

PUBLIC SUMMARY REPORT

ASA2 SECOND SURVEILLANCE ASSESSMENT

POLIAMBA LTD (POLIAMBA)

New Ireland Province, Papua New Guinea

Report Author

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SUMMARY

BSI has conducted the surveillance 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 September 2012 including Annex 4: Procedures for Annual Surveillance; and Supply Chain Certification Standard: November 2011, Module – CPO Mill - Segregation for the following scope:

Sustainable production of crude palm oil

CPO 22,488	PK 5,381	PKO 2,154
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BSI recommends that POLIAMBA continue to be approved as a producer of RSPO Certified Sustainable Palm Oil.

ABBREVIATIONS USED

BOD	Biological Oxygen Demand
CIP	Continuous Improvement Plan
CLUA	Clan Land Usage Agreement
COP	Code of Practice
CPO	Crude Palm Oil
DEC	Department of Environment & Conservation
DOH	Dept of Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior and Informed Consent
GHG	Green House Gas
HACCP	Hazard Analysis of Critical Control Points
HCV	High Conservation Value
HCVF	High Conservation Value Forests
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
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 4 company owned Estates and Small holders.

1.3 Location and Maps

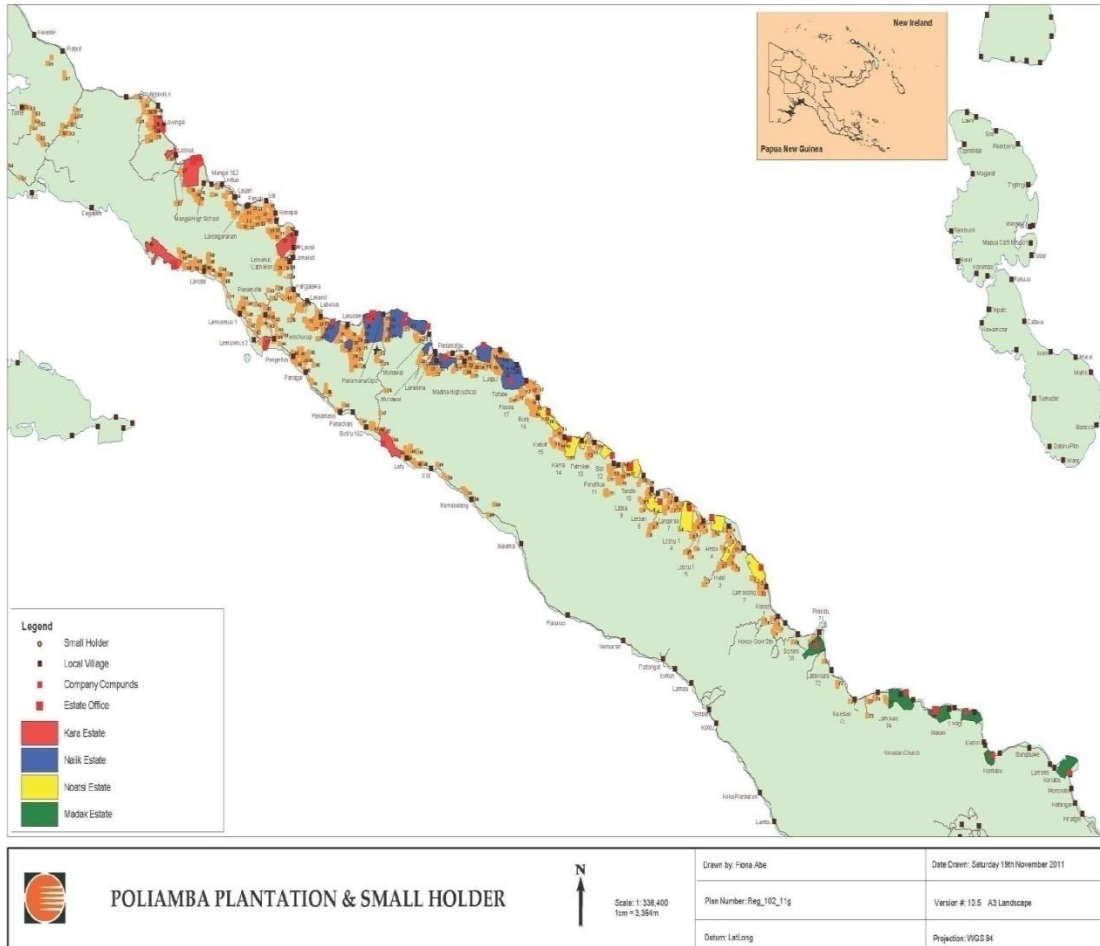
The Poliamba palm oil mill and estates are located in New Ireland province in PNG.

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

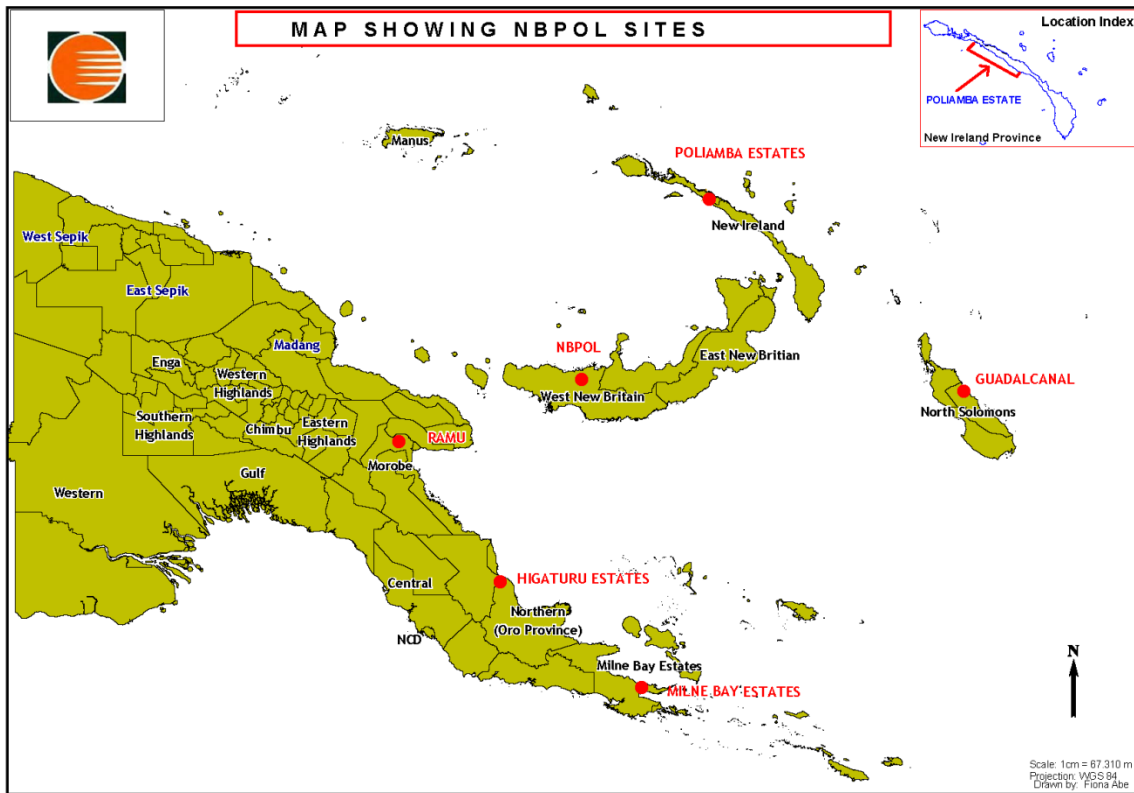
Table 1: Mill GPS Location

MILL	EASTINGS	NORTHINGS
Poliamba Mill	E 151°16.578'	S 02°52.478'

Map 1 – 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 production from plantations are listed in Table 2.

Table 2: Plantation FFB Production 2014-15

Plantation	FFB (tonnes) 2014	FFB (tonnes) 2015 forecast
Kara	15,160	1,009
West Coast	8,555	1,359
Nalik	17,418	2,347
Notsai	31,085	3,781
Madak	22,932	3,948
Total	95,150	12,444
Subtotal for certificate volume 2014/2015	107,594	

Smallholder Growers (SG’s) supply approximately 20% of oil palm fruit processed by the Mill.

POLIAMBA has continued to hold discussions with the SG’s on RSPO ongoing management. POLIAMBA has stated its commitment to work with the SG’s on the continued management of the RSPO P&C with the aim of maintaining small holder certification.

The SG’s comprise small holdings of oil palm that are developed under the Village Oil Palm scheme (VOP) that was developed on customary land. The VOP was developed independently of the Company. The SG’s manages 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 2014-15

Smallholders (Total No), 2013	FFB (tonnes) 2014	FFB (tonnes) 2015 forecast
1,561	22,382	3,929
Subtotal for certificate volume	26,311	

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 2013

Year	Age	Ha	%
1989	24	828.8	14.7%
1990	23	1,464.6	26.0%
1991	22	587.3	10.4%
1994	19	128.3	2.3%
1995	18	24.7	0.4%
1997	16	309.7	5.5%
1998	15	242.7	4.3%
1999	14	676.7	12.0%
2000	13	59.1	1.1%
2011	2	217.4	3.9%
2012	1	688.6	12.2%
2013	0	395.2	7.0%
Total		5,623.1	100.0%

Table 5: Age Profile of Smallholder Planted Palms as at 2014

Year	Age	Ha	%
1991	22	47.8	1.9%
1992	21	325.0	12.6%
1993	20	140.8	5.4%
1994	19	134.3	5.2%
1995	18	180.0	7.0%
1996	17	147.5	5.7%
1997	16	43.8	1.7%
1998	15	62.0	2.4%
1999	14	40.6	1.6%
2000	13	256.9	9.9%
2001	12	312.4	12.1%
2002	11	165.6	6.4%
2003	10	178.6	6.9%
2004	9	60.2	2.3%
2005	8	27.2	1.1%
2006	7	43	1.7%
2007	6	162.4	6.3%
2011	2	64.0	2.5%
2012	1	135.9	5.3%
2013	0	56.1	2.2%
Total		2,584.1	100.0%

1.6 Other Certifications Held

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

1.7 Organisational Information / Contact Person

Poliamba Ltd
LAKURUMAU
P.O. Box 46
KAVIENG
NEW IRELAND PROVINCE
PAPUA NEW GUINEA

Contact Person:

Ms Katrina Durham
Sustainability Manager

Phone: +675 276 2190 Fax: +675 276 2191

Email: kdurham@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, 2011, 2012 and 2013.

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, 2012 and 2013.

RAIL was certified to RSPO in July 2010 and re-certified in 2011, 2012 and 2013.

Milne Bay Estates was approved for RSPO certification in January 2013.

Higaturu Oil Palm was approved for RSPO certification in February 2013.

There are now no uncertified operations in the NBPOL Group.

There are no uncertified management units.

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 4.

Table 6: Estates Hectare Statement

Plantation	2014 YTD		
	Mature (ha)	Im-mature (ha)	Other Areas (ha)
<i>Kara</i>	675.06	242.49	
<i>West Coast</i>	455.43	0.00	
<i>Nalik</i>	1036.75	841.33	
<i>Notsai</i>	1489.63	0.00	
<i>Madak</i>	932.72	0.00	
<i>Under Prep.</i>			0.00
<i>Roads/Compounds / Other</i>			433.52
<i>Undeveloped</i>			1,815.03
Total	4,589.59	1,083.82	2,248.55

Table 7: Smallholders Planted Area

	Mature (ha)	Immature (ha)
2013	2,328	256
2014	2,464	220

1.10 Approximate Tonnages Certified**Table 8: Tonnages Certified FEB 2014- FEB 2015**

MILL	CPO	PK	PKO
<i>POL 2014</i>	19,887	4,758	1,904
<i>POL 2015</i>	2,601	623	250
Total certified volume for certificate	22,488	5,381	2,154

1.11 Date Certificate Issued and Scope of Certificate**Scope**

Scope of the Certificate is for the production from the single palm oil and kernel oil mill and its supply base (refer Table 8 for tonnages).

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

Inclusion of Smallholders

Poliamba is working with the Smallholder representative in the use of the "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".

Smallholders

The surveillance assessment of smallholder oil palm growers of New Ireland Province (NIP) selling fresh fruit bunches to NBPOL Poliamba Ltd. was conducted against the Round Table of Sustainable Palm Oil (RSPO) criteria and indicators for Papua New Guinea (PNG) from the 24th to the 26th of February 2014.

