned plantations were first developed in 1967 and some are being replanted and are now entering the third cycle. The palms planted on Mini Estates have been planted during the past 13 years and are in the first cycle. The age profile of the palms on Plantations and Mini Estates is detailed in Figure 2.

Figure 2 Age Profile Company Estate



1.6 Other Certifications Held

NBPOL has held ISO 14001:2004 since March 2004. The scope of the Certification includes all of the NBPOL operations.

1.7 Organisational Information / Contact Person

New Britain Palm Oil Limited
PO KIMBE
WEST NEW BRITAIN PROVINCE
PAPUA NEW GUINEA

Contact Person: Mr. Harry Brock. General Manager

Phone: +675 985 2177 Fax: +675 985 2019

Email: HARRY.BROCK@NBPOL.COM.PG

1.8 Time Bound Plan for Other Management Units

NBPOL owns 5 operations in Papua New Guinea and one operation in the Solomon Islands. As per time bound plan submitted all operations have now been certified within the committed time frame and all are compliant with the group certification rules applicable (no substantial land conflicts and in compliance with all other requirements set by the RSPO). GPOL achieved RSPO certification in March 2011.

NBPOL also owns Ramu Agricultural Industries Limited which includes a Palm Oil component. It comprises a Mill and approximately 6400 ha planted to Palms in Morobe Province, Lae, PNG. The first plantings were made in October 2003.

The operations were acquired by NBPOL in September 2008 and there are no land conflicts at present. RAIL achieved RSPO certification in July 2010.

All of these operations achieved certification following the time bound plan. Poliamba achieved certification in February 2012 and Milne Bay achieved certification December 2012 and Higaturu in January 2013.

All units within NBPOL plan in both PNG and Solomon Islands have now achieved certification to RSPO P & C within the time bound plan.

1.9 Area of Plantation

The areas of planted palms on company managed Plantations are listed in Table 4. Note that Mini Estates, those on lease-lease back arrangements are indicated by ME.

Table 4 Company Estate Hectare Statement

PLANTATION	Total Mature (ha)	Total Immature(ha)	Other Areas (ha)
Bebere	1,664	262	254
Kumbango	2,318	0	382
Togulo	1,364	0	355
Dami/Waisisi	931	0	389
Kautu	2,799	250	307
Kaurasu/Morua ME	2,476	184	372
Bilomi/Laota	2,577	0	849
Haella	2,879	0	427
Garu	2,562	0	288
Daliavu	2,059	0	461
Sapuri	1,773	0	377
Malilimi	2,345	0	472
Rigula	2,520	0	682
Numundo	1,595	0	377
Navarai/Karato ME	687	0	336
Vol/Lot/Nat/Gor ME	1,492	0	217
Lolokoru ME	2,050	0	184
Silovuti ME	1,313	886	1593
	35,404	1,582	8,322

* 'ME' denotes Mini Estates

Table 5 Smallholder Hectare Statement

Mature (ha)	Immature (ha)	Total Smallholders (ha)
25,199	2,243	27,442

1.10 Approximate Tonnages Certified

The total amount of CPO and PKO produced under the last certified period appears in table 6.

Table 6 Total Realized Production

	MOM	KOM	KAPOM	NOM	WOM	TOTAL
FFB	236,709	267,537	298,090	238,208	202,095	1,242,640
CPO	53,046	59,773	69,053	51,006	43,499	276,376
PK	12,933	14,706	16,205	13,308	11,244	68,396
PKO		27,921				27,921

The total amount of CPO and PKO to be produced under the next certified period appears in table 7.

Table 7 Total Budgeted Production

	MOM	KOM	KAPOM	NOM	WOM	TOTAL
FFB	303,384	299,557	323,222	269,259	181,093	1,376,515
CPO	68,262	67,208	74,674	59,236	39,207	308,587
PK	16,478	16,274	17,207	14,456	9,624	74,039
PKO		27,740				27,740

Table 8 UTZ Traded and Budgeted CPO

Year	Volume
Sept 1, 2013-Aug 31, 2014	301,177.17
Sept 1, 2014-Aug 31, 2015	329,265.00

1.11 Date Certificate Issued and Scope of Certificate

Scope

Scope of the Certificate is for the production from the five palm oil mills and their supply bases (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

Smallholders have been included in the NBPOL certification from the start of the first surveillance assessment in 2009. The PNG NIWG submitted the "Planting Approval Form" along with the NI to the EB and the public review process. Since late 2007, no new SG has been accepted without being subjected to a field assessment in accordance with the "Planting Approval Form" which remains the case.

NBPOL continues to train OPIC extension officers on the RSPO P&C, with the provision of ongoing workshops and other training. NBPOL, OPIC and OPRA continued awareness training of SGs on the RSPO P&Cs at ongoing Field Days in each of the SG Divisions, commencing in October 2007 and these have continued ever since on a regular basis with increasing frequency and the inclusion of Radio Programmes – Tok Save with information of smallholder matters. NBPOL continues to work with OPIC on the survey of SG's. The survey process involves the physical inspection of all SG blocks and interview of each SG to assess their understanding of sustainable practices and conformance with the relevant RSPO P&Cs. This is ongoing and surveys and inspections continue with OPIC officers

OPIC is supported by the whole of the Oil palm Industry.

All PNG producers are represented on the OPIC board by the chairman of the Palm Oil Producers Association.

OPIC are not employees of NBPOL.

SG's are not under any obligation or contract to supply to any mill but are associated to the company through the OPIC association. In cooperation with the companies and OPIC the smallholders are included in the awareness programs, compliance surveys and other RSPO related work.

NBPOL has input to the OPIC Board through the POPA Chairman and the Chairman of PNGOPRA. Not as an employee with an official role and function.

The auditors examined in detail the SG survey database and concluded that the information showed the great majority of SG's met conformance with the relevant Indicators of the PNG NIWG (September 2012). The validity of the SG survey results was tested by selecting a sample of smallholders (104) that were representative of a range of conditions and subjecting these to field audits. The field audit results matched those that had been obtained independently by the OPIC extension officers.

Auditors also interviewed OPIC extension officers who had been involved in the SG baseline survey and confirmed their knowledge of the relevant RSPO P&C's. The auditor concluded that the survey results for all SG's (provided substantive evidence of conformance with the RSPO P&C. The original PNG NIWG had previously established the status of the SG's as "independent" and this was endorsed by the RSPO EB. However, another important consideration is the degree of NBPOL's involvement with, and the support that it gives to the SG's.

NBPOL operates an Out Grower's Department (OD) that is dedicated to support the SG's who supply fruit to the company's mills. NBPOL has a defined list of SG's and has agreed to collect the smallholder fruit. The SG's land has been mapped and NBPOL is continuing to assist in the verification of their rights to the land.

NBPOL supplies oil palm seedlings to the SG's and assists smallholders by coordinating pest and disease surveys and treatment of pest outbreaks. NBPOL also provides soft loans to its SG's for purchase of seedlings, tools and fertiliser, which it delivers to them. In consideration of NBPOL's close involvement with the individual SG's, they can be regarded as being "Associated" with NBPOL. On the basis of this conclusion, NBPOL has

complied with its commitment to achieve certification of its "Associated" SG's within three years from the date of Initial Certification.

In consideration of the above information, the audit team concluded that it is appropriate for inclusion of the SG's in the NBPOL Certificate.

2.0 ASSESSMENT PROCESS**2.1 Certification Body**

PT BSI Group Indonesia
Menara Bidakara II,
Jl. Jend.Galot Subroto kav. 71-73 Komplek Bidakara
Pancoran, Jakarta Selatan 12870
Indonesia

Scheme Manager: Mr Aryo Gustomo
Phone: +62 21 83793174
Fax: +62 8379 3287
Email: aryo.gustomo@bsigroup.com

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.

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 24 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 200 comprehensive audits of management systems throughout the Palm Oil industry including RSPO, RSPO NPP, 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 3,000 system audits in the last 18 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.

Deane Woruba – Technical Expert- Smallholders & HCV.

Deane holds a BSc in Science of Agricultural of the Technology University of Papua New Guinea and Master in Philosophy from the University of Charles Sturt in Australia (NSW). Dean is a natural resources research scientist with over 10 years of experience in crop protection, environmental protection and socio-economics in the plantations, government, public sector and the oil and gas industry. He has been working on the development of monitoring tools for toxic chemicals and the incorporation of GIS technology into the oil palm integrated pest management (IPM) systems. Aside he has experience in environmental system management through his work for the oil and gas industry guiding a team on environmental protection and certification. Dean has experience in survey questionnaire development, conducting trainings, leading and supervising survey teams in remote locations, data management and analysis, and reporting. In 2012 Dean completed a 14001 internal auditor course in Australia.

Dean is fluent in English and Tok Pisin.

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 maximise sustainable development through the promotion of effective and practical solutions in large-scale resource industries by working with local consultants and local organisations 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 specialising in development assistance and humanitarian aid, with a long history in PNG. Mike is fluent in Tok Pisin.

Rod Parsons –Environmental

Rodney Parsons holds a tertiary qualification in chemistry and has also undertaken tertiary studies in metallurgy and civil engineering. He has more than 8 years' experience in systems management and auditing of large organisations in manufacturing, construction and logistics

management in private and Government sectors in Australia and Oil Palm in Indonesia and PNG.

He is a Lead Environmental Management Systems Auditor (ISO 14001:2004) and a Lead Quality Management Systems Auditor (ISO 9001:2008) with RABQSA and also an accredited OH&S Management Systems Auditor with BSI

As part of a team he has conducted Integrated Management System and RSPO assessments at a number of palm and kernel oil mills and oil palm plantations in Indonesia and Papua New Guinea.

He has a background in water /wastewater with Sydney Water where he had responsibility to manage the sewerage infrastructure of Wollongong and Port Kembla systems to ensure a high degree of quality and reliability in the provision of services to the customer in accordance with the defined levels of service, environmental considerations and business direction to achieve EPA license compliance and ensure public health.

As the Commissioning Inspector he was seconded to Camp Scott and Furphy Consulting Group, as a member of the team engaged in detailed design, documentation, procurement and supervision of construction for Wollongong Water Pollution Control Plant.

He was the Co-Author of a Paper accepted for presentation to the 50th Annual Conference of Water Engineers and Operators (Department of Water Resources, Victoria) "Re-Organisation Transferring Programmed Maintenance to First Line Supervisors".

He has undertaken studies in areas of wastewater management and treatment including:

NSW Public Works Department Wastewater Treatment Plant activated sludge and aerated lagoons - Operator (Level 1B - Distinction)

The University of NSW School of Engineering Municipal Wastewater Treatment

Total Catchment Management Conference (Wollongong University)

Water Pollution Control Plant Operator Training Course – One, (Water Board)

Water Pollution Control Plant Training Course Level O (Water Board)

Microscopic Techniques and Biology of Activated Sludge Course (Water Board).

2.3 Assessment Methodology, Programme, Site Visits

The first surveillance audit since the renewal audit was conducted from 8-12.9.14.

The approach to the audit was to treat the mills and their supply base as an RSPO Certification Unit as approved by the RSPO secretariat. Each mill was audited together with a sample of plantations of its supply base. A range of environmental and social factors were covered. These included consideration of topography, palm age, proximity to areas with HCVs, declared conservation areas and local communities.

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 with regards to small holders. The comments and any communication made by external stakeholders were also taken into account in the assessment.

SG's were also included in this audit. A total number of 104 smallholder blocks were audited ranging in size from 2Ha (Village Oil Palm Blocks/VOP) to 7Ha (Land Settlement Scheme/LSS). After the interview with each small holder was concluded the auditor inspected each block with the block holder. This was to gain an understanding of any issues of concern that the block holder wished to raise about the oil palm company (NBPOL) or the extension service (OPIC).

The smallholder audit was carried out by the Mr Deane Woruba, The auditor used a questionnaire to assess each block holder's knowledge of the RSPO Principles and Criteria relevant to independent smallholders.

There was also included an audit of the Supply Chain in this assessment for each mill. The data on production for each mill and where the FFB came from is addressed in the tables presented in this report as well as in Appendix A. This information included information on each estate FFB was delivered from as well as the amount of small holder FFB provided and processed by each mill.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders.

Communication was made with individual stakeholders and telephone calls were made to arrange meetings by company representatives. As part of the audit, meetings were held with both internal and external 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; SG's including LSS, VOP and IE's, the OPIC, and the Oil Palm Research Association (OPRA).

External stakeholders included organizations such as Government, NGOs and Civil Societies, who have an interest in the West New Britain area and resident communities.

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

In the case of the Incorporated Land Groups (ILG's), meetings were held on site.

VOP stands for Village Oil Palm and are under definition smaller areas (Village Oil Palm = 2 to 4 hectare and they use CLUA). ILG's are communities looking at bigger scale of development.

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.. 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 meetings with stakeholders. For internal stakeholders the same procedure was followed and company representatives left once the consultations started (this also occurred with senior management. Employees are involved in consultation and committees).

There is a trade union at NBPOL (West New Britain Oil Palm Workers Union) – they were involved also in this assessment and were interviewed during this assessment.

List of Stakeholders Contacted

- **All Five mills were visited**

- **One refinery**
- **Two CDM Projects**
- **Fourteen estates were visited**
- **Ten clinics visited**
- **Kimbe Bulk Terminal**

NBPOL employees:

Harry Brock, General Manager

Teup Goledu, Company Secretary

Angus Wilson, Group Manager - Mosa

Sander van den Ende, Sustainability Manager

Benjamin Kaukia, Training Manager

Diane Mirio, Community Engagement and Development Officer

Stephen Raphael, TCS Coordinator

Cornie Ruku, Field Manager – Bebere

John Bulda, Plantation Manager – Silovuti

Roland Soupa – Group Manager – Kapiura

Steven Kupal – Plantation Manager – Kautu

Emily Kaliop, Assistant Human Resource Manager

Dr John Lee, Company Doctor

John Morgan, Construction Manager

Ashley Barnes, Mine Estates Coordinator

Civil society:

Nellie Bou, Manager – Mahonia na Dari

Government:

Dr Joseph Nale, CEO, West New Britain Provincial Health Authority

Paul Pitaro, Acting Provincial Works Manager, Department of Works

Dagwin Dagwin, Acting Provincial Civil Engineer, Department of Works

Others organisations:

Greg Mongi, Hoskins Oil Palm Grower's Association (HOPGA)

Lillian Holland & Lydia Tunian, Women Empowering Women (WEW)

Robert Nalamau, Levi Bulingiu, Fabian Kaona, Thomas Maso, Peter Ngat & Jason Undi, West New Britain Oil Palm Worker's Union

Steven Oiza, OPIC

Joe Revis, Sege Community Planting

Dr Luc Bonneau, PNG Oil Palm Research Association (OPRA)

2.5 Date of Next Surveillance Assessment

This will be the next assessment which will take place in July 2015.

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 Mills 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.

There were two minor Nonconformities raised during this assessment.

A number of Observations/Opportunities for Improvement (twelve – 12) were also identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 28).

This assessment of NBPOL operations in West New Britain, comprising five palm oil mills, 1 refinery, 1 fractionation plant, estates, infrastructure and support services, concludes that NBPOL operations comply with the requirements of RSPO Principles & Criteria : 2007.

In relation to the previous audit findings the Nonconformities which were assigned against Minor Compliance Indicators were closed out during this assessment (see appendix D).

Also the Observations/Opportunities for Improvement which were identified were actioned and this was seen to be effective.

BSi recommends that NBPOL continue to be approved as a producer of RSPO Certified Sustainable Palm Oil.

Criterion 1.1: Growers and Millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.

All records of requests for information are forwarded in the first instance to the local estate or mill manager and are recorded in an enquiry/grievance book depending on where they are received. There is an enquiry/grievance book in each administrative office throughout NBPOL.

There have been no formal requests for information received in any areas visited and where register of requests are recorded. The register includes date received, date responded to as well as any other pertinent information with regards to each request received.

A record of response is attached when enquiries are made.

The reason why information could not be made available is recorded in the register for information not released.

The majority of the smallholder growers interviewed have heard of the concept of RSPO and demonstrated understanding of some of the principles and criteria.

OPRA have made and disseminated posters on best management practices.

Opportunity for Improvement 1.1.1: The NBPOL Kimbe Sustainability section has made an awareness poster on the oil palm price formula from which the monthly price of FFB is calculated. The oil palm price formula information is in both English and Tok Pisin. However, this information is can be quickly presented graphically in a table format rather than written out in an essay format. This would make the information stand out and easier to understand.

Opportunity for Improvement 1.1.1: Field day demonstrations are a good means to disseminating RSPO information. SHA and OPIC did not conduct field days in the last year, however, OPRA have conducted a few field days in strategic locations. OPIC, SHA and Sustainability were invited and made presentations during those field days. More field days will need to be done by SHA, OPIC and Sustainability.

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.

There is a list of publicly available documents (1.2.1) which is approved by the GM and can be produced on request and is also available of the NBPOL website. This list will is also available in hard copy on request A list of current available documents was produced during this assessment. This was updated in July 2014.

The list of documents that can be made available on request included but was not limited to the following:

1. Land titles/Leases
2. Maps of lease areas
3. Annual Reports
4. Sustainability Handbook
5. Human Rights policy
6. NBPOL Policies and Guidelines
7. Environmental Policies
8. Sexual Harassment Policy
9. Equal Opportunities Policy
10. Health and Safety Policy and Plans
11. Environment Plans & Environment Permits
12. Copies of Government laws, regulations, Code of Practices.
13. Water Management Plan
14. DEC compliance 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 GM with approval from the NBPOL CEO. There were no occasions on which available documents when requested for have been refused. There have been no requests for documents on sensitive areas where disclosure could increase risk of damage.

The documents are made available on request. Some information is handled with care in some cases where it could adversely impact on a situation. This would normally be related to sensitive financial information that may only be shared if and when appropriate. However all requests can be traced back through the information request register.

Land Titles will be made available on request if appropriate.

Equal Employment Opportunity , OHS, Environmental, HIV-Aids, Malaria and Sexual Harassment Policies and Human Rights are all available. These are also widely distributed throughout NBPOL on numerous notice boards in many places. They are also all available in the Sustainability Handbook and on the company's web site. They are also available in the local language in areas where this is deemed necessary. They have also been produced in poster format and displayed which appears to be very effective with the local people.

The available documents have been available since 2008 and have been steadily improved and amended and include all requirements and are more than adequate. As stated above some documents such as EEO, Domestic Violence, OHS, Aids, Malaria and EMS Policies are available in English, Tok Pisin and in poster (pictorial) form. They are well received by the local population.

