



## **PUBLIC SUMMARY REPORT**

# **RSPO CERTIFICATION ASSESSMENT**

## **POLIAMBA LTD (POLIAMBA)**

# **New Ireland Province, Papua New Guinea**

*Report Author*

**Allan Thomas – revised March 2012**

[raneeall@ozemail.com.au](mailto:raneeall@ozemail.com.au)

Tel: +61 412 492 353

---

BSI Group Singapore Pte Ltd ( (Co. Reg. 1995 02096-N)  
3 Lim Teck Kim Road #10-02  
Genting Centre Building  
SINGAPORE 088934  
Tel +65 6270 0777  
Fax +65 6270 2777  
[www.bsigroup.sg](http://www.bsigroup.sg)  
Aryo Gustomo: [aryo.gustomo@bsigroup.com](mailto:aryo.gustomo@bsigroup.com)

BSi Services Malaysia Sdn Bhd (Co.Reg. 804473 A)  
B-08-01, Level 8, Block B, PJ8 Service & Office Suites,  
No. 23, Jalan Barat , Seksyen 8,  
46050 Petaling Jaya, Selangor  
MALAYSIA  
Tel +603 - 79607801 (Hunting Line)  
Fax +603 – 79605801

## **TABLE of CONTENTS**

**Page N<sup>o</sup>**

SUMMARY .....	1
1.0 Scope of Certification Assessment .....	1
1.1 National Interpretation Used .....	1
1.2 Certification Scope .....	1
1.3 Location and Maps .....	1
1.4 Description of Supply Base.....	3
1.5 Date of Plantings and Cycle.....	4
1.6 Other Certifications Held .....	4
1.7 Organisational Information / Contact Person .....	4
1.8 Time Bound Plan for Other Management Units .....	4
1.9 Area of Plantation .....	4
1.10 Approximate Tonnages Certified .....	5
1.11 Date Certificate Issued and Scope of Certificate.....	5
2.0 ASSESSMENT PROCESS.....	6
2.1 Certification Body.....	6
2.2 Qualifications of the Lead Assessor and Assessment Team .....	6
2.3 Assessment Methodology, Programme, Site Visits .....	7
2.4 Stakeholder Consultation and List of Stakeholders Contacted.....	7
3.0 ASSESSMENT FINDINGS.....	8
3.1 Summary of Findings.....	8
3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D).....	29
3.3 Noteworthy Positive Components .....	30
3.4 Issues Raised By Stakeholders and Findings with Respect To Each Issue .....	30
3.5 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings.....	30

## **LIST of TABLES**

1. Mill GPS Locations .....	1
2. Plantation FFB Production .....	4
3. Small holders and FFB Production.....	4
4. Age Profile of Company Estate Planted Palms.....	4
5. Estates Hectare Statement .....	5
6. Small holders Planted Area.....	5
7. Approximate Tonnages Certified .....	5

## **LIST of FIGURES**

1 Location Maps.....	2-3
----------------------	-----

## **List of Appendices**

A	POLIAMBA RSPO Certificate Details
B	Certification Audit Programme
C	Continuous Improvement Plan
D	Nonconformities, Corrective Actions and Observations Summary
E	<b>List of Small Holders Inspected</b>
F	<b>Supply Chain</b>

**SUMMARY**

BSi has conducted the certification assessment of the POLIAMBA operations comprising 1 mill, supply base, support services and infrastructure. BSi concludes that POLIAMBA operations comply with the requirements of RSPO Principles & Criteria: 2007 and PNG NIWG Indicators and Guidance March 2008 for the following scope:

Sustainable production of crude palm oil (22, 837 tonnes CPO) and 5,429 tonnes of PK).

**BSI RECOMMENDS THAT POLIAMBA BE APPROVED AS A PRODUCER OF RSPO CERTIFIED SUSTAINABLE PALM OIL.**

**ABBREVIATIONS USED**

BOD	Biological Oxygen Demand
CIP	Continuous Improvement Plan
CLUA	Clan Land Usage Agreement
COP	Code of Practice
CPO	Crude Palm Oil
DEC	Department of Environment & Conservation
DOH	Dept of Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior and Informed Consent
GHG	Green House Gas
GPPOL	Guadalcanal Plains Palm Oil Ltd
HACCP	Hazard Analysis of Critical Control Points
HCV	High Conservation Value
HCVF	High Conservation Value Forests
IE	Independent Estate (a class of Smallholder)
ILG	Incorporated Land Group
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
LLB	Lease-Lease Back
LSS	Land Settlement Scheme (a class of Smallholder)
LTI	Lost Time Injuries
MG	Management Guidelines
MSDS	Material Safety Data Sheets
MVW	Motor Vehicle Workshop
NARI	National Agriculture Research Institute
NLDD	Native Land Dealing Document
OHS	Occupational Health & Safety
OPRA	Oil Palm Research Association
PCD	Pollution Control Device
PMP	Pest Management Plan
PNG NIWG	Papua New Guinea National Interpretation Working Group
POME	Palm Oil Mill Effluent
POPA	Palm Oil Producers Association
PPE	Personal Protective Equipment
RAB-QSA	Internal Auditor Accreditation Body

SADP	Smallholder Agriculture Development Project
SABL	Special Agriculture Business Lease
SEIA	Social and Environmental Impact Assessment
SG	Smallholder Grower
SIA	Social Impact Assessment
SM	Company Sustainability Manager
SOP	Standard Operating Procedure
TRP	Timber Rights Purchase
VOP	Village Oil Palm (a class of Smallholder)

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

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

**1.2 Certification Scope**

This certification assessment includes the production from ONE (1) Palm Oil Mill and 5 company owned plantations and Small holders.

**1.3 Location and Maps**

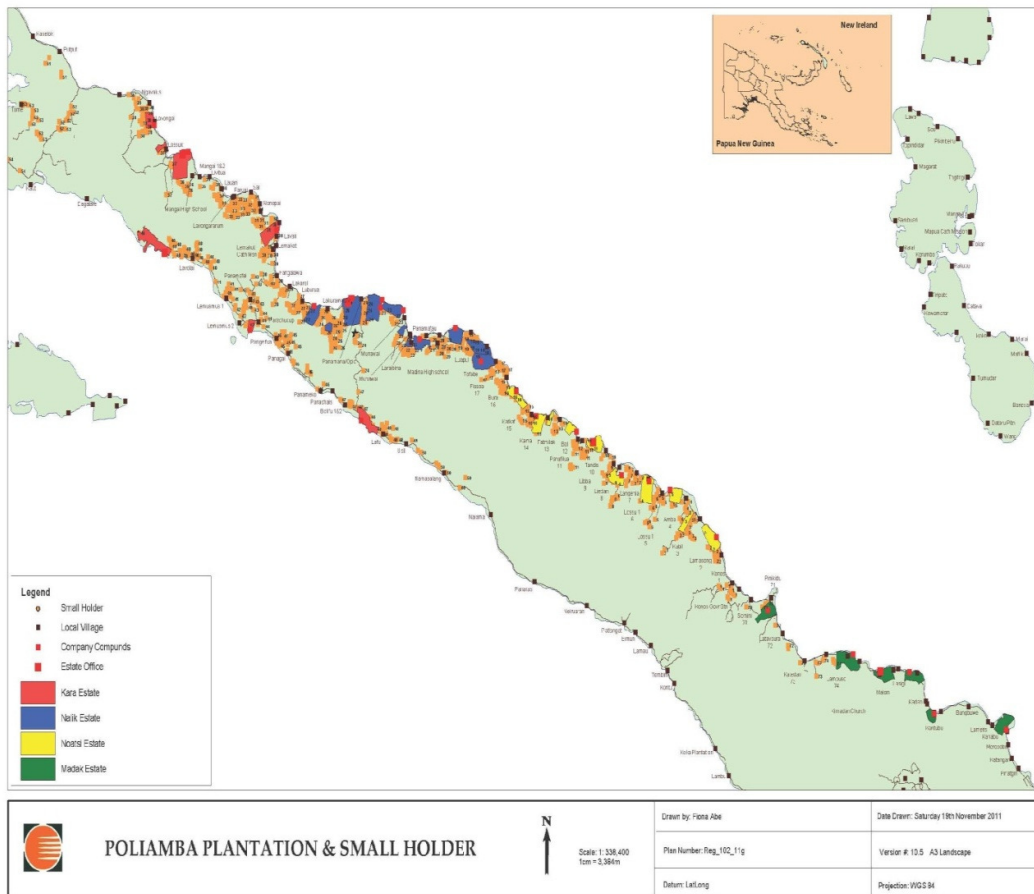
The Poliamba palm oil mill and estates are located in New Ireland province.

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

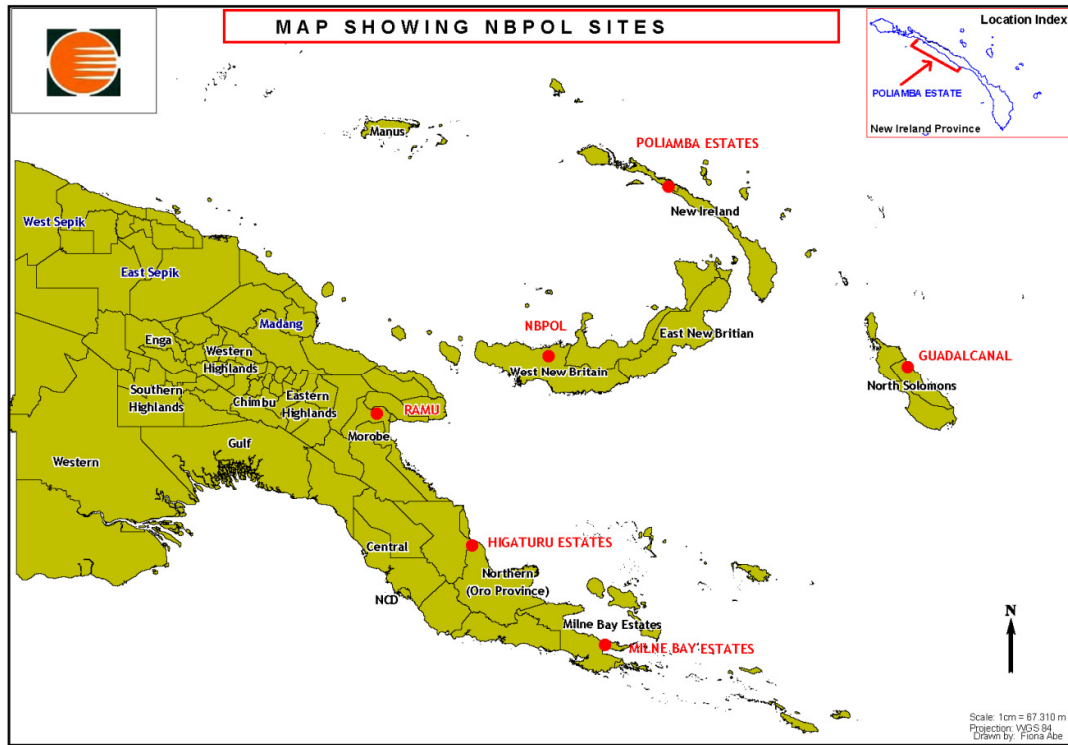
**Table 1: Mill GPS Location**

<b>MILL</b>	<b>EASTINGS</b>	<b>NORTHINGS</b>
Poliamba Mill	E 151°16.578'	S 02°52.478'

**MAP 1: MAP OF POLIAMBA LAND USE**



Map 2 Geographical Position of Poliamba Ltd



1.4 Description of Supply Base

Oil palm fruit is sourced from company managed Plantations and from Small holders.

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

Table 2: Plantation FFB Production 2010-11

Plantation	FFB (tones) -2010	FFB (tones) - 2011
Nalik	30,648.00	33,582.27
Kara	14,484.08	17,600.60
West Coast	8,296.12	8699.49
Noatsi	27,118.30	32,698.29
Madak	24,938.73	25,924.47
<b>Total</b>	<b>105,485.23</b>	<b>118,505.12</b>

Smallholder Growers (SG’s) supply approximately 13.6 % of oil palm fruit processed by the Mill.

POLIMBA has held comprehensive discussions with the SG’s on RSPO implementation. POLIMBA has stated its commitment to work with the SG’s on the implementation of the RSPO P&C with the aim of achieving certification.

The SG’s comprise small holdings of oil palm that were developed under a Village Oil Palm scheme (VOP) that

were developed on customary land. The VOP was developed independently of the company. The SG's manage all aspects of their small holdings of oil palm, including harvesting. FFB production is shown in Table 3

**Table 3: Small holders and FFB Production 2010-11**

Small holders (Total No), 2010 - 2011	FFB (tones) - 2010	FFB (tones) - 2011
1407	16,638.43	20,710.29

### 1.5 Date of Plantings and Cycle

The company owned plantations were developed since 1989 under CDC – PACRIM and CTP (previous owners). The age profile of the palms on Plantations is detailed in Table 4.

**Table 4: Age Profile of Company Estate Planted Palms as at 2011**

Year	Age	Ha	%
1989	22	1383.70	24.33
1990	21	1912.20	37.41
1991	20	734.60	12.92
1994	17	77.70	1.37
1995	16	24.70	0.43
1997	14	309.70	5.44
1998	13	242.70	4.27
1999	12	727.30	12.79
2000	11	59.10	1.04
2011	0	215.10	3.33
<b>Total</b>		<b>5,686.80</b>	<b>100.00</b>

### 1.6 Other Certifications Held

Poliambaholds no other certification although were previously certified to ISO 9001 and ISO 14001 under previous management from 2000 to 2009. They intend to regain certification to ISO 14001 by 2013.

### 1.7 Organisational Information / Contact Person

Poliamba Ltd  
LAKURUMAU  
P.O. Box 46  
KAVIENG  
NEW IRELAND PROVINCE  
PAPUA NEW GUINEA  
Contact Person: Mr. Sander van den Ende  
Sustainability

Phone: +675 9842079 Fax: (675 984 2081)

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

### 1.8 Time Bound Plan for Other Management Units

POLIAMBA Limited is part of the New Britain Palm Oil (NBPOL) group.

NBPOL estates and mills in West New Britain were certified to PNG National Interpretation of the RSPO in 2008 and recertified in 2009, 2010 and 2011.

Guadalcanal Plains Palm Oil Limited (GPPOL) comprises of a mill and approximately 6000 ha planted to palms, in the Solomon Islands. This operation was certified in March 2011.

RAIL was certified to RSPO in July 2010 and re-certified in 2011.

There has been no replacement of primary forests or any areas identified as HCV with regards to uncertified management units including Milne Bay and Higaturu.

There are no known land conflicts within any uncertified management units.

NBPOL has advised that there are no labour disputes and there are no known legal compliances at its non-certified oil palm operations.

NBPOL has submitted to BSi a time-bound plan to achieve RSPO Certification for the remaining operations comprising Milne Bay Estates in Milne Bay Province by September 2012 and Higaturu Estates in Oro Province by the beginning of November 2012. From the above GPPOL is based in the Solomon's and all others are located in PNG.

