



## **PUBLIC SUMMARY REPORT**

# **INITIAL RSPO CERTIFICATION ASSESSMENT**

## **RAMU AGRI INDUSTRIES LTD (RAIL)**

**Lae, Morobe Province, Papua New Guinea**

*Report Author*

**Allan Thomas – May 2010**

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

Tel: +61 412 492 353

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BSI Group Singapore Pte Ltd ( (Co. Reg. 1995 02096-N)  
460 Alexandra Road  
#08-01/02 PSA Building  
SINGAPORE 119963  
Tel +65 6270 0777  
Fax +65 6270 2777  
[www.bsi-asia.com](http://www.bsi-asia.com)  
Soon Leong Chia: [SoonLeong.Chia@bsigroup.com](mailto:SoonLeong.Chia@bsigroup.com)

BSI Management Systems Malaysia Sdn Bhd (Co.Reg. 804473 A)  
Suite 19.05 Level 19 Wisma Goldhill  
65, Jalan Raja Chulan  
50200 Kuala Lumpur  
MALAYSIA  
Tel +03 2032 2252  
Fax +03 2032 2253  
Teo Chin Siong: [ChinSiong.Teo@bsigroup.com](mailto:ChinSiong.Teo@bsigroup.com)

## **TABLE of CONTENTS**

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

SUMMARY .....	1
1.0 Scope of Certification Assessment .....	1
1.1 National Interpretation Used .....	1
1.2 Certification Scope .....	1
1.3 Location and Maps .....	1
1.4 Description of Supply Base.....	4
1.5 Date of Plantings and Cycle.....	4
1.6 Other Certifications Held .....	4
1.7 Organisational Information / Contact Person .....	4
1.8 Time Bound Plan for Other Management Units .....	4
1.9 Area of Plantation .....	5
1.10 Approximate Tonnages Certified .....	5
1.11 Date Certificate Issued and Scope of Certificate.....	5
2.0 ASSESSMENT PROCESS.....	6
2.1 Certification Body.....	6
2.2 Qualifications of the Lead Assessor and Assessment Team .....	6
2.3 Assessment Methodology, Programme, Site Visits .....	7
2.4 Stakeholder Consultation and List of Stakeholders Contacted.....	7
3.0 ASSESSMENT FINDINGS.....	8
3.1 Summary of Findings.....	8
3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (Also included as Appendix D).....	27
3.3 Noteworthy Positive Components .....	29
3.4 Issues Raised By Stakeholders and Findings with Respect To Each Issue .....	29
3.5 Acknowledgement of Internal Responsibility and Formal Sign-off of Assessment Findings.....	30

### **LIST of TABLES**

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

### **LIST of FIGURES**

1 Location Maps.....	2-3
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### **List of Appendices**

A RAIL RSPO Certificate Details	
B Certification Audit Programme	
C Continuous Improvement Plan	
D Nonconformities, Corrective Actions and Observations Summary	

**SUMMARY**

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

Sustainable production of palm oil (**13529** tonnes CPO).

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

**ABBREVIATIONS USED**

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

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

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

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

**1.2 Certification Scope**

This certification assessment includes the production from ONE (1) Palm Oil Mill and 2 company owned plantations and Small holders.

**1.3 Location and Maps**

The RAIL palm oil mill is located in Morobe province while the plantations are located in Morobe and Madang Provinces of Papua New Guinea.

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

**Table 1: Mill GPS Location**

<b>MILL</b>	<b>EASTINGS</b>	<b>NORTHINGS</b>
Gusap	145° 59' 04.5"	06° 04' 23.5"

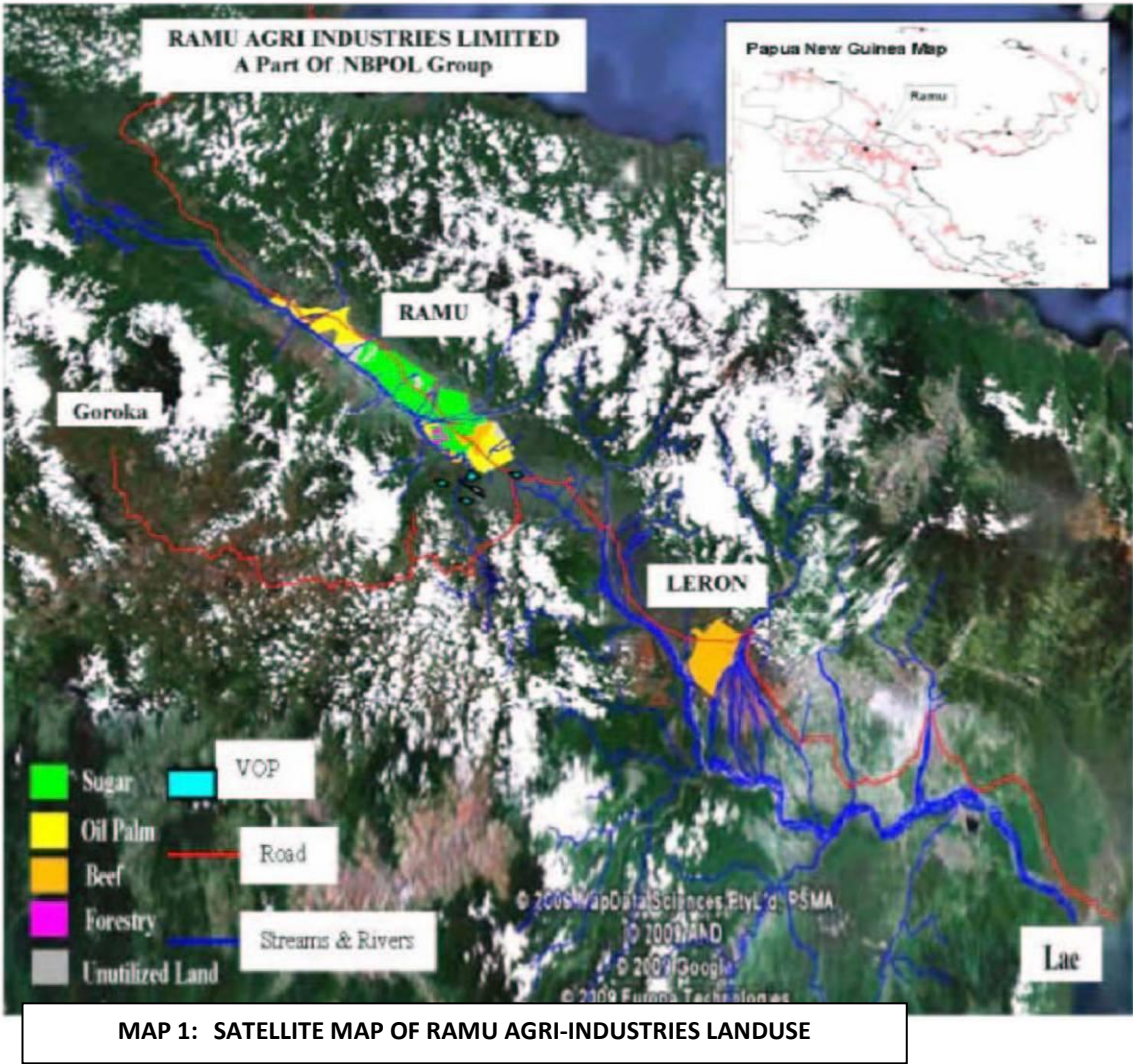


Figure 1 SATELLITE MAP OF RAMU

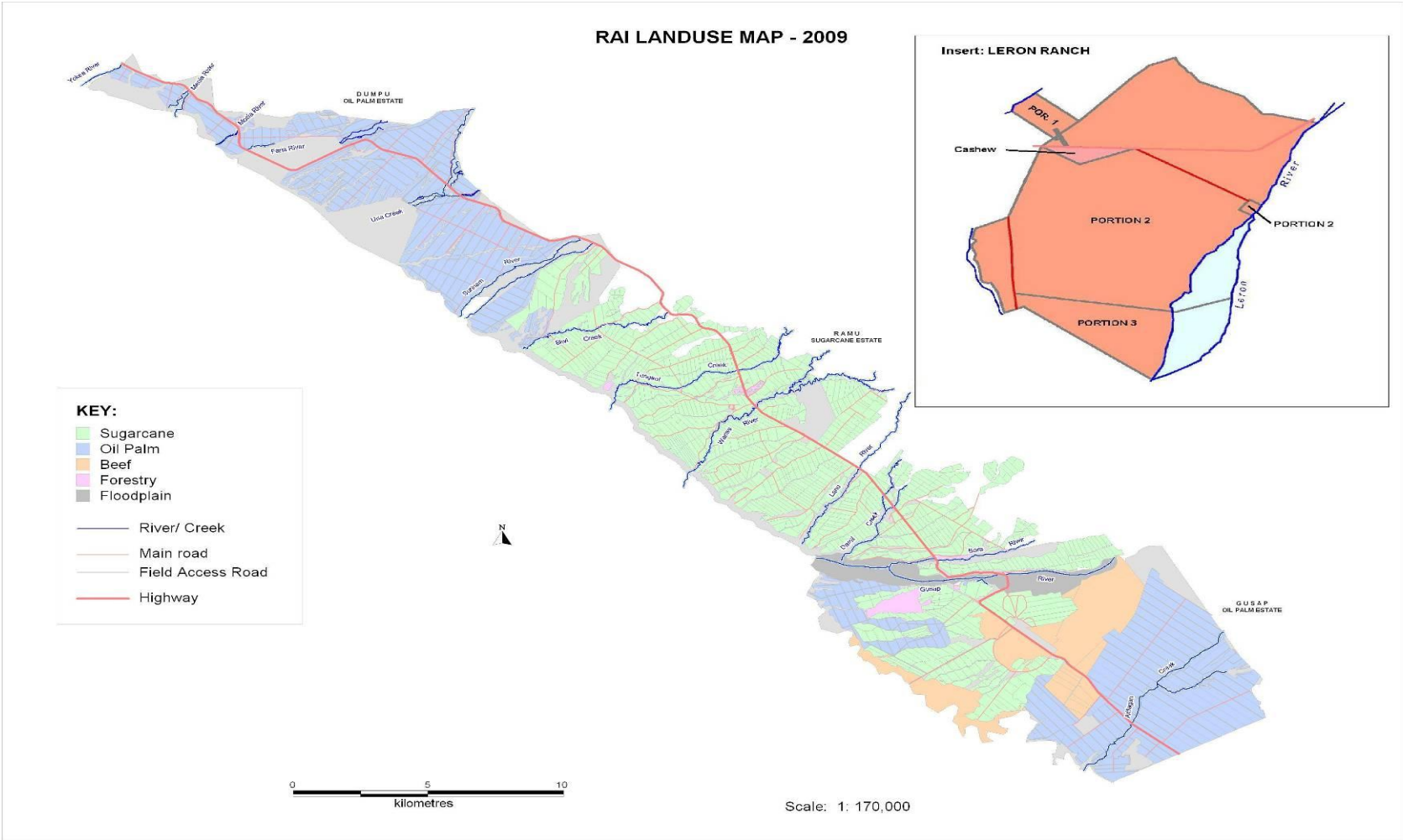


Figure 2 MAP OF RAMU LIMITS OF PLANTATION

#### 1.4 Description of Supply Base

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

Operations designated as Plantations are company owned and managed oil palm that has been planted on State Agricultural Leases held by RAIL. The areas and FFB production from plantations are listed in Table 2.

Table 2: Plantation FFB Production

Plantation	FFB (tonnes)
Gusap	53,333
Dumpu	2,739
<b>TOTAL</b>	<b>56,072</b>

Smallholder Growers (SG's) supply approximately 0.2% of oil palm fruit processed by the Mill.