The PNG NIWG had previously established the status of the smallholder growers 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, the PNG Oil Palm Industry Corporation (OPIC) is present in NIP. Poliamba therefore included smallholders 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 smallholders.

A sample of 43 smallholder growers was interviewed and oil palm blocks inspected as a representation of the 1561 smallholders of New Ireland. The number of growers interviewed exceeded the RSPO sampling guidelines (minimum requirement is 30 farmers). These growers had a total of 86.93 ha under oil palm production. A list of the blocks interviewed is presented in the Appendix 1. The audit required a great deal of travel, as blocks were located as far away as 180 km from the mill and on east and west coasts of New Ireland Province.

The Poliamba Smallholder Affairs (SHA) and Sustainability team are to be commended for their efforts in organising the growers for interview and patience during the interviews and field inspections that followed. The auditor was accompanied by the SHA Manger and staff, a Sustainability officer and the OPIC Field Manager and staff, at all times during the audit. The accompanying team (Poliamba & OPIC representatives) did not interfere with the interviews.

Relevant SHA and OPIC records were inspected and issues were discussed in detail with the Poliamba Field Manager, the Sustainability Manager, SHA Manager and relevant Poliamba staffs after the field interviews.

A meeting was also organised with the interim president of the New Ireland Oil Palm Growers Association (NIOPGA).

The auditor also met with the Field Manager to discuss the Company's position with the smallholder growers. It was evident Poliamba values the smallholder growers and Poliamba's priorities includes assisting the smallholders increase their production from the current average of approx. 10 tonnes/ha. PNG Oil Palm Research Association (PNGOPRA) are maintaining fertiliser demonstration trials in smallholder blocks, which are producing at about 25 tonnes/ha after 2 years of best management practice.

The auditor thanks the Poliamba team, especially the SHA, Sustainability, and OPIC staffs as well as the smallholders of New Ireland Province.

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 20% 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 180 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.

The validity of the smallholder survey results was tested by selecting a sample of 43 Smallholders that were representative of a range of conditions and subjecting these to field audits. This figure is well in excess of the RSPO sampling guidelines. BSi also interviewed Smallholder representatives who had been involved in the baseline survey and confirmed their knowledge of the relevant RSPO P&C's.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

Prepared by

BSI Group Singapore Pte Ltd (Co. Reg. 1995 02096-N)

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Allan Thomas Lead Assessor

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 20 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 150 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, Solomon Islands, Malaysia and PNG in the Oil Palm industry. Allan has conducted over 3000 system audits in the last 16 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

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

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

Mike Finlayson - Technical Expert Social

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

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

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

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

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

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

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

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

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

Deane Woruba – Technical Expert- Smallholders & HCV.

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

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

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

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

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

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

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

QUALIFICATIONS

- Master of Philosophy, Charles Sturt University, Orange, New South Wales, Australia, 2013 (to be conferred)
- ISO 14001 (RABQSA-EM) Internal Environmental Management Systems Auditor, NCSI training, Australia, 2012
- Bachelor of Science in Agriculture, The Papua New Guinea University of Technology, Lae, Papua New Guinea, 2003
- New Zealand University Bursary & New Zealand High School Certificate, Wairarapa College, Masterton, New Zealand, 1999.

2.3 Assessment Methodology, Programme, Site Visits

The pre audit for POLIAMBA was conducted from 5th to 9th September 2011.

This certification assessment was conducted from the 13th to 17th of November 2011.

This first surveillance assessment (ASA 1) was conducted from 18th to 21st February 2013.

The second surveillance assessment (ASA2) was conducted from 24th to 26th February 2014.

The single mill and its supply base including Smallholders is a single certification unit as defined by RSPO. Therefore the mill was audited together with the plantation and Smallholders as they represented 100% of its supply base. The 2008 PNG National Interpretation of the RSPO Principles and Criteria (as found on the RSPO website) was used throughout and all Principles were assessed. The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data.

Checklists and questionnaires were used to guide the collection of information. The comments made by

external stakeholders were also taken into account in the assessment.

Smallholders were also included in this audit a total of 43 blocks were audited out of the 1561 smallholder blocks. This is in excess of the requirements. They were all Village Oil Palm (VOP).

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

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

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

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. 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:

- Joe Castle, General Manager
- Katrina Durham, Sustainability Manager
- Cedric Le Bloas, Field Manager
- Carol Aigilo, Sustainability Officer
- Relvie Napitalai, Administration Officer
- Gary Lawson – Kavieng Town Manager
- Anita Glinoga, Finance Manager
- Noel Beckman, Construction Manager
- Theresa Endy, Lands Officer
- Barry Kalisa, Health Extension Officer – Lakurumau
- Raylene Papaol, Nursing Officer – Lakurumau
- Kamerau Liman, Nursing Officer – Sicacui
- Michael Mossman, Plantation Manager – Kara
- David Yaplin, Security Superintendent
- Joe Giru, Divisional Manager - Kara
- Bruno Haklamba, Divisional Manager - West Coast
- Many Plantation and Divisional Managers
- A number of Site Safety Officers in Vehicle Workshop, Construction, Mill, Madak, Sicacui and others.

Government:

- Philip Lunganga, DPI Advisor (ex DPI Director)
- Barbara Makapa, Acting Provincial Agricultural Officer
- Josepha Sarei, Rural Police Station Commander - Lakurumau
- Leo Paskalis, Sargent, Lakurumau Police Station

Employees (names withheld):

- *Section Leaders, Nursery*

Contractors:

- John Brimrose
- Samuel Wei – Bishop Brothers
- Kevin Jensen

Civil society:

- Rose Elias – Women in Oil Palm, Kavieng
- Lyle Alicksen, Branch Coordinator, Red Cross – Kavieng
- Maureen Bolawaqutabu, Volunteer, Red Cross – Kavieng

- Smallholders – see appendix E

Compounds were also inspected at Suma, Madak, Lakurumau, Katu and Sicacui.

2.5 Date of Next Surveillance Visit

February 2015.

3.0 ASSESSMENT FINDINGS

3.1 Summary of Findings

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the 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.

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

Three (3) Observations and four (4) Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 29).

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 continue to 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 ensures that any requests for information are recorded (1.1.1) no matter what the format of that request.

Requestors will 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 maintain a record of responses - including timeliness and includes all stakeholders - internal and external.

There have been no official requests for information made since ASA1.

Poliamba has provided information on RSPO to smallholder growers through field days. This was evident in the awareness of some of the growers during the interviews who mentioned of buffer zones and pollution from chemicals.

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

Management have decided which documents are to be made available to the public and a list of these documents is in place widely throughout the organisation in estates and mill offices. There is a register available of all documents which have been made publicly available (1.2.1) 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).

The list of documents (This was updated 4.2.13) that can be made available on request includes:

1. Land titles/Leases (1.2.3)
2. Maps of lease areas
3. Annual Reports
4. Sustainability Reports
5. POLIAMBA Policies and Guidelines
6. Environmental Policies
7. Equal Employment Opportunity (1.2.2)
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 (1.2.6) 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. A number of these policies have been amended and re-issued and all current policies are available.

The POLIAMBA OHS Plan (1.2.4) will be made available on request. The OHS Policy is posted in all work areas in a prominent position on noticeboards where workers congregate at certain times. During the audit the OHS Plan 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 (1.2.8).

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

There is a Continuous Improvement Plan (CIP) (1.2.10), 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). (1.2.7).

Management documents are available to growers on request (1.2.5). The price formulation information has been rolled out during field days. Growers interviewed expressed knowledge of the price formulation.

1.2.3 Observation: As small holders acquire registered copies of their CLUA's the records of CLUA's is to be marked up to show the current status of all CLUA'S.

Action taken: All smallholder growers interviewed showed a great understanding of the CLUA system and advised that they all had a registered copy of the CLUA for their relevant blocks

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

There is in place a (2.1.1) documented system which includes the process for ensuring that all legal requirements are known and documented (2.1.1). 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 at this time which represented an improvement by the various government agencies from previous years. This included for example all water extraction permits and Boiler Licenses and Permits. These were all current at the time of ASA2.

The Environmental Permit reports for 2013 was submitted as required to DEC for comment in January 2014.

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

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. The register presented which was updated in January 2014 was quite extensive and included all legal and regulatory requirements known to concern POLIAMBA. It also includes the recently updated Code of Practice for Milling which was released in July 2013.

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.

All growers interviewed demonstrated understanding of appropriate land laws at customary, local and national levels.

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 all 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 are instances of sub leases of State Land with portions 8 and 662 in Lossuck. All requirements with

regards to this lease are being met by the company with details of all portions current including dates on the lease. The earliest is expiring in 2024 and the latest in 2025.

There are five sub lease arrangements –they 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 the General Managers Office.

POLIAMBA recently engaged a registered surveyor to identify the legal boundaries (2.2.2) and this is an ongoing process.

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. Pegs are being replaced if necessary once the survey has taken place. Maps of boundaries identified the position of boundary pegs once located and marked both on maps and via GPS.

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

There is proof where disputes have been resolved or are being resolved – there are at present no ongoing disputes (2.2.3). POLIAMBA use either legal means or negotiation with the party in dispute including village elders.

Therefore there are no significant land disputes (2.2.4) 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 Field 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 (2.3.1) are available showing occupied state land and include tenure. There is no customary land within POLIAMBA boundaries. There are no operations on alienated land (2.3.3).

All Land Titles are in place (2.3.5).

There are copies of the small amount of negotiated agreements (2.3.7) available detailing processes of consent - Copies of negotiated agreements are available with the Lands Officer (2.3.2).

The agreement for the sub lease of Portion 662 – this is a 25 year lease. This sub lease agreement has been in place since 1st September 2000 and has not changed in that period. These remain the same as at last year's assessment.

Sketch maps for all of the VOP (2.3.4) were available during this assessment. These were in good condition and very detailed.

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

Land disputes are settled through the traditional system and the government system. This system works well for the smallholder growers.

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 (3.1.2) is in place for the next 5 years up until 2018 and includes estates due for replanting including hectares and date for each year.

There is a five year business plan for POLIAMBA (3.1.1). 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 COO of the Group. The latest review and update was completed in February 2014.

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

POLIAMBA defines its Standard Operating Procedures (4.1.1) in what it terms Management Guidelines (MGs). 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. The MGs which are being standardised throughout

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

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

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 are positioned in the vicinity of operational areas.

Mechanisms are in place (4.1.2) 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 (4.1.4) 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.

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 the Sustainability Manager determine effectiveness of processes in place. In regards to estates the Plantation Managers ensure industry handbooks are being followed. This is supported by inspections by the Field Inspector.

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.

National Codes of Practice (4.1.3) are referenced within each SOP or Management Guideline if applicable to that particular operation. There is Code of Practice (COP), for Oil Palm Processing which was recently updated and released. 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 group and the Sustainability Manager onsite ensures current

applicable PNG COP's are in place and SOP's are kept up to date.

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

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 (4.2.1) 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 including amount applied.

POLIAMBA has soil maps. Soil sampling was completed by an independent testing authority during 2013 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 (4.2.2) – with the latest leaf analysis undertaken in April 2013 with results received in June with recommendations.

The soil and leaf analysis was conducted by an approved Malaysian lab AAR.

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

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 (4.2.3) - 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.

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

The company supplies MOP and AN fertilizers to growers and organize for deductions from crop sales. Fertilizers were distributed to all blocks, either as annual supply or biannual supply. There were recommendations made from NBPOL to distribute monthly supplies of which a few farmers were engaged in (the SHA Manager advised of this arrangement even though none of the farmers interviewed were under this arrangement).

All growers received their fertilizer quota for the year in 2013 except for smallholders with outstanding debt owed to the company for which, fertilizer distribution was not implemented as it would mean more owed debt.

Smallholder growers were aware of the importance of frond stacking and legume cover crop management as alternatives for soil fertility improvement. A majority of the growers had legume cover crop in their blocks.

During the field visits, in some of the blocks, there were fertilizers still in bags which were not applied. Disregarding some indolent growers, there was some confusion with fertilizer application rates and types of fertilizer.

Observation 4.2: In 2013, MOP and AN were distributed to smallholder farmers. Some of the MOP distributed was “white” in colour and not the familiar “red” colour. For the illiterate growers, there was confusion as they assumed both fertilizers were AN which is “white”. Thus they applied either of the “white” fertilizers at the appropriate rates of AN and were left with some remaining bags of fertilizer. Farmers were not advised that the “other white” fertilizer was in fact MOP, the same as the “red” fertilizer they usually receive.

