

RSPO – 2nd ANNUAL SURVEILLANCE AUDIT

NBPOL – MILNE BAY ESTATE
MILNE BAY PROVINCE, PAPUA NEW GUINEA (PNG)

Prepared by: Haeruddin
PT. BSI Group Indonesia

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Section 1 Scope of the Certification Assessment

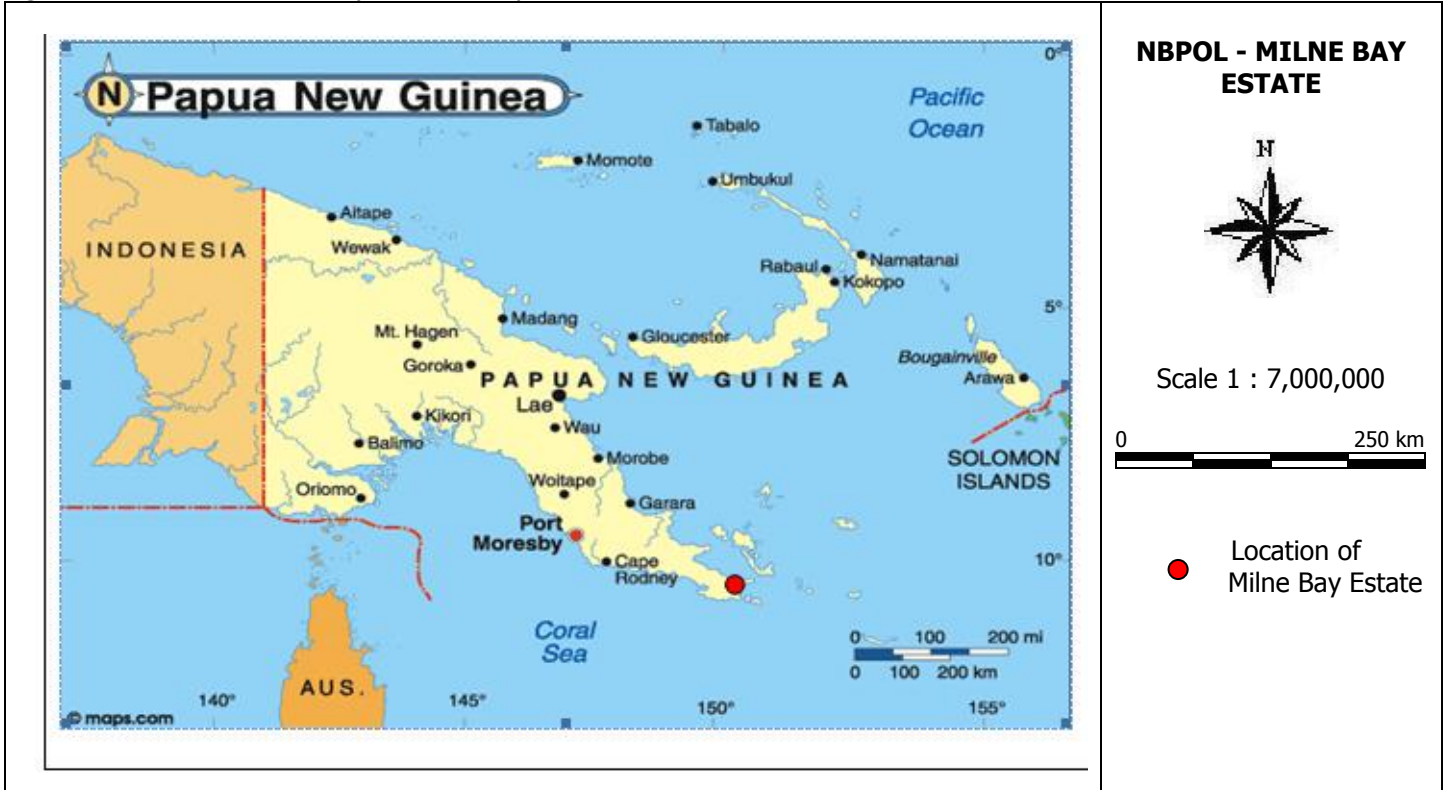
1.1. Company Details			
RSPO Membership Number	1-0016-04-000-00 (New Britain Palm Oil Limited)	Date	30 th November 2004
Company Name	MILNE BAY ESTATE		
Address	Office: Post Office Box 36, Alotau Milne Bay Province, Papua New Guinea (PNG) Site: Milne Bay Province, Papua New Guinea		
Subsidiary of (if applicable)	New Britain Palm Oil Ltd (NBPOL)		
Contact Name	Mr. Robert Nicholls (General Manager)		
Website	www.nbpol.com.pg	E-mail	rnicholls@nbpol.com.pg
Telephone	+675 6411 211	Facsimile	+675 6411 324

1.2. Certification Information			
Certificate Number	SPO 555359	Date	18 th March 2011
Scope of Certification	<p>Hagita Palm Oil Mill with 6 estates as supply base, namely: Giligili, Hagita, Waigani, Sagarai, Padipadi, and Mariawatte Estate, as well as 828 members of associated smallholders Group.</p> <p>Hagita POM Capacity is 60 tonnes FFB/hour.</p> <p>Inclusion of Small holders During the audit of MBE operations, the audit team was reminded of continuing resources that MBE had committed to the RSPO implementation and ongoing management for its Smallholders. MBE had initiated RSPO awareness for Smallholders back in 2009 through the Papua New Guinea National Interpretation Working Group (PNG NIWG) process and worked with the local smallholder representative. MBE continues to work closely with the Smallholder representatives in the continued use of a "Planting Approval Form" which is used for environmental screening of SG applications for development of new areas of land to oil palm. The PNG NIWG submitted the "Planting Approval Form" along with the NI to the RSPO, EB and the public review process. Since late 2007, no new Smallholders have been accepted without being subjected to a field assessment in accordance with the "Planting Approval Form".</p> <p>Smallholders The PNG NIWG had previously established the status of the SG's as "independent" under guidelines previously set.</p> <p>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 (OPIC) extension service is present in Milne Bay Province in PNG. MBE has continued to involve Smallholders in the company wide awareness programs, compliance surveys and other MBE has a defined list of all their Smallholders and ascertained each of their location and status. This is compiled into a Company database. There are maps available of all Smallholder blocks. MBE has agreed to</p>		

	<p>collect the fruit from these defined independent Smallholders.</p> <p>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.</p> <p>BSi examined in detail the smallholder survey database from which they selected smallholders to interview. The validity of the smallholder survey results was tested by selecting a sample of 25 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</p> <p>Both estates and smallholders is audited against RSPO P & C Generic Standard, 2013.</p>		
Other Certifications			
Certificate Number	Standard(s)	Certificate Issued by	Expiry Date
-	-	-	-

1.3. Location(s) of Mill & Supply Bases			
Name (Mill / Supply Base)	Location [Map Reference #]	GPS	
		East	South
Hagita Palm Oil Mill	Alotau, Milne Bay Province, Papua New Guinea.	E 150°17'10.44"	S 10°18'56.64"
1. Giligili Estate	Alotau, Milne Bay Province, Papua New Guinea.	E 150°24'41.00"	S 10°17'28.00"
2. Hagita Estate	Alotau, Milne Bay Province, Papua New Guinea.	E 150°17'10.44"	S 10°18'56.64"
3. Waigani Estate	Alotau, Milne Bay Province, Papua New Guinea.	E 150°15'14.00"	S 10°17'54.00"
4. Sagarai Estate	Alotau, Milne Bay Province, Papua New Guinea.	E 150°13'24.00"	S 10°27'04.00"
5. Padipadi Estate	Alotau, Milne Bay Province, Papua New Guinea.	E 150°02'25.00"	S 10°24'25.00"
6. Mariawatte Estate	Alotau, Milne Bay Province, Papua New Guinea.	E 149°54'58.00"	S 10°20'02.00"
7. Smallholders Group	Alotau, Milne Bay Province, Papua New Guinea.	E 149°50'00.00"- 150°25'23.00"-	S 10°16'21.00" - S10°29'08.00"

Figure 1. Location of Milne Bay Estate in Papua New Guinea



**RSPO Public Summary Report
Revision 1 (Sept/2014)**

Figure 2. Location of MBE and surrounding entities.

