

RSPO – 1st ANNUAL SURVEILLANCE ASSESSMENT

HARGY OIL PALM LIMITED
BIALLA, WEST NEW BRITAIN PROVINCE PAPUA NEW GUINEA

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Section 1 Scope of the Certification Assessment

1.1 Company Details			
RSPO Membership Number	1-0021-05-000-00 (SIPEF NV Group)	Date	7 th December 2005
Company Name	Hargy Oil Palm Limited		
Address	Private Mail Bag, Kimbe, West New Britain – Papua New Guinea		
Subsidiary of (if applicable)	SIPEF NV Group, Belgium		
Contact Name	Mr. Olivier Tichit		
Website	www.hargy.com.pg	E-mail	ortichit@sipef.com
Telephone	+675 983 1005	Facsimile	+675 983 1191

1.2 Certification Information			
Certificate Number	SPO 535739	Date	Originally registered: 09/04/2009 Latest issue: 05/11/2014 Expiry date: 08/04/2019
Scope of Certification	Production of CPO and PK at Hargy Mill, Barema Mill and Navo Mill and 3 estates as supply bases, namely Hargy Estate (Hargy Plantation and Barema Plantation), Navo Estate (Karla Plantation and Ibana Plantation) and Pandi Estate (Bakada Plantation and Yanaswali Plantation) as well as smallholder growers.		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
EMS 557735	ISO 14001:2004	BSI	08/09/2017

1.3 Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		Easting	Northing
A. Hargy Palm Oil Mill	Refer to Maps below	279,570E	9,412,590S
B. Barema Palm Oil Mill	Refer to Maps below	293,180E	9,422,820S
C. Navo Palm Oil Mill	Refer to Maps below	303,170E	9,436,660S
1. Hargy Estate	Refer to Maps below	284,536E	9,414,212S
2. Navo Estate	Refer to Maps below	303,231E	9,436,674S
3. Pandi Estate	Refer to Maps below	325,297E	9,445,766S

Figure 1. Location of Hargy Oil Palm Limited in Papua New Guinea

PNG Map Showing HOPL Estates

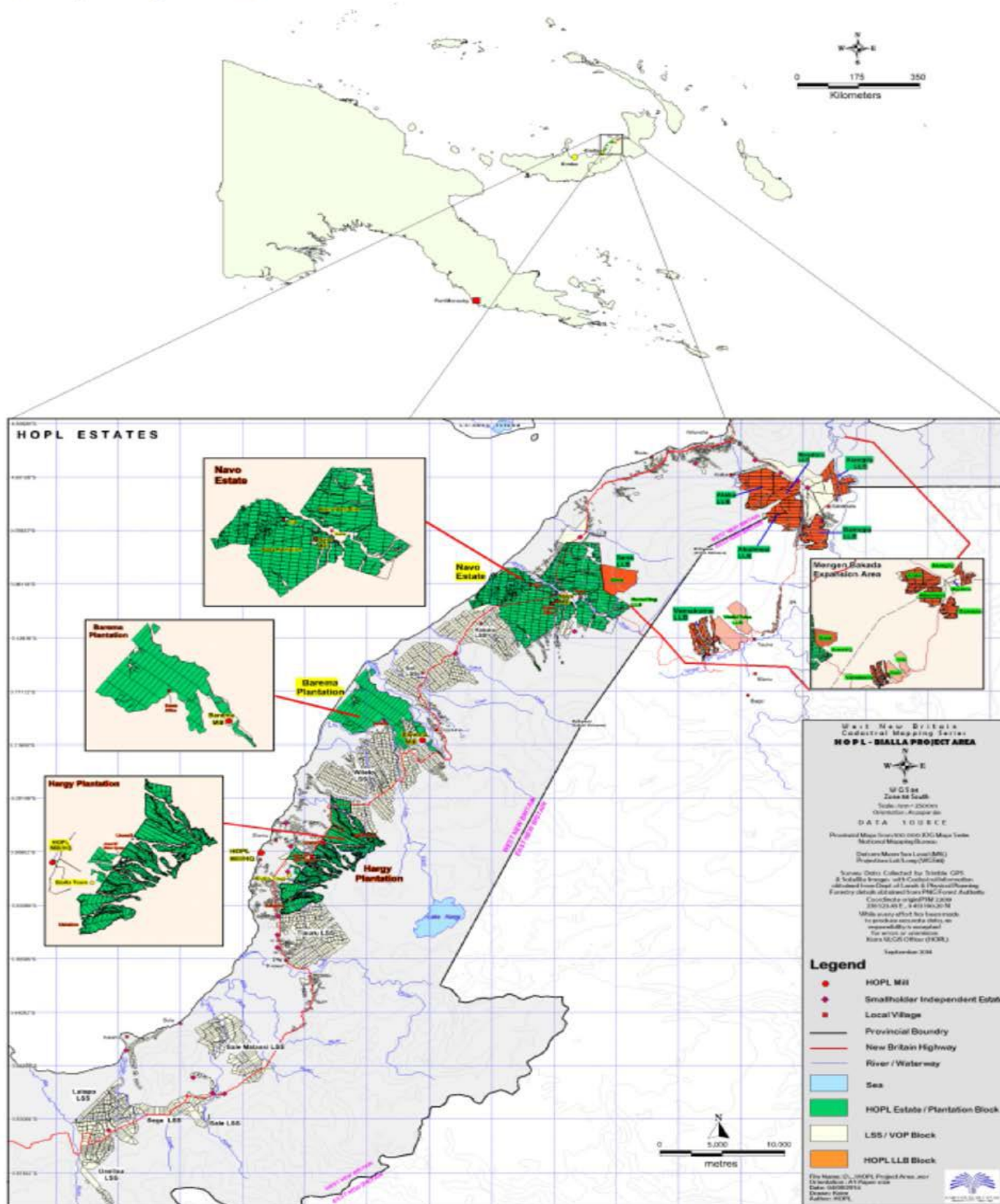
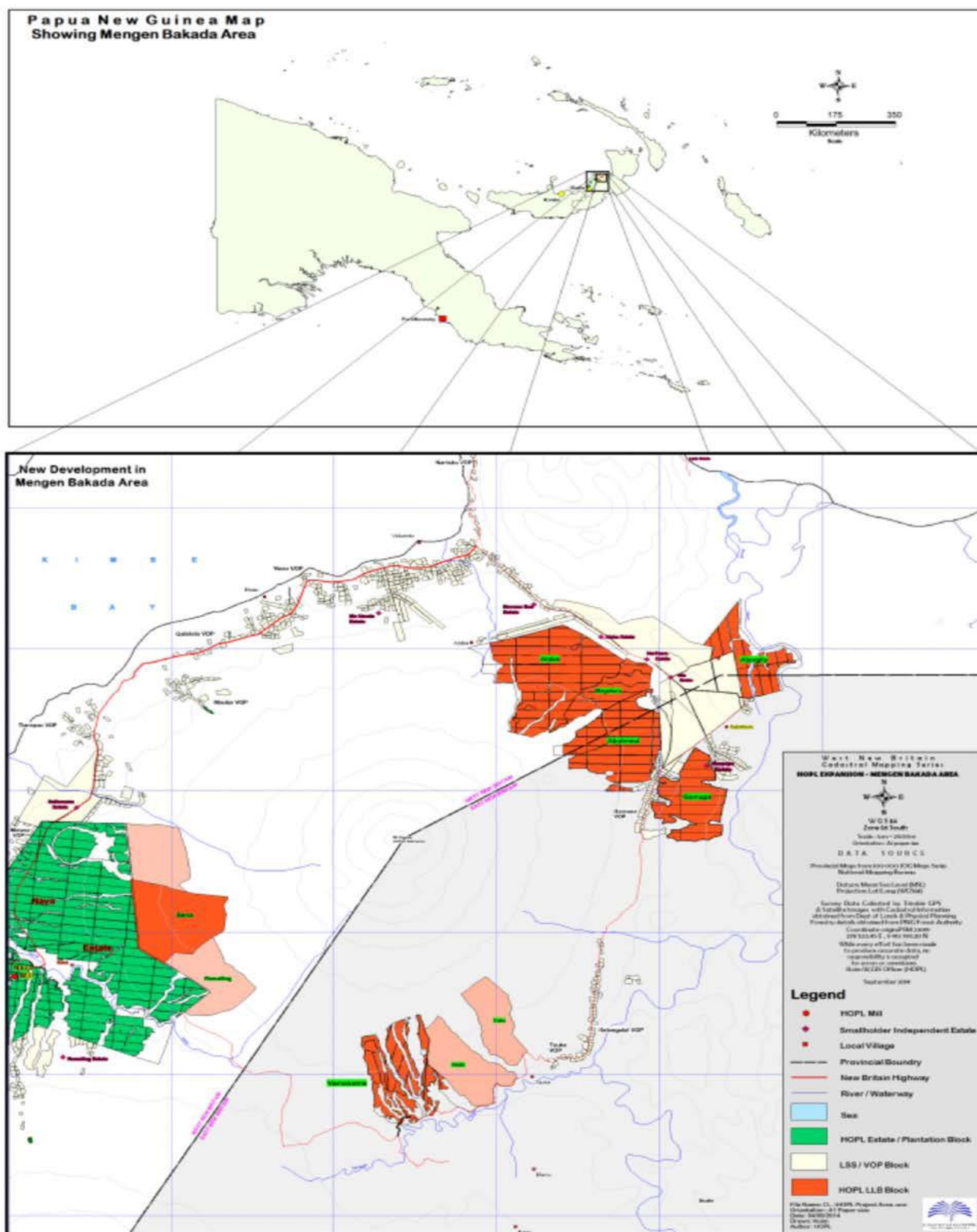


Figure2. Location of Hargy Oil Palm Limited in West New Britain Province, Papua New Guinea



1.4 Description of Supply Base

Estate	Mature (ha)	Immature (ha)	Infrastructure & Other (ha)	Total Planted (ha)	Total Hectarage	% of Planted
1. Hargy Estate	4,529.69	39.50	2,022.79	4,569.19	6,593	69.30%
2. Navo Estate	4,479.28	757.70	1,223.02	5,236.98	6,460	81.10%
3. Pandi Estate	1,536.53	1,677.65	3,756.81	3,214.18	7,024	45.75%
<i>Sub Total</i>	<i>10,542.50</i>	<i>2474.85</i>	<i>7,002.62</i>	<i>13,020.35</i>	<i>20,077</i>	
4. Outgrowers (Associated Smallholders)	12,506.00	1,338.00	-	13,844.00	14,037	98.62%
Total	23,051.50	3,812.85	7,002.62	26,864.35	34,114	78.74%

1.5 Plantings & Cycle

Estate	Age (Years)					FFB Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 25	26 - 30	Estimated (Previous Year)	Actual (This Year)	Forecast (Next Year)
1. Hargy Estate	39.50	2,237.05	2,153.34	139.30	-	132,093	123,144	135,802
2. Navo Estate	757.70	2,426.10	2,033.10	20,08	-	116,366	110,100	125,171
3. Pandi Estate	1,677.65	1,536.53	-	-	-	6,364	11,227	26,068
<i>Sub Total</i>	<i>2,474.85</i>	<i>6,199.68</i>	<i>4,325.74</i>	<i>139.30</i>	<i>-</i>	<i>254,823</i>	<i>244,471</i>	<i>287,040</i>
4. Outgrowers* (Associated Smallholders)	1,338.00	3,594.00	7,081.00	1,232.00	599.00	233,689	203,035	225,174
Total	3,813.85	9,793.68	11,267.44	1,391.38	599.00	488,512	447,506	512,215

*) The total number of associated smallholders as of December 2014 is 3,824 smallholders

1.6 Certified Tonnage

Mill	Estimated (2014)			Actual (2014)			Forecast (2015)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Hargy POM	161,748	37,849	8,896	212,656	49,515	11,696	153,106	35,744	7,655
Barema POM	158,174	37,013	8,700	22,348	5,171	1,229	205,920	48,185	10,296
Navo POM	168,591	39,450	9,273	211,823	48,825	11,650	153,189	35,846	7,659
Total	488,513	114,312	26,868	446,828	103,511	24,576	512,215	119,775	25,610

Section 2 Assessment Process

2.1 Certification Body:
PT BSI Group Indonesia
Accreditation Certificate No. RSPO- ACC– 019

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 17th Floor, Unit 5
 Jl. Jend. Gatot Subroto Kav. 71-73
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BSi is a leading global provider of management systems assessment and certification, with more than 60,000 certified locations and clients in over 100 countries. BSi Standards is the UK's National Standards Body. BSi provides independent, third-party certification of management systems. BSi has a Regional Office in Singapore and an Office in Kuala Lumpur.

The approach to the audit was to treat each mill and its supply base as an RSPO Certification Unit. The mill was audited together with the 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. The comments made by external stakeholders were also taken into account in the assessment.

There is a change noted in the estate/plantation name and management arrangement. Hargy Estate is now consists of Hargy Plantation and Barema Plantation. Navo Estate consists of Karla Plantation and Ibana Plantation. Pandi Estate consists of Bakada Plantation and Yanaswali Plantation.

For smallholder assessment, BSI is using formula $(0.8 \times \sqrt{3824})$ to get 49.47 samples, rounded up into 50 samples – as minimum number of smallholder to be assessed. The actual number of smallholder audited was 50 smallholders. The smallholder sample plots visited was independently chosen by audit team, comprising different scheme – Village Oil Palm (VOP) and Land Settlement Scheme (LSS) smallholders.

There are two major nonconformities and two minor nonconformities identified during this 1st surveillance audit. Management is able to close out all major nonconformities. Two minor nonconformities will be verified during subsequent surveillance visit. In addition, there are 12 observations due for check in the next surveillance.

The following table would be used to identify the locations to be audited each year in the 5 year cycle

2.2 Assessment Program					
Name(Mill / Supply Base)	Year 1	Year 2	Year 3	Year 4	Year 5
Hargy POM	X	X	X	X	X
Barema POM	X	X	X	X	X
Navo POM	X	X	X	X	X
1. Hargy Estate	X	X		X	X
2. Navo Estate	X		X	X	X
3. Pandi Estate		X	X		X
4. Associated Smallholders	X	X	X	X	X

Tentative Date of Next Visit (Re-Certification): 01/13/2016

Total No. of Mandays: 20 Mandays

2.3 BSI Assessment Team:

Pratama Agung Sedayu – Assessor (Lead Auditor)

He graduated from University of Jenderal Soedirman on 2008, majoring in Social Economic of Agriculture. He involved in RSPO certification since 2009 as a team member covering assessment against RSPO P&C in Indonesia, Malaysia and Papua New Guinea. He completed the ISO 9001, ISO 14001 and OHSAS 18001 Lead Auditor Course, HCV Identification and Management; ISPO Lead Auditor endorsed Course and RSPO Lead Auditor Course. During this assessment, he assessed on the aspects of legal, estate best practices, and Health and Safety as well as smallholder assessment.

Aryo Gustomo - Team member

He holds degree in Agriculture science and graduated from Bogor Agriculture University. He is a specialist in oil palm plantation with Agronomy background. He had more than 5 (five) years working experienced related to oil palm industries i.e. as a Plant breeder/agronomist in the one of Malaysian oil palm seed producer, and as a field assistant in oil palm Plantation Company in Indonesia. Several relevant Training he has completed include ISO 9001 and 14001 Lead Auditor, RSPO Lead auditor endorsed courses which also covered RSPO SCCS, Social Report Assurance training, ISPO auditor training, and training on HCV identification and management. Currently he works for BSI Group based in Jakarta office as a RSPO scheme manager and one of the BSI qualified RSPO lead auditor. He had been involved in several RSPO certification audits including New Planting Procedure assessment as a lead auditor/auditor with geographical audit experiences cover Indonesia, Malaysia, Thailand and Liberia. During this assessment, he mainly focused on the aspect of legal, environment, mill, estate, and smallholder best practices; working safety and emergency preparedness, and supply chain requirement for CPO mills.

Rod Nixon – Team member

He holds Masters Degree in Political Science from University of Melbourne, 1996 and PhD in Political Science from Charles Darwin University, 2008. He had vast experience in social and environmental study in Australia, Timor-Leste, Indonesia, Papua New Guinea and Vanuatu. Social/political scientist with special interests in social impact assessment, non-state justice and conflict resolution systems, customary land tenure systems, sustainable governance, political economy and rural development (including agricultural development) in subsistence and post--conflict contexts. He involved for numerous Asian Development Bank projects as consultant. He speaks Bahasa Indonesia, Pidgin and basic Tetum. He is an approved RSPO HCV Assessor and Team Leader. During this assessment, he mainly focused on the aspect of land tenurial, social, internal and external stakeholder consultation, HCV and smallholder best practices.

Primas Kapi – Technical Expert

She is a Papua New Guinea citizen. She holds master of Arts Honours in Development Studies majoring in Community Development, from University of Auckland in New Zealand; Master of Applied Science, Coursework, with Major in Agriculture and Rural Development from University of Western Sydney-Hawkesbury Sydney Australia. She has been involved in many projects in term of Environment, social impact, poverty reduction for community in Papua New Guinea. She completed Fair Trade Training, Biodiversity Conservation, Protected Area Establishment and Management training during her professional work. She speaks English and Pidgin. During this assessment she helped audit team in environmental and PNG legal requirements as well as audit with smallholders.

Accompanying Persons: -nil-

Section 3 Assessment Findings

3.1 Details of audit results are provided in the following Appendix:

Criterion / Indicator		Assessment Findings	Compliance
PRINCIPLE 1: COMMITMENT TO TRANSPARENCY			
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.			
1.1.1	There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making. - Minor compliance -	Hargy is able to demonstrate that all information requests have been provided with response. Each information request is being sorted and organizes to each responsible unit. Sample seen: On 25 th February 2015, Mr.Steve Knowles from Malaria initiative request information of Hargy Oil Palm Limited project site map, responded on same date. Associated Smallholders: Smallholder Affair Manager has manages information request and responses under a list. The list recorded the information request and response provided made in timely manner. Smallholder Growers can demonstrate all relevant information upon request. Some documentation is kept with OPIC extension officer and available upon request.	Comply
1.1.2	Records of requests for information and responses shall be maintained. - Major compliance -	Each unit has a record for information and responses. Head office keeps the main register. Sample seen: Dated 5 th November 2014 from Mr.Gabriel Kipoil, request for waste management plan. The purpose is to determine types of waste being discharge to Barema, response provided on same date. Closing date on 10 th November 2014. In Hargy Estate: Letter from contractor of school bus transportation, Mr.Paul Awi Kaki dated 29 th January 2015, responded by plantation manager on 21 st February 2015. Associated Smallholders: Smallholder Affair Manager has manages information request and responses under a list. The list recorded the information request and response provided made in timely manner. Smallholder Growers can demonstrate all relevant information upon request. Some documentation is kept with OPIC extension officer and available upon request.	Comply
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.			