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

The SG's comprise small holdings of oil palm that were developed under a Village Oil Palm scheme (VOP) that were developed on customary land. The VOP was developed independently of the company. The SG's manage all aspects of their small holdings of oil palm, including harvesting. FFB production is shown in Table 4

Table 3: Small holders and FFB Production

Small holders (Total No)	FFB (tonnes)
130	124.48

#### 1.5 Date of Plantings and Cycle

The company owned plantations were developed since 2003 under Ramu Sugar (previous owners). The age profile of the palms on Plantations is detailed in Table 4.

Table 4: Age Profile of Company Estate Planted Palms

Year	Age	Ha	%
2002	7	14	0.2%
2003	6	1,015	13.2%
2004	5	1,068	13.9%
2005	4	51	0.7%
2006	3	1,900	24.7%
2007	2	1,285	16.7%

2008	1	1,213	15.8%
2009	0	1,142	14.9%
<b>Total</b>		<b>7,688</b>	<b>100.0%</b>

#### 1.6 Other Certifications Held

RAIL holds no other certification although they are working towards both HACCP and ISO 14001:2004 certification.

#### 1.7 Organisational Information / Contact Person

Ramu Agri Industries Limited  
GUSAP DOWNS  
PO 2183 LAE  
MOROBE PROVINCE  
PAPUA NEW GUINEA

Contact Person: Dr. Lastus Kuniata  
Head of Research & Development

Phone: (675) 474 3236

Fax: (675) 474 3476

EMAIL: [lkuniata@rai.com.pg](mailto:lkuniata@rai.com.pg)

#### 1.8 Time Bound Plan for Other Management Units

RAIL is part of a group owned by New Britain Palm Oil (NBPOL). NBPOL estates and mills in West New Britain were certified to PNG National Interpretation of the RSPO in 2008 and recertified in 2009. NBPOL Group certification time bound plan states that RAIL will be audited in March 2010 and that there other holding (in Solomon Islands - Guadalcanal Plains Palm Oil Ltd) will be certified also in 2010.

Guadalcanal Plains Palm Oil Limited (GPPOL), comprises of a mill and approximately 6000 ha planted to palms, in the Solomon Islands. GPPOL has advised BSi that there are no land disputes, legal non compliances or litigations at its Solomon Island operations. In addition GPPOL has not developed on HCVF as all the holdings are on previously existing plantations GPPOL will be assessed once the Solomon Island National Interpretation has been ratified by the RSPO Executive Board.

NBPOL has submitted to BSi a time-bound plan to achieve RSPO Certification for the Solomon Islands Operations during 2010. BSi considers this to conform to the RSPO requirements for partial certification.



### 1.9 Area of Plantation

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

**Table 5: Estates Hectare Statement**

<b>Plantations</b>	<b>Mature (ha)</b>	<b>Immature (ha)</b>
Gusap	3106	1233
Dumpu	942	2407
<b>TOTAL</b>	<b>4048</b>	<b>3640</b>

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

**Table 6: Small holders Planted Area**

<b>Mature (ha)</b>	<b>Immature (ha)</b>
92	168

### 1.10 Approximate Tonnages Certified

**Table 7: Approximate Tonnages Certified**

<b>MILL</b>	<b>CPO</b>	<b>PK</b>
Gusap	13529	2367
<b>TOTAL</b>	<b>13529</b>	<b>2367</b>

### 1.11 Date Certificate Issued and Scope of Certificate

#### Scope

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

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

#### Inclusion of Small holders

During the audit of RAIL operations, the audit team became aware of the magnitude of the effort and resources that RAIL had committed to the RSPO implementation for its Small holders. In particular, RAIL had initiated RSPO awareness for small holders back in 2006 through the Papua New Guinea National Interpretation Working Group (PNG NIWG) process and worked with the local RAIL smallholder representative. RAIL worked closely with the Smallholder representative in the development of a "Planting Approval Form" which is used for environmental screening of SG applications for development of new areas of land to oil palm. The PNG NIWG submitted the "Planting Approval Form" along with the NI to the RSPO, EB and the public review process. Since late 2007, no new Small holders have

been accepted without being subjected to a field assessment in accordance with the "Planting Approval Form".

#### Small holders

The PNG NIWG had previously established the status of the SG's as "independent" and this was endorsed by the RSPO EB. All Small holders at RAIL fall under this classification.

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

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

RAIL operates an Out Grower's Department that is dedicated to support the small holders who supply fruit to the company's mill. The small holders' land has been mapped and RAIL is assisting in the verification of their rights to the land. RAIL supplies oil palm seedlings to the small holders and assists them by coordinating pest and disease surveys and treatment of pest outbreaks. RAIL also helps to facilitate soft loans to its small holders with the National Development Bank for purchase of seedlings, tools and fertiliser, which it delivers to them.

RAIL has implemented awareness training of SGs on the RSPO P&Cs at Field Days (Training for Small Holders) in each of the small holder Divisions, commencing in October 2007. RAIL has provided training of Small holders via Field Days on the RSPO P&C, (the latest was a workshop in September 2009). RAIL has also commenced work and has nearly completed a baseline survey of Small holders determining their compliance with the RSPO guidelines for Independent Small holders. The survey process involved the physical inspection of all smallholder blocks and interview of each block holder to assess their understanding of sustainable practices and conformance with the relevant RSPO P&Cs.

In consideration of RAIL's close involvement with the individual small holders, they can be regarded as being "Associated" with RAIL. On the basis of this conclusion, RAIL has complied with its commitment to achieve certification of its "Associated" small holders within three years from the date of Initial Certification

In consideration of the above information, the audit team concluded that it is appropriate for inclusion of the small holders in the RAIL Certificate.

BSi examined in detail the smallholder survey database and concluded that the information showed the great majority of small holders met conformance with the relevant Indicators of the PNG NIWG (March, 2008). The validity of the smallholder survey results was tested by

selecting a sample of 70 Small holders that were representative of a range of conditions and subjecting these to field audits. This figure is well in excess of the RSPO sampling guidelines and equates to 46% of small holders. BSi also interviewed Smallholder representatives who had been involved in the baseline survey and confirmed their knowledge of the relevant RSPO P&C's.

BSi concluded that the survey results for 130 Small holders plus the 70 physical audits and the interviews of the smallholder representatives provided substantive evidence of conformance with the RSPO P&C.

## **2.0 ASSESSMENT PROCESS**

### **2.1 Certification Body**

Prepared by  
BSi Group Singapore Pte Ltd  
460 Alexandra Road  
#08-01/02 PSA Building  
Singapore 119963

Product Manager: Mr Soon Leong Chia  
Phone: +65 6270 0777 Ext 115  
Fax: +65 6270 2777  
Email: [soonleong.chia@bsigroup.com](mailto:soonleong.chia@bsigroup.com)

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

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

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

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 18 years experience in systems management and auditing of large organisations in construction, forestry, agriculture, manufacturing and in private and Government sectors both in Australia, South East Asia and the South Pacific. During the past 15 years, he has been the Manager of a large certification body based in Australia with responsibilities throughout SE Asia. He has performed over 100 comprehensive audits of management systems throughout the Palm Oil industry including Occupational Health and Safety, Environmental and Quality Management Systems. He has also advised companies on the implementation of OHS in the Oil Palm Industry. He has worked in Indonesia, Malaysia and PNG in the Oil Palm industry. Allan has conducted over 2000 system audits in the last 12 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

He is a Lead Environmental Auditor (ISO 14001) with IRCA, A Lead OHS Auditor (OHSAS 18001 & AS 4801)

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

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

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

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

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

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

#### **Tom is fluent in Tok Pisin**

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

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



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

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

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

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

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

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

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

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

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

The pre audit for RAIL was conducted from 16<sup>th</sup> to 20<sup>th</sup> November 2010. This certification assessment was conducted from the 1<sup>st</sup> to 5<sup>th</sup> of March 2010. The single mill and its supply base including Small holders is a single certification unit as defined by RSPO. Therefore the mill was audited together with the plantation and Small holders as they represented 100% of its supply base. The 2008 PNG National Interpretation of the RSPO Principles and Criteria (as found on the RSPO website) was used throughout and all Principles were assessed. The methodology for collection of objective evidence included physical site inspections, observation of tasks and processes, interviews of staff, workers and their families, review of documentation and monitoring data. Checklists and questionnaires were used to guide the collection of information. The comments made by external stakeholders were also taken into account in the assessment.

Small holders were also included in this audit. A total of

15 blocks were audited out of the 70 smallholder blocks. This equates to a sample size of 21%. They were all Village Oil Palm (VOP).

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

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

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

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

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

A specific point was made to interview representatives of the RAIL Oil Palm Workers Union during the course of this assessment as well as those representing the Sugar workers union.

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

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

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

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

- Indap Kuna, Chairman, Dumpu Resource Owners Association
- Simon Waiak, Chairman, Arifagan Association (Gusap Landowners)  
Small holders
- VOP growers at Gusap,
- 15 Small holders

### **List of Stakeholders Contacted**

#### **Company employees**

- David Alderdice, Company Secretary, RAIL
- Joyce Kuri, Legal Officer, RAIL
- Mesi Haladei, Building Manager, RAIL
- Chaminda Priyankara, Financial Controller, RAIL
- John Piawu, Community Services Manager, RAIL
- Dean Kuri, Human Resources Manager, RAIL
- Adolf Duangha, Land Development Officer, RAIL
- Dr Pomuso Warimu, Chief Medical Officer, RAIL
- Ben Warangae, Training Officer, RAIL
- Sharon Onsa-Pople, Public Relations Officer, RAIL
- Lama Kuri, Estate Manager Dumpu, RAIL
- Adams Waigiming, Division Manager (Division 1, Dumpu), RAIL

#### **Trade Union Representatives**

- Yasona Pasake, President, Ramu Sugar National Employees Union
- Vavine Ipi, Secretary, Ramu Sugar National Employees Union
- Clarkson Tomolarina, Senior Vice President, Ramu Sugar National Employees Union
- RAIL Workers Union

#### **Various workers interviewed at the site of operations (names withheld at their request)**

- RAIL Lands Office
- Mill Workers
- Field Workers
- Office Staff
- RAIL Legal Services

#### **Resource Owners Groups**

#### **Civil Society Representatives**

Women's groups

Third party representatives (including church groups,

Ramu vocational school,

Local businesses,

Ramu Police,

Gusap Government Health Centre.

#### **Contractors**

Extreme Work Ventures

NAIAB

Bishop Brothers

Housing contractors at Dumpu,

#### **Others**

Residents of Compounds

#### **Local Government**

Provincial Division of Lands

Department of Environment & Conservation

Provincial Division of Health

Provincial Division of Labour

Provincial Division of Primary Industry

Provincial Education Office

Provincial Planning Office

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

Within 12 months of Certification

### **3.0 ASSESSMENT FINDINGS**

#### **3.1 Summary of Findings**

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall

conformance of the Company's operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

Six (6) Nonconformities were assigned against Minor Compliance Indicators. RAIL has prepared a Corrective Action Plan (Appendix D) for addressing the identified nonconformities that was reviewed and accepted by BSi.

Fourteen (14) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 27).

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

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

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

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

RAIL ensures that any requests for information or assistance or grievances are recorded and makes records of informal requests and telephone enquiries.

Requestors name, address and contact details and specifics of the request are recorded. There is a record kept of the action taken including timeliness or where requests are denied.

It includes all stakeholders, both internal and external and includes a response time for answering such enquiries.