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

### 1.9 Area of Plantation

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

**Table 5: Estates Hectare Statement**

Plantations	2011	
	Mature (ha)	Immature (ha)
Nalik	1,658.00	216.20*
Kara	924.40	0
West Coast	455.43	0
Noatsi	1,489.63	0
Madak	932.72	0
<b>Total</b>	<b>5,460.18</b>	<b>216.20</b>

The areas of Small holders planted palms listed in Table 6.

**Table 6: Small holders Planted Area**

	Mature (ha)	Immature (ha)
2010	2,344.10	0
2011	2,343.20	63.00

### 1.10 Approximate Tonnages Certified

**Table 7: Approximate Tonnages Certified 2010-11**

MILL	CPO	PK
<b>Poliamba 2010</b>	<b>25,294.28</b>	<b>5,240</b>
<b>Poliamba 2011</b>	<b>29,833.80</b>	<b>7,084</b>

### 1.11 Date Certificate Issued and Scope of Certificate

#### Scope

Scope of the Certificate is for the production from the single palm oil mill and its supply base (refer Table 9 for tonnages).

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

#### Inclusion of Small holders

During the audit of Poliamba operations, the audit team became aware of the effort and resources that POLIAMBA had committed to the RSPO implementation for its Small holders. In particular, Poliamba had initiated RSPO awareness for smallholders back in 2008 through the Papua New Guinea National Interpretation Working Group (PNG NIWG) process and worked with the local smallholder representative. Poliamba worked closely with the Smallholder representative in the development of a "Planting Approval Form" which is used for environmental screening of SG applications for

development of new areas of land to oil palm. The PNG NIWG submitted the "Planting Approval Form" along with the NI to the RSPO EB and the public review process. Since late 2007, no new Small holders have been accepted without being subjected to a field assessment in accordance with the "Planting Approval Form".

#### Small holders

The PNG NIWG had previously established the status of the SG's as "independent" under guidelines previously set.

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

Poliamba has a defined list of all their smallholders and ascertained each of their location and status. This is compiled into a Company database. POLIAMBA has agreed to collect the fruit from these defined independent Small holders.

The entrance (and exit) meeting was very pleasant with the inclusion of the Oil Palm Industry Corporation's Project Manager (OPIC – PM). OPIC is legislated to look after the interests of the Outgrowers with up to 20 Hectares of oil palm plantings.

The audit was carried out from 13<sup>th</sup> to 17<sup>th</sup> of November with 40 block inspections/interviews in total and a meeting with the New Ireland Oil Palm Growers Association (NIOPGA) executive and a confidential meeting with the General Manager of POPL, which concentrated on communications with all stakeholders.

This meeting was held as a result of the 100% negativity received by the auditor to the confidential question to block holders "are you satisfied with the performance of NIOPGA?" The meeting with the executive of NIOPGA was also very cordial despite this revelation and the details of the issues raised are given below.

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

Although Smallholders represent a significant area of plantings, in fact a greater area than estate plantings, the production of FFB from smallholder blocks is only 15% of the total FFB production in New Ireland province. Recent improvements in smallholder fertiliser application have seen a considerable increase in yield which will only improve with continued fertiliser application.

The audit required a great deal of travel as blocks were located as far away as 90 Kilometres from the mill and on both the east and west coasts of New Ireland Province. The auditor made a specific request to OPIC and SHA team members that all plantations were identified along the drive so that an overview could be ascertained along with the individual block inspections and interviews.

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

BSi examined in detail the smallholder survey database and concluded that the information showed the great majority of smallholders therefore met conformance with the relevant Indicators of the PNG NIWG (March, 2008). The validity of the smallholder survey results was tested by selecting a sample of 40 Small holders that were representative of a range of conditions and subjecting these to field audits. This figure is well in excess of the RSPO sampling guidelines. BSi also interviewed Smallholder representatives who had been involved in the baseline survey and confirmed their knowledge of the relevant RSPO P&C's.

## **2.0 ASSESSMENT PROCESS**

### **2.1 Certification Body**

Prepared by  
BSi Group Singapore Pte Ltd  
3 Lim Teck Kim Road #10-02  
Genting Centre Building  
SINGAPORE 088934

RSPO Scheme Manager: Aryo Gustomo:  
Phone: +65 6270 0777 Ext 115  
Fax: +65 6270 2777  
Email: [aryo.gustomo@bsigroup.com](mailto:aryo.gustomo@bsigroup.com)

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

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

#### **Allan Thomas Lead Assessor**

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 18 years' experience in systems management and auditing of large organisations in construction, forestry, agriculture, manufacturing and in

private and Government sectors both in Australia, South East Asia and the South Pacific. During the past 15 years, he has been the Manager of a large certification body based in Australia with responsibilities throughout SE Asia. He has performed over 100 comprehensive audits of management systems throughout the Palm Oil industry including Occupational Health and Safety, Environmental and Quality Management Systems. He has also advised companies on the implementation of OHS in the Oil Palm Industry. He has worked in Indonesia, Malaysia and PNG in the Oil Palm industry. Allan has conducted over 2000 system audits in the last 12 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

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

He has conducted Integrated Management assessments of a large number of palm and kernel oil mills and many oil palm plantations in Indonesia, Malaysia and Papua New Guinea. He has worked closely with RSPO in developing an audit checklist for the Principles and Criteria and developed an audit methodology. This was carried out at the instigation of Dr. Simon Lord – in 2005 prior to RT3. Dr. Lord is a former member of the Executive Board – this audit checklist was bought by RSPO in early 2006. He also performed the first base line assessment of the applications of the P&C. He is a strong advocate of environmental, safety and social accountability.

#### **Tom Diwais – Technical Expert- Small Holders& HCV**

Tom Diwai Vigus holds a tertiary qualification in Forestry, graduating from the University of Wales (Bangor) in 1970. He has 39 years' experience in the areas of forestry, environment, conservation and socio-economics in the Pacific Islands, particularly Papua New Guinea and the Solomon Islands as well as the Northern Territory of Australia. In 2003/4 he was Field Team leader/Professional Forest in the most extensive audit of existing large scale logging operations in PNG, the Independent Review of Existing Logging Projects, completing 14 in depth reports and contributing to the final report which contained recommendations for all stakeholders to improve the sustainability of PNG the Forestry Sector.

Since 2003 he has been the environment and social advisor to the World Bank during the preparation of the Smallholder Agriculture Development Project, which aims at improving the livelihoods of oil palm growers, both in Land Settlement Schemes and Village Oil Palm, as well as providing capacity building and funding support to Ward Development Committees, CBOs and Local Level Governments in small scale infrastructure projects.



More recently he has been working for the Oil Palm Research Association (OPRA) in identifying areas with High Conservation Values in numerous proposed Mini-Estates, as an independent consultant but in association with the Worldwide Fund for nature (WWF).

#### **Tom is fluent in TokPisin**

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

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

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

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

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

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

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

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

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

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

#### **2.3 Assessment Methodology, Programme, Site Visits**

The pre audit for POLIAMBA was conducted from 5th to 9<sup>th</sup> September 2011.

This certification assessment was conducted from the 13th to 17<sup>th</sup> of November 2011.

The single mill and its supply base including Small Holders is a single certification unit as defined by RSPO. Therefore the mill was audited together with the plantation and Small holders as they represented 100% of its supply base. The 2008 PNG National Interpretation of the RSPO Principles and Criteria (as found on the RSPO website) was used throughout and all Principles were assessed. The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

Smallholders were also included in this audit. A total of 40 blocks were audited out of the 1300 smallholder blocks. This is in excess of the requirements. They were all Village Oil Palm (VOP).

After the interview with each small holder was concluded the auditor inspected each block with the block holder and in the absence of any officers from POLIAMBA in order to gain an understanding of any issues of concern that the block holder wished to raise about the oil palm company POLIAMBA

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

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified of this audit, its timing and purpose by placing an invitation to comment on the RSPO, BSI and Poliamba websites and an advertisement in English and Pidgin in the PNG national newspapers.

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

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

A specific point was made to interview representatives of the POLIAMBA Oil Palm Workers Union during the course of this assessment.

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

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

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

The company representatives only introduced the team and were requested to leave during meeting with stakeholders. For internal stakeholders the same procedure was followed and company representatives left once the consultations started (this occurred with senior management. Employees are involved in consultation and committees).

### **List of Stakeholders Contacted**

#### **Company employees:**

- Gareth Disley, General Manager
- Luc Bonneau, Field Manager
- Sander van den Ende, Sustainability Manager
- Bruno Bolai, Sustainability Officer (Social)
- Junior Ipero, Sustainability Officer (Environment)
- Nina Tovue-Abo, Human Resource Manager
- Noel Beckman, Construction Manager
- TurianPasingan, Health Extension Officer
- Paula Brokam, Nursing Officer – Madak
- KamerauLiman, Nursing Officer – Siccacui
- Joe Giru, Estate Manager - Madak

#### **Government:**

- Stephen Mokis, CEO – Economic & Infrastructure, New Ireland Provincial Administration
- Michael Lamusan, Director – Emergency, New Ireland Provincial Administration
- Elizah Worogup, Coordinator – Environment, Forestry & Climate Change, New Ireland Provincial Administration

- Josepha Sarei, Rural Police Station Commander - Lakurumau

#### **Employees (names withheld):**

- *Section Leaders, Nursery*

#### **Civil society:**

- Patrick Topital, Chairman, 'Root of Change' and Provincial Coordinator – Men Against Violence Against Women (New Ireland)
- Rose Elias – Women in Oil Palm, Kavieng
- Tony Hare, Provincial Probation & Payroll Officer and Officer in Charge – Family Sexual Violence Action Committee (New Ireland)
- Peter Mitrap, Chairman – Men Against Violence Against Women (New Ireland)
- Lyle Alicksen, Branch Coordinator – Red Cross (New Ireland)
- 
- Small Holders – see appendix E

Compounds were inspected at Lakurumau, Katu, Suma and Siccacui.

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

November 2012

## **3.0 ASSESSMENT FINDINGS**

### **3.1 Summary of Findings**

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

One (1) Nonconformity was assigned against Minor Compliance Indicators. P

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

Thirteen(13) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 28).

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

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

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

**POLIAMBA now ensures that any requests for information are recorded no matter what the format of that request.**

Requestors now include name, address and contact details and clearly specify what information is required. There is also a process where a request for information is rejected by POLIAMBA and the reasons why it was rejected

**POLIAMBA now maintain a record of responses - including timeliness and includes all stakeholders - internal and external.**

**Any requests for information will be recorded by the relevant authority and if information cannot be made available the reason for this decision will also be recorded and explained to the relevant stake holders**

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

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

All growers held copies of Clan Land Use Agreements (CLUAs). In some cases these were filled in even though the land had been registered (e.g. Church blocks) so although not necessary, the newly filled in CLUAs were a good sign of social stability in the area.

***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.***

This criterion has been implemented and evidence is in place to support this.

Management have decided which documents are to be made available to the public and a list of these documents is in place widely throughout the organisation in estates and mill offices. There is a

register available of all documents which have been made publicly available which has been approved by top management.

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

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

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

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

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

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

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

Group Policies such as OHS, Environmental, HIV-Aids, Equal Employment Opportunities and Sexual Harassment Policies are all available. POLIAMBA has separate policies for the following: Health and Safety, HIV/AIDS, Sexual Harassment, Whistle Blower, Malaria and Domestic violence amongst others. These are also widely available in all operational areas.

The POLIAMBAOHS Plan will be made available on request. All Heads of Departments have a copy of the OHS Plan. It is also made available on the company's web site. It is also posted in all work areas in a prominent position on notice boards where workers congregate at certain times. During the audit it was sighted in many areas including the mill and field offices and other areas such as workshops, stores and clinics. It is in both English and Tok Pisin in all areas with more

effective policies being displayed with more relevance to local population.

There is a documented procedure for dealing with complaints and grievances.

There was a request from Treasury for information on annual projections for production for 2011-16 which was received on 3.6.11 and answered on 7.6.11.

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

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

The required improvements identified in the Social Impact Assessment (SIA), are being incorporated into the long term financial plan and CIP.

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

There is in place a documented system which includes the process for ensuring that legal requirements are known and documented. This information is passed on to the relevant areas of operations to ensure that all involved are aware of any changes to laws or any new laws introduced. The sustainability manager is responsible for managing the process of ensuring all legal requirements are known and met.

All permits and licences viewed were current this includes all water extraction permits.

**A number of legal requirements which required addressing to comply with this indicator at the pre-audit have now been actioned. This includes completion of required Environmental Permit reports, which are to be completed and forwarded to DEC PNG annually this report is ready for placement at the end of 2011.**

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

**2.1.3 Observation: The method for passing information on law changes was not totally described and requires amendment that details the methodology used to disburse this information.**

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

Examples of methods of ensuring laws are being implemented include external re-conformation with such agencies as the Department of Environment and Conservation (DEC), Dept. of Labour and Industrial

Relations who visit annually, and Dept. of Health (DOH). This is further supported by internal physical inspections to ensure that certificates, permits etc. are current.

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

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

There is evidence that all Permits, Licences and Certificates have been obtained and are up to date. There was evidence available that Boiler Operators certificates were now available. There is evidence in place that all fees were paid on time and the issue of current certificates is out of the control of POLIAMBA.

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

A record is maintained of these instances when enquiries have been made to determine the position in relation to these new permits etc. Letters to government departments following up on expired permits can be provided on request and were sighted during the audit.

New Ireland is a matrilineal society where land matters are handled by the women. This has led to some apparently complicated CLUAs where one block holder, had signed as a Clan Leader, witnessed by his father, because the land belonged to his mother's clan. This is perfectly normal and legal by customary law in New Ireland.

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

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

There is one instance of Lease-Lease back portions , portion 622. All requirements with regards to this lease are being met.

There are also four sub lease arrangements – all the remainder are agricultural or state leases.

Therefore all Documents indicate legal ownership or lease of land and all original leases and land titles are available in Head Office as well as any copies in operational areas. These titles are well managed and easy to locate at the moment. This is a large improvement from the pre-audit. All leases/titles could therefore be viewed.

**2.2.1 Observation: All environmental permits and water use permits are in the name of CTP and these will be amended during the annual payment of permit fees. A letter is however available stating that former CTP estates are now owned by NBPOL.**

Boundaries are normally landmarks such as Roads and Rivers which have been identified through participatory means with the customary landowners.

POLIAMBA engaged a registered surveyor to identify the legal boundaries of any areas which are disputed. One small case indicated that boundaries had been encroached by a small holder following a survey. This was quickly resolved with records in place of the details of this issue which involved a small amount of palms.

There is evidence that legal boundaries can be clearly identified. Boundaries are marked on maps and with titles - some are marked with boundary pegs - have been previously surveyed. All are normally indicated by natural barriers such as roads and rivers. All will be gradually surveyed. Pegs are being replaced if necessary once the survey has taken place.

There are no operations outside the legal boundaries of the plantations as far as POLIAMBA is aware

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

Records of all resolutions are maintained with Sustainability Manager.