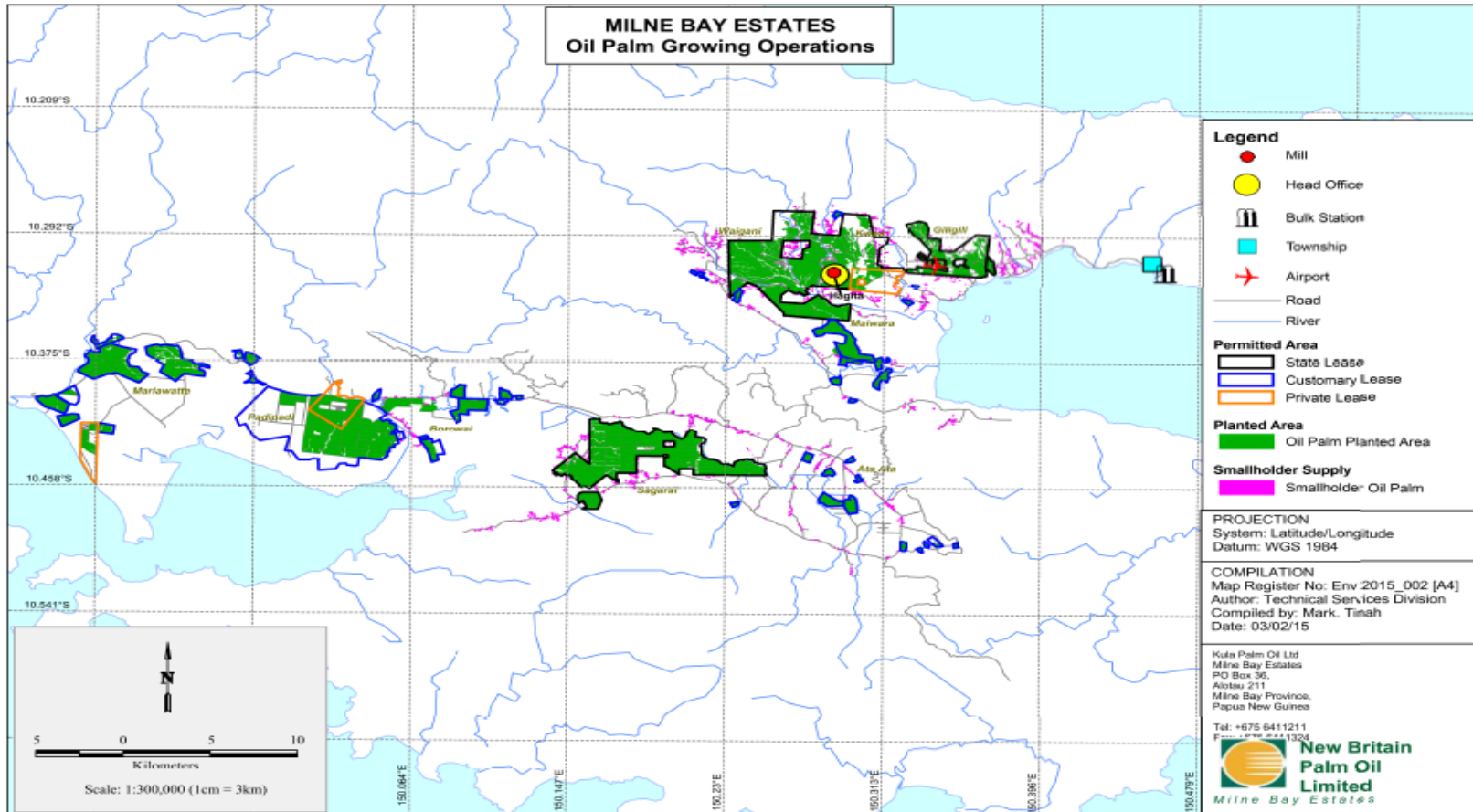


Figure 3a. Location of Giligili estate with surrounding entities

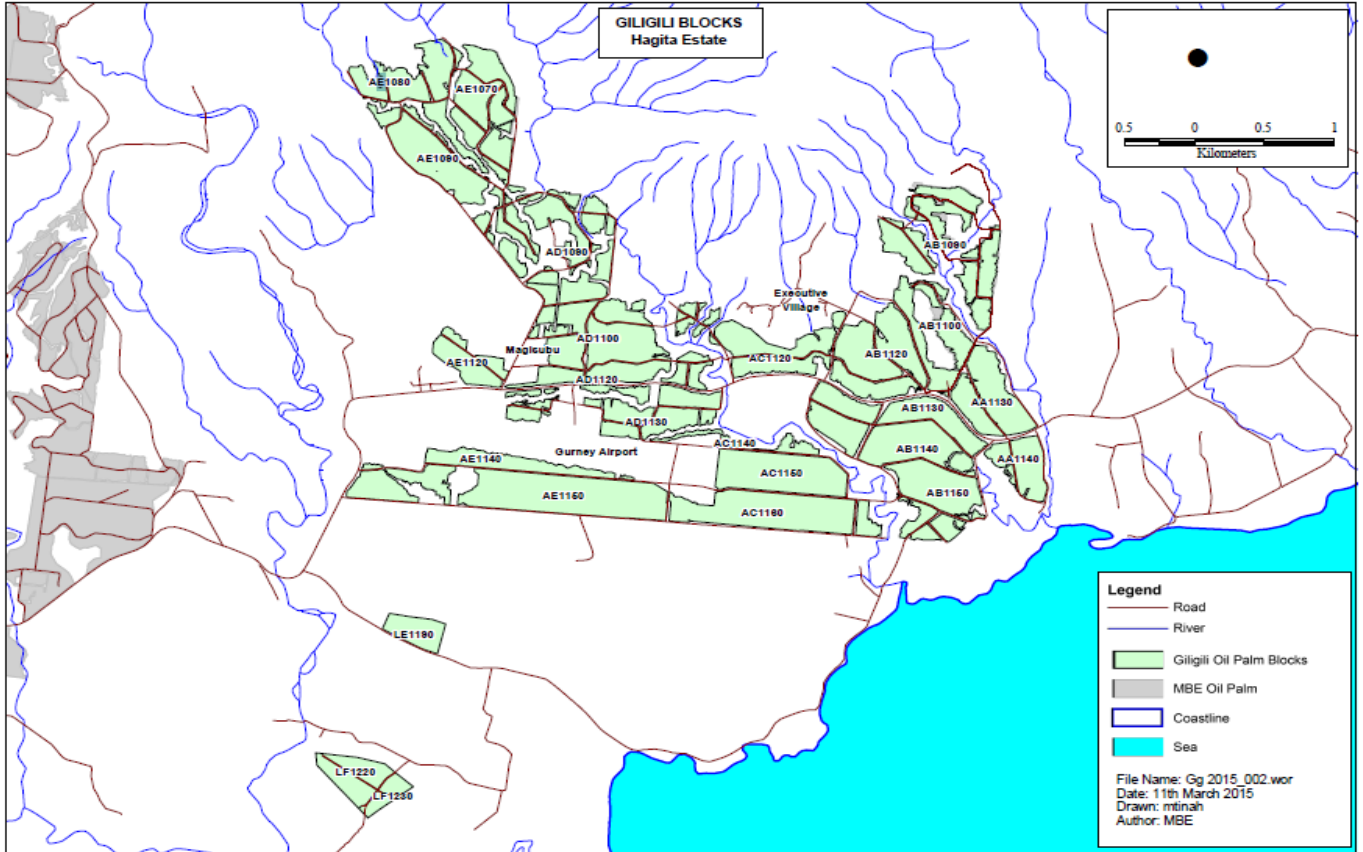


Figure 3b. Location of Hagita Estate with surrounding entities

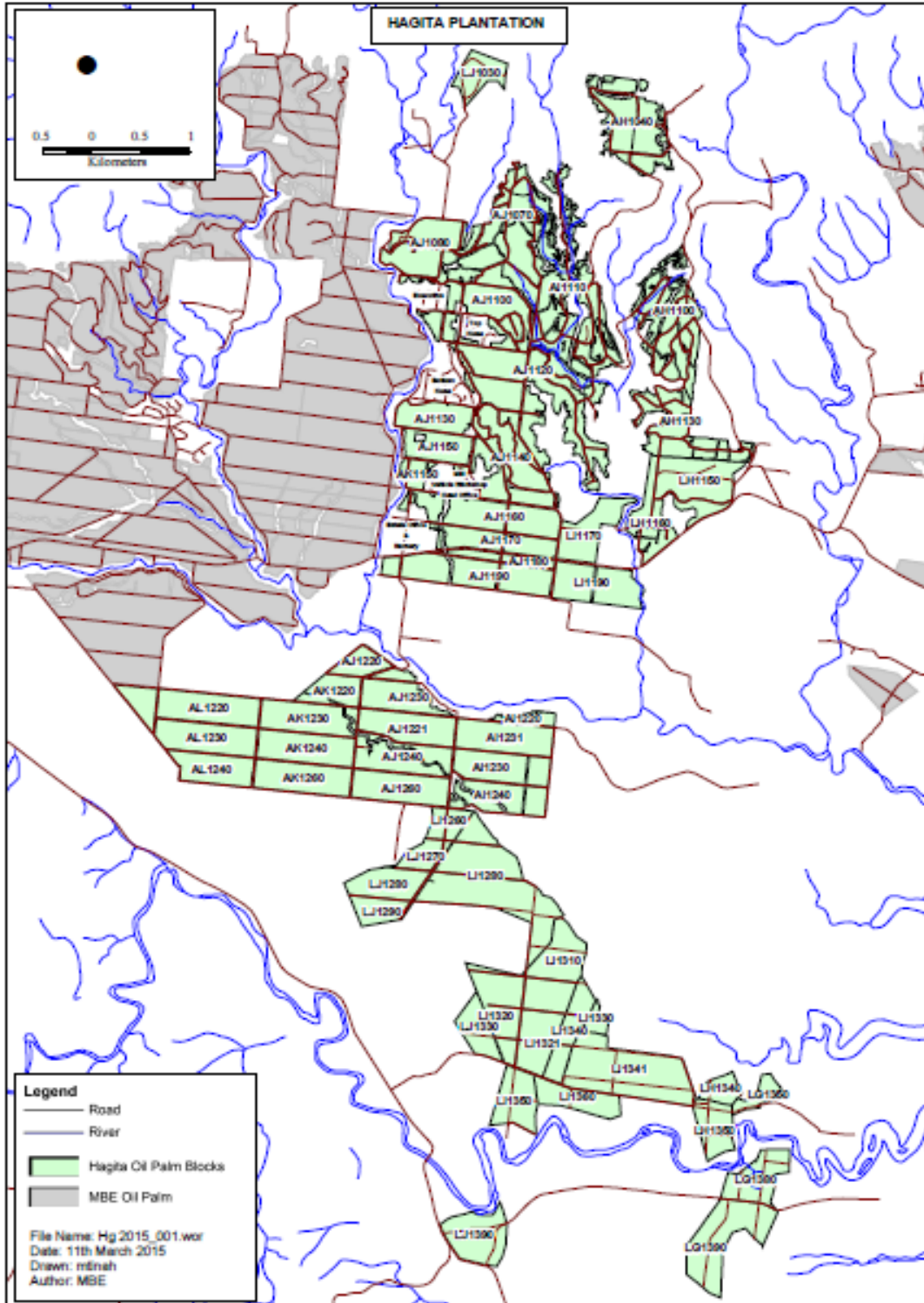


Figure 3c. Location of Waigani Estate with surrounding entities

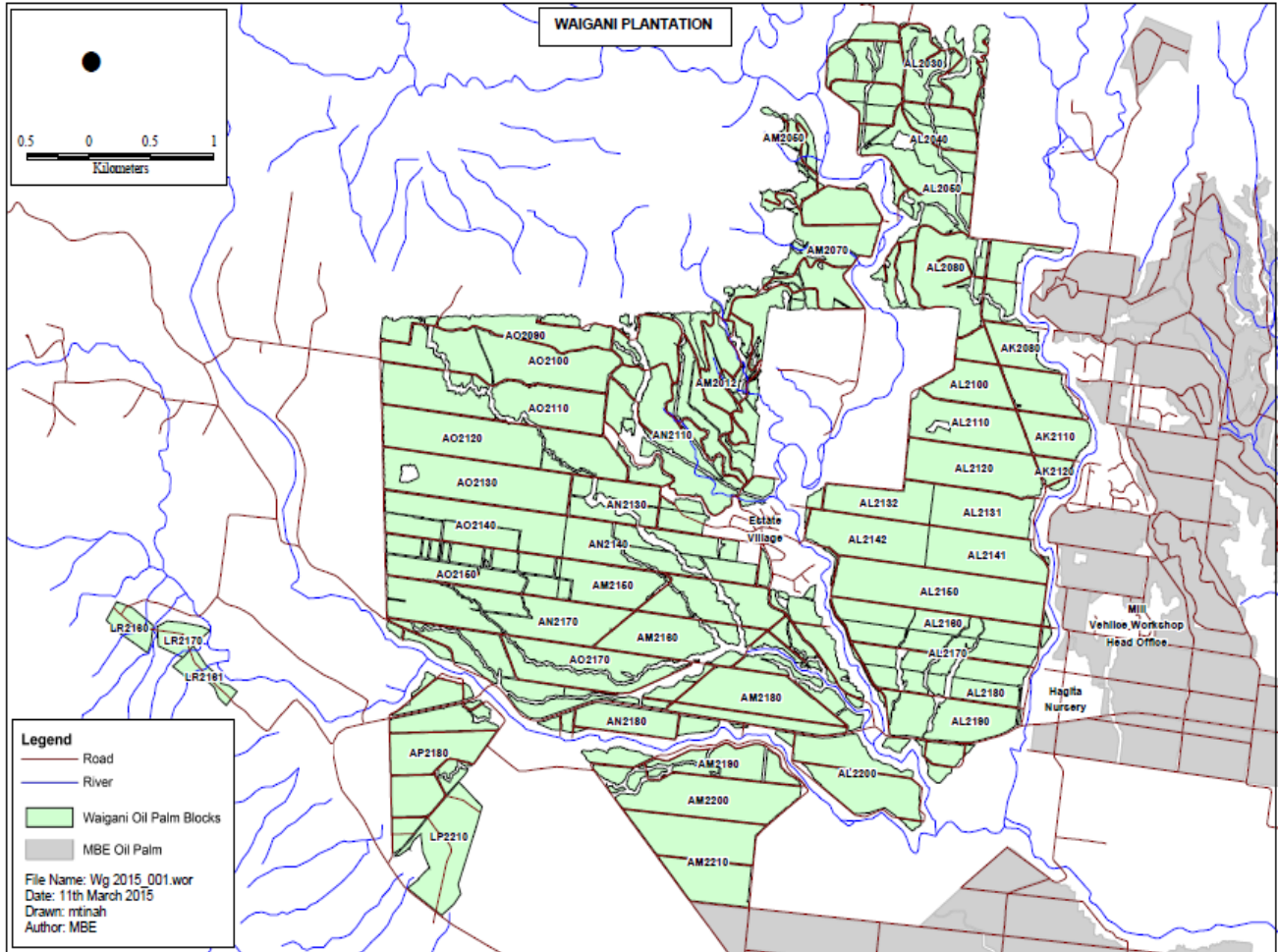


Figure 3d. Location of Sagarai Estate with surrounding entities

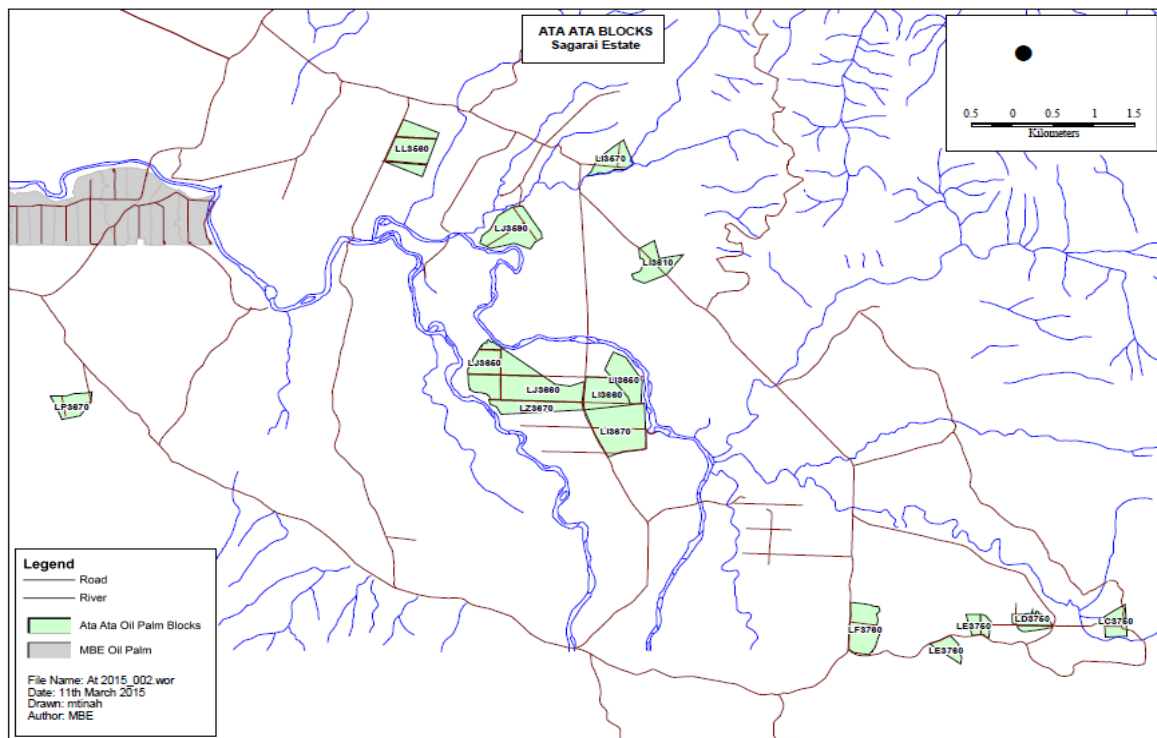
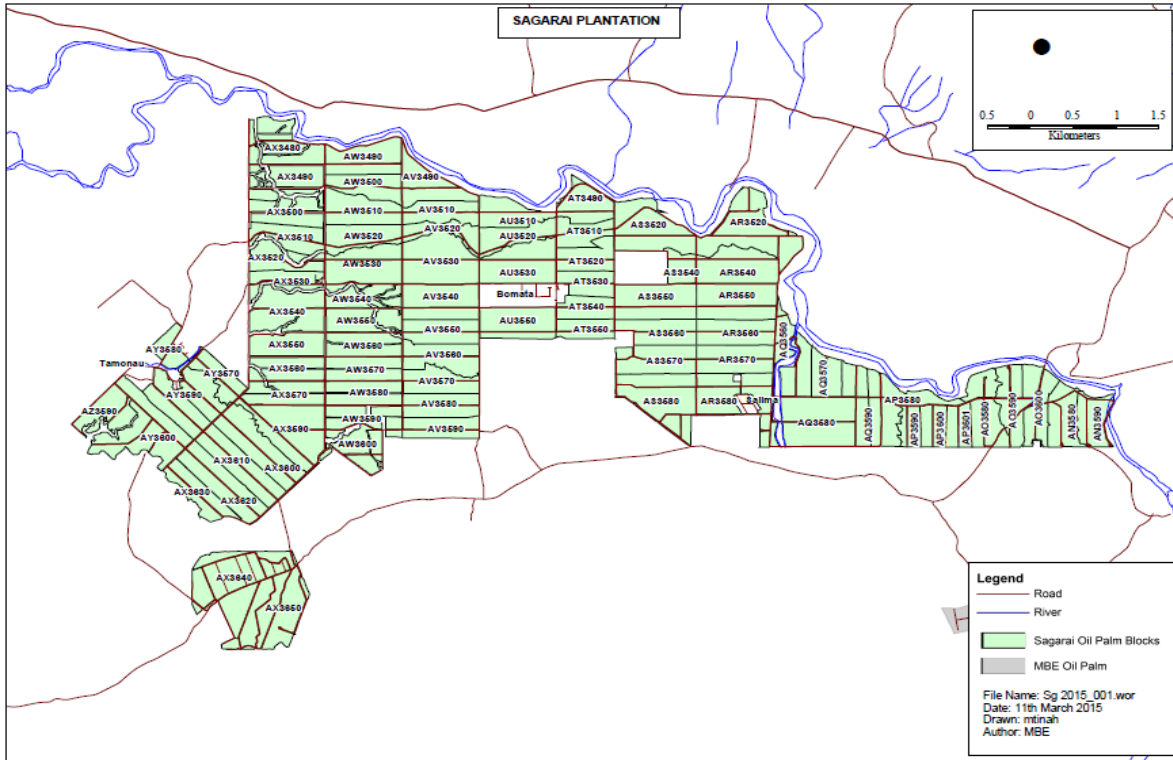