During the interviews, growers also gave varying fertilizer application rates. The confusion stems from number of applications they have to do in a year and the varying amount of supply they receive.

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 allowed 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 compost the old stand which becomes a good nutrient source for the new plantings. In all areas cover crop is planted and it is now more robust and providing much better protection against soil erosion.

There are no known fragile or problems soils at POLIAMBA (4.3.4 & 6).

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

At replant any steep areas will not be replanted (over 25° calculated over 30 meters) and appropriate buffers from

high water mark of sea will be re-established if applicable (Sicacui).

On fields with over 9° erosion control practices (4.3.3) 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.

Erosion risk assessments (4.3.1) for each block have been completed. Maps are available that indicate 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 continues to use irrigation practices which are successfully preventing 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 (4.3.5) including roads, blocks and time frames as well as budgets has been produced for 2014 for all estates. This includes management of rainfall run off however this is now well managed and is now seen as compliant. The Maintenance plan indicates priority of grading and which roads are to be included on an annual basis.

4.3.5 Minor Non Conformity: The road maintenance programme does not include control and management of rainfall run off through proper structure of take-off drains. This has resulted in damage to feeder roads which in turn effects FFB pick up during and following heavy rain – this was noted at Sicacui and to a lesser extent at Libba.

Action taken: Road maintenance plans now include control and management of rainfall run off through well-structured drains. This is now effective as all roads in the affected areas are now in good condition and water is quickly directed off the roads. It was very wet during this assessment and all roads were in good condition.

Smallholder growers interviewed understood soil erosion and even though for almost all of them, their blocks were not on steep slopes and were not at high risk of erosion, they expressed understanding of stacking fronds against the slope to discourage soil erosion.

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

POLIAMBA has issued a Water Management Plan (4.4.1) with the most recent being in November 2011.

BOD levels of discharges are monitored and have records for the previous 7 years. All recent readings indicate any discharge of POME is well below the allowable limit. During this assessment there was discharged into the reed bed at the final pond and the BOD readings were very low.

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 has the facility to be able to monitor the water flow in mill as flow meters are in place 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 coli forms and pH within the acceptable range.

POLIAMBA will take action to ensure use of water doesn't 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 have been installed. The interceptors that were constructed are proving very effective in managing water quality of any discharged waste water the plan goes on to formalise how stormwater and mill drains are regularly inspected and includes templates of records of any actions taken.

These improvements are providing much improved protection for both ground water and surface water from possible contamination. A number of triple interceptors and sediment traps 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. Poliamba are monitoring the amount of water used per tonne of FFB. This is regularly below 1:1 for each month of testing. Consistently less than 1:1 for 2013. Records are in place for many years – 2008 – present.

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 (4.4.2) 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.

4.4.2 Observation: Poliamba need to determine the future planting in the littoral area in a number of estates. This will to need be determined by the time of any future replant.

Action taken: This has been put to the local provincial government and DEC and Poliamba are awaiting a determination before progressing with any future replants.

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

Smallholder growers are aware of the buffer zones for the protection of waterways. All growers interviewed understand the importance of clean water for consumption and ensure the water they consume is from a clean source. All farmers interviewed collect rainwater for consumption.

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) (4.5.2) for specific pests including Sexava, bagworm and oryctes as well as other pests including weed infestations. The IPM nominates a number of methodologies for managing certain pests including pest monitoring, selective use of chemical treatment, and encourage establishment of bio-control agents. Records of locations and application timeframes for all chemicals used (4.5.3) are being maintained and have been so for a number of years and at least back to 2008. 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. There are very few significant pest and diseases identified at POLIAMBA at the time of this ASA2 although a small outbreak of Sexava was noted with plans to combat the outbreak being provided by OPRA. This was put in place and was successful. Sexava continues to be monitored and reported on to manage any further outbreaks.

There is a continual census of all pests on a regular basis to ensure any potential outbreaks are monitored.

POLIAMBA is maintaining records of all the above including active ingredients applied per ha using published toxicity data (4.5.1). 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 in November 2013 and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals.

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

There is good support from Poliamba, OPIC and PNGOPRA to growers with regards to oil palm pest and disease management. There have been some treatment of smallholder blocks for Sexava by Poliamba Technical Services Division (TSD) and there was a Ganoderma sanitation team registered by OPIC and trained by TSD. All works done were with directions from PNGOPRA who have a representative in Poliamba that liaises with PNGOPRA Dami for prompt response to pest and disease queries.

Farmers were aware of Sexava and Ganoderma which are the main pest and disease concerns in NIP. Ganoderma sanitation is a concern to some growers who are requesting more in-field demonstrations. This issue was captured in the field day trainings, which is being rigorously rolled out.

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 (4.6.1) for agro chemical use and this is documented within the specific field handbook which advises the most effective and least harmful chemicals are always first choice and there is avoidance prophylactic and indiscriminate spraying.

The handbook used has guidelines on what chemicals are used and where and in what situation. It stipulates the maximum dose possible for each application. There are plans in place to gradually reduce the use of Agrochemicals. There are records of pesticide use (4.6.2) and include active ingredients used, area treated, amount applied per hectare and number of applications. There is a graphic presentation demonstrating use of pesticides at Poliamba for the previous 5 years.

Paraquat is no longer used at Poliamba. This was completely stopped from 1st May 2012 (4.6.5).

It is POLIAMBA policy not to supply any chemicals to any smallholders (4.6.6 & 7). This policy is strictly monitored.

All chemicals have to have senior 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 is available to chemical users to ensure that they have no un-approved chemicals which are being used.

Specific pesticides are used to target pest and diseases which have a minimal effect on non-target species. Pesticides are also selected to minimise risks to health and environment.

Records of pesticides usage are in place 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 method which is controlled via the IPM with regards to the use of WHO Type 1A or 1B chemicals (4.6.3). POLIAMBA is able to demonstrate that Type 1A & 1B chemicals are not used by application records and purchasing records/stock control. The only type 1A chemicals being used is methamidophos which is used for control of Sexava and is applied by a specially trained team.

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

Records of training are kept in each estate for all workers (4.6.8) who come into contact with pesticides this includes Pesticide Mixers, pesticide Sprayers and any chemical handlers in the stores.

The training data is available and centrally in all estates for whoever handles pesticides.

There is a minimum requirement of PPE (4.6.9) 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.

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. These were all seen be controlled by date and were readily available. No concentrates are taken into the field as all spray solutions are pre- mixed in a designated area.

Storage of chemicals is in locked pesticide sheds with limited access (4.6.10). 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 (4.6.11) and a reference list had been obtained from them.

Pregnant and breast-feeding women are not permitted to handle chemicals (4.6.14). Managers and supervisors are aware of the policy, as are medical officers, who check with female chemical handlers during their six-monthly health checks. Any female worker who handles chemicals and becomes pregnant is reassigned to another job.

All pesticide operators/handlers had last been screened in November 2013 and the company Health workers maintain records of screening and schedule. All chemical handlers receive a medical check-up every six months, including cholinesterase testing (4.6.13).

As the biochemistry machine (used to conduct cholinesterase tests) at Lakurumau needs repair the tests are now being conducted at Kavieng Hospital.

The records of health checks provided by Kavieng Hospital were not accurate and did not indicate the correct range which indicated whether the worker was within limit for working with organophosphates. This information was supplied on 18.2.14. Because this record was not accurate two workers below the limited count worked for a few days. As soon as Poliamba management became aware of this the workers were given other duties until they are retested.

4.6.13 Observation: Management of Poliamba were not aware of the range for workers applying organophosphates with regards to blood count and therefore due to poor records from the Kavieng Hospital inadvertently allowed workers with a low blood count to continue for a few days. (Note: Once this was realised the workers were transferred to other duties immediately).

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

Apart from fertilizers, the growers do not use agrochemicals. All the growers interviewed expressed understanding of the environmental and physical threats from the use of pesticides.

The only pesticide used in the smallholder blocks is Methamidophos (rated 1B) which is used for targeted trunk injection for the control of palm leaf feeding insects (e.g. Sexava). The field application of this is only done by TSD under recommendation and guidance from PNGOPRA. TSD are to account for the amount used which is reported to PNGOPRA. All these are done

without the involvement of the smallholder grower (apart from the growers initial reporting of the pest presence in the block).

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

There is an updated OHS Plan and OHS Policy in place for all operational areas including in:

- Estates, Mill, Workshops
- Clinics
- Stores

POLIAMBA has in place a health and safety policy (4.7.1) 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.

4.7.1 Observation: The Malaria Policy needs to be reviewed and modified, as some statements are ambiguous and potentially conflicting. It is also suggested that treated mosquito nets are provided free of charge to any employee, and his or her dependants, that reside in houses which utilise traditional materials, as they are not mosquito-proof.

Action Taken: The malaria policy has now been updated and is now clearly stated. Any previous items were addressed and the policy is now clear in its aims and intentions.

All areas have implemented and monitored this plan to a very substantial degree (4.7.2). The situation has improved considerably since the RSPO 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: A number of identified hazards and risks were not adequately controlled at the time of ASA2. This includes the following: incorrect use of lock out/tag out method, damaged electrical leads, supplied screens not used when welding is taking place, some gas bottles not restrained, some broken electrical switches, damaged gauges on gas bottles.

Action to be taken: (as per the Corrective Action Report in Appendix D)

Authorized personnel to undergo training on identification of hazards & risks and procedures minimise them.

OHS inspections are to be carried out and Supervisors/Managers ensure issues are closed and sign off.

Appropriate equipment is to be purchased and used.

Current MSDS for all products are now available in all areas of operations as required and distribution is 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 availability of MSDS in all areas.

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.

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 is consistent for both workers and contractors in all areas including mill, workshops, estates etc.

There were no incorrectly marked containers holding hazardous substances. In fact all areas of Safety Management have continued to improve. With above areas being somewhat isolated and by no means widespread.

Workers at Poliamba are using of appropriate PPE on all occasions.

Workers involved in areas of high risk are being trained in work practices (4.7.3) – this includes pesticide operations, fire fighting, construction safety and plant repair and service. Records of training are being maintained.

4.7.3 Observation: There were a few OHS issues noted during this assessment. These included: Requirement of minor signage in CWS, 3 Drums did not indicate contents (fixed on the spot), some work place inspection not taking place as planned (CWS/Construction Joinery Shop). Some bulk tanks did not indicate the capacity.

Action taken: Work has been completed as follows – signage is adequate, all chemical containers identified, regular work place inspection are taking place and all bulk tanks indicate contents and capacity.

Signage is in place and indicates when and what type of PPE is to be used and under what circumstances.

Sign management and placement has continued to improve and signs are readily available and are correctly positioned to reinforce any requirements.

4.7.4 Observation: A number of workplace inspections are taking place on a regular basis and for the most part are reporting any areas which are not considered compliant however there is not always evidence of follow up of the issues raised to ensure the non-compliant areas are rectified.

There are emergency procedures in each area (4.7.5) 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 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 held at different times to better simulate actual emergencies. Records of drills were sighted in Madak, Sicacui, the mill, vehicle workshop, construction and all other areas visited.

Current Emergency Response plans are available in all areas.

Charged Fire extinguishers are available in all areas visited. Spill kits widely available in mill and all operational areas including workshops and bulk fuel tanks. All safety showers tested were functioning correctly.

An overall company OHS Officer (4.7.4) has been appointed for POLIAMBA who coordinates the implementation and management of the OHS policy. A Site Safety Officer has been appointed in all the following operations areas. This person is identified on each relevant notice board in each area.

All areas have regular meetings (at least three monthly and sometimes more often) to discuss OHS matters. Each area has a standardised agenda.

Each area is holding Tool Box talks to ensure any current information is passed on to workers in each area as applicable or to reinforce safety issues such as use of PPE. Tool box talk's records were sighted in all areas visited.

Each department meeting provide observations and issues feed into a combined meeting which covers all operations for POLIAMBA which is chaired by the General Manager.

There are company clinics (4.7.6) 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 continued to improve and many repair and renovations have taken place. 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.

A new clinic is presently being constructed, at Nalik which will be much improved facility.

The new clinic at Sicacui is providing workers and their families in that area with a much improved facility.