Requests for information are recorded by the relevant department and if information cannot be made available the reason for this decision is also recorded and explained to the relevant stake holders.

Where document requests were denied the audit found these to be mainly of a confidential financial nature.

Although the Morobe Provincial Government had not furnished the surveyed maps of the blocks, the Development Bank has provided copies of Clan Land Usage Agreements (CLUA) for the majority of blocks. Therefore the audit found CLUA can be made available

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

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

Management have decided which documents are to be made available to the public and a list of these documents is in place. There is a register available of all documents which have been made publicly available which has been approved by top management.

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

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

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

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

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

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

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

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

The RAIL OHS Plan will be made available on request. All managers also have a copy of the OHS Plan. It is also made available on the company's web site. It is also posted in all work areas in a prominent position on

noticeboards were workers congregate at certain times. During the audit it was sighted in many areas including the mill and field offices and other areas such as workshops, stores and clinics.

There is a documented procedure for dealing with complaints.

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

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

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

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

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

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

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

Examples of methods of ensuring laws are being implemented include external re-conformation with such agencies as the Department of Conservation (DEC), Dept of Labour, and Dept of Health (DOH). This is further supported by internal physical inspections to ensure that certificates, permits etc are current.

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

There is evidence that all applicable legal and regulatory requirements are implemented as prescribed.

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

There is evidence that all Permits, Licences and Certificates have been obtained and are up to date.

A number of minor legal requirements which required addressing to comply with this indicator were identified during the pre audit. These have been addressed. These included completion of some sections of the Environmental Permit reports, requirements of Landfill placement (near to Surinam River), Living standards (Temp Housing) and Gravel Extraction details.

At times PNG government agencies are slow at issuing current or new permits once the previous permit etc expires. This issuing of new permits is outside the control of RAIL. RAIL is however proactive in renewing permits due to expire, taking the initiative to contact the official regulatory bodies to follow up on permits etc.

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

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

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

Therefore Documents indicate legal ownership or lease of land and all original leases and land titles are available in Head Office as well as any copies in operational areas.

Boundaries are normally landmarks such as Roads and Rivers which have been identified through participatory means with the Customary landowners. RAIL engaged a registered independent surveyor to identify the legal boundaries of its estates (Gusap and Dumpu.) Boundary pegs now identify these boundaries and in addition they are located and marked via GPS and included in Satellite Imaging of all RAIL estates.

During the audit sightings of maps for both Gusap and Dumpu Estates were made. Maps of boundaries identified the position of boundary pegs.

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

There have been some disputes. But at present there are no ongoing disputes. There is evidence that where disputes have been resolved that the process and outcome is documented. RAIL negotiates with the party in dispute and uses either the PNG legal system (village court or district court) or the more informal village

system discussing matters directly with the village elders.

In the past RAIL has used the District Administrator for dispute resolution and seeking advice from the Department of Primary Industries on compensation to be paid and also included Valuer Generals Dept.

Records of all resolutions are maintained with Sustainability Manager. An example of the compensation paid to claimants was viewed and involved a third parties in ensuring compensation paid was fair and equitable. A record of the more recent Portion 5, Gusap, dispute was sighted.

There are no significant land disputes within the operations of RAIL.

There are no disputes on current smallholder blocks. Brubri Small holders when interviewed confirmed that there had been disputes in the past but that the courts had resolved these to all parties' satisfaction.

The company Legal Department maintains copies of all CLUA's. The CLUA assists in minimising disputes by splitting land into smaller family groups (this reduces disputes). Copies of all CLUA's are also held with the bank.

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

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

All Land Titles are in place.

There are copies of negotiated agreements available detailing processes of consent - Copies of negotiated agreements are available in Land Title Officer Office and with company lawyer.

Sketch maps for VOP were absent at the pre-audit but have now been completed.

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

Maps showing areas for potential Lease-Lease Back have been produced. The lease – lease back agreements are expected to commencing in November 2010 and are awaiting registration by the Surveyor General in Port Moresby. Maps will therefore be available of lease – lease back once it is registered. Maps of SEIA and HCV

forest evaluations will be completed prior to the signing of any sub lease agreements.

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

All requirements of this indicator have been met.

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

Annual replanting programme is in place but no replanting will take place for at least another 20 years as the earliest plantings were done in 2003.

There is a five year business plan for RAIL. It is available from the General Manager. There are business plans in place that take into account crop projection, mill extraction rates, costs of production, annual replanting programmes, forecasts and financial indicators. The auditor sighted crop projections for all estates and associated SG's. All mill extraction rates are documented.

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

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

The Five Year plan is reviewed on, at least, a yearly basis with the CEO of the Group. The latest review and update was completed in February 2010.

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

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

These documents are available for Mill, Estates, Lae Bulk Terminal (LBT), Transport, Construction departments, Clinics and all operational areas. Standard Operating Procedures (SOP) are in place for each station in the process of palm oil production from weighbridge to storage.

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

For the mill there is in place a mechanism for monitoring effectiveness of procedures. The shift supervisors check



that all log books are completed for all SOP's and operations when required. This is done by completing each required inspection and signing the log book, a copy of which is kept by mill management and also includes planned scheduled inspections. The operators at the mill had completed the required log sheets at each station on the required timetable from the areas sampled. These log sheets are collected and reviewed on a daily basis. The log sheets are used to identify breakdowns and cases of wear and tear where breakdowns may be imminent.

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

There are records maintained of inspections and audits. The record of actions which have taken place is also available. Inspection logs of Mill operations indicate monitoring of performances, any breakdowns, stoppages or major service are recorded in both the log book for each area and in the maintenance. The system requires that records of monitoring are kept. E.g. drain and pollution control devices (PCD's) as well as use of PPE etc - any actions taken such as cleaning needs is recorded. This also needs to include action taken for any OHS breaches.

There are also SOP's in place for all mill workshops, Central Vehicle Workshop and Stores – these are all available in the local language and in place near the areas of operations.

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

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

National Codes of Practice are referenced within each SOP or Management Guidelines if applicable to that particular operation. There is Code of Practice (COP), for Oil Palm Processing. This document is referenced in the

legal register, SOP's and MGs. There are also Codes of Practices for Hydrocarbon and the Central Vehicle Workshop (CWS) these are again referenced in the MG's. Other COP's which affect estates are referenced in documentation and include Logging and Landfill.

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

**Observation: the current management guideline (SOP) for LBT is not accurate and requires revision**

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

RAIL has soil maps. Soil sampling was completed by R&D Dept during 2008-9 and reports are available which includes outcomes and recommendations. This soil sampling also included maps of areas under planting. Evidence of soil sampling was available and was reviewed during the certification assessment.

There is evidence of regular periodic tissue analysis– the latest tissue analysis was completed in 2009.

Tissue analysis completed by external testing body has taken place and records were viewed at this assessment. Tissue analysis interpretation is available from the R&D Dept which works closely with AAR Laboratory, Malaysia.

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

Records indicate type of fertiliser used and the field and block numbers where it is applied.

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

Maps are available of where by-products are applied.

Most of the smallholder blocks visited showed excellent agronomic management. All block holders were recycling palm fronds by laying them between rows of palms to allow for composting, household vegetable waste was also used to improve fertility. They were all applying fertiliser appropriately. However more awareness and training for small holders on the benefits of maintaining soil fertility, e.g. by the use of fertilisers, mulches and cover crops was identified at the pre audit. RAIL has recently commenced a Small holders training programme along these lines.

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

RAIL is situated in a wide flat valley. Many rivers are deeply etched (canyons) and well below land levels. As such the areas is not prone to major erosion.

There are maps indicating soil types in 2003 and 2008 indicating the changed nature of soils.

There are no known fragile or problems soils at RAIL.

There are no slopes over 25° in the valley and therefore no oil palm plantings on these.

There is no planting on the gentler slopes over 9°.

There is no peat at RAIL.

Erosion risk assessment for each block been done. Maps are available which indicates any blocks which could be prone to erosion. Seasonal factors are considered such as wet and dry seasons however due to flat land there are no extreme conditions and techniques to control erosion include the following: provision of adequate legume ground cover, avoidance of over spraying of herbicides, review of road design and provision of adequate maintenance including appropriate drainage and use of culverts.

RAIL is using irrigation practices which are designed to prevent erosion in the nursery - this area is controlled with regards to erosion due to flat terrain. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

A plan for road maintenance including roads, blocks and time frames as well as budgets has been produced for 2010 for both Gusap and Dumpu This includes management of rainfall run off The Maintenance plan indicates priority of grading and which roads are to be included on an annual basis.

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

There is a road grading programme in place ensures that drains are clear and properly formed to channel run off into these drains on the steeper roads of which there are few. Scupper drains are also constructed if required. The road programme is monitored to ensure it is up to date and that areas with potential and actual erosion areas are given priority over less risky areas.

Small holder plantings at RAIL are under three years old and already producing. There are a few blocks which needed further drainage. RAIL has programs to dig drains where required once the rainy season is over in 2010.

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

RAIL has issued a Water Management Plan (November 2009).

**Observation – The Water Management Plan is still in draft form and requires approval by the relevant authority within RAIL.**

The General Manager needs to sign off on this plan.

The Water Management plan is comprehensive and includes all areas of water use including drinking, mill and other water usage. The water management plan includes management of storm water, control of mill drains, nursery water use and control of run-off. The plan goes on to formalise how stormwater and mill drains are regularly inspected and includes templates of records of any actions taken. Much of the plan is already being implemented.

The plan includes testing regimes and schedules for all water types. The plan identifies how the quality of domestic water is to be monitored in all areas and referenced the Department of Environment and conservation water quality criteria for PNG. Monitoring of water quality by the National Analytical laboratory (a government requirement) can be problematic as the laboratory at times taking is very slow to supply results of the analysis of samples. This is outside of the control of RAIL.

Water courses are tested both upstream and downstream where entered by treated water discharged by RAIL to ensure that water quality is not adversely affected for downstream users by the activities of RAIL.

BOD levels of discharges are to be monitored however due to the relatively recent construction of the mill which commenced production April 2008 there have as yet been no discharges of POME. However BOD is monitored in the pond system at various points which are sign posted. RAIL will monitor BOD for all discharges of treated POME which will be used for land application.

RAIL does now have the facility to be able to monitor the water flow in mill as a number of flow meters have been installed (records started. March 2009).

**Observation: Since mill has been in production since on April 2008 it is not possible for Gusap Mill to have trends of water use per tonne of FFB for 5 years. Evidence of such monitoring will be required at the surveillance audit next year.**

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

Hazardous Chemical residues prevented from entering water courses in a number of areas. Of particular note are the CWS, Buildings and Central Stores where management practices are in place to prevent chemicals and hydrocarbons from entering water course and drains – New drains have been constructed to improve these areas. Ongoing improvements are required. And a substantial plan has been approved with Capital Expenditure and time frames and been incorporated into the Continuous Improvement plan (See 8.1).

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

**Observation: Ensure all stop valves in the traps are in the closed position**

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

Since 2003 (the date of planting) there are no known areas where the buffer zones encroach the waterways.

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

Growers interviewed show clear understanding of the requirements and the techniques required to maintain the quality and availability of surface and ground water, however more awareness on buffer zone requirements recommended particular for new growers.

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

There is an Integrated Pest Management Programme (IPM) for specific pests. The Programme includes techniques employed, locations and application timeframes. There is a measurement of the amount of each pesticide used and type for each specific pest e.g. for White Grub - use confidor. RAIL monitors pests and disease as part of the IPM. There are very few significant pest and diseases identified at RAIL.

There is a quarterly survey of oil palm pests which extends as far as Lae (well outside the estate boundaries). This was most recently completed in October 2009.