The OHS Plan will be made available on request. The policy is posted in all work areas in a prominent position on noticeboards where workers congregate – this includes in the mill and field offices. It was sighted in

many areas during the audit. All managers also have a copy of the OHS Plan. The OHS Policy is available on the company web site.

There is a current documented procedure for dealing with complaints . There is also a grievance and complaints register in which all complaints are recorded. Outcomes are documented in the register of complaints or grievances received. The details include name of party, date received, outcome, acknowledgment of receiving complaint, and date resolved as well as a brief description of the complaint. This is supported by a file which keeps hard copies of complaints/grievances and all responses and communications between NBPOL and the aggrieved party. The file for each compliant / grievance is as comprehensive as each case demands depending on the seriousness of the complaint.

There are also procedures in place which are available with regards to negotiations.

This grievance mechanism which is available to WNBPO has also been adopted by the NBPOL Out Growers department (OD), in the form of a grievance register. This is maintained in the OD office. All complaints are registered in a similar fashion to the NBPOL complaints / grievance handling procedure. OPIC is also involved in the answering and resolving of these complaints that are made to OPIC and providing evidence to NBPOL if required. It includes details of aggrieved party and the grievance or complaint.

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

There is a current 2014 Continuous Improvement Plan (CIP) , available for all operations including all mills 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). This is updated each year as a minimum and progress is recorded as targets are achieved.

The required improvements identified in the Social Impact Assessment (SIA) and the Social Register has been incorporated into the long term financial plan and CIP.

Management documents are available to growers on request. A current list of available documents was available.

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 working grievance mechanism in place at OPIC and SHA.

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

Criterion 1.3 Growers and Millers commit to ethical conduct in all business operations and transactions.

NBPOL Kimbe is committed to ethical conduct of business to all its stakeholders, which includes the smallholder growers. A statement by the NBPOL CEO making this commitment is printed on posters displayed in all company offices.

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

NBPOL is proactive in renewing permits prior to the expiry dates. The issuing of renewed permits such a boiler operators permits etc. from the relevant Government Department is outside the control of NBPOL however

WNBPOL do have current boiler permits and licenses at the present time.

Due to the fact that the company has to comply (2.1.1) with laws and regulations government and other legislation under RSPO as well as ISO WNBPO take the initiative to contact the official regulatory bodies to follow up on permits etc. Letters to government departments following up on expired permits can be provided on request. There is no evidence available of chronic deviation from legal requirements.

There is a documented system in place with regards to information on legal requirements and this is maintained also as part of the ISO 14001 – Legal and other requirements (2.1.2). There is an annual register in which the Sustainability Manager and his team updates to show all legal requirements have been met. Legal requirements include logging code of practice, code of practice for workshops plus the Code of practice for Milling etc.

There is a register of operating permits required throughout operations including pressure vessels, factories act, water permits and many others well in excess of 150 and altogether for 2013 NBPOL have paid in excess of 150,000 PNG KINA in fees – and have received copies of most permits, licenses and leases.

The SG's and OPIC check during inspections that legal and regulatory requirements are being met. This is recorded on the Planting Approval form. The OPIC Act is the principle piece of legislation for management of the SG sector.

There is a Local Planning Committee, which is responsible for the overseeing of SG projects and includes members of stakeholders such OPIC, NBPOL, the IE Association, OPRA, Women's rep and Local Level Government. The LPC meets on a monthly basis and minutes were available both with OPIC and the company OD.

There is register of PNG legal and regulatory requirements including codes of practices, environmental permits, forestry etc. with the Company Secretary, and the Sustainability Manager (SM). The Cossec and SM also keep aware of any changes to legal or regulatory requirements (2.1.4) 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 NBPOL.

A copy of the register of legal and regulatory requirements was presented.

NBPOL through the EMS / OHS ensures (2.1.4) that any law changes are tracked and appropriated changes in management implemented accordingly. NBPOL are members of the Employers Federation of PNG, PNG Growers Association, Palm Oil Producers Association (POPA) and the OPRA board and are therefore privy to any changes in these regulations. NBPOL also receives law updates from PNG Law Society.

All growers interviewed demonstrated understanding of appropriate land laws at customary, local and national levels. OPIC as the Government's extension services works closely with the smallholder growers to advise them of any changes to the local, national and international laws that will affect them. Such information is broadcasted through the local radio programme which OPIC hosts weekly.

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

NBPOL landholdings are on State Agricultural Leases that were established by the former colonial administration. NBPOL holds a copy of the State Leases and the use of the land is consistent with the terms and conditions (2.2.1). Since 1998 NBPOL has developed oil palm on customary land under a Lease-Lease back (LLB) Scheme. This scheme has been applied at locations where customary landowners have requested NBPOL to develop oil palm on their land. NBPOL assisted the landowners to register and

obtain leasehold title over their land. The landowners then sub-lease this land to NBPOL for development of oil palm.

As discussed under Principle 8, the Continuous Improvement Plan would have more focus on the main social issues if it included an indicator on the proportion of smallholders with titles showing the right to occupy the land. Although OPIC is responsible for smallholder land titles, it is an important social issue and needs to be monitored so that the extent of the problem can be quantified and appropriate actions can be discussed with relevant partners.

Substantial effort is made to ensure the customary owners of the land are identified and consulted according to the principles of Free and Prior Informed Consent. NBPOL has continued to show patience in allowing this process to proceed at a pace that is acceptable to local communities (which, in the case of Silovuti, it has taken several years).

In the period since the first certification audit NBPOL has developed one new mini estate under the lease-lease back scheme which commenced in 2009. This is at Silovuti and all records of tenure and agreements were available. This included records of all discussions and meetings with the ILG's. Therefore actual legal use of the land can be demonstrated.

Awareness sessions continue to be held by the company in villages and with other stakeholders on stakeholders' related matters as the areas continue to be developed (dispute settling, environmental issues etc.). In this way the customary traditions were recognized by involving the communities' representatives and clan leaders. Files and records are available showing the involved discussion process, decision making process and if needed a settlement process and the consent process of involved stakeholders (A National Government surveyor establishes boundaries and these are marked physically by pegs and on maps in each area). A number of natural boundaries such as rivers, sea shores and long established roads are also used to mark boundaries. These complement the survey's completed and traditional boundary pegs and also included in Satellite Imaging of all NBPOL estate.

All the stakeholders are informed on disputes (2.2.3) and conflicts and information is made available upon request and at the discretion of the General Manager. There are no significant disputes of any kind over land tenure at present on any operations of WNBPOL.

Maps were sighted for all estates visited and boundaries are clearly indicated (2.2.2). The boundaries for all mini estates under the ILG's are also surveyed and mapped showing the extent of these holdings. The boundaries are clearly marked on all estates visited through visible markers.

NBPOL have established a system to negotiate with the parties in dispute before legal means are resorted to. (2.2.4) Dispute resolution mechanisms are established through open and consensual agreements with relevant affected parties using either legal means or negotiation with the party in dispute. If required the Department of Lands (DOL) or other bodies are brought in to act as independent arbiters. There have been no recent substantial disputes with regards to land rights use.

For SG's there is land mediation through the DOL, this is facilitated by OPIC and a copy of any resolution is maintained by OPIC and the DOL. If a dispute has been resolved the company OD and SG are notified. Disputes involving customary land are usually settled by Customary Land Mediators and the PNG Courts system if necessary. A Clan Land Usage Agreement (CLUA) is produced once the dispute has been resolved.

There are ongoing disputes within a number of the ILG's over distribution of income, membership and operation of the ILG Committees. These complaints have been referred to the Provincial Dispute Settlement Authority, which is a Committee recognised by the District Land Court. In PNG, the court system is well recognised as the appropriate process for

dispute resolution. There are procedures under PNG Law to maintain the status quo between two parties until the dispute is resolved.

Copies of all negotiated agreements detailing the process of consent are available. This was demonstrated with regards to the Silovuti agreement with the respective ILG.

NBPOL have a participatory conflict resolution method by first talking to involved parties and also recording minutes of all meetings with local communities. The Company implements the conflict resolution process by the involvement of the Lands Office dealing with complaints of the communities. They keep track of the complaints and visits to settle any dispute. When conflict resolution in relation to state land cannot be settled accordingly it becomes a process for the DOL or the courts to settle.

Comment: All Land Settlement Scheme (LSS) blocks owners interviewed have land titles and were able to show copies of the titles. However, during the interviews, it was discovered that for some of these blocks, the land titles are not under the current owners names. For almost all of these blocks, they are in the process of changing the land title but the process is taking a long time. The new block owners are not familiar with the process for changing land titles. It is recommended that this process is outlined clearly and the information disseminated to the smallholder growers during field days, radio talks and as posters. It is understood that NBPOL and OPIC are not responsible for changing the land titles, but as smallholder growers that sell fruit to the company, it is expected that an effort must be made to assist growers change the legal ownership of the blocks on the land titles.

All Village Oil Palm (VOP) and Customary Rights Purchase (CRP) blocks visited have copies of their Clan Land Usage Agreements (CLUA).

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.

Maps are available (2.3.1) (current) showing occupied state land, vacant state land and customary land. Maps are available which indicate the extent of recognised customary rights and there are copies available of negotiated agreements detailing the process of consent in relation to the state land that was compensated (2.3.3) for when bought by the state and with current customary land in relation to the establishment of ILG's.

NBPOL has negotiated with customary landowners to mobilise land for plantation expansion under the Lease-Lease back process. This process commenced in 1998 and the agreements are ongoing for the term of each lease. New leasehold arrangements are being made from time to time with all areas being mapped indicating extent of all leases (2.3.5). The FPIC component has been integrated into the land lease process (the description of the awareness session on pro's and con's of development), if possible with cooperation of an independent neutral party (e.g. NGO co-operation).

The minutes of all meetings are kept as a record of FPIC and are a tool to follow up on the awareness that is forwarded and to check the FPIC component (for Silovuti development going back to 1998). These minutes indicate that these agreements are entered into voluntarily as minutes of any meetings are recorded.

NBPOL lands and sustainability officers provide assistance to the landowners. The sharing of information and involvement of all parties was demonstrated in the latest negotiations with the ILG. This remains the case at present – there have been no new leases (although some new plantings are expected to take place in late 2013 following the requirements of RSPO NPP) or land developed since Silovuti in 2009.

SG's on LSS blocks have been granted an agricultural lease over their block. This land was legally acquired by the State from the customary landowners and 99 year leasehold titles were granted to the LSS grower. The record of

the purchase is recorded in the Native Land Dealing Document (NLDD) which is held by the DOL and Department of Physical Planning (DLPP). NBPOL has copies of the NLDD's for the land it occupies.

Ownership of LSS Blocks can be verified by conducting a title search with the DLPP. The majority of VOP block holders had the relevant CLUA (2.3.6) on hand, a few LSS block holders had proof of transfer but see above for discussion on LSS block holders.

VOP's blocks are established on Customary Land. The CLUA is an agreement whereby the clan leaders allow the VOP grower to plant oil palm on a particular piece of land. The CLUA recognises that that particular person has access and usage rights over that particular piece of land. Copies of CLUA's sighted at OPIC – for privacy reasons these were not recorded in this report but samples are available in audit notes.

The Lease- Lease Back system is a legal process under the PNG Land Act (1996) whereby customary landowners can form an ILG and obtain leasehold title to their land. By holding a recognised legal title the ILG can then enter into a Sub-Lease agreement with a company to develop that land. NBPOL has a written procedure to assist customary landowners to obtain leasehold title to their land. The DLPP is the government department responsible for administering the Land Act and the Lease Lease Back process ensuring that the rights of the customary landowners are protected (2.3.7).

SEIA and HCV forest evaluations are always completed by RSPO accredited assessors prior to the signing of sub-lease agreements. All land under evaluation for Lease Lease Back has been logged prior to Nov 2005.

Maps showing areas for Lease Lease Back have been produced. These maps show the areas of Timber Rights Purchase (TRP) which is evidence of logging. In addition to this, field surveys are carried out during HCV assessments to assess the extent of logging within the TRP boundaries. Areas of vacant State Owned land are also identified on these maps.

A copy of the Sub Lease Agreement was displayed during the audit.

Maps of LSS blocks are available with OPIC and NBPOL and maps of VOP smallholder growers are available. The roads on which the VOP blocks are located are mapped. There is a plan in place to acquire satellite imagery and map all VOP blocks from this imagery. There have no new areas set aside for use and development since Silovuti in 2009 and therefore there are no changes to maps and boundaries.

There have been no negotiated agreements since 2009 above (2.3.2).

Opportunity for Improvement 2.3.1: Some VOP and CRP blocks visited did not have maps indicating the location and boundary of the blocks. SHA provided documents that showed their plan of recruiting a GIS specialist to improve their mapping issues.

The planting approval form used by the smallholder growers includes approval of land use for oil palm to the grower by the local clan chief, and a statutory declaration from a Commissioner for Oaths and NBPOL SHA.

There were no land dispute cases from the growers interviewed.

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

There is a five year business plan (3.1.1) for NBPOL. It is available from the GM. There are business plans in place that take into account crop projection, mill extraction rates, costs of production, annual replanting programmes (3.1.2), forecasts and financial indicators. All requirements of this indicator have been met. The auditor sighted crop projections for all estates and associated SG's. All mill extraction rates are documented for each mill.

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 up until 2019.

The Five Year plan is reviewed on, at least, a yearly basis. The latest review and update was completed in July 2014.

There are Management Plans in place for Small Holders which is managed by OPIC. This allows mainly for replanting to allow Small Holders to maintain some income. This does take into account costs of production and crop projections due to improved techniques.

SHA has a Smallholders Management Guidelines which details best management practices for smallholder growers.

Opportunity for Improvement: The Smallholders Management Guidelines was first approved in 2011. There was a revised copy seen during the audit, which was awaiting approval at the time of the audit. It is expected that the revised copy will be approved before the next surveillance audit in 2015.

SHA has a proposed business plan that their operations are based upon which documents a business case for smallholder growers.

SHA also has an annual replanting programme for smallholder growers.

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

NBPOL have Management Guidelines (MG) for Mills, Estates, Kimbe Bulk Terminal (KBT), Transport (MTL), Construction, Clinics and all operational areas (4.1.1).

Standard Operating Procedures (SOP) are in place for each station in the process of palm oil production from weighbridge to storage. These have recently been updated and can now be considered current. The latest issue on SOP's was in June 2014. These SOP's are displayed in all work areas throughout each mill in place in each operational area.

Management Guidelines are used to manage all operations.

4.1.1. Observation: A number of the Management Guidelines for field operations do not appear to be current and are not at times a reflection of all current practices. They include obsolete methodology for determining the environmental impacts and aspects of some operations.

Action: The Management Guidelines and SOP's have now been updated and are current. The latest issues are dated June 2014.

The SOP's are specific for each mill due to difference in operations depending on the mill set up. The SOP's have been translated into Tok Pisin. The mills range in age and technological advances from Mosa Mill constructed in 1970 to Waraston Mill which started production in early 2012. There are also current SOP's in place for both the refinery and refractionation plant.

For the mills there is in place a mechanism (4.1.2) for monitoring effectiveness of procedures. The shift supervisors check that all log books are completed for all operations on a regular basis depending on requirements for recording data as outlined in each SOP. This is done by completing each required inspection and signing the log book, a copy of which is kept by mill management and also includes planned scheduled inspections.

The operators at the mills had completed the required log sheets at each station on the required frequency from the areas sampled. These log sheets are collected and reviewed on a daily basis. The log sheets may also be used to identify breakdowns and cases of wear and tear where breakdowns may be imminent. Areas checked included presses, sterilisers, clarifier, power room, turbine and boilers in each mill. The SOP's are

further supported by routine regular scheduled preventive maintenance (4.1.4). This is planned and carried out under the Mechanical and Electrical Engineering divisions to ensure ongoing production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is reported and followed up to ensure documented practices are being followed. Any breakdowns, stoppages or major services are recorded in both the log books for each area and in the maintenance records.

Minor NC: 4.1.3(Ref1107937N1) – Although the Electrical inspections are taking place there is no evidence to suggest that any issues are followed up and action is taken where faults are identified. A number of items are recorded as pending ongoing and action is to be taken to rectify any outstanding matters and the appropriate records to be in place.

In the estates there are scheduled field inspections which are undertaken by field inspectors, group managers and the plantation inspectors. These are further supported by an extensive Internal Audits Programme run by the Sustainability team.

The estate managers carry out regular field inspections to ensure MG's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. The Group Managers also undertake regular extensive field inspections which are further supported by the issuing and circulating of an inspection report to the relevant Estate Managers. Action is required within a given period to ensure that any areas seem to be deficient are followed up in a timely manner.

The Plantation Inspectors who are not based at NBPOL also carry out frequent inspections on the quality of operations from an agricultural perspective.

The Sustainability Team carry out regular extensive audits of all sites against RSPO and ISO criteria. Any non-conformances or poor results identified by the Senior Mill Managers are recorded and followed up in a specified time frame. This was well completed at each mill with evidence of follow up and rectification of any outstanding areas. This includes housekeeping, damaged or untidy areas. There is a current Code of Practice (COP), for Oil Palm Processing. There are also Codes of Practices for Hydrocarbon and the Vehicle Workshop (VWS) these are also referenced. The latest issues are controlled by the Sustainability Team who ensures current applicable PNG COP's are in place. The following COP's which affect estates are referenced in documentation and include Logging, Landfill and specific COP's for PNG.

The EMS / OHS system requires that records of monitoring are kept e.g. Drain and Pollution Control Devices (PCD's), as well as use of Personal Protective Equipment (PPE), etc. and any actions taken such as cleaning are recorded. The records include actions taken with regards to Quality Management, OHS and Environmental Management.

There is no third party FFB sourced by WNBPO (4.1.4).

Smallholder growers are advised of best management practices during the organized OPRA field days. Records of the field days were sighted. Farmers were given copies of smallholder best practice book produced by PNGOPRA (written in English and Tok Pisin).

Records of FFB picked from each block and sent to the mill for processing was sighted.

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

There are extensive SOP's in place in the form of Management Guidelines which have recently been updated and re-issued as of June 2014. These

include SOP's for replant, upkeep, harvesting, pest management and all aspects that manage agricultural practices. The SOP's have been developed over many years and have recently been reviewed and re-issued as above. They are detailed descriptions on the practices in all agricultural areas. (4.2.1)

There are records of fertiliser inputs (4.2.2) are maintained in the Oil palm Management Programme (OMP 8) database and these details are readily available through this system.