There is proof where disputes have been resolved or are being resolved – there are at present no ongoing disputes. POLIAMBA use either legal means or negotiation with the party in dispute including village elders.

**Therefore there are no significant land disputes within the operations of POLIAMBA.**

Although some block holders mentioned that there had been some disputes in the past, these had all been resolved long ago and there were no current disputes in the blocks inspected and interviews held.

The company Legal Department maintains copies of all CLUA's. The CLUA assists in minimising disputes by splitting land into smaller family groups (this reduces

disputes). Copies of all CLUA's are also held with the bank.

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

Current maps are available) showing occupied state land and include tenure. There is no customary land within POLIAMBA boundaries. There are no operations on alienated land.

All Land Titles are in place.

There are copies of the small amount of negotiated agreements available detailing processes of consent - Copies of negotiated agreements are available in Land Title Officer Office and with company lawyer. This is with the one lease –lease back arrangement and four sub leases. The agreement for the lease – lease back for Portion 622 – this is a 99 year lease.

Sketch maps for 50% VOP were available during this assessment. They are gradually being completed and Poliamba expect to have them completed by early 2012. This will be monitored to ensure this happens and all sketch maps are available of the VOP.

VOP's blocks are established on Customary Land. The CLUA is an agreement whereby the clan leaders allow the VOP grower to plant oil palm on a particular piece of land. The CLUA recognizes that that particular person has ownership rights or usage rights over that particular piece of land. Copies of CLUA's sighted at POLIAMBA – for privacy reasons these were not recorded in this report but samples are available in audit notes. See 1.1 and 2.2 The VOP Blocks are on customary land by agreement with Clan Leaders.

The recent resigning of CLUAs indicated that there was general approval of the process by which blocks had been allocated.

All block holders interviewed had signed Statutory Declarations to assign their blocks in the event of their death.

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

All requirements of this indicator have been met.

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

Annual replanting programme is in place for the next 5 years and includes estates due for replanting including hectares and date for each year.

There is a five year business plan for POLIAMBA. It is available from the General Manager. There are business



plans in place that take into account crop projection, mill extraction rates, costs of production, annual replanting programmes, forecasts and financial indicators. The auditor sighted crop projections for all estates and associated SG's. All mill extraction rates are documented.

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

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

The Five Year plan is reviewed on, at least, a yearly basis with the CEO of the Group. The latest review and update was completed in September 2011.

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

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

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

Standard Operating Procedures (SOP) are in place for each station in the process of palm oil production from weighbridge to storage.

The mill has in place Work instructions for all mill activities. They are available in the mill and at the area of operations. Mill SOP's have been translated into Tok Pisin and have been well positioned in the vicinity of operational areas. Adequate document control in the form of issue date and approval is to be put in place. Many current SOP's in Tok Pisin were sighted throughout operational areas.

Mechanisms are in place to determine the effectiveness of the SOP's. These include regular inspections within the mill with regards to records of operational checks including hourly monitoring of conditions at a number of stations including Sterilisers, Boiler, Presses and other areas. These are completed and then they are collected and reviewed by the Respective engineer to ensure SOP's are monitored.

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

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

Regular inspections by Sustainability Manager determine effectiveness of processes in place. In regards to estates the estate managers will ensure MG's are being

followed. This will be further supported by inspections by SM

The SOP's are further supported by routine regular scheduled preventive maintenance. This is planned and carried out under the Mechanical and Electrical Engineering divisions to ensure ongoing production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is reported and followed up to ensure documented practices are being followed.

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

However there were some maintenance issues which require action in the mill including attention to steam leaks, water leaks and oil leaks during the pre-audit and these issued have all been taken care of since then. The cables holding mill lights which needed to be replaced was completed as required.

The estates are similar to the mill in that scheduled field inspections are in place by a team of field inspectors.

The estate managers carry out regular field inspections to ensure SOP's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. This is further supported by the Oil Palm General Manager who carries out regular extensive field inspections which are further supported by the issuing and circulating of an inspection report to the relevant sections. Any non-conformances are recorded and followed up in a specified time frame. These inspections occur monthly and include each division in each estate. The inspections are scored to indicate areas for improvement and record if improvements have been made since the previous inspection. Further inspections are also completed by the Field Managers office. This is a more far reaching inspection to ensure product quality is maintained and correct practices are being followed.

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

The latest issues of MG's are controlled by the Sustainability Manager who ensures current applicable PNG COP's are in place.

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

Fertiliser use is being recorded and monitored. Fertiliser inputs are recorded for each estate - including recommendation and application against recommendations

Records indicate type of fertiliser used and block numbers of areas where it is applied

POLIAMBA has soil maps. Soil sampling was completed by an independent testing authority during 2006 and reports are available which includes outcomes and recommendations. This soil sampling also included maps of areas under planting.

There is evidence of periodic tissue analysis- will need to review any tissue analysis completed for 2011.

Tissue analysis completed by external testing body and records where viewed at pre-audit

There is a soil analysis planned for early 2012.

POLIAMBA has soil maps in place - includes difference types of soils -these are available.

Tissue analysis completed by external testing body has taken place and records were viewed at this assessment. Tissue analysis interpretation is available from the Singapore Office which works closely with AAR Laboratory, Malaysia. Recommendations are made by Singapore office on the application of fertiliser. This was sighted in the OMP 8 records of application.

There is a nutrient recycling strategy in place - EFB, Frond Stacking, Palm residues are used in the field at harvesting and spreading of EFB. There is also the use of fibre and shell to reduce use of fossil fuels in furnace - assists in power generation.

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

Maps are available of where by-products such as EFB are applied.

All growers interviewed were applying fertiliser on a regular basis and understood the benefits of both fertilisers and other forms of nutrient addition, including the use of Empty Fruit Bunches (EFB), cover crop, placing of cut fronds etc.

Therefore smallholder blocks visited showed excellent agronomic management. All block holders were recycling palm fronds by laying them between rows of palms to allow for composting, household vegetable waste was also used to improve fertility.

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

There are slopes over 25° however these are in areas with only small steeper hills not prolonged areas. Planting in these areas is OK as long as there are not planting on extensive areas over 25° and less than 30 metres..

Poliamba have maintained buffer zones near streams and rivers in steep areas. These remain intact.

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

At Poliamba the practice is to use old stand as nutrient (. In all areas cover crop is planted

There are no known fragile or problems soils at POLIAMBA.

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

At replant any steep areas will not be replanted (over 25° calculated over 30 meters) and 100 metre buffers from high water mark of sea will be re-established if applicable (Sicacui).

On fields with over 9° erosion control practices are in place. These include use of terracing (also re-establish effective terracing at replants), effective cover crop and use of an effective roading strategy which takes any rain water quickly off the roads.

All blocks with slopes over 25° are identified.

There is are small pockets of peat of less than 150 hectares and are less than 3 metres deep and not planted in POLIAMBA.

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

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

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

2011 for both all estates. This includes management of rainfall run off. The Maintenance plan indicates priority of grading and which roads are to be included on an annual basis.

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

The road programme is monitored to ensure it is up to date and that areas with potential and actual erosion areas are given priority over less risky areas.

Although most of the blocks were on flat land, growers understood the importance of using cut palm fronds to arrest water flow where some blocks had sloping terrain. One block holder had even benched the steeper portions of her block.

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

POLIAMBA has issued a Water Management Plan with the most recent being in November 2011 which replaced the previous issue (August 2011).

BOD levels of discharges are monitored and have records for the previous 5 years at least. All recent reading show any discharge of POME is well below the allowable limit. During this assessment there was no discharge into the reed bed at the final pond due to low water levels.

The Water Management plan is comprehensive and includes all areas of water use including drinking, mills and other water usage – includes testing regimes and schedules- copies of the water quality criteria for PNG is documented

POLIAMBA does now have the facility to be able to monitor the water flow in mill as a number of flow meters have been installed. Water use is therefore being monitored. Effective records will continue to be collected and the data will be analysed

With regards to monitoring of water quality by an outside registered lab (SGS). The results indicate water quality is very high with no faecal coliforms and pH within the acceptable range.

POLIAMBA will take action to ensure use of water does not have an adverse effect on downstream users even though here are no downstream users in relation to Poliamba Oil Mill.

Hazardous Chemical residues are being adequately prevented from entering water courses in a number of areas. This in particular includes CVWS, Construction and Central Stores were management practices prevent hazardous substances entering water courses – new improved interceptors and other Pollution Control Devices are being installed or improved. The interceptors now being constructed are proving very effective in managing water quality of any discharged

waste water. The plan goes on to formalise how storm water and mill drains are regularly inspected and includes templates of records of any actions taken. Much of the plan is already implemented.

These improvements are providing much improved protection for both ground water and surface water from possible contamination. A number of new triple interceptors and sediment traps have already been completed and are proving to be effective in preventing pollution of storm water.

POLIAMBA monitors the water flow in the mill as a number of flow meters have been installed.

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

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

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

Very few of the block holders lived on their blocks but water quality was an issue that all respondents were clearly cogniscent. Some had water tanks, some had wells, all water sources were kept clean and none were subject to pollution by washing fertiliser bags of throwing of rubbish.

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

There is an Integrated Pest Management Programme (IPM) for specific pests including Sexava, bagworm and oryctes as well as other pests including weed infestations. The Programme includes the following techniques – pest monitoring, selective use of chemical treatment, and encourage establishment of bio-control agents. Records of locations and application timeframes for all chemicals used are kept. There is a measurement of the amount of each pesticide used and type for each specific pest e.g. for Ganoderma - use established techniques which does not include chemicals and instead use biological control. POLIAMBA monitors pests and disease as part of the IPM. There are very few significant pest and diseases identified at POLIAMBA at the present time and any pests are well controlled.



There is a continual census of all pests on a regular basis to ensure any potential outbreaks are monitored. There have been no severe outbreaks of any pests for some time with the last outbreak being some 12 months ago in a limited area of Sexava which was effectively treated

POLIAMBA is maintaining records of all the above including active ingredients applied perha using published toxicity data. Workers are trained in the implementation of the IMP as well as in monitoring its continued success.

The Integrated Pest Management Plan (IPM) has been recently updated and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. All pests and diseases which are identified are monitored constantly. The use of pesticides is being monitored and use is being reduced and data is kept.

The use of all chemicals is justified and a plan to reduce usage has been presented. This includes chemicals used, dosages, and frequency of use. POLIAMBA is recording where pesticides are being used, quantities and against what target pest. The plan includes insecticides, herbicides, fungicides and rodenticides.

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

**4.5.2 Observation: The hand picking of weed infestations in the new planting area should be included as part of the IPM and is a non-chemical control method and technique should be set out.**

All respondents were aware of the need to report any insect outbreak or fungal attack to the relevant OPIC officer.

***Criterion 4.6: Agrochemicals are used in a way that does not endanger health or the environment. There is no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives and this is documented.***

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

The SOP (Management Guideline) has documented what chemicals are used and where and in what situation. It stipulates the maximum dose possible for each application. There are also plans in place to gradually reduce the use of Agrochemicals. There are time frames in place in the IPM whereby chemical use is reduced.

There are records of pesticide use and they include active ingredients used, area treated, amount applied per hectare and number of applications.

Paraquat is used in the nurseries and on immature areas. It is also used for selective spraying of volunteer oil palm seedlings and if continuous rain precludes use of alternatives. Poliamba have a policy to eradicate the use of paraquat and have not purchased further supplies since July 2011. Paraquat is now only used in the nursery and its use will completely stop from 1<sup>st</sup> of May 2012.

The alternative to paraquat has been identified by Poliamba – this Basta.

It is POLIAMBA policy not to supply paraquat or any chemicals to any smallholders. This policy is strictly monitored.

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

Specific products are being used to target pest and diseases which have a minimal effect on non-target species. Pesticides are selected to minimise risks to health and environment. This is outlined in the Pesticide Usage Management Guidelines. However due to the fact that very few pesticide types are available pesticides are not routinely rotated to reduce the possibility of resistance.

Records of pesticides usage are very good and include as a minimum areas treated, amount of pesticide used per hectare and number of applications. Usage is compared with records of previous year and this information is used to monitor and plan reduction in use.

There is in place an ongoing SOP which is controlled via the MG with regards to the use of WHO Type 1A or 1B chemicals. POLIAMBA is able to demonstrate that Type 1A & 1B chemicals are not used by application records and purchasing records/stock control.

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

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

- Pesticide Mixers
- Pesticide Sprayers

The training data is also maintained to show the nature and content of the training covered.

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

PPE for sprayers is supplied and its use demonstrated in the training programs. The company supplies two sets of

overalls to all pesticide operators so that one can always be considered clean. Overalls are washed at the pesticide mixing areas in specially constructed wash areas so that sprayers and mixers do not need to take them home and therefore the risk of cross contamination with family members is reduced and eliminated.

Some chemicals such as methamidophos require more extensive protection and this is nominated in the MG's for pesticide application. All sprayers and mixers sighted during the assessment were using the correct PPE which is supplied by POLIAMBA.

Material Data Safety Sheets (MSDS) are obtained for all chemicals used and are available at the areas of mixing. No concentrates are taken into the field as all spray solutions are pre-mixed in a designated area.

Where required MSDS are translated into the local language.

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

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

POLIAMBA policy is not to use either pregnant or breast feeding mothers to work with pesticides. None were sighted.

Health checks are conducted for pesticide operators. This is carried out by a medical officer on a twice yearly basis and records of these checks are kept in the relevant clinic. All pesticide operators/handlers had last been screened in October/November 2011 and the company Health workers maintain records of screening and schedule.

POLIAMBA do use organo phosphate and methamidophos. All workers who come into contact with organophosphates have recently undergone been **Acetyl cholinesterase testing** and the results were available.

**4.6.13 Observation: Poliamba need to record actions taken when plantation pesticide operators tested and results indicate they are below the acceptable range.**

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

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

longer term growers are proficient in the use of chemicals.

Small holders demonstrated that they use appropriate safety equipment and observe the precautions attached to products. They also demonstrated that they store chemicals away from children and other vulnerable people and dispose of waste material and containers safely.

There are however no National regulations for disposal of chemical containers and the Small holders adopt the best practices introduced by POLIAMBA.

None of the Outgrowers interviewed used herbicides such as Glyphosate to kill weeds. All blocks were manually maintained in a clean state.

The only chemicals used by growers were fertilisers and all empty bags were safely disposed of.

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

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

- Estates
- Mill
- Workshops
- Clinics
- Stores

POLIAMBA has in place a health and safety policy which has been implemented and is being monitored. The policy is widely available to all workers, visitors and contractors. The policy is publically displayed on notice boards and within documentation. It is also available in all areas in the local language in addition to the English version.

All areas have implemented and monitored this plan to a very substantial degree. The situation has improved considerably since the RSPO pre-certification audit.

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

**4.7.2 Minor Non Conformity: Some operations with health and safety as a concern have not had an adequate risk assessment as some areas have been omitted for example welding and hot work in the MVW.**

An area of improvement is the availability and distribution of MSDS. These are now centrally controlled by Central Stores. There is a list of all chemicals used which is updated as new products are used or other products are no longer used. All pesticide stores have a standard set of MSDS in place for all chemicals used. This aids consistency and ensures all areas handling pesticides have consistent control.