RAIL is maintaining records of all the above including active ingredients applied per ha using published toxicity data. Workers are trained in the implementation of the IMP as well as in monitoring it's continued success.

The Pest Management Plan (PMP) has been recently updated (29.10.09) and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. All pests and diseases which are identified are monitored constantly. The use of pesticides is being monitored and use is being reduced and data is kept.

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

A policy of minimal use of pesticides (herbicides in particular) is in place. Growers are aware of PPE requirements for sprayers. Currently few insect pests in the oil palm at Ramu (e.g. no Sexava infestation).

Where possible non-chemical methods are used to control pests in preference to chemical means e.g. the use of ladybeetles to control Broomstick growth (Noxious weed).

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

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

The SOP (Management Guideline) has documented what chemicals are used and where and in what situation. It stipulates the maximum dose possible for each application. There are also plans in place to gradually reduce the use of Agrochemicals. There are time frames in place in the IPM whereby chemical use is reduced. There are records of pesticide use and they include active ingredients used, area treated, amount applied per hectare and number of applications.

Paraquat is used in the nurseries and on immature areas. It is also used for selective spraying of volunteer oil palm seedlings and if continuous rain precludes use of alternatives. Use is being slowly reduced. As with all chemicals records are kept of any paraquat applications.

No suitable alternative to paraquat has been identified by the RSPO at this time. It is RAIL policy not to supply paraquat to any small holders. This policy is strictly monitored.

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

**Observation; Some managers have not responded to a requested to provide information to the legal officer with regards to these chemicals. Legal Officer to follow up to ensure there are no banned chemicals being used. Managers to cooperate if they have not already done so.**

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

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

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

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

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

- Pesticide Mixers
- Pesticide Sprayers

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

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

PPE for sprayers is supplied and its use demonstrated in the training programs. The company supplies two sets of overalls to all pesticide operators so that one can always be considered clean. Overalls are washed at the pesticide mixing areas in specially constructed wash areas so that sprayers and mixers do not need to take them home and therefore the risk of cross contamination with family members is reduced and eliminated.

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

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

Where required MSDS are translated into the local language.

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

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

A number of new pesticide storage facilities have been recently completed which in turn is providing better storage facilities for storage of chemicals in a secure locked area. There are plans in place to construct two further pesticide storage facilities. The construction of these has already been approved and they are included in the continual improvement plans (see 8.1).

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

Health checks are conducted for pesticide operators. This is carried out by a medical officer on a twice yearly basis and records of these checks are kept in the relevant clinic. All pesticide operators/handlers had been screened in January 2010 and the company doctors maintains records of screening and schedule.

RAIL do not use organophosphates except for methamidophos.

RAIL follows industry best practice with regards to disposal of containers. All containers are recorded and after use are, triple rinsed, and punctured and then placed in separate, signed, pesticide pit. Numbers of containers (including empty ones are recorded). The audit visits showed that the pesticide pits are under full management control.

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

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

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

There are however no National regulations for disposal of chemical containers and the Small holders adopt the

best practices introduced by RAIL.

There was some confusion amongst small holders when responding to question on type of chemical use as gramoxone (paraquat) was used by them in the past (prior to RAIL taking over) and is still available in local stores. However during the audit the only herbicide observed in use by Small holders was glyphosate. Block owners are aware of potential poisoning danger to children and many have ceased using any chemicals because of this and the costs of chemicals.

There is a need to continue the awareness and training programs with Small holders, particularly when new growers join the association. Minimizing the use of chemical by Small holders should be encouraged by RAIL.

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

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

- Estates
- Mill
- Bulk Terminal
- Workshops
- Clinics
- Stores

RAIL has in place a health and safety policy which has been implemented and is being monitored. The policy is widely available to all workers, visitors and contractors. The policy is publically displayed on notice boards and within documentation.

All areas have implemented and monitored this plan although some areas are more consistent than others. The situation has improved considerably since the RSPO pre-certification audit.

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

An area of improvement is the availability and distribution of MSDS. These are now centrally controlled by Central Stores. There is a list of all chemicals used which is updated as new products are used or other products are no longer used. During this assessment a small number of places did not have current MSDS in place and this was rectified as soon as they were made aware of this.

It is concluded that all precautions with regards to products are being observed.

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

**Observation: RAIL's OHS system does not at times correctly address the residual risk that remains once control measures have been implemented. Whilst the likelihood of an occurrence may be reduced the consequence of occurrence remains unchanged.**

RAIL has provided the required PPE appropriate to the task after the hazard as been identified and the risk assessed. The level of proper use of PPE has increased for both workers and contractors in all areas including mill, workshops, estates etc. A very positive outcome was the absence of the use of incorrectly marked containers holding hazardous substances. In fact all areas of Safety Management have improved greatly since the pre-audit.

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

**Observation: The risk assessment is required to be reviewed to ensure risks are accurately rated and to take into consideration improvements made and PPE provided.**

Signage largely supports the use of PPE addressing when and what type of PPE is to be used and under what circumstances. Sign management and placement has improved and is now better controlled since the pre-audit as signs are more readily available and are correctly positioned to reinforce any requirements.

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

**Observation: It should be ensured that all records of evacuation drills are kept in full and any recommendations for improvement are documented.**

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

- Mill
- Estates
- LBT
- CWS
- STORES
- Separate Buildings

All areas have regular meetings (at least bi-monthly and sometimes more often) to discuss OHS matters. Each area now has a standardised agenda and meetings are conducted after workplace inspections. Some areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety issues such as use of PPE. All these department meetings observations and issues feed into a combined meeting which covers all operations for RAIL which is chaired by the General Manager.



There are company clinics on all plantation divisions and a centralised clinic at the Head Office compound. All are staffed by trained health workers apart from Dumpu (see minor NCR) and/or Registered Nurses who are on call 24 hours a day. The clinics are regularly checked to ensure they are hygienic and that sharps and medical waste is handled correctly.

**Observation: A clinic has been constructed at Dumpu but requires some additional shelving/cupboards before it is ready.**

**4.7.6 Minor NCR There was no qualified health worker on site at the clinic in Dumpu. A qualified health officer is ready to take up the appointment at Dumpu as soon as the clinic is ready. Although the clinic should be ready in a week or two, staff already reside and work at Dumpu**

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

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

RAIL 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.

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

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

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

All workers are covered by workers compensation accident insurance.

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

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

apprenticeships, educational support for the dependents of employees).

Below are some examples of the support to training and development provided by RAIL.

- RAIL sponsors around 56 apprentices;
- RAIL supports 2 members of staff who are undertaking long term courses at Lae Polytechnic;
- RAIL provides applied training for students of a nearby vocational centre in their own training centre (36 students trained in 2009); and
- RAIL funds secondary education expenses for the children of its employees.

As this is a relatively new plantation there are training programmes in place to “up skill” staff when required. The training involves requirements such as pesticide application, pesticide mixing and other field activities such as harvesting, etc. This is planned for each estate.

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

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

There are formal training records for all supervisory staff up to the level of Senior management. This includes recording of external course attended or skills attained – these records are maintained by the Administration department.

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

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

Training records are therefore kept for all employees.

Records of competency and on the job training are kept on site in the Gusap estate office. The local office also has records of formal training.

Contractors interviewed at Dumpu appeared to have reasonable working conditions and receive fair payment; have adequate training; have adequate PPE; and follow appropriate policies in regard to fuel storage and waste disposal.

**Observation: Records of training for contractors employed on jobs/projects are not always available**

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

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

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

An Environmental Aspects and impacts register has been developed and is reviewed and updated at least bi-annually the last update being in January 2010. The register is comprehensive and clearly identifies significant environmental aspects and also nominates any legal requirements or restriction classed within the aspects. This register covers all operations impacted upon by RAIL. This register also includes occasional operations such as construction of roads, construction, management of mill and replants as well as intermittent operations such as drainage and irrigation and disposal of specific waste.

Environmental Impact will need to be continually reviewed as techniques or operations change at least 6 monthly.

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

**Observation: RAIL to ensure aspects for all contractors are also current and provided for all projects.**

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

During the audit it was noted that all small holder audited have changed practices from widespread use of fire as carried out traditionally, to minimal use of small

fires for gardens and no fires used for clearing, prior to planting or replanting.

The first smallholder blocks were established in January 2007. The area has been subject to considerable environmental degradation for at least the past 100 years yet all blocks visited have incorporated relevant environmental criteria such as buffer zones in their establishment.

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

Ecologists have carried out an assessment of the presence of HCVs within and adjacent to the RAIL plantations. The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings. All of the land within the plantations has previously been used for other agricultural purposes and had previously been extensively logged.

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

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

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

There was some confusion amongst some RAIL staff over the width of buffer zones for watercourses as required under the logging code of practice and the Department of Environment and Conservation "Guidelines for Oil Palm Development" (the latter is a draft only). This is partly due to the nature of the watercourses which often contain water for only part of the year. This has now been resolved and staff is now aware of the requirements with regards buffer zones and all observed were found to be within the required limits depending on the width of the waterway.

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

Some of the identified areas e.g. the remnant rainforest known as Camp Saksak and the Sasip wetlands are excellent sources for tree seeds and seedlings for transplanting into the extended areas of buffers around refugia and along the watercourses which are currently either grass or predominantly weed species such as giant

luceana (*Luceana leucocephala*) and rain trees (*Samanea saman*) which have self seeded.

Wildings showing signs of recent germination, such as the presence of cotyledons are ideal for transplanting into buffer zones either under current weed species which should be gradually removed or after growing in nursery pots and sun hardening. See photo 3 below which is of a large Kwila tree surviving in a small refugia and is a good source of seed for expansion of these demarcated HCV areas and buffer zones.

Vandalism by settlers and firewood collection by local villages was noted as serious problem in the HCVF areas, and brought up by Dumpu villagers themselves at the third party meeting earlier in the year. This concern was addressed and damage seems to have lessened as a result of consultations and meetings to promote awareness.

However examples of illicit harvest of wood for building and firewood, from designated reserves e.g. at Camp Saksak are given in the Ecologists report and the auditor observed ring barking of trees and planting of aibika as some examples of management issues that are being continually addressed.

The HCV Assessment report contained many recommendations for basically continuing the good work that has been carried out by RAIL since taking over from Ramu Sugar Ltd.

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

The area at Uria which was once use for extracting Road Base which resulted in the deterioration of the area is now no longer used and will not be used further.

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

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

Inspection during this assessment indicated there was no inappropriate hunting, fishing or collecting activities in the RAIL areas noted. RAIL is discouraging people to encroach into the buffers.

RAIL have provided gardening areas for use by workers adjacent to their housing to discourage worker encroachment into buffer zones and protected areas. This has been partially successful and encroachment by local communities still occurs. RAIL is exploring mechanisms to engage these communities as part of its

implementation plans. Occasionally land owner groups implement their own systems to discourage encroachment.

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

There was a general understanding of the conservation value of birds such as the Torresian Crow (Kotkot) which feeds on insect pests such as Sexsava. There was also a common assertion that native animals that entered blocks were not killed. Which given the tradition of setting fire to grasslands to harvest bandicoots, rats and pigs, going back at least 100 years and represents a major step forward

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

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

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

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

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

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

- Mill Effluent – through effluent ponds and land application.
- EFB other by products – Recycled to the field
- Fibre by-product – Fuel for furnace.
- Oils and Hydrocarbons (including containers) to Hydrocarbon pit or recycled
- Hydrocarbon spills treated with sawdust then Burnt in boiler.
- Used oil – recycled, burnt in boiler.