The company also has Red Cross trained first aiders and uniform first aid kits in all field and mill work areas. These people are identified on the notice board at all operational areas. A number of First Aiders are available in all work areas at all times including day and afternoon shifts. The kits are checked and restocked regularly. All kits inspected were adequately stocked

4.7.6 Observation: First aid kits should not be removed from areas for restocking and should be available and therefore re-stocked on site so that first aid kits are always available. They should be inspected regularly to ensure they are adequate.

Action taken: First aid kits are now restocked on site and are therefore always available to workers.

There are records kept by Administration of First Aiders training including copies of certificates awarded and expiry dates. Further training was completed for more First Aiders in November 2013 with more training planned for later in 2014. Poliamba has a good relationship with Red Cross in Kavieng which facilitates First Aid training.

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 (4.7.7) . 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.

Records collected indicate that LTA injuring rate is declining each year and Poliamba are well within the rates targeted with a number of areas having no Lost Time injuries for well over one year. This is indicating continual improvement of OHS matters.

There is a trend analysis for all injuries to determine the most prevalent injury in an effort to reduce injury occurrence in all areas.

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

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

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

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

An annual training plan (4.8.1) is prepared following the identification of training needs by department heads. Training is undertaken by both internal and external trainers and an attendance list recorded for each training event. A comprehensive training program has been prepared for both field workers and supervisors/section leaders. The training modules for section leaders and supervisors can be updated as required, and a copy is placed on each estate for subsequent reference.

Although health staff have benefited from on-the-job training at Kavieng Hospital or through the attendance of other training events conducted by the provincial health authorities or AusAID in the past, a program of in-service training may be required to ensure health staff are kept up-to-date with current medicines, treatments and practices.

There are training records (4.8.2) 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.

4.8.1 Observation: Much of the training for field workers is focused on basic skills, due in large part to the high turnover rate among the workforce. Although this focus is understandable, relatively little attention is given to long-term capacity building or career development. In the longer-term, this may limit the capacity of PNG staff to fill managerial or other senior positions.

Action taken: A detailed training program has been prepared and delivered for section leaders and supervisors, which improves performances in the field and provides career path opportunities.

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

Training for smallholder growers is through field days and from being taught by other experienced growers. Growers who attend field days tend to train others

working in their oil palm block what they learn from the field day trainings.

Most of the hired labour engaged are those who have worked with Poliamba before where they were trained.

The SHA and Field Manager must be commended for their efforts into preparation, organizing and conducting field days (4.8.3).

4.8.2 OFI: All topics covered during the field day are relevant. However, if a training needs analysis was conducted, then topics of importance and target groups will be identified which will allow for efficient delivery of relevant information. The SHA team who are conducting field training do not have a training schedule/programme. Some smallholder growers advised they were not aware of training being conducted in their areas and missed out on attending.

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 (5.1.1) and is reviewed and updated at least annually the last update being in December 2013. The register is comprehensive and clearly identifies any significant environmental aspects and also nominates any legal requirements or restriction classed within the aspects. The aspects register covers all the operations of 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 cover both on site and off site activities. Whenever there are changes made to operations impacts are updated to reflect these changes during the review of aspects.

All departments visited during ASA2 had in place a current Environmental Impacts register.

There are environmental improvement plans (5.1.2) 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 formalised and the improvements made are noted in the CIP (See 8.1). The environmental improvement plan is monitored and any achievements are noted on the plan. This also includes progress made on more long term projects.

There is an Environmental Management plan in place which includes consideration of

- 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).

The growers showed awareness of pollution to the environment from oil palm activities, even from plantation and mill operations. This information was rolled out during the RSPO awareness.

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 carried out an assessment of the presence of HCVs within and adjacent to the POLIAMBA plantations (5.2.1). The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings. All 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 (5.2.2).

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

Sago swamps with some estate such as Bolegila are being preserved and are used by the local population as sources of food (Sago) and building materials. These areas have been classed as HCV 5.

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

POLIAMBA is avoiding damaged (5.2.4) to habitats by putting in place buffer zones and declaring habitats such as reserves and wet lands to be free from any activities which may be deteriorated by any activities.

Company employees are prohibited from the hunting and taking of fauna from the plantation and adjacent land (5.2.3). 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. This was

sighted for a number of contractors. There is no evidence of this (5.2.5).

Inspection of a number of wildlife/conservation areas including Luburua and Suma during this assessment indicated there was no inappropriate hunting, fishing or collecting activities in the POLIAMBA areas noted. POLIAMBA have provided gardening areas for use by workers adjacent to their housing which discourages worker encroachment into buffer zones and protected areas. This has been successful and improvements have been noted in restricting use of these areas.

POLIAMBA is engaging these communities as part of its implementation plans. Occasionally land owner groups implement their own systems to discourage encroachment which is a flow on from Poliamba and is a positive improvement for all areas.

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.

The growers were made aware of the Planting Approval Form (PAF), which includes identifying High Conservation Value (HCV) areas. The RSPO awareness has also assisted existing growers to be better aware of HCVs.

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

The waste management plan (5.3.2) is presented in a separate document and includes pesticide contaminated waste. The waste management plan is up to date and in place at all operations. The plan was recently updated in November.

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

The company's aspects register identifies all sources of pollution (5.3.1) 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.

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

- Mill Effluent – through effluent ponds 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.
- 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 –and disposed of in 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. With improved planning the main landfill site near the mill could greatly improve its efficiency and the company is to consider better means of managing waste which increases the capacity of the landfills thereby resulting in a longer life and less need for more landfill sites as often.

The collection of household waste is well controlled with no obvious waste noted. In fact all compounds and work areas are very tidy. There is knowledge that waste attracts vermin and workers try to ensure there is no accumulation of waste and areas are free from any situations that may encourage more mosquitoes and therefore increase malaria threats. There are formal rubbish collections in all areas at least weekly. This is monitored regularly by Construction and Estate operational staff.

The garbage collection system in each staffing compound includes a separation of 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.

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.

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.

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.

The new hydrocarbon interceptor trap and accompanying improved drainage at the workshop and vehicle wash bay at the CWS is operating effectively.

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

All smallholder growers dispose their rubbish in a dug pit. There were also good pit latrines for the growers.

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 with around 70% 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 (5.4.1).

A number of buildings are relying on natural light 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 (5.4.2).

POLIAMBA have records going back some 10 years.

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 (5.5.1). Burning is not allowed by POLIAMBA and there was no evidence of any burning during this assessment.

To date there has been no sanitary burning (5.5.2) at Poliamba.

Burning of domestic waste is against company policy and has been eradicated. There was no evidence of the burning of domestic waste (5.5.3) by workers and families of POLIAMBA sighted during this assessment.

Sharps and other medical waste are incinerated (5.5.4) at Kavieng General Hospital. Each clinic has appropriate containers for sharps and suitable plastic bags for other medical waste. Waste is transported to Lakurumau from the Madak and Sicacui clinics at least once a week, and often several times weekly, and appropriate records maintained in all three clinics of the disposal of medical waste.

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.

All the growers admitted to using fire for clearing new gardens. However, the growers explained, this is controlled minimal burning. During the audit, the auditor explained the importance of minimal use of fire under RSPO principles and criteria.

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 (5.6.1) and include gas and smoke emissions, particulate and soot emissions, effluent control, treatment and discharge. All Significant pollutants and emissions have been identified (5.6.2). 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 complete 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 also 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 are being continued and improved upon.

The treatment methodology of POME (5.6.3) is recorded in effluent pond management plans and in MG 11 and the discharge is constantly well under allowable limits for BOD. The readings for the last 12 months indicate that BOD is often less than 20 ppm.

The number 1 pond is shortly going to be de-silted which will restore freeboard which will prevent any chance of overflow.

Stack emissions are being measured by smoke density meters which are in turn backed up by physical observation of the Ringelmann chart. Both indicator show

emission levels are well within requirements. A new boiler has recently been commissioned which is resulting in more efficient burning and constantly low readings.

Records are now in place for over a number of years for these readings back since 2007.

Potential significant pollutants also include control of bulk fuel tanks. The bunds have in the main been restructured and now are of effective size to control all potential spills. There was a programme in place to ensure that all bunds are refurbished to ensure that they are within guidelines of AS 1940 – this has now been completed.

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.

Poliamba prepared a Social Improvement Plan (SIP) in November 2011 following the preparation of a Social Impact Assessment in July 2011 and subsequent consultation with local stakeholders. The SIP identified key social issues and mitigation strategies for addressing these issues (6.1.1). Poliamba has updated the SIP (6.1.3) and is currently in a process of further update/consultation. It is important that the SIP maintains a focus on the main social impacts affecting employees, dependents, smallholders, surrounding communities and potentially other stakeholders. The process of identifying the main social impacts and preparing and monitoring mitigation strategies should be undertaken on a consultative basis with impacted stakeholders (6.1.2).

6.1.3 MINOR non-compliance: The Social Improvement Plan (SIP) should be updated on an annual basis, in consultation with key stakeholders, to ensure mitigation strategies focus on the main, current social issues, and are supported by local stakeholders.

Action taken: The SIP has been updated and the Sustainability Team is in the process of further review and consultation with stakeholders.

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 has a communication policy (6.2.1) and a list of stakeholders. Records of communication are maintained by various departments, depending on the stakeholders (6.2.2) involved and nature of the communication.

Poliamba has a reasonable relationship with the Provincial Administration and other agencies in the Province, including the Royal PNG Constabulary, and locally-based NGOs, although renewed effort is required to maintain relationships due to personnel changes at Poliamba and a reluctance by some stakeholders to meet (for example, the last Local Planning Committee meeting, was held in February 2014 (6.2.3) after a lengthy process all stakeholders were present with the exception of the Provincial Government).

Poliamba has continued a program on Radio New Ireland, which provides an opportunity to provide awareness on smallholder crop pickup, Company plans and activities and other issues (such as promoting the grievance mechanism). The radio programs are continuing in 2014.

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 (6.3.1).

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

Poliamba has a grievance mechanism with grievance registers maintained in each operating centre (mill, estates, head office and sustainability office). Details on grievances and the response are recorded.

The grievances observed during the assessment were generally of a relatively minor nature but appeared to be adequately handled with sufficient details recorded.

Awareness on the grievance mechanism was provided in 2013, including on Radio New Ireland, and this has helped raise awareness of the mechanism, particularly among smallholders. Further awareness will be required both among internal and external stakeholders.

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.

6.3.1 Observation: The grievance mechanism needs to be promoted more broadly among the workforce, and in particular, among smallholders and local communities.

Action taken: The grievance mechanism has been promoted broadly, including through Radio New Ireland. It was noted during the audit that here is a particularly high level of awareness of the grievance mechanism among smallholders.

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.

Action taken: The grievance mechanism has been reviewed. However, an observation has been made in regard to raising awareness of the grievance mechanism (see below). During the smallholder interviews, smallholder growers expressed understanding of the grievance mechanism in place and who and how to lodge a complaint. This system was promoted during the smallholder growers field days conducted (from field day records). Grievance records maintained at OPIC and SHA were inspected.

Growers interviewed were aware of the grievance mechanism in place. Both SHA and OPIC maintain good grievance records. Copies of the grievances recorded at OPIC were sighted.

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 (6.4.1). 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 (6.4.2) 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 (6.4.3).

Poliamba has a Standard Operating Procedure (SOP) for developing oil palm on new areas of either customary or alienated land. This includes procedures to ensure the identification of the customary owners; consultation with customary owners over the potential impacts, both positive and negative; environmental assessment; land suitability assessment; financial benefits (6.4.4) and other aspects to ensure Free, Prior and Informed Consent.

Poliamba has received requests from 15 groups for the establishment of oil palm on their land. About half of the requests are from people with customary land, the rest with alienated land. Poliamba is assessing the viability of the land and having discussions with landowners as per the SOP.

New Ireland is a matrilineal society and land is passed on through female lineage. However, the decision for land use is determined by the local clan chief, the Maimai, who is a male. The company does not involve nor interfere in this process. The PAF contains proof of discussion between the block owner, the clan and a Commissioner for Oaths. Any issues regarding loss of legal or customary rights are firstly dealt with through the local village system then the Police and Poliamba is never involved.

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

(6.5.1) At the time of the audit, Poliamba had 3,051 employees, of which almost 100% are permanent employees, approximately 80% are from New Ireland province, around 50% live in Company housing, and 32% are female.