It is concluded that all precautions with regards to products are being observed with regards to both chemicals and other material such as Rockwool which is now well managed.

Contractors are now being included in the control of OHS matters on site. They are expected to provide a safety plan for their activities and also agree in the induction to site to follow all Poliamba requirements regards OHS issues including provision of PPE.

**4.7.3 Observation: At times the OHS risk ratings appear to be somewhat inconsistent and the risk consequences do not appear to be accurate.**

POLIAMBA has provided the required PPE appropriate to the task after the hazard has been identified and the risk assessed. The level of proper use of PPE has increased for both workers and contractors in all areas including mill, workshops, estates etc. A very positive outcome was the absence of the use of incorrectly marked containers holding hazardous substances. In fact all areas of Safety Management have improved greatly since the pre-audit. It must also be reported that the staff at Poliamba are very proactive with regards to policing the use of appropriate PPE at Morning Musters and workers are reprimanded if they do not use the supplied PPE.

Two issues identified during the Pre Audit have been included in the Social Improvement Plan (SIP):

- In regard to the effectiveness of gum boots in providing adequate protection for field workers (as they provide limited resistance to palm nails or bush knives, and contribute to sores and skin diseases from rubbing on the skin, particularly when water or fertilizer enters the boots), NBPOL will trial appropriate footwear (and gloves) to decrease palm nail and laceration injuries in 2012 (refer SIP, p. 2).
- In regard to the lack of mobile phone coverage at Siccacui, where the plantation manager's vehicle must be used to reach assistance in an emergency, NBPOL will install a radio in 2012 (refer SIP, p. 1).

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

Signage largely supports the use of PPE addressing when and what type of PPE is to be used and under what circumstances. Sign management and placement has improved and is now better controlled since the pre-audit as signs are more readily available and are correctly positioned to reinforce any requirements. Signs are also placed accurately. The introduction of the lock out – tag out system was found to have reduced the risk of injury by having dangerous plant isolated during repairs and servicing.

A very few minor OHS issues were pointed out during the inspection and without fail these items were attended to immediately.

There are emergency procedures in each area and these are tested to a degree. All areas had in place records of testing the emergency procedures including tsunami drills, fire drills and other possible emergency situations.

The records of all drills and testing of emergency preparedness are very comprehensive and include participation, times, any failings and any improvements which could be made. It was also noted that with regards a number of these drills whole compounds were involved rather than just workers. A complete roll call was available of all drills. It was also noted that drills are also had at different times to better simulate actual emergencies.

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

- Mill
- Estates
- MVWS
- STORES
- Constructions

All areas have regular meetings (at least three monthly and sometimes more often) to discuss OHS matters. Each area now has a standardised agenda and meetings are conducted after workplace inspections which also help to discuss findings.

All areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety issues such as use of PPE. All these department meetings provide observations and issues feed into a combined meeting which covers all operations for POLIAMBA which is chaired by the Sustainability Manager.

There are company clinics on all plantation divisions and a centralised clinic at the Head Office compound. All are staffed by trained health workers apart from and/or Registered Nurses who are on call 24 hours a day. The clinics are regularly checked to ensure they are hygienic and that sharps and medical waste are handled correctly. The clinics have improved greatly and many repair and renovations have either already taken place or at least planned in the improvement plan. There is now temperature for control of medicines etc. that needs to be controlled in a certain range of

temperatures. All fly screens have been repaired and all have facilities to boil water to sterilise items in the clinics.

The company also has Red Cross trained first aiders and uniform first aid kits in all field and mill work areas. The kits are checked and restocked regularly. A number of First Aiders are available in all work areas at all times including day and afternoon shifts.

There are records kept by Administration of First Aiders training including copies of certificates awarded and expiry dates.

POLIAMBA monitors a number of Safety performance indicators such as lost time injuries and regularly reviews all incidents. All accident records are kept and reviewed. The information is reviewed by Management during high level safety meetings to ensure objectives are being achieved and all incidents fully investigated. This was verified during the audit. This is an improvement since the pre-audit when it was unsure that all accidents are reported and investigated.

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

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

**4.7.7 Observation: It is suggested that although all accidents are reported and LTA is available that a record of a rolling 12 months is maintained as this will allow management to determine trends and whether injury rates are reducing.**

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

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

All workers are covered by workers compensation accident insurance.

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

Training needs are identified by managers and an annual training program is prepared by Human resource training staff. The training program focuses on the provision of short courses, but does not include all training-related support provided by POLIAMBA (e.g. apprenticeships, educational support for the dependents of employees).

**Poliamba Estates has an annual training program and maintains training records. However, the medical officers have not received any in-service training for some years, and should be kept abreast of current medicines and medical practices. They should be included in the annual training program. It is also recommended that HR provides an overview of the annual training program to help ensure other staff/workers that require regular or periodic training are not left out of the training program.**

Following the Pre Audit, training for the HEO and Nursing Officers has been included in the training program. Training for the HEO has already commenced (one day per month on-the-job training with the doctor at Kavieng Hospital). A similar arrangement is planned for the Nursing Officers in 2012.

**4.8.2 Observation Some OHS officers have not been trained in basic first aid. It is recommended that the Red Cross be re-engaged to provide additional training to ensure all OHS officers are trained in basic first aid; are familiar with the contents of the first aid kit and their application; and are aware of the appropriate referral procedures (and need for referrals) for more serious injuries or illnesses.**

Specialised training courses are also planned as the need arises and this includes group or in house training. Some training is carried out on demand and on the job.

Training needs are assessed on an annual basis. There is a formal training plan for all staff and this is managed by each individual estate, mill and relevant operational areas. The training is mainly to ensure that skills required to perform tasks successfully and safely are in place.

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

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

Training records are therefore kept for all employees.

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

Training of smallholders is being implemented by POLIAMBA and this will be completed over the next two years. This training is done through field days, awareness sessions and the company news letter. The names of all Small holders who undertake training are recorded and a register is kept by POLIAMBA.

For small holders all training from POLIAMBA with regards to block management is passed on to family members. POLIAMBA has adopted a continuous training programme for Small holders, in the absence of Government extension service. It is likely that VOP section will need to be upgraded with additional staff.

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

An Environmental Aspects and impacts register has been developed and is reviewed and updated at least annually the last update being in May 2011. The register is comprehensive and clearly identifies significant environmental aspects and also nominates any legal requirements or restriction classed within the aspects. This register covers all operations impacted upon by POLIAMBA. This register also includes occasional operations such as construction of roads, construction, management of mill and replants as well as intermittent operations such as drainage and irrigation and disposal of specific waste.

All environmental impact assessments have been carried out when and where appropriate. Records of all impact assessments carried out are readily available.

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

**The methodology for determining aspects and impacts has been explained and matrix was available to determine how impacts were applied.**

All environmental impact assessments have been carried out when and where appropriate. Records of all impact assessments carried out are readily available. All environmental impact assessments cover both on site and off site activities. Whenever there are changes made to operations and changed impacts are updated to reflect these changes. All departments visited did have current Environmental Impacts and assessments available.

There are many improvement plans in place for the estates, mill, motor vehicles workshop construction, Store and other areas. Such plans have funds allocated to them and clear, timeframes for completion identified. All plans are now formalised and the improvements made are noted in the CIP (See 8.1). Some of the improvements identified at the pre-audit are already complete e.g. chemical storage and bunding.

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

**There is an Environmental Management plan in place which includes -**

Impact assessment includes:

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

**Impact will need to be reviewed as techniques or operations change – the period of review has been confirmed to ensure plans are in place.**

Growers are aware that fertilisers should not be applied close to watercourses and all those interviewed had decided not to use herbicides because of their inherent toxicity and potential harm.

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

An assessor selected from the RSPO register of HCV assessors has carried out an assessment of the presence of HCVs within and adjacent to the POLIAMBA plantations. The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings. All of the land within the plantations has previously been used for other agricultural purposes and had previously been extensively logged.

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

Within the estate some areas are not planted and these habitats are being left in their natural state. These areas have been identified as HCV 4. They are now refugia and will be left to become HCV in future times. This was the case at a 15 hectare area in the re-plant at Lubaru.

Buffer zones have been established along all watercourses and signs erected.



Therefore any HCVFor “Refugia” areas that have been identified and mapped. HCVF, Refugia and Buffer Zones have been clearly marked and native trees are being planted to expand and protect them. Many species of trees found in lowland rainforest were noted in the refugia and this indicates that the refugia are indeed remnant vegetation and valuable HCV areas.

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

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

Company employees are prohibited from the hunting and taking of fauna from the plantation and adjacent land. Sign boards have been posted adjacent to buffer zones and other conservation set aside advising of the protected area. Any legal requirements within any areas are applied and enforced by POLIAMBA management.

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

Inspection during this assessment indicated there was little inappropriate hunting, fishing or collecting activities in the POLIAMBA areas noted. POLIAMBA is discouraging people to encroach into the buffers.

POLIAMBA have provided gardening areas for use by workers adjacent to their housing to discourage worker encroachment into buffer zones and protected areas. This has been partially successful and encroachment by local communities still occurs. POLIAMBA is exploring mechanisms to engage these communities as part of its implementation plans. Occasionally land owner groups implement their own systems to discourage encroachment.

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

Growers are aware of the history of the New Ireland Province with extended years of forest logging and conversion to agricultural crops. All growers expressed the need to conserve what natural habitat remained for the benefit of their children and future generations.

There was a general understanding of the conservation value of birds such as the Torresian Crow (Kotkot) which feeds on insect pests such as Sexsava.

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

The waste management plan is presented in a separate management guideline (MG 8) and includes pesticide contaminated waste. The waste management plan is up to date and in place at all operations.

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

The company’s aspects register formally identifies all sources of pollution and waste and states their impacts and required mitigation measures. This register is updated at least annually or when new waste sources become apparent.

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

The following waste streams have been identified and are controlled through the Environmental Management system in operation at POLIAMBA.

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

Landfill sites are in place for all areas. The landfill sites are well managed and sign posted. A caretaker has been appointed for all land fill sites.

The collection of household waste is well controlled. There are formal rubbish collections in all areas at least weekly. This is monitored regularly. The garbage collection system in each staffing compound includes

separate bins for green waste and other household garbage. The green waste is recycled and utilised for agriculture. The remaining household garbage is buried in land fill sites which are adequately fenced and managed. There is no evidence of windblown waste or bad odour in these areas.

There is no evidence of burning or putting green waste in landfills. All landfills are GPS and mapped and records are kept of start and finish dates. All landfill sites are well away from waterways and residential areas – over 1 kilometre in all cases. Landfill operators now fill from one end and compact as they go with regards to general waste. There is an attempt to segregate all waste and to recycle whatever can be recycled. Waste is therefore recycled wherever possible. Recycling includes information as types of wastes, prohibited wastes, recycling guides, re-use of nutrients, management of effluent ponds, increasing the efficiency mill extraction etc.

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

Separate Pesticide, Hydrocarbon and General waste areas are provided for all waste at each landfill.

Pesticides are a source of pollution and ground and surface water contamination. The control of their disposal has been stated previously in this summary. The control of hydrocarbons has also been addressed elsewhere in this report. **All estates have effective records of the proper disposal of use pesticide containers including method of destruction, placement and records of quantities destroyed.**

**Have also have in place treatment system for POME in the form of effluent ponds. Records of the disposal of pesticide drums are to be kept**

Medical waste records include disposal of sharps and contaminated medical waste, giving amounts destroyed and where transported from with dates. All clinics send their waste to the main clinic at Head Office and thence to the local hospital where incineration occurs. The clinics also record the return of expired ointments and drugs. The medical waste is collected from each clinic and records of its destruction are kept – this includes needles, syringes and contaminated bandages.

Since the Pre Audit, the Madak and Siccacui clinics have been provided with adequate waste disposal containers and medical waste is collected and recorded on a regular basis. A small furnace used to burn some waste at Madak clinic has been removed and the area rehabilitated.

Of note is the improvement and restoration made to the areas of both workshops since the pre-audit which is exceptional. A new larger hydrocarbon interceptor trap

and accompanying improved drainage at the workshop and vehicle wash bay at the MVW has been recently constructed and is operating very effectively.

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

Small holders do not live on their blocks so domestic waste is minimal. All smallholder respondents showed evidence of domestic waste disposal in deep rubbish pits with the occasional burning within the pits of some non-biodegradable waste (e.g. plastic bags). In general there was very little evidence of burning of refuse.

POLIAMBA emphatically discourages the use of fire on smallholder blocks and provides training in the safe disposal of waste materials and containers. The majority of growers live in their villages and so there are few domestic houses on blocks. Where these were seen all such block holders have rubbish pits for disposal of domestic waste.

No growers used hazardous chemicals on their blocks.

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

POLIAMBA uses fibre to power the boiler which produces steam, drives the turbine and produces electricity. The use of renewable energy in this early stage of the mill around 60% under normal operating conditions.

POLIAMBA provides records of both monitoring of kilowatt hours per tonne of palm product and Kilogram of steam per tonne FFB.

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

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

POLIAMBA started keeping records when the ISO 14001 system was introduced some 10 years previously.

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

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

There is no burning in new developments or at replanting. Burning is not allowed by POLIAMBA and there is no evidence of burning.

POLIAMBA will record any areas of sanitary burning if and when required. To date there has been no sanitary burning.

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

The incineration of all medical wastes such as sharps, used bandages and gloves is permitted. Records are maintained of the amounts destroyed. This is carried out using a specially designed and constructed incinerator which is available at the local hospital.

The smallholders are disposing of their waste in a responsible manner by mixing the organic waste with the pruned fronds and using a pit disposal method for other household waste. POLIAMBA has a strong "No Fire" Policy throughout its operations and those of Small holders.

Growers indicated that they had adopted the method of allowing cut vegetation to rot slowly and use of fire was minimal.

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

Assessments have been carried out on all recognised polluting activities and include gas and smoke emissions, particulate and soot emissions, effluent control, treatment and discharge. Any Significant pollutants and emissions have been identified. There is a plan in place to reduce pollution – this is included in the aspects/impacts register and the waste management plan

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

Significant pollutants and emissions have been identified within the Environmental Impacts register and plans are in place to reduce impacts via the Environmental Improvement Plan

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

The treatment methodology of POME is recorded in effluent pond management plans and in MG 11 however POLIAMBA is not discharging POME at this stage due to relatively dry conditions due to the pond levels being low. Previous discharges in recent months have all been well below allowable BOD discharge limits

Stack emissions are being measured by a combination of the Ringleman method and by smoke density readers that show emission levels are within requirements. The reader/meter is recording data on smoke density and mill management are able to interpret this information in relation to allowable smoke emissions levels.

Ringleman measurement/observation is used as a backup to this system until management are convinced it is working smoothly.

Records are now in place for over a number of years for these readings.