Criterion / Indicator		Assessment Findings	Compliance
1.2.1	Publicly available documents shall include, but are not necessarily limited to: • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). - Major compliance -	HOPL update a list (datum 2015) of documents approved for different audiences. This document indicates the nature of documents and the level of availability/confidentiality. The document register provided by HOPL is a list of key documents and those indicated as publicly available were sighted by the Auditing team on notice board. Document seen: Occupational Health and Safety Plan are available. Was reviewed on the 7th February 2015 and issued on the 23rd February 2015 (criterion 4.7); Action Plan for continual Improvement in Sustainable Performance issued on the 20th February 2015 (criterion 8.1). List of publicly available document: - Land titles/user rights (available upon GM approval); - Occupational health and safety plans; - Social Impact Assessment & Social Management Plan; - HCV documentation; - Pollution prevention and reduction plans (Criterion 5.6) – available under document Action plan for continual Improvement in Sustainable Performance issued 20th February 2015; - Details of complaint and grievances; - Negotiation procedures; - Continual improvement plans – available under document Action plan for continual Improvement in Sustainable Performance issued 20th February 2015; - Public summary of certification assessment report; - Human right policy; Associated Smallholders: A set of policies, similar to Hargy Oil Palm's documented policies are available at Smallholder and OPIC office. Based on visit and interview with smallholder, out growers receive information on health and safety policy, waste management plan, human right policy, domestic violence and a sexual harassment policy during "OPIC field day".	Comply
Criterion 1.3: Growers and millers commit to ethical conduct in all business operations and transactions.			

Criterion / Indicator		Assessment Findings	Compliance
1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. - Minor compliance -	The company has established code of ethical business conduct, dated 17th November 2014. Hargy has communicated this code of conduct to the workers, e.g. on 25th November 2014, attended by 66 workers (attendance list and photograph as evidence). Navo plantation conducted dissemination to its worker on 12th November 2014. Based on stakeholder consultation; receipt of Ethical Code of Conduct and observance of integrity in operations confirmed by suppliers, including Mr.Patrick Gregory (from Mooreworx PNG Ltd) and Mr.Greg Malai, Sena Oil Palm Estate Chairman. Associate Smallholders: Based on interview with OPIC and smallholder members, the policy has been disseminated. Record shows the code of ethical conduct has been communicated to OPIC extension officers in 30th June 2014. Smallholder members interviewed are able to explain implementation code of ethical such as no cheating on production figure, no bribery, etc.	Comply
PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS			
Criterion 2.1 There is compliance with all applicable local, national and ratified international laws and regulations.			

Criterion / Indicator		Assessment Findings	Compliance
2.1.1	Evidence of compliance with relevant legal requirements shall be available. - Major compliance –	A Register of Legal and Other Requirements covering the applicable local and international laws and regulations had been compiled at the palm oil mills and estates under the operating unit grouping. A legal compliance checklist is used by the Environment Sustainability manager for verification of compliance with legal requirements. The relevant laws and legislations identified and listed cover safety and health, environment, pollution management, chemical handling, usage & storage, schedule waste management, employment laws, building act, housing and amenities. There were no cases of any violation or actions imposed by relevant authorities. Based on the site observations, interviews and records checking at the palm oil mills and estates, there were evidences of compliance with the relevant laws, regulations, local and international laws. Licenses and permits were monitored for their expiry dates and found to be renewed and valid. Specific note: Barema Mill's Certificate of Registration as a Factory expired on the 31st December 2014. This Certificate of Registration is for the two power houses as well. Attached to this was a letter from Kanau Iobuna, the Principal Inspector – Industrial Safety & Trade Licensing Inspectorate stating that he was away on business travel to Fiji and so could not make it for the inspection for certification before the auditors' visit. This letter was dated the 16th February 2015. Associated Smallholders: Smallholder management organization demonstrates knowledge upon main legal requirement and all applicable legal requirements related to operational activities. Based on interview with smallholders, adequate knowledge of main legal requirements is demonstrated. Smallholders do understand their right and responsibilities related to land title, payment of land taxes, use of chemical, agricultural practices, protected fauna act, etc.	Comply
2.1.2	A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance –	Hargy Oil Palm Limited (HOPL) has a documented system of concerned legal legislations. All operating units have written information on legal requirement and this information updated by the Environmental and Sustainability Manager. • Review date of this system was on the 23rd December 2014. • Issue date was on the 24th December 2014. There has been no change since. An Opportunity for Improvement is identified: <i>Copies of all relevant regulations should be kept in mill administration sections for ready access.</i> Associated smallholders: OPIC extension officer and smallholder management received reviewed legal compliance checklist. Any new regulation disseminated during "field days" to smallholder members.	Comply

Criterion / Indicator		Assessment Findings	Compliance
2.1.3	A mechanism for ensuring compliance shall be implemented. - Minor compliance –	Hargy Oil Palm Limited (HOPL) has the Legal Compliance Checklist. This Legal Compliance Checklist was reviewed on the 2 nd March 2015. The written information on legal requirement is used to ensure the compliance by conducting self-evaluation. Associated smallholders: OPIC extension officer and smallholder management received reviewed legal compliance checklist. Any new regulation disseminated during “field days” to smallholder members.	Comply
2.1.4	A system for tracking any changes in the law shall be implemented. - Minor compliance –	The company has a system to track any changes in the applicable law. Environmental and Sustainability Manager is still in process to review the Environment (Amended) Act 2014, Fauna (Protection & Conservation) Act 2014. Associated smallholders: Environmental and Sustainability Manager is responsible for the update and review of new legislations including the legal requirements applicable for associated smallholders.	Comply
Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.			
2.2.1	Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available. - Major compliance -	HOPL provide comprehensive evidence to demonstrate the rightful use of the land. The land department demonstrates all documents relevant to legal ownership, lease of land, land tenure history, list of legal boundaries, land tenure maps. Land department head stated the boundaries are re-marked when required. Audit team conduct field visit to the boundary stones at each estate. Example: Visit to Makakiwa division block 02B01 and 02B02 found boundary pegs. Associated Smallholders: Smallholders that were interviewed with land titles. Small holders are issued with an agricultural lease under Section 56 of the Land Act 1962. These leases are for a period of 99 years. Mr. Leftkas Teniyas of block 1201 was granted a land title on the 24 th November 1978. He has an area of 7.43 hectares. Mrs. Helen Akra of block 1186 was granted a land title on the 24 th November 1978. Mr. Timbangu Nandu C of block 1202 was granted a land title on the 24 th November 1978; He has an area of 6.60 hectares. Mr. Ulku Tawakla of block 6890 was granted a land title on the 24 th November 1978. He has an area of 8.29 hectares. Mr. Peter Selawin of block 7156 was granted a land title on the 24 th March 1981. He has an area of 6.56 hectares.	Comply

Criterion / Indicator		Assessment Findings	Compliance
2.2.2	Legal boundaries shall be clearly demarcated and visibly maintained. - Minor compliance –	Legal boundary markers were sighted and maintained along the perimeters of estate lands which were mapped. Locations of boundary stones/pegs were identified and found to be within the boundary parameters of the estates. Sample checked: Hargy Estate is able to demonstrate their boundary pegs are in place for block 02B01. Associated smallholders: All smallholders visited can demonstrate the legal boundaries/boundary peg around their oil palm parcel. The boundary pegs can be clearly identified.	Comply
2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance –	Hargy Oil Palm Limited shows Land Dispute Grievance register. Several cases included in this register are summarised and series of evidence provided that progress is being made towards resolving these disputes. Small holders interviewed that had disputes: Based on interview and visit to smallholder blocks, there is not significant land conflict noted. An example recorded: Bernard Bingu of block 1185 has a dispute with his younger brother Max Bingu over the land title after their father passed away. Land title was under their father's name, Bingu Gwenokwando but is now under Max Bingu's name. These two brothers to sort this dispute out with relevant government authorities and also using customary laws as well.	Comply
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. - Major compliance –	Hargy Oil Palm Limited shows Land Dispute Grievance register. Several cases included in this register are summarised and series of evidence provided that progress is being made towards resolving these disputes. Associated smallholders: Based on interview and visit to smallholder blocks, there is not significant land conflict noted.	Comply
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). - Minor compliance –	Land Dispute Grievance register (titled Grievance Register) sighted (see 2.2.3). Several cases included in this register are summarised in Section 2.2.2 above and provide evidence that progress is being made towards resolving these disputes. Associated smallholders: Based on interview and visit to smallholder blocks, no disputes over land lease come to their attention. OPIC extension officer is monitoring whenever disputes over customary land occurs. The settlement is then processed by Land Department.	Comply

Criterion / Indicator		Assessment Findings	Compliance
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. - Major compliance –	It is states clearly in the Land Negotiation Procedures that the use of any form of mercenaries and/or para-military force to acquire customary land, or other form of undue influence including use of bribes to acquire alienated land is discourage by Hargy Oil Palm Limited. Extensive interviews confirm that HOPL is compliant with the requirement. Respondents interviewed include former and current police officers, camp/compound warders, contractors, and other stakeholders.	Comply
Criterion 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.			
2.3.1	Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities). - Major compliance –	Hargy Land Office has a set of maps indicating the land of each customary owner. The extent of state land is also indicated in the map. Associated smallholders: Smallholder manager office and OPIC office maintain map of all smallholder blocks.	Comply

Criterion / Indicator		Assessment Findings	Compliance
2.3.2	Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include: a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. - Minor compliance –	Record of negotiated agreement process is available. Sample of documents taken: Remaling ILG Just out the back of Navo. Not yet planted. At the request of the customary group / current land group (although needs to be re-incorporated under new act, within 5 years, in accordance with which everyone can only have one piece of customary land based on birth certificate) Hargy is developing this with first stage of underbrushing. Check On Remaling Documentation: The original location was intended to be to the east of the present site, but the current site was settled upon on in the course of discussions/negotiations. Records of these go back to 2012 in the file. There have also been discussions with the people at Ulamona Abuna about lease-lease back, but they started cutting Camarari trees down and guys who did not get the benefit for these took them to court. This documentation is sufficient to demonstrate FPIC is respected in land tenure/acquisition process. Associated smallholders: Smallholders under Land Settlement Scheme have their oil palm plantation from government, back from 1970's.	Comply
2.3.3	All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements. - Minor compliance –	Relevant information including impacts assessment available in appropriate forms and language (Tok Pisin). Associated smallholders: Relevant information available in Tok Pisin. OPIC extension officers and HOPL smallholder officers are talking Tok Pisin.	Comply

Criterion / Indicator		Assessment Findings	Compliance
2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. - Major compliance –	Records available shown that communities are represented through representatives of their own choosing. From records it was evident that the land owner and/or chief represent their tribe for the ownership of the land.	Comply
PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY			
Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.			

Criterion / Indicator		Assessment Findings	Compliance
3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance -	General Manager provides a five year business plan for Hargy Oil Palm under "Hargy Oil Palm Limited 2015 Budget Book". There are business plans in place that take into account crop projection, mill extraction rates, costs of production, annual replanting programmes. The business plan takes into account financial indicator such as inflation, foreign currency, economic insight, etc. Business plan objectives: HOPL to plant additional 2,000 Ha in 2015-2016; HOPL to plant 200 Ha of Hargy Plantation and plan for full replanting of further 2,000 Ha in year 2016 – 2018; HOPL to maximize production from smallholders; HOPL to produce 650,000 tonnes of FFB per annum; HOPL to achieve an extraction rate of CPO extraction rate 24% and PKO extraction rate 2,2%; HOPL to achieve a cost of production of <\$450 per tonne; HOPL to maintain RSPO and ISO 14001 certification; HOPL to engage with local community stakeholders; HOPL to maximize shareholder return and company value; The 2015 target is to achieve FFB from company-owned plantation 287,040 tonnes, Smallholder plots 225,174 tonnes - in total 512,214 tonnes. To have oil extraction rate (OER) 23.4%; PKO extraction rate 2.00%; FFA <4%; CPO 119,775 tonnes; PKO 9,946 tonnes; New planting 1,000 Ha; Replanting 200 Ha. Forecasts are in place for the next 5 years. The Five Year plan is reviewed on a yearly basis. Assumption based on exchange rate, price of CPO and PK, production data and revenue. Another significant change noted is the estate/plantation name arrangement. Hargy Estate is now consists of Hargy Plantation and Barema Plantation. Navo Estate consists of Karla Plantation and Ibana Plantation. Pandi Estate consists of Bakada Plantation and Yanaswali Plantation. Associated smallholders: The five year business plans covers the associated smallholder' production estimation, cost structure and improvement plan. This is including the extension services (irrevocable fertilizer, pest and disease management and training).	Comply

Criterion / Indicator		Assessment Findings	Compliance
3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance –	Hargy Oil Palm Limited is able to demonstrate the 5 years Development and Replant 2014. Hargy Estate planned to replanting 139.30 Ha of 1994 oil palm – in Area 9 for budget 2015. But based on review, the plan was altered. For 2015, Hargy Estate will replant the 231.60 Ha of 1997 oil palm – in Area 11 for 2015. This was based from Estate Manager proposal to replace the area 9 with area 11. The proposal was reviewed and agreed by Head of Plantation. For Navo Estate, there will be no replanting until year 2019, for 257.41 Ha of oil palm 1998 in Field 11. Associated smallholders: Hargy Oil Palm prepared the replanting plan for smallholder members. Smallholders must follow the assessment similar to new development approval process.	Comply
PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS			
Criterion 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.			
4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. - Major compliance –	Hargy Oil Palm Limited has Management Guidelines (MG) for Estate and Mills operations. Standard Operating Procedures (SOP) available for each processing station from FFB weighbridge to CPO dispatch in each mill. HOPL has a set of Plantation Practices guidelines under Management Guidelines. HOPL management guidelines is covering nursery, new development practices, plantation upkeep practices, pesticide practices, harvesting practices, compound management practices and hydrocarbon management practices. For smallholder assessment, BSI is using formula $(0.8 \times \sqrt{3824})$ to get 49.47 samples, rounded up into 50 samples – as minimum number of smallholder to be assessed, representing smallholder population. The actual number of smallholders audited was 50 smallholders. The smallholder sample plots visited was independently chosen by audit team, comprising different scheme – Village Oil Palm (VOP) and Land Settlement Scheme (LSS) smallholders. Associated smallholders: Smallholders are following management guidelines and RSPO P&Cs. OPIC extension officer provide evidence of communication of best practices to all associated smallholders such as training records, handbook distribution and field day attendance. All records are available within OPIC office and each respective smallholder visited.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.1.2	A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance –	A mechanism for monitoring consistent implementation of procedures is in place for mill operation and plantation activities. The mechanism is regulated under SOP for Internal audit. Internal audit conducted on regular basis to ensure consistent implementation of the standard. Head of Plantation conduct monthly internal monitoring to check the consistent implementation of plantation procedures. Log book are being prepared and completed for all mill SOP's at the frequency required. Associated smallholders: Associated smallholder management has similar mechanism to monitor consistent implementation of RSPO P&C through internal inspection. OPIC extension officer has prepared an internal inspection programme to monitor the consistent implementation of all RSPO P&C requirements. The monitoring covers diverse aspects such as oil palm plantation best management practices, waste management, wildlife and environmental conservation, etc.	Comply
4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance –	Hargy Oil Palm Limited internal audit plan for RSPO has established for 2014 and 2015. There were 4 sets of internal audits planned and conducted in 2014 with each site being audited twice. A total of 180 NCs (RSPO and EMS) were raised and summarized in the HOPL Internal Audit Non Conformance Register 2014. All NCs raised were recorded in the Non Conformance Form and 61% were closed as at 12th February 2015. Other records maintained included Internal Audit Meeting Record Sheet and Internal Audit Reports. Hargy Oil Palm Limited internal audit plan RSPO was also established for 2015 and contained information such as sites, audit dates and auditors. Hargy Estate demonstrates a number of monitoring: Internal memorandum, dated 20th February 2015 against field 03 loose fruit collection; inspection to supervisor by division manager related to harvesting activities; Internal Memorandum, dated 18th November 2014 from Head of Plantation Manager. Few action plan taken: get harvest round below 14 days – done, complete sanitation before year's end – on going, stop tractors taking short cuts through the plantation – done, complete the CapEx monies – done; Associated smallholders: OPIC extension officers conducted monitoring of smallholder operations through inspections. OPIC demonstrate evidence of associated smallholder compliance against management standard in order to meet RSPO requirement. The compliance evidence available under "Block inspection" records that demonstrate consistent implementation are held by the OPIC.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	Hargy Oil Palm Limited's palm oil mills do not received FFB from third-party. All of the FFB received from company-owned estate and/or associated smallholders. An Observation is raised: <i>Hargy mills need to ensure all records related to supply chain documentation to be adjusted identification from Module SG into Module IP.</i>	Comply
Criterion 4.2 Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.			
4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance –	The company has procedures for good agriculture practices to maintain soil fertility. The procedures consist of manual and mechanical inorganic fertilizer application and organic fertilizer through Empty Fruit Bunches (EFB) application. In Navo plantation, land application practiced. Associated smallholders: The smallholders applied fertilizer once/year for producing palms four years of age and above. The type of fertilizer used is Ammonium Sulphate and Muriate of Potash. Fertilizer rates are determined by field trials with OPRA. There are a range of soil types within smallholder plantings.	Comply
4.2.2	Records of fertiliser inputs shall be maintained. - Minor compliance –	Hargy Oil Palm Limited is able to maintain record of fertilizer input for company-owned estate and smallholder. Records of fertilizer inputs are maintained. For example, Hargy estate recorded fertilizer application from block 95A03 – 1 0103, applied Urea 74 bags/3,700 kg in July 2014; fertilizer application from block 02B02 – 1 0202, applied TSP 48 bags/2,400 kg in July 2014. Associated smallholders: Hargy provided the fertiliser and delivers the fertiliser to the associated smallholder based on the Irrevocable Fertiliser Order signed by the smallholder. Record of fertilizer input is available with each smallholder and OPIC officer.	Comply
4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance –	Hargy Oil Palm Limited is able to demonstrate periodic tissue and soil analysis. Periodic tissue and soil sampling carried out by Agronomy. Tissue sampling is taken on annual basis and soil sampling is conducted on 5-yearly basis. Hargy Oil Palm Limited then developed fertilizer recommendation based on periodic tissue and soil analysis result. HOPL manages to demonstrate the soil sampling for the new development area, as part of Environmental Impact Assessment prior to development.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance –	Oil palm by-products such as palm fronds, EFB, effluent and solid are recycled and utilized as additional organic matter. These materials are used as nutrients and are put in place to improve organic matter and to substitute or supplement inorganic fertilizer. Palm fronds are also used to prevent erosion following pruning and after harvesting of FFB. In Navo plantation, land application using palm oil mill effluent practiced. Associated smallholders: Smallholders are recycling the organic nutrient from frond stacking.	Comply
Criterion 4.3 Practices minimise and control erosion and degradation of soils.			
4.3.1	Maps of any fragile soils shall be available. - Major compliance -	Hargy Oil Palm Limited is able to demonstrate maps of fragile soil. HOPL estates are surrounded by volcanoes. The soil type is volcanic soil, which is naturally fertile but in the same time prone to surface run off and erosion. Soil maps for each plantation is available, which indicate the soil texture to be clay loam to silty clay loam, sand to loam sand, loam to sandy loam, heavy loam to sand clay loam, organic loam to sand clay loam, silty clay. There is no peat soil identified on Hargy, Navo and Pandi plantation. Associated smallholders: Hargy is in coordination with OPIC in providing maps, indicating area with fragile soil. The main characteristic on smallholder plots is similar with plantation side.	Comply
4.3.2	A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance –	Hargy Oil Palm Limited continues to maintain soil fertility and minimize erosion. The risk of erosion is assessed and records in the form of a field inspection sheet are kept and are further documented in OMP 8. This includes both associated smallholder and HOPL estates. The assessment includes run off from roads and effectiveness of road grading programmes to prevent erosion with regards to drainage. Inspections also check on the amount of cover crop, for new and old plantings especially in steeper areas and replanting of cover crop done where required to ensure that risks of erosion are reduced and eliminated when possible. Associated smallholders: Smallholders do not plant on area with steep slope. Smallholders maintain natural vegetation as ground cover to minimize erosion.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.3.3	A road maintenance programme shall be in place. - Minor compliance –	Road maintenance programme is available. Hargy: To have grading work and compaction for main access of Div.I Makakiwa at February 2015, Spot patches and gravelling of Div.I Makakiwa Field on week I-IV of March 2015. Navo Estate: To have grading work and compaction – spot patches and gravelling – desilting and relieve on week I, II and III of March 2015. Associated smallholders: Road maintenance work is controlled and monitored. Road access to smallholder blocks is in good condition.	Comply
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Major compliance –	N/A. Based on soil map, there is no peat soil in the area.	Comply
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the longterm viability of the necessary drainage for oil palm growing. - Minor compliance –	N/A. Based on soil map, there is no peat soil in the area.	Comply
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance –	Techniques to control erosion include the following: provision of adequate legume ground cover, avoidance of over spraying of herbicides, review of road design and provision of adequate maintenance including appropriate drainage and use of culverts. Associated smallholders: Most of the smallholder blocks in HOP area are planted on flat land and soil erosion is not a concern. In addition, ground cover is maintained, frond stacking practiced on smallholder blocks. For area near waterways, natural vegetation maintained to minimize surface run-off.	Comply