- Pesticides (including containers which are triple rinsed, punctured and to pesticide pit.
- Pesticide spills – cleaned with spill kits used kits sent to pesticide pit.
- Office Waste –segregated, recycled where possible with rest to the landfill.
- Household waste – segregated, recycled where possible with the rest to the landfill.
- Human waste – Septic and soak a-ways.

Landfill sites are in place for all areas. The landfill sites at Gusap and Dumpu are well managed and sign posted. A caretaker has been appointed for both areas.

The collection of household waste is well controlled. There are formal rubbish collections in all areas at least weekly. This is monitored regularly. The garbage collection system in each staffing compound includes separate bins for green waste and other household garbage. The green waste is recycled and utilised for agriculture. The remaining household garbage is buried in land fill sites which are adequately fenced and managed. There is no evidence of windblown waste or bad odour in these areas

There is no evidence of burning or putting green waste in landfills. All landfills are GPS and mapped and records are kept of start and finish dates. All landfill sites are well away from waterways and residential areas – over 1 kilometre in all cases. Landfill operators now fill from one end and compact as they go with regards to general waste

The old land fill facility at Warias which is close to the main residential areas has been improved from the previous poor management and is now properly controlled – however due to previous miss use of the landfill there is some evidence of waste coming through the surface due to previous scavenging activities – this has now ceased due to increased security and better management however RAIL could consider covering this exposed litter.

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

Separate Pesticide, Hydrocarbon and General waste areas are provided for.

Pesticides are a source of pollution and ground and surface water contamination. The control of their disposal has been stated previously in this summary. The control of hydrocarbons has also been addressed elsewhere in this report.

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

**The following areas of waste control required improvement at the time of the pre-audit for RSPO:**

- a) Control of waste within company compounds – now improved.**
- b) Removal of wrecked cars from gardens- all cars wrecks and other scrap metal removed.**
- c) There was evidence of pesticide spraying in the small drain nr CWS which is showing. - evidence of pollution – now restored *and drain is clear.***
- d) The control of waste in the mill – much improved.**
- e) The control of dispensing of fuel at the main compound to prevent contamination requires improvement – new system introduced with self contained bulk tans being installed – all previous areas have been rehabilitated.**
- f) Some spill kits were either empty or not being used – spill kit use and knowledge of workers has now improved and is acceptable.**
- g) Improvement management of land fill site by more efficient use of space- Landfills all well managed.**

These have been adequately addressed.

Of note is the improvement and restoration made to the areas of both workshops since the pre-audit which is exceptional. These were once heavily polluted and contaminated and this contamination has been removed as have the sources of contamination. A new larger hydrocarbon interceptor trap and accompanying improved drainage at the workshop and vehicle wash bay at the CWS is currently being constructed, fully resources and within the target time frame.

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

Small holders do not live on their blocks so domestic waste is minimal. All smallholder respondents showed evidence of domestic waste disposal in deep rubbish pits with the occasional burning within the pits of some non biodegradable waste (e.g. plastic bags). In general there was very little evidence of burning of refuse. RAIL emphatically discourages) the use of fire on smallholder blocks and provides training in the safe disposal of waste materials and containers. Wildfires occasionally damage blocks and the use of green cover crop and firebreaks should be further encouraged (particularly at Itisine).

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

RAIL uses fibre to power the boiler which produces steam, drives the turbine and produces electricity. The use of renewable energy in this early stage of the mill is almost 100% under normal operating conditions.

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

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

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

RAIL started keeping records when mill was commissioned and production commenced in 2008.

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

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

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

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

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

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

The small holders 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. RAIL has a strong "No Fire" Policy throughout its operations and those of Small holders.

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

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

RAIL are keeping adequate records of mill emissions and effluent including critical data such as Smoke emissions,

BOD levels, Total Suspended Solids and Oil & grease as required by the relevant environmental permits.

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

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

The treatment methodology of POME is recorded in effluent pond management plans and in MG 11 however RAIL is not discharging POME at this stage

Stack emissions are being measured by a combination of the Ringleman method and by smoke density readers that show emission levels are within requirements. The reader/meter is recording data on smoke density and mill management are able to interpret this information in relation to allowable smoke emissions levels. RAIL contacted the supplier of the smoke density meter to get some assistance in how to interpret the data as initially there was some confusion as to interpretation.

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

This is now a much improved practice over what was seen during the previous gap analysis audit. Records are now in place for over twelve months of these readings.

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

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

The development of oil palm in the Ramu Valley will bring substantial change in a short period of time: an increase in employment levels, along with inward-migration due to the increase in economic activity, will result in rapid population growth. This will impact on service providers, in particular health and education and the Police. The expansion of oil palm, although primarily on state-owned land previously supporting sugar cane or beef cattle, will impact local communities in terms of the availability and access to firewood, drinking water and hunting areas. At the same time, the development will create a range of income and training opportunities and improve housing, access to medical facilities and service provision. These changes have not been adequately



described, let alone quantified, in the social impact assessments undertaken in 2009.

The rapid expansion of oil palm will impact significantly on local stakeholders, including local communities, business organisations, church groups, employees and their dependents and service providers. A Rapid Social Impact Assessment of RAIL was completed in mid 2009 and a report produced in November 2009.<sup>1</sup> A number of observations can be made on the report:

- The report does not actually quantify the change or extent of development that is being assessed (in addition, the report refers to lease-lease back arrangements, but does not appear to consider VOP);
- The report does not include any positive impacts (e.g. increases in income from employment, VOP, lease-lease back arrangements or spin-off business opportunities, training, housing, improved access to health, education and other public services, increased availability of store goods, etc.);
- While including a relatively comprehensive range of adverse social impacts, and mitigation strategies, it omits HIV/AIDS and other sexually transmitted diseases, which can expect to increase as a result of factors such as a larger workforce and higher income levels; and
- The report does not provide any baseline data for key social indicators that can be used to monitor change over time.

While local communities and other stakeholders were consulted while the SIA team was in the field, the SIA team did not present their findings or conclusions to stakeholders external to RAIL. The SIA has not been released by RAIL and no feedback has been provided to local communities or other stakeholders, even though field work was completed eight months earlier.

While the report contains a summary of (adverse) impacts, along with possible mitigation strategies and indicators, baseline data for these indicators have not been quantified, and a timeframe for mitigation and monitoring has not been prepared. Although improvements are also required on the register of social impacts (indicator 6.1.1), and future assessments need to be undertaken in a participatory way (indicator 6.1.2),

**6.1.3. A minor non-compliance has been given to this indicator**

**RAIL should take the following action in relation to this Minor NCR:**

<sup>1</sup> Refer Wild Asia (Malaysia), 2009.

- **Expand the social impact register to include positive impacts;**
- **Develop strategies or interventions to maximise these impacts (e.g. how local employment and training will be maximised);**
- **Outline a timetable for implementing the strategies and interventions (both to maximise positive impacts and minimise adverse impacts);**
- **Quantify baseline indicators against which the identified social impacts will be monitored; and Monitor and update the social impact register, including the strategies and interventions, on a periodic basis (e.g. annually).**

**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.**

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

**Observation: the policy document describing its communication strategies with its stakeholders is relatively weak and needs improvement**

Each major stakeholder group should be identified and specific communication strategies articulated.

Although records are maintained when RAIL consults with stakeholders at a senior level, for example, when senior staff meets with landowner representatives, there appears to be limited information trickling down to landowners in general. In addition, there is less evidence of records being maintained which document communication between other RAIL staff and other stakeholders. Indeed, a range of stakeholders expressed concern that they were not adequately informed of the Company's plans, or other aspects, for example, whether the tax credit scheme<sup>2</sup> could be utilised to provide infrastructure. While RAIL is not eligible for the tax credit scheme until making a profit, this message appears not to have been conveyed to a wide range of stakeholders.

**A minor non-compliance has been given to indicator 6.2.2. RAIL should:**

- **Review its communication policy (or strategy) and clearly identify each stakeholder group;**

<sup>2</sup> A scheme which allows the National Government – using RAIL as a contractor (once in a taxable position) – to build or maintain public infrastructure without the need for an appropriation from Treasury.

- **Identify what information should be communicated to each stakeholder group;**
- **Articulate how this information can most effectively be conveyed (including, for example, awareness activities at village level and the dissemination of brief summaries describing development plans, etc);**
- **Ensure staff at all levels are aware of the need to document requests for information and grievances, and ensure all staff are aware of how and where to document requests/grievances, and that responsibility is assigned for responding to such requests/grievances; and**
- **Assign responsibility for the monitoring of the above, including assessment of (i) the timeliness and quality of the responses and (ii) the effectiveness of communication strategies overall.**

Much of the initial information that needs to be conveyed, in particular to external stakeholders, will relate to the Company's proposed expansion (area and location of oil palm to be developed, and plans for lease-lease back and VOP expansion, the location of housing compounds, roads, and estimates of the increase in employees); the positive and negative social and environmental impacts expected (which should include population estimates and projections); and the strategies/interventions to deal with these impacts.

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

A formal grievance process has been established. However, it was unclear from an inspection of some grievance documents whether the concerned parties had actually been notified of the RAIL response. It is also unclear whether key external stakeholders are aware of the requirement for RAIL to document and respond to grievances in a timely manner. As with Criterion 6.2, it is important that all RAIL staff are aware of the need to document and respond to all grievances in a timely manner. The response must not only be documented but effectively communicated to those concerned. It is therefore important that someone within RAIL has responsibility for monitoring grievance reports to help ensure the Company is dealing with complaints and grievances in a consistent, timely and appropriate manner.

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

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

A separate grievance mechanism is to be set up for small holders, with resolution made clear, currently the grievance book at Gusap contains smallholder requests and all other issues raised.

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

There is a documented process for identifying legal or customary rights as defined under the PNG Lands Act. The process includes conducting a genealogy study to identify customary rights and notification of all parties who must be present during the land survey. RAIL has documented the process for access to customary land as, which includes identifying legal and customary rights to land ownership and land use rights (Refer to Criterion 2.2).

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

The RAIL smallholder affairs office at Gusap has commenced establishing a filing system, with back up, associated with the points outlined in 1.1 and 6.3 above, but this needs further development and additional staff.

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

RAIL has almost doubled the basic wage for employees since taking over from Ramu Sugar, and provides housing for most staff, medical coverage, superannuation contributions and education support for employees with children attending secondary school.

RAIL has inherited staff houses that have generally lacked maintenance over a prolonged period of time. While some compounds suffered from drainage problems, and many houses were sub-standard, RAIL has improved roads and drainage and initiated a program to renovate all existing staff houses. The renovations will

be implemented over a four year period, which is thought to be appropriate given the scale of the task.

This is outlined in the CIP (See Criterion 8.1).

RAIL is building a large number of new houses as the area of oil palm expands in the Gusap and Dumpu estates. A total of 84 staff (including 12 women) has been provided temporary accommodation at Dumpu. The staff has been accommodated in “canvas barracks” for approximately 8 months to date, and probably face another 3 to 4 months before some of these staff are assigned newly constructed staff houses (currently under construction). The company has provided a small financial allowance to these staff; provided transport assistance to/from Ramu (to buy store food); and allowed food gardens. However, the accommodation is below standard and it raises security issues, in particular for the female staff. The temporary toilets and shower blocks are not considered adequate, and the male and female facilities should at a minimum be separated.

**6.5.4. A minor non-compliance has been given to this indicator with regards to 1. Amenities for temporary housing including toilet and shower do not allow privacy for each gender 2. Up to over 1 year in temporary housing with poor facilities and separation from families may not be considered temporary**

Concerns were expressed over the price of store products available at Ramu. While these were not investigated during the audit, RAIL might consider monitoring the price of some key commodities at Ramu, Kaintantu and Lae. This could be done on 2 or 3 occasions and include such products as rice, tinned fish, cooking oil, soft drinks, biscuits, snack foods, kerosene and fuel. This information would help quantify whether there is excessively high prices at Ramu or not.