Figure 3f. Location of Padipadi Estate with surrounding entities

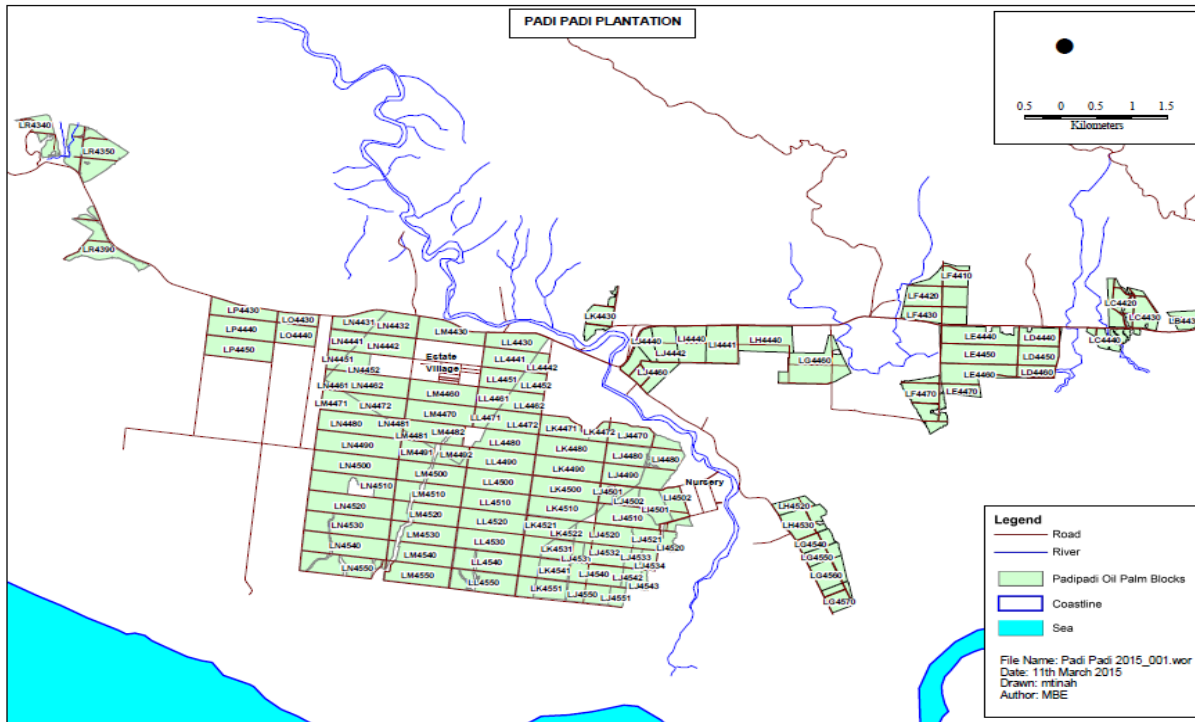


Figure 3g. Location of Mariawatte Estate with surrounding entities

1.4. Description of Supply Base							
Estate	Mature (ha)	Immature (ha)	Infrastructure & Other (ha)	Undeveloped Land	Total Planted (ha)	Total Hectarage	% of Planted
1. Giligili Estate	457.66	160.92	57.78	345.67	618.58	1,022.03	60.52
2. Hagita Estate	1,472.21	294.15	157.34	248.36	1,768.36	2,172.06	81.34
3. Waigani Estate	1,355.56	342.24	93.14	292.06	1,697.80	2,083.00	81.51
4. Sagarai Estate	2,075.44	583.11	159.85	92.40	2,658.55	2,910.80	91.33
5. Padipadi Estate	2,643.79	0.00	124.60	1,043.14	2,643.79	3,811.53	69.36
6. Mariawatte Estate	1,581.23	0.00	73.51	5.82	1,581.23	1,660.56	95.22
Sub Total	9,585.89	1,380.42	666.22	2,027.45	10,966.31	13,659.98	
7. Smallholders	1,784.00	155.00	0.00	0.00	1,939.00	1,939.00	
Total	11,369.89	1,535.42	666.22	2,027.35	12,905.31	15,598.98	

1.5. Plantings & Cycle								
Estate	Age (Years) in Ha					FFB Tonnage / Year		
	0 - 3	4 - 10	11 - 20	21 - 27	Total	Estimated (2014)	Actual (2014)	Forecast (2015)
Hagita POM								
1. Giligili Estate	160.92	439.66	18.00	0.00	618.58	663	2,058	7,412
2. Hagita Estate	294.15	1,111.51	360.70	0.00	1,768.36	30,811	35,334	37,660
3. Waigani Estate	342.24	1,302.16	53.40	0.00	1,697.80	13,237	24,795	25,396
4. Sagarai Estate	583.11	181.87	1,383.44	510.13	2,658.55	48,537	43,658	33,556
5. Padipadi Estate	0.00	1,864.59	779.20	0.00	2,643.79	60,683	73,494	70,508
6. Mariawatte Estate	0.00	728.93	852.30	0.00	1,581.23	32,816	38,759	38,761
Sub Total	1,380.42	5,628.72	3,447.04	510.13	10,966.31	186,747	218,098	213,293
7. Smallholders	155.00	496.00	399.00	889.00	1,939.00	12,956	14,761	15,495
Total	1,535.42	6,124.72	3,846.04	1,399.13	12,905.31	199,703	232,859	228,788

1.6. Certified Tonnage									
MILL	Estimated (Previous Year)			Actual (This Year)			Projection (Next Year)		
	FFB	CPO	PK	FFB	CPO	PK	FFB	CPO	PK
Hagita POM	212,659	45,279	11,645	232,859	53,225	14,044	228,788	52,621	12,583

Note: Mill Capacity = 60 MT FFB/hour
 OER = 22.85 %
 KER = 6.03 %

Section 2. Assessment Process

2.1. Assessment Methodology

PT BSI Group Indonesia

Accreditation Certificate No. RSPO- ACC– 019

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Komplek Bidakara, Pancoran

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

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

Sample taken are 2 estates and 25 smallholders based on RSPO formula samples (square root number of estates/smallholders x 0.8). Samples estates are giligili and Padipadi estate and 25 smallholder members in 2 block location (Gurney East and Sagarai West Area)

No nonconformities that was identified during this 2nd surveillance audit and there is two observation will be check in the next surveillance.

2.2. Assessment Program

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

Name (Mill / Supply Base)	Year 1	Year 2	Year 3	Year 4	Year 5
Hagita Palm Oil Mill	x	x	x	x	x
1. Giligili Estate	x		x		
2. Hagita Estate	x	x		x	
3. Waigani Estate	x	x			x
4. Sagarai Estate	x	x		x	
5. Padipadi Estate	X	x	x		
6. Mariawatte Estate	X	x			x
7. Smallholders	x	x	x	x	x

Tentative Date of Next Visit (Re-Certification): November 2015

Total No. of Mandays: 8 mandays

2.3. Assessment Team

Haeruddin – Assessor (Lead Auditor)

He holds Bachelor Degree in Forest Management, graduated from Hasanuddin University on 1994. He has 16 years of work experience in forest concession, forestry industry and the latest is within Oil Palm Plantation in Indonesia. He experiences as auditor for several sustainability standard including FSC, UTZ, Organic Farming, 4C, ISPO and RSPO. He completed the ISO 9001 Lead Auditor Course; ISPO Lead Auditor endorsed Course, RSPO Lead Auditor Course, and also completed ISCC, RSPO SCCS, RSPO RED course, etc. He had been involved in RSPO auditing since November 2010 in more than various companies in Malaysia, Thailand, Gabon and Indonesia. During this assessment, he assessed on the aspects of legal, estate and mill best practices, RSPO SCCS, HCV, social community engagement, smallholders and stakeholders consultation.

Hafriazhar Bin Mohd. Mokhtar (Team Member)

He has 13 years of working experience in multiple disciplines mostly engineering, science and technology. Has been acquired many skills from being involved in various industrial environments ranging from construction, plantation, manufacturing and mining before shifted into auditing.

He has experiences in certification section with main responsible as project verification team leader to verify and certify the emission reduction claimed through greenhouse gas emission reduction project activities mainly Clean Development Mechanism. Has Lead Auditor and Auditor qualifications in other sustainable schemes including RSPO, Carbon Footprint, Global Reporting Initiative as well as the ISO EMS, EnMS and QMS. During this assessment, he assessed on the aspects of environmental and OHS.

Sarah Ekali (Technical Expert)

She is a Papua New Guinea citizen. She holds Diploma in Applied Sciences Environmental Health, from University of Divine Word - Madang, PNG; Graduate Diploma and Degree in Applied Sciences Environmental Health from University of Western Sydney-Hawkesbury Sydney Australia.

She has been involved in many projects in term of Environment, social science, health & safety for community in Papua New Guinea. She completed EMS 14001 lead auditor course, Risk management facilitators, Dangerous Goods and Hazardous Substances Management, PNG National BAHA Workplace HIV/AIDS training, and PNG Safety Officer (level 1,2,3). She is registered as an Environmental Consultant with PNG Department of Environment and Conservation as well as an Environmental Health Officer registered within PNG Medical Board. She speaks English and Pidgin. During this assessment she facilitated the audit team in communication and reading document with company and smallholders.

Accompanying Persons:

Team member is accompanied by Mrs. Sarah Ekali as Technical Expert during audit and this report is reviewed by Aryo Gustomo, he is BSI's RSPO internal reviewer.

Section 3 Assessment Findings

3.1 Details of audit results.

Criterion / Indicator	Assessment Findings	Compliance	
PRINCIPLE 1: COMMITMENT TO TRANSPARENCY			
Criterion 1.1: Growers and millers provide adequate information to relevant stakeholders on environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages and forms to allow for effective participation in decision making.			
1.1.1	<p>There shall be evidence that growers and millers provide adequate information on (environmental, social and/or legal) issues relevant to RSPO Criteria to relevant stakeholders for effective participation in decision making.</p> <p>- Minor compliance -</p>	<p>The company has provided information related to the environmental, social and legal. This information is publicly, such as: Land titles/Leases, maps of lease areas, Annual Reports, Sustainability Reports, MBE Policies and Guidelines, water management plans, environment plans & environment permits, copies of Government laws, regulations, Code of Practices, DEC compliance monitoring reports, waste management plans, production reports, FFB pricing information, and employee training.</p> <p>Documents related financial can only be shared upon discretion of general Manager, Group policies and procedures are available in public area in esates and mill.</p>	Yes
1.1.2	<p>Records of requests for information and responses shall be maintained.</p> <p>- Major compliance -</p>	<p>The company has established procedure related information request, request informations were recorded in log book "Request Internal External", no any request information were noted in 2014, all request from stakeholders related donation, road maintenance in compound surrounding the company, assist transport for communities, etc.</p> <p>Request information is response and recorded in "Incident and Request Form". It was seen that all request from local communities has been responding timely manner and appropriately.</p>	Yes
Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial confidentiality or where disclosure of information would result in negative environmental or social outcomes.			

Criterion / Indicator		Assessment Findings	Compliance
1.2.1	<p>Publicly available documents shall include, but are not necessarily limited to:</p> <ul style="list-style-type: none"> • Land titles/user rights (Criterion 2.2); • Occupational health and safety plans (Criterion 4.7); • Plans and impact assessments relating to environmental and social impacts (Criteria 5.1, 6.1, 7.1 and 7.8); • HCV documentation (Criteria 5.2 and 7.3); • Pollution prevention and reduction plans (Criterion 5.6); • Details of complaints and grievances (Criterion 6.3); • Negotiation procedures (Criterion 6.4); • Continual improvement plans (Criterion 8.1); • Public summary of certification assessment report; • Human Rights Policy (Criterion 6.13). <p>- Major compliance -</p>	<p>Documents available for viewing at site offices:</p> <ul style="list-style-type: none"> - Policies: OHS, Environmental, Domestic Violence & Sexual harassment, HIV and AIDS, Equal Employment Opportunity, Malaria, Human Rights, Forest, Discrimination against Women, Disciplinary, Communication, Tuberculosis, and Business Ethics - Management Guidelines, PNG Labour law, Grievances procedure and improvement plan. <p>Documents are available on request at NBPOL office</p> <ul style="list-style-type: none"> - Sustainability hand book, version 3, 2009. - Process and outcomes of specific compensation claims. - Land title and user rights. - SEIA. - Pollution prevention plans - Detail of complaints and grievances. - Documented system for access to customary land and negotiation procedures and - Encouragement for outgrowers to adopt and disseminate OHS Policy. 	<p>Compliance</p> <p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
		Documents are available in BBPOL website: <ul style="list-style-type: none"> - NBPOL carbon footprint. - Yield toward 30:30. - FPIC - Conserving nature and minimising env. Impacts - Supporting and promoting good practices among smallholders. - Continous stakeholder involvement - A safe and fair work place - Sustainability structure and reports. - Certification and indices - NBOPL Annual reports. 	
Criterion 1.3:			
Growers and millers commit to ethical conduct in all business operations and transactions.			
1.3.1	There shall be a written policy committing to a code of ethical conduct and integrity in all operations and transactions, which shall be documented and communicated to all levels of the workforce and operations. - Minor compliance –	The company has established code of ethical business conduct, 2011 which has been socialized to workforce.	Yes

Criterion / Indicator		Assessment Findings	Compliance
PRINCIPLE 2: COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS			
Criterion 2.1			
There is compliance with all applicable local, national and ratified international laws and regulations.			
2.1.1	Evidence of compliance with relevant legal requirements shall be available. - Major compliance –	Evidence that all applicable legal and regulatory requirements are implemented as prescribed - There is a register of PNG legal and regulatory requirements including codes of practices such as logging Code of Practices. 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 use permit, weight-bridge permit, and Boiler Licenses and Permits. All growers interviewed demonstrated understanding of appropriate land laws at customary, local and national levels.	Yes
2.1.2	A documented system, which includes written information on legal requirements, shall be maintained. - Minor compliance –	Soft copies of key relevant legislation, a list of applicable Laws and Acts relevant to plantations in PNG and other requirements available. The documented system includes Waste Management Plan, Environment Monitoring and Management Plan & Environment Permit.	Yes
2.1.3	A mechanism for ensuring compliance shall be implemented. - Minor compliance –	A mechanism to ensure to track the changes in law is available and the company has updated evaluation of regulation which must comply with it regularly.	Yes