**Potential significant pollutants also include control of bulk fuel tanks. The bunds were either too small or not effective in controlling potential spills from the tanks. There is a programme in place to ensure that all bunds are refurbished to ensure that they are within guidelines of AS 1940. This agreement is with Island Petroleum who is presently upgrading the bunds. This action is included in the CIP.**

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

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

A Social Impact Assessment (SIA) of the Poliamba Estates was undertaken in July 2011. The report included interviews with 204 individuals and was finalised in September 2011. The SIA included a number of detailed recommendations relating to:

- Housing;
- Occupational Health & Safety;
- Health;
- Livelihoods;
- Education;
- Workplace; and
- Flora and fauna surveys.

The key recommendations of the report were summarised in September and presented to 139 internal and external stakeholders using two locally recruited facilitators and one Sustainability Officer. The recommendations were subsequently revised and presented as the inaugural Social Improvement Plan (SIP). Poliamba Estates has demonstrated a clear commitment to a participatory approach in the identification of social impacts and preparation of mitigation strategies. Although it is expected that additional details will be included in subsequent updates of the SIP (e.g. adding indicators and more detailed annual targets for specific activities), the SIP provides an excellent starting point for the identification, implementation and monitoring of social impacts.

**6.1.3 Observation: The SIP also provides the foundation for demonstrating continuous social improvement. It is recommended that external stakeholders are involved, when possible, in the monitoring of social mitigation**



strategies. It is also recommended that a range of internal and external stakeholders are involved in the updating of the SIP, which should be undertaken on an annual basis.

SIP updates are to include a timetable for implementation along with responsibilities for mitigation and monitoring.

**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.**

POLIAMBA appears to have an effective process for communicating with its staff, but the policy document describing its communication strategies with its stakeholders is relatively weak and needs improvement.

Each major stakeholder groups have been identified and specific communication strategies are to be articulated.

Although records are maintained when POLIAMBA consults with stakeholders at a senior level, for example, when senior staff meets with landowner representatives, there appears to be limited information trickling down to landowners in general. In addition, there is less evidence of records being maintained which document communication between other POLIAMBA staff and other stakeholders. Indeed, a range of stakeholders expressed concern that they were not adequately informed of the Company's plans, or other aspects, for example, whether the tax credit scheme<sup>1</sup> could be utilised to provide infrastructure, especially for roads to VOP blocks.

The main stakeholder groups are:

- Workers;
- Compound residents;
- Smallholders;
- Other nearby communities;
- Local government;
- NGOs;
- Contractors; and
- Suppliers.

Poliamba Estates has a list of key stakeholders and maintains records of engagement/consultation.

**6.2.2. Observation: While the Company has made substantial progress in its engagement with many stakeholder groups over the past year, further work will be required to communicate effectively with local communities, particularly in the lead up to the construction of centralised housing compounds. Formal**

meetings with the Provincial Administration may also be required to help coordinate service delivery. The provision of information to the dependents of company employees may be enhanced if notice boards were placed at the clinics. It will also be necessary to consider how different stakeholder groups are engaged in the monitoring of social mitigation strategies and updating of the SIP (as discussed under Criterion 6.1).

The Sustainability Manager has been nominated as the company representative for Environmental issues. Any person is able to contact the company representative for any environmental issue. Key stakeholders – and particularly those likely to raise environmental concerns (e.g. local government, NGOs, local community leaders) – should be aware of the nominated person.

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

Records are maintained of the outcomes of all disputes and grievances. There is a documented procedure on how to resolve grievance and keeping records – There are grievance books in all offices which records, grievances and outcomes.

Any grievances which cannot be resolved in the local office are escalated to an appropriate level until the grievance can be resolved.

A formal grievance process has been established but is likely to require review, operational guidelines, training for managers/supervisors and awareness among key stakeholders. Guidelines are required to define what a grievance is, how it is to be recorded and the required response. Differentiating between grievances and recording or reporting a crime, is essential. This has now been established and civil matters are now dealt with by the correct authorities.

Awareness sessions are being run to ensure workers, dependents and external stakeholders are aware of the system. This will be made easier if public notices describing the grievance mechanism are greatly simplified by focusing on the key points and made as concise as possible.

Senior Managers are now being informed of any grievances which may need involvement of authorities outside of company management.

**6.3.1 Observation: A formal grievance process has been established, however, the Standard Operating Procedures need to be expanded to more accurately describe the grievance mechanism and procedures.**

A separate grievance mechanism is to be set up for small holders, with resolution made clear, currently the grievance book contains smallholder requests and all other issues raised. During VOP farmer training sessions conducted prior to the RSPO audit, procedures for handling small holder grievances were discussed but this needs to be followed through to make sure farmers understand the process. Growers are therefore aware of the grievance mechanisms and report to OPIC, main office where there is a grievance recording book.

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

There is a documented process for identifying legal or customary rights as defined under the PNG Lands Act. The process includes conducting a genealogy study to identify customary rights and notification of all parties who must be present during the land survey. POLIAMBA has documented the process for access to customary land, which includes identifying legal and customary rights to land ownership and land use rights (Refer to Criterion 2.2). There have however been no major cases where compensation has been paid due to land issues in the previous 10 years.

POLIAMBA is considering an expansion on customary land using a lease-lease back arrangement. POLIAMBA will be able to benefit from the lease-lease back experiences of the other Group holding (NBPOL) in West New Britain, but will need to review the process utilised in there and adapt as necessary for Poliamba It will be important to provide considerable information to affected communities, based on a thorough assessment of the social, environmental and economic impact of the proposed lease-lease back arrangement, and ensure key information is not just passed to community leaders, but is made available to the wider community and explained and discussed with the community over a period that allows plenty of internal discussion.

The Company has also already entered into lease-lease back agreements with a number of parties (private landowners and the Catholic Church). The Company has adequate documentation for each agreement and has not experienced any problems with the arrangements to date.

All growers are either native to New Ireland or married into local clans (of those interviewed there were three men from other provinces married to local New Ireland women. All growers showed an awareness of local institutions and customs.

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

Pay and conditions within POLIAMBA ensure that local pay and conditions are met as a minimum and all employees are made aware of pay and conditions. All staff receive an induction course illustrating their duties, hours and conditions, OHS aspects and sign contracts written in English, which are verbally translated to Tok Pisin where required.

Payment and conditions include - working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, dismissal reasons, period of notice were be viewed at pre-audit and were clearly indicated

The Company is in the process of standardising pay levels with NBPOL. Many employees have received substantial pay rises since NBPOL assumed control. Employment conditions and fortnightly payments are outlined clearly. Pay rates for field workers on a piecemeal basis are reviewed frequently by the Field Manager to ensure no worker is financially disadvantaged.

***POLIAMBA can now ensure that contractors pay and conditions are in line with local requirements as there is now evidence that each contractor has agreed to meet legal terms and conditions.***

***POLIAMBA ensures that contactor induction form is completed fully and that all inclusions are enforced.***

Approximately 85% of the current workforce is from New Ireland Province, and a substantial proportion of these employees are willing and able to reside in their home villages. The workers that are provided with housing are currently located in a large number of generally small compounds with few of the basic needs. The houses have not been maintained over the past decade and when NBPOL assumed control of Poliamba Estates many compounds lacked adequate drinking water and adequate sanitation.

The new management has prepared a plan to consolidate the housed workers in five centralised compounds: one each in the Kara, Noatsi and Madak estates and two in the Nalik Estate (one at Lakurumau and one on the west coast). Establishing five main compounds will require a major investment in housing and other facilities over the next five years, but will provide opportunities to not only improve housing, provide electricity and ensure adequate water and sanitation, but make improvements in relation to transport, communications, health, education, security, recreation and access to store goods, banking facilities, food garden areas and firewood. The development of five major compounds is considered to be an appropriate approach to addressing welfare conditions for the workforce and their dependents, and substantial

funding has been allocated to the construction budget for 2012.

The centralised compounds will be established in the following order:

Nalik estate (Lakurumau)	2012/13
Madak estate	2012/13
Noatsi estate	2014
Kara estate	2015
Nalik estate (west coast)	2016

The sites for the Lakurumau, Madak and Noatsi compounds have already been identified.

Improvements in current housing conditions are required ahead of the development of centralised compounds. A detailed maintenance program has been prepared; the work initiated; and significant progress noted since the pre-audit in September 2011.

It will be important for the Company to engage effectively with the Provincial Administration during the planning of the five new compounds, as these will impact on the population distribution within the province and the required level of basic services (health, education, police, etc.). Coordination between private and publically provided services will be essential.

Significant improvements have also been made in terms of the medical services provided by Poliamba Estates to its workers and dependents. An additional nursing officer has been recruited for the main Lakurumau clinic, and refrigerators and gas stoves provided to the Madak and Siccacui clinics.

There is a vibrant system of barter and community assistance during harvest and wheel barrowing the Fresh Fruit Bunches (FFB) to the market place for pick up. Payment for this assistance is by agreement and if on a day work basis the rate of pay is above the minimum wage.

There is therefore a well-developed network of family and community relationships which include the barter system or “work for work”, youth contracts and some casual daily work when required.

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

The Company has a policy stating it respects the rights of employees to join a trade union. Poliamba Estates has recently simplified its notice describing the policy in

*TokPisin.* As with any policy, it will be necessary to review its level of understanding within the target audience over time, and revise the policy, its description and/or the methods used to promote the policy, as required. This right is covered in PNG law under the Labour Act.

POLIAMBA fulfils all the statutory requirements.

Minutes are recorded for all meetings and follow-up action recorded, when required.

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

The Company has clear policies against under-aged employment and there appears to be common knowledge of this requirement among managers and supervisors. Ages are recorded on employment contracts.

Some children do help collect loose fruit and do other jobs on smallholder blocks. However, these jobs are typically undertaken with their parents and are generally undertaken outside of school hours. They do not therefore interfere with schooling, and are not considered to be overly heavy or hazardous.

The grower’s blocks are largely distant from their home villages and children were never kept out of school to work on the blocks. Sometimes families would work together on weekends and holidays on the blocks but appropriately to the child’s age, e.g. helping their mothers with the collection of loose fruit.

Growers therefore showed a clear understanding of these requirements and only use school aged children during the longer school holidays, and not weekends.

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

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

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

**6.8.1 Observation:** The Company has relevant discrimination policies and displays these on public notice boards. Poliamba Estates has recently simplified its notice describing the policy in *TokPisin*. As with any policy, it will be necessary to review its level of understanding within the target audience over time, and revise the policy, its description and/or the methods used to promote the policy, as required.

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

The Company has policies against sexual harassment and domestic violence. Cases of domestic violence are recorded in the grievance register and generally dealt with by the relevant estate manager or department head.

The Company established a women's committee in August 2011 and is participating in the national program 'men against violence against women'. This is a positive step towards reducing sexual harassment and domestic violence. It is expected that the women's committee may be able to play an ongoing role in promoting the rights of women and reducing discrimination, sexual harassment and domestic violence.

POLIAMBA follows the PNG regulations for breast feeding mothers as per the PNG Labour Act in which breast feeding mothers are able to take two breaks every day each of 30 minutes duration which are in addition to the standard 1 hour lunch break.

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

**Criterion 6.10:** *Growers and mills deal fairly and transparently with Small holders and other local businesses.*

The industry has established a formula for calculating the price that Small holders in PNG receive for FFB. While the formula and calculations appear fair and are publically displayed on notice boards, the formula is difficult to understand. The industry as a whole should prepare a poster or short pamphlet explaining how the price is calculated, and explaining why price variations occur. This should be prepared specifically for Small holders, using appropriate language and examples, and disseminated within all oil palm regions. While not a POLIAMBA responsibility, it may be a suggestion that POLIAMBA management makes to the appropriate industry body. Current and past prices paid for FFB are available. The government approved formula for working out FFB prices is publically available. The price

and formula are made available via printed notices in the local newspapers.

**6.10.1 Observation:** There needs to be more transparency in the delivery of information on FFB pricing. The first two lines are exactly the same as the first line states FOB Indonesia, so the second line is superfluous. Equate to FOB is not grammatical and presumably means (minus the cost of freight and insurance" and if so should be so written. The Mill Gate Price and the Farm Gate Price are exactly the same; this is because there is no Farm Gate price in New Ireland for smallholders.

**6.10.1 Observation:** The one complaint that was laid at OPIC and the company was the delay in FFB pick up, in fact the communication system advising growers when to harvest and pick up days was a bone of contention.

Poliamba Estates is one of the main commercial entities in New Ireland Province. Local contractors are used for a number of activities, including construction and transport. Contracting contributes to local employment and stimulates the level of economic activity in the province. Although this is very much a positive contribution to New Ireland, it will be important to ensure that all contractors are aware of and have access to the grievance mechanism. Poliamba Estates has included the grievance mechanism as a part of the induction training provided to contractors.

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

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

Poliamba Estates is one of the main economic drivers in New Ireland (along with the gold mining operations at Lihir and Simberi) by generating revenue for the provincial government (through derivation grant entitlements); stimulating business activity through local procurement, and boosting personal income levels through direct employment, contracting opportunities and procurement of FFB from smallholders.

The Company is also liaising with the Provincial Administration in regard to the provision of support under the Tax Credit Scheme.<sup>2</sup> The first project to be

<sup>2</sup>A scheme which allows the National Government, using NBPOL as a contractor, to build or maintain public

identified and approved under the TCS is a girl's dormitory for the Medina School. K150, 000 has been allocated to the project, which was approved in November 2011.

They have also added two building to the local school at Lakurumau which can also be attended by local non-company children.

New Ireland may also benefit from the NBPOL Foundation, which was established in 1997 and since then focused on support for health, education and law and order in West New Britain. In the past year NBPOL made a decision to extend the geographic coverage of the Foundation to include operations in New Ireland, Oro, Milne Bay and Madang/Morobe. Foundation expenditure has temporarily been suspended until the legal and administrative requirements relating to the broader geographic coverage have been reviewed and finalised.

The company makes substantial contributions to the local communities also in other ways such as providing support such as transport, loan of plant and agricultural support.

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

POLIAMBA has no new development on leased land at this time. All new development has taken place on land previously under cultivation. Many of the growers have small blocks of 1 hectare in extent and are planning to expand into the surrounding degraded areas. They are well aware of procedures for new plantings.

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

---

infrastructure without the need for an appropriation from Treasury. TCS expenditure is limited to 1.5% of taxable income. By registering NBPOL as a single entity, the company is able to expend monies under the TCS in all provinces containing oil palm operations (e.g. West New Britain, Madang/Morobe, New Ireland, Milne Bay and Oro).

There is very little natural terrestrial habitat within the vicinity of the coastal villages in New Ireland and the people are astutely aware of the ecological benefits of any natural areas that remain.

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

Oil palm will not be planted on marginal or fragile soils or on steep terrain. Some areas contain gullies and these will be considered for planting of trees to improve biodiversity.

Soils are very shallow in New Ireland and based on coral. Growers are aware of the need to avoid planting on steep areas, swampy areas etc. The new Planting Approval Form (PAF) covers all these issues.