RAIL provides a high standard of medical assistance to employees and their dependents. The company also provides considerable assistance to public health facilities in the area.

Smallholder plantings are new and those interviewed stated that they or their family work on the Blocks, this could become an issue when the palms grow and harvesting with poles is required; this will need further awareness and training.

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

RAIL respects freedom of association for employees and they are allowed to join or form trade unions. This right is covered in PNG law under the Labour Act.

The Ramu Sugar National Employees Union has 437 current members. Regular meetings have commenced

between the union and RAIL. The union has recently submitted a Log of Claims as a means to collective bargaining, and this is in the process of being discussed and negotiated with RAIL management.

The union has also established a branch to deal with RAIL union matters with an executive and an account to which all union subscriptions are being paid into.

RAIL fulfils all the statutory requirements.

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

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

There is a policy on child labour which prohibits employment of children under the age of 16 and this is socialised and constantly monitored.

All people have a “clinic book” issued by the Dept of Health which has a date of birth recorded. It is not a Birth Certificate but in many cases it is the only evidence of age available in PNG.

RAIL has therefore a clear policy against the employment of children under the age of 16.

**Observation: While at least one child was seen accompanying her mother in the field, it is important for RAIL managers and supervisors to ensure that any such assistance is not at the cost of attending school, and does not involve any hard physical labour, hazardous conditions or other hardship. This is particularly important for managers and supervisors of staffs who are assigned daily tasks (and finish work when the set tasks have been completed).**

All Small holders were very clear that school-aged children belonging to the blocks family were always sent to school and carried out light work only during school holidays and weekends.

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

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

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

The EEO policy is not displayed in some work areas and notice boards.

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

RAIL has policies against sexual harassment and domestic violence. However, it is not considered appropriate for female victims of domestic violence to report the offence to the husband's/de facto's manager (as stated in the policy), as the manager will in general be male, and will often be reasonably well known if not a friend of the manager. Rather, the victim should first seek medical attention, and then have the support of a welfare officer (and preferably a female welfare officer). RAIL should recruit a welfare officer with the required training and experience to provide counselling to domestic violence victims, and provide advice and assistance to victims in regard to reporting offences to the Police and RAIL management. Under the current policy, the grievance mechanism for reporting domestic violence is clearly not effective. The policy requires change, and RAIL should appoint a welfare officer. While this may not itself reduce the incidence of domestic violence, it provides a more appropriate response.

**A minor non-compliance has been given to indicator 6.9.3. The grievance procedure for dealing with Domestic Violence is not effective at times. There is no evidence that grievances are heard by a third party thereby removing the of possible intimidation for complaining.**

In addition to the above, RAIL may consider other innovations to help reduce domestic violence within its own staffing compounds (for example, displaying appropriate signage at compound entrances, emphasising the Company's domestic violence policy to managers and during staff inductions, and considering alcohol restrictions if the incidence of domestic violence does not fall).

RAIL's health officers are in the best position to comment on the incidence of domestic violence, and should be tasked with monitoring and reporting on this on a regular basis, if they are not already.

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

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

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

The industry has established a formula for calculating the price that Small holders in PNG receive for FFB.

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

**Observation: However the pricing formula is extremely complicated and needs to be explained more clearly to Small holders. The auditors did explain a few of the points in the monthly figures such as why the CPO price was in US dollars and also that the pricing formula was due to be reviewed under the Smallholder Agriculture Development Project in 2020. The meeting on Monday at Itsine requested that schoolchildren should be specially trained in explaining the pricing formula, whereupon the auditors suggested that RAIL should carry out awareness on the pricing formula and that the Small holders would be able to understand<sup>3</sup>.**

RAIL has demonstrated its support for local businesses, for example, the support provided to a local company engaged to construct houses, offices and other facilities. RAIL is to be commended for this. Some other businessmen queried the support provided to them, however, citing inadequate housing and less than adequate work spaces. While the housing shortage is understandable at present, other requests or grievances need to be dealt with promptly, as discussed under Criterion 6.2 and 6.3.

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

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

As the largest business in the immediate vicinity, RAIL is requested to contribute to a wide range of services and development activities, many of which are clearly the responsibility of government. However, RAIL does provide considerable support to local communities and local service providers, including, for example:

<sup>3</sup> Auditors to follow up and try to get a full understanding also!!



- Support for public health facilities in the area;
- Maintaining Police vehicles and a public ambulance;
- Teacher's housing;
- Supporting the operation of an ATM;
- Maintaining town facilities;
- Training support (in the RAIL training centre) for vocational students;
- Maintaining a local airstrip; and
- Provision of tertiary scholarships for the three clans disputing land on which sugar is grown.

It is recommended that RAIL prepare a summary of the local support provided and publicise this at least annually. This will raise the level of awareness of the support provided.

At present, discretionary funds appear to be allocated in response to written applications for assistance, without any broad consensus of whether the request is responding to a development priority or not. Several people consulted during the audit indicated that they were not being assisted by RAIL. It is recommended that RAIL initiate some consultations with the broader community to help identify local development priorities, and use this as the basis for allocating support. Such consultations should involve relevant provincial and local government representatives, to help ensure no duplication in effort. While the consultations may appropriately focus on the main town area and surrounds in the first instance, it may be appropriate to have separate consultations in the Gusap and Dumpu areas in the future.

A more coordinated and consultative approach to community support should not only raise awareness of the support provided by RAIL, but reduce the number of individuals who are disappointed that their request for assistance are not funded.

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

RAIL has no new development on leased land at this time. All new development has taken place on land previously under cultivation (cattle pasture and sugar).

***Criterion 7.2 Soil surveys and topographic information are used for site planning in the establishment of new plantings, and the results are incorporated into plans and operations.***

Most of the land/areas at Ramu are predominantly under extensive grass lands, and low in certain nutrients. Detail soil surveys and soil analysis are carried out for all

new land intended for development with the view of improving management of these soils. Soils survey reports for areas already developed are available.

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

New Plantings have not replaced primary forest or any areas of HCV. Management plans for identified HCV sites are being developed and work in some areas have started especially in re-habilitating the HCVs and natural corridors (along creeks/streams).

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

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

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

Although outside the scope of the current audit, prior to an expansion of oil palm on customary land a social impact assessment must be undertaken. As a guide, the social impact assessment should:

- Describe and quantify the change that is being assessed (e.g. the location and area of oil palm, the location of housing compounds, roads, other facilities, increases in employees, the area of lease-lease back, VOP, etc);
- Define the impacted population and stakeholders;
- Estimate the current population and expected change in population resulting from higher employment and other in-migration;
- Describe the current standard of living of the impacted population;
- Outline the positive impacts and quantify when possible;
- Outline the negative impacts and quantify when possible;
- Develop recommendations to enhance positive impacts and minimise negative impacts, and suggest indicators with baseline data against which impacts can be monitored over time.



The report should also outline the methodology for the study (including the consultation process) and include as attachments the Terms of Reference and list of people or organisations consulted.

FPIC is not specifically defined in the RSPO Principles and Criteria, and it is questionable whether international definitions are meaningful in those rural communities in PNG where education and literacy levels are low. As there is considerable scope for different interpretations of FPIC, and particularly what “informed” consent means in PNG, it is recommended that NBPOL or RAIL prepares its own definition of FPIC and clarifies for all stakeholders exactly what this means.

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

The area of land known as “Portion 5” is part of the lease which RAIL owns. It was left idle and the local people used parts of that land for subsistence farming and when RAIL intended to take back this land for oil palm development, it engaged government agencies to negotiate a compensation payment. An agreement was signed by parties concerned and copies of the settlement are held by RAIL.

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

Fire is not used by the company in new developments. Fire is used by the community in existing areas outside of the plantations as part of their culture for hunting and subsistence farming. The company will need to exert influence on external stakeholders if this is to be controlled.

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

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

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

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

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

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

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

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

A Continuous Improvement Plan is attached. Appendix C.

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

#### **MAJOR NONCONFORMITIES**

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

#### **MINOR NONCONFORMITIES**

Six (6) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

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

***4.7.6 Minor NCR There was no qualified health worker on site at the clinic in Dumpu. A qualified health officer is ready to take up the appointment at Dumpu as soon as the clinic is ready. Although the clinic should be ready in a week or two, staff already reside and work at Dumpu***

**6.1.3 Minor NCR RAIL should take the following action in relation to this Minor NCR:**

- *Expand the social impact register to include positive impacts;*
- *Develop strategies or interventions to maximise these impacts (e.g. how local employment and training will be maximised);*
- *Outline a timetable for implementing the strategies and interventions (both to maximise positive impacts and minimise adverse impacts);*
- *Quantify baseline indicators against which the identified social impacts will be monitored; and Monitor and update the social impact register, including the strategies and interventions, on a periodic basis (e.g. annually).*

**6.2.2 Minor NCR Communication between affected stakeholders appears to be between executive staff and some stakeholders however there does not appear to be evidence of records of communication on a day to day basis at a local level minor non-compliance has been given to indicator 6.2.2. RAIL should:**

- *Review its communication policy (or strategy) and clearly identify each stakeholder group;*
- *Identify what information should be communicated to each stakeholder group;*
- *Articulate how this information can most effectively be conveyed (including, for example, awareness activities at village level and the dissemination of brief summaries describing development plans, etc);*
- *Ensure staff at all levels are aware of the need to document requests for information and grievances, and ensure all staff are aware of how and where to document requests/grievances, and that responsibility is assigned for responding to such requests/grievances; and*
- *Assign responsibility for the monitoring of the above, including assessment of (i) the timeliness and quality of the responses and (ii) the effectiveness of communication strategies overall.*

**6.5.4. A Minor NCR has been given to this indicator with regards to 1. Amenities for temporary housing including toilet and shower do not allow privacy for each gender 2. Up to over 1 year in temporary housing with poor facilities and separation from families may not be considered temporary**

**6.9.3. Minor NCR The grievance procedure for dealing with Domestic Violence is not effective at times. There is no evidence that grievances are heard by a third party thereby removing the possibility of intimidation for complaining**

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

**OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT**

The assessment identified Fourteen (14) Observations/ Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the next Surveillance Assessment visit scheduled for twelve months after certification date.