Criterion / Indicator		Assessment Findings	Compliance
2.1.4	<p>A system for tracking any changes in the law shall be implemented.</p> <p>- Minor compliance –</p>	<p>The company has established mechanism to track if any change of regulation and evaluation will be made accordingly.</p> <p>Any changes detected during this review are communicated to Sustainability and appropriate Departments for relevant actions. If changes require amendments to Management Guidelines then these will be revised and staff responsible for implementing will be advised accordingly. For changes not requiring revision of management guidelines but requiring changes in practice, these will be communicated directly to Heads of Departments.</p> <p>All required changes to management are tracked via internal audits.</p>	<p>Yes</p>
<p>Criterion 2.2 The right to use the land is demonstrated, and is not legitimately contested by local people who can demonstrate that they have legal, customary or user rights.</p>			

Criterion / Indicator		Assessment Findings	Compliance
2.2.1	<p>Documents showing legal ownership or lease, history of land tenure and the actual legal use of the land shall be available.</p> <p>- Major compliance -</p>	<p>No changes of land title since the initial assessment.</p> <p>The company landholdings consist of State Agricultural Leases and Lease-Lease Back (LLB) agreements with local landowners for approximately 5,000 ha of oil palm that was established by the former owners of the company. The company holds a copy of the State Leases and the use of the land is consistent with the terms and conditions. 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 Milne Bay Estate. These state leases expire in 2083.</p> <p>Growers interviewed demonstrated understanding of appropriate land laws at customary, local and national levels.</p> <p>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.</p> <p>The company Field Department maintains copies of all smallholders title (Clan Land Use Agreement). The CLUA assists in minimising disputes by splitting land into smaller family groups (this reduces disputes).</p> <p>There have not been any disputes arising from such land distribution. This system works well for out growers on traditionally owned land.</p>	<p>Compliance</p> <p>Yes</p>
2.2.2	<p>Legal boundaries shall be clearly demarcated and visibly maintained.</p> <p>- Minor compliance –</p>	<p>The company carried out monitoring of boundary pegs on regular basis. Maps of boundaries identified the position of boundary pegs, or bounded by roads as natural boundaries and this was confirmed during field inspections.</p> <p>There are no operations outside the legal boundaries of the plantations noted during audit.</p>	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
2.2.3	Where there are or have been disputes, additional proof of legal acquisition of title and evidence that fair compensation has been made to previous owners and occupants shall be available, and that these have been accepted with free, prior and informed consent (FPIC). - Minor compliance –	Based on document review and stakeholder consultation, there are no disputes with regards to the leases held by Milne Bay Estate.	Yes
2.2.4	There shall be an absence of significant land conflict, unless requirements for acceptable conflict resolution processes (see Criteria 6.3 and 6.4) are implemented and accepted by the parties involved. - Major compliance –	Based on document review and stakeholder consultation, there are no disputes with regards to the leases held by Milne Bay Estate.	Yes
2.2.5	For any conflict or dispute over the land, the extent of the disputed area shall be mapped out in a participatory way with involvement of affected parties (including neighbouring communities where applicable). - Minor compliance –	Based on document review and stakeholder consultation, there are no disputes with regards to the leases held by Milne Bay Estate.	Yes
2.2.6	To avoid escalation of conflict, there shall be no evidence that palm oil operations have instigated violence in maintaining peace and order in their current and planned operations. - Major compliance -	Based on document review and stakeholder consultation, there are no disputes with regards to the leases held by Milne Bay Estate.	Yes
Criterion 2.3 Use of the land for oil palm does not diminish the legal, customary or user rights of other users without their free, prior and informed consent.			

Criterion / Indicator		Assessment Findings	Compliance
2.3.1	<p>Maps of an appropriate scale showing the extent of recognised legal, customary or user rights (Criteria 2.2, 7.5 and 7.6) shall be developed through participatory mapping involving affected parties (including neighbouring communities where applicable, and relevant authorities).</p> <p>- Major compliance –</p>	<p>Current maps are available showing occupied state land and include tenure</p>	<p>Yes</p>

Criterion / Indicator		Assessment Findings	Compliance
2.3.2	<p>Copies of negotiated agreements detailing the process of free, prior and informed consent (FPIC) (Criteria 2.2, 7.5 and 7.6) shall be available and shall include:</p> <ul style="list-style-type: none"> a) Evidence that a plan has been developed through consultation and discussion with all affected groups in the communities, and that information has been provided to all affected groups, including information on the steps that shall be taken to involve them in decision making; b) Evidence that the company has respected communities' decisions to give or withhold their consent to the operation at the time that this decision was taken; c) Evidence that the legal, economic, environmental and social implications for permitting operations on their land have been understood and accepted by affected communities, including the implications for the legal status of their land at the expiry of the company's title, concession or lease on the land. <p>- Minor compliance –</p>	<p>Copies of negotiation agreement detailing process of consent in the past is available in Land Title Officer and with company lawyer. Currently, there is no land dispute was noted.</p>	Yes
2.3.3	<p>All relevant information shall be available in appropriate forms and languages, including assessments of impacts, proposed benefit sharing, and legal arrangements.</p> <p>- Minor compliance –</p>	<p>All information related to oil palm development, social-economic and environmental impact assessment is available in national language. The company assisting and supporting smallholders' oil palm plantation operation.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
2.3.4	Evidence shall be available to show that communities are represented through institutions or representatives of their own choosing, including legal counsel. - Major compliance -	The company is able to demonstrate that local communities are represented and participated during the meetings with stakeholders, discussing the social-economic and environmental planning. The meetings involved all relevant stakeholders, institutions and representatives of surrounding communities.	Yes
PRINCIPLE 3: COMMITMENT TO LONG-TERM ECONOMIC AND FINANCIAL VIABILITY			
Criterion 3.1 There is an implemented management plan that aims to achieve long-term economic and financial viability.			
3.1.1	A business or management plan (minimum three years) shall be documented that includes, where appropriate, a business case for scheme smallholders. - Major compliance -	The company has prepared budget plan for 10 year (2015 – 2019) and reviewed annually. Budget plan is consist of FFB Production OER, KER, cost, expenditure and revenue.	Yes
3.1.2	An annual replanting programme projected for a minimum of five years (but longer where necessary to reflect the management of fragile soils, see Criterion 4.3), with yearly review, shall be available. - Minor compliance –	A replanting programme is available, progress of replanting as programmed, e.g replanting program in 2015 (600 ha), 2016 (600 ha), 2017 (450 ha), 2018 (- ha) and 2019 (40 ha) in Padipadi Estate	Yes
PRINCIPLE 4: USE OF APPROPRIATE BEST PRACTICES BY GROWERS AND MILLERS			
Criterion 4.1 Operating procedures are appropriately documented, consistently implemented and monitored.			
4.1.1	Standard Operating Procedures (SOPs) for estates and mills shall be documented. - Major compliance -	The procedures documented in "Management Guidelines (MGs)", MGs are used as the framework for all operations in estate and mill, MGs consist from nursery till transport FFB to the mill in estate operation and procedures from received FFB in Loading Ramp till dispatch CPO and PK.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.1.2	A mechanism to check consistent implementation of procedures shall be in place. - Minor compliance –	The company conduct internal audit and regular inspection by Agronomist and Engineer to monitoring Operational performance, e.g. Visiting Engineer in Mill on 28 th January 2014 – 2 nd February 2014 and Visiting Agronomy (Mr. M. Banabas fro PNGOPRA) on 7 th – 18 th October 2014.	Yes
4.1.3	Records of monitoring and any actions taken shall be maintained and available, as appropriate. - Minor compliance –	The company has recorded operational activities based on procedures in computerized system “Group States and Monthly Operation reports”, covering: Fertilizer and pesticides applied, road maintenance, upkeep, replanting, FFB received, FFB quality, CPO and PK production, Dispatch CPO and PK, mill throughput, employment, FFB processed, FFB Grading, FFB and Shell usage, OER. KER, sustainability indicators, employee, operation cost, etc.	Yes
4.1.4	The mill shall record the origins of all third-party sourced Fresh Fruit Bunches (FFB). - Major compliance -	Incoming FFB from smallholders is recorded on a daily basis and summarized monthly as documented in “FFB Received”. The company received 14,856.35 tonnes FFB in 2014.	Yes
Criterion 4.2			
Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.			
4.2.1	There shall be evidence that good agriculture practices, as contained in Standard Operating Procedures (SOPs), are followed to manage soil fertility to a level that ensures optimal and sustained yield, where possible. - Minor compliance –	<p>The company has procedures for good agriculture practices to maintain soil fertility.</p> <p>The procedures consist of manual and mechanical fertilizer application, EFB application, Land Application and frond pruning.</p> <p>In smallholder’s area, fertilizer applied is determined by field trials with OPRA. There are a range of soil types within smallholder plantings. If smallholders are on problem soils, they understand well the need for fertilizer and why they need it.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.2.2	Records of fertiliser inputs shall be maintained. - Minor compliance –	Each estate maintains a complete record of fertilizer inputs – both organic and in-organic. The fertilizer application based on annual fertilizer recommendation, cascaded and detailed up to nutrition requirement (and fertilizer type per planting year, per palm and per block) annually. Sample taken: Applied MOP in Block LP 3340 Padipadi estate; 1 kg/palm tree on 05 th May 2014 as recommended in “Fertilizer recommendation”. Monthly manuring programme for oil palm 2014 and actual is recorded in computerize system and recommendation for 2015 is available and monitored.	Yes
4.2.3	There shall be evidence of periodic tissue and soil sampling to monitor changes in nutrient status. - Minor compliance –	There is evidence of periodic tissue analysis annually by external testing body and soil analysis by three years, the last soil analysis in 2012 by AA Laboratory and leaf sampling is taken annually, the last leaf sampling taken in September 2014. Then, Fertilizer recommendation is made based on result of tissue and soil analysis.	Yes
4.2.4	A nutrient recycling strategy shall be in place, and may include use of Empty Fruit Bunches (EFB), Palm Oil Mill Effluent (POME), and palm residues after replanting. - Minor compliance –	Nutrient recycling strategy is present. The company is using all palm by-products for soil nutrient, for estates located near to palm oil mill; EFB is applied to immature palm and frond stacking, e.g. applied EFB 86.6 tonnes in Block AE 1150 (2.17 ha)	Yes
Criterion 4.3			
Practices minimise and control erosion and degradation of soils.			
4.3.1	Maps of any fragile soils shall be available. - Major compliance -	Milne Bay Estate has soil maps in place - includes difference types of soils.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.3.2	A management strategy shall be in place for plantings on slopes above a certain limit (this needs to be soil and climate specific). - Minor compliance –	The company has policy not planting up area with slope more than 25 ⁰ , mostly company and smallholders areas is flat areas (0° -9°), the company ensures that maximum legumes coverage in this areas and proper drainage.	Yes
4.3.3	A road maintenance programme shall be in place. - Minor compliance –	The company able to demonstrate road maintenance programme as documented in Road Maintenance – OMP Milne bay estate” consist of block no., ha, and progress, e.g. Road maintenance program in Block LJ 4550 in March 2015 is 21 ha it has been completed in earlier January 2015. Total road maintenance program in Padipadi esatet 2014 is 2,005 ha.	Yes
4.3.4	Subsidence of peat soils shall be minimised and monitored. A documented water and ground cover management programme shall be in place. - Major compliance –	N/A (No peat soil was noted within the company areas)	N/A
4.3.5	Drainability assessments shall be required prior to replanting on peat to determine the longterm viability of the necessary drainage for oil palm growing. - Minor compliance –	N/A (No peat soil was noted within the company areas)	N/A
4.3.6	A management strategy shall be in place for other fragile and problem soils (e.g. sandy, low organic matter, acid sulphate soils). - Minor compliance –	There are no known fragile or problems soils within the company area.	Yes