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.4 Practices maintain the quality and availability of surface and ground water.			
4.4.1	An implemented water management plan shall be in place. - Minor compliance -	Water management plan was updated in February 2015, comprise of water extraction, for domestic use, tank cleaning procedure, for nursery, for mill uses, wastewater discharge. Palm Oil Mill Effluent treatment, Sewage treatment plant effluents, waste water mills. Water sampling and location inventory and schedule, water quality and effluent monitoring program. Hargy Estate shows the Water Management Plan issued by Sustainability Manager on 15 th February 2015, authorized by General Manager. The water management plan is guiding company water supply, use and discharge; mitigation against negative impact; prevention and mitigation of pollution incidents; conserving water. Ground water is pumped from Hargy mill, Makakiwa Division 1, Barema Estate and Mill, Urumaili Division 2. Water usage for mill process, workshop, pesticides, compound use,	Comply
4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -	Company effort is to maintain buffer zone 50 meters from permanent rivers and stream of >5 meters width; maintain buffer zone 10 meters on either side of small streams width >1 meters and < 5 meters and flows years round; 100 meters from the high tide mark from sea shore; Routine reporting of monitoring result, incident reporting. Associated smallholder: Smallholder with oil palm plantation near river understood the requirement to sets distance to protect the water courses. Smallholder let the natural vegetation grows. For example, Mr. Toga Makovu from VOP block No.04, maintains (more than) 50 meters buffer zone to Tiauru river.	Comply
4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance -	Hargy Oil Palm monitors the performances of palm oil mill effluent installation. The BOD off waste water was tested monthly. Record shows the result was complied with regulation, for instance: at Navo Mill: 84 mg/L for September 2014, 340 mg/L for October 2014, 310 mg/L for February 2015. These complied with allowable limits for Land Application.	Comply
4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance -	Mill water usage was done in daily basis and calculated into Yearly water usage per tonne FFB. There is 5 years trend water usage per tonne FFB of Navo Mill (2010-2014) and shows the water usage was increased up to 1.8 M ³ /tonne FFB on 2014 for processing and boiler used. Mill manager has been aware that the increment was because during 2010 and 2011 the flow meter was broken and it has replaced on 2012 with correct flow meter. Mill manager has programme to improve efficiency in water usage and on progress in the implementation up todate.	Comply

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.5			
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.			
4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -	Hargy Oil Palm Limited (HOPL) has an Integrated Pest Management plan. The Pest Management Plan, includes Methods of reducing pesticide usage and justification of agrochemical use. The pest management plan started with early warning system or pest monitoring. The pest monitoring performed by agronomy department. Pest monitoring report dated 24 th February 2015 for Ganoderma identification in Area 1. Standing dead palms are removed. Associated smallholders: Early stage of pest monitoring conducted by smallholder themselves. If there is infestation, smallholder member report to OPIC officer and request field verification from PNG-OPRA.	Comply
4.5.2	Training of those involved in IPM implementation shall be demonstrated. - Minor compliance –	Hargy Oil Palm Limited is able to demonstrate the training on integrated pest management. Hargy Estate: Raymond Balla and Yammey Bayang, division managers were attended the Pest and Disease Control dated 10 th October 2014. Associated smallholders: Based on interview with smallholders, Mr. Jimmy Kolosi block No.10373; Mr. Michael Yopa block No.10388; Mr. Siki Wiat block No.10379 have joined field day from OPIC officer. The smallholders received training on pest and disease identification during the field day.	Comply
Criterion 4.6			
Pesticides are used in ways that do not endanger health or the environment.			
4.6.1	Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available. - Major compliance -	Documented justification of all agrochemical use is available under Approved Product List for use in industrial and agricultural application, informing the product name, type of pesticide, active ingredients, LD50, approved agricultural use.	Comply

Criterion / Indicator		Assessment Findings				Compliance																																																						
4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	HOPL is able to demonstrate the records of pesticide use for all estates under Toxicity Analysis. The Toxicity Analysis for all estates records back from 2010 – 2014. Targeted Trunk Injection in Hargy Plantation dated 10 – 25 th February 2015, total palm drilled 6,797 palm, total hectares 53.106 Ha; Amount of active ingredient applied for Hargy plantations:																																																										
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Criterion / Indicator		Assessment Findings	Compliance
4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance -	Hargy is phasing out paraquat in 2014, the current use limited to the stock from last year. WHO class 1B, in form of Methamidophos is in use, with strict control and monitoring from PNG OPRA (Oil Palm Research Association). Associated smallholders: There is no use of paraquat in smallholder blocks.	Comply
4.6.5	Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7). - Major compliance -	All agrochemical operators had been given training on the handling and application of the material. Hargy maintains a set of record for sprayer training for herbicide mixer herbicide sprayers and smallholders. All safety and application equipment had been provided and used by the operators. All precautions attached to the products had been observed, applied and understood by the workers. Associated smallholders: Training certificate is evident for smallholder applied agrochemical. The smallholder has standard PPE such as mask, hand glove and gumboot.	Comply
4.6.6	Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3). - Major compliance -	Storage and disposal of all chemicals found to be consistent with the Code of Practice. The disposal of pesticide guideline is available under the Plantation Management Practice – Pesticide Practices. Each estate has chemical shed to store the herbicide and pesticide. Chemical is stored and segregated based on type. The chemical shed has mixing bay and washing basin. All chemical are pre-mixed and no pure chemical to field. All work uniform, PPE and spraying tools are washed and stored in locked room. The estates disposed off the empty herbicide container into landfill. The empty container is triple rinsed and cut into small pieces for ease of transport. Associated smallholders: Smallholder applied agrochemical stored the container, PPE and knapsack in dedicated shed, apart from the housing. The disposal of empty chemical container follows management guideline: triple rinse, punctured and disposed off into landfill.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.6.7	Application of pesticides shall be by proven methods that minimise risk and impacts. - Minor compliance –	Hargy Oil Palm is able to demonstrate that pesticides had been applied in line with management guideline; that minimize risk and impacts. The pesticide operators found to understand the use of the right nozzle, spray drift, spray quality and run-off. Associated smallholders: Smallholder whose applied agrchemical has appropriate PPE, storage and demonstrate adequate knowledge. The disposal of empty chemical container follows management guideline: triple rinse, punctured and disposed off into landfill.	Comply
4.6.8	Pesticides shall be applied aially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application. - Major compliance –	There is no aerial application of pesticide throughout Hargy Oil Palm.	Comply
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated; including provision of appropriate information materials (see Criterion 4.8). - Minor compliance –	Periodic training on pesticide handling had been carried out for the workers and associated smallholders. Information on the pesticides displayed on the notice board and next to the pesticides in the store. Associated smallholders: Training certificate is evident for smallholder applied agrochemical. The smallholder has standard PPE such as mask, hand glove and gumboot.	Comply
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance –	Empty pesticide containers had been used for mixing chemical for spraying in the fields. Others containers had been triple rinsed and punctured and disposed off into landfill. Records of chemical waste involved at the plantation had been verified. Associated smallholders: The disposal of empty chemical container follows management guideline: triple rinse, punctured and disposed off into landfill.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance –	Estates and Mill have a programme of conducting annual medical surveillance of all pesticide operators as per CHRA. Latest medical surveillance for chemical handlers was conducted on July and November 2014 found all workers are fit for work. Interviews with the pesticides handlers and workers present were conducted during on-site field visits. Hargy Plantation: Cholinesterase test for Trunk Injector (using Methamidophos) conducted for 14 new and old applicators, dated 14 th November 2014. Result is available and doctor mentioned all in normal condition. Navo Estate: Baseline health survey for employees using agrochemical. Conducted for 23 sprayers, dated 5 th June – 7 th July 2014. All sprayers found to be fit to work. Based on the feedback received and observation made, they did not display any symptoms of toxic reactions such as skin disorders, rashes, mouth and throat pains, breathing difficulties or nail discolorations.	Comply
4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance –	Pesticide handlers and sprayers in the estates were noted to be men only. It was verified from records, field inspections and interviews that no pregnant or breastfeeding woman had been offered work as pesticide operator.	Comply
Criterion 4.7 An occupational health and safety plan is documented, effectively communicated and implemented. <i>Specific Guidance for 4.7.7: The National Interpretation will define the metrics for LTA. For countries where there are no national interpretations, the growers will determine their own metrics.</i>			
4.7.1	A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored. - Major compliance -	There is an Occupational Health and Safety policy in place for the Hargy Oil Palm Limited (HOPL). Associated smallholders: Smallholders are referring to company's health and safety policy.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.7.2	All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers. - Major compliance -	Hargy Oil Palm Limited has revised the Hazard Identification and Risk Assessment register. This includes the noise exposure monitoring. Associated Smallholders: Smallholder can demonstrate adequate knowledge on health and safety, including safe working practices, use of PPE, accident records, etc.	Comply
4.7.3	All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning. - Major compliance -	Hargy Oil Palm has prepared training programme, including numerous safe working practices for all type of work. PPE provided for general worker, harvester, sprayer, mill operators, etc. EFB Applicators interviewed and all found to be wearing gumboots. Barema mill workers attended the First Aid Training conducted by the PNG Red Cross on the 24th February 2015. Certificates of attendance still to be issued by the PNG Red Cross. Associated Smallholders: Training on safe working practices provided by OPIC extension officer. The safe working practices including harvesting and pesticide application. A number of smallholder interviewed was able to demonstrate certificate for the use and application of pesticide.	Comply
4.7.4	The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded. - Major compliance -	Safety committee members representing sections at the Navo mill are responsible for the safety of the mill. Safety officer coordinates this committee. Barema mill conducts muster safety toolbox meetings when mill is not running. Sighted the recent muster safety toolbox meeting minutes dated the 4th March 2015 which was held at 6:45 – 7:00am and 60 workers attended. The Safety committee members had their first meeting for 2015 in February.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.7.5	Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed. - Minor compliance –	Accident and emergency procedure has been established. A number of trained first aider ready to attend/use first aid boxes, available at various premises. The first aid boxes found to be sufficient. Record of accident/first aid usage is maintained. Associated Smallholders: Accident and emergency procedure has been established. A number of smallholders interviewed has joined emergency training.	Comply
4.7.6	All workers shall be provided with medical care, and covered by accident insurance. - Minor compliance –	Medical care had been provided to all the workers. Medical facilities are ready at each divisional level. Hargy Oil Palm is following government act on accident scheme.	Comply
4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. - Minor compliance –	Records on Lost Time Accident (LTA) metrics had been verified to be satisfactory. Navo Estate: Navo Estate maintains records of Lost Time Incident metrics, from 2013. Incident/Accident report form available, recording accident dated 19th January 2015 victim Venesah Maucon.	Comply
Criterion 4.8 All staff, workers, smallholders and contract workers are appropriately trained.			
4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance –	Training calendar for the year 2015 is available and implemented. Regular assessment of training conducted to ensure understanding among the employees. Trainings conducted include a formal training programme on all aspects of RSPO Principles and Criteria and the Supply Chain Certification System. The various trainings conducted and the training records maintained to be acceptable. <i>Observation from previous assessment:</i> 4.8.1 Several low grade estate employee interviewed, expressed interest in accessing (increased) training opportunities. Encourage HOPL to expand training opportunities to Lower workers.	Comply

Criterion / Indicator		Assessment Findings	Compliance
4.8.2	Records of training for each employee shall be maintained. - Minor compliance –	<i>Observation:</i> There is not adequate evidence Hargy Estate and Navo Estate maintained records of training for each employee.	Comply
PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY			
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 continual improvement.			
5.1.1	An environmental impact assessment (EIA) shall be documented. - Major compliance -	Hargy Oil Palm Limited has an environmental impact assessment document. Hargy Oil Palm Limited Site Specific Environmental Aspects and Impact Register sited. In general critical and supporting activities were identified. Environmental Aspects are separated into significant aspects and then prioritized with regards to the impact. Identification of aspect and impact evaluation has been reviewed and documented in the HOPL Environmental Aspect & Impacts Master Register (Doc. No.HOP-REG-EMS-001-11 dated 6th February 2015) and HOPL Site Specific Environmental Aspects & Impacts Register (Doc. No.HOPL-REG-EMS-004-03 dated 6th February 2015). All major and minor activities were included in these documents for plantation, palm oil mills operations, transport & vehicle workshop, construction, stores and office. Positive and negative impacts were identified and impact level was evaluated as significant or non significant. Associated smallholders: Environmental impact assessments applicable for smallholder are included in the documented Environmental aspect and impact register. No documented environmental impact assessment at smallholder level. Smallholder interviewed indicated understanding of the environmental impact at their oil palm block. <i>Observation from previous assessment:</i> 5.1.1 Two observations identified in the mills: 1) Apparent absent of noise level monitoring. 2) Empty chemical container identified which is not identified in environmental impact register. Noise level monitoring program and attention to ensuring all chemicals included in environmental impact register required.	Comply

Criterion / Indicator		Assessment Findings	Compliance
5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. - Minor compliance –	The environment impact assessment document is reviewed and updated on annual basis. Procedure HOP-PRO-EMS-003-07 related to environmental objective, target and program has been established. The objective target and program was established and set as a result from the those aspects/impacts that were evaluated as significant and applicable legal requirements, technological options, financial, operational and business requirements and also view of interested parties. The following example of HOPL objectives and targets (updated for 2015) are approved by General Manager on 6th February 2015: - Compliance to Environment Permit conditions during land clearing; no new planting done without signed approval of ESD Manager and GM; - Prevent adverse effects caused by ash & smoke from milling operation; maintain 100% compliance to prescribed smoke density; - Prevent major chemical spills in mill chemical storage areas; no major chemical spillage (>100L); - Treat POME to permissible discharge parameters before discharge to water; maintain 100% compliance to permissible discharge parameters; - Prevent major petroleum hydrocarbon spills; no major (>100L) petroleum hydrocarbons spills; - Prevent sludge tank & pit overflows; no uncontrolled overflows from sludge tanks & pits at all mills; - Prevent road accidents leading to CPO spillage during transportation; maintain zero CPO tanker accidents and/or spills; - Prevent palm oil spill into sea during shipment; zero spills; etc. Associated smallholders: HOPL smallholder manager helps OPIC to review the environmental impact assessment. There was not much of environmental impact changes from time to time, with respect to smallholder operations.	Comply

Criterion / Indicator		Assessment Findings	Compliance
5.1.3	This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts. - Minor compliance –	Environmental Procedure - Internal Audit, Doc. No.HOP-PRO-EMS-016-07 dated 20th January 2014 has been established. HOPL internal audit planned RSPO/Environmental Management System has established for 2014. 4 sets of internal audits were planned and conducted in 2014 with each site being audited twice. A total of 180 NCs (RSPO and EMS) were raised and summarized in the HOPL Internal Audit Non Conformance Register 2014. All NCs raised were recorded in the Non Conformance Form (HOP-FOR-EMS-001-03) and 61% were closed as at 12th February 2015. Other records maintained included Internal Audit Meeting Record Sheet (HOP-FOR-EMS-020-02) and Internal Audit Reports. HOPL internal audit plan RSPO / EMS was also established for 2015 and contained information such as sites, audit dates and auditors. Only one audit - EMS system audit has been completed on 11th February 2015. Data found in the HOPL Objectives and Targets (Updated for 2015) also indicated that from January 2014 to December 2014, HOPL has met all objectives set except for treat POME discharge to water (Hargy 83% and Barema 74%) and treat POME discharge before land irrigation (Navo 65%). As part of the audit, the monitoring of the monitoring of smoke emission for Jan 2015 for the 3 mills - Hargy, Navo and Barema was seen and results were within legal limits. Stated in the procedure that HOPL senior management will conduct the review of the EMS on a yearly basis. Last management review meeting was held on 12th February 2015. The meeting was attended by top management and management level. The meeting covered all review inputs as required by the requirement of the standard. Record of meeting was noted in the minutes of meeting of management review. Associated smallholders: HOPL smallholder manager helps OPIC to review the environmental impact assessment. There was not much of environmental impact changes from time to time, with respect to smallholder operations.	Comply
Criterion 5.2 The status of rare, threatened or endangered species and other 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.			