NBPOL (6.5.3) has approval from the Department of Labour and Industrial Relations to pay a minimum rural wage of K2.15 per hour (rather than the minimum rural wage rate of K2.29 per hour) to account for the provision of housing, medical, education, power and water by the Company to its employees. Many employees at Poliamba are not provided with housing (and therefore free electricity or water), and as such, any employee not provided with housing receives as a minimum, a wage of K2.29 per hour. In July 2013 Poliamba raised the minimum wage payment for employees with housing from K2.15 to K2.27 per hour.

The Sustainability Team monitors the price of major food items in Kavieng and the Lakurumau area and plans to conduct a survey to help assess the actual cost of living for those employees on the minimum wage. This will help ensure that the pay and conditions provided are sufficient to allow a decent living standard.

OFI: In the past year Poliamba has revised the Induction Form for employees to include, among other changes, confirmation of whether housing is provided or not, and an explanation of superannuation entitlements. It is apparent that some employees chose not to enrol in superannuation, either because they intend to work for a limited period, they don't understand the benefits, or they forget to complete and submit the required form, as superannuation entitlements commence three months after employment commences.

It may be preferable, in an attempt to raise the proportion of employees with superannuation, to have all

employees complete the superannuation forms at the time of their induction.

(6.5.2) Contractors are engaged by Poliamba for a range of activities, including housing construction, FFB cartage and various field operations. All contractors (6.5.2) are required to sign an agreement that confirms they will meet minimum legal terms and conditions for their employees. Records are maintained by the respective departments.

(6.5.6) Poliamba provides housing for approximately 50% of its workforce. However, many general labourers' houses are constructed using traditional materials; many do not have electricity, including electric lights; they are often dark and poorly ventilated; they are not vermin or insect-proof; and most are overcrowded.

In 2011 Poliamba prepared a plan to consolidate the housed workers in seven centralised compounds: one each in the Kara, West Coast, Nalik and Madak estates and three at Notsai Estate (6.5.4). Establishing seven main compounds 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 and banking facilities. The development of five major compounds was considered an appropriate approach to addressing welfare conditions for the workforce and their dependents.

The initial timetable for the construction of centralised compounds has been found to be unrealistic given current economic conditions. As such, the housing program has been updated and a program of new construction and major R&M outlined. The program is less ambitious than previous but is more realistic given existing economic circumstances. The housing program includes a budget that is approved and issued annually in line with available resources. The program will be in place for an extended period of time.

Progress in the past year includes the construction of 8 duplexes at Lakurumau, which will accommodate 16 families, and commencement of another 8 duplexes, also at Lakurumau. As noted earlier, the new houses appear to be of an excellent design and include a range of new materials. The result is a house that offers more living space with excellent ventilation, better insulation and lower maintenance requirements.

In addition to the construction of new houses, there has been a program of major renovations, in which Poliamba has expended approximately K700, 000 in the past year.

6.5.6 MINOR non-compliance: While Poliamba outlined a major housing program during the 2011 audit, the construction program has already been extended by one year due to financial constraints, and a relatively modest program approved for 2013 (i.e. construction of 16 houses at Lakurumau out of several hundred required over the five-year period). The funding delay

has meant that the Company has not providing an effective approach to the provision of housing.

Action taken: The housing program has been updated and a program of new construction and major R&M outlined. The program is less ambitious than previous but is more realistic given existing economic circumstances.

Significant improvements continue to be 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 Sicaccai clinics (6.5.6).

Most smallholders hire workers to do harvesting and upkeep. All hired workers are paid on piece rate of K50. Harvesters are usually paid about K100 if they harvest and wheel the fruit. Work is usually for a day or two at the most making the amount paid more than the minimum wage rate per day.

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

Poliamba has a policy in support of freedom of association (6.6.1 & 2) and collective bargaining. The policy is displayed on Company notice boards in English & Tok Pisin.

At present, there is no trade union at Poliamba (6.6.3).

The growers are free to join any association they desire. All growers are financial members of the NIOPGA through their K20 fee, which is deducted at K2 per fortnightly harvest. It was evident that the role of NIOPGA was not clearly understood by growers who expect the same services from NIOPGA as they received from OPIC and Poliamba SHA, especially with the responsibility to move crop and distribute fertilizer.

The auditor was made aware of a new association call the New Ireland Oil Palm Co-operative Society. The role of this association was not explained to the auditor. Growers who wish to be members of this association must pay an annual membership fee.

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 minimum age for employment at Poliamba is 16 years of age (6.7.1). There appears to be very good recognition of this requirement among managers responsible for hiring staff, and age is recorded for each employee. When age documents are not provided clinic staff are required to estimate the age during pre-work medical checks. There is no evidence that children have been employed or exploited by the Company.

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

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.

Poliamba has an Equal Opportunities Policy (6.8.1) and displays this at its offices in both English and *Tok Pisin*.

There have been no breaches of the policy reported (6.8.2).

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.

Poliamba has a policy against sexual harassment (6.9.1) and a domestic violence procedure. These are displayed at Company offices in both English and *Tok Pisin*.

Domestic violence remains a serious issue, and it is important that both the incidence of domestic violence and the effectiveness of Company policies and procedures dealing with domestic violence are monitored. Poliamba has a gender committee (6.9.3) and is both broadening its membership and finalising its TOR. The TOR is expected to include a focus on approaches to reduce domestic violence. It is suggested that the gender committee assesses the approaches adopted in other NBPOL operations for dealing with domestic violence (and other issues the gender committee may focus on). It is encouraging that the gender committee comprises both male and female employees at Poliamba, and they are looking at addressing various social issues among the workforce and dependents.

There is compliance with labour laws on breastfeeding (6.9.2)

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 Smallholders in PNG receive for FFB (6.10.1). While the formula and calculations appear fair (6.10.2) and are publically displayed on notice boards, the formula is difficult to understand. There is currently a nationwide FFB price review underway that POLIAMBA have been a part of. 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.

Poliamba has put in a commendable effort into explaining the oil palm smallholders pricing formula to ensure growers understand how their price is calculated (6.10.3). (See notes in Criterion 1.2). However, the information given to smallholder growers has caused confusion when the information available to them on their pay slip is not fully transparent.

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.

Action taken: The smallholder farmers interviewed were aware of relevant times for their fruit pickup from their respective locations. Poliamba and OPIC have a system for reporting fruit for pick up that involves a local representative. Currently, the fruit pick up schedule is being announced weekly on the local radio service, Radio New Ireland. The company is also working on using the mobile phone short message service (SMS) system to relay fruit pickup schedule for locations.

There were some cases of crops not being picked up. However, this is largely due to bad roads/inaccessibility of the blocks.

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 (6.10.4). 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.

Poliamba plays a key role in generating economic activity in New Ireland Province, not only in terms of direct employment and smallholder production, but through the use of local contractors and suppliers and contributions to economic and social infrastructure. The audit team found no complaints relating to late payment of contractors, suppliers or smallholders.

EFB is freely available(6.10.5).

6.10.1 OFI: There are levies paid to OPIC and PNGOPRA during every harvest which is not indicated on the payslips. However, in the information disseminated on pricing formula, there are deductions for these

There have been queries by various smallholders over the FFB price formula. Although there is general appreciation that prices will vary according to the world price of crude palm oil, there is uncertainty over the farmer's payout ratio and transport/other deductions. While NBPOL has prepared various publications and posters to help explain the pricing formula, the formula is currently being reviewed by the Independent Consumer & Competition Commission (ICCC). While a number of smallholders know that there is a FFB price review underway, it was brought up at the FFB price formula awareness. Smallholders were told that the review was continuing.

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

Poliamba receives many requests for assistance, particularly sponsorship and transport assistance (6.11.1). Many of the requests are fulfilled. Poliamba has upgraded part of the west coast road (near Sicaccui) following the withdrawal of a local contractor engaged by the Provincial Administration. Poliamba has also provided *koronas* to some smallholders to improve road access to their blocks. Poliamba plans to upgrade various feeder roads under the Tax Credit Scheme in 2015 and has commenced discussion with the Provincial Administration.

In addition to the above assistance, Poliamba engages a number of apprentices and provides support to local vocational schools.

OFI: It may be beneficial to document the assistance provided by Poliamba each year and publicise this in an attempt to raise awareness and garner further support. Although it may be difficult to express all benefits in monetary terms, it may be possible to simply list the assistance and quantify in physical terms.

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 is preparing for a new planting in two relatively small areas. These are at Lamawan (90ha) and Lamendauen (168ha).

Social and Environmental impact assessment (7.1.1) have been completed for both areas. The participants were involved in any discussion and gave full consent to continue the new plantings. There are records in place of any meetings with the landowners. As these are relatively small areas there were a limited number of stakeholders involved. These are listed in each social and environmental impact assessment reports.

This new development will take place on land previously under cultivation being ex-coconut plantations.

These new plantings have not yet commenced however notification has been completed and sent to RSPO who have yet to display this on the appropriate web site

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.

There have been soil surveys (7.2.1) undertaken on the proposed new planting areas of Lamawan and Lamendauen. These were carried out late in 2013 and are available for review.

Both areas are relatively flat (7.2.2) and therefore planting once it commences will be completed without difficulties. The soils are very similar to other soils of the existing estates which are adjacent.

Prior to planting oil palm in a block, a field inspection is carried out by SHA staff prior to planting of the seedlings. This is part of the PAF.

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

The proposed new plantings at Lamawan and Lamendauen are former coconut plantations and have been developed for many years. The HCV assessment for both areas indicated there were no HCV areas on either area (7.3.1).

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 (7.4.1). These are flat and therefore there will be no planting of steep terrain (7.4.2).

Soils are very shallow in New Ireland and based on coral (7.4.3).

There are some blocks on low slope but most of the smallholder oil palm blocks in New Ireland are planted on flat land with negligible risk to soil erosion.

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

Both proposed new planting areas have records in place of meetings with local people. All are very vocal in their support for this planting (7.5.2). This is recorded in the social impact assessment with records of all meetings and landowners and stake holders consent. FPIC has been demonstrated in the new planting areas.

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

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

These will sub lease arrangements in both areas and the landowners will benefit through the lease in the way of royalties (7.6.1/2/3). Poliamba management will provide all input to the development of the land.

FPIC has been demonstrated in the form of recorded meetings with the landowners.

Not all the land offered is to be planted and the landowners retain a substantial portion of their block for gardening and other uses.

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.

The new planting has not yet commenced in either areas as Poliamba are awaiting the notifications to be presented on the RSPO web site for new plantings.

It is against Poliamba policy to use fire unless necessary for sanitation purposes, as identified by the ASEAN guidelines or best management practice, during new planting.

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 each audit

- The ongoing Social Improvement Plan, in consultation with internal and external stakeholders;
- Continuing Improvements to water supply and sanitation in existing compounds, along with general housing maintenance for example Suma
- The ongoing plans for seven centralised housing compounds;
- Improvements at all clinics and new clinic at Nalik.
- 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 for the second audit is a row.

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. At present 80% 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 however improvements continue to be made.

The management is to consolidate the housed workers in seven compounds: one each in the Kara, Nalik, West Coast and Madak estates and three at Notsai Estate. Establishing seven main compounds is 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 seven 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 seven 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.

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.

The company reaction to issues raised during previous assessments has been timely. The response to all issues raised both Non Conformities and Observations is very positive with actions taken to eliminate and issues raised.

This reflects well on Management and the Sustainability team.

A Continuous Improvement Plan is attached. Appendix C.

Smallholder Summary – Continuous Improvement

There were impressive and positive works by Poliamba observed which includes the following, which were the highlight for the auditor:

- All the blocks inspected had labels which were clearly visible
- All smallholder growers interviewed had a copy of their CLUA
- TSD are mapping out the oil palm blocks. At the date of the audit, 1,141 blocks have been mapped and a further 437 blocks still needs to

be mapped. The mapping should be completed by end of November 2014 (as advised by GIS officer). There are impressive records of smallholder roads, hectare and production in the OMP database.