Annual tissue and periodic soil sampling takes place by the company Agronomy section and in conjunction with OPRA. The results of the analysis of the samples are used to optimise fertiliser requirements (4.2.3).

The latest comprehensive soil sampling took place in early 2014. The soil sampling was undertaken by Hills Labs in New Zealand.

The most recent tissue analysis took place in February 2014 with results being available for a large number of estates and identified by block number. This is used to determine future fertiliser applications. This was undertaken by AAK in Malaysia.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients (4.2.4) and are put in place to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

The company supplies Ammonium Nitrate (AN) fertilizers to growers and organize for deductions from crop sales. All smallholder growers that have signed to receive fertilizer have received their 2013 and 2014 supply. SHA have records of all fertilizer supplied to all growers.

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.

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

During field inspections the risk of erosion is assessed by the senior managers (4.3.1) and records in the form of a field inspection sheet are kept and are further documented in OMP 8. This includes both SG's and NBPOL estates. The assessment includes run off from roads and effectiveness of road grading and maintenance programmes to prevent erosion with regards to drainage. Inspections also check on the amount of cover crop (CC), for new and old plantings especially in steeper areas and replanting of CC done where required to ensure that risks of erosion are reduced and eliminated when possible. No new planting since 2007 has been on slopes in excess of 25 degrees).

At Togulo, Navarai and other Estates there is terracing in place in a number of areas to reduce soil erosion (4.3.2). To prevent erosion cover crop (CC), is introduced at the time of the formation of the terraces and once palms are established fronds are placed in a position to reduce erosion in the form of boxing.

Rainfall run off is minimised where necessary by construction of take-off drains. Also in areas pre-dating the RSPO when re-plant took place proper terracing was put in place. New more effective terracing has been formed.

The estates use chemicals under controlled conditions – OPIC is training SG's – NBPOL does not supply insecticides directly to SG's. Insect control is under an IPM program and OPIC/NBPOL apply the insecticides on SG blocks where recommended by OPRA. SGs are discouraged from using herbicides until they are fully trained in their safe use and handling. This training is supplied by OPIC and it is in the form of a certificated course by trained personnel.

All areas are assessed and drainage is in place on feeder roads and in all steep areas in the form of improved drains at replanting however there is no planting or replanting on peat (4.3.5).

Roadside drains are also planted to prevent further erosion with both Guatemala and Vetiver grass.

There are only sporadic & shallow peat soils (4.3.4) in NBPOL with 88.3 hectares planted in separate areas across all existing plantations. The soils are monitored by the internal Agronomy section to ensure water management is effective. There are maps available of these shallow peat soils for all areas however this is much less than 1% of the planted areas (4.3.1)

There is a road grading programme (4.3.3) in place which ensures that drains are clear and properly formed to channel run off into these drains on the steeper roads. Take off drains are also constructed on roads in the steeper areas. The roading programme is monitored in each estate to ensure it is up to date and any progress is recorded and that areas with potential and actual erosion areas are given priority. There are Road Graders available and these are rotated weekly between estates in a structured programme.

Maps are in place indicating the whereabouts of any fragile and problems soils (4.3.6). There is also a management strategy in place to deal with and improve where possible these fragile and problem soils. This however is less than 1% of the planted area

All smallholder growers' blocks visited were on relatively flat land there is no major concern for soil erosion. However, there were blocks in Sarakolok (Blocks 832 and 833), Mamota (Block 1038) and all along the road in Siki to Waisisi that has river systems changing course naturally and has eroded part of the blocks and removed palms. Reports of these incidences produced by the OPIC environmental officer and the Sustainability officer was sighted.

Smallholder growers interviewed understood soil erosion and ways of mitigating impacts from soil erosion.

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

The water management plan (4.4.1) which is reviewed annually also includes management of storm water, control of mill drains, nursery water use and control of run-off and is considered extensive. The most recently Water Management Plan was updated in June 2013 when it was released under approval of the GM. The quality of domestic water is also monitored in all areas to ensure that quality of drinking water is within limits. This is a government requirement. The stormwater and mill drains are regularly inspected for pollution and sediment and includes records of any actions taken such as cleaning. The drains and interceptors generally are working efficiently under normal conditions as long as they are regularly cleaned.

Water courses are tested weekly both 10m upstream and 10m downstream of Environmental Impact Points for all mills where entered by treated effluent discharged by NBPOL to ensure that water quality is not adversely affected for downstream users by the activities of NBPOL. The most recent records of water testing indicated there was little adverse effect on water downstream from the mill discharge compared to upstream test results.

There is a measure of water quality by an independent lab completed for all areas of discharge. This is completed quarterly as required by the permit and in order to compare to the internal laboratory which is now accredited under the PNG National Institute of Standards and Industrial Technology. Results indicate that due to treatment of POME and other anti-pollution

methods that water has not been adversely affected by NBPOL activities. Also on inspecting the records in each clinic it was determined that there were a low rate of reported stomach/gastric issues associated with poor water quality. However there was an issue with water quality at Lolokuru which is being addressed by management of WNBPO by introducing water treatment and additional tanks to improve water standards. On the whole depending on the source water quality in good throughout the estates.

Biological Oxygen Demand (BOD) (4.4.3) is monitored at each Environmental Impact Point as referenced within the Environmental Permits which are issued by the Department of Environment and Conservation and allow NBPOL to operate under the Environment Act. Accurate records are in place for the past 11 years and indicate that on most occasions, apart from abnormal rain events, BOD levels are within the prescribed limits as are stated in the Environmental permits and Government guidelines. If at any stage the results are outside parameters these results are to be investigated to determine the cause. Since 2013 months there have been very few if any instances of BOD in discharges of treated POME exceeding allowable limits. The control of BOD in water discharge is effective with very low readings taken from discharge points.

There has been an extensive de-silting programme in place for Kumbango Mill where BOD was a problem on occasions. This programme has seen a reduction in BOD in line with government guidelines. WNBPOL have spent in excess of 1,000,000 Kina on this programme.

There are records in place at each mill indicating that water use per tonne of FFB and trended for last 11 years and at the moment the trend is approaching one tonne of water per tonne of FFB. This was reviewed at each mill and records are displayed on water use in graphic form in each mill. There are overall records for water use kept by the Sustainability Department (4.4.4)

Each of the five Palm Oil Mills was inspected during this assessment and the use of water per tonne of FFB was being recorded in all cases. For example in Mosa Mill we sighted records for December 2012, February 2013, April 2013 and June 2013 and all indicated a ration of less than 1:1. Similar results were also recorded at Waraston Oil Mill.

The riparian buffer zones (4.4.2) 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 which have been issued for each estate. All permanent water courses have buffers in place and these comply with the permit requirements respectively.

There was an incident in March 2014 which was reported at Karasau following the replant. The buffer was re-established in accordance with permit requirements in 2012 as demonstrated by satellite imagery. However extensive and continuous rains in the first 3 months of 2014 cause the river (Luvu) to change its course which resulted in over 6 hectares being washed away and loss of part of the buffer zones in this area. Work has since been undertaken to re-establish this bank by planting of certain plants to stabilise the bank.

There are appropriate signs are in place in buffer zones and in riparian areas discouraging miss use from the local population. The growth in some of these buffer zones continues luxuriant and the areas are apparently intruded upon. NBPOL have made a concerted effort to ensure that only plant species native to New Britain are planted in these buffer zones where they have been re-established at re-planting for areas planted prior to 2005. NBPOL have had in place buffer zone and restriction since at least 2003.

Observation 4.4.2: It was noted that in a number of riparian buffer zones some non-native species such as teak have been implanted. There is also evidence of abandoned oil palms in some of these areas.

Action: It is now the WNBPO policy to plant only native species in the buffer zones once they are established as was the case at Kaurausu when plant were used to stabilise the bank and buffer.

In each area in the year prior to a replant is due, the buffer zone boundary is marked on palms and maintenance is limited to circle spraying. Harvesting of the palms is continued until the replant. This was taking place at the time of this audit with buffer zones being in place as required depending on size of rivers and stream etc. The Environmental Officer within the Sustainability Department has the responsibility to manage the rehabilitation of buffer zones.

Legume covers are also used where possible.

WNBPO Management focus on re-establishing of buffer zones by planting native species – over 40 native species are being propagated in the pre-nursery managed by Sustainability and a manual has also been produced to guide managers on the silviculture of these.

Smallholder growers were aware of the buffer zones for the protection of waterways. All smallholder growers interviewed understood the importance of clean water for consumption and ensure the water they consume is from a clean source. Smallholder growers in Kimbe collect drinking and cooking water from a clean well, rainwater from tanks or from natural springs.

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

NBPOL are maintaining records of the contents of the chemicals used which have published toxicity.

There is an implemented Integrated Pest Management Programme (4.5.1) (IPM) for specific pests which was issued in July 2012 and remains current.

The Integrated Pest Management Plan (IPMP) which was updated (27.7.12) and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals.

There is a measurement of the amount of each pesticide used, the area and type for each specific pest (4.5.3) e.g. for Sexava - use methamidaphos. Although there have been no substantial infestations since last year and the areas infested with Sexava in 2012 in the Talasea area have recently undergone their final treatment and they are awaiting the final outcomes after 16 weeks as described in the IMP for Sexava provided by OPRA.

During the outbreak in 2012 an IPM was put in place to control this outbreak and following trunk injection a fourteen week period to determine effectiveness of treatment was set. This expires in November when the period is over.

Once damage is identified a programme is put in place with the cooperation of OPRA who are the authorities in the PNG Oil Palm Industry for recommending the use of chemicals in the control of pests.

WNBPOL monitors pests and disease as part of the IPM. This includes Sexava, Stick Insects etc. OPRA are instrumental in this pest monitoring programme.

During the 2013/2014 there were no major outbreak of pests in any area.

There is extensive training (4.5.2) undertaken in the estates with regards to Integrated Pest Management Plans. This includes use of chemicals such as in the treatment of Sexava. This training is provided by OPRA as well as training in the field presented by management. Any training material is also prepared by OPRA. There are records of training in all estates. There are special crews who are trained in the use of more hazardous chemicals such methimidophos in the treatment of sexava.

Farmers were aware of defoliating pests, which includes the treehoopers (Tettigoniidae) commonly (but incorrectly) referred to as sexava and the stick insect (Phasmatidae). Rhinoceros beetles (Scarabaeidae) periodically affect young palms as they bore into the crown. Ganoderma (Ganodermataceae) which causes basal and upper stem rot on oil palms is the major disease concern in WNB.

There is an integrated pest, disease and weed management system in place which combines the use of cultural, biological and chemical control. Smallholder blocks that have had pest outbreaks were reported to OPIC who organised for PNGOPRA to conduct pest and disease inspection and recommend cultural control techniques, release biological control agents, and if deemed necessary, recommend for SHA to treat the palms with methamidophos, a systemic insecticide via targeted trunk injection. The smallholder growers never use the insecticide. They pay an "OPRA Sexava" levy of K1.50 per tonne which covers the cost of pest and disease treatment.

Ganoderma sanitation is a concern to some smallholder growers who have palms affected by basal and upper stem rot. These farmers requested more in-field demonstrations. PNGOPRA has a dedicated field technician in WNB who is assisting farmers with Ganoderma management.

The invasive Siam weed, *Chromolaena odorata* was present in some smallholder oil palm blocks with natural populations of the growth-suppressing gallfly, *Cecidochares connexa* (Diptera: Tephritidae). PNGOPRA monitors the success of the gallflies, which were released to control *Chromolaena*, an invasive weed species.

Criterion 4.6: Pesticides are used in ways that do not endanger health or the environment.

There is justification (4.6.1) for agro chemical use and this is documented within the recently updated management guidelines which ensures that the most effective and least harmful chemicals are always first choice – this is reviewed constantly to ensure any changes are made if less harmful chemicals can be used.

The use of all chemicals is justified and specific pests are targeted and a plan to reduce usage has been presented. This includes chemicals used, areas applied, dosages, and frequency of use (4.6.2). Records from all estates indicate that there is a decline in the use of all chemicals. Extensive records of pesticide use which are maintained in OMP 8 include records of active ingredients and LD 50, the area treated, amounts applied per ha and number of applications. The amount and type of pesticides used and the locations they are used in are recorded for each programme and kept in OMP 8. Estate spray diaries are also used to indicate where pesticides have been used and amounts applied in line with recommendations.

The IMP stipulates the maximum dose possible for each application. There are also plans in place to gradually reduce the use of Agrochemicals to levels that are economically viable to maintain. There are records over a number of years in each estate and in OMP 8 of chemical use and evidence points to a general decline in use of most chemicals. All chemicals have been approved for use by Agronomy prior to use. There is a list of chemicals allowed for use by DEC and as per PNG Oil Palm Industry practice (4.6.3).

The only prophylactic use of pesticides apart from dealing with Sexava which is used following practices approved by OPRA (4.6.3).

There is no aerial spraying of pesticides (4.6.8) in any operations of WNBPOL.

Paraquat is no longer used by NBPOL and has not been used since 2012(4.6.5).

There is in place an ongoing IPM which is controlled via the PMP with regards to the use of WHO Type 1A or 1B chemicals (4.6.4). There is no use of Class 1A or 1B pesticides apart from treatment of Sexava which is to specific best practice guidelines as identified by OPRA. Paraquat is not used.

PPE for sprayers is supplied and use demonstrated in the MG and further demonstrated in training manuals. The company supplies three sets of overalls 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. The pesticide mixer in each area interviewed including Malalimi, Rigula, Volopai and all others had excellent knowledge and training (4.6.5) of the requirements for handling of pesticides. Each pesticide shed has excellent records of pesticides used such as amounts, types and areas used. There are excellent records of the disposal of old or damaged pesticide containers.

Material Data Safety Sheets (MSDS) are obtained for all chemicals used and are available at the areas of mixing. No concentrates are taken into the field as all spray solutions are pre-mixed in a designated area. The management of MSDS continues to improve with all current MSDS for chemicals mixed readily available and displayed at point of use.

Where required MSDS are translated into the local language. At present the MSDS are very well presented and as far as possible NBPOL have obtained the latest issue of all MSDS. The control of MSDS issues is a function of Central Stores who receive all chemicals into the store and therefore have the latest MSDS.

Application of pesticides (4.6.7 & 9) as determined by management is by using proven methods such as described in Management Guidelines 3. The risks are minimised by use of PPE and trained pesticide handlers including sprayers and mixers. Concentrates are only handled by the trained mixers. Diluted pesticides are taken into the field so risks are minimised.

There is a minimum requirement of PPE (4.6.9) that must be worn / used in the handling and application of pesticides. At morning muster the PPE of pesticide handlers is checked and if the sprayers do not have the correct PPE they are not allowed to start work. All sprayers and mixers sighted during the assessment were using the correct PPE which is supplied by NBPOL. The correct use of PPE by all sprayers sighted during this assessment indicates a high level of continuing awareness and ongoing training.

Storage of pesticides(4.6.6) is in lockable areas with limited access. 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 housekeeping in all chemical stores – pesticide sheds was very good and compliant with requirements for storage and handling of chemicals. The management of and storage of pesticides can be considered to be best practice with all pesticides sheds being well managed by trained employees.

Methods of storage and disposal of chemicals (4.6.10) (pesticides) are included in training provided. The understanding of the requirements of the disposal of waste material such as damaged containers is demonstrated by the fact that these containers are destroyed and then placed in the appropriate pesticides pit in each area. There was no evidence of incorrect disposal of containers in any area visited. This practice has been in place since at least 2003.

Health checks are conducted for pesticide handlers (4.6.11). This is carried out by a medical officer on a twice yearly basis and records of these checks are kept in the relevant clinic. Each pesticide handler carries with them a "green card" which indicates the latest evidence of a medical check. Records were available for all pesticide handlers viewed during this assessment.

The next round of health checks is due between October 2014 and January 2015 depending on the time of the most recent medical check.

There are more extensive checks for those that handle methamidophos including blood counts, checking for levels of acetyl cholinesterase, which are conducted by the clinic at Mosa. Handlers are being stood down and given alternative tasks if blood count is outside allowable limits until counts return to normal. There was evidence of this in place for the Sexava treatment team when employees were given alternative duties until blood count was returned to normal. Any workers stood down are re-examined at the Mosa clinic

Pregnant and breast feeding women are not allowed to work with pesticides (4.6.24).

All the smallholder growers interviewed expressed understanding of the environmental and physical threats from the use of agrochemicals. They were trained in fertilizer and herbicide handling.

The Sustainability Department has conducted pesticide training for some of the smallholder growers. These training included safe handling and correct usage techniques. Upon completion of the training, the growers received a certificate of participation. With the certificate, glyphosate is introduced to the smallholder.

All the blocks that use glyphosate keep their chemicals in secure and safe chemical sheds.

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

There is an updated current OHS Plan (July 2014) in place in all the following areas:

- Estates
- Mills
- Workshops
- Clinics
- Kimbe Bulk Terminal
- Stores
- Research

Each operational area has implemented and monitored this plan (4.7.1) to a very consistent level. The situation has continued to improve considerably in each subsequent assessment. This has been assisted by the fact that NBPOL have adopted the principles of OSHAS 18001 as a guideline for their OHS Management. The effectiveness of the plans is monitored by regular work place inspections in which any potential issues are identified and preventive action is being taken. The effectiveness is determined by the number of incident/accidents and compared to previous year's data. There was evidence of site specific plans in all areas as well as a companywide overall OHS Plan in place which were current as of July 2014.

Hazards and Risks have been identified for all operations (4.7.2) and 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 throughout the entire operations. These inspections are carried out at least monthly in each operational area and more often in higher risk areas. The inspections highlight any areas which are not compliant and plan is put in place to rectify any areas which are not compliant. These inspections take place in all operational areas and records support this activity.

Observation 4.7.2: The methodology used however could be improved if the initial or inherent risk is identified and then controls put in place. The risk assessment and controls should ensure that controls used are

effective and that the matrix is applied realistically and includes all controls required to reduce the risk of identified hazards

A 'neighbourhood watch' program is about to be trialled at Mosa to try and improve the safety. If this proves successful it will be extended to other compounds.

4.7.2 Observation: The risk assessments for high risk activities such as hot works is not rated as if for potential hazardous activities. Compound activity is not included in the risk assessments with regards to compound security. There are no amenities at the crusher for workers for lunch breaks nor is there a proper toilet available.

Action: High risk activities are now included in the risk assessment. Compound security is now addressed in the risk assessments and amenities are being provided for all areas.