Criterion / Indicator		Assessment Findings	Compliance
5.2.1	Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors). - Major compliance -	Hargy Oil Palm Limited presented a number of HCV documents: - Identification of High Conservation Value Forest at Hargy Oil Palm Plantation Ltd, West New Britain Province, Papua New Guinea prepared by Paulus Kulmoi and Benside Thomas on 29th May - 3rd June 2008. - Baseline Study of Barema Oil Palm Project Area for Hargy Oil Palms Limited West New Britain Province by Paulus Kulmoi (Senior Ecologist), Aida Somake (Technical Officer), Mark Kove (Hydrographer), Nason Yube (Principal Hydrographer); - High Conservation Value Study Mengen, Bakada & Bialla West New Britain Province carried out by Douglas Environmental Service - February 2009. Using HCVF Toolkit 2005. The assessment has taking into consideration the wider landscape-level area. HOPL presented the HCV maps for all values identified in HOPL plantation. In relation to presence of primary forest as at 2005: The HCV report stated that some of the area proposed for Bakada/Mengen area is located on areas which have previously designated as Timber Right Purchase Areas. All of the proposed areas have been logged since 1980s with logging only having ceased recently. Much of the area has been logged up to three times. None of proposed areas for HOPL expansion program are located in areas of primary forest, or that was primary forest as at November 2005. Within the estate some areas are not planted and these habitats are being left in their natural state. None of these areas have been identified as HCVs. They are normally steep areas near river and in gullies. These areas have been maintained and are prospering as there are no incursions into any of these areas.	Comply
5.2.2	Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan. - Major compliance -	HOPL present HCV action plan is accommodating the recommendation from HCV study 2009. Example of HCV Action plan: <i>Recommendation from HCV study 2009:</i> At least 200 meters buffer zone be declared for the proposed oil palm areas surrounding Mount Ulavun volcano to minimize potensial environmental and socio-economic impact from mud flow. <i>HCV Action Plan:</i> There is a 200 meters buffer at Alaba division and mud flow routes are reserved as buffer zone – no planting done. <i>HCV Additional Action:</i> Regular and dedicated monitoring program for buffer zone and HCVs. Associated smallholders: Smallholders understood the need to protect and if necessary re-establish buffer zones along watercourses and the potential use of these buffer zones as wildlife corridors.	Comply

Criterion / Indicator		Assessment Findings	Compliance
5.2.3	There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species. - Minor compliance –	Hargy Oil Palm Limited has a program in place to educate worker on RTE species, under HCV Action Plan. Company also demonstrates commitment to discourage illegal hunting, fishing or collecting activities at dedicated conservation area. Signs have been erected on areas where RTE species identified. Interviews with EFB applicators from Rumaili Compound), female camp residents (Makakiwa Compound, Hargy Estate, Makakiwa Division), Navo excavator operators (who camp out with their machines) and others all confirmed that HOPL had socialized the workforce concerning protection of RTE species. Associated smallholders: The smallholders are aware of the impact of development of oil palm on surrounding natural areas through the OPIC planting approval process (control) as well as through RSPO awareness sessions. Smallholders understood the need to protect and if necessary re-establish buffer zones along watercourses and the potential use of these buffer zones as wildlife corridors.	Comply
5.2.4	Where a management plan has been created there shall be ongoing monitoring: - The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; - Outcomes of monitoring shall be fed back into the management plan. - Minor compliance –	HCV monitoring program is in place. Monthly EHS (Environmental health and Safety) inspection being undertaken by site representatives since 2011 to monitor the condition of these areas. Plantation EHS Monthly Inspection Checklist for Sena/Vamakuma Estate on 16th January 2015, for Pandi plantation on 31st January 2015, for Hargy Estate – Urumaili on 4th February 2015 - indicating the inspection upon buffer zone and conservation area in the estate. However, a minor NC identified: There is not adequate evidence information that RTE species are monitored, documented or reported.	NC Minor
5.2.5	Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights. - Minor compliance –	There is no HCV area identified at local communities land. Associated smallholders: There is no HCV area identified at smallholder oil palm block. The smallholders are aware of the impact of development of oil palm on surrounding natural areas through the OPIC planting approval process (control) as well as through RSPO awareness sessions.	Comply

Criterion / Indicator		Assessment Findings	Compliance
Criterion 5.3			
Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.			
5.3.1	All waste products and sources of pollution shall be identified and documented. - Major compliance –	Identification of aspect and impact evaluation has been reviewed and documented in the HOPL Environmental Aspect & Impacts Master Register (Doc. No.HOP-REG-EMS-001-11 dated 6 th February 2015) and HOPL Site Specific Environmental Aspects & Impacts Register (Doc. No.HOPL-REG-EMS-004-03 dated 6 th February 2015). All major and minor activities were included in these documents for plantation, palm oil mills operations, transport & vehicle workshop, construction, stores and office. Positive and negative impacts were identified and impact level was evaluated as significant or non significant.	Comply
5.3.2	All chemicals and their containers shall be disposed of responsibly. - Major compliance -	The disposal of chemical and/or fertilizer waste regulated in Pesticide Management Guideline. HOPL recorded the quantity of waste recycled or sent to land fill. Associated smallholders: Smallholder whose applied chemical aware of the best practice for disposal of chemical waste. The disposal of empty chemical container follows management guideline: triple rinse, punctured and disposed off into landfill.	Comply
5.3.3	A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented. - Minor compliance –	There is a waste management plan in place and it has been implemented effectively in most areas and is current. In line with waste source identification, the waste management plan has a methodology in place for the management of all types of wastes. HOPL recorded the quantity of waste recycled or sent to land fill. Another record is kept for waste which is delivered to the landfills by outside bodies including from Bialla town and other areas outside of HOPL. There are caretakers managing all major landfills to ensure control in maintained. Each pit and all landfills are located within the required distance from all housing and rivers and streams. A soil permeability test has been performed to mitigate the effect of waste leaching into ground water source. Associated smallholders: Smallholders disposed of domestic refuse into landfill. Organic wastes are being composted. The disposal of empty chemical container follows management guideline: triple rinse, punctured and disposed off into landfill.	Comply
Criterion 5.4			
Efficiency of fossil fuel use and the use of renewable energy is optimised.			

Criterion / Indicator		Assessment Findings	Compliance
	fossil fuels and to optimise renewable energy shall be in place and monitored. - Minor compliance –	environmental objective, target and programme. At Barema Mill - Renewable vs non-renewable energy efficiency for 2014 with results of 2.33 and 0.23 for August and December 2014 respectively. At Navo Mill, the utilization of diesel generator in average are 20 % compare to 80 % of Turbine used.	Comply
Criterion 5.5 Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.			
5.5.1	There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance -	Hargy Oil Palm Limited has a Zero Burning Policy. There is no burning in new developments or at replanting. Burning is not allowed by HOPL and there is no evidence of burning in regards to preparation of land. Associated smallholders: Associated smallholders understood zero burning policy. No fire was used for land clearing and/or control of pest and disease.	Comply
5.5.2	Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance –	There has been no use of fire for land preparation and/or pest control. Field visit to smallholder block, no use of fire for land preparation and/or pest control. <i>Observation previous assessment:</i> 5.5.4 Bialla Clinic medical waste incinerator reported by Clinic source to be incapable of fully incinerating waste. Incinerator door found unable to be locked in accordance with correct procedure. Attention to incinerator required. 2015 Update The medical waste incinerator at Biala Clinic has been repaired by HOPL. Associated smallholders: Associated smallholders understood zero burning policy. No fire was used for land clearing and/or control of pest and disease.	Comply
Criterion 5.6 Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.			

Criterion / Indicator		Assessment Findings	Compliance
5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions; particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -	Monitoring and control of particular emissions from mills have been identified in the Environmental Aspect Impact register. The mill and estate reviewed the environmental impact assessment on potential pollution to water, gaseous emissions to air and contamination on land. Monitoring of mill gas emissions is being done and supported by Ringelmann Smoke Chart. POME treatment, monitoring and land application is monitored, maintained and adhered to environmental act requirement.	Comply
5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance -	Identification of significant pollutants and greenhouse gas (GHG) emissions has been done, for example from POME, diesel/fuel and fertilizer/chemical. Their usage have been recorded and documented at each operating units. The plan to reduce or minimized the GHG emission is included in the Environmental Improvement Plan.	Comply
5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance –	Monitoring and reporting of the significant pollutants to water, gaseous emission to air and contamination on land are in place. The tools and system used is as per Environmental regulation. The tools are calibrated and monitored on regular basis. Water samples were regularly taken and analysed to ensure the treatment meet government requirement. Records are maintained and verified on-site to have met the permissible regulatory limits. Hargy Oil Palm Limited has met all objectives set for treat POME discharge to water (Hargy 83% and Barema 74%) and treat POME discharge before land irrigation (Navo 65%). The Hargy Mill Trade effluent Monitoring for 5 points for December 2014 and for 4 points for January 2015 including Effluent at the following points for BOD, Oil and Grease, PH, Total Suspended Solids and Dissolved Oxygen based on report No.NAL/31 - 32 - WL1 - WL9 by the National Analysis Laboratory. As part of the audit, the monitoring of the smoke emission for January 2015 for the 3 mills - Hargy, Navo and Barema Palm Oil Mill was seen and results were within legal limits.	Comply
PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLERS			

Criterion / Indicator		Assessment Findings	Compliance
Criterion 6.1 Aspects of plantation and mill management that have social impacts, including replanting, 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 continual improvement.			
6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	Social Aspects and Impacts Register document is in place. The identification process was through extensive consultation with employees, contractors, local communities, land owners and other parties for positive and negative social impacts. Associated smallholders: A register of all social impacts on affected communities, (associated smallholder, in particular) is maintained incorporated in the social impact assessment. Environmental and Conservation department maintains records of meetings to discuss all social impacts identified and mitigation effort.	Comply
6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties. - Major compliance -	Stakeholders' consultation was carried out to get stakeholders view of the social impact of the mill and plantation to employees and local communities. Hargy Oil Palm Limited using two methods in collecting stakeholder inputs, through stakeholder consultative meeting and stakeholder feedback questionnaire survey. The latest stakeholder consultation dated 17 th March 2014. Associated smallholders: Smallholders are being consulted as part of Hargy's stakeholder, and vice versa.	Comply
6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -	Social Management by Roland Allbrook titled Hargy Oil Palm Limited "Update of the 2009 Social Impact Assessment & A Social Management Plan (dated November 2013). Also, the proposal for advancing this area includes a plan to hire three staff (Research Assistant; Small Business development Officer and Community Relations Officer) to work as a sub-component of Community Relations to operationalize the monitoring and management of social impacts. Draft notes and duty statements dated November 2013 sighted by Auditor. Associated smallholders: Smallholders are made aware of the main social impacts. OPIC extension officer are actively engage smallholder and encouraged to participate in any mitigation strategy.	Comply

Criterion / Indicator		Assessment Findings	Compliance
6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. - Minor compliance –	Discussions with (a) Lands Department, (b) Peter Toike, Ward 4 Councilor, and (c) Sophie from Community Affairs were undertaken concerning and old village site and a cemetery on the Ibana Plantation. Although HOPL has agreed not to develop these areas, insufficient information concerning these cultural heritage sites appears to have been recorded. <i>An observation identified:</i> Hargy is require to update the Social Impact Assessment and to include cemetery and old village site at Ibana Plantation.	Comply
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance –	A register of all social impacts on affected communities, (associated smallholder, in particular) is maintained incorporated in the social impact assessment. Environmental and Conservation department maintains records of meetings to discuss all social impacts identified and mitigation effort. Smallholders are being consulted as part of Hargy's stekholder, and vice versa. Smallholders are made aware of the main social impacts. OPIC extension officer are actively engage smallholder and encouraged to participate in any mitigation strategy.	Comply
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.			
6.2.1	Consultation and communication procedures shall be documented. - Major compliance –	HOPL has a communication policy issue 3 dated 1st March 2013. The communication policy outlined the provision of information to the public and handling of requests by interested parties for specific information. Associated smallholders: Smallholders are aware of the mechanism for communication and consultation.	Comply
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	The communication and consultation is under Human resource manager. An officer of HOPL has been assigned as the main communication officer with local communities with regards to consultation between growers with local communities. Environmental and sustainability manager is responsible and performs control over the environmental and sustainability related communication. Associated smallholders: Smallholder manager is the person responsible for communication and consultation, with help from OPIC officer.	Comply

Criterion / Indicator		Assessment Findings	Compliance
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	Company has an updated list of stakeholders. The list includes government office (national, provincial, and local), palm oil growers, local community representatives, ILG, NGO, suppliers, and contractors with contact persons, address, and phone number. Record held on file "List of Stakeholder". Associated Smallholder: The list of smallholder's stakeholders is in place. The communication registers at OPIC and Hargy Smallholder Affairs offices are established and kept up to date.	Comply
Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.			
6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -	HOPL has a Grievance Handling Process for resolves disputes under grievance process flow chart. It is available on notice board for internal stakeholders (worker, employee, staff, etc). Inspection of each office confirmed policies available on site. Interview with workers indicated their understanding of the procedures. Each Estate manager is responsible for the management of complaints. A grievance book/register is kept in all estate and mill offices. Associated Smallholder: Smallholders interviewed understood the complaint resolution mechanism. Smallholders mentioned, all problems should be discussed with OPIC extension officer.	Comply
6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance -	Complaints and grievances are handled by respective responsible persons. Outcomes from the actions taken are recorded in different manners, e.g. meeting minutes. Mechanisms are appropriately established and implemented. Records of meeting and any resolutions or outcomes are maintained through Minutes or in Complaints Log. Associated Smallholders: The grievance registers at OPIC and Hargy Smallholder Affairs offices are established and kept up to date.	Comply
Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user 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.			

Criterion / Indicator		Assessment Findings	Compliance
6.4.1	A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place. - Major compliance –	A manual titled Land Negotiation Procedure: A Guide to Acquiring Land for Oil Palm Development. Several flow charts have been prepared for awareness session among stakeholders/land owners concerning the process for establishing new blocks respectively in accordance with the lease-lease back and alienated land approaches.	Comply
6.4.2	A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land. - Minor compliance –	Hargy Oil Palm Limited manages to demonstrate procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented. The procedure taking into account the consideration of gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.	Comply
6.4.3	The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available. - Major compliance –	The process of negotiated agreements is documented by Hargy land office. A number of records sighted related to Vamukuma, Sena (abunava ILG), Tokaviniki, Remaling ILG, etc. As per indicator 1.2.1 above, these records are available for public upon request and management approval.	Comply
Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.			

Criterion / Indicator		Assessment Findings	Compliance
6.5.1	Documentation of pay and conditions shall be available. - Major compliance -	Hargy Oil Palm Limited pays the employees in accordance with minimum wage. The company does received exemption granted by Department of Labour and Industrial Relations, since company provide basic need such as housing, water and electricity. Interview with employees concluded that company payment meet minimum wage standard. Associated smallholders: Most of smallholder growers visited and interviewed does not hired formal employees. Oil palm cultivation activities (i.e. harvesting, pruning, weed slashing) were performed by temporary workers or extensive family members. The payment made in piece rate. For harvesting work, paymeny varies depends on field condition at rate K100-K150/tonnes.	Comply
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. - Major compliance -	HOPL "Employee Handbook" dated January 2013 including relevant detail sighted by Auditor. Hargy Plantation shows Employment Details & Conditions indicating the payment, sickness, holiday entitlement, reason for dismissal. Working hour, deduction and overtime is not discussed in the contract, it is available under the Employee handbook. Employee handbook and company policies are consistently provided at estate division office notice board. Interview with employees suggest they can always go to their division managers if they need to confirm company policy.	Comply

Criterion / Indicator		Assessment Findings	Compliance
6.5.3	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. - Minor compliance –	Hargy Oil Palm Limited provides free housing, water, electricity and medical care for employee and their immediate family members. Company has scheduled public motor vehicles and trucks to take children to schools, and also budgeted for a bus for this purpose. <i>Minor NC from previous assessment:</i> Sewage/septic issues on Hargy Estate compound not being addressed in a timely fashion. <i>Corrective Action:</i> HOPL Engineering will try to pump out current septic overflows at Hargy Division 2 compound. The Company will provide clear advice on how residents of houses with sewage problems must report those issues to enable prompt response. The Company will maintain a record of requests that will included the time and date of receiving a request and the time and date of response. Observation from previous assessment: 6.5.3 Access of lower-level employees to Employee Handbook for easy reference purposes (without necessarily printing on per employee). 6.5.6 Need for arrangements enabling children to access school to be consistently implemented. Improvement in previous Minor NC observed in 2015 as follows: (a) The sewage leak at Urumaili compound inspected and found to have been repaired. (b) Interviewed Mrs. Wasita Keake, the Lus Fruit Overseer, Mr. Joanis Ape, a Harvester and Mr. Jacob Heo an Upkeep Road Maintenance worker who confirmed that there is no Employee Handbook available for workers but workers have easy access to company policies through the three Hargy plantation division office notice boards. They also said that they can always go to their division managers if they need to confirm company policies.	Comply

Criterion / Indicator		Assessment Findings	Compliance
6.5.4	Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food. - Minor compliance –	Respondents interviewed in the Hargy/Bialla area (including EFB applicators resident at Urumaili compound and housewives resident at Makakiwa Compound) indicate that they have no access to gardening land, and that they typically spend all or most of their income on purchasing food from stores, and on other costs (such as school equipment and fees). A new system is being pioneered at Navo estates whereby every household will be allocated at least a 10x10 meters or 10x15 meter allotment of gardening land. This initiative was confirmed by the auditors with a field visit and interviews were conducted concerning the initiative from garden-user level to senior management level. The senior management indicates that the initiative is partly motivated to ensure that plantation workers have food available to ensure that they are active throughout the day, and that in future, all workers will be required to attend work in the morning with food and water. While the expanding policy of making gardening land available is encouraging, insufficient data is being kept on worker's access to "adequate, sufficient and affordable food" (specifically, only data on the prices of goods is being kept, but no data on overall expenditure on food on a weekly/fortnightly basis). According, the monitoring aspects will need to be improved for the 2016 audit. An Observation identified: <i>Audit team commends the efforts being made to make land available for food production for all households in order to improve food availability. A monitoring strategy will also need to be developed.</i>	Comply
Criterion 6.6 The employer respects the rights 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.			
6.6.1	A published statement in local languages recognising freedom of association shall be available. - Major compliance –	The President of the West New Britain Oil Palm Works Union, Fabian Kaona, and Interim Chairman of the HOPL Branch, John Jeffreys, confirms that freedom of association is formally respected at HOPL. Interviews conducted at Navo estate also confirm that freedom of association is respected at HOPL.	Comply
6.6.2	Minutes of meetings with main trade unions or workers representatives shall be documented. - Minor compliance –	Meeting between HOPL with Oil Palm Works Union carried out regularly. The minutes of meeting record is in place.	Comply