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

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

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

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

Substantial change has occurred since NBPOL assumed control of Poliamba Estates in 2010. A wide range of both internal and external stakeholders noted that NBPOL has already shown a commitment to improving the working and living conditions of its employees and is engaging with local stakeholders in a more open and inclusive manner.

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



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

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

When NBPOL assumed control of the Poliamba Estates the housing and general living conditions of the workforce and dependents were well below an acceptable level. Fortunately, 85% of the current workforce is from New Ireland Province, and a substantial proportion of these employees are willing and able to reside in their home villages. The workers that are provided with housing are currently located in a large number of generally small compounds with few of the basic needs.

The new management proposes to consolidate the housed workers in five compounds: one each in the Kara, Noatsi and Madak estates and two in the Nalik Estate (one at Lakurumau and one on the west coast). Establishing five main compounds will require a major investment in housing and other facilities in coming years, but will provide opportunities to not only improve housing, provide electricity and ensure adequate water and sanitation, but make improvements in relation to transport, communications, health, education, security, recreation and access to store goods, food garden areas and firewood.

The development of five major compounds is considered to be an appropriate approach to addressing welfare conditions for the workforce and their dependents. However, it will be essential to prepare a detailed development plan for each of the five compounds, including costs and timeframe, and ensure funds are included in future capital expenditure budgets. It will also be essential to provide improvements ahead of the development of new compounds, so that the most basic and rudimentary requirements for housing, electricity,

water and sanitation are met. The Company has made significant progress in this respect since the Gap Audit in May 2011.

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

The company has implemented a Continuous Improvement Plan. Continuous improvement is a key requirement and a particular strength of the RSPO Principles and Criteria. The initial improvement plan has been expanded, particularly in the area of social impacts, and indicators developed against which performance can be monitored and assessed. A range of indicators to monitor social impacts should be developed for employees, customary owners with VOP or lease-lease back agreements, other local communities and local service providers. These indicators should be reflected, where possible, in the suggested summary reports described under Criterion 4.8 and 6.11.

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

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

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

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

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

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

A Continuous Improvement Plan is attached. Appendix C.

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

**MAJOR NONCONFORMITIES**

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

**MINOR NONCONFORMITIES**

One (1) Nonconformity was assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

**4.7.2 Minor NCR: However when contractors undertake capital works projects on behalf of POLIAMBBA they are not providing a risk assessment on these activities**

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

**OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT**

The assessment identified Thirteen (13) Observations/Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the next Surveillance Assessment visit scheduled for twelve months after certification date.

**2.1.3 Observation:** The method for passing information on law changes was not totally described and requires amended to details the methodology used to disburse this information.

**2.2.1 Observation:** All environmental permits and water use permits are in the name of CTP and these will be amended during the annual payment of permit fees. A letter is however available stating that former CTP estates are now owned by NBPOL.

**4.5.2 Observation:** The hand picking of weed infestations in the new planting area should be included as part of the IPM and is a non-chemical control method and technique should be set out.

**4.6.13 Observation:** Poliamba need to record actions taken when plantation pesticide operators tested and results indicate they are below the acceptable range

**4.7.3 Observation:** At times the OHS risk ratings appear to be somewhat inconsistent and the risk consequences do not appear to be accurate.

**4.7.7 Observation:** It is suggested that although all accidents are reported and LTA is available that a record of a rolling 12 months is maintained as this will

allow management to determine trends and whether injury rates are reducing.

**4.8.2 Observation:** Some OHS officers have not been trained in basic first aid. It is recommended that the Red Cross be re-engaged to provide additional training to ensure all OHS officers are trained in basic first aid; are familiar with the contents of the first aid kit and their application; and are aware of the appropriate referral procedures (and need for referrals) for more serious injuries or illnesses.

**6.1.3 Observation:** The SIP also provides the foundation for demonstrating continuous social improvement. It is recommended that external stakeholders are involved, when possible, in the monitoring of social mitigation strategies. It is also recommended that a range of internal and external stakeholders are involved in the updating of the SIP, which could be undertaken on a regular basis.

**6.2.2. Observation:** While the Company has made substantial progress in its engagement with many stakeholder groups over the past year, further work will be required to communicate effectively with local communities, particularly in the lead up to the construction of centralised housing compounds. Formal meetings with the Provincial Administration may also be required to help coordinate service delivery. The provision of information to the dependents of company employees may be enhanced if notice boards were placed at the clinics. It will also be necessary to consider how different stakeholder groups are engaged in the monitoring of social mitigation strategies and updating of the SIP (as discussed under Criterion 6.1).

**6.3.1 Observation:** A formal grievance process has been established, however, the Standard Operating Procedures need to be expanded to more accurately describe the grievance mechanism and procedures.

**6.8.1 Observation:** The Company has relevant discrimination policies and displays these on public notice boards. Poliamba Estates has recently simplified its notice describing the policy in *TokPisin*. As with any policy, it will be necessary to review its level of understanding within the target audience over time, and revise the policy, its description and/or the methods used to promote the policy, as required

**6.10.1 Observation:** The one complaint that was laid at OPIC and the company was the delay in FFB pick up, in fact the communication system advising growers when to harvest and pick up days was a bone of contention.

**6.10.1 Observation:** There needs to be more transparency in the delivery of information on FFB pricing. The first two lines are exactly the same as the first line states FOB Indonesia, so the second line is superfluous. Equate to FOB is not grammatical and presumably means (minus the cost of freight and insurance” and if so should be so written. The Mill Gate Price and the Farm Gate Price are exactly the same; this is because there is no Farm Gate price in New Ireland for smallholders.

### 3.3 Noteworthy Positive Components

**Women in Oil Palm:** Very supportive of the change and increased transparency since NBPOL assumed control of Poliamba Estates.

**Employees (main nursery):** Very positive about the changes experienced since NBPOL assumed control.

#### **New Ireland Provincial Administration:**

- Very positive about the changes experienced since NBPOL assumed control.
- The CEO - Economic & Infrastructure, plans to provide a summary of Poliamba Estates and RSPO to the Provincial Government. Would benefit from a brief summary explaining what RSPO is and how further information, such as the Criteria and Indicators for PNG, can be obtained.
- The CEO – Economic & Infrastructure also identified the need for financial literacy training for smallholders.
- The Environment, Forestry and Climate Change Coordinator raised an issue regarding sinkholes within the plantations, specifically, the risk that chemical sprays could enter coastal water sources via the sinkholes.
- There was general small holder satisfaction with the arrival of New Britain Palm Oil on the scene in New Ireland. There was a feeling of a company which was much more approachable and community oriented than the previous parent companies of Poliamba Estates.

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

#### **Lakurumau Police:**

- Experiencing a shortage of staff, vehicles and other resources.

- Will need to be included in discussions for the planned upgrading of police resources at Lakurumau.

POLIAMBA Responses:

#### **Women in Oil Palm:**

- Suggests community notice boards and greater use of radio to provide information to local communities, along with greater interaction with ward development committees and village planning committees.
- **Employees (main nursery):** Suggest a water tank at the nursery (as a back-up source of drinking water) and the provision of broad-brimmed hats (due to the absence of shade) and socks (to reduce gum-boots rubbing).
- Suggests water is a priority that NBPOL could assist with in communities housing local workers.
- The Emergency Director is interested in what resources Poliamba Estates can provide in an emergency (e.g. radio/phone contacts, vehicles, etc.).

#### **Men Against Violence Against Women:**

Suggest a counselling ward and counsellor in the new clinic for Lakurumau

#### **Red Cross:**

- Interesting in continuing the first aid training for Poliamba Estates.
- Hoping to renovate and expand the *kaibar* at Lakurumau, which was built for the Red Cross by CDS and provides an ongoing source of funds for the Red Cross (in addition to a location frequented by company employees in which the rights of children, and other social messages, are displayed).

#### **SmallHolders:**

- 40 out of forty block holders had expressed concern over the performance of the growers association, despite allowing the company to deduct K2.00 per harvest from their fortnightly income. The association would like to see the Tax Credit scheme funds used to benefit the growers more directly in such areas as improved roads, rather than the construction of classrooms.
- POLIAMBA Response: The chairman stated that at the AGM the executive would disclose



that they had secured grants of K277,000.00 from the members for Kavieng and Namatanai to pay for seedlings for their members (north and south).

- The association had plans to purchase two trucks for FFB collection bringing their total to four.
- The association had written a proposal to POPL for an agreement to be entered into whereby the association could be engaged to collect FFB and deliver fertiliser.
- The association accepted the criticism from growers but stated that they attended four field days (one in each division) every year.
- The association raised the lack of feedback on the use of the Sexava levy, which each grower paid even though there was little infestation by Sexava in the province.
- The association regretted the fact that there was little cooperation between the growers association, OPIC and POPL-SHA (but see Photo 1).
- The association claimed that many correspondences to NIOPGA to the company were not acknowledged or responded to.

Auditors Comment: This should be followed up and NIOPGA be encouraged to respond.

Signed for on behalf of POLIAMBA

*Gareth Disley*

.....  
**Mr Gareth Disley**  
**General Manager**

**Date:23.11.11**

Signed for on behalf of  
 BSi Management Systems Singapore Pte Ltd



.....  
**Mr Allan Thomas**  
**Lead Auditor**

**Date:23.11.11**

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

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

## ***Appendix “A”***

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

Website:

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

Poliamba Limited, Lukurumau Palm Oil Mill and Supply Base	
Location Address	Lukurumau Palm Oil Mill, Kavieng, New Ireland Province, Papua New Guinea.
GPS Location	South 02° 52.467 dd, East 151° 16.528dd
CPO Tonnage Total	29,321
PK Tonnage Total	6,766
PKO Tonnage Total (starting March 2012)	2,085
FFB Tonnage Processed Total	139,214
Smallholders FFB Tonnage	20,710

Estate	Production (ha)	Unplanted (ha)	Total Lease (ha)	Annual FFB Production (mt)
Kara	924.40	141.08	1065.48	17,601
West Coast	455.43	380.43	835.83	8,699
Nalik*	1,658	818.68	2,476.68	33,582
Noatsi	1,489.63	650.57	2,140.17	32,698
Madak	932.72	694.8	1627.5	25,924
<b>TOTAL</b>	<b>5,460.45</b>	<b>2,686.26</b>	<b>8,145.71</b>	118,504

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

## ***Appendix “B”***

### ***Certification Audit Programme***

**RSPO MAIN AUDIT SCHEDULE**  
**POLIAMBA, November 14-16, 2011**

**Allan Thomas**

<b>Date</b>	<b>Time</b>	<b>Activity</b>	<b>Poliamba Staff</b>
Sun , Nov 13		Arrival, dinner	SM
Mon, Nov 14	7:30-8:30	Opening meeting	All HoD
	8:30-10:00	Documentation	SM
	10:00-12:00	Mill, Store and laboratory	MM STM
	12:00-1:00	Lunch Lakurumau	
	1:00-3:30	Construction (include site visit to Kara Estate or other)	CM, FM
	4:00-5:00	Documentation	SM
Tues, Nov 15	7:30-9:00	Mill ponds, landfill, Vehicle workshop	SO, LS
	10:30-12:00	Madak Estate- Office Documentation, Kameriba Compound	FM
	12:00-1:00	Lunch at Suma Beach	
	1:00-2:00	Suma Compound and Plantation	FM
	4:00-5:00	Documentation	SM
Wed, Nov 16	7:30-8:30	Luburua Replant	TM
	10:00-11:30	West Coast, Sicacui	FM
	12:30-1:30	Lunch at Malagan	
	1:30-3:00	Town Office	TOM
	3:00-3:30	Red Cross	SD
	4:30-5:00	Closing Meeting	All HoD
	7:00	Dinner at Gareth's House	All HoD

## Mike Finlayson

Date	Time	Activity	Poliamba Staff
Sun , Nov 13		Arrival, dinner	SM
Mon, Nov 14	7:30-8:30	Opening meeting	All HoD
	8:30-11:00	HR, Finance, Clinic	HM, FM, HEO,
	11:00-12:00	OPIC	SL SO
	12:00-1:00	Lunch Lakurumau	
	1:00-3:30	Construction site visit	CM, FM
	4:00-5:00	Interview Workers Lakurumau	SO
Tues, Nov 15	7:30-8:00	Police Station- Lakurumau	SO
	8:30-9:00	Women in Oil Palm-Lugagun (Rose Elias)	Bruno
	10:30-12:00	MadakEstate- Kameriba Compound, Clinic	FM
	12:00-1:00	Lunch at Suma Beach	
	1:00-2:00	Suma Compound and Plantation	FM
	4:00-5:00	Interview workers at Lakurumau	SO
Wed, Nov 16	7:30-10:30	Visit smallholders	SL, SO
	11:30-12:30	Lands Department-Steven Mokis	SO
	12:00-1:30	Lunch at Malagan	
	1:30-2:15	Men Against Violence Against Women (NGO)-Patrick Topital	SD
	2:15-2:45	Town meeting (open)	SD
	3:00-3:30	Town meeting (open)	SD
	4:30-5:00	Closing Meeting	All HoD
	7:00	Dinner at Gareth's House	All HoD

## Tom "Diwai" Vigus

Date	Time	Activity	Poliamba Staff
Sun , Nov 13		Arrival, dinner	SM
Mon, Nov 14	7:30-8:30	Opening meeting	All HoD

	8:30-5:00	SMALL HOLDER INTERVIEWS		
		<b>Name</b>	<b>Block #</b>	<b>Location</b>
		ROBERT MAI	73-02	KATEDAN
		LAMASONG CATHOLIC MISSION	02-01	LAMASONG
		LEO LASUMAU	07-01	LENGANIA
		FRED KOVONG	11-11	PANAFILUA
		ANDREW ACHOMAT	15-13	KAFKAF
		AIKING KIMBAI	16-10	BURA
		JOE MASSETS	16-09	FISSOA
		SUGOT MORIS	19-18	LUAPUL
		ALFRED LUMBAI	20-14	MADINA
		STEVEN TAMELA	20-01	MADINA
		EPHRAIM KUGAS	21-05	MADINA
		BRUNO MALAZIMBA	21-01	PANAFAU
		ALFRED MAMUS	21-02	PANAFAU
EZEKIEL HOHOSAN	23-04	MUNAWAI		
LESLEY LAKIN	24-06	PANAMANA		
Tues, Nov 15	7:30-5:00	ROBINSON PULO	24-19	PANAMANA
		SIRI MOSLEY	26-55	LAKURUMAU
		JOSEPH LANGAI	26-38	LAKURUMAU
		LALI SHULZE	26-06	LAKURUMAU
		DANIEL LAKLIS	27-04	LUBURUA
		EMMANUEL MISU	28-03	LAKAROL
		RUDOLF BONGA	42-03	LAMUSMUS 1
		LEREKING LESAKO	44-03	PARA
		PATAWAN ISIDORE	43-27	PANAMAFEI
		CLERENCE MASOR	29-05	FANGALAWA
		MORRIS TAMELAGAI	30-04	LEMAKOT
		NONOPAI UNITED CHURCH	31-07	NONOPAI
		Wed Nov 16	7:30-5:00	DANIEL ROBIN
DIANA PISKAUT	33-19			PARUAI
PAUL PISKAUT	33-20			PARUAI
GOLLAN KARABUSO	32-06			PARUAI
ESLEY KAPLIMUT	33-13			PARUAI
SIMIK BOAS	36-02			MANGGAI
LAKAS PAPALIS	38-13			NGAVALUS
CIS – KAVIENG				PUTPUT 2
KALOI SAMMY	52-14			PUTPUT 2
CHARLES ROY	52-04			PUTPUT 2
TOVINRINGA IGNASIUS	54-01			KAUT
JACOB WAMA	53-01			TOME
JOHN MOSES	53-13	TOME		
	7:00	Dinner at Gareth's House		All HoD

KEY		
<b>HoD</b>	Head of Department	
<b>GM</b>	General Manager	Gareth Disley
<b>FM</b>	Field Manager	Luc Bonneau
<b>MM</b>	Mill Manager	MuthuMurugia
<b>FM</b>	Finance Manager	Anita Glinoga

<b>HM</b>	Human Resource M.	Nina Tovue-Abo
<b>STM</b>	Stores Manager	Peter Lapus
<b>SL</b>	Smallholder Liason	Jack Tulvue
<b>SO</b>	Sustainability Officer	Bruno Bolai Junior Ipero
<b>HEO</b>	Health Extension Officer	TurianPasingan
<b>SM</b>	Sustainability Manager	Sander van den Ende



***Appendix “C”***

***CONTINUOUS IMPROVEMENT PLAN***

**POLIAMBA LTD**

# Action Plan for Continual Improvement in Sustainable Performance

## Introduction

This Action Plan for Continual Improvement identifies the planned actions that NBPOL Poliamba will take in order to further improve its performance in the key areas of:

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

NBPOL Poliamba commits to maintaining and reporting on progress implementing this improvement plan commencing August 2011 and reviewing it annually by June of that year. By following this plan, NBPOL Poliamba will continually improve its performance in issues having to do with sustainability<sup>3</sup>.