- Poliamba is working on maintaining smallholder and public roads under the PNG Tax credit scheme. At the time of the audit, the application for this was prepared and was about to be submitted. If granted, this will be of great benefit to the smallholder growers, and the wider community in NIP.
- Smallholder grievance records in place at SHA and OPIC were detailed.
- The effort by the Field Manager to lead the field days is to be commended. The growers who attended these field days have expressed their gratitude. With better planning the training could be even more effective.
- The fertilizer trails by PNGOPRA were a standout. The information from this should be disseminated to growers so they are aware of what they can achieve with best management practices.
- All the farmers interviewed knew of the major pest and disease (Sexava and Ganoderma).
- Poliamba has segments on the local radio station, Radio New Ireland, where they use to disseminate best practise information, harvesting schedule and current crop prices. The company is in the process of using SMS to disseminate harvesting schedule and crop prices as well. Commendable initiative.
- Apart from paying for the crops, the company is assisting smallholders in a lot of ways, which the value of that assistance was not calculated. Examples of these includes numerous loads of gravel for road maintenance at the company's expense, loads of empty fruit bunches (EFB) given to smallholders at the company's expense.

Poliamba is working well with the smallholder of NIP who are supplying Poliamba RSPO certified crop. The growers are appreciative of the benefits the crop provides, especially the steady income they are benefiting from when other crops like cocoa and copra are not very enterprising for a smallholder in NIP at the moment.

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

4.7.2 Minor Non Conformity: A number of identified hazards and risks were not adequately controlled at the time of ASA2. This includes the following: incorrect use of lock out/tag out method, damaged electrical leads, supplied screens not used when welding is taking place, some gas bottles not restrained, some broken electrical switches, damaged gauges on gas bottles

POLIAMBA 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.

The non-conformity from the Certification Assessment was documented within the report.

OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

The assessment identified **three (3)** Observations and four (4) 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.

Observation 4.2: In 2013, MOP and AN were distributed to smallholder farmers. Some of the MOP distributed was “white” in colour and not the familiar “red” colour. For the illiterate growers, there was confusion as they assumed both fertilizers were AN which is “white”. Thus they applied either of the “white” fertilizers at the appropriate rates of AN and were left with some remaining bags of fertilizer. Farmers were not advised that the “other white” fertilizer was in fact MOP, the same as the “red” fertilizer they usually receive. During the interviews, growers also gave varying fertilizer application rates. The confusion stems from number of applications they have to do in a year and the varying amount of supply they receive.

4.6.13 Observation: Management of Poliamba were not aware of the range for workers applying organophosphates with regards to blood count and therefore due to poor records from the Kavieng Hospital inadvertently allowed workers with a low blood count to continue for a few days. (Note: Once this was realised the workers were transferred to other duties immediately.

4.7.4 Observation: A number of workplace inspections are taking place on a regular basis and for the most part are reporting any areas which are not considered compliant however there is not always evidence of follow up of the issues raised to ensure the non compliant areas are rectified.

4.8.2 Opportunity for Improvement: All topics covered during the field day are relevant. However, if a training needs analysis was conducted, then topics of importance and target groups will be identified which will allow for efficient delivery of relevant information. The SHA team who are conducting field training do not have a training schedule/programme. Some smallholder growers advised they were not aware of training being conducted in their areas and missed out on attending.

6.5.1 Opportunity for Improvement: In the past year Poliamba has revised the Induction Form for employees to include, among other changes, confirmation of whether housing is provided or not, and an explanation of superannuation entitlements. It is apparent that some employees chose not to enrol in superannuation, either because they intend to work for a limited period, they don’t understand the benefits, or they forget to complete and submit the required form, as superannuation entitlements commence three months after employment commences.

6.11.1 Opportunity for Improvement: It may be beneficial to document the assistance provided by Poliamba each year and publicise this in an attempt to raise awareness and garner further support. Although it may be difficult to express all benefits in monetary terms, it may be possible to simply list the assistance and quantify in physical terms.

6.10.3 Opportunity for Improvement: There are levies paid to OPIC and PNGOPRA during every harvest which is not indicated on the payslips. However, in the information disseminated on pricing formula, there are deductions for these

3.3 Noteworthy Positive Components

There has been notable improvement in a number of areas since the previous audit:

- The housing program has been updated and progress made in the construction of new houses and repairs and maintenance of existing houses;
- The new houses under construction appear to be of an excellent design and include a range of new materials, which together result in a house that offers more living space, excellent ventilation, better insulation and lower maintenance requirements; and
- A detailed training program has been prepared and delivered to section leaders and

supervisors, which should improve performances in the field and provide career path opportunities.

- Poliamba Limited (Poliamba) plays a key role in generating economic activity in New Ireland Province, not only in terms of direct employment and smallholder production, but through the use of local contractors and suppliers and contributions to economic and social infrastructure. This contribution is widely recognised as Poliamba is widely regarded as a good corporate citizen in the province. Nevertheless, there Company faces several challenges, including:
 - The need to build significantly more houses and complete major renovations of many existing houses;
 - The need to improve access to many of the smallholder oil palm blocks (a government responsibility); and
 - The need to educate and raise awareness among workers and dependents on a range of social and economic issues, including for example, general hygiene, domestic violence and financial literacy, when education and literacy levels are often low.

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

There were no major issues raised by stakeholders during this assessment. The stakeholders interviewed made no adverse comments about Poliamba. It appears on the whole that people are happy with the advance and improvements being put in place by the management of Poliamba which have a widespread benefit to all.

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

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

Signed for on behalf of
POLIAMBA

.....
Mr Joe Castle
General Manager
Date: 1.3.14

Signed for on behalf of
BSi Management Systems Singapore Pte Ltd

.....
Mr Allan Thomas
Lead Auditor
Date: 1.3.14

Appendix “A”

RSPO Certificate Details

Poliamba Limited*(part of NBPOL)*

Lakurumau P.O. Box 46

Kavieng New Ireland Province

Papua New Guinea

Website: www.nbpol.com.pg

Certificate: SPO 573539

Applicable Standards: RSPO Principles & Criteria: 2007; PNG National Interpretation: 2012

Poliamba Limited, Lakurumau Palm Oil Mill and Supply Base	
Location Address	Lakurumau Palm Oil Mill, Kavieng, New Ireland Province, Papua New Guinea.
GPS Location	E 151°16.578' S 02°52.478'
CPO Tonnage Total	22488
PK Tonnage Total	5381
PKO Tonnage Total (starting March 2012)	2154
FFB Tonnage Processed Total	133905
Smallholders FFB Tonnage	26311

Estate	Production (ha)	Unplanted (ha)	Total Lease (ha)	Annual FFB Production (mt)
Kara	917.55	114.55	1032.10	16169
West Coast	455.43	294.41	749.84	9914
Nalik*	1878.08	788.67	2666.75	19765
Notsai	1489.63	574.47	2064.10	34866
Madak	932.72	476.45	1409.17	26880
TOTAL	5673.41	2248.55	7921.96	107594

*REPLANT PROGRAM – cause of reduced Productive Hectares in 2013

Appendix “B”

ASA2 Surveillance Audit Programme

RSPO AUDIT SCHEDULE

POLIAMBA, February 24th - 27th 2014

Auditor: Allan Thomas

Date	Time	Activity	Poliamba Staff
Sun , Feb 23		Arrival. Dinner at Guesthouse	SM to pick up from airport
Monday, Feb 24	7:30-8:30	Opening meeting	GSM, GM, All HoDs SD
	8:30-9:30	Discussion re: building program	GSM, GM, CM, SM
	9:30-12:00	Store, Landfill & Vehicle workshop	Stores – FC, SM, SS VWS – CM, SM, WS, Landfill – SM
	12:00-1:00	Lunch Lakurumau Guesthouse	
	1:00-3:30	Construction New duplexes at Nalik Compound Katu Compound	GM, CM, SM
	4:00-5:00	Documentation	SM, SD
Tuesday, Feb 25	7:30-9:00	Luburua Replant	GM, FM, SM, PM, Replant Manager
	10:30-12:00	Madak Estate- Office Documentation, Kameriba Compound	GM, SM, DM, SSO, EC
	12:00-1:00	Lunch at Dalom Guesthouse	
	1:00-2:00	Suma Compound and Plantation	GM, SM, DM, SSO
	4:00-5:00	Documentation	SM, SD
Wednesday, Feb 26	7:30-9:30	Mill, Laboratory & Mill ponds	GM, MM, SM, AMM, SLS, LS, SSO
	10:30-12:00	West Coast, Sicaccui	FM, SM, PM, DM
	1:00-2:00	Lunch at Lakurumau Guesthouse	
	2:00-3:00	Town Office	SM, TO
	3:00-3:30	Red Cross	SM
	4:30-5:00	Closing Meeting	GSM, GM, All HoD
	7:00	Dinner	GSM, GM, All HoD

Auditor: Mike Finlayson

Date	Time	Activity	Poliamba Staff
Sun , Feb 23		Arrival, dinner	SM to pick up from airport
Monday, Feb 24	7:30 - 8:30	Opening meeting	GSM, GM All HoDs SD
	8:30-9:30	Discussion re: building program	GSM, GM, CM, SM
	9:30-10:30	HR	GSM, AO, SO
	10:30-11:00	Training	GSM, FTO, FM
	11:00 -11:30	Lands officer	GSM, LO
	12:00 - 1:00	Lunch Lakurumau Guesthouse	
	1:00 -1:30	Police Station- Lakurumau	LO
	1:30-2:30	Meet with the HEO	GSM, HEO, AO
	2:30-3:00	Welfare Officer	GSM, AO
	3:00-4:00	Security	GSM, GM, SS
	4:00-5:00	Document review	SM, SD
Tuesday, Feb 25	7:30 – 10:00	Construction New duplexes at Nalik Compound Junior staff housing at Nalik Compound	GSM, CM
	11:00 – 12:00	Sicacui Estate Manager – to discuss training, inductions, grievances, policies, etc	GSM, FM, PM, DM, SSO
	12:00 - 1:00	Lunch at Sicacui	GSM, FM, PM, DM, SSO
	2:00 – 3:00	Sicacui Estate- Clinic, Compound	GSM, FM, PM, DM, Nurse
	3:00-4:00	Estate Manager interview and documentation - Kara	GSM, FM, PM, DM, SSO
Wednesday, Feb 26	7:30 - 8:30	Women in Oil Palm - Fangalawa (Rose Elias)	LO
	8:30 -12:00	NIP Provincial Administration	LO
	1:00 – 2:00	Lunch Lakurumau Guesthouse	
	1:00 – 3:00	Follow-up, as required	
	3:00 – 4:30	Preparation for closing meeting	
	4:30- 5:00	Closing Meeting	GSM, GM, All HoDs
	7:00	Dinner	GSM, GM, All HoDs

Auditor: Deane Woruba

Smallholders –

Date	Time	Activity	Poliamba Staff		
Sun , Feb 23		Arrival, dinner	SM to pick up from airport		
Monday, Feb 24	7:30 - 8:30	Opening meeting	GSM, GM, All HoD SD		
	8:30 - 5:00	SMALL HOLDER INTERVIEWEES (Accompanied by Smallholder Affairs Manager, Smallholder Supervisors, Sustainability Dept & OPIC)			
		Name	Block #	Location	Region
		FELIX GERAT	S1516	Kafkaf	South
		WASA KASAROT	S2305	Munuwai	South
		GERSON ATAU	S0301	Kabil	South
		JOE VAILA	S0216	Lamasong	South
		PILIPILIS BOAS	S0217	Lamasong	South
		LAGASI NOFUNA	S0308	Kabil	South
		KABU MATHIAS	S0310	Kabil	South
		TITIKOI ATAU	S0315	Kabil	South
		RAYMOND WIMAT	S2308	Munuwai	South
		SALANIET SELAM	S2324	Munuwai	South
		DAVIDSON RABANA	S2413	Panamana	South
		TALITA BOAS	S2301	Munuwai	South
ELLISON BOROMUN	S0314	Kabil	South		
Tuesday, Feb 25	7:30 - 5:00	REBECCA MOGIGIS	S4335	Panamafei	West
		MANDIU KASAU	S4405	Para	West
		JOSEPH PALAKAI	S4708	Belifu	West
		LETTO FRANCIS	S4807	Lafu	West
		BOSKI AISOLI	S4824	Lafu	West
		ROBINSON MANGANDAH	S4828	Lafu	West
		PETER MAM	S4525	Pangefua	West
		MICHAEL WANDALU	S4305	Panamafei	West
		GEORGE TARAMBELE	S4404	Para	West
		RAPHAEL SUKOT	S4401	Para	West
		ABRAHAM SAOL	S4309	Panamafei	West
		BETTY WILSON	S4518	Pangefua	West
		MICHAEL LONGAI	S4104	Lamusmus#2	West
		MARIS TITO	S4105	Lamusmus#2	West
		FEDDY LESACHO	S4408	Para	West
		LAMBO IARE	S4707	Belifu	West
		LEON DOMARUA	S4205	Lamusmus#1	West
		MANDIU KASAU	S4405	Para	West
		Wednesday, Feb 26	7:30-5:00	HARAN NGAKATT	S2664
LAKAU GILA	S2672			Lakurumau	North
SUSAN MALMALIT	S2724			Luburua	North
PETER GASU	S2804			Lakarol	North
SILIAN WILLIAM	S3812			Ngavalus	North
TIMOTHY LEVI	S3315			Paruai	North
MAKADING LAPAN	S3326			Paruai	North
PESUSAT TUKAS	S3503			Livitua	North
DAVID KEKEBO	S3819			Ngavalus	North
NOAH SANGIN	S3837			Ngavalus	North
SAMBA DANNY	S3318	Paruai	North		

(Guesthouse to prepare cut lunch smallholder auditing team)

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 Poliamba will take in order to further improve its performance in the key areas of:

- Minimising the use of pesticides;
- Reducing negative and enhancing positive Environmental Impacts;
- Water use monitoring;
- Pollution and emissions and;
- Social Impacts.