Criterion / Indicator		Assessment Findings	Compliance
Criterion 6.7 Children are not employed or exploited.			
6.7.1	There shall be documentary evidence that minimum age requirements are met. - Major compliance –	HOPL adheres to the policy on child labour that disallows employment of children less than 16 years of age. This applies to all HOPL operational sites as well as smallholder growers that supply FFB to the company's mills. Age verification conducted through medical record from the clinic and employment form at HR Department. During the assessment, there is no worker less than 16 years of age at Estates and/or Palm Oil Mills. Associated smallholders: Smallholders only use adult family worker and/or outside worker. Children go for school. During the course of field visit there is no child working at farmer block.	Comply
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.			
6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance –	Policy for anti-discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation is available and includes PNG constitutional requirement. The anti-discrimination policy is displayed on notice board on all company offices. HOPL has set up a Gender Committee which meets regularly to discuss various gender related issues, in the spirit to handle discrimination matter. Associated Smallholders: OPIC extension officers maintain a publicly available equal opportunities policy.	Comply
6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance –	There has been no evidence that employees and groups including local communities and women have been discriminated against. The company does not employ migrant workers and therefore no any discrimination against these groups of people. Associated Smallholders: A form to register any complaints & grievances that relate to discrimination is available. Document verification suggests there is no complaint registered up to point of audit conducted.	Comply

Criterion / Indicator		Assessment Findings	Compliance
6.8.3	It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available. - Minor compliance –	Verification upon records of recruitment process with the HR staff, it is known that the process taking into consideration the skill, capabilities and medical fitness of the applicant. The promotion at palm oil mills and estates were based on evaluations which considered the skill, capabilities, qualities and medical fitness of the employees.	Comply
Criterion 6.9 There is no harassment or abuse in the work place, and reproductive rights are protected.			
6.9.1	A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce. - Major compliance –	Hargy Oil Palm Limited has a policy on prevention of sexual harassment and all other forms of violence. The policy is displayed on notice board on all company offices. The company has set up a Gender Committee which meets regularly to discuss various gender related issues, including handles sexual harassment and domestic violence issues as well. An interview was conducted with Joan Bai, newly appointed HOPL Gender Committee member. Joan indicates that she is taking the work seriously and that she is preparing to make trips around the HOPL plantation in the April – May period to ensure that men and women understand the content of HOPL policies. Associated Smallholders: OPIC extension officers maintain a publicly available policy on prevention of sexual harassment and all other forms of violence, including protection to women's reproductive rights..	Comply
6.9.2	A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce. - Major compliance –	HOPL follows the PNG regulations for breast feeding mothers and as per the Labour Act mothers are able to take two breaks every day of 30 minutes each in addition to the standard 1 hour lunch break. The policy has been displayed on the notice boards and communicated well through briefings recorded.	Comply
6.9.3	A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce. - Minor compliance –	Specific grievance mechanism is in place, as part of grievance procedure. "Tokout box" is used to report any matter may relate to gender issues. Report then submitted to Internal Audit, an independent department for further investigation. Community Affairs Manager is monitoring the process, in coordination with HR Manager. Record of gender issue grievances is maintained by Community Affairs Manager. Associated smallholders: Specific grievance mechanism is in place, as part of grievance procedure.	Comply

Criterion / Indicator		Assessment Findings	Compliance
Criterion 6.10 Growers and millers deal fairly and transparently with smallholders and other local businesses.			
6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	Current and past prices paid for FFB are available. The price and formula are made available via printed notice. This is updated monthly and a copy given to OPIC. Price sheets, showing formula calculation are displayed at OPIC divisional offices where Associated Smallholders can see them and therefore the information is publically available. Past prices are available via HOPL finance department. Associated smallholders: Smallholders understood the FFB price from OPIC extension officer. Smallholder verified and checked the current and past FFB prices from the FFB payment receipt.	Comply
6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation). - Major compliance -	Evidence sighted was the record of FFB Price Calculation guide which was done on monthly basis and displayed in the company's and OPIC's notice board. This is meant to allow the smallholders to get to know the current price and understand the actual deductions meant for their payments when collecting their pay slips fortnightly in the office. Associated smallholders: Smallholder able to explain the pricing mechanism and payout system. Smallholders are paid the week following pickup of their fruit according to a published schedule. They received payment either by cheque or by direct bank deposit and a payslip is provided giving full details of payment and any deductions for FFB transport and fertilisers, etc. Payment divided, FFB rate for the male land owner, while loose fruit rate paid to the female/spouse.	Comply
6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	Hargy always provide contract/work agreement for all the work done by third party. This is confirmed by contractors including Mr. Patrick Gregory (from Mooreworx PNG Ltd) and Mr. Greg Malai, Sena Oil Palm Estate Chairman.	Comply
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Hargy pays all the work done by third party contractor in timely manner, as per contract/work agreement. Confirmed by contractors including Mr Patrick Gregory (from Mooreworx PNG Ltd) and Mr Greg Malai, Sena Oil Palm Estate Chairman.	Comply
Criterion 6.11 Growers and millers contribute to local sustainable development where appropriate			

Criterion / Indicator		Assessment Findings	Compliance
6.11.1	Contributions to local development that are based on the results of consultation with local communities shall be demonstrated. - Minor compliance –	Hargy Oil Palm Limited consistently demonstrating contribution to local development, based from consultation with local communities. The kind of assistance provided ranges from grass cutting machinery for local schools to upgrading of government health centres. Hargy Oil Palm Limited repaired the incinerator at Bialla Health clinic.	Comply
6.11.2	Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity. - Minor compliance –	In coordination with OPIC and smallholder manager, Hargy is allocating budget to develop the smallholder. The contribution made through provision of resources required for smallholder to improve their productivity.	Comply
Criterion 6.12 No forms of forced or trafficked labour are used.			
6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance –	Workers, staff and stakeholder interview confirm that there is no any form of forced labour or trafficked labour in the operating units. All employees have employment contract and paid the agreed national minimum wages.	Comply
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Major compliance –	There was no evidence of contract substitution and this was confirmed from interviews with workers and relevant stakeholders.	Comply
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Minor compliance –	Hargy Oil Palm Limited has a policy on forced labour, covers any form of work or service which people are forced to do against their will under threat of some form of punishment. In one of following form: payment barely exceeds subsistence level, payment takes the form of goods that are either not desirable or cannot be exchanged, payment wholly or mostly consists of cancellation of a debt or liability that coerced. HOPL trains employee adequately, housed properly, remunerated according to company policy and national law, benefited according to their corporate status and length of service. Issued on 16 th February 2015.	Comply
Criterion 6.13 Growers and millers respect human rights			

Criterion / Indicator		Assessment Findings	Compliance
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance –	Hargy Oil Palm Limited is able to present policy on human rights, including protection of labour rights, unfair termination, right to fair appeal, children have access to basic primary and secondary education, provision of basic health care, free association freedom, right to join representative and legal union, Right to FPIC for the acquisition of land for development, prohibition on coercion the granting of land, through force or bribery, right of women in workplace to be free from sexual harassment and domestic violence, Prohibition of child labour and forced labour. Family labour and chores on smallholder blocks may be allowed but must be within cultural norm. Issued on 16th February 2015 and made publicly available.	Comply
PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS			
Criterion 7.1 A comprehensive and participatory independent 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.			
7.1.1	An independent social and environmental impact assessment (SEIA), undertaken through a participatory methodology including the relevant affected stakeholders, shall be documented. - Major compliance –	Hargy Oil Palm Limited provides document: HOPL Site Specific Environmental Aspects and Impact Register (dated 30th January 2014). Hargy also prepared Social Impact Assessment for the new development in addition to the Environmental Plan. The company have completed a full Social and Environmental Impact Assessment for this development to comply with RSPO P&C. The Social Impact Assessment included consultation with local stakeholders. Document seen: "Update of the 2009 Social Impact Assessment & A Social Management Plan (dated November 2013)". The SEIA identified all major impacts of all activities. The results of the SEIA and HCV assessments have been incorporated into plans for the new plantings through the Management guidelines prepared. Hargy Oil Palm Limited has a Research Assistant, a Small Business development Officer and Community Relations Officer; to work as a sub-component of Community Relations to operationalize the monitoring and management of social impacts.	Comply

Criterion / Indicator		Assessment Findings	Compliance
7.1.2	Appropriate management planning and operational procedures shall be developed and implemented to avoid or mitigate identified potential negative impacts. - Minor compliance –	Hargy Oil Palm Limited Site Specific Environmental Aspects and Impact Register is reviewed and updated on an annual basis. Addressed items are left in the register and newly identified items are added and also cross-reference to the Continuous Improvement Plan. The SIA identified all major impacts of all activities. These included impacts of roads and other infrastructure. The results of the SEIA and HCV assessments have been incorporated into plans for the new plantings through the Management guidelines prepared. The management planning for responsible new planting is available under Management Guidelines (MG). HOPL shows an Internal Memorandum dated 15th May 2013 related to development work shall start 6 month prior to field work such as planting, strip lining, holing and planting. Hargy Oil Palm Limited has a protocol to control the new development planning under New Development Approval Process. The new development must meet company prerequisites to include review upon Buffer/HCV maps, soil maps, slopes class maps, topography maps. Road design and plantation layout; Operational plan including activity scoping, work schedule, planting programme, road maintenance, management plan for fragile soil area, management plan for HCV and buffers; Environmental aspect related to New Development and Mitigation; Social Impacts of New Development and Mitigation. Site inspection planning is sighted. New Development Approval Form was employed to summarise the prerequisites of New Development Process. Review will be done and signed by sustainability department. Without approval from Sustainability Department, no new development should take place.	Comply
7.1.3	Where the development includes an outgrower scheme, the impacts of the scheme and the implications of the way it is managed shall be given particular attention. - Minor compliance -	Hargy Oil Palm Limited presented a number of documents for smallholder development. The impacts of the scheme and the implications of the way it is managed were documented under Planting Application Form, as well as plan to manage the impacts produced. In such cases where the lease – lease back process is completed, such records would form the basis of the documented system for identifying people entitle to compensation. Another document sighted by Auditor outlining total Land Rentals and FFB Royalty Payments at yearly basis.	Comply
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.			

Criterion / Indicator		Assessment Findings	Compliance
7.2.1	Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation shall be available and taken into account in plans and operations. - Major compliance -	Soil suitability map is available for new development under Pandi Plantation and Navo Plantation. The soil suitability map indicates the soil type. The initial soil suitability survey was carried out in 2006. Another soil survey for new development area was done in 2009. The first planting commenced in 2010. The latest sequence of soil survey for mature oil palm was done in 2013 to Hill Laboratories New Zealand. Analysis report produced in 2nd May 2013. (7.2.1) Maps of soil types for new planting areas are kept by the Field Services Agronomy Section Associated Smallholders: Based on document verification and record evaluation, there is no development on associated smallholder take place currently.	Comply
7.2.2	Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure shall be available and taken into account in plans and operations. - Minor compliance -	Maps of soil types for new planting areas are kept by the Field Services Agronomy Section. Topographic information is also incorporated in these maps. A map of the new development area prepared in 2009 was sighted. It includes a guide for drainage plans, roads, fields and blocks. Associated Smallholders: Based on document verification and record evaluation, there is no development on associated smallholder take place currently.	Comply
Criterion 7.3 New plantings since November 2005 have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.			
7.3.1	There shall be evidence that no new plantings have replaced primary forest, or any area required to maintain or enhance one or more High Conservation Values (HCVs), since November 2005. New plantings shall be planned and managed to best ensure the HCVs identified are maintained and/or enhanced (see Criterion 5.2). - Major compliance -	In relation to presence of primary forest as at 2005: The HCV report stated that some of the area proposed for Bakada/Mengen area is located on areas which have previously designated as Timber Right Purchase Areas. All of the proposed areas have been logged since 1980s with logging only having ceased recently. Much of the area has been logged up to three times. None of proposed areas for HOPL expansion program are located in areas of primary forest, or that was primary forest as at November 2005.	

Criterion / Indicator		Assessment Findings	Compliance
7.3.2	A comprehensive HCV assessment, including stakeholder consultation, shall be conducted prior to any conversion or new planting. This shall include a land use change analysis to determine changes to the vegetation since November 2005. This analysis shall be used, with proxies, to indicate changes to HCV status. - Major compliance –	Hargy Oil Palm Limited presented a number of HCV documents: - Identification of High Conservation Value Forest at Hargy Oil Palm Plantation Ltd, West New Britain Province, Papua New Guinea prepared by Paulus Kulmoi and Benside Thomas on 29th May - 3rd June 2008. - Baseline Study of Barema Oil Palm Project Area for Hargy Oil Palms Limited West New Britain Province by Paulus Kulmoi (Senior Ecologist), Aida Somake (Technical Officer), Mark Kove (Hydrographer), Nason Yube (Principal Hydrographer); - High Conservation Value Study Mengen, Bakada & Bialla West New Britain Province carried out by Douglas Environmental Service - February 2009. Using HCVF Toolkit 2005. The assessment has taking into consideration the wider landscape-level area. HOPL presented the HCV maps for all values identified in HOPL plantation.	Comply
7.3.3	Dates of land preparation and commencement shall be recorded. - Minor compliance –	The dates of land preparation and commencement of planting are recorded on each Estate office.	Comply
7.3.4	An action plan shall be developed that describes operational actions consequent to the findings of the HCV assessment, and that references the grower's relevant operational procedures (see Criterion 5.2). - Major compliance –	HOPL present HCV action plan is accommodating the recommendation from HCV study 2009. The HCV action plan and environmental aspects & impacts register is the basis for Environmental Improvement Plan and New Development Approval Process. HOPL has a protocol to control the new development planning under New Development Approval Process. The new development must meet company prerequisites to include review upon Buffer/HCV maps, management plan for HCV and buffers; Environmental aspect related to New Development and Mitigation; Social Impacts of New Development and Mitigation. Site inspection planning is sighted. New Development Approval Form was employed to summarise the prerequisites of New Development Process. Review will be done and signed by sustainability department. Without approval from Sustainability Department, no new development should take place.	Comply

Criterion / Indicator		Assessment Findings	Compliance
7.3.5	Areas required by affected communities to meet their basic needs, taking into account potential positive and negative changes in livelihood resulting from proposed operations, shall be identified in consultation with the communities and incorporated into HCV assessments and management plans (see Criterion 5.2). - Minor compliance –	Hargy Oil Palm does not touch area required by affected communities to meet their basic needs.	Comply
Criterion 7.4 Extensive planting on steep terrain, and/or marginal and fragile soils, including peat, is avoided.			
7.4.1	Maps identifying marginal and fragile soils, including excessive gradients and peat soils, shall be available and used to identify areas to be avoided. - Minor compliance –	Maps identifying area with fragile soil such as excessive gradient is available. Hargy Oil Palm policy limits all plantings to a maximum of 20 ⁰ .	Comply
7.4.2	Where limited planting on fragile and marginal soils, including peat, is proposed, plans shall be developed and implemented to protect them without incurring adverse impacts. - Major compliance –	Hargy Oil Palm policy limits all plantings to a maximum of 20 ⁰ . At this time Hargy Oil Palm Limited has no plans to develop any more area's that would require terracing. All plantings near gullies are avoided to prevent erosion and these areas are excluded from planting activities. There are no fragile or marginal soils within the proposed new development area	Comply
Criterion 7.5 No new plantings are established on local peoples' land where it can be demonstrated that there are legal, customary or user rights, without their free, prior and informed consent. This is dealt with through a documented system that enables these and other stakeholders to express their views through their own representative institutions.			

Criterion / Indicator		Assessment Findings	Compliance
7.5.1	Evidence shall be available that affected local peoples understand they have the right to say 'no' to operations planned on their lands before and during initial discussions, during the stage of information gathering and associated consultations, during negotiations, and up until an agreement with the grower/miller is signed and ratified by these local peoples. - Major compliance –	Hargy manages to demonstrate there is a specific process (including a three-stage Awareness process) pertaining to new plantings. Hargy shows document "Expansion Programme Awareness on Sublease Agreements". This document is for awareness raising amongst potential lease-lease back smallholders and includes reference to a range of legislative aspects including customary land versus state land, a section on the Land Group and the Incorporated Land Group Act (1974), the survey process, HCV aspects, environment and social impact assessment procedures. Also, several flow charts have been prepared for awareness raising among smallholders concerning the process for establishing new blocks respectively in accordance with the lease-lease back and alienated land approaches. Hargy manages to demonstrate evidence that every effort had been made to ensure that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. Documents relating to customary land are publicly available (in line with indicator 1.2). Customary Lease in Process: <i>Vamukuma</i> In production since 2013 but sub-lease still waiting at Lands to be registered. The new act will affect existing land group. Problem with the internal management of the ILG (fighting over the distribution of rents). There is a groups of elders that wants to take control of the ILG. <i>Sena (Abunava ILG)</i> Not yet in production. Was planted in 2013. In this case in January 2012 the ILG incorporation sub-lease was about to be gazetted but a month later a new act came into force and a delay ensued. But Chairman had returned and the process will continue. Hargy has already surveyed the land and this will be Hargy's first Voluntary Customary land registration Act.	Comply
Criterion 7.6 Where it can be demonstrated that local peoples have legal, customary or user rights, they are compensated for any agreed land acquisitions and relinquishment of rights, subject to their free, prior and informed consent and negotiated agreements.			
7.6.1	Documented identification and assessment of demonstrable legal, customary and user rights shall be available. - Major compliance –	There is a process for identifying those people entitled to compensation when customary land is involved, in line with Social and Environmental Impact Assessment. This system for determining compensation is defined in the PNG Lands Act. This particular development came about via the requests of the local people.	Comply

Criterion / Indicator		Assessment Findings	Compliance
7.6.2	A system for identifying people entitled to compensation shall be in place. - Major compliance –	HOPL shows all relevant documented identification and assessment of legal and customary rights.	Comply
7.6.3	A system for calculating and distributing fair compensation (monetary or otherwise) shall be in place. - Major compliance –	Recent version of "Land Negotiation Procedure: A Guide to Acquiring Land for Oil Palm Development" dated 1 st March 2015 sighted.	Comply
7.6.4	Communities that have lost access and rights to land for plantation expansion shall be given opportunities to benefit from plantation development. - Minor compliance –	The compensation offered, based on the New Britain Palm Oil model, K20 hectare for vacant land (i.e. buffer zones/areas too steep to plant) and K75 hectare for planted areas. Additionally, there is a K150/hectare payment upon the signing of a sub-lease agreement. Added to this there is a royalty payment on the fruit which is 10% of the smallholder FB price paid on a monthly basis. Furthermore, indirect compensation as people benefit from the new development via improved economy, paid employment, improved education facilities, housing, medical facilities and better infrastructure as a result.	Comply
7.6.5	The process and outcome of any compensation claims shall be documented and made publicly available. - Minor compliance –	The compensation offered, based on the New Britain Palm Oil model, K20 hectare for vacant land (i.e. buffer zones/areas too steep to plant) and K75 hectare for planted areas. Additionally, there is a K150/hectare payment upon the signing of a sub-lease agreement. Added to this there is a royalty payment on the fruit which is 10% of the smallholder FB price paid on a monthly basis. Furthermore, indirect compensation as people benefit from the new development via improved economy, paid employment, improved education facilities, housing, medical facilities and better infrastructure as a result. This information is available for public upon request.	Comply

Criterion / Indicator		Assessment Findings	Compliance
7.6.6	Evidence shall be available that the affected communities and rights holders have access to information and advice, that is independent of the project proponent, concerning the legal, economic, environmental and social implications of the proposed operations on their lands. - Minor compliance –	HOPL shows document "Expansion Programme Awareness on Sublease Agreements". This document is for awareness raising amongst potential lease-lease back smallholders and includes reference to a range of legislative aspects including customary land versus state land, a section on the Land Group and the Incorporated Land Group Act (1974), the survey process, HCV aspects, environment and social impact assessment procedures. Also, several flow charts have been prepared for awareness raising among smallholders concerning the process for establishing new blocks respectively in accordance with the lease-lease back and alienated land approaches.	Comply
Criterion 7.7 No use of fire in the preparation of new plantings other than in specific situations, as identified in the ASEAN guidelines or other regional best practice			
7.7.1	There shall be no land preparation by burning, other than in specific situations, as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Major compliance –	Hargy Oil Palm Limited has a no burn policy for new plantings and this is documented elsewhere in this report. There has been no use of fire for land preparation in newly developed area, Pandi Plantation.	Comply
7.7.2	In exceptional cases where fire has to be used for preparing land for planting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions. - Minor compliance –	Hargy Oil Palm Limited has a no burn policy for new plantings and this is documented elsewhere in this report. There has been no use of fire for land preparation in newly developed area, Pandi Plantation.	Comply
Criterion 7.8 New plantation developments are designed to minimise net greenhouse gas emissions.			
For National Interpretation: National Interpretation will provide guidance within the national context for national requirements (e.g. high and low carbon stock lands or emission reduction requirements).			