1. **4.1 Observation: the current management guideline(SOP) for LBT is not accurate and requires revision**
2. **4.4.1 Observation – The Water Management Plan is still in draft requires approval by the relevant authority within RAIL.**
3. **4.4.1 Observation: Since mill has been in production since on April 2008 it is not possible for Gusap Mill to have trends of water use per tonne of FFB for 5 years**
4. **4.4.1 Observation: Ensure all stop valves in the traps are in the closed position**
5. **4.6.9 Observation; Some managers have not responded to a requested to provide information to the legal officer with regards to these chemicals. Legal Officer to follow up to ensure there are no banned chemicals being used. Managers to cooperate if they have not already done so.**
6. **4.7.2 Observation: RAIL's OHS system does not at times correctly address the residual risk that remains once control measures have been implemented. Whilst the likelihood of an occurrence may be reduced the consequence of occurrence remains unchanged**
7. **4.7.3 Observation: The risk assessment require to be reviewed to ensure risks are accurately rated and to take into consideration improvements made and PPE provided**

8. **4.7.6 Observation: It should be ensured that all records of evacuation drills are kept in full and any recommendations for improvement are documented**
9. **4.7.7 Observation: A clinic has been constructed at Dumpu but requires some additional shelving/cupboards before it is ready**
10. **4.8.2 Observation: Records of training for contractors employed on jobs/projects are not always available**
11. **5.1 Observation: RAIL to ensure aspects for all contractors are also current and provided for all projects**
12. **6.2,1 Observation: the policy document describing its communication strategies with its stakeholders is relatively weak and needs improvement**
13. **6.7.1 Observation: While at least one child was seen accompanying her mother in the field, it is important for RAIL managers and supervisors to ensure that any such assistance is not at the cost of attending school, and does not involve any hard physical labour, hazardous conditions or other hardship. This is particularly important for managers and supervisors of staff who are assigned daily tasks (and finish work when the set tasks have been completed)**
14. **6.10.2 The pricing formula is extremely complicated and needs to be explained more clearly to Small holders. The auditors did explain a few of the points in the monthly figures such as why the CPO price was in US dollars and also that the pricing formula was due to be reviewed under the Smallholder Agriculture Development Project in 2020. The meeting on Monday at Itsine requested that schoolchildren should be specially trained in explaining the pricing formula, whereupon the auditors suggested that RAIL should carry out awareness on the pricing formula and that the Small holders would be able to understand.**

### 3.3 Noteworthy Positive Components

A large number of positive outcomes and achievements were noted during this assessment and are listed below.

A number of contractors remarked on the fact that RAIL were good to work with and paid all invoices on time and provide them with plenty of work.

RAIL has help influence local contractors with regards to improving safety and therefore all work places are now considered safer to work in.

Appropriate PPE is supplied to workers who undergo regular training in safe work practices. All PPE is widely available and the use of PPE has been taken up by many contractors.

All compounds have benefitted from the RSPO in place at RAIL as there appearance has improved markedly due to emphasis on housekeeping and waste management.

RAIL maintains many local roads in the area thereby improving access to all areas for all residents within their sphere of operations.

In each area audited, a question was asked concerning whether the Block Holder and his/her family had received any awareness programmes on HIV/AIDS.

Training provided to Small Holders with regards to block and business management at field days held.

The areas set aside as reserves and wetlands in HCV areas are being well managed and signposted and the areas are now very attractive.

The wrongly constructed septic systems at Gusap Number 1 compound have been removed and a proper system installed. During this audit it was discovered that there is a program to upgrade all septic systems, including those for the expatriate housing compound, which were unsafe and had inadequate restraining fences to protect children from falling in and injuring themselves or subjecting themselves to contact with raw sewage had been implemented and problems rectified.

The whole of RAMU including beef and sugar have benefitted from the many improvements made in all areas including environmental management, safety management and improvements made to housing since the RAIL took over management.

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

#### 1. Small Holders.

Some growers are still having problems with transport for their FFB, for those without adequate road access.

RAIL Responses: RAIL is collecting as close as possible to the farm gate and weighing the FFB, recording the weight for each grower. The FFB is then transferred to the "market" along the Highlands Highway for later pick up by RAIL trucks. This collection method is going to be review when FFB volumes increase in future.

Auditor Comments: RAIL is making improvements to the servicing of small holders and has appointed someone to look after small holders issues

## 2. Small Holders

Some smallholder growing areas have poor drainage, are waterlogged and are therefore not applying fertilisers and palms are yellow. Subjects concerning safety issues, lack of medical facilities for Small holders, lack of developments such as aid posts and schools in villages.

RAIL Responses RAIL are helping small holders improve drainage. Work on drainage will commence later in June 2010 when conditions are dry to allow ease of operation using RAIL equipment. RAIL has encouraged Small Holders to make known their worries through a VOP grievance mechanism to be set up at plantations offices. RAIL allows access to aid posts especially to treat patients with potential pesticide injuries and schools in the areas.

Auditor Comment: Action will ensure better relationships between RAIL and SG'S

## 3. Small Holders

Small holders questioned why the Morobe Provincial Government had funded non growers with visits to Kimbe for them to see oil palm growing at first hand (implication being that the current growers had not had their promised roads completed).

RAIL Response: The trip by some local people to Kimbe to see operations there was done by the previous management well before the establishment of VOPs. However, RAIL will speak to the Morobe Government to see if they will help small holders

Auditors Comment: RAIL is attempting to get better cooperation from the MPG with SG's.

## 4. Women's Group

Women's Groups need fund raising activities, place to sell food, Resource Centre requested, Soroptimists International have offered funding but a location needs to be designated, otherwise the centre will need to be located in a Village whereby many people affected by the Oil Palm development will miss out.

RAIL Response: Concerns about food safety/poisoning are real, however RAIL is reviewing the area to find a solution and allocated a suitable location for these markets and will help with setting them up.

Auditors Comment: This should alleviate this problem and auditors will follow up results

## 5. Women's Groups

More signage required and policing of company policies on illegal activities such as gambling, illegal selling of liquor and marijuana, more street lights required. Allegations of inappropriate behaviour of some expatriates (past RAIL employees-(named)) with young females in the Guest House and in the expatriates houses was a cause for serious concern for the women at the meeting.

RAIL Response: RAIL will erect signs and display policies widely throughout the company to create awareness. RAIL has also commenced the Whistle Blower process to alleviate fear of retribution for those reporting any such incidents. Have started the process of recruiting Welfare Officers with input from Women's, Stakeholder and Community Groups

Auditor Comment: Although these reports appear to be hearsay RAIL GM is taking strong steps to prevent this becoming a serious issue. Also good to appoint an independent Welfare Officer

## 6. Church Groups

A complaint has been made by the Seventh Day Adventists, stating that some individual employees have been forced to work on Saturdays or resign.

No formal complaints have been registered with the company as yet regarding this complaint. However, RAIL appears to have dealt with this complaint appropriately: while some SDA employees can undertake work on Sunday rather than Saturday, this is not feasible for some positions (for example, in a mill, where a large number of staff are required to perform functions simultaneously).

Auditor Comments: In this industry RAIL have done what they can to accommodate this group

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

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

Signed for on behalf of  
RAIL



.....  
**Mr Jamie Graham**  
**General Manager**

**Date:** 27/04/10

Signed for on behalf of  
BSi Management Systems Singapore Pte Ltd



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

**Date:** 27.4.10



## ***Appendix “A”***

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

Website:

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

<b>Name</b>	<b>Gusap Mill &amp; Supply Base</b>
Location	Ramu Oil Palm Plantations, Morobe and Madang Provinces, Papua New Guinea
Address	Ramu Agri-Industries, Gusap, P.O.Box 2183, Lae 411, Morobe Province, PNG.
GPS	South 06° 04' 23.5", East 145° 59' 4.5"
CPO Tonnage	13,529
PKO Tonnage	2,367
Plantations FFB Tonnage	Gusap 53,333      Dumpu 2,739      (Total = 56,072 )
Small holders FFB Tonnage	124

## ***Appendix “B”***

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

## RSPO Audit Plan Monday 1<sup>st</sup> March – Friday 5 March 2010

### Sunday 28 February

- Allan, Tom and Mike arrive from Port Moresby at Lae Airport at 4.40 pm on PX106 – meet and pick up at airport
- Tom & Mike to Travel direct to Ramu Guest House while Allan joins Pawa and Geoff to Lae.

### Monday 1<sup>st</sup> March

Time	Activity	Allan	Tom	Mike
8:00 am				
8:00am – 10:00noon	Inspect Bulking terminal facility	X		
11.00am – 12:00	Inception meeting	x	x	x
9:30am – 11:00	Gusap Estate (Office, Workshop, Clinic, Landfill, Chemical store and mixing, Fertiliser, field spraying & harvesting)	X		
8:00am – 12:00	Inspect area to east of Gusap incl. villages & environment		X	
8:00am – 12:00	Inspect Housing , Temp Housing, New Housing			
11:00am – 12:00noon	Meet with Growers Association representatives?			X
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 3:00pm	Review documentation	X		
1:00pm – 3:00pm	Continue at Gusap Estate (Office, Workshop, Clinic, Landfill, Chemical store and mixing, Fertiliser, field spraying & harvesting)	X		
1:00pm – 3:00pm	Inspect area around Gusap incl. VOP/Small holders?		X	X
3:00pm –4:30pm	Review records of land title, leases, etc		X	
3:00pm – 4:30pm	Continue review of RSPO documentation	X		X

### Tuesday 2<sup>nd</sup> March

Time	Activity	Allan	Tom	Mike
8:00am – 11:00	Inspect Gusap mill, laboratory and effluent ponds	X		
8:00am – 9:00am	Inspect Gusap Compound, Landfill (Stephen)		X	
9:00am – 12:00noon	Review Environmental and Social Reports		X	X
12:00noon – 1:00pm	Lunch	X	X	
1:00pm – 2:45pm	Review RSPO documentation Principles 1 – 3	X		X
1:00pm – 3:45pm	Inspect Gusap Environment – river, streams, HCVs?		X	
1:00pm – 3:45pm	Inspection Housing behind Sugar Mill			
3:45pm –4:30pm	Meet with NGO Representatives?		X	X
3:45pm –4:30pm				

### Wednesday 3<sup>rd</sup> March

Time	Activity	Allan	Tom	Mike
8:00am – 10:00noon	Inspect area around Dumpu		X	X
8:00am – 10:00noon	Buffer, wetlands		X	
10:00am – 12:00noon	Inspect Dumpu Estates incl. office, landfill, housing and clinic – including new housing, temp housing and existing housing	X		X
12:00noon – 1:00pm	Lunch – Guest House	X	X	X
1:00pm – 3:00pm	Meet with representative women's group & other social		X	X
1:00pm – 3:00pm	Complete Dumpu	X		
3:00pm –4:30pm	Commence report preparation	X	X	

Thursday 4<sup>th</sup> March

Time	Activity	Allan	Tom	Mike
8:00am – 11:00am	Check workshop and central stores	X		
8:00am – 11:00am	Meet with pay office/ discuss contractor matters			X
8:00am – 11:00am	Check SEIA etc		X	
11:00am – 12:00noon	Buildings and construction	X		
11:00am – 12:00noon	Other issues	X	X	X
12	Lunch – Guest House	X	X	
1.00pm – 3.30pm	Auditors forum	X	X	X
4.00pm – 5.00pm	Exit Meeting			