NBPOL has provided the required PPE appropriate to the task after the hazard has been identified and the risk assessed. The level of proper use of PPE is now almost universal for both workers and contractors in all areas including mills, workshops, estates etc. Practices are now ensuring workers are protected as far as possible.

There is extensive evidence in place of training provided to workers with regards to mill, estate and other areas. There are training records of on the job training with regards to use of PPE, identifying hazards and risks.

There is training records in place such as for pesticide handlers, miller operators etc. There are Management Guidelines in place for all estates activities and SOP for the mill operations. There are records of training for all these area.

Signage also largely supports the use of PPE.

The Signage (4.7.3) displayed, indicating safety precautions, dangers, PPE etc. is accurately positioned in order to correctly reflect their purpose.

A number of positive Hazards and Risk were noted during this assessment. These include but were not limited to the following:

Good Control of gas bottles

Use of Flash back arrestors

Use of work permits for high risk activities such as hot works

Good use of machine guards and identification

Effective control of hazardous chemicals

Improvements in electrical management

Effective use of tag out system

Use of tyre cage

Identification of hazardous/dangerous materials

Steps and handrails in good condition

Passengers being carried safely in transportation

There are emergency procedures (4.7.5) in each area and these are tested. All areas had in place records of testing the emergency procedures including fire drills, emergency boiler shut downs and volcano eruption drills and many more realistic scenarios. There have now been drills in all areas and the results and records of these drills are most comprehensive. Other drills such as plant issues, electrical shock, crush injuries and other are also now being simulated. This area is now very well managed. Workers are reporting on any areas which require improvement and therefore are using any emergency drills to encourage such improvement. These drills which are held in each areas are completed at least every 6 months with some areas have drills more often than 2 times per year.

4.7.7 Observation: The fire pump at Numundo mill did not work at the time of this assessment and therefore the mill would be vulnerable in the case of a large fire.

Action: A new fire pump was obtained

There are company clinics (4.7.5) on all plantation divisions and a centralised clinic at the Mosa compound. All are staffed by trained health workers and/or Registered Nurses who are on call 24 hours a day. The clinics are regularly checked to ensure they are hygienic and that sharps and medical waste is handled correctly. There have been improvements in the conditions for all clinics with regards proper management of drugs including temperature control when required..

The company also has now many trained first aiders and uniform first aid kits in all field and mill work areas which are checked on a regular basis. A large number of first aiders have continued to be trained and all areas are adequately covered. A number of First Aiders are available in all work areas at all times including day and afternoon shifts. The qualified First Aid officers are identified on noticeboards in all the operational areas. The first aid kits are checked and restocked regularly.

There are records kept by Administration of First Aiders training.

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

- All Mills
- All Estates
- Construction
- KBT
- MTL
- All workshops
- STORES

All areas have been holding regular meetings (at least monthly) to discuss OHS matters. Each area now has a standardised agenda and meetings are conducted after workplace inspections. Some areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety issues such as use of PPE. There are records in place of all meetings and outcomes and all these are recorded and readily available for each meeting in each area.

Records are in place of all accident and incidents which are reported and all incidents are investigated and records are kept. These are thorough with a view to reducing or eliminating cause of all injuries where possible. The accidents records are reviewed during the regular Safety meetings held in each operational area.

In Estates workers visited are using PPE in the correct manner and appropriate to the task. Dust Masks and Respirators are made available for all workers in dusty areas or for those involved in certain chemical mixing and fertiliser handling situations.

All workers are covered by workers compensation accident insurance (4.7.6) and provided with medical care with clinics in all areas accessible to workers.

NBPOL monitors a number of Safety performance indicators (4.7.7) 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. The achievements include a reduction in the frequency rate and severity rates for LTA over the previous 12 months resulting in the lowering of the frequency rate target.

Labour in the block is predominantly the block owners and their immediate family members. Some smallholder growers hire workers to do periodic tasks like fruit harvesting and block upkeep. The smallholders ensure that all workers are well aware of safety issues and safe practice if followed. From the interviewed population, there were no records of injuries or incidences from working in the block.

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

NBPOL implements a comprehensive training program each year based on training needs assessments undertaken by the Agricultural & Research Training Committee and the Technical Training Committee. The Training Manager compiles the overall training program and maintains detailed records, including a description of each training event; details on the identified trainer (whether internal or external); timeframe; and training assessment.

NBPOL is making a substantial contribution to human resource development in West New Britain and in PNG more broadly. Internal training programs include:

- Apprentices;
- Trade training (6-8 week courses with the Asia Pacific Technical College); and
- Cadets (work-based training for 18 months for students graduating from selected tertiary courses).

External training support includes:

- Sponsorship (support for students who are in the final year of selected tertiary courses);
- Industrial training (6 months placement within NBPOL operations for students from selected tertiary courses);
- On-the-job training for 3 months for vocational and technical students within NBPOL operations;
- Support for the training of staff of local vocational and technical schools; and
- Sponsorship for up to two students (one male, one female) from each ILG to attend Grades 10, 11 and 12 under the Education Assistance Program.

Although external training continues to be limited due to financial constraints, NBPOL has completed 262 training courses between January and August 2014 with a total of 4,334 participants. In addition, NBPOL has 47 apprentices and has provided 19 industrial training attachments, on-the-job training for 122 students and sponsored 2 students.

Additional resources for training would enable a dedicated training facility in NBPOL. This would provide an enhanced learning environment and a place to store training materials and other resources. It may also help raise the importance attached to training in NBPOL and provide a clear indication to workers that management takes training seriously. Training needs are assessed on an annual basis. There is a formal training plan for all staff and this is managed by each individual estate, mill and relevant operational areas. The training is mainly to ensure that skills required to perform tasks successfully and safely are in place. The training plan for 2014 was sighted.

There are training records in place at each operational site recording skills and training and these were sighted at a number of operational areas.

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.

Training records are therefore kept for all employees.

The smallholder growers are well trained in working on oil palm. These are mostly second-generation oil palm smallholder growers having learnt oil palm husbandry from their parents.

New techniques for best management practices are learnt from field days organized by PNGOPRA.

Attendance records of smallholder growers attending best management practice field days organised by OPRA was sighted.

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.

Through the ISO 14001 system an Environmental Impact assessment, aspects (5.1.1) and impacts register has been developed and is reviewed and updated at least annually and when external ISO audits are completed. This includes all aspects identified. The most recent review of the aspect/impacts register was in August 2014. These aspects further nominate which are the significant environmental impacts and also nominate any legal requirements or restriction classed within the aspects.

This Environmental Impact Assessment includes all operations impacted upon by NBPOL. This includes construction of roads, construction and management of mills. The use of drainage and irrigation to control impacts is also included. This also includes areas of replant or expansions as well as disposal of waste. This register was recently updated in August 2014 and now also includes the many beneficial impacts of the NBPOL environmental programme such as the impact of CDM project on GHG and diesel usage as well as supplying electricity to the grid of PNG Power. All negative impacts are monitored and steps put in place to mitigate any negative impacts. It is a requirement that all legal requirements and limits set are met.

The EMS is audited externally at least annually. It is a requirement of ISO 14001 External Audits that Environmental aspects be updated and reviewed on a regular basis.

The development of oil palm at Silovuti provides an opportunity for customary landowners to establish VOP along the road. An area of around 20 hectares has already been cleared along the road. The landowner indicated that he is interested in planting oil palm (or possibly cocoa), along with food crops. However, it is important that all customary owners interested in planting oil palm are aware that their sites must be inspected, the Planting Approval Form completed, and approval granted, before clearing commences. Otherwise the development of oil palm will not be in accordance with the RSPO requirements and NBPOL will not be able to collect FFB from the blocks.

Indicator 5.1.2 (observation): It is important that awareness be provided to ensure landowners know that OPIC must complete a site visit, inspections and relevant forms before land is cleared to plant oil palm.

This awareness is the responsibility of OPIC, but messages may also be provided through the Talasea Incorporated Land Group.

Having environmental management plans (5.1.2) is part of ISO 14001 standard certification requirement. The role of the ISO 14001 is to provide the organisation with a system to control and reduce negative impacts and promote positive impacts such as buffer zones, waste management plans, spill control plans and emergency plans. These plans are developed, implemented and monitored through the ISO 14001 system.

There is a comprehensive environmental improvement plan in place which is updated annually this now shows evidence that each area is followed up to monitor and determine progress made. The plan includes monitoring

methods through regular internal audits and inspections which monitor effectiveness of the plan. This is updated and is incorporated into and part of the wider ranged Continuous Improvement Plan. Any progress is noted in the plan with achievements and time frames for establishing any set plans and improvements. The Environmental Management Plan is the responsibility of the Sustainability Manager and Sustainability team. The plan is reviewed and updated at least annually.

The growers showed awareness of pollution to the environment from oil palm production activities. All new plantings after 2007 have environmental impact assessments (EIA).

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 operations managed to best ensure that they are maintained and / or enhanced.

There have been assessments of the presence of HCVs (5.2.1) within and adjacent to the NBPOL plantations – this was completed prior to the initial RSPO assessment in 2008. All of the land within the plantations has previously been logged. The HCV studies include details on the status of endangered, rare and threatened species.

Within the estates a number of areas are not planted and these habitats are being left in their natural state. These areas have not been identified as HCVs. They are however left as conservation areas and are signposted if this is found to be applicable to prevent illegal hunting, fishing or wood gathering.

The HCV assessments (5.2.2) did not identify any rare, threatened or endangered species of fauna within the plantations or adjacent areas.

A long term program to implement the findings from the initial HCV assessments has continued to be implemented and managed. Habitat Management Plans (5.2.3) have been developed for all operations although no RTE species have been identified. There are unplanted areas within company leases including any that are considered as of High Conservation Value. There are two declared protected areas at Garu and Pokili, adjacent to NBPOL holdings have been enhanced through effective management practices. NBPOL has on staff an Environment Officer who continues to improve the implementation of this management program. Company employees are prohibited (5.2.3) from the hunting and taking of fauna from the plantation and adjacent land. Sign boards have been posted adjacent to buffer zones and other conservation areas set-asides advising of the protected area. Any legal requirements within any areas are applied and enforced by NBPOL management. Measures are in place if any individuals working for the WNBPO are found to breach these rules. There have been no examples of any rules being broken recently and none have been reported using the SHEQ form. Employees and their families are educated with regards to RTE species and are aware of any measures taken to protect any such species. Records of HCV training and awareness are available in each estate where RTE are identified.

Inspection during this assessment indicated there was no inappropriate hunting, fishing or collecting activities in the NBPOL areas noted.

NBPOL is discouraging people to encroach into the buffers. However at times the local people do commence gardens in the buffer zones and NBPOL staff are vigilant in monitoring any gardens and then communicate with local communities with regards the use of buffer zones for gardening. This continues to be the case. There are effective reserve areas set aside in a number of estates which are well managed – this includes Lolokoro, Volupai, Rigula and others throughout the holdings and operational areas of NBPOL.

Any areas with identified HCV or RTE that are affected by operations of mills or plantations are included in the Management Plans however there the HCV assessments (5.2.2) did not identify any rare, threatened or endangered species of fauna within the plantations or adjacent areas.

NBPOL have provided gardening areas for use by some workers adjacent to their housing to discourage worker encroachment into buffer zones and protected areas and this needs is being extended to more workers which will help them to supplement their income.

At times land owner groups implement their own systems to discourage encroachment.

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

There are no HCV set asides with regards to local communities and therefore there is no need to safe guard any such areas and agreements with local people (5.2.5).

The growers were made aware of the Planting Approval Form (PAF), which includes identifying High Conservation Value (HCV) areas and rare, threatened or endangered (RTE) species. Sustainability Department assists with conducting HCV assessment prior to new plantings.

Copies of HCV assessments were sighted from relevant smallholder growers interviewed.

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

There is a waste management plan in place and it is current and dated July 2012. There are formal rubbish collections in all areas at least weekly. This is monitored regularly. The waste management plan is presented in a separate management guideline (Management Guidelines 15) and includes pesticide contaminated waste.

The following waste streams have been identified (5.3.1) and are controlled through the EMS:

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

NBPOL ensures that the quantity of pesticide waste recycled or sent to land fill is recorded in each estate at the pesticide mixing and storage area. A special area is provided for storage of waste pesticide containers.

There also an emphasis of re-use and recycling which includes reduction of pollution. The CDM (Biogas) Project is evidence of reduction of pollution and using former waste as an energy source. This has reduced pollution as well as reliance on fossil fuels. (5.3.3)

All landfills inspected during this assessment were of a very high standard and all management staff is to be commended on this. They are now measuring the amount of waste in cubic metres in each cell with a view for

further planning and extending the life of each cell. The date of opening and closing cells is also now recorded. A number of cells are so well managed that they are lasting in excess of 5 and even 10 years which reduces the need for more landfill areas in the future.

The collection of domestic waste is well controlled with regular pick up of waste. The company actively encourages segregation of waste by providing a bin for both household waste and green waste for each household. NBPOL have a policy of re-use and recycle whenever possible.

The company's environmental aspects register formally identifies all sources of pollution and waste and states their impacts and required mitigation measures. This register is updated at least annually – last completed in August 2014 or when new sources become apparent.

Medical waste Records include disposal of sharps and contaminated medical waste, giving amounts destroyed and where transported from with dates. All clinics send their sharps waste to the main clinic at Mosa or the Kapiura or Haella Health Centres where Incineration occurs.

The clinics also record the return of expired ointments and drugs. The medical waste is collected from each clinic and records of its destruction are kept – this includes needles, syringes and contaminated bandages. Records of the collection of waste was noted in all clinic visited including Solovuti, Lolokoro, Rigula, Malalimi and all others.

The medical waste such as bandages and dressings is being incinerated at each clinic in a provided incinerator. These have all been improved greatly and are now much more effective in the full destruction of medical waste.

All smallholder growers dispose their rubbish in a dug pit. Used chemical containers are punctured and disposed of in the rubbish pit.

There were also good pit latrines for the growers.

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

NBPOL maintains records for monitoring (5.4.1) both kilowatt hours per tonne of palm product and Kilogram of steam per tonne FFB. These records are in place and are available for each mill and there are now records in place going back some 8 years and indicating less reliance on fossil fuels. This has been further enhanced by the CDM projects at Mosa and Kumbango mills. Power from the mills is used to electrify nearby compounds and facilities such as the workshops and construction.

The use of the Biofuel methane capture methodology has greatly reduced the use of fossil fuels at both Mosa and Kumbango operations by using the energy created in the methane capture and conversion to energy. This is a positive outcome for all including both the company and the local communities.

The use of non-renewable (5.4.2) resources in production of palm products does now include fuel use by transport/contractors. There are records in place for the last 8 years.

NBPOL monitors the use of non-renewable energy (diesel). This is monitored as diesel used by the production process per tonne of FFB.

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 NBPOL and there is no evidence of burning at any site visited during this assessment (5.5.1).

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

Burning of domestic waste is against company policy and this practice has been eradicated. It is very rare to sight evidence of the burning of domestic waste by workers and families of NBPOL.

The incineration of all medical wastes such as sharps, used bandages and gloves is permitted using specially designed incinerators. Records are maintained of the amounts destroyed.

The SG's 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. Normally the waste is only burned in small quantities in a controlled manner.

All respondents complied, indicating that fire was used sparingly if at all during replanting where small fires were used between garden beds. No widespread use of fire was observed or reported on.

One of the blocks visited had burnt poisoned palms. More awareness is needed to ensure smallholder growers understand the importance of not burning prior to replanting oil palm.

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

NBPOL (5.6.1) are maintaining 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. The levels of pollution continue to be monitored and results indicate that emissions and discharges are within the allowable limits in each area. This includes smoke emissions, effluent discharge and stormwater control. All discharges from effluent ponds of all mills are under control at present times with BOD being below allowable limits.

Emissions levels for the stacks in each mill are monitored to ensure they remain below the allowable limit. Any anomalies are now checked up to determine the cause it has been determined that the main cause is faulty gauges.

Significant pollutants (5.6.2, Ref 958270N0) including GHG have been identified through the waste management plan as well as the means to reduce them. There is a plan to reduce net emissions of Greenhouse Gases by 70% by 2016. There are plans in place to reduce these emissions. The RSPO endorsed method and version of Palm GHG is being used as a monitoring tool. WNPOL have been implemented and data collected during 2011 and 2012 – the data collected for 2013 is being reviewed and results will be available by 1st October 2014. The use and introduction of the CDM project will also reduce greatly the GHG emissions. The CDM Project has been implemented at two mills for capture of methane from the effluent treatment ponds and conversion of the gas to produce electrical power or reduce GHG emissions. These have now been completed and are now in practical completion. They have reduced GHG and at this early stage are already supplying some electrical power which will eventually enable NBPOL become largely self-sufficient and provide extra power to the local power company.

Plans indicate allowable waste levels and systems such as segregation and recycling have been introduced.

The treatment methodology of POME (5.6.3 Ref1107937N2) is recorded in effluent pond management plans and in MG 6 and the results on the whole indicates NBPOL is achieving levels of BOD discharge below legal limits. This is supported by independent test results provided by the Government National Analytical Laboratory. The records of the Company labs appear to closely match the records from the Govt. Lab.

5.6.2(Ref 958270N0) Minor NC: There was evidence that the discharge of treated effluent from the Kumbango effluent ponds was in excess of the allowable limits for BOD for five months in the last year. This did not

appear to have in place successful plans to reduce this significant pollution.

Action: WNBPO have de-silted the effluent ponds at Kumbango over the previous 12 months with a resulting reduction in the BOD of the discharge. The BOD is now within allowable limits in line with permit requirements.

Minor NC 5.6.3(Ref1107937N2). There were a number of untreated hydrocarbon spills in evidence at Kumbango Mill workshop. A number of PCD's do not appear to be regularly cleaned considered amount of sludge in each PCD at Mosa Mill and at the time of the audit were not effective in managing discharge and possible pollution from the mill drains.

Records of stack emissions for all mills is now determined through the use of opacity meters and where these fail the mills are relying on visual observation of emissions via use of the Ringleman method. This is now much improved. Records are now in place for over twelve months of these readings. There are records in place of all pollutant activities which are monitored and reported by Sustainability Department.

All drains within the mills 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.

Soil erosion from company roads is being controlled by implementing a road maintenance programme with a view to improving drainage.

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.