Criterion / Indicator		Assessment Findings	Compliance
7.8.1	The carbon stock of the proposed development area and major potential sources of emissions that may result directly from the development shall be identified and estimated. - Major compliance –	Hargy Oil Palm Limited has taking into consideration the identification and estimation of carbon stock of proposed development area. This information incorporated into the New Development Approval Process. The new development must meet company prerequisites to include review upon Buffer/HCV maps, management plan for HCV and buffers; Environmental aspect related to New Development and Mitigation; Social Impacts of New Development and Mitigation. Site inspection planning is sighted. New Development Approval Form was employed to summarise the prerequisites of New Development Process. Review will be done and signed by sustainability department. Without approval from Sustainability Department, no new development should take place.	Comply
7.8.2	There shall be a plan to minimise net GHG emissions which takes into account avoidance of land areas with high carbon stocks and/or sequestration options. - Minor compliance –	Hargy Oil Palm Limited is using the New Developmen Approval document to minimise opening up area with high carbon stock.	Comply
PRINCIPLE 8: COMMITMENT TO CONTINUAL IMPROVEMENT IN KEY AREAS OF ACTIVITY			
Criterion 8.1 Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			

Criterion / Indicator		Assessment Findings	Compliance
8.1.1	The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria. As a minimum, these shall include, but are not necessarily be limited to: - Reduction in use of pesticides (Criterion 4.6); - Environmental impacts (Criteria 4.3, 5.1 and 5.2); - Waste reduction (Criterion 5.3); - Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); - Social impacts (Criterion 6.1); - Optimising the yield of the supply base; - Major compliance –	Action plan to improve performance in key areas: Minimizing the use of certain pesticide; Reducing negative and enhancing positive environmental impacts; Waste reduction; Pollution and emission; Social impacts; Example: To reduce the use of WHO type 1A or 1B – PNG OPRA is doing trial with alternative chemical to control Sexava, not using Metamidophos. Rat control with warfarin based rat bait only done where rat population and damage warrant chemical control method continue in 2015; Planned to phase out paraquat use in 2014; Develop scheme smallholders for local communities surrounding company area.	Comply

3.2 Progress against Time Bound Plan

Hargy Oil Palm Limited, and/or SIPEF as the holding demonstrates a challenging time bound plan to certify its entire mill and supply bases. Most of the palm oil mills have been brought forward and audited in 2014. Auditor team sees this as a strong commitment from SIPEF. There are three (3) new projects in South Sumatra Province, Indonesia. These projects have gone through RSPO NPP process, the public notifications were submitted and announced in RSPO website on 31st March 2014. BSI audit team considers the time bound plan is challenging and relevant to their management. BSI audit team found SIPEF comply with Time Bound Plan.

BSI also assessed the requirement for partial certification and concluded that: There are no unresolved significant land disputes; no replacement of primary forest or loss of HCV. New land acquisition followed RSPO NPP process including public notification of new planting; No labour disputes that are not being resolved through an agreed process; No evidence of non compliance with law noted.

Name of company	Name of Mill	Location	Supply Base	Time Bound Plan	Target Year for RSPO
Hargy Oil Palm Limited	Hargy Palm Oil Mill	East of Bialla, West New Britain Province, PNG	Hargy estate and smallholders	2009	RSPO certified in April 2009
	Barema Palm Oil Mill	30 km east of Bialla, West New Britain Province, PNG	Hargy Estate and smallholders	2009	RSPO certified in April 2009
	Navo Palm Oil Mill	50 km east of Bialla, West New Britain Province, PNG	Navo estate, Pandi estate and smallholder Group	2014	RSPO certified in April 2014
PT Eastern Sumatra Indonesia	Bukit Maradja Palm Oil Mill	Simalungun Regency, North Sumatra Province, Indonesia	- Bukit Maradja estate - Kerasaan estate	2010	Certified May 2010.
PT Tolan Tiga Indonesia	Perlabian Palm Oil Mill	Labuhan Batu Regency, North Sumatra Province, Indonesia	- Perlabian estate - Tolan estate	2010	Certified May 2010.
PT Agro Muko	Mukomuko Palm Oil Mill	Mukomuko Regency, Bengkulu Province, Indonesia	Mukomuko estate, Sei Betung estate, Tanah Rekah estate, Talang petai estate, Sei Kiang estate, and KMD	2011	Certified February 2011
	Bunga Tanjung Mill	Mukomuko Regency, Bengkulu Province, Indonesia	Bunga Tanjung estate, Air Bikuk estate, Air Buluh estate and KMD	2011	Certified February 2011
			PT Mukomuko Agro Sejahtera - Air Majunto estate - Malin Deman estate	2014	It will be certified in 2014 (It has done through RSPO NPP process, RSPO public notification on 10 th October 2010)
PT Umbul Mas Wisesa	PT Umbul Mas Wisesa Palm Oil Mill	Labuhan Batu Selatan Regency, North Sumatra Province, Indonesia	UMW North estate, UMW South estate and Toton Usaha Mandiri estate	2014	Certified on 2015
PT Agro	Under	Musi Rawas	Under development.	Under	Under development

Rawas Ulu	development.	Regency, South Sumatra Province, Indonesia		development	(Has gone through RSPO NPP process), RSPO NPP public summary on 31 st March 2014.
PT Agro Muara Rupit	Under development.	Musi Rawas Regency, South Sumatra Province, Indonesia	Under development.	Under development	Under development (Has gone through RSPO NPP process), RSPO NPP public summary on 31 st March 2014.
PT Agro Kati Lama	Under development.	Musi Rawas Regency, South Sumatra Province, Indonesia	Under development.	Under development	Under development (Has gone through RSPO NPP process), RSPO NPP public summary on 31 st March 2014.

3.3 Details of Findings

3.3.1 Review of Findings from Previous Assessment

3.3.1.1 Major nonconformities

No outstanding major nonconformity from previous assessment.

3.3.1.2 Minor nonconformities

There are six (6) minor nonconformities from previous assessment. These minor nonconformities have been closed during this annual surveillance assessment.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1037572N4	Use of appropriate best practices by growers and millers – RSPO PNG Indicator 4.7.2 Requirements: All operations where health and safety is an issue have been risk assessed and procedures and actions are documented and implemented to address the identified issues. All precautions attached to products should be properly observed and applied to the workers. Evidence of Nonconformity: Evidence observed during visits such as: a. Fatigue risk for palm oil mill worker, working 12 hours per days for 13 or more days; b. No hearing checks of mill engine room operators concerning risk of hearing loss; c. Inappropriate PPE for EFB applicators and possibly other staff as well; d. Lack of measures to control company vehicle speeds (as observed by auditing team members and reported by stakeholders), an area of particular importance given that school children also walking on the roads as well. Statement of Nonconformity: Insufficient attention to identification of significant risks and implementation of control measures.	Minor

	Actions: Company has updated the Risk assessment documents through Hazard & Risks Assessment Register – HOPL 2015, dated May 2014, and the latest issued was on 22nd February 2015. In relevant to previous finding, company has implemented some corrective action such as: - Fatigue risks have been re-assessed, along with control measure. For instance: Job rotation for employees during working shifts, and training/awareness and inspection of working shifts. Overtime analysis by each activities was done to check over working can be minimized; - The risk from high noise level in the mills have been re-assessed. Some activities have been implemented, for instance: Noise mapping in particular area in the mill operation was done using Sound Level Meter. Some of high noise level areas have been identified (e.g. boiler, engine room, sterilizer, oil clarification, kernel mill, kernel recovery station). The noise mapping was done on 8th May 2014 in Hargy Mill, 9th May 2014 in Navo Mill. However, the audiometric test was not done according to plan due some difficulty i.e. lack of any external commercial audiometric testing services not only in West New Britain but in the whole PNG. However, based on the field inspection and interview with operator the appropriate PPE has been provided and the operators have not reported hearing loss problem. This minor NC is closed. Closed?: Yes	
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Non-Conformity		
NCR #	Description	Category (Major / Minor)
1037572N5	Use of appropriate best practices by growers and millers – RSPO PNG Indicator 4.7.3 Requirements: All workers involved in the operations have been adequately trained in safe working practices (see also criterion 4.8). Adequate and appropriate protective equipment should be available to labourers at the place of work to cover at least the following: all potentially hazardous operations, such as pesticide application, land preparation, harvesting and, if it is used, burning. Evidence of Nonconformity: Workers were interviewed who reported they have not been provided with appropriate PPE. This included 4 EFB applicators in Hargy Estate without gum boots and one welder in Berema Mill without apron were sighted during visit. Additionally, a community health informant noted the need for HOPL to ensure that all workers are equipped with appropriate PPE such as boots and gloves. Statement of Nonconformity: Provision of appropriate PPE to all workers - incomplete. Actions: HOPL has revised the risk assessment and providing Barema Mill's welder with appropriate PPE and Plantation management has provided the EFB applicators with gumboot. This minor NC is closed. Closed?: Yes	Minor

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1037572N10	Use of appropriate best practices by growers and millers – RSPO PNG Indicator 4.7.5 Requirements: Accident and emergency procedures should exist and be tested at 6 months intervals. Instructions should be clearly understood by all workers. Procedures should be available in the appropriate language of the workforce. Evidence of Nonconformity: A review of records found two emergency plans were not tested in interval basis i.e. emergency procedure for Unrest/Strike (procedure created 17/03/2012) and Tsunami response (procedure created 28/03/2013). Additionally the emergency shower in Hargy Estate was found to be only semi-functional upon testing. Statement of Nonconformity: Evidence that emergency procedures are not tested at appropriate intervals. Actions: Emergency procedure has been revised on 26 February 2015 (reference documents: Hargy Oil Palms Limited Emergency Procedures A Manual for Guide. The procedures consists of: - Volcano eruption plan (ERP001) - Flooding rivers evacuation plan (ERP002) - Mills/factories fire evacuation plan (ERP003) - Bialla Tank Farm and Tanker Terminal Fire Emergency Standard procedure (ERP004) - Bialla Tanker Terminal Oil Spill Standard Response Procedure (ERP005) - Unrest/Strike Emergency Response plan - Medical Emergency (ERP007) - Monitoring Vehicle accident (ERP008) - Fire Emergency (ERP009) However: The strike emergency procedure has not been tested yet, furthermore in Barema Mill the fire drill has not been conducted. <i>The corrective action for this minor NC found to be ineffective and escalated to major NC.</i> Justification: After raised as major NC, HOPL has taken corrective action to address and rectify the issues. Hargy Oil Palm developed the Emergency Drill Plan - 2015. This emergency drill plan programmed for with typical emergency situation at each location/sites. For example volcano eruption evacuation plan was planned for Navo area in August 2015 since located near volcano. Another example is flooding rivers evacuation plan was planned for Barema plantation on May and November 2015. Hargy Oil Palm has performed Strike and unrest for Kerakera Plantation on 28th April 2015; Hargy Oil Palm has performed Chemical spill emergency drill report for Central Stores on 18th April 2015; The major nonconformity closed-out on 4th May 2015. Closed?: Yes	Minor

Non-Conformity		
NCR #	Description Environmental responsibility and conservation of natural resources and biodiversity – RSPO PNG Indicator 5.3.2	Category (Major / Minor)
1037572N9	Requirements: Evidence of the implementation of a waste management and disposal plan. Including pesticide contaminated waste (ISO 14001)	Minor
	Evidence of Nonconformity: Chemical waste pit at Hargy Estate landfill found to be without impermeable liner and found to contain caustic soda which is classified in the MSDS as a poisonous and dangerous corrosive (Class 8) which must be neutralized prior to disposal.	
	Statement of Nonconformity: Waste chemical pit management not in conformance with MSDS and sanitary land field code of practice.	
	Actions: Company has taken appropriate action to remove chemical from landfill. Current documentation prohibit disposal of chemical into landfill. Verification to landfill at Hargy Estate and Navo Estate found no chemical is being disposed off into landfill. This minor NC is closed.	
	Closed?: Yes	

Non-Conformity		
NCR #	Description Environmental responsibility and conservation of natural resources and biodiversity – RSPO PNG Indicator 5.6.2	Category (Major / Minor)
1037572N13	Requirements: Significant pollutants and emissions are identified, monitored and plans to reduce them implemented.	Minor
	Evidence of Nonconformity: Insufficient evidence of source of BOD levels in Hargy mill effluent to enable successful control of BOD levels within permitted limits. This matter of special importance given evidence of high BOD levels over the past 6 months.	
	Statement of Nonconformity: Insufficient control BOD levels of effluent and in Hargy mill.	
	Actions: Immediate Diversion of Storm water to Aerobic Pond instead of Final Pond for improvement in BOD. Vigilant sample collection/sampling method to ensure correct procedure is been practiced. It was sighted the BOD Monitoring document dated December 2014 low BOD as indicated in the BOD monitoring document. Also sighted the BOD monitoring document for January 2015: BOD at 35mg/L. This document is dated 17th February 2015. BOD testing is done by the National Analysis Testing Laboratory in Lae. Hargy Mill has performed sufficient control in order to maintain BOD level within permitted limits. This minor NC is closed.	
	Closed?: Yes	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
1037572N15	Responsible consideration of employees and of individuals and communities affected by growers and mills – RSPO PNG Indicator 6.5.4 Requirements: Where companies provide housing, water supplies, medical, educational and welfare amenities they adhere to national legislation. (not applicable to smallholders). Evidence of Nonconformity: Evidence of sewage leaks in Hargy compound and reports that leaking septic tank and leaking sewage pipe problems have not been addressed in a timely manner. Statement of Nonconformity: Sewage/septic issues on Hargy estate compound not being addressed in a timely fashion. Actions: Company has responded the request for sewage/septic issues on Hargy estate compound. It is found during verification, that sewage/septic issue has been attended to. Stakeholder consultation resulting no significant complaint on sewage/septic issues at other plantation compound. This minor NC is closed. Closed?: Yes	Minor

3.3.1.3 Observation was raised in previous assessment

There were nine (9) observations/opportunities from previous assessment. Company followed up all observations.

Observation	
OBS #	Description
	Commitment to Transparency - RSPO PNG Indicator 1.2.1
1	The audit team encourages management to make key scientific results available to interested parties, such as BOD effluent test result and water quality test done by NAL accredited Laboratory. Actions: Key environmental information such as BOD effluent test result and water quality test are available for public upon request.

Observation	
OBS #	Description
	Compliance with applicable laws and regulations - RSPO PNG Indicator 2.2.2
2	Land records found to be generally in good order given historical factors. Room for improvement identified to reduce risk of activities outside of boundaries. This includes increase coordination between Lands Department, Construction and Estate Department. Actions: Coordination between Lands Department, Construction and Estate Department is improving. There is no case of overplanting and/or construction outside of boundary throughout last financial year.

Observation	
OBS #	Description
	Use of appropriate best practices by growers and millers - RSPO PNG Indicator 4.8.1
3	Several low grade estate employee interviewed, expressed interest in accessing (increased) training opportunities. Encourage HOPL to expand training opportunities to Lower workers.

	Actions: Management takes better attention in preparing training programme. Training programme for 2014/2015 have been designed and taking into consideration the training needs for lower worker. Interview with a number of workers from different work type indicates training opportunities for lower worker is improving.
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Observation	
OBS #	Description
	Environmental responsibility and conservation of natural resources and biodiversity - RSPO PNG Indicator 5.1.1
4	Two observations identified in the mills: 1) Apparent absent of noise level monitoring. 2) Empty chemical container identified which is not identified in environmental impact register. Noise level monitoring program and attention to ensuring all chemicals included in environmental impact register required. Actions: Monitoring of noise level at palm oil mills have been carried out, as indicated in the revised hazard identification and risk assessment register. Handling of empty chemical container has been improved, as indicated in the new environmental impact register document. Continuous monitoring performed by Environmental and Sustainability Department to ensure implementation of best management practices.

Observation	
OBS #	Description
	Environmental responsibility and conservation of natural resources and biodiversity - RSPO PNG Indicator 5.3.2
5	Audit team encourages HOPL to adjust waste management plan with current battery disposal practice. The waste management plan for used battery indicating disposal to the land fill. It was reported disposal of used batteries via Kimbe-based Company contracted to HOPL. Actions: The waste management for battery is better than indicated in management guidelines. Records are available indicating treatment of used battery, packing and transporting to contractor.