## Objectives

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

The timeframe for realising Objectives are based on short and medium term objective 1-2 and 3-5 years, towards which progress will be reviewed annually. In subsequent revisions of this Plan long terms objectives, more than 5 years, will be identified and committed to in this plan.

## Scope

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

## Implementation

Each activity will be monitored on an ongoing basis by the person responsible for its implementation and reported, where significant events have occurred, at regular management meetings. Periodically the Company will prepare and publish as Sustainability Report that will report on progress in the implementation of this plan for improvement. Within the life of the plan, it is expected that environmental, social, political and commercial requirements and expectations will evolve and the plan will respond in dynamic fashion to ensure continued relevance. Planned activities are identified on the following pages. They are grouped according to area of endeavour and time-frame. The tables provide information on the expected benefits to be achieved.

---

<sup>3</sup> These sustainability principles are defined in the following locations:

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

# Pesticides

No.	Improvement Action	Reference	Planned Outcome	Timeframe	Indicators	Responsibility
1.1	Improve sprayer training to reduce spraying of non-target areas	4.7.3	Reduced Herbicide use, reduced ground cover damage	2011-13	Training records	Field Manager Field Trainer Technical Service Dep.
1.2	Reduce Usage of Paraquat	4.6.3, 4.6.5	Ordering stopped, all stock to be exhausted June 30, 2012	2011-12	Zero stock Paraquat post 2012	Field Manager Technical Service Dep. Stores
1.3	Improve training on handling and disposal of chemicals to field staff	4.6.8	More responsible usage of chemicals and improved ability to respond effectively to accidents.	2011-12	Improved application practices, improved emergency readiness.	Field Manager Field Trainer
1.4	Include chemical handling and disposal training for smallholders	4.6.8	More responsible usage of chemicals and improved ability to respond effectively to accidents.	2013	Improved application practices, improved emergency readiness.	Small holder liason OPIC
1.5	Install safety shower at Kavieng town office.	4.7.5	Safety shower installed at Kavieng town office, January 2012	2012	Safety showering operating	Construction

# Environment

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

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
2.1	Identification and demarcation of areas restricted to replant due to slope criteria	4.3.2	No planting on slopes > 25 degrees, calculated over 30 meters	2011-2015	No planting on slopes > 25 degrees, calculated over 30 meters	Field Manager Technical Service Department
2.2	Identification, demarcation and protection of High Conservation Value Areas on existing state lease	7.3.1	Improved management of areas rich in biodiversity	2011	Hectares of areas under effective protection	Sustainability Manager
2.3	Water monitoring program in compliance with DEC Permit and Water Management Plan by June 30, 2012	4.4.1	Water monitoring program	2012	Comprehensive water test results for all licenses, water testing program	Sustainability Manager
2.4	Providing bunding for CPO storage	7.3.1	Bunded CPO tanks	2012-2013	Bund with sufficient capacity	Mill Manager
2.5	Improvement plan for Mill Ponds	4.3.5	Time tabled plan to improve mill effluent treatment	2011	Pond improvement plan	Mill Manager
2.6	Education of staff and smallholders on the need to reduce burning and to ensure rubbish is segregated and correctly placed in landfill sites.	4.8.2	Improved Smallholder understanding, commitment and compliance	2011-13	Records of smallholder training, evidence of good smallholder performance	Sustainability Manager
2.7	Reduction in the quantity of water used in compounds through prompt repair of leaks and reduction of wastage.	4.4.1, 5.3.1	Reduced water consumption, reduced mosquito population with resultant malaria reduction.	2011-2013	Absence of leaks and water logging in compounds	Construction Manager
2.8	Develop and implement an ISO14001 compliant Environmental Management System and obtain certification	Company Policy	Improved control over environmental aspects by establishing a formalised framework subject to external audit	2013	Achievement of external certification	General Manager

2.9	Reinstate buffer zones along waterways in accordance with the Logging Code of Practice during replant and on new plantings.	4.4.2	Less riverine erosion, creation of wildlife corridors, trapping and filtering of plantation run-off.	2011-15	Established buffer zones along all waterways within and alongside plantation areas.	Field Manager
-----	---	-------	--	---------	---	---------------

## Waste Reduction

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

Refer to the Waste Management plan for further details.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
3.1	Utilization of EFB and Decanter cake as means to reduce inorganic fertilizer	4.2.3	Significant reduction in utilization of inorganic fertilizer	2011-2014	% reduction in use of inorganic fertilizer	Field Manager Technical Services Department
3.2	Burning used oil in Mill after new boiler is installed and commissioned, June 2012	5.3.2	Dumping only oil filters in hydrocarbon pit	June 2012	Reduction of oil dumped in hydrocarbon pit	Transport Manager Mill Manager
3.3	Installing triple interceptor traps on all bowsers and waste traps	5.3.2	Improved compliance with AS1940	2013	Triple interceptor traps	Construction Manager
3.4	Recycling scrap metal	5.3.1	Reduction of scrap metal lying around	June 2012	Reduction of scrap metal lying around	Mill Manager Transport Manager
3.5	Recycling household organic waste	5.3.1	Reduction of volume in central landfill	Dec 2011	Longer usage of landfill	Sustainability Manager

# Pollution and Emissions

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

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

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
4.1	New boiler operational June 2012	5.6.2	Less particulate emission, greater amount electricity generated through renewable energy, improved air quality	June 2012	New boiler	Mill Manager
4.2	New generator compliant to emission requirement June 2012	5.6.2	Less diesel per kWh, less pollutants	June 2012	New generator	Mill Manager
4.3	Improve functioning of palm oil effluent treatment ponds	5.6.2	Reduced oil spill over	Dec 2012	Reduced load on the reed bed	Mill Manager
4.4	Reduce amount of sludge tank and pit overflow	5.3.2	Reduced sludge into waterways	2011-13	Amount of overflow events	Mill Manager

## Social Impacts

Continued improvement in the social impacts of NBPOL Poliamba's activities include: construction of additional housing, establishment of stakeholder consultative committee, improvements to clinic facilities, improved communication and consultation with external stakeholders. Planning for increased housing is progressive as plantation rehabilitation activities reduce, staff turnover reduces and attendance improves.

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

A dedicated Social improvement plan has been developed and is being refined with input from the Liaison Committee (GCLC). It provides greater than the items listed below and should be read in conjunction with this list.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
5.1	Provide water tanks and guttering to compound houses	6.5.4	Provide adequate water	December 2011	Tanks per population	Field Manager Construction Manager
5.2	Provide sanitation for compound houses	6.5.4	Provide adequate VIP toilets	2011	Doors per pit	Field Manager Construction Manager
5.3	Improved access to education for children of Company employees	6.5.4	All employee dependents more than 5km from schools have transport provided	2011-2012	% children living > km from school with reliable transport to schools	Field Manager Transport Manager
5.4	Improved medical facilities for all employees	6.5.4	All estates have clinics, Lakurumau has enlarged clinic with lab, maternity ward, out patient and doctor	2012-2013	Clinics	General Manager
5.5	Provision of counselling and awareness on gender issues	6.9.1	Active Women's Committee	2011-13	Reduction of cases of abuse	Human Resources Sustainability Manager
5.6	Provision of recreational opportunities to field staff	6	Sports competition (soccer)	2012	Participation in league	Field Manager?
5.7	Additional staff and labour housing at five major compounds, Lakurumau, Kameriba, Bolegila, Katu and Sicacui.	6	Reduction of staff in substandard accommodation.	2012-2017	Improved housing at those location	General Manager
5.8	Improvements as per Social Improvement Plan	6	Progress towards Objectives in Plan	2012-2017	Progress towards	

					Objectives in Plan	
--	--	--	--	--	--------------------	--

## Health and Safety

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
6.1	Improve collection of accident and sickness records through better data collection at internal and external clinics and implementation of accident records at estate office.	4.7.7	Improved accident and sickness data.	2011	New data collection systems for internal clinics, external clinics, and departments.	Sustainability Manager Human Resource Manager
6.2	Review of all accidents records during quarterly OHS Meetings to clearly identify trends and highest risk activities and review of safety management plans and recommend to management for appropriate action.	4.7.7	Decreased Lost Time Injuries	2011-12	Decreased LTA, LTI reflected in KPI	Sustainability Manager
6.3	Improve OHS Training through First Aid Training, through training of trainer in OHS	4.7.3	Improved training delivered to high risk staff	2012	Trainer(s) trained in OHS issues through WNB trainers	Sustainability Manager
6.4	Improve existing internal clinics and add on 2 more internal clinics	4.7.6	Improve existing clinics and add on 2 more internal clinics Bolegila and Kara	2012-2013	Lakurumau clinic improved, new clinics for Madak and Kara	General Manager



## Legal Compliance and Transparency

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
7.1	Implement legal compliance checklist	2.1.1	Documented compliance evidence	2012	No areas of legal noncompliance.	Sustainability Manager
7.2	Improve reporting of all KPIs	2.1.3	Improved quality of KPI datasets emerging from Poliamba	2011-2012	KPI Dataset review and improvement plan for 2011 and June 2012	Sustainability Manager
7.3	RSPO improvement program carried out after Main Audit	8.1.2	Improvement Program based on Non-conformances found	2012	Non-conformance Act	Sustainability Manager

## General (Forward Planning and other issues)

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
8.1	Improve level of staff working in Sustainability Department		Have at least one National Executive working as Sustainability Manager and Sustainability Officers.	2012	1 NEC at 3.1 or above 2 Officers at 7.1 or above	General Manager
8.2	Training to Sustainability Staff		Have one training for OHS Officer and one training for Environment Officer	2012	Completed training, with diploma	Sustainability Manager
8.3	Enhance welfare and community liaison functionality		Welfare/Community Officer	2012	Welfare Officer	General Manager
8.4	Development and implementation of RSPO and general awareness amongst smallholders		Improved smallholder awareness and compliance with RSPO Principles and Criteria	2013	Improved smallholder awareness	Smallholder Liason

## ***Appendix “D”***

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

**1 Non-conformités against Minor Compliance Indicators**

**13 Observations/Opportunities for Improvement**

**MINOR NON-CONFORMANCE CORRECTIVE ACTIONS**

DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
4.7.2 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.	CR01	Some operations with health and safety as a concern have not had an adequate risk assessment as some areas have been omitted for example welding and hot work in the MVW.		All Departments	On Going	Done

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

2.1.3 Observation: The method for passing information on law changes was not totally described and requires amended to details the methodology used to disburse this information.

2.2.1 Observation: All environmental permits and water use permits are in the name of CTP and these will be amended during the annual payment of permit fees. A letter is however available stating that former CTP estates are now owned by NBPOL.

4.5.2 Observation: The hand picking of weed infestations in the new planting area should be include as part of the IPM and is a non-chemical control method and technique should be set out.

4.6.13 Observation: Poliambaneed to records actions taken when plantation pesticide operators tested and results indicate they are below the acceptable range

*4.7.3 Observation: At times the OHS risk ratings appear to be somewhat inconsistent and the risk consequences do not appear to be accurate.*

4.7.7 Observation: It is suggested that although all accidents are reported and LTA is available that a record of a rolling 12 months is maintained as this will allow management to determine trends and whether injury rates are reducing.

4.8.2 Observation Some OHS officers have not been trained in basic first aid. It is recommended that the Red Cross be re-engaged to provide additional training to ensure all OHS officers are trained in basic first aid; are familiar with the contents of the first aid kit and their application; and are aware of the appropriate referral procedures (and need for referrals) for more serious injuries or illnesses.

6.1.3 Observation: The SIP also provides the foundation for demonstrating continuous social improvement. It is recommended that external stakeholders are involved, when possible, in the monitoring of social mitigation strategies. It is also recommended that a range of internal and external stakeholders are involved in the updating of the SIP, which should be undertaken on a regular basis.

6.2.2. Observation: While the Company has made substantial progress in its engagement with many stakeholder groups over the past year, further work will be required to communicate effectively with local communities, particularly in the lead up to the construction of centralised housing compounds. Formal meetings with the Provincial Administration may also be required to help coordinate service delivery. The provision of information to the dependents of company employees may be enhanced if notice boards were placed at the clinics. It will also be necessary to consider how different stakeholder groups are engaged in the monitoring of social mitigation strategies and updating of the SIP (as discussed under Criterion 6.1).

6.3.1 Observation: A formal grievance process has been established, however, the Standard Operating Procedures need to be expanded to more accurately describe the grievance mechanism and procedures.

6.8.1 Observation: The Company has relevant discrimination policies and displays these on public notice boards. Poliamba Estates has recently simplified its notice describing the policy in *TokPisin*. As with any policy, it will be necessary to review its level of understanding within the target audience over time, and revise the policy, its description and/or the methods used to promote the policy, as required

6.10.1 Observation: The one complaint that was laid at OPIC and the company was the delay in FFB pick up, in fact the communication system advising growers when to harvest and pick up days was a bone of contention.