NBPOL has a social impact register and has an updated Social Improvement Plan (July 2014). The essential elements of both are incorporated in the Continuous Improvement Plan (updated July 2014), which is used as the key document for identifying the main social impacts and strategies to address these impacts. NBPOL has a good understanding of the main social issues, and these are reflected in the Social and Continuous Improvement Plans. However, there is scope to improve the wording of the housing target.

Indicator 6.1.4 (observation): The housing target included in the Social Improvement Plan should be revised to provide more clarity, and reflect NBPOL's intention that in the long term each family working for NBPOL will be provided with at least two rooms.

Monitoring of the housing target should occur periodically (e.g. annually), to indicate progress in achieving the long term goal. The indicator for measuring progress could be the percentage of families containing one or more general workers that have been allocated two rooms for themselves. This information would ideally be presented for each compound.

NBPOL has a good understanding of the main social issues. These include:

Employees – housing, wage levels, security/domestic violence

Smallholders – crop pickup, land titles

ILGs – effective management of benefits

Surrounding communities – water quality, access/quality of government services

There is still a need to ensure the Continuous Improvement Plan has a clear focus on these issues, and in the future, new social issues are periodically identified and incorporated in the Continuous Improvement Plan. As discussed under Principle 8, some additional actions/indicators would help ensure the current Continuous Improvement Plan does have a focus on the main social impacts.

For mini-estates where SIA was required, the Sustainability Department assisted. All VOPs and CRP blocks visited had copies of their CLUA forms in which the clan leader signed off on the agreement of the land being used for growing oil palm.

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

NBPOL maintains a list of stakeholders and has a documented policy for communicating with key stakeholder groups. A Social Stakeholder Register Review Report was prepared in July 2014 including:

- Smallholders
- Incorporated Land Groups (ILGs) and their members
- Workers
- Compound residents
- Provincial and local-level governments
- NGOs
- Local businesses

NBPOL has a good relationship with a wide range of external stakeholders, including the West New Britain Provincial Government, the Provincial Health Authority, and Department of Works, Police, various NGOs and many local schools. Senior managers within NBPOL are on the boards of the Provincial Health Authority and various vocational and technical schools. There is also extensive communication between NBPOL and smallholders, ILGs and the business community.

There is evidence of further improvement (6.2.2) in the engagement of stakeholders since the 2013 audit. Detailed records are maintained.

One area that could be improved is the engagement with local-level governments (LLGs). NBPOL operations are located in at least six LLGs, and while LLGs are seriously under-resourced, they do represent the local communities. Although consultation does occur between various LLGs and NBPOL, more regular consultation, and possibly regular formal meetings, would be appropriate.

The smallholder growers interviewed were aware of the grievance mechanism in place. Both SHA and OPIC have designated people in place to maintain grievance records. Copies of the grievances recorded at OPIC and SHA were sighted.

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.

NBPOL has a general grievance procedure for employees and dependents, along with separate procedures for:

- Smallholders;
- External stakeholders;
- Victims of domestic violence and abuse; and
- Victims of sexual assault.

The grievance procedures for domestic violence and abuse and sexual assault provides a range of options to protect, care, treat and support victims, and various contact points. The documentation of and response to the grievances procedures appears to be improving over time. NBPOL also has a whistle blower policy and procedure in place. The whistle blower procedure provides several alternative contact points on a 24-hour, confidential basis. The grievance and whistle blower policies are advertised on company noticeboards.

The grievance mechanisms are well understood but there were some complaints about grievances not acted upon or not responded to quickly enough.

The grievance mechanism in place is open to all parties. The established grievance system is used to document and resolve any issues between parties.

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.

A detailed process is followed to ensure the customary landowners are correctly identified, and assistance provided to help form Incorporated Land Groups (refer Management Guideline #21). NBPOL provides an attractive benefits package for ILGs that enter a Lease-Lease Back (LLB) agreement for the development and production of oil palm. The lease granted is a Special Agricultural Business Lease (SABL).

Problems encountered with ILGs include a lack of management experience among the elected executives, low financial literacy skills among the executives and members, a poor understanding of ILG management and reporting practices, which can and has in some cases led to dissatisfaction with the ILG executive, and disputes between executives and members. NBPOL offers training to ILGs to help address these problems, and is preparing a financial literacy manual for ILGs, but relatively few ILGs take up this opportunity. This is likely to become a more serious issue in coming years due to the documentation and reporting requirements stipulated in the amended ILG Act, which must be implemented by March 2017.

Following a Commission of Inquiry into SABLs, undertaken in response to allegations of illegal and unregulated large-scale logging activities in PNG, the National Government has issued statements that existing SABLs will be reviewed and no new SABLs granted. Although the leases held by NBPOL have been granted and utilised as intended for the purpose of oil palm development, the Department of Lands, which is responsible for administering SABLs, has not provided guidance on how the outcome of the Inquiry will affect NBPOL.

NBPOL is trialling a Community Plantings program, which supports the development of between 20 ha and 250 ha of oil palm on customary land. Unlike the LLB arrangement, the community is responsible for the development and management of the oil palm, and receives full payment for FFB produced. The Company does provide inputs (such as seedlings, fertilizer and tools) as an advance, which is deducted from subsequent FFB payments. A management guideline has been prepared. See 1.1, and 2.3 above and discussions in the overall summary below.

The CRP block holders at Rerenge were already having discussions with clan owners and working to resolve these issues at time of replant, even though the palms were only around twelve years old (some 10/15 years before replanting).

Smallholder growers of Kimbe raise any complaints through HOPGA and OPIC. Issues raised are captured in the grievance mechanism and if warranted, the issues are discussed in the Local Planning Committee.

OPIC have a Lands and an Environment Officer who attend to any lands and environmental issues respectively.

The PAF contains proof of discussion between the VOP and CRP block owners, the clan and a Commissioner for Oaths. Any issues regarding loss of legal or customary rights are firstly dealt with through the local village system then the Police and NBPOL is never involved.

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.

Indicator 6.5.1: Documentation of pay and conditions shall be available.

NBPOL increased its minimum wage from K2.29 per hour to K2.38 per hour on 2 June 2014. Adding K1.44 per hour to account for housing, electricity, water, medical services and education support, the overall minimum salary package equates to K3.82 per hour. The value of K1.44/hour was officially endorsed by the Department of Labour in 2009, and means that the wage exceeds the new minimum wage in PNG of K3.20. NBPOL will, when instructed by the Department of Labour, need to reapply for the exemption for housing, electricity, water, medical and education costs.

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

NBPOL has undertaken an assessment of the cost of living for its employees. The analysis indicates that wage rates are generally sufficient to provide a 'decent living wage' (s required under Criterion 6.5), but ongoing assessment will be required to monitor the cost of living over time and in new locations developed (such as at Silovuti, which is likely to have higher living costs).

NBPOL pays superannuation contributions for all permanent employees (8.4% of gross income), although some ___% of employees have not completed the necessary application form and/or have not been officially accepted in either scheme offered by NBPOL at the time of the audit.

Although not an industry requirement, NBPOL also pays long-service leave for employees who have worked for a continuous period of three years or more, and a "loyalty bonus" for employees who have worked for a continuous period of 15 or more years.

Indicator 6.5.2: Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available in the languages understood by the workers or explained carefully to them by a management official.

NBPOL has the relevant policies, and entitlements are carefully documented, however, many general labourers are illiterate, and regular awareness on working conditions and entitlements is required. This includes awareness provided to managers, supervisors and boss boys, to ensure they are aware of Company policies and worker's entitlements.

The induction form has been revised and provides a more comprehensive coverage of working conditions and entitlements. There has also been discussion by NBPOL on which employees should have individual work contracts, and a commitment to clarify which employees should have

contracts and ensure all these employees do have contracts which reflect their current position and grade of employment. This will provide certainty to workers and help clarify entitlements.

Indicator 6.5.3(Ref 958270N1) Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.

NBPOL has revised its housing program (15 July 2013) due to financial constraints. Overcrowding and the quality of older houses remain major social issues. As discussed under Criterion 6.1, the housing target included in the Social Improvement Plan should be revised to provide more clarity, and reflect NBPOL's intention that in the long term each family will work live in a less over crowded setting which provides the privacy to one family sufficiently.

Houses have lights, running water, cooking facilities (usually as a separate building), toilets and washing facilities. Many older houses do not have power points.

NBPOL has an excellent network of health professionals and facilities for the provision of health services to employees and dependents. The highest priorities at this point in time includes the appointment of an HIV/AIDS coordinator within NBPOL (which has been a priority for at least two years), and the expansion of health facilities and increase in health staff at Silovuti, largely because Silovuti is particularly isolated and local health services limited. NBPOL has plans for additional clinics and health workers at Silovuti as new compounds are developed.

NBPOL provides transport for the children of NBPOL employees to attend school, and pays 50% of the project fees for secondary school students (noting the National Government now pays the full tuition fee). Where local schools do not exist or do not have capacity to absorb the children of NBPOL employees, the Company constructs classrooms and houses for teachers and generally provides furniture and other teaching materials. The establishment of these schools is done in conjunction with the Division of Education within the West New Britain Provincial Administration, which is responsible for allocating and paying teachers and providing teaching materials and other resources.

Indicator 6.5.3(Ref958270N1)(observation): Classrooms were constructed at Silovuti in early 2014 but they do not have teachers. NBPOL initially provided transport for students to attend school at Silovuti Station. This service stopped when the road deteriorated. This prevented children from attending school. Although the transport service will be provided for the remainder of the year, NBPOL should ensure this situation does not occur in the future. It should be noted that education will be compulsory in PNG from 2015 onwards.

Additional details in regard to each of the three observations are made under the relevant criteria in the following Section.

Indicator 6.5.4 Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.

NBPOL has allocated food garden areas for all compounds. As a general rule 300m² of land has been allocated to each 'door', which at present equates to a little more than 300m² of garden land for each family. In addition, many families are encouraged and supported in the establishment of small 'house gardens' adjacent to their houses.

Each compound generally has access to a store, where a range of basic food and other items can be purchased. This avoids the cost of a PMV fare to Kimbe. Attention will be required to ensure stores in the Silovuti area provide a reasonable range of store products at a reasonable price.**6.5.1 Observation: Up to 20% of NBPOL's current workforce may not be enrolled in a superannuation scheme. Although it is up to each employee**

to complete an application form for superannuation, NBPOL should take the necessary steps to ensure all permanent employees are enrolled.

Response: Greater attention is now given to superannuation during the induction process and employees generally complete superannuation application forms during the induction process. At the end of July 2014, 84% of employees were enrolled in superannuation

6.5.1 Observation: The process for making superannuation payments to ex-employees (i.e. those employees who have ceased employment with NBPOL) needs to be critically reviewed. Two main areas of concern are (i) employees resigning to receive a superannuation payment and then re-seeking employment with NBPOL, often using a different name, and (ii) payments that do not reach ex-employees

Response: NBPOL is advancing the superannuation pay out for employees enrolled in the Palm Super Fund and then being reimbursed from the Fund. This allows the payment to be made before the resigning or terminated worker leaves. Management is aware of the issue of employees resigning to collect superannuation payments and is raising awareness as appropriate.

MINOR non-compliance 6.5.3(Ref 958270N1): There appears to be some confusion among many employees over working conditions and entitlements, including for example, confusion between long-service leave and loyalty bonuses, and uncertainty regarding maternity leave and breast-feeding entitlements. Although NBPOL has clear policies and entitlements are carefully documented, many general labourers are illiterate, and regular awareness on working conditions and entitlements is required, in addition to the initial explanation during employee inductions.

Response: The induction form has been revised and provides a more comprehensive coverage of working conditions and entitlements. There has also been discussion by NBPOL on which employees should have individual work contracts, and a commitment to clarify which employees should have contracts and ensure all these employees do have contracts which reflect their current position and grade of employment. This will provide certainty to workers and help clarify entitlements.

Contractors (6.5.2) continue to agree to meet legal minimum terms and conditions. Contracts are worded to ensure the contractor agrees and signs to meet legal requirements. A number of contractor's workers were interviewed throughout the assessment and all agreed that they were paid correctly.

Most smallholders hire workers to do harvesting and upkeep. Harvesters are usually paid about K100 if they harvest and wheel the fruit. Work is usually for a day or two at the most making the amount paid more than the minimum wage rate per day.

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.

NBPOL has a freedom of association policy. Copies of the policy are available in English and Tok Pisin, and posters advertising the policy are clearly displayed on notice boards.

Less than 5% of NBPOL's employees are current members of the West New Britain Oil Palm Workers Union (WNBOPWU). Elections were held in April 2014 for Union executives. The WNBOPWU has irregular meetings with NBPOL management although Minutes are recorded and signed by both parties. WNBOPWU submitted a Log of Claims in May 2013. A meeting was held in September 2013 to commence discussing the Log of Claims. Further discussions will be held when both parties schedule a time to meet.

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.

NBPOL does not employ anyone under the age of 16 (the minimum age for employment in PNG). Various methods are used to identify the age of any new employee and therefore ensure no underage employment. Managers and supervisors also instruct workers that their children are not permitted to join them while working. Copies of the policy are available in English and Tok Pisin, and posters advertising the policy are clearly displayed on notice boards. Some children do help collect loose fruit and do other jobs on VOP blocks. However, these jobs are typically undertaken with their parents, they are generally undertaken outside of school hours and do not therefore interfere with schooling, and are not overly heavy or hazardous.

Out of the 82 people interviewed only one block holder insisted that he stopped his school aged children from going to school at every harvest. (He also refused to buy fertiliser as he claimed that it was too expensive and the soil was fertile enough. It was explained to him that he was breaking PNG national laws and RSPO rules therefore in danger of not having his FFB collected until he complied.

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 and upkeep under adult supervision during weekends and school holidays.

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.

NBPOL has an Employee Rights and Equal Employment Opportunities Policy (revised June 2014). Copies of the policy are available in English and Tok Pisin, and posters advertising the policy are clearly displayed on notice boards. NBPOL is actively targeting women through its industrial training program, which is a program that not only provides workplace training for tertiary students, but identifies future NBPOL managers. In 2012 approximately 1/3 of industrial training students are female. This is a positive achievement, as encouraging female employment, and particularly female managers, will be important to reduce discrimination against women in the workforce.

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.

NBPOL has a policy on sexual harassment. Copies of the policy are available in English and Tok Pisin, and posters advertising the policy are clearly displayed on notice boards.

Since their formation in 2011, 'Women Empowering Women' (WEW) or 'Meri Strongim Meri' has taken a leading role in the fight against domestic violence and in promoting improved living conditions for employees and their families. WEW is represented throughout NBPOL operations in West New Britain. WEW has played a leading role in revising domestic violence policies and grievance procedures for NBPOL and when requested and appropriate, is providing counselling services for those involved. Given the role that WEW is playing, WEW also prepared a 'Procedure [for WEW] for Attending to Domestic Violence, Sexual Assault and Sexual Harassment' (dated 2013). WEW is in the process of establishing sub-groups at various NBPOL sites, and hopes to have established groups at all NBPOL sites by year end. Men are also joining WEW and participating directly in awareness and other activities. This is improving the effectiveness and coverage of the

work undertaken by WEW, which is often on weekends or after hours as the vast majority of members have full time jobs with NBPOL. There appears to be increased understanding of the rights of women, which has led to an increase in the number of reported domestic violence cases, but anecdotal evidence that fewer women are being abused.

The appointment of a welfare officer by NBPOL, and the provision of training to those people providing or involved in counselling services, would be beneficial to build on the achievements to date.

Criterion 6.10: Growers and mills deal fairly and transparently with smallholders and other local businesses.

Current and past prices paid for FFB are available (6.10.1). The government approved formula for working out FFB prices is publically available. The price and formula (6.10.2) are made available via printed notices in the local newspapers. This is updated monthly and a copy given to OPIC & the Small Holders association. Price sheets, showing formula calculation are displayed at OPIC divisional offices where SG's can view them. The company has a Smallholder Department that liaises directly with Smallholders as well as through the OPIC network. SG's are paid the week following pickup of their fruit according to a published schedule. SG's are paid either by cheque or direct bank deposit and a payslip is provided giving full details of payment and any deductions for tools, fertilisers etc. EFB is supplied to SG's on request as long as it is not applied near housing.

NBPOL has prepared a series of visual aids to help explain how FFB prices are calculated. Although a difficult task, this is much needed and the initial work undertaken by NBPOL is to be commended. The visual aids could easily be modified for use in other parts of PNG and in the Solomon Islands.

Interview of contractors (6.10.3) confirmed the Terms and Conditions of Contracts are explained to contractors before the Agreement is signed as well as during the induction process and they are paid in a timely manner (6.10.4). 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.

The pricing formula review is well overdue and about to be undertaken by a consultancy under SADP. There is an expectation that this will result in an increase in farm gate price. Especially in the "payout ratio to farmers" which is currently 57%.

Smallholders have raised complaints in the past in regard to the weight of FFB collected and delays in FFB collection. EFB is available to Outgrowers (6.10.5).

A few smallholders also complain about late pickups. These occur for a number of reasons and will require a concerted effort – from Smallholder Affairs, Transport Department and smallholders – to manage effectively.

ASA 4 6.10.1 Observation: Is that the NBPOL FFB formula has not been made available, for example the Kapore OPIC office did not have the current (August) formula displayed (only the net farm gate FFB price) and OPIC officers stated that they had not received the pricing formula for the last six months.

Response: OPIC officers are now receiving pricing formula on a regular basis and this includes details of all current prices. This is in turn passed on to small holders.

EFB is freely available to outgrowers who have been advised not to apply it nearer than 500 metres from dwellings.

All smallholder growers interviewed were aware of the current FFB price. The monthly prices of FFB were displayed on public boards outside SHA and OPIC offices.

Opportunity for Improvement 6.10.1: Current FFB price can be broadcasted during the weekly OPIC radio show. The local mobile carrier can also be used to disseminate the current FFB price, just as other agricultural commodities are currently using to advise what the market prices of their produce are. The information currently available to growers explaining how the FFB price is calculated is too long and the Tok Pisin version is not clear. This could be simplified for smallholder growers to comprehend.

Observation 6.10.3: About 40% of the farmers interviewed, mostly from Lavege (Saleleubu) and Wenge (Talasea) advised that they do not receive their pay slips. The Saleleubu smallholder growers have not received their pay slips in the last 3 to 4 months. For the Talasea smallholders, some have not received pay slips since 2011. Currently, there is no documented system in place to ensure that fortnightly pay slips for all smallholder growers have been printed and made available to the smallholder growers. From the discussions with the OPRA Acting Director of Research, the OPRA levy of K2.00 mentioned in the pay slip is not accurate. The OPRA levy is K1.85 and the remaining K0.15 is levy paid to the Palm Oil Council (POC), a lobby organisation. The POC levy information should be clearly displayed on the smallholder pay slips as OPRA and POC are two separate entities with different roles. The smallholder growers will need to be made aware of the role of POC and the service it provides to smallholders and if the levy collected for the POC from the smallholders is mandatory or voluntary.