Criterion / Indicator		Assessment Findings	Compliance
Criterion 4.4 Practices maintain the quality and availability of surface and ground water.			
4.4.1	An implemented water management plan shall be in place. - Minor compliance -	Water Management Plan "NBPOL Milne Bay Sustainable Water Management Plan" Issue 3 August 2014 Mill: <ul style="list-style-type: none"> Water consumption against FFB process target June 2013-2014 = 1m³/mt FFB processed. Actual achievement = 1.05m³/mt FFB processed Separate figures for different consumption Monitoring: <ul style="list-style-type: none"> Targeted domestic consumption = ±200 liters/user/month Domestic water treatment records – February 2015 Actual tons = 498 mt 	Yes
4.4.2	Protection of water courses and wetlands, including maintaining and restoring appropriate riparian and other buffer zones (refer to national best practice and national guidelines) shall be demonstrated. - Major compliance -	NBPOL Milne Bay Buffer Management Plan Version 2 September 2014 Reference: <ul style="list-style-type: none"> Forestry Act 1991 Env. Planning Act Chapter 370 Water Resource Act Chapter 368 Etc. Water courses and wetlands are protected. Milne Bay Estate maintained and restored appropriate riparian buffer zones along all bodies of water at replanting. - as per the PNG logging code of practice. The company also has "Buffer Management Plan, ver. 2, September 2014" where buffer zone is conserved 50 metres each side permanent drain river width > 5 metres and 10 metres each side permanent drain river width < 5 metres and 100 metres for lakes, lagoon, and coastal line.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.4.3	Appropriate treatment of mill effluent to required levels and regular monitoring of discharge quality, especially Biochemical Oxygen Demand (BOD), shall be in compliance with national regulations (Criteria 2.1 and 5.6). - Minor compliance –	The company provide treatment of mill effluent to the required levels and are monitored regularly, included BOD level. All treated Mill effluent is applied back onto the field as land application. Sample taken: <ul style="list-style-type: none"> • Domestic water quality sampling result. • POME discharge water quality sampling in February 2015: BOD level is 260.01 mg/L, the company also monitors others parameters, such as pH, temperature, volatile fatty acid, alkalinity, susp. Solids, O&G for mill, rain & irrigation (targeted BOD for land application = 820 mg/L) • Wastewater external analysis by SGS PNG Ltd. Sample taken on 6th December 2014 by Tomson Tomoiye, OGC PNG Lab Manager; Results is 270 mg/L. 	Yes
4.4.4	Mill water use per tonne of Fresh Fruit Bunches (FFB) (see Criterion 5.6) shall be monitored. - Minor compliance –	Hagita Palm Oil Mill conducted monitoring of water usage in daily basis. Based on document review confirmed that average water usage per tonne FFB from January to December 2014 is 1.05 metric tonne / tonne FFB.	Yes
Criterion 4.5			
Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management techniques.			
4.5.1	Implementation of Integrated Pest Management (IPM) plans shall be monitored. - Major compliance -	The company is able to demonstrate Integrated Pest Management under "Integrated Pest Management Plan". IPM Plan is documented for relevant pests that set out techniques, chemicals to be used, locations and timeframe for implementation The company is implementing early warning system through regular pest monitoring (census) for Rat attack and Ganoderma twice a year, e.g. Ganoderma cencus and control was conducted in March 2015.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.5.2	<p>Training of those involved in IPM implementation shall be demonstrated.</p> <p>- Minor compliance –</p>	<p>A record of training for handlers of pesticides is in place and includes techniques such as PPE used and spraying control, e.g. IPM training conducted for the estate (Mariawatte) for both Rat Bait & Ganoderma Census on 7th and 2nd of April 2014 respectively. Training done by the company in cooperation with the PNG Oil Palm Research Association (OPRA).</p> <p>The smallholders received training from the company related to the IPM. Ganoderma and Sexava training was scheduled into the field day programmes and materials used in the training of the smallholders were sighted.</p>	Yes
<p>Criterion 4.6 Pesticides are used in ways that do not endanger health or the environment.</p>			
4.6.1	<p>Justification of all pesticides used shall be demonstrated. The use of selective products that are specific to the target pest, weed or disease and which have minimal effect on non-target species shall be used where available.</p> <p>- Major compliance -</p>	<p>There is documented justification for all Agrochemical use determining the reason for the use of certain chemicals. There is an updated register which records products used, when required, amounts to be used and frequency of use. This is documented within the management guideline specific for pesticide usage which attempts to ensure that the most effective and least harmful chemicals are always first choice and there is avoidance of any prophylactic and indiscriminate spraying.</p> <p>SHA is doing awareness on pesticide usage and handling during the field days.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.6.2	Records of pesticides use (including active ingredients used and their LD50, area treated, amount of active ingredients applied per ha and number of applications) shall be provided. - Major compliance -	Records of herbicide use are available and maintained at each estate. The records shows the total chemical used (in kg and/or liters), the active ingredients used, total area treated (in Ha), and active ingredients used per area treated and per ton FFB produced, e.g. applied herbicides Glyphosate 3.20 litres in Block No. LJ 4540 (12.00 ha) on 4 th March 2015 and applied Ally 112 litres in Block no. LJ 4540 (19.25 ha) on 6 th March 2015 and pesticides record included active ingredient and pesticides LD50 were applied.	Yes
4.6.3	Any use of pesticides shall be minimised as part of a plan, and in accordance with Integrated Pest Management (IPM) plans. There shall be no prophylactic use of pesticides, except in specific situations identified in national Best Practice guidelines. - Major compliance -	There is no used of prophylactic use of pesticides throughout the Milne bay estate	Yes
4.6.4	Pesticides that are categorised as World Health Organisation Class 1A or 1B, or that are listed by the Stockholm or Rotterdam Conventions, and paraquat, are not used, except in specific situations identified in national Best Practice guidelines. The use of such pesticides shall be minimised and eliminated as part of a plan, and shall only be used in exceptional circumstances. - Minor compliance –	There are no use pesticides class 1A or 1B and paraquat. The company only uses Glyphosate, LI and Ally. All chemicals have to have senior management approval prior to use and only chemicals listed for use by SI Government are used. Paraquat is no longer used. This was stopped as of 2011. It is the company policy not to supply any other pesticides to any smallholders. This policy is strictly monitored.	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.6.5	<p>Pesticides shall only be handled, used or applied by persons who have completed the necessary training and shall always be applied in accordance with the product label. Appropriate safety and application equipment shall be provided and used. All precautions attached to the products shall be properly observed, applied, and understood by workers (see Criterion 4.7).</p> <p>- Major compliance -</p>	<p>Latest training conducted for sprayers was on 16 May 2014. Medical health surveillance/inspection for the sprayers was done on 10th October 2014. Interviews revealed that the workers shown good understanding on the safety and health aspects on handling pesticides.</p> <p>Material Data Safety Sheets (MSDS) are obtained for all chemicals used and are available at the storage and areas of mixing.</p>	Yes
4.6.6	<p>Storage of all pesticides shall be according to recognised best practices. All pesticide containers shall be properly disposed of and not used for other purposes (see Criterion 5.3).</p> <p>- Major compliance -</p>	<p>MBE referring to the supplier's (CropLife International) guideline for the safe warehousing practice of crop protection products for its pesticide chemicals. Pesticides used only glyphosates, LI700 and surfactant.</p>	Yes
4.6.7	<p>Application of pesticides shall be by proven methods that minimise risk and impacts.</p> <p>- Minor compliance -</p>	<p>Based on the company's Job Safety Environmental Assessment Standard Operating Procedure (MBE SOP SUS 001 Ver. No. 1 October 2014) MBE has conducted the Job Safety Assessment for Herbicide (Glyphosate) Spraying with report of the work-specific recommended methods to minimize risk and impacts.</p>	Yes
4.6.8	<p>Pesticides shall be applied aerially only where there is documented justification. Communities shall be informed of impending aerial pesticide applications with all relevant information within reasonable time prior to application.</p> <p>- Major compliance -</p>	<p>There is no aerial application of pesticide throughout the company plantation</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.6.9	Maintenance of employee and associated smallholder knowledge and skills on pesticide handling shall be demonstrated; including provision of appropriate information materials (see Criterion 4.8). - Minor compliance –	It was evidence that appropriate information on pesticide chemicals derived from its Material Safety Data Sheet (MSDS) has been part of the training materials for the handlers. The company is providing training for pesticide storekeepers and sprayers team No pesticides were used in smallholders plantation.	Yes
4.6.10	Proper disposal of waste material, according to procedures that are fully understood by workers and managers shall be demonstrated (see Criterion 5.3). - Minor compliance –	Based on NBPOL Milne Bay Waste Management Plan Revision 3 September 2014, MBE has established the General Waste Disposal Standard Operating Procedure (MBE SOP 003 Ver. No. 1 March 2015) which has been fully implemented in all MBE sites where Waste Disposal Register has been maintained.	Yes
4.6.11	Specific annual medical surveillance for pesticide operators, and documented action to treat related health conditions, shall be demonstrated. - Major compliance -	Medical health surveillance for all sprayers was conducted on a six-monthly basis. The latest inspection by the Health Extension Officer was done on 6 th October 2014. No any related issue on health conditions that required further treatments.	Yes
4.6.12	No work with pesticides shall be undertaken by pregnant or breast-feeding women. - Major compliance –	Based on interview with female worker, its confirmed that no pregnant and/or breast-feeding involved in chemical/pesticides, they are transferred to other duties.	Yes

Criterion / Indicator	Assessment Findings	Compliance
<p>Criterion 4.7 An occupational health and safety plan is documented, effectively communicated and implemented.</p> <p><i>Specific Guidance for 4.7.7: The National Interpretation will define the metrics for LTA. For countries where there are no national interpretations, the growers will determine their own metrics.</i></p>		
4.7.1	<p>A health and safety policy shall be in place. A health and safety plan covering all activities shall be documented and implemented, and its effectiveness monitored.</p> <p>- Major compliance -</p> <p>Policy:</p> <ul style="list-style-type: none"> • NBPOL Milne Bay Occupational Health and Safety Policy (Signed by Rob Nicholls-General Manager) Version 3 September 2014 • Plan: NBPOL Milne Bay Occupational Health and Safety Plan (Signed by Rob Nicholls-General Manager) Version 3 September 2014 Issue 3 <p>Smallholder growers hire workers who come to do periodic tasks like harvesting and weeding. The smallholders ensure the hired workers are well aware of safety issues and safe practice if followed.</p>	Yes
4.7.2	<p>All operations where health and safety is an issue shall be risk assessed, and procedures and actions shall be documented and implemented to address the identified issues. All precautions attached to products shall be properly observed and applied to the workers.</p> <p>- Major compliance -</p> <p>Individual Occupational Safety Management Plans based on specific activities and operations within the company have been established where health and safety issues and risks have been assessed accordingly and documented properly. These operations include mill, estate, construction, vehicle workshops and clinic. Assessment was conducted based on the matrix of severity and probability where all hazards with a score of above 4 points were recorded on a detailed Hazard Register, controlled and monitored</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.7.3	<p>All workers involved in the operation shall be adequately trained in safe working practices (see Criterion 4.8). Adequate and appropriate protective equipment shall be available to all workers at the place of work to cover all potentially hazardous operations, such as pesticide application, machine operations, and land preparation, harvesting and, if it is used, burning.</p> <p>- Major compliance -</p>	<p>The internal training has been implemented according to the established MBE Annual Training Plan (Milne Bay Estates Training Calendar) for all departments, a training matrix done by central HR department. There's also additional training being planned by the individual operating units according to its own related activities. The latest training matrix consists of the planned and actual training conducted has been kept and updated in the server. The records revealed that the training done adequately covering all potentially hazardous operations including pesticide operation, harvesting and spraying as well as for mill operation.</p>	Yes
4.7.4	<p>The responsible person/persons shall be identified. There shall be records of regular meetings between the responsible person/s and workers. Concerns of all parties about health, safety and welfare shall be discussed at these meetings, and any issues raised shall be recorded.</p> <p>- Major compliance -</p>	<p>Identified person comes from all departments / operating unit / division. Overall organization committee structure comes from all units have meetings in quarterly basis while units organization committee conduct meetings on monthly basis.</p> <p>Estate: Padipadi Estate OHS Committee Meeting. Latest done on 24th February 2015.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.7.5	<p>Accident and emergency procedures shall exist and instructions shall be clearly understood by all workers. Accident procedures shall be available in the appropriate language of the workforce. Assigned operatives trained in First Aid should be present in both field and other operations, and first aid equipment shall be available at worksites. Records of all accidents shall be kept and periodically reviewed.</p> <p>- Minor compliance –</p>	<p>Accidents and emergency procedures are included in the NBPOL MBE Emergency Response Plan which is available on all sites folders as well as the noticeboards on all sites. Assigned operatives trained in First Aid sighted present in both field and other operations with First Aid Kit available in various workplace. Records of accidents were found well-kept by the sustainability department of each operating units which was submitted to the head office on monthly basis.</p> <p>128 personnel trained with Pacific First Aid Certificate PNG Red Cross. Industrial Safety Training – Workplace Health & Safety Officer Level 1.</p> <p>All occupational injury cases were assessed using the Injury Assessment Report where all related information including the type and cause of injury were reported. For the year 2014, no fatality cases were noted, only minor accidents, e.g. Accident report for Mr. DS on 16th January 2015.</p> <p>There were no reports of serious injuries occurring on the smallholder blocks, common sense tends to prevail. The company has action plans to ensure that safe practices are carried out.</p>	Yes
4.7.6	<p>All workers shall be provided with medical care, and covered by accident insurance.</p> <p>- Minor compliance –</p>	<p>NBPOL MBE Workers Compensation Insurance Certificate of Currency by QBE Insurance PNG Limited dated 12th February 2015.</p> <p>The company also provides clinics for all workers. Referral is made to nearest hospital should the case is severe.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
4.7.7	Occupational injuries shall be recorded using Lost Time Accident (LTA) metrics. - Minor compliance –	<p>MBE monitors a number of Safety Performance Indicators such as lost time injuries and regularly reviews all incidents. All accident records are kept and reviewed. The information is reviewed by Management during high level safety meetings to ensure objectives are being achieved and all incidents fully investigated. This was verified during the audit.</p> <p>Based on the incident reporting procedure established, the occupational injuries were recorded using Lost Time Accident (LTA) metrics and calculated accordingly through NBPOL LTA Rate Excel Spreadsheet. Based on the record, MBE LTA Report, the number of LTA for Milne Bay certification units = 0. There are records in place for all incidents, injuries and also near misses. There is now consistency in the completion of the injury forms and this has been standardised throughout the company.</p>	Yes
Criterion 4.8			
All staff, workers, smallholders and contract workers are appropriately trained.			
4.8.1	A formal training programme shall be in place that covers all aspects of the RSPO Principles and Criteria, and that includes regular assessments of training needs and documentation of the programme. - Major compliance –	Training program for 2014 budgeted as a total of K540k while for 2015 is some K720k. Training Master Plan established based on Training Need Analysis/Assessment by all Head of Departments.	Yes
4.8.2	Records of training for each employee shall be maintained. - Minor compliance –	Training records are kept by Training Department in addition to the each respective department and estate.	Yes

Criterion / Indicator		Assessment Findings	Compliance
PRINCIPLE 5: ENVIRONMENTAL RESPONSIBILITY AND CONSERVATION OF NATURAL RESOURCES AND BIODIVERSITY			
Criterion 5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
5.1.1	An environmental impact assessment (EIA) shall be documented. - Major compliance -	Environment Impact and Aspect Procedure MBE SOP HR 001 Ver. No. 1 dated October 2014 Captured in: Environment Aspect Impact Register Reference: <ul style="list-style-type: none"> • Environment Act 2000 • PNG Logging, Landfill, Vehicle Workshop and Machinery and Palm Oil Process Codes of Practices • ISO 14001 	Yes
5.1.2	Where the identification of impacts requires changes in current practices, in order to mitigate negative effects, a timetable for change shall be developed and implemented within a comprehensive management plan. The management plan shall identify the responsible person/persons. - Minor compliance –	NBPOL Milne Bay Environment Monitoring & Management Program (EMMP) Revision 4, October 2014 Issue 3. MBE regularly reviews its environmental management systems and environmental plan as determined by prevalent circumstance and conditions to ensure necessary requirements and measures are kept current and appropriate to manage the environmental affairs of the company. MBE submits on a regular basis to the Department of Environment and Conservation (DEC) relevant reports and results of its analytical and monitoring activities for verification by and records of the latter; Department of Environment and Conservation (DEC) will conduct spot checks and arrange for independent analysis where deemed necessary.	Yes

Criterion / Indicator		Assessment Findings	Compliance
5.1.3	<p>This plan shall incorporate a monitoring protocol, adaptive to operational changes, which shall be implemented to monitor the effectiveness of the mitigation measures. The plan shall be reviewed as a minimum every two years to reflect the results of monitoring and where there are operational changes that may have positive and negative environmental impacts.</p> <p>- Minor compliance –</p>	<p>MBE approval states that the Director hereby grants the proponent the development consent, subject to the following conditions:</p> <ul style="list-style-type: none"> • That MBE conducts routine checks of treatment pond conditions and conducts monthly sampling of pond discharges for chemical parameters comprising BOD and pH and physical parameters including Total Suspended Solids plus Oil and Grease; BOD samples should be analysed promptly. • That MBE conducts monthly sampling of water and six monthly checks on borehole quality at its own expense; • That MBE analyses samples of the watercourses and domestic boreholes to determine the level of effluent discharges including certain chemical, physical and biological parameters from the point sources in order to ensure the watercourses and boreholes are safe for human consumption and reduce undesirable aquatic life; • That the MBE establishes buffer zones with a maximum distance of twenty five (25) meters around the boreholes and the main watercourse where fertilizer application may enter the water systems through chemical seepage; <p>Hence, monitoring protocol was established in-line with the approval conditions which also adaptive to operational changes.</p>	Yes
<p>Criterion 5.2 The status of rare, threatened or endangered species and other High Conservation Value habitats, if any, that exist in the plantation or that could be affected by plantation or mill management, shall be identified and operations managed to best ensure that they are maintained and/or enhanced.</p>			