This is a **new** Continual Improvement Plan that better reflects the operational aspects and commitment to the Company's continual improvement. Poliamba will implement this plan by April 2014 including an annual review and regular progress updates. By following this plan, Poliamba will continually improve its performance in issues related to sustainability¹.

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. Long terms objectives, more than 5 years, have been identified and committed to in this plan.

Scope

This plan for continual improvement in the sustainable performance of 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. 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 areas of endeavour and defined time frames. The tables also provide information on the expected benefits to be achieved and the status of each action item.

¹ These sustainability principles are defined in the following locations:

- RSPO Principles and Criteria (April 2013)
- The Company Sustainability Handbook
- OHSAS 18001 Occupational Health and Safety Management Systems – Requirements

1. Pesticides

No.	Improvement Action	Reference (2013 P&C)	Planned Outcome	Timeframe	Indicators	Responsibility	Status
1.1	Improve sprayer training to reduce spraying of non-target areas	4.7.3	Reduced herbicide use Increase ground cover crop & soft vegetation	ongoing	Training records Cover crop & soft vegetation growth	Field Manager Field Trainer Technical Service Div.	Ongoing
1.2	Install chemical interceptor and soak away at Nalik office.	4.6.10	Controlled chemical residue drainage	2014	Installed interceptor and soak away	Field Manager Construction Manager	Work has commenced F5/2 has been approved
1.3	Improve training on handling and disposal of chemicals to field employees	4.6.5	More responsible usage of chemicals and reduce accidents	2014-16	Improved application practices, improved emergency readiness.	Field Manager Field Trainer	In place ACHIEVED – 50%
1.4	Fertiliser identification & application rate training & awareness for smallholders, contractors and SHA supervisors	4.6.5	Correct use of correct fertiliser at recommended rate	2014	Improved application practices and identification of fertilisers Smallholder concerns addressed	Field Manager Smallholder Affairs Manager	To commence in Q2, 2014
1.5	Spray reduction plan	4.6.3	Introduction of spray reduction plan measuring a.i./ha & implementing techniques to ensure a downward trend	2014	KPI report (a.i./ha)	General Manager Field Manager Technical Services Dept	To commence in Q2, 2014

2. 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 (2013 P&C)	Environmental Aspects & Impacts Register Ref #	Expected Outcome	Timeframe	Indicators	Responsibility	Status
2.1	Education of staff on the need to reduce burning and to ensure rubbish is segregated and correctly in landfill sites.	4.8.2 5.3.3	027 – Negative Aspect 063 – Negative Aspect 065 – Negative Aspect	Commitment and compliance	2014-2016	Records of training	Sustainability Manager	Ongoing
2.2	Meters on all main supply tanks at the main compound in Lakurumau.	KPI		Monitoring and reduction in water use	2014	Water use reports KPI report	Construction Manager Sustainability Manager	To commence in Q2, 2014
2.3	Bore hole viability check	KPI		Determine the viability of current, decommissioned and proposed bores to ensure long term availability of good quality water	2014-16	Water yield	General Manager	To commence in Q2, 2014

3. Waste Reduction

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

Refer to the Waste Management plan for further details.

No.	Improvement Action	Reference	Environmental Aspects & Impacts Register Ref #	Expected Outcome	Timeframe	Indicators	Responsibility	Status
3.1	Scrap metal piles to be tidy at all times in preparation for the removal by scrap metal contractor	5.3.3	053 – Negative Aspect	Scrap metal areas remain tidy & removed by contractor	2014 (ongoing)	Visual audit Removal of scrap metal	Mill Manager Workshop Manager	ongoing
3.2	Improved design and regularly compact landfills	5.3.3		Increase the life of landfills and reduce visual pollution	2014-2017	Longer use of landfill and minimal impact on landscape	Sustainability Manager Field Manager	To commence in Q2, 2014

4. Pollution and Emissions

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

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

No.	Improvement Action	Reference	Environmental Aspects & Impacts Register Ref #	Expected Outcome	Timeframe	Indicators	Responsibility	Status
4.1	Expand the capacity of palm oil effluent treatment ponds	5.6.2	003 – Negative Aspect	Increase pond capacity	2015	Maintain low BOD readings No spills from ponds	Mill Manager	Work has commenced in Mid November 2013 and is 70%

								ACHIEVED
4.2	Improve EFB effluent runoff management at EFB Hopper and address the sludge pit and the pumping issue.	5.3.2			2014	Reduce overflow incidences	Mill Manager Field Manager	Ongoing Installation of back up pump commenced Q2, 2014. Improve bunding around drains in Q3, 2014 and install barrier wall under EFB hopper in Q2, 2014.
4.3	Re-establish bore water fencing at Lakurumau extraction sites.			Safe and secure water source.	2015	New Fencing	Mill Manager	To commence in Q1, 2015

5. 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 relevant stakeholders. 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	Status
5.1	Improved medical facilities for all employees	6.5.4	New clinic to be built on Nalik Estate	2014	Clinic built	General Manager Construction Manager	Work commenced in Feb 2014
5.2	Provision of counseling and awareness on gender issues	6.9.1	Gender Committee set up	2014	Reduction of cases of abuse	Sustainability Manager	ToR and outcomes need to be determined.

							Equitable representation from the entire company required
5.3	Bilum Index resurrected and published		Circulation of Bilum Index	2014-2015	Bilum Index	Sustainability Manger	To commence in Q2, 2014
5.4	Additional labour housing with seven centralised housing compounds at Poliamba	6.5.3	More labour in improved housing	Long term	Units built per year	General Manager Construction Manager	Work has commenced in Jan 2014 and is ongoing as part of the long term housing plan.

6. Health and Safety

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status
6.1	Continue OHS Training of appropriate people. e.g. First Aid Training and train the trainer in OHS. Level 1, 2 & 3 OHS training courses.	4.7.3	Improved training delivered staff	2014 (ongoing)	External training conducted. Implementation of new OHS committee and reporting structure	Sustainability Manager	<i>Training:</i> ongoing, OHS Level 1,2 3 training is to be investigated <i>Reporting structure:</i> implementation commenced Jan 2014
6.2	Ensure consistent implementation of the OHS Plan through training and awareness of revised OSMPs and procedures		Increased awareness of OHS plan and OSMP	2014	Training Records New OHS Plan rolled out	Sustainability Manager	Updated OHS Plan, updated OSMPs to be rolled out

7. Legal Compliance and Transparency

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status
7.1	Implement legal compliance alert system	2.1.1	Ongoing alerts of any changes to legislation and regulations	2014	Compliance checklist	Sustainability Manager	To commence when website repaired

8. General (Forward Planning and other issues)

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status
8.1	Awareness on changes to RSPO P&C that affects smallholders		Improved smallholder awareness	2013 – 2015 (ongoing)	Improved smallholder awareness	Sustainability Manager	ongoing
8.2	Register of smallholders to indicate availability of CLUA. A copy to be maintained by Smallholder affairs office		Updated Smallholder register	2014-15	Smallholder Register	Smallholder Affairs Manager	ongoing

Appendix “D”

Nonconformities, Corrective Actions and Observations Summary

RSPO Corrective Actions Report for the second Annual Surveillance Audit (ASA2): February 2014

1 MINOR NON CONFORMITY

3 OBSERVATIONS

RSPO Ref	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
4.7.2	CRO5	<p>A number of identified hazards and risks were not adequately controlled at the time of ASA2. This includes the following:</p> <ol style="list-style-type: none"> incorrect use of lock out/tag out method damaged electrical leads supplied screens not used when welding is taking place some gas bottles not restrained some broken electrical switches damaged gauges on gas bottles 	<ol style="list-style-type: none"> Authorized personnel to undergo training on identification of hazards & risks and procedures minimise them. OHS inspections are to be carried out and Supervisors/Managers ensure issues are closed and sign off. Appropriate equipment to be purchased and used. 	<p>Mill Manager</p> <p>Construction Manager</p>	June 2014	
RSPO Ref	OBS Ref.	Observations	Corrective Actions	Responsibility	Date Due	Status
4.2.1	OBS1	<p>In 2013, MOP and AN were distributed to smallholder farmers. Some of the MOP distributed was "white" in colour and not the familiar "red" colour. For the illiterate growers, there was confusion as they assumed both fertilizers were AN which is "white". Thus they applied either of the "white" fertilizers at the appropriate rates of AN and were left with some remaining bags of fertilizer. Farmers were not advised that the "other white" fertilizer was in fact MOP, the same as the "red" fertilizer they usually receive. During the interviews, growers also gave varying fertilizer application rates. The confusion stems from number of applications they have to do in a year and the varying amount of supply they receive.</p>	<ol style="list-style-type: none"> As far as possible Poliamba will identify & deliver only "red" MOP to the smallholders. Growers are to contact SHA if MOP is white for clarification and possible replacement (<i>SHA to implement this process</i>). More awareness at field days on fertiliser labels and texture. More training on the approved fertiliser application rates. SHA supervisors to undergo training to better understand and disseminate information to smallholders. 	<p>Field Manager</p> <p>SHA</p>	April 2014	
4.6.13	OBS2	<p>Management of Poliamba were not aware of the range for workers applying organophosphates with</p>	<ol style="list-style-type: none"> Establish & publicise the "normal" cholinesterase range. 	Sustainability Manager	April 2014	

		regards to blood count and therefore due to poor records from the Kavieng Hospital inadvertently allowed workers with a low blood count to continue for a few days. (Note: Once this was realised the workers were transferred to other duties immediately).	<ol style="list-style-type: none"> Blood tests must be conducted every six months for those handling organophosphates. A report including results and recommendations is to be signed off by HEO and given to the Sustainability Department within a day of testing. Any employees that sit outside the “normal” cholinesterase range are to be shifted to different duties and re-tested a month after being removed. Test results and recommendation are to be given to Sustainability Department within a day of re-testing. 	Company Health Extension Officer		
4.7.4	OBS3	A number of workplace inspections are taking place on a regular basis many for the most part are reporting many areas which are not considered compliant however there is not always evidence of follow up of the issues raised to ensure the non-compliant areas are rectified.	<ol style="list-style-type: none"> <i>Internal Auditing</i> A compliance checklist will accompany the internal audit report. Supervisors/Managers are to ensure compliance issues are closed out prior to next inspection. Internal auditors will confirm that compliance issues are closed out during the next audit. <i>Workplace Inspections</i> Reports are to be completed with action items to be addressed prior to the next inspection & closed off. 	HODs	April 2014	
RSPO Ref	OBS Ref.	Opportunity for Improvement	Corrective Actions	Responsibility	Date Due	Status
4.8.2	OFI 1	All topics covered during the field day are relevant. However, if a training needs analysis was conducted, then topics of importance and target groups will be identified which will allow for efficient delivery of relevant information. The SHA team who are conducting field training do not have a training schedule/programme. Some smallholder growers advised they were not aware of training being conducted in their areas and missed out on attending.	<ol style="list-style-type: none"> Training needs analysis to be conducted on major agronomic issues. Training schedule/program to be compiled and followed. SMS system to be implemented to inform smallholders when training will be conducted. Any field days will be announced on the fortnightly radio show. Training plan to go up on OPIC notice board. 	Field Manager SHA Manager	July 2014	
6.5.1	OFI 2	In the past year Poliamba has revised the Induction Form for employees to include, among other changes, confirmation of whether housing is	<ol style="list-style-type: none"> A system will be put in place for employees to fill in the Superannuation form during their induction. 	Admin Officer	April 2014	

		provided or not, and an explanation of superannuation entitlements. It is apparent that some employees chose not to enrol in superannuation, either because they intend to work for a limited period, they don't understand the benefits, or they forget to complete and submit the required form, as superannuation entitlements commence three months after employment commences.				
6.10.1	OFI 3	There are levies paid to OPIC and PNGOPRA during every harvest which are not indicated on the pay slips. However, in the information disseminated on pricing formula, there are deductions for these	1. Smallholder payroll will be shifted to PRONTO after trials are completed at MBE. Pay slips will be amended accordingly to show relevant deductions.	Field Manager Financial Controller	Dec 2014	
6.11.1	OFI 4	It may be beneficial to document the assistance provided by Poliamba each year and publicise this in an attempt to raise awareness and garner further support. Although it may be difficult to express all benefits in monetary terms, it may be possible to simply list the assistance and quantify in physical terms.	1. All assistance will continue to be recorded in the request book located in each Department 2. Monetary value of assistance will be calculated (where possible) and maintained for internal purposes.	GM HODs	Mar 2014	