Opportunity for Improvement 6.10.3: The new fruit pick up record system of using the electronic tags (e-tag) will need to be improved further. The docket copy given to smallholders is of very poor quality that can be hard to read. The docket itself does not contain any information that discloses the block number or the name of the person the block is registered to. Fruit trucks did not have scale display on the outside of the trucks or the scales were not working. The display scale will ensure the growers can confirm their crop weight.

All payments to the smallholders for FFB were paid out on time.

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

NBPOL is the main economic driver in West New Britain and contributes to relatively high levels of personal income through direct employment, contracting opportunities, smallholder income and payments to ILG groups. In addition, NBPOL participates in the Tax Credit Scheme (TCS) and provides support for many local institutions and activities.

NBPOL appointed a TCS Coordinator in February 2014. While TCS expenditure has focused on road maintenance projects in the past, largely due to the inability of OPIC to maintain feeder roads as intended. However, the renovation or construction of health and education facilities has been included as TCS projects more recently. The TCS activities have strong support from the WNB Provincial Government.

The NBPOL foundation has been set up to support communities within the West New Britain. When NBPOL took over other operations in PNG the focus of the foundation need to be readdressed to look at the different sides and find ways to extend its impact for different project it does and with a bigger scope now including different provinces. Each side separately is focusing on community support projects through the tax credit scheme including some through the foundation. **Criterion 6.12: No forms of forced or trafficked labour are used**

There is no indication that NBPOL or their contractors utilise forced or trafficked labour; are involved in contract substitution; or engage temporary or migrant workers that may be disadvantaged, abused or in any way mistreated.

Criterion 6.13: Growers and millers respect human rights

NBPOL has a Human Rights policy, dated June 2014. The policy is available in both English and Tok Pisin.

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.

New plantings commenced at Silovuti in late 2009. A detailed social and environmental impact assessment was undertaken in 1999. The degree to which the results of the social impact assessment have been incorporated into management and operations is discussed under Criterion 7.6 below.

Prior to planting of the oil palm seedlings in a block, a field inspection is carried out by SHA, OPIC and Sustainability Department staffs. This is part of the PAF.

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

A map of Silovuti prepared in 2008 was sighted. It includes a guide for drainage plans, roads, fields and blocks. This map includes all relevant topographic information.

All block holders who had undulating ground showed that they were well aware of methods to minimise soil erosion. See also 4.3.

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

HCV Assessors completed a bio-diversity and HCV study of the Silovuti area prior to work commencing and an environmental permit being granted. Land found to contain HCV (3,000 hectares) has been set aside as a HCV and conservation area as a result of this assessment. This area is marked on the maps. The assessors completed a series of surveys of endangered species and HCV's in June 2009 of all NBPOL estates including this new development. The PNG HCVF tool kit was used.

Buffer zones have been identified and established throughout the area to be planted.

All HCV hot spots have been identified as well as any areas of high value biodiversity, conservation areas and refugia.

The Planting Approval Form contains strict guidelines to ensure compliance with this criterion. The form has been modified to include signatures of both Project Managers (OPIC and Smallholder Affairs) to ensure that all guidelines are adhered to. The growers were made aware of the Planting Approval Form (PAF), which includes identifying High Conservation Value (HCV) areas.

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

There are no fragile soils in Silovuti, however measures such as lining palm fronds in alternate rows (referred to a rubbish or rabis rows) in sloping ground across the potential flow of run-off water were noted.

Nitrogen fixing leguminous vines were also used by all block holders as a means of improving fertility and reducing run-off.

All of the smallholder oil palm blocks in visited in Kimbe were planted on flat land with negligible risk to soil erosion.

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.

Informed consent is difficult in areas such as Silovuti, where education and literacy levels are particularly low. However, a detailed social impact assessment was completed and negotiations over the proposed development and lease-lease back arrangements occurred over an extended period. This is considered as adequate given the ability of the Silovuti people to see oil palm developments in adjacent areas (and therefore have a reasonable understanding of the proposed development and impacts).

Recent uncertainty over the area of HCV has the potential to significantly reduce the area of oil palm developed at Silovuti, and hence, reduce the financial benefits received by the customary landowners. This needs to be resolved as quickly as possible, and if it results in a significant change to the benefits expected from the lease-lease back arrangement, further consultation will be required.

All new plantings made have a signed PAF agreement for which the traditional landowners give permission for planting oil palm.

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.

A detailed FPIC process has been followed to ensure the customary landowners were correctly identified, and assistance was provided to help form the Talasea Incorporated Land Group.

The Social Impact and Environmental assessment for the Inland Kove area predicted negative social impacts resulting from the "unwise spending of cash controlled by men" and stated that "landowners will be encouraged to invest part of the money they receive from land rental and royalties in trust funds for business development and improvement of village facilities. Furthermore, the Environmental Plan noted "the poor education base will also prove to be a constraint to people's participation in the business development opportunities associated with the project". During the audit, ILG representatives confirmed that many people were not using the financial benefits wisely and were not saving any part of the payments received. They also stated that they had difficulty accessing business opportunities. "The company intends providing advice on management of money received as a result of the development.

NBPOL provides educational assistance to ILGs from 2011 onwards. There is continued funding to provide one male and one female qualifying student from each ILG will receive a scholarship to meet costs for Year 11 and 12. The selection of students is based on merit. This will help increase the number of students who get a decent education and go some way in addressing financial literacy levels in the longer term.

All new plantings made have a signed PAF agreement for which the traditional landowners give permission for planting oil palm.

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.

There has been no use of fire in the preparation of the new development at Silovuti presenting evidence that the policy has been implemented which pre-dated the NPP requirements on 2010 when introduced.

Field Days are still used by OPIC for training and there is a Training Curriculum for new growers which is mandatory as part of the new PAF. Although field days can be effective there is a definite need for new and innovative techniques to motivate growers – see also 8.1 below.

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

The company has implemented an environmental Management System that is certified to the ISO 14001:2004 Standard.

Objectives and Targets have been developed and an improvement plan prepared. The third party ISO 14001 Certification Audit checks the achievement of the objectives and targets annually for continuous improvement (8.1.1). The main focus of continual improvement to date has been environmental performance, while less attention has been given to social impacts.

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.

NBPOL 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.

The modern pollution control technology associated with construction of a new central power station at Kumbango and a new boiler at Mosa Mill is expected to result in reduction of particulate smoke emissions to air. In addition, a CDM Project to capture methane from the mill effluent ponds will significantly reduce greenhouse gas emissions.

8.1.1 Observation: Some additions to the Continuous Improvement Plan are required to ensure it has a clear focus on the key social issues. As new social issues will emerge over time, it is important that new social issues are identified and incorporated in the Continuous Improvement Plan on a periodic basis.

The current Continuous Improvement Plan would be enhanced if it included the following actions/indicators:

- **The percentage of labourer's quarters with power points;**
- **A comparison of fortnightly wages with the estimated cost of living for a family;**
- **The appointment of a welfare officer;**
- **The average number of days to collect smallholder FFB;**
- **The harvest day rounds for smallholders (i.e. the frequency of harvesting); and**
- **The percentage of smallholders with titles showing the right to occupy land.**

Response: The Continuous Improvement Plan was updated in July 2014 and new objectives/targets included. The Continuous Improvement Plan has a clear focus on the main social issues.

NBPOL has responded adequately to the minor non-compliance issue and three observations made during the 2013 audit.

Although a range of factors will influence the above (and NBPOL is not responsible for smallholder land titles), the inclusion of the above actions/indicators will help ensure a focus on the main social issues; it will help quantify the magnitude of the problem; and it will provide a platform for discussing appropriate actions, with other partners, to address these problems.

Subsequent audits will monitor the progress in implementing the mitigation strategies in the Social Improvement Plan. To facilitate this assessment and to demonstrate continuous improvement, it is suggested that an annual assessment is undertaken to document the progress (including quantifiable indicators) in implementing each mitigation strategy.

An independent Scoping Assessment was carried out in 2007 to identify a list of social impacts on employees, SG's, ILG's and local communities. A Register has been prepared and risk assessment carried out for the social aspects and impacts.

Under the World Bank funded Smallholder Agriculture Development Project (SADP) there have been many studies into the improvement of the training and extensive services provided by OPIC including the use of short but explicit videos which can be produced cheaply and distributed to the growers.

From discussions with the OPRA Acting Director of Research and the SHA Manager, it was evident NBPOL values the smallholder growers with the implementation of best management practices from company operations shared with smallholders to enhance smallholder productivity. OPRA has established the Smallholder & Socio-Economic Research section which solely focuses research to increase smallholder productivity. SHA have the Smallholder Growers Proposed Plan (sighted) which focuses on internal restructures and increasing resources to better efficiently manage crop from smallholders.

Both SHA and OPIC are working on continuous improvement programmes and smallholders are keen to partake of these programmes. 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

Two (2) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

Minor NC: 4.1.3(Ref1107937N1) – Although the Electrical inspections are taking place there is no evidence to suggest that any issues are followed up and action is taken where faults are identified. A number of items are recorded as pending ongoing and action is to be taken to rectify any outstanding matters and the appropriate records to be in place.

Minor NC 5.6.3(Ref1107937N2). There were a number of untreated hydrocarbon spills in evidence at Kumbango Mill workshop. A number of PCD's do not appear to be regularly cleaned considered amount of sludge

in each PCD at Mosa Mill and at the time of the audit were not effective in managing discharge and possible pollution from the mill drains.

OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

The assessment identified twelve (12) Observations/ Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the first Renewal Assessment visit scheduled for July 2014.

Opportunity for Improvement 1.1.1: The NBPOL Kimbe Sustainability section has made an awareness poster on the oil palm price formula from which the monthly price of FFB is calculated. The oil palm price formula information is in both English and Tok Pisin. However, this information is can be quickly presented graphically in a table format rather than written out in an essay format. This would make the information stand out and easier to understand.

Opportunity for Improvement 1.1.1: Field day demonstrations are a good means to disseminating RSPO information. SHA and OPIC did not conduct field days in the last year, however, OPRA have conducted a few field days in strategic locations. OPIC, SHA and Sustainability were invited and made presentations during those field days. More field days will need to be done by SHA, OPIC and Sustainability.

Opportunity for Improvement 2.3.1 : Growers need to be more aware of their right to choose a representative to voice their concerns. HOPGA was understood to be at a rebuilding phase during the time of the interview. It is expected that HOPGA's role will be clearer to the smallholder growers in the next surveillance audit. The smallholder growers will also be more aware of their right to choose their HOPGA representative.

Opportunity for Improvement 3.1: The Smallholders Management Guidelines was first approved in 2011. There was a revised copy seen during the audit, which was awaiting approval at the time of the audit. It is expected that the revised copy will be approved before the next surveillance audit in 2015.

Observation 4.7.2: The methodology used however could be improved if the initial or inherent risk is identified and then controls put in place. The risk assessment and controls should ensure that controls used are effective and that the matrix is applied realistically and includes all controls required to reduce the risk of identified hazards

Indicator 5.1.2 (observation): It is important that awareness be provided to ensure landowners know that OPIC must complete a site visit, inspections and relevant forms before land is cleared to plant oil palm.

Indicator 6.1.4 (observation): The housing target included in the Social Improvement Plan should be revised to provide more

clarity, and reflect NBPOL's intention to provide more privacy to family settings. Indicator 6.5.3(Ref958270N1)(observation): Classrooms were constructed at Silovuti in early 2014 but they do not have teachers. NBPOL initially provided transport for students to attend school at Silovuti Station. This service stopped when the road deteriorated. This prevented children from attending school. Although the transport service will be provided for the remainder of the year, NBPOL should ensure this situation does not occur in the future. It should be noted that education will be compulsory in PNG from 2015 onwards.

Opportunity for Improvement 6.10.1: Current FFB price can be broadcasted during the weekly OPIC radio show. The local mobile carrier can also be used to disseminate the current FFB price, just as other agricultural commodities are currently using to advise what the market prices of their produce are. The information currently available to growers explaining how the FFB price is calculated is too long and the Tok Pisin version is not clear. This could be simplified for smallholder growers to comprehend.

Observation 6.10.3: About 40% of the farmers interviewed, mostly from Lavege (Saleleubu) and Wenge (Talasea) advised that they do not receive their pay slips. The Saleleubu smallholder growers have not received their pay slips in the last 3 to 4 months. For the Talasea smallholders, some have not received pay slips since 2011. Currently, there is no documented system in place to ensure that fortnightly pay slips for all smallholder growers have been printed and made available to the smallholder growers.

From the discussions with the OPRA Acting Director of Research, the OPRA levy of K2.00 mentioned in the pay slip is not accurate. The OPRA levy is K1.85 and the remaining K0.15 is levy paid to the Palm Oil Council (POC), the palm oil organisation for PNG. The POC levy information should be clearly displayed on the smallholder pay slips as OPRA and POC are two separate entities with different roles. The smallholder growers will need to be made aware of the role of POC and the service it provides to smallholders and if the levy collected for the POC from the smallholders is mandatory or voluntary.

Opportunity for Improvement 6.10.3: The new fruit pick up record system of using the electronic tags (e-tag) will need to be improved further. The docket copy given to smallholders is of very poor quality that can be hard to read. The docket itself does not contain any information that discloses the block number or the name of the person the block is registered to. Fruit trucks did not have scale display on the outside of the trucks or the scales were not working. The display scale will ensure the growers can confirm their crop weight.

8.1.1 Observation: Some additions to the Continuous Improvement Plan are required to ensure it has a clear focus on the key social issues. As new social issues will emerge over time, it is important that new social issues are identified and incorporated in the Continuous Improvement Plan on a periodic basis.

The current Continuous Improvement Plan would be enhanced if it included the following actions/indicators:

- The percentage of labourer's quarters with power points;
- A comparison of fortnightly wages with the estimated cost of living for a family;
- The appointment of a welfare officer;
- The average number of days to collect smallholder FFB;
- The harvest day rounds for smallholders (i.e. the frequency of harvesting); and
- The percentage of smallholders with titles showing the right to occupy land.

3.3 Noteworthy Positive Components

A large number of positive outcomes and achievements were noted during Financial constraints have limited progress in addressing some social issues during the past year, but there have been notable changes, including:

- The expansion of food gardens for workers and dependents;
- The preparation and use of a more detailed induction form;
- The preparation and display of a range of posters describing company policies;
- The appointment of a Tax Credit Scheme Coordinator; and
- The conduct of awareness programs on domestic violence, health and many other topics in company compounds by NBPOL's Sustainability Team, health staff and Women Empowering Women (WEW) representatives. Despite the challenge that social responsibility provides, NBPOL continues to improve its operational transparency and engage with a broad range of stakeholders. Maximising the benefit that this engagement provides to impacted stakeholders is a key business objective and continual challenge, particularly in a period in which the Company is expanding its operations.

The level of awareness and understanding of RSPO among external stakeholders appears to have increased significantly over the past year.

There was a general increase in satisfaction with "smallholders" the NBPOL Smallholder Affairs Department. Other than that negative comments were similar to the 2010 audit.

NBPOL recently contributed to the establishment of the Kimbe Eye Clinic attending to patients both within the province and outside.

NBPOL has participated greatly to infrastructure maintenance through tax credit scheme and meeting twice every month with the provincial work department maintain good relations with the department.

NBPOL has become the lifeblood of WNB people and business providing spin off benefits, infrastructure maintenance and employment opportunities

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

All Land Settlement Scheme (LSS) blocks owners interviewed have land titles and were able to show copies of the titles. However, during the interviews, it was discovered that for some of these blocks, the land titles are not under the current owners names. For almost all of these blocks, they are in the process of changing the land title but the process is taking a long time. The new block owners are not familiar with the process for changing land titles.

Action by NBPOL: It is understood that NBPOL and OPIC are not responsible for changing the land titles, but as smallholder growers that sell fruit to the company, it is expected that an effort must be made to assist growers change the legal ownership of the blocks on the land titles and this is being gradually completed.

Auditor Comment: WNBPOL are working hard to resolve this long term issue.

There is growing concern amongst CRP block owners. These growers have paid for the use of land from local landowners who signed on the CLUA form to allow the landowners to plant. For some of these blocks that are about to replant, the landowners want new payment for new oil palm plantings at a much higher rental rate than before. This is causing uncertainty in the CRP block smallholder growers if they will replant or not. Should they decide not to replant due to payment demands, there will be a decline in the CRP blocks production. This might also introduce social issues with the displacement of families that once lived in CRP blocks. Some CRP smallholder growers expressed their concern that they are caught between clans arguing for the ownership of the land the CRP blocks are on.

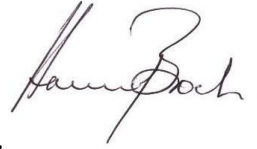
Small holder affairs are monitoring the situation to ensure this does not get out of hand – this will be monitored.

Auditor Comment: Although this is not really the responsibility of NBPOL they are helping to resolve these concerns amicably.

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
New Britain Palm Oil Limited



.....
Mr Harry Brock
General Manager
Date: 02.10.2014

Signed for on behalf of
BSI Group Singapore Pte Ltd



.....
Mr Allan Thomas
Lead Auditor
Date: 02.10.2014

Appendix "A"

RSPO Certificate Details

Appendix A: New Britain Palm Oil Limited Certification Details

New Britain Palm Oil Limited
 Post Office
 KIMBE
 West New Britain Province
 Papu New Guinea
 Website: www.nbpol.com.pg

BSI RSPO Certificate No: SPO 537355
 RSPO Membership number: 1-0016-04-000-00
 Date of Initial Certificate Issued: 10.09.2008
 Applicable Standards: RSPO Principles & Criteria for Sustainable Palm Oil Production : 2007; RSPO Supply Chain Certification for CPO Mills (Module D: Segregation) : November 2011.