Criterion / Indicator		Assessment Findings	Compliance
5.2.1	<p>Information shall be collated in a High Conservation Value (HCV) assessment that includes both the planted area itself and relevant wider landscape-level considerations (such as wildlife corridors).</p> <p>- Major compliance -</p>	<p>An approved assessor (Guy Williams) selected from the RSPO register of HCV assessors has carried out an assessment of the presence of HCVs within and adjacent to the MBE plantations. The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings. All of the land within the plantations has previously been used for other agricultural purposes and had previously been extensively logged in the past.</p> <p>The HCV studies include details on the status of endangered, rare and threatened species and the company has established wildlife corridors in Padipadi estate (+ 100 ha) and Diu Diu cave (5.76 ha)</p>	Yes
5.2.2	<p>Where rare, threatened or endangered (RTE) species, or HCVs, are present or are affected by plantation or mill operations, appropriate measures that are expected to maintain and/or enhance them shall be implemented through a management plan.</p> <p>- Major compliance -</p>	<p>Based on HCV identification, it were noted several RTE species within and adjacent plantation, e.g. Victoria Crown pigeon, Blyths Hornbill, and Good fellow's Kagooro. Therefore any HCVF areas that have been identified are mapped. HCVF and Buffer Zones have been clearly marked and native trees are being planted to expand and protect them. The native trees come from the native trees nursery which is propagated by the sustainability team.</p>	Yes
5.2.3	<p>There shall be a programme to regularly educate the workforce about the status of these RTE species, and appropriate disciplinary measures shall be instigated in accordance with company rules and national law if any individual working for the company is found to capture, harm, collect or kill these species.</p> <p>- Minor compliance –</p>	<p>The company has socialized to the workforce and smallholders, how important protect RTE species and also erected sign board in public area.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
5.2.4	<p>Where a management plan has been created there shall be ongoing monitoring:</p> <ul style="list-style-type: none"> • The status of HCV and RTE species that are affected by plantation or mill operations shall be documented and reported; • Outcomes of monitoring shall be fed back into the management plan. <p>- Minor compliance –</p>	The company conducted monitoring of HCV regularly; report of HCV monitoring is verified.	Yes
5.2.5	<p>Where HCV set-asides with existing rights of local communities have been identified, there shall be evidence of a negotiated agreement that optimally safeguards both the HCVs and these rights.</p> <p>- Minor compliance –</p>	The company has created HCV and conservation management and monitoring plan to ensure that those areas are conserved.	Yes
Criterion 5.3			
Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.			
5.3.1	<p>All waste products and sources of pollution shall be identified and documented.</p> <p>- Major compliance –</p>	Identification records "Solid waste disposal register Hagita Oil Mill 2013-2014". Type of waste identified: Domestic, hydrocarbons, industrial, chemical/toxic, biodegradable, etc	Yes

Criterion / Indicator		Assessment Findings	Compliance
5.3.2	<p>All chemicals and their containers shall be disposed of responsibly.</p> <p>- Major compliance -</p>	<p>Standard Operating Procedure on Chemical Container Disposal must be triple rinsed, cut up, and punctured before disposal at Mbalisuna Landfill. This practice was evident as observed during site tour.</p> <p>Disposal of all wastes were for e.g. on date of disposal, type of waste (industrial, domestic waste and waste oil) and quantity were recorded in the Waste Register, including medical waste.</p> <p>Empty chemical containers were reused to carry mixed sprayer chemicals into plantation for use.</p> <p>All being disposed in the designated empty chemical container pit within the plantation area.</p> <p>Pesticides were not applied in smallholders plantation.</p>	Yes
5.3.3	<p>A waste management and disposal plan to avoid or reduce pollution shall be documented and implemented.</p> <p>- Minor compliance –</p>	<p>NBPOL - Milne Bay Waste Management Plan Revision 3 September 2014.</p> <p>Implementation: Mill Effluent (POME) was disposed through land application discharged into furrows within estate.</p> <p>The smallholders are disposing of their waste in a responsible manner by mixing the organic waste with the pruned fronds and using a pit disposal method for other household waste.</p>	Yes
<p>Criterion 5.4 Efficiency of fossil fuel use and the use of renewable energy is optimised.</p>			

Criterion / Indicator		Assessment Findings	Compliance
	<p>A plan for improving efficiency of the use of fossil fuels and to optimise renewable energy shall be in place and monitored.</p> <p>- Minor compliance –</p>	<p>Performance Revision 2 October 2014 Issue No. 3 authorised by Peter Callister.</p> <p>Diesel consumption: 2.42 liters/mt FFB processed (January 2015) 2014 average: 3.74 liters/mt FFB processed (Group average 3.8 liters/mt FFB processed)</p>	<p>Yes</p>
Criterion 5.5			
Use of fire for preparing land or replanting is avoided, except in specific situations as identified in the ASEAN guidelines or other regional best practice.			
5.5.1	<p>There shall be no land preparation by burning, other than in specific situations as identified in the 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>- Major compliance -</p>	<p>The company has a strong "No Fire" Policy throughout its operations as regulated in Zero Burning policy, September 2014.</p> <p>No open burning was noted during field visit and interviewed with local communities and workers.</p> <p>The company continues to encourage minimal use of fires on smallholders' blocks through its awareness program. All growers understood the RSPO rules for use of fire sparingly.</p>	<p>Yes</p>
5.5.2	<p>Where fire has been used for preparing land for replanting, there shall be evidence of prior approval of the controlled burning as specified in 'Guidelines for the Implementation of the ASEAN Policy on Zero Burning' 2003, or comparable guidelines in other regions.</p> <p>- Minor compliance –</p>	<p>No use fire during preparing for replanting.</p>	<p>N/A</p>
Criterion 5.6			
Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.			

Criterion / Indicator		Assessment Findings	Compliance
5.6.1	An assessment of all polluting activities shall be conducted, including gaseous emissions; particulate/soot emissions and effluent (see Criterion 4.4). - Major compliance -	Environment Impact and Aspect Procedure MBE SOP HR 001 Ver. No. 1 dated October 2014 Captured in: Environment Aspect Impact Register Reference: <ul style="list-style-type: none"> • Environment Act 2000 • PNG Logging, Landfill, Vehicle Workshop and Machinery and Palm Oil Process Codes of Practices • ISO 14001 	Yes
5.6.2	Significant pollutants and greenhouse gas (GHG) emissions shall be identified, and plans to reduce or minimise them implemented. - Major compliance -	Sources of emissions were from land clearing, fertilisers, field fuel, conservation credit, POME and mill credit. Plans to reduce or minimize the source of emissions were detailed in the Action plan for Continual Improvement in Sustainable Performance which was started to be implemented and monitored on monthly basis	Yes
5.6.3	A monitoring system shall be in place, with regular reporting on progress for these significant pollutants and emissions from estate and mill operations, using appropriate tools. - Minor compliance –	NBPOL Milne Bay Environment Monitoring & Management Program (EMMP) Revision 4, October 2014 Issue 3 including monitoring of boiler stack emissions.	Yes

Criterion / Indicator		Assessment Findings	Compliance
PRINCIPLE 6: RESPONSIBLE CONSIDERATION OF EMPLOYEES AND OF INDIVIDUALS AND COMMUNITIES AFFECTED BY GROWERS AND MILLERS			
Criterion 6.1			
Aspects of plantation and mill management that have social impacts, including replanting, are identified in a participatory way, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continual improvement.			
6.1.1	A social impact assessment (SIA) including records of meetings shall be documented. - Major compliance -	A Social Impact Assessment was conducted in August 2012. This was used as the basis for preparing the initial Social Impact Improvement Plan. The consultant engaged broadly and prepared a report that provides a good overview of the social impacts of MBE's oil palm operations, including perceived social impacts, and a number of suggestions to enhance the positive impacts and mitigate the negative impacts. .	Yes
6.1.2	There shall be evidence that the assessment has been done with the participation of affected parties.. - Major compliance -	Social impact Assessment consulted to the abroad affected parties, e.g. local communities, smallholders, MOFA, Acting provincial Labour officer, Conservation International, etc.	Yes
6.1.3	Plans for avoidance or mitigation of negative impacts and promotion of the positive ones, and monitoring of impacts identified, shall be developed in consultation with the affected parties, documented and timetabled, including responsibilities for implementation. - Major compliance -	The Social Impact Assessment document has explained the recommendation that could be done by company to minimize negative impact and promote positive impact from social impact management.	Yes

Criterion / Indicator		Assessment Findings	Compliance
6.1.4	The plans shall be reviewed as a minimum once every two years and updated as necessary, in those cases where the review has concluded that changes should be made to current practices. There shall be evidence that the review includes the participation of affected parties. - Minor compliance -	The SIA improvement Plan is updated annually, the last update "Social improvement Plan, rev. 3, September 2014. SIA is updated based on continuous social improvement as identified through the company interaction with its stakeholders.	Yes
6.1.5	Particular attention shall be paid to the impacts of smallholder schemes (where the plantation includes such a scheme). - Minor compliance -	The company also consider impact of smallholders in their social impact assessment.	Yes
Criterion 6.2 There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.			
6.2.1	Consultation and communication procedures shall be documented. - Major compliance -	A documented procedure is in place and records of communication and consultation with communities is maintained. The procedure used as a guideline in providing response upon information/data request from relevant stakeholder. Communication and consultation mechanisms have been designed in collaboration with local communities and other affected or interested parties. These consider the use of existing local mechanisms and languages.	Yes
6.2.2	A management official responsible for these issues shall be nominated. - Minor compliance -	The nominated official designated to manage communication and consultation is the Community Affairs Manager.	Yes

Criterion / Indicator		Assessment Findings	Compliance
6.2.3	A list of stakeholders, records of all communication, including confirmation of receipt and that efforts are made to ensure understanding by affected parties, and records of actions taken in response to input from stakeholders, shall be maintained. - Minor compliance -	A list of stakeholders has been maintained and is kept by the Sustainability Department.	Yes
Criterion 6.3 There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all affected parties.			
6.3.1	The system, open to all affected parties, shall resolve disputes in an effective, timely and appropriate manner, ensuring anonymity of complainants and whistleblowers, where requested. - Major compliance -	The company has established complaint and grievance process as documented in procedure "Grievancies and Request" with follows: - Submit grievances/complaints to the company. - The company may request meeting with the person who laid the complaint or grievance - Complaints/grievance is evaluated - Further action may be taken - Site visit may occur of the grievance may be passed onto relevant Department for further action	Yes
6.3.2	Documentation of both the process by which a dispute was resolved and the outcome shall be available. - Major compliance -	Complaints and grievancies is recorded in "Incident and Request Form", e.g. Complaint from Mr. Ch on 10 February 2015, the correction action taken by the company and his complaint is solved.	Yes
Criterion 6.4 Any negotiations concerning compensation for loss of legal, customary or user rights are dealt with through a documented system that enables indigenous peoples, local communities and other stakeholders to express their views through their own representative institutions..			

Criterion / Indicator		Assessment Findings	Compliance
6.4.1	<p>A procedure for identifying legal, customary or user rights, and a procedure for identifying people entitled to compensation, shall be in place.</p> <p>- Major compliance –</p>	<p>The process for identifying legal and customary rights for people entitled to compensation are described in the Management Guidelines 21 lands & Mini estate Guidelines; Land Acquisition practices</p>	Yes
6.4.2	<p>A procedure for calculating and distributing fair compensation (monetary or otherwise) shall be established and implemented, monitored and evaluated in a participatory way, and corrective actions taken as a result of this evaluation. This procedure shall take into account: gender differences in the power to claim rights, ownership and access to land; differences of transmigrants and long-established communities; and differences in ethnic groups' proof of legal versus communal ownership of land.</p> <p>- Minor compliance –</p>	<p>The company has documented the process for access to customary land, which includes identifying legal and customary rights to land ownership and land use rights.</p>	Yes
6.4.3	<p>The process and outcome of any negotiated agreements and compensation claims shall be documented, with evidence of the participation of affected parties, and made publicly available.</p> <p>- Major compliance –</p>	<p>No any land disputes were noted since the last assessment.</p>	Yes
<p>Criterion 6.5 Pay and conditions for employees and for contract workers always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.</p>			

Criterion / Indicator		Assessment Findings	Compliance
6.5.1	Documentation of pay and conditions shall be available. - Major compliance -	<p>The Exemption of Minimum Wages in Milne Bay Estate is K 2.38/hour for 44 working hours/week, its has approved by the "Milne Bay Department of Labour and Industrial Relations – Minimum Wages Determination Tripartite Screening Committee", dated 15th October 2014 for 1 year, the exemption given due to the company has prepared facilities, such as: housing, electricity, water and others facilities free charge.</p> <p>Based on review of payments slip, there is no worker's salary below minimum wages, e.g. Employee No. 13xxx on 8 March 2015, worked 68 hours x K 2.38 (K 161.84), Overtime: K 28.56 and allowance: K 12.</p> <p>All contractors 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.</p> <p>Most smallholders hire workers to do harvesting and upkeep. All hired workers are paid on piece rate, the amount paid more than the minimum wage rate per day.</p>	Yes
6.5.2	Labour laws, union agreements or direct contracts of employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.) shall be available inthe languages understood by the workers or explained carefully to them by a management official. - Major compliance -	<p>The contract between company and each worker is available in premises, the contract covering working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc.</p> <p>Based on interview with workers they undestrstood the contract.</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
6.5.3	<p>Growers and millers shall provide adequate housing, water supplies, medical, educational and welfare amenities to national standards or above, where no such public facilities are available or accessible.</p> <p>- Minor compliance –</p>	<p>The company has prepared facilities for their workers, such as: housing, electricity, water supply, clinic, sport facilities, school bus, traditional market, shop, etc.</p>	Yes
6.5.4	<p>Growers and millers shall make demonstrable efforts to monitor and improve workers' access to adequate, sufficient and affordable food.</p> <p>- Minor compliance –</p>	<p>The company has provided traditional market within the company area nearby compound and also nearby the town (approximately 30 minutes drive).</p> <p>Trade stores and small shopd operated by local land owners are also made provided at each compound.</p>	Yes
<p>Criterion 6.6 The employer respects the rights of all personnel to form and join trade unions of their choice and to bargain collectively. Where the right to freedom of association and collective bargaining are restricted under law, the employer facilitates parallel means of independent and free association and bargaining for all such personnel.</p>			
6.6.1	<p>A published statement in local languages recognising freedom of association shall be available.</p> <p>- Major compliance –</p>	<p>Union currently is disfunctional due to mis-use of funds by the executives. However; the company has contacted relevant bodies in Port Moresby to revive the union again. Evidence shown in a letter written by the company to Department of Labor and Industrial Services, to revive the Union.</p> <p>The union will restart again in May 2015, with new executives. Company employees who are current members to the UNION, are happy with the company for reviving the union again.</p>	Yes
6.6.2	<p>Minutes of meetings with main trade unions or workers representatives shall be documented.</p> <p>- Minor compliance –</p>	<p>Minutes meeting with "Union Members" are available in premises, e.g. the last meeting with union member on 26th February 2015</p>	Yes