6.10.1 Observation: There needs to be more transparency in the delivery of information on FFB pricing. The first two lines are exactly the same as the first line states FOB Indonesia, so the second line is superfluous. Equate to FOB is not grammatical and presumably means (minus the cost of freight and insurance” and if so should be so written. The Mill Gate Price and the Farm Gate Price are exactly the same; this is because there is no Farm Gate price in New Ireland for smallholders.

## RSPO Audit Findings and Corrective Action Plan Poliamba Limited (November 2011)

### Minor Non-Conformances

Risk	Surveillance Audit Assessment	Proposed Corrective Action	Responsibility		Target Date
	(Minor Non-Conformances)		SUS Team	Other	
Minor 4.7.2	Some operations with health and safety as a concern have not had an adequate risk assessment as some areas have been omitted for example welding and hot work in the MVW.	1. Reviewing of health and safety risk at all Departments by reassessing all areas and rewriting SMPs with and for all Departments. Product will be Version 3 SMP.	X	Site Safety Officers	Ongoing , when operations change
		2. Do an awareness training based on risk assessed and preventive measures required.	X	Site Safety Officers	

## Observations

Risk	Surveillance Audit Assessment	Proposed Corrective Action	Responsibility		Target Date
	(Observations)		SUS Team	Other	
<b>Obs 2.1.3</b>	2.1.3 Observation: The method for passing information on law changes was not totally described and requires amended to details the methodology used to disburse this information.	Redescribe procedure for 2.1.3 emphasizing how ALL LEVELS OF MANAGEMENT are informed of changes and how implemented changes are tracked.	X		Jan 2012
<b>Obs 2.2.1</b>	2.2.1 Observation: All environmental permits and water use permits are in the name of CTP and these will be amended during the annual payment of permit fees. A letter is however available stating that former CTP estates are now owned by NBPOL.	When Permit is renewed new names will be reflected.	X		March 2012
<b>Obs 4.5.2</b>	4.5.2 Observation: The hand picking of weed infestations in the new planting area should be include as part of the IPM and is a non-chemical control method and technique should be set out.  All respondents were aware of the need to report any insect outbreak or fungal attack to the relevant OPIC officer.	Add into relevant section in IPM Plan.		FM	Jan 2012
<b>Obs 4.6.13</b>	4.6.13 Observation: Poliamba need to records actions taken when plantation pesticide operators tested and results indicate they are below the acceptable range.	Write operating procedure for and keep records for actions taken.	X		Dec 2011



Risk	Surveillance Audit Assessment (Observations)	Proposed Corrective Action	Responsibility		Target Date
			SUS Team	Other	
Obs 4.7.3	4.7.3 Observation: At times the OHS risk ratings appear to be somewhat inconsistent and the risk consequences do not appear to be accurate.	SEE MINOR NON CONFORMANCE 4.7.2			
Obs 4.7.7	4.7.7 Observation: It is suggested that although all accidents are reported and LTA is available that a record of a rolling 12 months is maintained as this will allow management to determine trends and whether injury rates are reducing.	Addressed	X		Dec 2011

Risk	Surveillance Audit Assessment (Observations)	Proposed Corrective Action	Responsibility		Target Date
			SUS Team	Other	
Obs 4.8.2	4.8.2 Observation Some OHS officers have not been trained in basic first aid. It is recommended that the Red Cross be re-engaged to provide additional training to ensure all OHS officers are trained in basic first aid; are familiar with the contents of the first aid kit and their application; and are aware of the appropriate referral procedures (and need for referrals) for more serious injuries or illnesses.	First aid training for all Site Safety Officers	X		April 2011
Obs 6.1.3	6.1.3. Observation: The SIP also provides the foundation for demonstrating continuous social improvement. It is recommended that external stakeholders are involved, when possible, in the monitoring of social mitigation strategies. It is also recommended that a range of internal and external stakeholders are involved in the updating of the SIP, which should be undertaken on a regular basis when adjustments	To start a process of setting up stakeholder panel that can help with reviewing Social Improvement ideas and approaches and can give feedback on implementation and reviews.	X	GM	Start April 2011 - ongoing

Risk	Surveillance Audit Assessment (Observations)	Proposed Corrective Action	Responsibility		Target Date
			SUS Team	Other	
	are made to the SIP.				
<b>Obs 6.2.2</b>	6.2.2. Observation: While the Company has made substantial progress in its engagement with many stakeholder groups over the past year, further work will be required to communicate effectively with local communities, particularly in the lead up to the construction of centralised housing compounds. Formal meetings with the Provincial Administration may also be required to help coordinate service delivery. The provision of information to the dependents of company employees may be enhanced if notice boards were placed at the clinics. It will also be necessary to consider how different stakeholder groups are engaged in the monitoring of social mitigation strategies and updating of the SIP (as discussed under Criterion 6.1).	Finalizing of housing plan and discuss with provincial administration the new plans.  Further review service delivery with provincial administration.  Discuss with stakeholder panel improvement plans and involvement of all stakeholders	X   X	Advisor, GM, Construction Manager  GM and group sustainability manager	Start Jan – June 2011  April 2011 - ongoing
<b>Obs 6.3.1</b>	6.3.1 Observation: A formal grievance process has been established, however, the Standard Operating Procedures need to be expanded to more accurately describe the grievance mechanism and procedures.	Continuous awareness conducted during internal audits	X		ONGOING

Risk	Surveillance Audit Assessment (Observations)	Proposed Corrective Action	Responsibility		Target Date
			SUS Team	Other	
	For example, the SOP should state that grievances are usually raised with the Estate Managers or Department Heads, and subject to the nature of the complaint, are either dealt with by the manager/department head or referred to the Sustainability Officer – Environment (environmental complaints), Sustainability Officer – Social (for social complaints) or to the General Manager (for requests for assistance).				
Risk	Surveillance Audit Assessment (Observations)	Proposed Corrective Action	Responsibility		Target Date
			SUS Team	Other	
<b>Obs 6.8.1</b>	6.8.1 Observation: The Company has relevant discrimination policies and displays these on public notice boards. Poliamba Estates has recently simplified its notice describing the policy in <i>TokPisin</i> . As with any policy, it will be necessary to review its level of understanding within the target audience over time, and revise the policy, its description and/or the methods used to promote the policy, as required	Sustainability Team to conduct 2 policy awareness talks (15 minutes each) at ALL MUSTERS to engage workers by introducing to concept of policy and pointing out that Estate management can answer more questions	X		June 2012
<b>Obs 6.10.1</b>	6.10.1 Observation: There needs to be more transparency in the delivery of information on FFB pricing. The first two lines are exactly the same as the first line states FOB Indonesia, so the second line is superfluous. <u>Equate to FOB</u> is not grammatical and presumably means (minus the cost of freight and insurance” and if so should be so written.	Review current FFB formula on correct information provided and discuss with OPIC information dissemination on relevant FFB pricing for POL project.  Review harvest pick up schedules and pick up communication and collection system. Outline possible		Smallholder outgrower department and	April 2012

Risk	Surveillance Audit Assessment (Observations)	Proposed Corrective Action	Responsibility		Target Date
			SUS Team	Other	
	<p>The Mill Gate Price and the Farm Gate Price are exactly the same; this is because there is no Farm Gate price in New Ireland for smallholders.</p> <p>6.10.1 Observation: The one complaint that was laid at OPIC and the company was the delay in FFB pick up, in fact the communication system advising growers when to harvest and pick up days was a bone of contention.</p>	improvements and include in improvement plan.		GM	

## ***Appendix “E”***

### ***List of Small Holders Inspected during Initial Assessment***

<b>AUDITED DATE</b>	<b>Name</b>	<b>Block #</b>	<b>Location</b>	<b>DIVISION</b>
14 -11 -2011	ROBERT MAI	73-02	KATEDAN	MADAK
14 -11 -2011	LAMASONG CATHOLIC MISSION (Alfred & Denis Marabe)	02-01	LAMASONG	NOATSI
14 -11 -2011	LEO LASUMAU	07-01	LENGANIA	NOATSI
14 -11 -2011	FRED KOVONG	11-11	PANAFILUA	NOATSI
14 -11 -2011	ANDREW ACHOMAT	15-13	KAFKAF	NOATSI
14 -11 -2011	AIKING KIMBAI	16-10	BURA	NOATSI
14 -11 -2011	JOE MASSETS	16-09	FISOA	NALIK
14 -11 -2011	SUGOT MORIS	19-18	LUAPUL	NALIK
14 -11 -2011	ALFRED LUMBAL	20-14	MADINA	NALIK
14 -11 -2011	STEVEN TAMELA	20-01	MADINA	NALIK
14 -11 -2011	EPHRAIM KUGAS	21-05	MADINA	NALIK
14 -11 -2011	BRUNO MALAZIMBA	21-01	PANAFAU	NALIK
14 -11 -2011	ALFRED MAMUS	21-02	PANAFAU	NALIK
14 -11 -2011	EZEKIEL HOHOSAN	23-04	MUNAWAI	NALIK
16-11-2011	LESLEY LAKIN	24-06	PANAMANA	NALIK
15 - 11-2011	ROBINSON PULO	24-19	PANAMANA	NALIK
15 - 11-2011	SIRI MOSLEY	26-55	LAKURUMAU	NALIK
15 - 11-2011	JOSEPH LANGAI	26-38	LAKURUMAU	NALIK
15 - 11-2011	LALI SHULZE	26-06	LAKURUMAU	NALIK
15 - 11-2011	DANIEL LAKLIS	27-04	LUBURUA	NALIK
15 - 11-2011	EMMANUEL MISU	28-03	LAKAROL	KARA
15 - 11-2011	CLERENCE MASOR	29-05	FANGALAWA	KARA
15 - 11-2011	MORRIS TAMELAGAI	30-04	LEMAKOT	KARA
15 - 11-2011	NONOPAI UNITED CHURCH	31-07	NONOPAI	KARA
15 - 11-2011	DANIEL ROBIN	32-01	SALI	KARA
15 - 11-2011	DIANA PISKAUT	33-19	PARUAI	KARA
15 - 11-2011	PAUL PISKAUT	33-20	PARUAI	KARA
15 - 11-2011	GOLLAN KARABUSO	32-06	PARUAI	KARA
15 - 11-2011	ESLEY KAPLIMUT	33-13	PARUAI	KARA
15 - 11-2011	SIMIK BOAS	36-02	MANGGAI	KARA
15 - 11-2011	LAKAS PAPALIS	38-13	NGAVALUS	KARA
15 - 11-2011	RUDOLF BONGA	42-03	LAMUSMUS 1	WEST COAST
15 - 11-2011	LEREKING LESAKO	44-03	PARA	WEST COAST
15 - 11-2011	PATAWAN ISIDORE	43-27	PANAMAFEI	WEST COAST
16-11-2011	CIS - KAVIENG		PUTPUT 2	TIGAK
16-11-2011	KALOI SAMMY	52-14	PUTPUT 2	TIGAK

16-11-2011	CHARLES ROY	52-04	PUTPUT 2	TIGAK
16-11-2011	TOVINRINGA IGNASIUS	54-01	KAUT	TIGAK
16-11-2011	JACOB WAMA	53-01	TOME	TIGAK
16-11-2011	JOHN MOSES	53-13	TOME	TIGAK



## ***Appendix F Supply Chain Report***



## Annex 6: Poliamba Supply Chain 17.11.11

Requirements	SG
<b>1. Documented procedures</b>	
1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements.	At this stage there are written/documented procedures for the chain of custody for Poliamba Mill
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility must operate a system to ensure that RSPO certified inputs of raw materials and products are identified. The system must include the following:</p> <p>a) A mechanism which ensures that when the company orders RSPO material from its suppliers it specifies this requirement within purchase orders and ensures that the origin of the material until the previous permanent processing facility in the supply chain can be verified as such;</p> <p>b) A mechanism which ensures that when the company receives RSPO material it confirms that the RSPO raw materials delivered are the same as those specified in the purchase order and the accompanying documentation from the supplier;</p> <p>c) A mechanism which ensures that if the validity of accompanying documentation is in doubt, the validity is checked prior to accepting the material;</p>	<p>Around 85% of material comes from Poliamba Estates therefore is no PO. With Small Holder POLIAMBA use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location Purchase orders are not used.</p> <p>This is POLIAMBA material and all validation can be checked through the docket system– the same can be said of all RSPO material</p>
d) A mechanism for handling non-conforming material.	The quality of the RSPO and non RSPO Materials can

	be rejected by the Mill if it is unacceptable with regards to FFA level. This action has to be passed over to the GM for final rejection. This is documented and small holders are trained in harvesting only mature FFB
<b>3. Sales and goods out</b>	
3.1 The facility must operate a system to ensure that all sales invoices issued for RSPO delivered material includes the following information:  a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product ; d) The quantity of the products delivered; e) Reference to related transport documentation.	The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials. Yes – this is completed  This is already in place  Yes  Yes in place  Yes via alert that client has received product
<b>4. Processing</b>	
4.1 The facility can only choose a supply chain option in cases where the RSPO materials have been verified to meet at least the supply chain option requirements in the previous stage of the supply chain.	Segregation – All material is RSPO
4.2 The facility must assure that the RSPO-certified material is uniquely identifiable to the mill and its supply base and is kept physically isolated from all other oil palm sources in its facility	Yes - All material is RSPO
4.3 The facility must assure that the RSPO-certified material is kept segregated from non-certified material	Segregation – All material is RSPO
<b>5. Record keeping</b>	
5.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	Yes – records are in place and accessible
5.2 Retention times for all records and reports shall be specified by the facility and shall be at least five (5) years.	This is part of the company record keeping requirements
5.3 The facility shall record the volume of RSPO certified material on a three-monthly basis: a) Ordered and received from suppliers;  b) Used in processing; c) Retained in storage; d) Despatched as RSPO palm oil or derived product.	All RSPO material  All RSPO material All RSPO material All RSPO material
5.4 The following trade names should be used and specified in purchase and sales contracts:	Yes

5.5 The facility must provide documented proof that the certified material can be traced back entirely to the oil mill	All RSPO material – 1 oil mill only
5.6 The facility must provide documented proof that the certified material can be traced back to only certified segregated material	All RSPO material
5.7 The facility must: a) link sales with a MB-purchase from a certified permanently located processing unit b) ensure that the output of RSPO material does not exceed the input of RSPO material on delivery basis	- -All RSPO material
5.8 The facility must a) provide documents to prove that the BC certificates claimed, match the claimed quantity despatched b) provide a declaration from its suppliers with the % of palm products in their recipe	All RSPO material All RSPO material

<b>6. Training</b>	
6.1. The facility shall specify the training requirements for all staff as required to implement these requirements.	Staff in the weighbridge are already competent in separating the source of the material and this can be related to company & small holder material – all RSPO. There are records of competency of staff in weighbridge
6.2. Training shall be provided to all staff as specified.	Staff in the weighbridge are already competent in separating the source of the material and this can be related to company & small holder material – all RSPO. There are records of competency of staff in weighbridge
6.3. The facility shall keep records of the training provided to staff in relation to implementation of these requirements.	Records of all training are maintained as part of RSPO

<b>7. Claims</b>	
7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims	All RSPO material

Allan Thomas' 19.11.11