West New Britain Supply Base	
Location Address	New Britain Palm Oil Limited Post Office KIMBE West New Britain Province Papu New Guinea
GPS Location	Mosa Mill 9377831.2N - 193904.84E Kumbango Mill 9381192.85N - 191134.07E Numundo Mill 9388596.38N - 171370.44E Kapiura Mill 9377869.69N - 243536.48E Waraston Mill 9392000.00N - 178000.00E
CPO Tonnage Total	308,587 mt
PK Tonnage Total	74,039 mt
PKO Tonnage Total	27,740 mt
CPO Claimed for Certification	308,587 mt
PK Claimed for Certification	74,039 mt
PKO Claimed for Certification	27,740 mt
Own estates FFB Tonnage	943,257 mt
Scheme Smallholder FFB Tonnage	433,258 mt
Non-company Suppliers FFB Tonnage – Other adjacent estates	N/A mt

Estates	Production Area		Other use (ha)	Certified Area / Total land lease (ha)	Annual FFB Production (mt)
	Mature (ha)	Immature (ha)			
Bebere	1,664	262	254	2,180	37,946
Kumbango	2,318	0	382	2,700	56,235
Togulo	1,364	0	355	1,719	35,628
Dami/Waisisi	931	0	389	1,320	27,113
Kautu	2,799	250	307	3,356	78,209
Korausu/Moroa ME	2,476	184	372	3,032	61,028
Bilomi/Laota	2,577	0	849	3,426	78,694
Haella	2,879	0	427	3,306	76,718
Garu	2,562	0	288	2,850	62,380
Daliavu	2,059	0	461	2,520	54,575
Sapuri	1,773	0	377	2,150	48,438
Malilimi	2,345	0	472	2,817	62,184
Rigula	2,520	0	682	3,202	71,306
Numundo	1,595	0	377	1,972	36,423
Navarai/Karato ME	687	0	336	1,023	20,037
Vol/Lot/Nat/Gor ME	1,492	0	217	1,709	44,400
Lolokoru ME	2,050	0	184	2,234	64,795
Silovuti ME	1,313	886	1593	3,792	27,148
TOTAL	35,404	1,582	8,322	45,308	943,257

Appendix “B”

Sustainability Audit Program
(Combined RSPO & ISO Surveillance Audit)
8-13 September 2014

30 August 2014

Attention to:

Mr. Sander van den Ende (svdende@nbpol.com.pg)

New Britain Palm Oil

Post Office Kimbe

West New Britain Province

Papua New Guinea

Assessment Plan of RSPO Fifth Surveillance Assessment (ASA 1) Plan – New Britain Palm Oil

THE OBJECTIVE AND SCOPE OF THE AUDIT

- The main objective of this audit is to evaluate New Britain Palm Oil (West New Britain Province) mills and supply bases' continuous implementation of the RSPO requirements [RSPO Principles & Criteria for Sustainable Palm Oil Production: 2007; PNG National Interpretation: 2008; RSPO Supply Chain for CPO Mills Module D – Segregation: November 2011]
- Based on findings, a recommendation will be made to RSPO for continuation of Certification. Recommendation is not possible if any Major Non-Conformity is not addressed and not closed. The management will need to carry out appropriate corrective action with evidence of implementation and close any Major NC prior to the recommendation.
- Determination of the conformity of the client's management system, or parts of it, with audit criteria.
- Evaluation of the ability of the management system to ensure the client organization meets applicable statutory, regulatory and contractual requirements.

PRELIMINARY AGENDA (Revision 01)

Date	Time	Subjects	Allan Thomas	Rod Parsons	Mike Finlayson	Deane Woruba
Saturday, 06/09/2014	PM	Audit Team Travelling to Site	√	√	√	√
Monday, 08/09/2014	8:00-8:30	Opening Meeting	√	√	√	√
	8:45-12:00	Mosa Oil Mill and Mosa Biogas	√	-	-	-
	8:45-12:00	Mosa Transport & Vehicle workshop and Bebere Plantation	√	√	-	-
	8:45-12:00	Mosa HR, TCS Coordinator, Company Secretary	-	-	√	-
	8:45-12:00	Hoskins area Community Meeting	-	-	-	√
LUNCH						

Date	Time	Subjects	Allan Thomas	Rod Parsons	Mike Finlayson	Deane Woruba	
	13:00-16:45	Kumbango Mill, Kumbango Refinery, Kumbango Plantation, KBT	√	√	-	-	
	13:00-17:00	SHA, Bebere Compounds, PNG OPRA	-	-	√	-	
	13:00-16:45	Hoskins Smallholders	-	-	-	√	
Tuesday 09/09/2014	7:30-12:00	Silovuti Plantation, Haella Transport & Heavy Equip, Haella/Tili/Nursery	√	√	-	-	
	9:00-12:00	Silovuti Plantation,	-	-	√	-	
	9:00-12:00	Hoskins Smallholders	-	-	-	√	
	LUNCH						
	13:00-17:00	Silovuti, NOM, Garu Plantation	√	√	-	-	
	13:00-15:00	Silovui Plantation & Silovuti ILG	-	-	√	-	
	13:00-17:00	Hoskins Smallholders	-	-	-	√	
	Wednesday 10/09/2014	7:15-12:00	Dami RSPO Documenatation, Dami/Waisisi Plantations	√	-	-	-
7:15-12:00		Dami ISO 14001 Documentation	-	√	-	-	
8:00-12:00		Sakapei Community Planting, Kautu Div 1 & 2	-	-	√	-	
8:00-12:00		Kapiura area Community Meeting	-	-	-	√	
LUNCH							
13:00-17:00		KAPOM, Moroa Mini Estate, Malilimi Plantation, Rigula Plantation	√	√	-	-	
13:00-16:45		OPIC, HOPGA, WNB Oil Palm Workers Union	-	-	√	-	

Date	Time	Subjects	Allan Thomas	Rod Parsons	Mike Finlayson	Deane Woruba
	13:00-17:00	Kapiura smallholders	-	-	-	√
Thursday 11/09/2014	7:45-12:00	Lolokoru, Volupai, Numundo Plantation, Cattle/Abattior	√	√	-	-
	7:30-12:00	Kimbe General Hospital, Community Police, Provincial works, Live and learn, Mahonia	-	-	√	-
	8:00-12:00	EU area Community Meeting	-	-	-	√
	LUNCH					
	13:30-17:00	WOM, Dami SPU	√	√	-	-
	13:30-17:00	WEW, HR Training, Social Documentation	-	-	√	-
	13:30-17:00	EU smallholders	-	-	-	√
Friday 12/09/2014	7:30-11:00	Central Purchasing Stores, General Manager, Mosa Construction, Open	√	√	-	-
	7:30-11:00	Mosa Clinic & Compound, Lands& Mini Estates	-	-	√	-
	7:30-11:00	Smallholders Training Plan	-	-	-	√
	11:00-12:00	Mosa Board Room Meeting Preparation	√	√	√	√
	LUNCH					
	1:30-2:00	Closing Meeting, Pack and Travel to airport PX845	√	√	√	√

NOTES:

- Audit agenda is provisional and may be changed during the audit.
- Proposed agenda will be finalized and agreed during the opening meeting.
- Provision of an audit room, separate from the ongoing operations of the office, with electricity supply for a laptop would be helpful.

- Access to personnel and documents that will enable demonstration of compliance with RSPO requirements is assumed.
- If possible a light working lunch would be appreciated.
- Provisions of accommodations and logistics during audit are very helpful including Local flight ticket, Hotel, transportation, meals, etc.
- Sampling taken are based on $0.8\sqrt{n}$ where n is number of Units. (Selection of sample will be finalised during Opening Meeting).

The BSI auditor team will comprise of the following members. Please let us know should you have any comments:

	Name	Role	Assessment aspects
1	Allan Thomas	Team Leader	Example: Mill and Estate best practices, smallholder assessment, supply chain, OSH, Legal, Environment.
2	Rod Parsons	Team member	Example: Safety and Health, QMS, Legal issues, SEIA, smallholder assessment.
3	Mike Finlayson	Team member	Example: Legal, Social, workers consultation, Stakeholder Consultation, HCV. Fluent in local language.
4	Deane Woruba	Team member	Example: Smallholders, Environment and HCV. Fluent in local language.

Prepared by:

Allan Thomas (Lead Auditor), on 30/08/2014

Submitted to Client: 30/08/2014

Appendix "C"

Continuous Improvement Plan

Mon Ref	Objective	RSPO Ref	Target	Time Frame	Indicators	Responsibility	Status 14/0
1	Reduce clearance of forests and carbon emissions from land use change and operations.	5.6.2(Ref 958270N0)	Implement commitments as per Palm Oil Innovation Group and NPP	2014-2018	POIG Verification. HCS assessments. Carbon Footprint.	Sustainability	CHECK
2	Reduce emissions of greenhouse gases and consumption of diesel	5.6.2(Ref 958270N0), 5.4.1	Where viable each mill has functional methane capture each removing an average of 55,000tCO2 equivalent/yr and producing 14,000 MWH of electricity after being commissioned	2020	Reduced emissions of tCO2 equivalent as reported for CDM or otherwise Kilowatt hour per tonne palm product from renewable energy sources.	Production	CHECK
3	Utilizing agrochemicals in a way that does not damage health or the environment	4.5, 4.6	Monitor utilization of pesticide as per reduction plan (ref: reduce by 5% in 2012 and 5% in 2013). Increase efficiency of agrochemical delivery through mechanization. Explore viable alternative to Methamidophos.	2014-2018	OMP records of volume applied. Fertilizer records.	OPRS, Plantations	CHECK
4	Improve the effectiveness of our pond treatment systems.	4.4.1	BOD of < 90ppm at exit of last pond	2015	Decanter adapted and installed post sludge pit at KOM and WOM	Production	CHECK
				2015	Cutter pump system tested at KOM, WOM	Production	CHECK
				2019	All Mills to be provided with De-oiling Tank to trap oil from getting into ETP.	Production	CHECK
				2015	All ETPs to be equipped with adequate number of mixers and aerators at treatment ponds. 2014-KOM: 2015-KAPOM, MOM, WOM, NOM	Production	CHECK

			BOD of <20 at exit of effluent treatment system at Waraston	2018	Polishing Plant at Waraston	Production	CHECK
				2022	Subject to success of polishing plant at Waraston, polishing plants at all mills	Production	CHECK
5	Overcrowding	6.5.3(Ref 958270N1)	All compounds have sufficient housing to provide 1 room per 1.5 employees assuming 6ha/employee (labour)	2024	Build 2 QLQ's per year as per priority areas identified in monitoring plan	General Management	CHECK
			All compounds have sufficient housing to provide 1 room per 1 employees assuming 6ha/employee (labour)	2034	Building program to be determined	General Management	CHECK
6	Lack of amenities, power points.		Labour quarters around Mosa and Kumbango to be supplied with power points.	2016	Installation program: 2015-2016- Mosa 2016-2017- Kumbango (detailed plan at Construction)	Construction	CHECK
7	Access to food gardens.	6.5.4	Provide 500m ² of suitable garden area per housing unit (as per Regulations Handbook) for compounds in all new and replanting areas near compounds.	2016	total m ² suitable garden areas allocated	Plantations	CHECK
8	Lack of capacity within ILGs to perform their required duties efficiently.	7.1.2	75% of existing ILGs to be re-registered have awareness session and printed material provided to them.	2016	Meeting attendance records. Meeting minutes.	Lands	CHECK
			30% of ILGs re-registered opt for splitting benefits into Members' bank accounts	2016	ILG registration documentation	Lands	CHECK
			50% of all ILGs set up Development Bank Fund account administered by Committee with an independent member.	2017	Obtain advice from ILG and National Development Bank	Lands	CHECK

Approved 14 July 2014 at the EMS Review

Note this Continuous Improvement Plan is subject to annual revision.

Appendix “D”

Nonconformities, Corrective Actions and Observations Summary and Responses to Non Conformities

SUMMARY OF FINDINGS (2014)

2 Minor Non Conformity
6 Observations

Action Plans for NC and Observations (2013)
SUMMARY OF FINDINGS

2 Minor Non Conformity
7 Observations

Action Plans for NC and Observations Accepted

Criteria	CAR	Evidence	Corrective Action	Responsibility	Status
4.1.3 (Ref11079 37N1)	Minor NC	– Although the Electrical inspections are taking place there is no evidence to suggest that any issues are followed up and action is taken where faults are identified. A number of items are recorded as pending ongoing and action is to be taken to rectify any outstanding matters and the appropriate records to be in place.	NBPOL Group Mills now shall review Electrical Inspection reports during their respective Monthly Safety Meetings and shall identify, carry out appropriate corrective actions. Records shall be maintained via minutes of Safety Meetings held.	Production, Sustainability	Action accepted, Sept 2014
5.6.3 (Ref11079 37N2)	MINOR NC	There were a number of untreated hydrocarbon spills in evidence at Kumbango Mill workshop. A number of PCD's do not appear to be regularly cleaned considered amount of sludge in each PCD at Mosa Mill and at the time of the audit were not effective in managing discharge and possible pollution from the mill drains.	Established daily PCD monitoring SOP and cleaning checklist and SOP to be made available.	Production Sustainability	Action accepted, Sept 2014
1.1.1	OFI	The NBPOL Kimbe Sustainability section has made an awareness poster on the oil palm price formula from which the monthly price of FFB is calculated. The oil palm price formula information is in both English and Tok Pisin. However, this information is can be quickly presented graphically in a table format rather than written out in an essay format. This would make the information stand out and easier to	The revised price formula, following the World Bank review, is yet to be confirmed by the commodities working group. Once confirmed we will produce a straightforward table that highlights where the costs come from and the deductions made through the various levies. The main concern of growers is the breakdown of transport costs; we are working on	OPIC SHA Sustainability	

Criteria	CAR	Evidence	Corrective Action	Responsibility	Status
		understand.	breaking this cost down to make it more transparent.		
1.1.1	OFI	Field day demonstrations are a good means to disseminating RSPO information. SHA and OPIC did not conduct field days in the last year, however, OPRA have conducted a few field days in strategic locations. OPIC, SHA and Sustainability were invited and made presentations during those field days. More field days will need to be done by SHA, OPIC and Sustainability.	At least 8 Field Days will be held to disseminate information to smallholders (see below for references to content of Field Days)	OPIC SHA Sustainability	
2.3.1	OFI	Growers need to be more aware of their right to choose a representative to voice their concerns. HOPGA was understood to be at a rebuilding phase during the time of the interview. It is expected that HOPGA's role will be clearer to the smallholder growers in the next surveillance audit. The smallholder growers will also be more aware of their right to choose their HOPGA representative.			
3.1	OFI	The Smallholders Management Guidelines was first approved in 2011. There was a revised copy seen during the audit, which was awaiting approval at the time of the audit. It is expected that the revised copy will be approved before the next surveillance audit in 2015	The Smallholders Management Guidelines will be approved by next audit, 2015	SHA Sustainability	
4.7.2	Observation	Observation 4.7.2: The methodology used however could be improved if the initial or inherent risk is identified and then controls put in place. The risk assessment and controls should ensure that controls used are effective and that the matrix is applied realistically and includes all controls required to reduce the risk of identified hazards	New risk assessments using the recommended methodology for Mills and Plantations will be carried out.	Production Plantations Sustainability	

<i>Criteria</i>	<i>CAR</i>	<i>Evidence</i>	<i>Corrective Action</i>	<i>Responsibility</i>	<i>Status</i>
5.1.2	Observation	Indicator 5.1.2 (observation): It is important that awareness be provided to ensure landowners know that OPIC must complete a site visit, inspections and relevant forms before land is cleared to plant oil palm.	Awareness will be given to smallholders at Field Days, including the use of posters which describe the process	OPIC SHA Sustainability	
6.1.4	Observation	Indicator 6.1.4 (observation): The housing target included in the Social Improvement Plan should be revised to provide more clarity, and reflect NBPOL's intention for the long term	A percentage of married couples whom have 2 rooms will be estimated annually using sample surveys. This will be correlated to the measure of rooms to employees for which a clear target is already reported.	Sustainability	
6.5.3	Observation	Indicator 6.5.3 (Ref958270N1)(observation): Classrooms were constructed at Silovuti in early 2014 but they do not have teachers. NBPOL initially provided transport for students to attend school at Silovuti Station. This service stopped when the road deteriorated. This prevented children from attending school. Although the transport service will be provided for the remainder of the year, NBPOL should ensure this situation does not occur in the future. It should be noted that education will be compulsory in PNG from 2015 onwards.	Looking into whether or not Silovuti school can accommodate students for the remainder of this year, if so will transport. Project Manager to look into staff of Elementary School for next year.		
6.10.1	OFI	Current FFB price can be broadcasted during the weekly OPIC radio show. The local mobile carrier can also be used to disseminate the current FFB price, just as other agricultural commodities are currently using to advise what the market price of their produce are. The information currently available to growers explaining how the FFB price is calculated is too long and the Tok Pisin version is not clear. This could be simplified for smallholder growers to comprehend.			
6.10.3	Observation	About 40% of the farmers	Awareness on the POC levy	General	

<i>Criteria</i>	<i>CAR</i>	<i>Evidence</i>	<i>Corrective Action</i>	<i>Responsibility</i>	<i>Status</i>
		<p>interviewed, mostly from Lavege (Saleleubu) and Wenge (Talasea) advised that they do not receive their pay slips. The Saleleubu smallholder growers have not received their pay slips in the last 3 to 4 months. For the Talasea smallholders, some have not received pay slips since 2011. Currently, there is no documented system in place to ensure that fortnightly pay slips for all smallholder growers have been printed and made available to the smallholder growers.</p> <p>From the discussions with the OPRA Acting Director of Research, the OPRA levy of K2.00 mentioned in the pay slip is not accurate. The OPRA levy is K1.85 and the remaining K0.15 is levy paid to the Palm Oil Council (POC), a lobby organisation. The POC levy information should be clearly displayed on the smallholder pay slips as OPRA and POC are two separate entities with different roles. The smallholder growers will need to be made aware of the role of POC and the service it provides to smallholders and if the levy collected for the POC from the smallholders is mandatory or voluntary.</p>	will be given to smallholders during Field Days, together with pricing formula.	Manager	
6.10.3	OFI	<p>The new fruit pick up record system of using the electronic tags (e-tag) will need to be improved further. The docket copy given to smallholders is of very poor quality that can be hard to read. The docket itself does not contain any information that discloses the block number or the name of the person the block is registered to. Fruit trucks did not have scale display on the outside of the trucks or the scales were not working. The display scale will ensure the growers can confirm their crop weight.</p>	<p>The new Etag system has been a massive step forward for the smallholder/ NBPOL payment interface. It was explained that the display screens for growers to see weight of each lift were an improvement NBPOL made during the implementation phase. The displays are being fitted to all trucks. The dockets are kept simple; they have all necessary information required for the grower. The complaints come about because the system has changed, and it is now far harder for people to crop shift to other people's block. The old docket system allowed for the system to be defrauded. The printed receipt does not need any extra information</p>	Transport SHA	