Criterion / Indicator		Assessment Findings	Compliance
Criterion 6.7 Children are not employed or exploited.			
6.7.1	There shall be documentary evidence that minimum age requirements are met. - Major compliance –	<p>The minimum age for employment at MBE is 16 years of age. There appears to be very good recognition of this requirement among managers responsible.</p> <p>Based on document review of list of worker and interview, it was not found workers hired or employed by company less than 18 years old.</p> <p>All the smallholders 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.</p>	Yes
Criterion 6.8 Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.			
6.8.1	A publicly available equal opportunities policy including identification of relevant/affected groups in the local environment shall be documented. - Major compliance –	The company has policy for equal opportunities "Employee Rights and Equal Opportunities" Rev. 6, September 2014. This policy displayed at its office in both English and Tok Pisin	Yes
6.8.2	Evidence shall be provided that employees and groups including local communities, women, and migrant workers have not been discriminated against. - Major compliance –	No discriminated was noted during audit, the company has implemented equal opportunity policy.	Yes

Criterion / Indicator		Assessment Findings	Compliance
6.8.3	<p>It shall be demonstrated that recruitment selection, hiring and promotion are based on skills, capabilities, qualities, and medical fitness necessary for the jobs available.</p> <p>- Minor compliance –</p>	<p>The company has procedures for hiring workers regulated that hiring and promotion of workers based on skill, work experiences, and job evaluation.</p> <p>The company is conduct evaluation of workers annually.</p>	Yes
Criterion 6.9			
There is no harassment or abuse in the work place, and reproductive rights are protected.			
6.9.1	<p>A policy to prevent sexual and all other forms of harassment and violence shall be implemented and communicated to all levels of the workforce.</p> <p>- Major compliance –</p>	<p>Policy to prevent sexual harassment and reproduction right in "Domestic Violence and sexual Harrassment", Rev. 5, September 2014 is displayed at offices and clinic.</p> <p>The company also has HIV/Aids policy, September 2014.</p>	Yes
6.9.2	<p>A policy to protect the reproductive rights of all, especially of women, shall be implemented and communicated to all levels of the workforce.</p> <p>- Major compliance –</p>	<p>Policy to prevent sexual harassment and reproduction right is displayed at the company offices in both English and <i>Tok Pisin</i>.</p> <p>The Company provides breaks for breastfeeding, maternity leave (12 weeks with full salary), and transfers female sprayers/mixers that become pregnant to other duties.</p>	Yes
6.9.3	<p>A specific grievance mechanism which respects anonymity and protects complainants where requested shall be established, implemented, and communicated to all levels of the workforce.</p> <p>- Minor compliance –</p>	<p>A Procedures of sexual harassment by identifying type of harassment and investigation will be conducted by management team & if found guilty, disciplinary action will be taken</p>	Yes
Criterion 6.10			
Growers and millers deal fairly and transparently with smallholders and other local businesses.			

Criterion / Indicator		Assessment Findings	Compliance
6.10.1	Current and past prices paid for Fresh Fruit Bunches (FFB) shall be publicly available. - Minor compliance -	The company has displayed the FFB price in OPRA office notice board and smallholders able to access the FFB price by phone. The FFB price is updated monthly; the average of FFB price in 2014 is K 224.68/tones FFB.	Yes
6.10.2	Evidence shall be available that growers/millers have explained FFB pricing, and pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill or plantation) - Major compliance -	The industry has established a formula for calculating the price that Smallholders in PNG receive for FFB. The government approved formula for working out FFB prices is publically available. The price and formula are made available via printed notices on the extension office notice board. The company has put in a commendable effort into explaining the oil palm smallholders pricing formula to ensure growers understand how their price is calculated	Yes
6.10.3	Evidence shall be available that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent. - Minor compliance -	Based on interview with local contractors confirmed that contract understood by them and made fairly, legal and transparent,e.g. contract with HER Ltd on 26 th January 2015.	Yes
6.10.4	Agreed payments shall be made in a timely manner. - Minor compliance -	Evidence of payment is reviewed and it was seen paid timely manner, e.g. Invoice HER Ltd no. 401276, 401278, 4012279 on 9 March 2015, paid on 13 March 2015 (K 59,333)	Yes
Criterion 6.11			
Growers and millers contribute to local sustainable development where appropriate			

Criterion / Indicator		Assessment Findings	Compliance
6.11.1	<p>Contributions to local development that are based on the results of consultation with local communities shall be demonstrated.</p> <p>- Minor compliance –</p>	<p>The company is one of the main economic drivers in the Province, particularly as a high proportion of the workforce is from Milne Bay, payments for wages, royalties/lease payments, taxes and duties, and payments to smallholders, local contractors and suppliers. Much of these payments are directed to the local area.</p> <p>The company also providing a range of community support, e.g. grading farm access roads, material for build church, cutting grass at local schools, transport for local communities, medical services to the local community free of charge, etc. The total local contribution in 2014 is K 122,917.</p>	Yes
6.11.2	<p>Where there are scheme smallholders, there shall be evidence that efforts and/or resources have been allocated to improve smallholder productivity.</p> <p>- Minor compliance –</p>	<p>The company has and continues to make many development contributions to the local area. While some contributions stem from the original negotiations with landowners and government, others are responses to requests as they occur. It may be beneficial, in terms of transparency and fairness, if such requests were treated as part of the process to revise and update the Social Improvement Plan, which should be a systematic process in which social problems are identified and strategies developed, implemented and monitored in consultation (and preferably in partnership) with local stakeholders.</p> <p>Milne Bay operates an Smallholders Affairs (SHA) Department that is dedicated to supporting the small holders who supply FFB to the company's mill</p>	Yes
<p>Criterion 6.12 No forms of forced or trafficked labour are used.</p>			

Criterion / Indicator		Assessment Findings	Compliance
6.12.1	There shall be evidence that no forms of forced or trafficked labour are used. - Major compliance -	No any form or trafficked labour was noted during assessment.	Yes
6.12.2	Where applicable, it shall be demonstrated that no contract substitution has occurred. - Major compliance –	Based on document review and interview with workers and labour union, confirmed that no contract substitution was noted.	Yes
6.12.3	Where temporary or migrant workers are employed, a special labour policy and procedures shall be established and implemented. - Minor compliance –	The agreement for temporary workers is available and signed by workers. There is no migrant worker.	Yes
Criterion 6.13			
Growers and millers respect human rights			
6.13.1	A policy to respect human rights shall be documented and communicated to all levels of the workforce and operations (see Criteria 1.2 and 2.1). - Major compliance -	The company has established human rights policy, 2011, its has been communicated to the workforce.	Yes
PRINCIPLE 7: RESPONSIBLE DEVELOPMENT OF NEW PLANTINGS			
(N/A – No any new planting)			
PRINCIPLE 8: COMMITMENT TO CONTINUAL IMPROVEMENT IN KEY AREAS OF ACTIVITY			
Criterion 8.1			
Growers and millers regularly monitor and review their activities, and develop and implement action plans that allow demonstrable continual improvement in key operations.			

Criterion / Indicator		Assessment Findings	Compliance
8.1.1	<p>The action plan for continual improvement shall be implemented, based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and shall include a range of Indicators covered by these Principles and Criteria.</p> <p>As a minimum, these shall include, but are not necessarily be limited to:</p> <ul style="list-style-type: none"> • Reduction in use of pesticides (Criterion 4.6); • Environmental impacts (Criteria 4.3, 5.1 and 5.2); • Waste reduction (Criterion 5.3); • Pollution and greenhouse gas (GHG) emissions (Criteria 5.6 and 7.8); • Social impacts (Criterion 6.1); • Optimising the yield of the supply base; <p>- Major compliance –</p>	<p>A continuous improvement plan has been prepared and internal audit conducted to identify environmental and social activities, such as:</p> <ul style="list-style-type: none"> - Applied EFB as fertilizer, fibre and shell are burned in boiler for electricity. - Planting beneficial plant (cassia Tora) host plant for natural predator. - Supporting scheme smallholders for local communities surrounding company area. - Maintenance compound. - Replant buffer zone area. - Educate workers and smallholders for zero burning policy, ensure the rubbish is segregated and correctly placed inlandfill. - Constructed a new effisien boiler at Hagita Mill. - Maintainance of diesel tanks bund. - Installing electricity for local communities surrounding company. - Etc. 	Yes

3.2 Progress against Time Bound Plan

Name of company	Name of Mill	Location	Supply Base	Time Bound Plan	Target Year for RSPO
Guadalcanal Plains Palm Oil Ltd	Tetera Palm Oil Mill	Guadalcanal Plains, Guadalcanal Province, Solomon Islands	- Tetera estate - Ngalimbiu estate - Mbalisuna estate - Smallholder Group	2011	Certified March 2011
Poliamba Ltd	Poliamba Palm oil Mill	Poliamba, Kavieng, New Ireland Province, Papua New Guinea (PNG)	- Kara estate - West Coast estate - Nalik estate - Notsal estate - Madak estate - Smallholders Group	2012	Certified March 2012
RAIL	Gusap POM	Lae, Morobe Province, Papua New Guinea (PNG)	- Gusap East estate - Gusap West estate - Surinam estate - Dumpu estate - Ngaru estate - J Estate - Smallholders Group	2010	Certified August 2010
Higaturu	Sangara POM, Sumbiripa POM and Mamba POM	Oro Province, Papua New Guinea (PNG)	- Embi estate - Ambogo estate - Sangara estate - Sumbiripa estate - Mamba estate - Smallholders Group	2013	Certified February 2013
Milne Bay	Hagita POM	Hagita, Milne Bay Province, PNG	- Giligili estate - Hagita estate - Waigani estate - Sagarai estate - Padipadi estate - Mariawatte estate - Smallholders Group	2013	Certified January 2013
NPBOL	Mosa POM, Kumbango POM, Numundo POM, Kapiura POM and Waraston POM	Mosa, West New Britain, Papua New Guinea (PNG)	- Bebere estate - Kumbango estate - Togulo estate - Dami/Waisisi estate - Kautu estate - Kaurausu/Morua estate - Bilomi/Loata estate - Haelia estate - Garu estate - Daliavu estate - Sapuri estate - Malilimi estate - Rigula estate - Numundo estate - Navarai/Karato ME estate	2008	Certified 2008.

			<ul style="list-style-type: none"> - Vol/Lot/Nat/Gor ME estate - Lolokoru estate - Silovuti estate - Smallholders Group 		
<p>Auditor Finding:</p> <ol style="list-style-type: none"> 1. All companies under New Britain Palm Oil (NBPOL) have been certified including their smallholders. 2. Verification of partial certification is not applicable due all companies under NBPOL have been certified and no any new land acquisition was noted during audit. 3. During audit, there is an issues that companies under NBPOL is took over by Sime Darby, based on verification with NBPOL management, its still in transition process and also this company still registered under NBPOL RSPO membership as well as no official letter to RSPO to change they membership yet. Then, auditor concluded to verify time bound plan still under NBPOL. 					

3.3. Details of findings

3.3.1. Review of previous assessment finding.

3.3.1.1. Major Nonconformities

No major NC was raised in previous assessment

3.3.1.2. Minor Nonconformities

Ref	Area/Process	Clause
1010236N1	Social Responsibility	RSPO – PNG NIWG Indicator 6.5.3
Scope	SPO 579527	
Details:	NBPOL (Singapore) has been in the process of reviewing and standardising employment conditions for well over a year. Failure to finalise employment conditions means that MBE employees do not have employment contracts and there is some uncertainty over both existing and future benefits and entitlements. The working conditions and entitlements should be finalised as soon as possible.	
Requirements:	Employment conditions	
Objective Evidence:	See above	
Actions:	<p>After a delayed process in 2014 where initially a group (NBPOL) company regulations was in the process of being drafted and discussed and reviewed at the high level GM meeting, Direction was then given the end of 2014 for each site to have their own company regulations.</p> <p>In February 2015 priority was given to developing MBEs company regulations with the HR Manager, Sustainability Manager, GM and Group Training Manager all participating to complete the document which was then approved by the COO prior to implementation and distribution.</p> <p>The second part of this was to roll out a program to ensure that all employees who did not have a contract in place (however all employees had signed the detail and conditions form upon employment) signed a new company regulations. This program started in March and it's expected to be finished within a couple months. Much progress has already been made and all documents are kept with the HR Dept.</p>	
Closed?:	Yes	

Ref	Area/Process	Clause
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1010236N0	Social Responsibility	RSPO – PNG NIWG Indictor 6.5.6
Scope	SPO 579527	
Details:	Although MBE has prepared a three year building plan which was agreed upon as being adequate, the financial constrain is delaying the implementation. This is not seen as a good approach towards the pressing situation of housing and a better overview needs to be giving toward the number of people and dependence that the company commits to house versus the financial planning towards adjusting this ratio. The financial plan needs commitment of the senior management so it is understood, committed and given the priority based on the agreed standard ratio.	
Requirements:	Provision of housing	
Objective Evidence:	See above	
Actions:	<p>A new "Housing and compound infrastructure improvement plan (Version 1 March 2015)" has been developed to replace the previous 3 year building plan.</p> <p>Based on this plan, it was sighted that MBE has been constructing more houses for the employee where in Hagita Estate, 11 labour houses units has been completed and awaiting the access work to be finished. Another 5 units of supervisor houses are still under construction and expected to be completed before the end of the year.</p> <p>The plan also details the construction of houses at other sites including Padipadi Estate and Giligili Estate.</p>	
Closed?:	Yes	

3.3.1.2. Observation was raised in previous assessment

Observation 1 (RSPO – PNG NIWG Indictor 4.2.3): Of the 39 smallholder growers interviewed, 21 growers confirmed they received fertilizers in 2013. Of these 21, 9 have received their two supplies for 2013. From the sample population of 39 smallholder growers interviewed, 15 growers are still to receive their fertilizer supply in 2013 and 12 growers are still to receive their final fertilizer distribution for 2013.