Observation	
OBS #	Description
	Environmental responsibility and conservation of natural resources and biodiversity - RSPO PNG Indicator 5.5.4
6	Bialla Clinic medical waste incinerator reported by Clinic source to be incapable of fully incinerating waste. Incinerator door found unable to be locked in accordance with correct procedure. Attention to incinerator required. Actions: Hargy Oil Palm has repaired the mechanism of medical waste incinerator at Bialla clinic. It is reported to be fully functional and incinerate in correct procedure.

Observation	
OBS #	Description
	Environmental responsibility and conservation of natural resources and biodiversity - RSPO PNG Indicator 5.6.1
7	Monitoring of particular emissions from mills and control is necessary to be identified in the Environmental Aspect Impact register. Actions: Monitoring of particular emission from mills and control has been identified in the Environmental Aspect Impact Register.

Observation	
OBS #	Description
	Responsible consideration of employees and of individuals and communities affected by growers and mills - RSPO PNG Indicator 6.5.3
8	Access of lower-level employees to Employee Handbook for easy reference purposes (without necessarily printing on per employee).
	Actions: Management has improved the access of lower-level employees to employee handbook. The copy of employee handbook made available for reference at each divisional office's notice board. Interview with employee, they admitted inquiry made directly to divisional manager if there is question related to company policy

Observation	
OBS #	Description
	Responsible consideration of employees and of individuals and communities affected by growers and mills - RSPO PNG Indicator 6.5.6
9	Need for arrangements enabling children to access school to be consistently implemented.
	Actions: Provision of transportation for school children continues to be consistently implemented.

3.3.2 Nonconformities and Observation Raised during this Surveillance Assessment

3.3.2.1 Major nonconformities

There are two (2) major nonconformities raised during 1st Annual Surveillance Assessment. These major nonconformities have been closed out.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
	Use of Appropriate Best Practices by Growers and Millers - RSPO P&C Generic 2013 Indicator 4.7.5	
1161437M1	Requirements: Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.	Major
	Evidence of Nonconformity: A number of emergency procedure has not been tested: Unrest/strike emergency procedure has not been tested; Chemical spillage drill has not been tested;	
	Statement of Nonconformity: This major NC raised due to corrective action from previous minor NC having been found to be insufficient. HOPL have conducted some evacuation drills, volcano eruption drills and repaired the emergency shower at Hargy estate (Urumaili chemical shed). However, there is a lack of evidence to demonstrate emergency procedures relating to unrest/strike, chemical spillage drill have been tested. Previous minor NC is not completely closed and therefore escalated as a major NC.	

	Actions: Hargy Oil Palm developed the Emergency Drill Plan - 2015. This emergency drill plan programmed for with typical emergency situation at each location/sites. For example volcano eruption evacuation plan was planned for Navo area in August 2015 since located near volcano. Another example is flooding rivers evacuation plan was planned for Barema plantation on May and November 2015. Hargy Oil Palm has performed Strike and unrest for Kerakera Plantation on 28 th April 2015; Hargy Oil Palm has performed Chemical spill emergency drill report for Central Stores on 18 th April 2015; The major nonconformity closed-out on 4 th May 2015.	
	Closed?: Yes	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
	Environmental Responsibility and Conservation of Natural Resources and Biodiversity - RSPO P&C Generic 2013 Indicator 5.6.1	
1161437M2	Requirements: An assessment of all polluting activities shall be conducted, including gaseous emissions, particulate/soot emissions and effluent. Evidence of Nonconformity: Aspects/Impacts for genset operations not identified for Hargy and Navo Mills. Statement of Nonconformity: This major NC raised due to corrective action from previous observation having being found to be insufficient. Hargy Oil Palm Limited has identified the environmental aspects / impact from genset operations in Barema Mill; however lack of evidence concerning environmental aspects / impact from genset operations at Hargy and Navo Mills has been identified. The observation escalated into NC (Major compliance for RSPO P&C Indicator 5.6.1). Actions: Hargy Oil Palm demonstrated "HOPL Site Specific Environmental Aspects & Impacts Register No.HOP-REG-EMS-004-04" latest date of review 30th March 2015. Hargy Oil Palm has been identifying the environmental aspect/impact from genset operations in Hargy Palm Oil Mill and Navo Palm Oil Mill. The major non-conformity closed-out on 4 th May 2015. Closed?: Yes	Major

3.3.2.2 Minor nonconformities

There are two (2) minor nonconformities from the 1st Annual Surveillance Assessment.

Non-Conformity		
NCR #	Description	Category (Major / Minor)
	Use of Appropriate Best Practices by Growers and Millers - RSPO P&C Generic 2013 Indicator 4.8.2	
1161437N1	Requirements: Records of training for each employee shall be maintained.	Minor

	Evidence of Nonconformity: Based on document review and interview with document controller, training records are available and up-to-date; However records of training for each employee has not been prepared.	
	Statement of Nonconformity: There is not adequate evidence Hargy Estate and Navo Estate maintained records of training for each employee.	

Non-Conformity		
NCR #	Description	Category (Major / Minor)
	Environmental Responsibility and Conservation of Natural Resources and Biodiversity - RSPO P&C Generic 2013 Indicator 5.2.4	
1161437N2	Requirements: Where a management plan has been created there shall be ongoing monitoring: • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. Evidence of Nonconformity: Based on document review and interview with responsible officer, ongoing monitoring on the status of RTE species has not been carried out. Statement of Nonconformity: There is not adequate evidence that the company performed ongoing monitoring on the status of RTE species.	Minor

3.3.2.3 Observation raised during this assessment

There are twelve (12) observations/opportunity for improvements identified during this assessment.

Observation	
OBS #	Description
	Compliance with Applicable Laws and Regulations - RSPO P&C Generic 2013 Indicator 2.2.1
1	Hargy Oil Palm Limited should refrain from developing plantation on state land in future until such time a clear legal right has been realized – in relation to new plantation development.

Observation	
OBS #	Description
	Compliance with Applicable Laws and Regulations - RSPO P&C Generic 2013 Indicator 2.1.2
2	Copies of all relevant regulations should be kept in mill administration sections for ready access.

Observation	
OBS #	Description
	Use of Appropriate Best Practices by Growers and Millers - RSPO P&C Generic 2013 Indicator 4.1.4
3	Hargy Oil Palm Limited mills need to ensure all records related to supply chain documentation to be adjusted identification from Module SG into Module IP.

Observation	
OBS #	Description
	Use of Appropriate Best Practices by Growers and Millers - RSPO P&C Generic 2013 Indicator 4.7.1
4	Attention should be given to the circulation of updated risk assessment register.

Observation	
OBS #	Description
	Use of Appropriate Best Practices by Growers and Millers - RSPO P&C Generic 2013 Indicator 4.7.2
5	Stakeholder input highlights the need for continued attention to road safety, including speeding, overloading of fruit, and use of dump trucks to transport workers and children. Local Police report two children hospitalized over the last year after falling off trucks.

Observation	
OBS #	Description
	Use of Appropriate Best Practices by Growers and Millers - RSPO P&C Generic 2013 Indicator 4.7.4
6	A number of observation noted during course of audit: - Attention needed to ensure safety committee meeting meets regularly as per safety HOPL procedure; - Appointment documentation for safety committee member in Navo Mill has expired and need to be renewed; - HOPL is encouraged to establish Emergency Response Team to better manage and control emergency situations such as fire and chemical spillage;

Observation	
OBS #	Description
	Use of Appropriate Best Practices by Growers and Millers - RSPO P&C Generic 2013 Indicator 4.7.5
7	A number of opportunities identified for Improvement noted during course of audit: - Safety briefing procedures for all mills need improvement; Plantation: - Greater attention required to monitoring emergency facilities as eye wash in Hargy Estate, Navo Estate and Navo Vehicle Workshop has limited pressure; - The availability of the MSDS for the Chemicals FERN EX 400 and TRIESTER should be ensured; Hargy Mill: - Monitoring on Hydrant hose at Hargy Mill need to be conducted more effectively (hose punctured and no nozzle); - Upright support at Hargy Mill (near sterilizer) found to be structurally unsound; Central warehouse: - Emergency contacts as documented in the Central Stores' Emergency Response / Evacuation Procedure dated 15th November 2012 should be updated to reflect the current Store Manager and EHS Coordinator; - Chemical spillage drills should be planned and conducted at periodic interval to test the chemical spill emergency procedure; Barema Mill: - At Barema Mill, outside the flammable store, hose reel for fire fighting found disconnected from the water supply and the tap connecting to the water supply was also found leaking; - Due to the change in the assembly area to outside the office at Barema Mill, the emergency evacuation plan dated 15th April 2013 should be updated; Navo Mill: - Attention required in vicinity of silt trap at Navo Mill as it is found to be unsafe (absent of safe guarding); - Additionally random check found that monitoring of first aid kit at Navo Mill need to be conducted more effectively; Navo Vehicle Workshop: - Safety measures in terms of PPE for Electric Welding Personnel and Non Return Valve and Flash back Arrestor should be considered for the safe operation against / Fire prevention/ explosion / suck back to the Acetylene Cylinder;

Observation	
OBS #	Description
	Environmental Responsibility and Conservation of Natural Resources and Biodiversity - RSPO P&C Generic 2013 Indicator 5.3.3
8	A number of opportunities for improvement noted in relation to reduction of pollution: Hargy and Navo Mill: - The operational controls and awareness in relation to the plastic waste at the Landfill near Hargy estate

	signage post Pesticide Pit should be removed to prevent misunderstanding; Navo Vehicle Workshop: - The Filling Station drums for lubricants should have secondary Containment in the event of a Chemical Spill. The control were found to be inadequate; Hargy Mill: - The Emergency Response Plan approved by Hargy Mill Site Manager on 13 February 2015 could be improved to also include chemical spill as one of the emergencies; - Hargy Mill could be improved to also include the re-painting of various pipes within the mill, eg diesel and water pipes located above the diesel storage area beside the genset; - Labels and signage of spill kits could be improved, e.g. at Hargy Mill pump room and diesel storage area. At spill control station where spill kit is not available, a signage to indicate the location of nearest available spill kit could be displayed; Central Warehouse: - Due to relatively high water table (near to coast), secondary containment in central warehouse could be improved to better prevent accidental spillage / leakage of chemicals from polluting the land and water; Barema Mill: - At used oil storage area - Barema Mill, secondary containment could be improved to better prevent accidental spillage / leakage of chemicals from polluting the land and water; - MSDS could be available at locations where the chemicals are being stored;
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Observation	
OBS #	Description
	Environmental Responsibility and Conservation of Natural Resources and Biodiversity - RSPO P&C Generic 2013 Indicator 5.4
9	Awareness on the need to conserve electricity when not required could be re-enforced to staff, e.g. at Hargy Mill, lights found switch-on at pump house and at the structure of the EFB during day time;

Observation	
OBS #	Description
	Environmental Responsibility and Conservation of Natural Resources and Biodiversity - RSPO P&C Generic 2013 Indicator 5.6.1
10	Training on the use Ringelmann Smoke Density Chart for measuring smoke density should be formalized and maintained;

Observation	
OBS #	Description
	Responsible Consideration of Employees and of Individuals and Communities Affected by Growers and Millers - RSPO P&C Generic 2013 Indicator 6.1.4
11	Require that SIA plans be updated to include cemetery and old village site at Ibana plantation.

Observation	
OBS #	Description
	Use Responsible Consideration of Employees and of Individuals and Communities Affected by Growers and Millers - RSPO P&C Generic 2013 Indicator 6.5.4
12	Audit team commends the effort being made to make land available for food production for households. A monitoring strategy will also need to be developed to monitor worker access to adequate, sufficient and affordable food.

3.4 Positive Findings

Positive Findings	
PF	Description
1	Good implementation of oil palm plantation' best management practices
2	Positive comments from local communities for the company operation.

3.5 Issues raised by Stakeholders

Issues raised by Stakeholders			
No.	Stakeholder comments	Company Response	Auditor Finding
1.	Machinery operators, Navo Estate Three machinery operators working in the Navo area indicated that they do not have access to permanent accommodation and instead camp for extended near their equipment. They consider themselves at risk of Malaria and other diseases and would prefer to be accommodated in houses.	Camping equipment provided by the contractor should include insecticide treated mosquito nets. Company housing is not provided to contractors and this is stated in their contracts.	Company response found to be reasonable.
2.	Workers (EFB Applicators) Happy to now have gumboots, but would prefer safety boots if possible.	Gumboots will continue to be provided	Improvement seen. Will be monitored on subsequent visit.
3.	Kimbe-based representative of the WNB Oil Palm Worker's Union and 'Interim' representative of the Hargy branch. (a) Confirm that freedom of association is respected at Hargy but concerned that senior management does not approve of the union. Would prefer to be taken more seriously. Auditors aware of possible court proceedings. (b) These informants urge ongoing support to ensure that the children of general labourers are able to get to and from school. (c) Request time off with pay for union representative to travel to Kimbe from time-to-time to attend union meetings.	The union has a very low level of membership. The union has not made itself available at regular intervals for discussion with Senior Management. As far as HOPL is aware, the Union in WNB is not properly constituted, and the "union Representative" at HOPL has not been elected. Court proceedings do not involve HOPL. Transport improvements are on-going	Audit team will review the matter and/or any progress on subsequent visit. Improvement seen. Will be monitored on subsequent visit.
4.	Bialla Police Station Sources (a) Concern that speeding of HOPL vehicles and the overloading of fruit (which sometimes falls off and represents a risk to pedestrians) requires constant attention. (b) Concern about transporting people on dump trucks (due to the risk of the lift mechanism activating while the vehicle is in motion). Urge stricter attention to preventing workers from standing on moving vehicles (inc.	All Company Volvo fruit trucks are speed limited to 65 kph. Drivers are encouraged to not overload and are penalised for overloading. This is an on-going problem. Awareness of the dangers is being provided to workers continuously.	Audit team will continuously and carefully review the matter during subsequent visit. Audit team will continuously and carefully review the matter during subsequent visit.

	tractors and the back of trucks). Report that two children were hospitalized over the last year after falling off trucks.		
	(c) Police report a worsening social environment (likely to become even more difficult with the development of the new highway) and increasing limited resources to address issues (down to only one vehicle, for example, from two in 2014). The police are grateful for fortnightly fuel supplies received from HOPL. It would appear that any further possible support (batteries, repairs, etc.) would also be appreciated.	The Company is not responsible for maintaining police vehicles. We do as much as we can within our budget limitations. Misuse of police vehicles is a major concern to the community.	Audit team accept management response.
	(d) In particular, the police would appreciate logistical support for the organisation of awareness-raising visits to the newly developed plantation areas (Joint exercises to be undertaken with HOPL Security). The objective would to educate individuals who have recently moved into the plantation area from outlying areas about law and order issues.	The Company Community Affairs Department is looking into this.	Audit team accept management response.
5.	Senior Source, Bialla Health Centre (a) Concern that the rates of pulmonary TB and extra-pulmonary TB (affecting the lymph glands) are increasing, especially in camps. Reports that this increase is supported by empirical data (not sighted by auditors) and that he expects up to 50 cases in 2015. Believes that poor financial management and lifestyle factors (poor nutrition, too much beetle-nut and cigarettes, etc.) are factors.	TB is of major concern to the Company as well and policies are in place to identify and treat TB. The Company Doctor is training clinic staff in the proper diagnosis and treatment of TB. Company is supporting the DOTs programme for antibiotic resistant TB with training of staff and treatment where necessary.	Audit team accept management response.
	(b) Concern about high levels of Malaria.	Insecticide treated malaria nets are being distributed through Rotary Against Malaria. Hargy is working with PIMI (PNG Industry Malaria Initiative) to improve control of malaria.	Audit team accept management response.
	(c) Believes that lack of proper rubbish disposal (bottles, etc.) on LSS blocks is a factor. Remains generally concerned about the use of alcohol, lack of respect for women, and poor financial management (including management of the greater proportion of funds by men, who he says spend unwisely) on LSS blocks.	Hargy Oil Palms has requested that the sale of yeast is banned in all supermarkets in West New Britain. Yeast is used for the manufacture of home brew alcohol	Audit team accept management response.
6.	Comments from Camp Oversees (a) Comment that batons would be	HOPL Security Service are not permitted to hold arms including	Audit team has no further concern.

	handy to reduce the risk of physical injury of camp security staff endeavoring to address incidences of fighting and disruptive drunkenness.	batons.	
	(b) Comment that camp overseers are paid to keep camps clean but also spend a considerable amount of unpaid time mediating disputes between camp residents. Would appreciate overtime payments.	Mediation is not the responsibility of Camp Overseers. These disputes must be referred to the manager responsible for the compound.	Audit team accept management response.
7.	Head of HOPL of Security Chief (a) Housing remains an issue. Presently the majority of security officers continue to live in the village, which makes call-outs difficult. According to the Security head, it would be easier if, in each location, the officers lived in close proximity to one another – within the camps/compounds would be good.	Housing is being made available as and when capital budgets for housing construction are made available by the Board	Audit team accept management response.
	(b) Confirms that the resources of the police are crippled and that this is affecting the ability of the police to respond to requests for assistance.	Funding for the police by the National Government is totally inadequate.	Audit team accept stakeholder and company response.