<i>Criteria</i>	<i>CAR</i>	<i>Evidence</i>	<i>Corrective Action</i>	<i>Responsibility</i>	<i>Status</i>
			<p>on it. The more information provided the more likely the system will be defrauded. NBPOL are currently researching the option of the grower been sent a text with the number of lifts and weights at his block. The text would be sent as soon as the truck completes the fruit pickup. This may take longer than a year to roll out.</p>		
8.1.1	Observation	<p>8.1.1 Observation: Some additions to the Continuous Improvement Plan are required to ensure it has a clear focus on the key social issues. As new social issues will emerge over time, it is important that new social issues are identified and incorporated in the Continuous Improvement Plan on a periodic basis.</p> <p>The current Continuous Improvement Plan would be enhanced if it included the following actions/indicators:</p> <ul style="list-style-type: none"> • The percentage of labourer's quarters with power points; • A comparison of fortnightly wages with the estimated cost of living for a family; 	<p>The following additions will be made to the Continuous Improvement Plan.</p> <ul style="list-style-type: none"> • A long term target for number and percentage of married labourers with two rooms. Progress will be estimated from annual sample surveys with results correlated to our housing and employee statistics • A long term target for percentage of labour quarters with power points will be set. • An annual Bilum Index will be carried out to compare wages with cost of living 	Sustainability	

2013 Action Plans for NC and Observations Accepted

<i>Criteria</i>	<i>CAR</i>	<i>Evidence</i>	<i>Corrective Action</i>	<i>Responsibility</i>	<i>Status</i>
5.6.2(Ref 958270N0)	Minor NC	There was evidence that the discharge of treated effluent from the Kumbango effluent ponds was in excess of the allowable limits for BOD for some six months in a row. This did not appear to have in place plans to reduce this significant pollution.	<p>Production and Sustainability had already addressed this issue by the following:</p> <ul style="list-style-type: none"> • Weekly readings of BOD at last pond discharge and EIP are now ongoing • All ponds have been de-silted in May <p>The following are also being implemented as further preventive measures:</p> <ul style="list-style-type: none"> • Weekly BOD readings at last pond discharge and EIP • Installation of aerators at all aerobic ponds (so far missing at Kumbango) • Regular de-silting at ponds as per agreed criteria 	Production, Sustainability	<p>WNBPO have de-silted the effluent ponds at Kumbango over the previous 12 months with a resulting reduction in the BOD of the discharge. The BOD is now within allowable limits in line with permit requirements.</p> <p>Closed, 12 Sept 2014</p>
6.5.3 (Ref95827 ON1)	MINOR NC	Although details are explained during employee inductions, there appears to be some confusion among many employees over working conditions and entitlements, including for example, confusion between long-service leave and loyalty bonuses, and uncertainty regarding maternity leave and breast-feeding entitlements. Although NBPOL has the relevant policies, and entitlements are carefully documented, many general labourers are illiterate, and regular awareness on working conditions and entitlements is required. This includes awareness provided to managers, supervisors and boss	This is a plantation management function and is generally implemented at Morning Mustering and Tool Box sessions. HR's function is to ensure that policies exist to cover such areas and to render advice to management in cases where confusion may still exist. Based on the MNC, HRM will issue a reminder Memo to Heads of Department about effective dissemination of this information. Training will also be organized to ensure key staff are conversant enough to	Human Resources	The induction form has been revised and provides a more comprehensive coverage of working conditions and entitlements. There has also been discussion by NBPOL on which employees should have individual work contracts, and a commitment to clarify which employees should have contracts and ensure all these employees do have contracts which reflect their current position and grade of employment. This will provide certainty to

Criteria	CAR	Evidence	Corrective Action	Responsibility	Status
		boys, to ensure they are aware of Company policies and worker's entitlements.	explain all policies and company regulations amply during the induction process.		workers and help clarify entitlements. Closed, 12 Sept 2014
4.1.1.	Observation	A number of the Management Guidelines for field operations do not appear to be current and are not at times a reflection of all current practices. They include obsolete methodology for determining the environmental impacts and aspects of some operations.	Revision of all Management Guidelines which will 5 years old or older.	General Management	
4.1.2	Observation	There was a spike in BOD readings against allowable limits in regards to the discharge from the Kumbango effluent ponds for a period of some 6 months from October 2012 to April 2013 with no apparent analysis as to why taking place with	See action on Minor 1 above	Production, Sustainability	
4.4.2	Observation	It was noted that in a number of riparian buffer zones some non-native species such as teak have been implanted. There is also evidence of abandoned oil palms in such of these areas. outcomes recorded.	Removal or poisoning of all teak and oil palms within buffer zones.	Plantations	
4.7.2	Observation	The risk assessments for high risk activities such as hot works is not rated as if for potential hazardous activities. Compound activity is not included in the risk assessments with regards to compound security. There is no amenities at the crusher for workers for lunch breaks nor is there a proper toilet available	Revision of the Operational Safety Management Plan. Plan to provide acceptable amenities for workers at the crusher.	Sustainability Engineering	
4.7.7	Observation	The fire pump at Namundo mill did not work at the time of this assessment and therefore the mill would be vulnerable in the case of a large fire.	The fire pump starter at Numundo has been repaired.	Engineering	
6.5.1	Observation	Up to 20% of NBPOL's current workforce may not be enrolled in a superannuation scheme. Although it is up to each employee to complete an	The employment of the NBPOL workforce is decentralised, i.e. not managed through the Human Resources	Human Resources	

<i>Criteria</i>	<i>CAR</i>	<i>Evidence</i>	<i>Corrective Action</i>	<i>Responsibility</i>	<i>Status</i>
		<p>application form for superannuation, NBPOL should take the necessary steps to ensure all permanent employees are enrolled.</p>	<p>department across the Company. Nevertheless, HR enrolls 100% of employees whose employment details are remitted to HR. NBPOL workforce may include contractors, seasonable workers and Casuals not necessarily to be enrolled in superannuation by law. HR will send a reminder to Heads of Department to ensure that all information of permanent employees not yet enrolled in superannuation is submitted to HR.</p>		

<i>Criteria</i>	<i>CAR</i>	<i>Evidence</i>	<i>Corrective Action</i>	<i>Responsibility</i>	<i>Status</i>
6.5.1	Observation	The process for making superannuation payments to ex-employees (i.e. those employees who have ceased employment with NBPOL) needs to be critically reviewed. Two main areas of concern are (i) employees resigning to receive a superannuation payment and then re-seeking employment with NBPOL, often using a different name, and (ii) payments that do not reach ex-employees.	The current system of superannuation payments has been under review in earnest since the beginning of 2013. Currently the Company is in consultation with the Directors of AON and NASFUND not only to potentially switch to a more suitable fund, but also to assure payments to ex-employees are in compliance with the Superannuation Act. The practice of employees resigning and seeking re-employment is difficult to control, as the Company has decentralised payrolls, but all new enrolments that are submitted, are checked by the Fund Administrator for irregularities, before new memberships are registered. HR is not generally aware of payments not reaching ex-employees, but will issue a reminder to Heads of Department to ensure all payments made via personal cheques (i.e. where employees may not have a bank account) reach ex-employees.	Human Resources	
8.1.1	Observation	Some additions to the Continuous Improvement Plan are required to ensure it has a clear focus on the key social issues. As new social issues will emerge over time, it is important that new social issues are identified and incorporated in the Continuous Improvement Plan on a periodic	The Continual Improvement Plan is reviewed annually to include relevant and necessary changes. In response to the audit findings the following will be implemented before the next annual review of the CIP:	General Management Sustainability	

<i>Criteria</i>	<i>CAR</i>	<i>Evidence</i>	<i>Corrective Action</i>	<i>Responsibility</i>	<i>Status</i>
		basis.	<ul style="list-style-type: none">• Implement study on Cost of Living (derived from Bilum Index)• Relevant indicators added to Social objectives of the current CIP		

Appendix “E”

Supply Chain Assessment

NBPOL Kapiura Oil Mill Supply Chain 10.9.14

Kapiura Oil Palm Mill

Requirements	Segregation
1. Documented procedures	
<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 Kapiura Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - 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>
2. Purchasing and goods in	
<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 77.5% of material comes from NBPOL Estates therefore there is no PO. 22.5 % 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 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>
3 Record keeping	
<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 weighbridge and within the system. All were readily retrievable</p> <p>The certified ISO 14001 system requires that all records and reports are</p>

3.2 Retention times for all records and reports shall be at least five (5) years.	retained for a minimum of 5 years
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.	The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB
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.	The supply chain model is clearly indicated on all sales contracts
4. 4 Sales and goods out	
<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"> a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated) d) The quantity of the products delivered; e) Reference to related transport documentation. 	<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>
5. Processing	
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.	There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated
5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material	All material is RSPO certified
<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"> • The crush operator conforms to these requirements for segregation 	Not applicable to NBPOL or its mills

<ul style="list-style-type: none"> The crush is covered through a signed and enforceable agreement 	
6. Training	
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
7. Claims	
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 Kumbango Oil Mill Supply Chain 9.9.14

Requirements	Segregation
1. Documented procedures	
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 <ul style="list-style-type: none"> a. up to date procedures covering all elements of supply chain requirements 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>At this stage there are written/documented procedures for the chain of custody for Kumbango Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - Sustainability Manager</p>
1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.	The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline
2. Purchasing and goods in	
2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.	Around 53.5% of material comes from NBPOL Estates therefore there is no PO. 46.5 % 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

<p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>Small Holder RSPO Material is identified by docket system as to source including small holder block location 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>
<p>3 Record keeping</p>	
<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 weighbridge and within the system. All were readily retrievable</p>
<p>3.2 Retention times for all records and reports shall be at least five (5) years.</p>	<p>The certified ISO 14001 system requires that all records and reports are retained for a minimum of 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>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</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>The supply chain model is clearly indicated on all sales contracts</p>
<p>4. 4 Sales and goods out</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"> f) The name and address of the buyer; g) The date on which the invoice was issued; h) A description of the product, including the applicable supply chain model (Segregated) i) The quantity of the products delivered; j) Reference to related transport documentation. 	<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>

5. Processing	
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.	There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated
5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material	All material is RSPO certified
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: <ul style="list-style-type: none"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	Not applicable to NBPOL or its mills
6. Training	
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
7. Claims	
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 Mosa Oil Mill Supply Chain 8.9.14

Requirements	Segregation
1. Documented procedures	
<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 Mosa Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - 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>
2. Purchasing and goods in	
<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 46% of material comes from NBPOL Estates therefore there is no PO. 54 % 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 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>
3 Record keeping	
<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>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 certified ISO 14001 system requires that all records and reports are retained for a minimum of 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>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</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>The supply chain model is clearly indicated on all sales contracts</p>
<p>4. 4 Sales and goods out</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"> k) The name and address of the buyer; l) The date on which the invoice was issued; m) A description of the product, including the applicable supply chain model (Segregated) n) The quantity of the products delivered; o) Reference to related transport documentation. 	<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>5. Processing</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 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"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	<p>Not applicable to NBPOL or its mills</p>
<p>6. Training</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 are 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</p>

	weighbridge
7. Claims	
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 Namundo Oil Mill Supply Chain 9.9.14

Requirements	Segregation
1. Documented procedures	
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>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>	At this stage there are written/documented procedures for the chain of custody for Namundo Oil Mill <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - Sustainability Manager</p>
1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.	The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline
2. Purchasing and goods in	
2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.	Around 90% of material comes from NBPOL Estates therefore there is no PO. 10 % 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>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>

2.2 The facility shall inform the CB immediately if there is projected over production	There is no projected over production for each mill.
3 Record keeping	
3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	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
3.2 Retention times for all records and reports shall be at least five (5) years.	The certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years
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.	The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB
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.	The supply chain model is clearly indicated on all sales contracts
4. 4 Sales and goods out	
4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: p) The name and address of the buyer; q) The date on which the invoice was issued; r) A description of the product, including the applicable supply chain model (Segregated) s) The quantity of the products delivered; t) Reference to related transport documentation.	The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials. This is included Date of issue of invoice is recorded Description of product is included – including supply chain model This is via an arrival alert that client has received product
5. Processing	
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.	There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated
5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material	All material is RSPO certified

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: <ul style="list-style-type: none"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	Not applicable to NBPOL or its mills
6. Training	
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 are 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
7. Claims	
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 Waraston Oil Mill Supply Chain 11.9.14

Requirements	Segregation
1. Documented procedures	
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 <ul style="list-style-type: none"> a. up to date procedures covering all elements of supply chain requirements 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 	At this stage there are written/documented procedures for the chain of custody for Waraston Oil Mill. Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011 Approved by Harry Brock Responsibility: Sander van den Ende - Sustainability Manager
1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.	The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline

2. Purchasing and goods in	
2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.	<p>Around 87% of material comes from NBPOL Estates therefore there is no PO. 13 % 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>
2.2 The facility shall inform the CB immediately if there is projected over production	There is no projected over production for each mill.
3 Record keeping	
3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	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
3.2 Retention times for all records and reports shall be at least five (5) years.	The certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years
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.	The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB
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.	The supply chain model is clearly indicated on all sales contracts
4. 4 Sales and goods out	
4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:	The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.
u) The name and address of the buyer;	This is included
v) The date on which the invoice was issued;	Date of issue of invoice is recorded
	Description of product is included – including supply chain model

<p>w) A description of the product, including the applicable supply chain model (Segregated)</p> <p>x) The quantity of the products delivered;</p> <p>y) Reference to related transport documentation.</p>	<p>This is via an arrival alert that client has received product</p>
5. Processing	
<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"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	<p>Not applicable to NBPOL or its mills</p>
6. Training	
<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 are 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</p>
7. Claims	
<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>

Actual Certified Palm Production – Previous reporting period (Sept 1 2013-Aug 31 2014)

Mill	Processing Capacity	CPO	PK
Mosa	60tons/hr	53,046	12,933
Kumbango	60tons/hr	59,773	14,706
Numundo	80tons/hr	51,006	13,308
Kapiura	60tons/hr	69,053	16,205
Waraston	60tons/hr	43,499	11,244

Actual Sales of CPO on Etrace over certified period 2013-2014 and PKO certified sales

Month	CPO Certified Sales through eTrace	Month	PKO Certified Sales
Sept 2013	18645	Sept 2013	No loading
October 2013	8258	October 2013	3421
November 2013	30719	November 2013	705
December 2013	4919	December 2013	2039
January 2014	33887	January 2014	2760
February 2014	15446	February 2014	2744
March 2014	26314	March 2014	1003
April 2014	7950	April 2014	2264
May 2014	44188	May 2014	2903
June 2014	12333	June 2014	2757
July 2014	49111	July 2014	3808
August 2014	20515	August 2014	1300
Total	272285	Total	25704
produced	276377	Produced	27921

Actual Certified FFB Received Monthly - Previous reporting period (Sept 1 2013-Aug 31 2014)

	Bebere	Kumbango	Togulo	Dami	Waisisi	Kautu	Kaurausu/ Moroa	Bilomi / Loata
Sep-13	2,874	3,084	1,721	427	928	4,054	4,396	2,310
Oct-13	3,137	3,714	2,158	524	1,019	4,465	4,556	3,120
Nov-13	2,830	3,246	1,896	476	739	5,884	4,852	3,967
Dec-13	2,640	3,330	1,957	621	772	5,992	4,712	3,910
Jan-14	3,337	4,315	2,859	770	1,152	6,890	5,402	5,319
Feb-14	3,479	5,143	2,723	696	1,260	6,357	5,705	5,542
Mar-14	3,740	5,464	2,876	783	1,533	6,699	5,304	5,943
Apr-14	3,896	4,724	2,819	787	1,668	6,444	5,452	5,981
May-14	4,855	6,142	3,083	838	1,636	7,118	6,866	6,787
Jun-14	4,032	5,039	2,794	773	1,463	5,821	5,597	5,593
Jul-14	3,496	5,002	2,790	542	1,526	5,138	4,343	4,895
Aug-14	3,114	4,000	2,211	467	782	3,998	4,010	3,293

	Haella	Garu	Daliavu	Sapuri	Malilimi	Rigula	Numundo	Navarai
Sep-13	4,256	4,463	3,138	2,887	3,434	3,409	2,469	743
Oct-13	5,508	5,991	3,632	3,219	4,072	4,401	2,773	877
Nov-13	4,515	4,634	3,089	2,706	4,729	4,850	2,642	873
Dec-13	4,276	3,789	2,721	2,320	4,394	5,007	2,429	838
Jan-14	5,501	4,591	2,711	2,650	5,180	6,670	3,131	1,197
Feb-14	5,863	4,591	3,378	2,635	4,963	6,046	3,240	1,074
Mar-14	6,502	4,787	3,803	3,201	4,935	5,785	3,406	1,305
Apr-14	6,529	5,392	4,756	3,745	5,055	5,148	2,983	1,033
May-14	8,393	7,169	6,197	5,198	6,696	7,298	3,714	1,272
Jun-14	6,635	6,222	5,275	4,299	5,922	6,930	3,368	963
Jul-14	5,997	5,930	4,172	4,268	4,249	6,007	2,663	859
Aug-14	5,540	5,117	4,078	3,455	3,769	4,206	2,548	709

Month	Karato ME	Vol/ Lot/ Nat/ Gor	Lolo-koru	Silovuti	Hoskins Scheme Smallholders	Kapiura Scheme Smallholders	EU Project Smallholders	Total/month
Sep-13	385	2,380	3,796	451	22,032	2,754	820	77,212
Oct-13	395	2,415	3,625	691	26,512	3,483	846	91,133
Nov-13	347	2,323	3,666	1,007	22,232	3,415	646	85,564
Dec-13	281	2,398	3,965	946	23,719	2,958	987	84,961
Jan-14	414	3,140	5,771	1,036	28,895	3,895	1,149	105,973
Feb-14	375	3,750	6,184	1,043	28,639	3,742	1,144	107,572
Mar-14	507	4,107	7,292	1,188	32,083	4,157	1,206	116,606
Apr-14	491	3,412	5,535	862	32,798	4,695	1,174	115,382
May-14	547	4,395	7,171	1,348	42,143	4,610	1,574	145,050
Jun-14	574	3,132	5,314	806	36,588	4,425	1,367	122,932
Jul-14	388	2,233	3,847	673	30,404	3,981	1,221	104,622
Aug-14	385	2,289	3,465	904	22,951	3,236	1,106	85,632