Verification during this assessment:

A fertilizer distribution list is maintained by each smallholders extension officer that says when, where and how much fertilizer is distributed.

Communication and consultation between the extension officers and the growers has been a targeted area of improvement for 2014.

Observation 2 (RSPO – PNG NIWG Indictor 4.7.3): It was noted that workers from the Sagarai Estate involved in the building of a stand for the sports field were not using PPE such as safety boots during this work.

Verification during this assessment:

Continous awareness conducted on the importance of correct PPE and each site and department conduct their own internal OHS meeting where PPE is continually discussed and enforced.

New safety slogan "Safety is everybody's business" encourages all employees to take responsibility of safety in the workplace, including ensuring correct PPE is use.

3.3.2. Nonconformities and Observation Was Raised during this surveillance

3.3.2.1 Major NC was raised during this surveillance

No any Major nonconformity was raised during this surveillance

3.3.2.2 Minor NC was Raised during this surveillance

No any Minor nonconformity was raised during this surveillance

3.3.2.3.Observation was raised during this surveillance:

Observation	
OBS.	Description
1	RSPO P & C, Generic Standard 2013 – Indicator 2.2.1: The company need to considere assist smallholders to have the copy of Clan Land Usage Agreement (CLUA).
2	RSPO P & C, Generic Standard 2013 – Indicator 4.7.3 <ul style="list-style-type: none"> • The company need to consider managing the storage of harvesting poles and sickles that belong to the harvesters. • Records of PPE issuance to the workers need to be fully legible

3.4 Positive Finding

Positive Findings	
PF	Description
1.	The company continouing preparing housing for their employees.
2.	Constructed a new effisien boiler at Hagita Mill to reducing emmission.
3.	Planting native trees in buffer zone areas.
4.	Established corridor wildlife in Padipadi Estate.

3.5. Issues raised by Stakeholders

During stakeholder interviews, the BSI auditor has contacted and interview stakeholders as listed below:

No.	Name	Position	Institution
1	Mrs. FF	Women Representative	Tingin Laip.
2	Mrs. SK		Ward Councilor / Government Representative
3	Mr. BD	Opeartion Manager	Heavy Equipment Repair (HER)
4	MR. SB	Union Members	Milne Bay Estate Union Members
5.	Mr. JE		Local Community Leader
6.	MR. A		OPIC


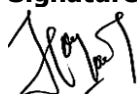
Issues raised by Stakeholders			
No.	Stakeholder comments	Company Response	Auditor Finding
1..	No any major issues related to the sexual harassment and gender was happened in last year.	Positive comment	Positive comment
2.	The union will restart again in May 2015, with new executives. Company employees who are current members to the UNION, are happy with the company for reviving the union again.	Positive comment	Positive comment

3.	The contractor had no problem with the company. Satisfied with their payments and had no problem, so far well.	Positive comment	Positive comment
4.	The company and OPIC work together support smallholders.	Positive comment	Positive comment

3.6 Status of Non Conformities

Reference	Category	Issued	Closed
-	Minor	26/09/2012	31/10/2013
1010236N0	Minor	31/10/2013	16/03/2015
1010236N1	Minor	31/10/2013	16/03/2015

Section 4. Acknowledgement of Assessment Finding

Acknowledgement of Assessment Findings	Report Prepared by
Name: Robert Nicholls	Name: Haeruddin
Company name: Milne Bay Estates (NBPOL)	Company name: PT. BSI Group Indonesia
Title: General Manager	Title: Lead Auditor
Date: 27 th April 2015	Date: 18 th April 2015
Signature: 	Signature: 

Appendix "A"
RSPO Certificate Details

Milne Bay Estate
Hagita Palm oil Ltd
Alotau, Milne Bay Province, Papua New Guinea

Certificate Number : SPO 579527
Date of Certificate : 15/02/2013
End of certificate : 14/02/2018

Applicable Standard:

RSPO Principles & Criteria: Generic Standard 2013; including RSPO SCCS requirement for CPO Mills – Module D – Identity Preserved

HAGITA PALM OIL MILL AND SUPPLY BASE				
Location Address		Alotau, Milne Bay Province, Papua New Guinea		
GPS Location		E 150°17'10.44' – S 10°18'56.64'		
CPO Tonnage Total		52,621 MT		
PK Tonnage Total		12,583 MT		
Own estates FFB Tonnage		213,293 MT		
Smallholders FFB Tonnage		15,495 MT		
MBE estates	Mature (ha)	Immature (ha)	Total land-use titles (ha)	Annual FFB Production (mt)
1. Giligili Estate	457.66	160.92	1,022.03	7,412
2. Hagita Estate	1,472.21	294.15	2,172.06	37,660
3. Waigani Estate	1,355.56	342.24	2,083.00	25,396
4. Sagarai Estate	2,075.44	583.11	2,910.80	33,556
5. Padipadi Estate	2,643.79	0.00	3,811.53	70,508
6. Mariawatte Estate	1,581.23	0.00	1,660.56	38,761
Sub Total	9,585.89	1,380.42	13,659.98	213,293
7. Smallholders	1,784.00	155.00	1,939.00	15,495
Total	11,369.89	1,535.42	15,598.98	228,788

Appendix "B"
RSPO SCCS 2014 – MODULE D (IDENTITY PRESERVED)

Criterion D.3. Documented procedures.			
	Requirement	Evidence	Compliance
3.1	The site shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This shall include at minimum the following:		
	a. Complete and up to date procedures covering the implementation of all the elements in these requirements.	<i>Update RSPO SCCS procedure as regulated in the "Supply Chain Management Guidelines, Ver. 01, dated 10 March 2015.</i>	Yes
	b. The role of the person having overall responsibility for and authority over the implementation of these requirements and compliance with all applicable requirements. This person shall be able to demonstrate awareness of the site's procedures for the implementation of this standard.	<i>The responsible person in charge to the supply chain system are Mill Manager and General Manager</i>	Yes
3.2	The site shall have documented procedures for receiving and processing certified and non-certified FFBs.	<i>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Management Guideline, however no any non certified FFB was received in Hagita Mill.</i>	Yes

Criterion D.4. Purchasing and goods in.			
	Requirement	Evidence	Compliance
4.1	The site shall verify and document the tonnage and sources of certified and the tonnage of non-certified FFBs received	<i>The company has separated FFBs certified and non-certified in the system, however record showing that all FFB received is FFB certified due to the company using 'Segregation" model and become IP now, due to new incoming RSPO SCCS standard, 2014.</i>	Yes
4.2	The site shall inform the CB immediately if there is a projected overproduction of certified tonnage	<i>There is no projected over production in Hagita mill.</i>	Yes

Criterion D.5. Record Keeping			
	Requirement	Evidence	Compliance
5.1	The site shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO and PK on a three-monthly basis.	<i>There are records in place which are complete, up to date and accurate for all requirements from receiving FFB certified form estates and smallholders, receiving FFB in mill through weight-bridge system, and dispatch CPO and PK with balancing</i>	Yes

		<i>stock monthly and three monthly basis.</i>	
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Criterion D.6. Processing.			
	Requirement	Evidence	Compliance
6.1	The site shall assure and verify through documented procedures and record keeping that the RSPO certified oil palm product is kept segregated from non-certified material including during transport and storage.	<i>The company only produced CPO certified from their certified source and keep segregated during transported and stored,</i>	Yes
6.2	The objective is for 100 % segregated material to be reached.	<i>No any contamination with non certified CPO and PK (100 % produced certified CPO and PK)</i>	Yes

Certified Mill Production in previous year

MILL	CAPACITY	CPO	PK	PKO
HAGITA PALM OIL MILL	60 tones/hour	53,225	14,044	5,727

Certified FFB received Monthly in previous year

Month	Giligili Estate	Hagita Estate	Waigani Estate	Sagarai Estate	Padipadi Estate	Mariawatte Estate	Smallholders	Total FFB/month
Jan. 2014	102.80	3,543.50	2,164.52	3,444.76	6,730.94	3,010.38	1,195.42	19,490.02
Feb. 2014	73.12	3,328.22	1,066.60	3,289.17	6,786.48	2,704.93	1,347.00	21,867.00
March 2014	106.42	3,875.95	2,290.94	4,229.49	8,486.21	3,657.75	1,706.90	24,353.66
April 2014	104.94	3,748.32	2,565.57	4,251.46	7,515.33	3,488.11	1,930.29	23,603.99
May 2014	58.40	3,935.94	2,579.34	5,702.12	7,486.81	3,886.26	2,218.66	25,867.53
June 2014	85.64	3,406.31	2,428.18	5,639.99	7,266.44	3,710.71	1,694.40	24,231.66
July 2014	95.90	2,159.96	2,031.00	4,787.88	6,517.63	4,678.23	1,065.87	21,356.48
Aug. 2014	166.66	2,100.42	1,601.21	2,664.23	3,651.09	2,420.71	832.95	13,437.27
Sept. 2014	197.06	1,700.51	1,560.03	2,269.38	3,463.09	1,887.70	554.80	11,632.96
Oct. 2014	271.24	2,580.74	2,223.09	2,416.50	4,864.78	3,024.60	816.43	16,177.37
Nov. 2014	393.66	2,346.72	1,878.72	2,274.09	4,932.04	2,833.31	676.31	15,334.83
Dec. 2014	402.04	2,607.55	2,406.01	2,689.49	5,793.48	3,456.26	721.69	18,076.51
TOTAL	2,057.88	35,334.14	24,795.21	43,658.56	73,494.32	38,758.95	14,760.72	235,429.28

Sales of CPO and PKO in previous year by E-trace (Certificate period)

No.	Date	Buyer's Name	CPO	PKO
2	08 March 2014	Buyer A	5,007.30	252.76
3	25 March 2014	Buyer B	2,039.32	0.00
4	24 April 2014	Buyer C	4,798.70	705.52
5	28 May 2014	Buyer D	7,504.33	800.08
6	02 July 2014	Buyer E	6,009.59	500.17
7	12 July 2014	Buyer F	2,500.04	505.41
8	10 August 2014	Buyer G	2,005.31	300.60
9	01 September 2014	Buyer H	4,002.19	300.46
10	18 October 2014	Buyer I	2,500.23	402.88
11	15 November 2014	Buyer J	4,202.65	652.17
12	15 December 2014	Buyer K	4,006.37	0.00
13	14 January 2015	Buyer L	4,012.70	754.27
14	05 February 2015	Buyer M	4,005.16	408.89
	Total		52,593.89	5,583.21

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

Appendix "C"
Audit plan

Date	Time	Description	Haeruddin	Hafriarshah	Sarah Ekali*)
Saturday, 14/03/2015	20.25 – 05.00	Flight Singapore – Port Moresby	√		
Sunday, 15/03/2015	10.00 – 10.55	Flight Port Moresby - Alotau	√		
Monday, 16/03/2015	08.00 – 09.00	Opening Meeting - Presentation by company - Opening meeting by BSI (Including introduction of team members and assessment agenda).	√	√	√
	09.00 – 12.00	Hagita Mill (Field Visit): Weighbridge, Loading Ramp, and KCP Document review: Hagita Mill RSPO P & C and RSPO SCCS	√		
		Hagita Mill (Field visit): PPE, safe working environment, walk ways, signs, EFB. POME treatment, emissions, diesel tanks, fire extinguishers, first aiders and boxes, workshop, storage, housing complex, etc.		√	
		Interview With Smallholder: 13 members of Gurney East area (Invited in one place)			√
	12.00 – 14.00	Lunch			
	14.00 – 16.30	Hagita Mill (Document Review) RSPO P & C related mill operation	√	√	
		Field Visit: Gurney East area smallholder plantation			√
		Interview with women representative (or Tingim Laip)	√		√
Tuesday, 17/03/2015	08.00 – 12.00	Padipadi Estate: Field Visit Herbicide application programmes, harvesting, fertilising operations, HCV's/conservation areas, riparian zones, water management, road maintenance, terracing, boundary stones, etc.	√		
		Padipadi Estate: Field Visit Storage, workshop, diesel tanks, landfill, housing complex, clinic and other facilities in line-site.		√	

Date	Time	Description	Haeruddin	Hafriarshah	Sarah Ekali*)
		Interview with Smallholders: 12 members of Sagarai West (Invited in one place)			√
	12.00 – 14.00	Lunch			
	14.00 – 16.30	Padipadi Estate: Document Review	√	√	
		Field Visit: Sagarai West Area smallholders plantation			√
		Interview with Union workers	√		√
Wednesday, 18/03/2015	08.00 – 12.00	Giligili Estate: Field Visit Herbicide application programmes, harvesting, fertilising operations, HCV's/conservation areas, riparian zones, water management, road maintenance, terracing, boundary stones,etc. (Continued) + Document review	√		
		Giligili: Field Visit Storage, workshop, diesel tanks, landfill, housing complex, clinic and other facilities in line-site. (Continued) + Document Review		√	
		Interview with Stakeholder: Spraying Team and contractors.	√		√
	12.00 – 14.00	Lunch			
	14.00 – 15.00	Preparing Closing Meeting Report	√	√	√
	15.00 – 16.00	Closing Meeting	√	√	√
Thursday, 19/03/2015	11.25 – 12.20	Flight Alotau – Port Moresby	√	√	√
	14.25 – 18.45	Flight Port Moresby - Singapore	√	√	√

*) *Technical Expert*

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

- 2 estates (Padipadi Estate and Giligili estate)
- 25 smallholders interview
- 2 blocks smallholder plantation (Gurney East and Sagarai West Area)

***Appendix "D"
Abbreviation used***

BOD	Biological Oxygen Demand
BSI	British Standard Institution
CPO	Crude Palm Oil
CLUA	Clan Land Use Agreement
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FSC	Forestry Stewardship Council
GPS	Global Positioning System
HCV	High Conservation Value
IPM	Integrated Pest Management
IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
KER	Kernel Extract Ratio
MBE	Milne Bay Estate
MSDS	Material Safety Data Sheet
NBPOL	New Britain Palm Oil Mill
OER	Oil Extract Ratio
OHS	Occupational Health and Safety
OPIC	Oil Palm Industry Corporation
PK	Palm Kernel
POM	Palm Oil Mill
POME	Palm Oil Mill Effluent
PPE	Personal Protective Equipment
QMS	Quality Management System
RSPO	Routable Sustainable Palm Oil
RTEs	Rare, Threatened and Endangered Species
SHA	Smallholder Affair
SOP	Standard Operation Procedure