3.6 Status of Findings

Reference	Category	Issued	Closed
AT 17-1.2.7	Major	04/07/2008	16/09/2008
AT 18-4.7.7	Major	04/07/2008	16/09/2008
AT 19-5.3.1	Major	04/07/2008	16/09/2008
AT 20-5.6.1	Major	04/07/2008	16/09/2008
AT 21-6.3.1	Major	04/07/2008	16/09/2008
AT 01-4.3.6	Minor	04/07/2008	10/04/2010
AT 02-4.4.1	Minor	04/07/2008	10/04/2010
AT 03-4.6.6	Minor	04/07/2008	10/04/2010
AT 04-4.7.2	Minor	04/07/2008	10/04/2010
AT 05-4.7.2	Minor	04/07/2008	10/04/2010
AT 06-4.7.3	Minor	04/07/2008	10/04/2010
AT07-4.7.5	Minor	04/07/2008	10/04/2010
AT 08-4.8.1	Minor	04/07/2008	10/04/2010
AT 09-5.6.2	Minor	04/07/2008	10/04/2010
AT 10-6.1.3	Minor	04/07/2008	10/04/2010
AT 11-6.2.2	Minor	04/07/2008	10/04/2010
AT 12-6.2.3	Minor	04/07/2008	10/04/2010
AT 13-6.5.3	Minor	04/07/2008	10/04/2010
AT 14-6.5.4	Minor	04/07/2008	10/04/2010
AT 15-6.5.6	Minor	04/07/2008	10/04/2010
AT 16-6.11.1	Minor	04/07/2008	10/04/2010
1-2.1.2	Minor	10/04/2010	25/03/2011

2-4.3.5	Minor	10/04/2010	25/03/2011
3-4.5.2	Minor	10/04/2010	25/03/2011
4-4.7.2	Minor	10/04/2010	25/03/2011
5-5.1.2	Minor	10/04/2010	25/03/2011
6-5.5.3	Minor	10/04/2010	25/03/2011
7-6.2.2	Minor	10/04/2010	25/03/2011
8- 6.6.3	Minor	10/04/2010	25/03/2011
1- 5.3.2	Minor	25/03/2011	30/03/2012
2- 6.2.2	Minor	25/03/2011	30/03/2012
3- 6.5.4	Minor	25/03/2011	30/03/2012
1- 4.7.2	Minor	30/03/2012	03/05/2013
2- 4.7.3	Minor	30/03/2012	03/05/2013
1- 4.7.2	Minor	03/05/2013	28/03/2014
2- 4.7.3	Minor	03/05/2013	28/03/2014
3- 5.3.2	Minor	03/05/2013	28/03/2014
1037572M17 - D.3.2	Major	28/03/2014	08/04/2014
1037572M18 - D.3.3	Major	28/03/2014	08/04/2014
1037572N4 - 4.7.2	Minor	28/03/2014	06/03/2015
10375752N5 - 4.7.3	Minor	28/03/2014	06/03/2015
10375752N10 - 4.7.5	Minor	28/03/2014	Escalated to Major NC
10375752N9 - 5.3.2	Minor	28/03/2014	06/03/2015
10375752N13 - 5.6.2	Minor	28/03/2014	06/03/2015
10375752N15 - 6.5.3	Minor	28/03/2014	06/03/2015
1161437M1 – 4.7.5	Major	06/03/2015	04/05/2015
1161437M1 – 5.6.1	Major	06/03/2015	04/05/2015
1161437M1 – 4.8.2	Minor	06/03/2015	“Open”
1161437M1 – 5.2.4	Minor	06/03/2015	“Open”

Section 4 Acknowledgement of Assessment Finding

Acknowledgement of Assessment Findings	Report Prepared by
Name: Mr. Graham King	Name: Pratama Agung Sedayu
Company name: Hargy Oil Palms Ltd.	Company name: PT. BSI Group Indonesia
Title: General Manager	Title: Lead Auditor

Signature: 	Signature: 
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Appendix "A"
*RSPO Certificate Details***Hargy Oil Palm Limited**

Certificate Number : SPO 535739
 Date of Certificate : 20/02/2013
 End of certificate : 19/02/2018

Applicable Standards:**RSPO Principles & Criteria: Generic Standard 2013;****RSPO Supply Chain Certification Standard requirement for CPO Mills – Module D Identity Preserved**

HARGY PALM OIL MILL AND SUPPLY BASE				
Location Address		East of Bialla, West New Britain Province, Papua New Guinea		
GPS Location		Longitude: 151.0109719° E Latitude: -5.31111488° S		
CPO Tonnage Total		35,744 MT		
PK Tonnage Total		7,655 MT		
Own estates FFB Tonnage		71,584 MT		
Smallholders FFB Tonnage		81,522 MT		
BAREMA PALM OIL MILL AND SUPPLY BASE				
Location Address		30km East of Bialla, West New Britain Province, Papua New Guinea		
GPS Location		Longitude: 151.134° E Latitude: 5.219° S		
CPO Tonnage Total		48,185 MT		
PK Tonnage Total		10,296 MT		
Own estates FFB Tonnage		104,332 MT		
Smallholders FFB Tonnage		101,588 MT		
NAVO PALM OIL MILL AND SUPPLY BASE				
Location Address		30km East of Bialla, West New Britain Province, Papua New Guinea		
GPS Location		Longitude: 151.224494° E Latitude: -5.094109° S		
CPO Tonnage Total		35,846 MT		
PK Tonnage Total		7,659 MT		
Own estates FFB Tonnage		111,126 MT		
Smallholders FFB Tonnage		42,063 MT		
HOP estates	Mature (Ha)	Immature (Ha)	Total land-use titles (Ha)	Annual FFB Production (MT)
Hargy Estate	4,529.69	39.50	6,593	135,802
Navo Estate	4,479.28	757.70	6,460	125,171
Pandi Estate	1,536.53	1,677.65	7,024	26,068
Sub Total	10,545.50	2,474.85	20,077	287,041
Associated Smallholders*	12,506.00	1,338.00	14,037	225,174
TOTAL	23,051.50	3,812.85	34,114	512,215

*) The total number of associated smallholders as of December 2014 is 3,824 smallholders

Appendix "B"
Audit plan

Audit Plan						
Date	Time	Subjects	PS	AG	RN	PK
Sunday, 01/03/2015	... – 15.00	The audit team arrive at Bialla, continue to Hargy lodging	√	√	√	√
Monday, 02/03/2015	05.20 – 06.30	Auditor flight Port Moresby – Hoskins (by Air Niugini)	-	-	√	-
	08.00 – 08.30	Opening Meeting Presentation by Hargy Oil Palm Limited Opening meeting by BSI (including introduction of team and audit agenda)	√	√	√	√
	08.30 – 12.00	Head office (Document review): Time bound plan, partial certification verification and general information	√	√	√	√
		Hargy Mill (Document review): Legal compliance, mill planning and operation, Health and Safety, Environmental and Social Impact, Continuous improvement. RSPO SCCS audits.	√	-	-	√
		Hargy Estate (Document review): Stakeholder communication, Legal compliance, Estate planning and practices, Health and Safety, Environmental and Social Impact, Continuous improvement.	-	√	√	-
	12.00 – 13.00	Break/Lunch	√	√	√	√
	14.00 – 15.00	Hargy Mill (Site tour): Worker interviews (OSH, contract, salary, etc), PPE, safe working environment, walk ways, signs, EFB, POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes.	√	-	-	√
	15.00 – 17.00	Hargy Mill (Document review continued): Stakeholder communication, Legal compliance, mill planning and operation, Health and Safety, Environmental and Social Impact, Continuous improvement.	√	-	-	√
	13.00 – 17.00	Hargy Estate (Document review continued): Stakeholder communication, Legal compliance, Estate planning and best practices, Health and Safety, Environmental and Social Impact, Continuous improvement	-	√		-
		Pandi Estate (Document review and stakeholder consultation): Land issue, new planting procedure and interview with stakeholders.	-	-	√	-
Tuesday, 03/03/2015	08.00 – 12.00	Navo Mill (Document review): Legal compliance, mill planning and operation, Health and Safety, Environmental and Social Impact, Continuous improvement. RSPO SCCS audits.	√	-	-	√
		Hargy Estate (field visit): Boundaries inspection, agrochemical application programme, harvesting, fertilizer application, HCV, riparian zone, water management, road maintenance, chemical store, fertilizer stores, workshop, worker housing, waste management, social amenities, clinic, etc	-	√	√	-
	12.00 – 13.00	Break/Lunch	√	√	√	√

	13.00 – 17.00	Navo Mill (Site tour): Worker interviews (OSH, contract, salary, etc), PPE, safe working environment, walkways, signs, EFB, POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes.	√	-	-	√
		Hargy Estate (Document review continued): Stakeholder communication, Legal compliance, Estate planning and best practices, Health and Safety, Environment and Social Impact, Continuous improvement	-	√	√	-
Wednesday, 04/03/2015	08.00 – 12.00	Barema Mill: Legal, mill planning and operation, health and safety, Environmental & Social impacts, RSPO SCCS audit.	√	-	-	√
		Navo Estate: Boundaries inspection, agrochemical application programme, harvesting, fertilizer application, HCV, riparian zone, water management, road maintenance, chemical store, fertilizer stores, workshop, worker housing, waste management, social amenities, clinic, etc	-	√	-	-
		Stakeholder Consultation	-	-	√	-
	12.00 – 13.00	Break/Lunch	√	√	√	√
	13.00 – 17.00	Bialla smallholder (document review): Stakeholder communication, Legal compliance, Smallholder plot planning and best practices, Health and Safety, Environment and Social Impact, Continuous improvement	√	-	-	√
		Navo Estate (Document review continued): Stakeholder communication, Legal compliance, Estate planning and best practices, Health and Safety, Environment and Social Impact, Continuous improvement	-	√	-	-
Thursday, 05/03/2015		Stakeholder Consultation	-	-	√	-
	08.00 – 12.00	Smallholder Plot Visit (approximately 50 smallholder plot will be subject to sample): Smallholder interview (OSH, FFB sales, training), boundaries inspection, agrochemical application programme, harvesting, fertilizer application, HCV (or flora and fauna), riparian zone, terracing, etc.	√	√	√	√
	12.00 – 13.00	Break/Lunch	-	-	√	-
	13.00 – 17.00	Stakeholder consultation continued Smallholder plot visit continued	√	√	-	√
Friday, 06/03/2015	08.00 – 10.00	Compile outstanding information	√	√	√	√
	10.00 – 12.00	Preparation of Closing meeting	√	√	√	√
	12.00 – 13.00	Break/Lunch	√	√	√	√
	13.00 – 14.00	Closing Meeting	√	√	√	√
	Evening	Stay overnight at Hargy Guest House	√	√	√	√
Saturday, 07/03/2015	07.55 - 09.00	Auditor flight Hoskins – Port Moresby (by Air Niugini)	√	√	√	√
	14.40 – 19.00	Auditor flight Port Moresby – Singapore (by Air Niugini). Sedayu is overnight for other audit.	√	-	-	-
	22.05 – 22.55	Auditor flight Singapore – Jakarta (by Garuda Indonesia)	√	-	-	-
	09.20 – 11.00	Auditor flight Port Moresby – Cairns (by Air Niugini)	-	-	√	-

Samplings taken are based on RSPO formula: $0.8\sqrt{n}$ where n is number of Units:
- 50 smallholders interview

- 50 blocks smallholder plantation

Appendix "C"

RSPO SCCS 2014 – Module D (Identity Preserved)

Hargy Palm Oil Mill, Barema Palm Oil Mill and Navo Palm Oil Mill Supply Chain Checklist
RSPO SCCS 2014: Module D –Identity Preserved

Requirements	
D.1. Definition	
D.1.1 A mill is deemed to be Identity Preserved (IP) if the FFB used by the mill are sourced from its own supply base certified to the RSPO Principles and Criteria (RSPO P&C). Certification for CPO mills is necessary to verify the volumes and sources of certified FFB entering the mill, the implementation of any processing controls (for example, if physical separation is used), and volume sales of RSPO certified products. A mill may be taking delivery of FFB from uncertified growers, in addition to those from its own certified land base. If a mill processes certified and uncertified FFB without physically separating the material then only Module E is applicable.	All FFB is coming from fully certified plantations, both company-owned estates and smallholder growers. Hargy Oil Palm Limited supply bases holds valid RSPO P&C certificate. It is traceable from document checking of Mills operation: - Weightbride docket - daily production report for each mill - Monthly closing stock for CPO
D.2. Explanation	
D.2.1 The estimated tonnage of CPO and PK products that could potentially be produced by the certified mill must be recorded by the certification body (CB) in the public summary of the P&C certification report. This figure represents the total volume of certified palm oil product (CPO and PK) that the certified mill is allowed to deliver in a year. The actual tonnage produced shall then be recorded in each subsequent annual surveillance report.	These 3 mills are processing CPO and PK from their sources.
D.2.2 The mill must also meet all registration and reporting requirements for the appropriate supply chain through the RSPO supply chain managing organization (RSPO IT platform or book and claim).	SIPEF has eTrace account and has been verified by auditor. SIPEF has actively involved in eTrace trading platform.
D.3. Documented procedures	
D.3.1 The site shall have written procedures and/or work instructions to ensure the implementation of all the elements specified in these requirements. This shall include at minimum the following: a. Complete and up to date procedures covering the implementation of all the elements in these requirements; b. The name of the person having overall responsibility for and authority over the implementation of these	Procedures has been revised i.e.: Hargy Oil Palms Supply Chain & Traceability Standard Operating Procedure, issue date: 4/02/2015, this for production of CPO and PK. The procedure mentioned the entire supply base on the HOPL palm oil mills including the independent estates and all smallholders is RSPO-certified. There are no other palm oil mill in the vicinity of the HOPL

requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site procedures for the implementation of this standard.	estates, independent estates, and smallholder blocks, to which FFB/loose fruit could be delivered or growers from who FFB could be sourced. The entire CPO production of HOPL is exported, through bulking tanks and a jetty managed and used exclusively by HOPL. PK is transfer into Kernel Crushing Plant which the same site location with CPO Mill – there is no such outside PK coming in to the mill.
D.3.2 The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	The procedure of Hargy Oil Palms Supply Chain & Traceability Standard Operating Procedure, issue date: 4/02/2015 has rules out for receiving and processing certified and non-certified FFBs. There are no non--certified FFB received within surrounding of company areas.
D.4. Purchasing and goods in	
D.4.1 The site shall verify and document the tonnages and sources of certified and the tonnage of non-certified FFBs received.	All three mills are implementing the similar system to verify the documents of certified FFB. All the FFB coming from the company estates and smallholders area will be verified in the wieghtbridge station through Delivery note. The records of delivery note have specific identity code for each entity. At the moment, all FFB sources are certified and there is no non-certified FFB sources suronding SIPEF area.
D.4.2 The site shall inform the CB immediately if there is a projected overproduction of certified tonnage.	The procedure of Hargy Oil Palms Supply Chain & Traceability Standard Operating Procedure, issue date: 4/02/2015 has rules out informing the CB immediately if there is a projected overproduction of certified tonnage.
D.5. Record keeping	
D.5.1 The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	It is confirmed and traceable during checking of document: - Daily report for each mill - Monthly Closing stock for CPO in three mills. The latest was January and February 2015.
D.6. Processing	
D.6.1 The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	The procedure of Hargy Oil Palms Supply Chain & Traceability Standard Operating Procedure, issue date: 4/02/2015 has rules out a record keeping for RSPO certified FFB CPO and PK. All records are provided and traceable such as Daily production report, Monthly progress report, and 3-monthly balance system At the moment, all FFB sources are certified and there is no non-certified FFB sources suronding SIPEF area.
D.6.2 The objective is for 100 % segregated material to be reached.	At the moment, all FFB sources are certified and there is no non-certified FFB sources suronding SIPEF area.

Certified Mill Production in previous year

MILL	CAPACITY	CPO	PK
Hargy Palm Oil Mill	45... tonnes/hour	41,634	9,786
Barema Palm Oil Mill	45... tonnes/hour	40,714	9,570
Navo Palm Oil Mill	45... tones/hour	43,395	10,200

Certified FFB received Monthly in previous year (2014)

Month	Hargy Estate	Navo Estate	Pandi Estate	Smallholders	Total FFB/month
January 2014	11,070	10,405	443	18,456	40,374
February 2014	8,830	10,405	518	14,478	33,533
March 2014	9,053	10,405	537	17,109	35,736
April 2014	9,905	10,405	626	17,324	36,451
May 2014	11,712	10,405	900	18,995	42,517
June 2014	9,599	10,405	919	18,252	38,685
July 2014	8,777	10,405	823	15,789	34,076
August 2014	7,452	10,405	718	12,977	27,550
September 2014	9,911	10,405	1,149	14,681	33,643
October 2014	12,899	10,405	1,598	17,123	41,291
November 2014	12,128	10,405	1,451	19,374	42,630
December 2014	11,668	10,405	1,547	18,430	40,836
TOTAL	123,005	110,101	11,229	202,988	447,322

Sales of Certified CPO (UTX Certified from April 2014)

MONTH	BUYER	TONNES
Apr-14	A	2,080.121
	B	3,120.000
	C	2,600.000
	D	520.000
	TOTAL	8,320.121
Apr-14	A	1,920.000
	B	4,750.000
	C	2,849.998
	D	475.000
	TOTAL	9,994.998
Jun-14	A	2,000.000
	B	3,500.000

	C	3,498.738
	D	500.000
	TOTAL	9,498.738
Jul-14	A	2,100.000
	B	3,063.461
	C	3,150.000
	D	525.000
	TOTAL	8,838.461
Jul-14	A	1,970.000
	B	2,920.000
	C	2,885.000
	D	480.303
	TOTAL	8,255.303
Sep-14	A	1,920.000
	B	2,867.991
	C	2,864.000
	D	476.000
	TOTAL	8,127.991
Oct-14	A	2,080.000
	B	1,549.384
	C	3,098.794
	D	514.691
	TOTAL	7,242.869
Nov-14	A	2,080.000
	B	3,120.000
	C	3,117.274
	D	520.000
	TOTAL	8,837.274
Dec-14	A	3,060.000
	B	3,501.487
	C	3,000.000
	D	500.000
	TOTAL	10,061.487
Jan-15	A	2,080.000
	B	4,159.815
	C	3,120.000
	D	520.000
	TOTAL	9,879.815
Jan 15	A	1,940.000
	B	2,900.000
	C	2,879.345
	D	482.191
	TOTAL	8,201.536
Feb-15	A	2,025.000
	B	3,062.500
	C	3,031.639
	D	1,000.000
	TOTAL	9,119.139
Apr-15	B	5,184.718
	C	3,120.000
	D	520.000
	TOTAL	8,824.718
	Grand Total	115,202.450

Note: Buyer's name is under client's confidential disclosure.

Sales of Certified CPKO (UTZ Certified) from April 2014		
Month	Buyer (CPKO)	Tonnes/Certificates
April 2014	B	1,472.409
June 2014	B	820.289
July 2014	B	1,341.706
September 2014	B	753.377
October 2014	B	462.882
November 2014	B	519.894
December 2014	B	767.657
January 2015	B	1,362.278
February 2015	B	768.450
April 2015	B	648.913
Total		8,918.562

Sales of Book and Claim (GreenPalm Certificates) from April 2014		
Month	Buyer (CPO)	Tonnes/Certificates
	Nil	Nil
Total	Nil	Nil

Appendix "D"
Abbreviation used

BOD	Biological Oxygen Demand
BSI	British Standard Institution
CDM	Clean Development Management
COD	Chemical Oxygen Demand
CPO	Crude Palm Oil
CSR	Corporate Social Responsibility
EFB	Empty Fruit Bunch
FFB	Fresh Fruit Bunch
FSC	Forestry Stewardship Council
GPS	Global Positioning System
HCV	High Conservation Value
HOPL	Hargy Oil Palm Limited
IP	Identity Preserved
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
IUCN	International Union for Conservation of Nature
KER	Kernel Extract Ratio
MSDS	Material Safety Data Sheet
NGO	Non-Government Organisation
OER	Oil Extract Ratio
OHS	Occupational Health and Safety
OPIC	Oil Palm Industry Corporation
OPRA	Oil Palm Research Association
PK	Palm Kernel
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
QMS	Quality Management System
RSPO	Rouitable Sustainable Palm Oil
RTEs	Rare, Threatened and Endangered Species
SEIA	Social & Environmental Impact Assessment
SIA	Social Impact Assessment
SOP	Standard Operation Procedure
SG	Segregation