3 Non-conformities against Minor Compliance Indicators

10 Observations/Opportunities for Improvement

PREVIOUS MINOR NON-CONFORMANCE CORRECTIVE ACTIONS (ASA1)

RSPO Ref	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
4.3.5	CR02	The road maintenance programme does not include control and management of rainfall run off through proper structure of take-off drains. This has resulted in damage to feeder roads which in turn effects FFB pick up during and following heavy rain – this was noted at Sicaccui and to a lesser extent at Libba.	Road maintenance personnel to undergo training on road drainage requirements. Supervisors to ensure standards are as is done during replanting. POL to lobby provincial government bodies to address feeder roads.	Field Manager / General Manager	June 2013	Closed
6.1.3	CR03	The Social Improvement Plan (SIP) should be updated on an annual basis, in consultation with key stakeholders, to ensure mitigation strategies focus on the main, current social issues, and are supported by local stakeholders.	SIP to be put presented at the Local Planning Committee (LPC) for comment and input Annually. The LPC is a multi-stakeholder committee to addresses issues regarding the local oil palm industry.	Sustainability Manager / General Manager	June 2013	Closed
6.5.6	CR04	While Poliamba outlined a major housing program during the 2011 audit, the construction program has already been extended by one year due to financial constraints, and a relatively modest program approved for 2013 (i.e. construction of 16 houses at Lakurumau out of several hundred required over the five-year period). The funding delay has resulted into a housing plan that can't be implemented and needs updating to reflect an effective approach towards the provision of housing.	1. To follow R&M program to improve conditions of current housing	Construction Manager / General Manager / Group Sustainability Manger	Feb-Dec 2013	Closed
			2. Review housing plan ones budgets are released and address planning for new housing (if and when possible)		2013	Closed
			3. New housing plan according to new budget		August 2013	Closed

RSPO Ref	OBS Ref.	OBSERVATIONS	Corrective Actions	Responsibility	Date Due	Status
1.2.3	OBS1	As small holders acquire registered copies of their CLUA's the records of CLUA's is to be marked up to show the current status of all CLUA'S.	Generate register of smallholders indicating availability and status of CLUA. SHA to obtain copies of all CLUA's of existing and new smallholders.	Field Manager	Dec 2013	Closed
4.4.2	OBS2	Poliamba need to determine the future planting in the littoral area in a number of estates. This will to need be determined by the time of any future replant.	Coastline buffer widths currently being reviewed by the Department of Environment & Conservation and will be addressed in the revised issued of the PNG Oil Palm Milling Code of Practise.	Field Manager / General Manager / Group Sustainability Manager	Dec 2013	Closed
4.7.1	OBS3	The Malaria Policy needs to be reviewed and modified, as some statements are ambiguous and potentially conflicting. It is also suggested that treated mosquito nets are provided free of charge to any employee, and his or her dependants, that reside in houses which utilise traditional materials, as they are not mosquito-proof.	Conduct review of Malaria Policy to address ambiguous statements and current housing status. Communicate to all staff	HR Officer / General Manager	May 2013	Closed
4.7.3	OBS4	There were a few OHS issues noted during this assessment. These included: Requirement of minor signage in CWS, 3 Drums did not indicate contents (fixed on the spot), some work place inspection not taking place as planned (CWS/Construction Joinery Shop). Some bulk tanks did not indicate the capacity.	1. Erect appropriate Signage at CWS.	Construction Manager / Sustainability Manager	April 2013	Closed
			2. Ensure signage is checked during workplace inspection and maintain inspections records.		Ongoing	
			3. Bulk tank volume to be identified and labelled accordingly.	VWS Manager / Sustainability Manager	July 2013	
4.7.6	OBS5	First aid kits should not be removed from areas for restocking and should be available and therefore re-stocked on site so that first	1. Review First Aid procedure to ensure re-stocking is done on site.	HR Officer / HEO / Sustainability Manager	May 2013	Closed

RSPO Ref	OBS Ref.	OBSERVATIONS	Corrective Actions	Responsibility	Date Due	Status
		aid kits are always available. They should be inspected regularly to ensure they are adequate.	2. First Aid kits to be checked on a monthly basis			
4.8.1	OBS6	Much of the training for field workers is focused on basic skills, due in large part to the high turnover rate among the workforce. Although this focus is understandable, relatively little attention is given to long-term capacity building or career development. In the longer-term, this may limit the capacity of PNG staff to fill managerial or other senior	Reviewing Field training schedule to include supervisory training and basic management skills training for field staff. Training to be conducted by the Field trainer and relevant staff.	Field Manager / Field Trainer / HR Officer / Sustainability Manager	June 2013	Closed
6.2.2	OFI1	Some of the forms used to document communication with stakeholders could be improved to ensure the nature of the communication and required follow-up action (or action taken) is adequately described. Given the multitude of communication methods, Poliamba may also benefit from standardising some of the forms used to record communication.	<ol style="list-style-type: none"> 1. Review communication methods & forms 2. Amended procedure to be communicated to all staff and relevant stakeholders 	Sustainability Manager	May 2013	Closed
6.3.1	OBS7	The grievance mechanism needs to be promoted more broadly among the workforce, and in particular, among smallholders and local communities.	<ol style="list-style-type: none"> 1. Grievance procedure to be communicated on public notice board at : <ol style="list-style-type: none"> a. estate offices b. OPIC/NIOPGA Noticeboard 2. Procedure to be communicated through existing Poliamba radio broadcast and 	Field Manager / SHA Manager / Sustainability Manager	May 2013	Closed

RSPO Ref	OBS Ref.	OBSERVATIONS	Corrective Actions	Responsibility	Date Due	Status
			stakeholder consultations.			
6.5.3	OF12	The Induction Form could be amended to include (i) an explanation of superannuation entitlements (for permanent staff) and overview of documentation required, and (ii) confirmation of whether the employee will be provided with housing or not, and the implication this has on the salary level (if any).	Conduct review of Employee Induction form to include: (i) an explanation of superannuation entitlements (for permanent staff) and overview of documentation required; (ii) Confirmation of whether the employee will be provided with housing or not, and the implication this has on the salary level (if any).	HR Officer / Sustainability Manager / General Manager	May 2013	Closed
6.10.1	OBS8	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.	Pick schedule to be communicated the VOP councils. Any changes to be communicated immediately through noticeboard memos and a radio announcement by the local radio station.	Field Manager / SHA Manager / Sustainability	April 2013	Closed

Appendix “E”

List of Small Holders Inspected during Initial Assessment

Table 1: List of smallholder grower interviewed

Growers	BLOCK	Field	UNIT	SIZE (ha)
FELIX GERAT	S1516	Kafkaf	South	3.56
WASA KASAROT	S2305	Munuwai	South	2.45
GERSON ATAU	S0301	Kabil	South	6.3
JOE VAILA	S0216	Lamasong	South	0.77
PILIPILIS BOAS	S0217	Lamasong	South	1
LAGASI NOFUNA	S0308	Kabil	South	3.03
KABU MATHIAS	S0310	Kabil	South	2.39
TITIKOI ATAU	S0315	Kabil	South	3.65
RAYMOND WIMAT	S2308	Munuwai	South	1.82
SALANIET SELAM	S2324	Munuwai	South	1.26
DAVIDSON RABANA	S2413	Panamana	South	5.63
TALITA BOAS	S2301	Munuwai	South	3.49
DANIEL LALI	S4301	Panamafei	West	3.56
REBECCA MOGIGIS	S4335	Panamafei	West	0.96
MANDIU KASAU	S4405	Para	West	1
JOSEPH PALAKAI	S4708	Belifu	West	2.5
LETTO FRANCIS	S4807	Lafu	West	2.06
BOSKI AISOLI	S4824	Lafu	West	2.5
ROBINSON MANGANDAH	S4828	Lafu	West	3.24
PETER MAM	S4525	Pangefua	West	1.5
MICHAEL WANDALU	S4305	Panamafei	West	0.91
GEORGE TARAMBELE	S4404	Para	West	1
RAPHAEL SUKOT	S4401	Para	West	0.68
ABRAHAM SAOL	S4309	Panamafei	West	2.95
BETTY WILSON	S4518	Pangefua	West	1.2
MICHAEL LONGAI	S4104	Lamusmus#2	West	1.92
MARIS TITO	S4105	Lamusmus#2	West	2.98
FEDDY LESACHO	S4408	Para	West	1
LAMBO IARE	S4707	Belifu	West	0.85
LEON DOMARUA	S4205	Lamusmus#1	West	1
HARAN NGAKATT	S2664	Lakurumau	North	2.75
LAKAU GILA	S2672	Lakurumau	North	1.05
SUSAN MALMALIT	S2724	Luburua	North	1.03
PETER GASU	S2804	Lakarol	North	1.58
SILIAN WILLIAM	S3812	Ngavalus	North	2.03
TIMOTHY LEVI	S3315	Paruai	North	1.62
MAKADING LAPAN	S3326	Paruai	North	0.9
PESUSAT TUKAS	S3503	Livitua	North	2.34
MANDIU KASAU	S4405	Para	West	1
DAVID KEKEBO	S3819	Ngavalus	North	2.01
ELLISON BOROMUN	S0314	Kabil	South	1.08
NOAH SANGIN	S3837	Ngavalus	North	1
SAMBA DANNY	S3318	Paruai	North	1.38

Appendix 'F'

Supply Chain Report

Annex 6: Poliamba Supply Chain 24.2.14

Requirements	SG
1. Documented procedures	
<p>1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Poliamba Oil Mill</p> <p>Supply Chain Management Guideline Issue 2 November 2013</p> <p>Approved by: Joe Castle – General Manger Responsibility: Katrina Durham - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
2. Purchasing and goods in	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p>	<p>Around 82% of material comes from Poliamba Estates therefore there is no PO. 18 % comes from Small Holders. With Small Holders Poliamba use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source</p>

<p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>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. A number of weighbridge dockets from both company and small holder fruit were sighted and all information was provided.</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p>
<p>3 Record keeping</p>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p> <p>3.2 Retention times for all records and reports shall be at least five (5) years.</p> <p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable</p> <p>The system requires that all records and reports are retained for a minimum of 5 years</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p> <p>The supply chain model is clearly indicated on all sales contracts – that is segregation</p>
<p>4. 4 Sales and goods out</p>	

<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> a) The name and address of the buyer; b) The date on which the invoice was issued; c) A description of the product, including the applicable supply chain model (Segregated) d) The quantity of the products delivered; e) Reference to related transport documentation. 	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded for each sale</p> <p>Description of product is included – including supply chain model - segregation</p> <p>This is via an arrival alert that client has received product</p>
<p>5. Processing</p>	
<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>
<p>5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> • The crush operator conforms to these requirements for segregation • The crush is covered through a signed and enforceable agreement 	<p>Not applicable to Poliamba or its mills</p>
<p>6. Training</p>	
<p>6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Staff in the weighbridge is already competent in separating the source of the material and this can be related to company & small holder material – all RSPO. There are records of competency and training of staff in weighbridge</p>

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

6. Training	
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 and training 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 requirements.

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

Allan Thomas' 1.3.14