Friday 5<sup>th</sup> March

4.00am	Depart to Lae Airport (PX101) to Port Moresby then to Honiara			



***Appendix "C"***

***CONTINUOUS IMPROVEMENT PLAN***

**RAMU AGRI-INDUSTRIES LTD**

**2010-2011**

No.	Improvement Plan	Tasks / Actions & Outcome	Responsibility	Target Completion Date	Status																																																												
1.	Procedure development for effectively dealing with Sexual Harassment and Domestic Violence	Socialise the procedure to all departments and sections in improving records, management and response.	Personnel Manager	30-05-10	20%																																																												
2.	Recruitment of Social Welfare Officer to address Sexual Harassment, Domestic Violence and other social issues.	Advertise the position. Recruitment of an experienced social worker/counsellor.	Personnel Manager	30-05-10	0%																																																												
3.	Development of effective open communication methods to deal with local level stakeholders	Socialise the communication methods in improving records, management and response.	Personnel Manager & Public Relations	30-05-10	0%																																																												
4.	Housing Construction Plan for oil palm employees	<table border="1"> <thead> <tr> <th>Location</th> <th>Supervisory</th> <th>Bossboi</th> <th>Duplexes</th> <th>Cookhouses</th> <th>Office</th> </tr> </thead> <tbody> <tr> <td><i>Gusap Downs</i></td> <td>4</td> <td>1</td> <td>2</td> <td></td> <td></td> </tr> <tr> <td><i>GD2 Village</i></td> <td></td> <td>4</td> <td>13</td> <td>3</td> <td></td> </tr> <tr> <td><i>GD3 Village</i></td> <td>3</td> <td>10</td> <td>51</td> <td>10</td> <td></td> </tr> <tr> <td><i>Total</i></td> <td><b>7</b></td> <td><b>15</b></td> <td><b>66</b></td> <td><b>13</b></td> <td><b>0</b></td> </tr> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><i>Dumpu Station</i></td> <td>2</td> <td>16</td> <td>56</td> <td>11</td> <td></td> </tr> <tr> <td><i>DD1 Village</i></td> <td></td> <td>5</td> <td>13</td> <td>3</td> <td>1</td> </tr> <tr> <td></td> <td><b>2</b></td> <td><b>21</b></td> <td><b>69</b></td> <td><b>14</b></td> <td><b>1</b></td> </tr> <tr> <td><b>Total Houses</b></td> <td colspan="5"><b>208 in 2010 year</b></td> </tr> </tbody> </table>	Location	Supervisory	Bossboi	Duplexes	Cookhouses	Office	<i>Gusap Downs</i>	4	1	2			<i>GD2 Village</i>		4	13	3		<i>GD3 Village</i>	3	10	51	10		<i>Total</i>	<b>7</b>	<b>15</b>	<b>66</b>	<b>13</b>	<b>0</b>							<i>Dumpu Station</i>	2	16	56	11		<i>DD1 Village</i>		5	13	3	1		<b>2</b>	<b>21</b>	<b>69</b>	<b>14</b>	<b>1</b>	<b>Total Houses</b>	<b>208 in 2010 year</b>					Oil General Manager	30-12-10	23%
Location	Supervisory	Bossboi	Duplexes	Cookhouses	Office																																																												
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5.	Gusap Oil Palm Division One Septic and Drainage Systems Upgrading	Design plan and costing, Obtain budget approval Construct & upgrade system Have in place monitoring and inspection program once completed.	Oil Palm General Manager & Building Manager	30-11-10	40%																																																												
6.	Gusap Division 2 Bund and Sump for Genet	Design plan and costing, Obtain budget approval Construct & upgrade system Have in place monitoring and inspection program once completed	Oil Palm General Manager & Building Manager	30-08-10	40%																																																												
7.	Central Stores Chemical Shed Bund	Design plan and costing, Obtain budget approval Construct & upgrade system Have in place monitoring and inspection program once completed	Stores Manager & Building Manager	30-04-10	60%																																																												
8.	Central Stores Petrol Shed & Bund	Design plan and costing,	Stores Manager	30-04-10	70%																																																												

	Construction	Obtain budget approval Construct & upgrade system Have in place monitoring and inspection program once completed	& Building Manager		
9.	Relocated Dumpu employees to new housing units from temporary housing.	Fast track the completion of housing units and move employees into unites.	Oil Palm General Manager and Dumpu Estate Manager	30-08-10	0%
10.	Improve inspection reports with action items and corrective actions taken records.	All inspections to clearly identify actions to be taken and records kept with corrective actions taken and completion dates with signed off.	All Departmental Heads and Managers	30-06-10	40%
11.	Conduct Safety and Environmental Risk assessments before any contractual engagement work by contractors.	Incorporate safety & environmental risk assessments into tender and contractual agreements and conduct risk assessments and records kept.	Departmental Heads & Sustainability Manager	On going	0%
12.	A qualified medical officer to be relocated at Dumpu Estate.	Improve the room allocated to suite medical practicing for patient examination, treatment, drug storages and records keeping.	Dumpu estate Manager and RAIL Medical Doctor.	30-04-10	10%
13.	Temporary housing toilets privacy improvement.	Improve distances for privacy purposes for both sexes.	Dumpu estate Manager and Building Manager	30-04-10	0%
14.	Social Impact Assessment (Reza's Report) recommendations socialisation.	Prioritise with timelines for identified recommendations socialisation to relevant stakeholders.	Research & Development Manager and All.	30-11-10	0%
15.	Visible Estate Land boundary Markings	Establishment of clear land boundary marks at all State Leased land within RAIL's operations. Engage a registered surveyor to re-survey the State Leased Land.	Lands Manager	30-11-10	0%
16.	Drainage system upgrading at both Gusap & Central Workshop	Prepare design and cost estimate Obtain budget approval Construct and commission Prepare inspection program Issue work instruction to operators Record inspections on log sheet.	Workshop Manager	30-07-10	10%

17.	Construction of triple interceptors at both Gusap and CWS.	Prepare design and cost estimate Obtain budget approval Construct and commission Prepare inspection program Issue work instruction to operators Record inspections on log sheet.	Workshop Manager	30-07-10	10%
18.	Install Water flow meters on bore water, streams for irrigations and waste streams.	Prepare cost estimates. Obtain budget approval. Installations and commission. Prepare inspection program. Issue work instruction to operators. Record inspections & monitoring on log sheet. Put in place emergency response plans. Record any incidences on main Incident form (SHEQ001)	Oil Palm, & Sugar Mill Managers plus Abattoir Manager.	30-07-10	30%
19.	Scrap metals removal by a contractor.	All scrap metal to be removed within RAIL's premises by a contractor.	Sustainability Manager, Company Secretary, General Manager	30-08-10	40%
20.	Construct petrol shed with bunding around.	Prepare design and cost estimate. Obtain budget approval. Construct and commission Prepare inspection program Issue work instruction to operators. Record inspections on log sheet. Put in place spill kits. Record any spillages on Incident form (SHEQ001).	Stores, Purchasing & Logistics Department Head.	30-03-10	90%
21.	Upgrading of oil palm factory effluent pond systems.	Prepare and cost a plan to de-silt ponds Remove silt and install flow controls Fence the area to prevent public access	Mill Managers	12-12-10	20%
22.	Build bunds around the genset huts at Dumpu and Gusap estates.	Prepare design and cost estimate Obtain budget approval Construct and commission Prepare inspection program Issue work instruction to genset shed users.	Gusap Oil Palm Estate Manager, Dumpu Oil Palm Estate Manager.	30-06-10	90%

		Record genset oil and fuel usages. Spill kits are available. Record any spillages on Incident form (SHEQ001).			
23.	Develop HCV Protection	Protect Camp Saksak and Sasip reserves as already identified HCV areas. Engage & deploy locals as rangers to protect the HCV areas. Put up notices around HCV areas warning people not to cut trees and hunt animals. Plant more native trees within the HCV areas where required. Record any incidences on the main Incident Form (SHEQ001).	R&D Department's Forestry Officer & Environmental Assistant. Oil Palm Estate Field Managers at Gusap and Dumpu.	30-07-10	30%
24.	Re-establish and maintain riparian buffer zones.	Identify areas suitable for planting native trees within buffer zones. Prepare and cost a planting program. Keep records of plantings. Plant tree seedlings and monitor growth. Put up buffer zone signs. Put up notices within buffer zones not to cut trees and hunt animals. Record any incidences on the main Incident Form (SHEQ001).	R&D Department's Forestry Officer & Environmental Assistant. Oil Palm Estate Field Managers at Gusap and Dumpu.	30-12-10	30%
25.	Planting of trees on unsuitable grasslands.	Identify unsuitable land areas for planting native trees. Prepare and cost a planting program. Plant tree seedlings and monitor growth. Keep records of plantings. Put up protection signs and notices within the planted areas not to cut trees and hunt animals. Record any incidences on the main Incident Form (SHEQ001).	R&D Department's Forestry Officer & Environmental Assistant.	30-12-10 & Ongoing	30%
26.	Review fire fighting capacity	Review adequacy of current practices and equipment Implement training of Fire Teams.	Estate Managers, Sustainability Manager.	30-05-10	40%
27.	Document soil conservation.	Plant cover crops and monitor growth. Develop proper drainage systems. Put in place sediment traps. Identify appropriate environmental controls for preventing erosion pollution.	Estate Managers, Sustainability Manager,	30-12-10	10%



		Use NBPOL MG 01 as guideline & train relevant staff. Implement monitoring and reporting. Record any incidences on the main Incident Form (SHEQ001).	Environmental Assistant.		
28.	Develop SOP for land application of POME.	Select land application method suitable for local conditions. Identify appropriate environmental controls for preventing pollution before application in terms of BOD levels, pH, and odour. Prepare SOP and train relevant staff Implement monitoring and reporting. Record any incidences on the main Incident Form (SHEQ001).	OP Manager  Mill Managers, Plantation Managers, Sustainability Manager.	30-12-10	40%
29.	Implement Integrated Pest Management for crop protection.	Prepare IPM Plan Implement monitoring and reporting.	R&D, Agriculture & Oil Palm Managers	30-09-10	40%
30.	Develop a water quality monitoring program.	Review current data on water supply quality. Develop Water Management Plan. Prepare a sampling program. Identify & confirm certified laboratory Test water supplies and report results	Sustainability Manager	30-06-10	30%
31.	Obtain single Environment Permit for all RAIL operations from existing 40 various permits from DEC.	Collate relevant information. Submit permit application to DEC. Follow up on application. Develop Management Program as per the permit conditions when issued. Report monitoring results. Prepare inspection program and keep records. Record any incidences on the main Incident Form (SHEQ001).	Sustainability Manager	30-08-10	0%
32.	Collate information required as per the Environmental Permit condition and submit report to PNG Government – DEC.	Collate relevant information and write up RAIL environmental Report. Information to be provided by Oil Palm, Sugar and Beef Departments. Write up report and submit to PNG government-DEC.	Sustainability Manager	30-03-10	Done
33.	Improvement of Medical Waste Management & Disposal	Source an Incinerator and obtain cost estimate for RAIL clinic Obtain budget approval Construct and commission safe & suitable location Prepare inspection program Issue disposal work instructions Disposal Records to be kept. Record any incidences on Incident form (SHEQ001).	Medical Doctor	30-05-10	30%

## ***Appendix “D”***

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

## 6 Non-conformités against Minor Compliance Indicators

### 11 Observations/Opportunities for Improvement

#### MINOR NON-CONFORMANCE CORRECTIVE ACTIONS

DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
4.7.2 All operations where health and safety is an issue have been risk assessed and procedures and actions are documented and implemented to address the identified issues. All precautions attached to products should be properly observed and applied to the workers.	CR01	However when contractors undertake capital works projects on behalf of RAIL they are not providing a risk assessment on these activities	RAIL has now incorporated OHS and Environmental risk assessments into the contractual tender procedure before undertaking any capital works and followed by inspections and monitoring.	All Departments	On Going	60%
4.7.6 A First aid clinic, staffed by a qualified health worker will be provided for each plantation division (accessible by the mill). Workers trained in First Aid with a first aid kit should be present in the Mill.	CR02	There was no qualified health worker on site at the clinic in Dumpu. A qualified health officer is ready to take up the appointment at Dumpu as soon as the clinic is ready. Although the clinic should be ready in a week or two, staff already reside and work at Dumpu	A qualified medical officer has already been recruited for Dumpu Estate. A new building has been completed and now putting in shelves, drawers and cabinets for drugs and other medical items storage. The officer's accommodation is also under construction.	Oil Palm and Building & Construction Managers	30-04-10	60%
6.1.3 A timetable with responsibilities for mitigation and monitoring, reviewed and updated as necessary, in those cases where the assessment has concluded that changes should be made to current practices.	CR03	There is no timetable with responsibilities for action to be taken with regards to the areas found to require change as a result of the SIA to the Social Impact Register. Therefore there is no record that any changes have been made to the Social Impact Register as a result of the SIA	RAIL has now created a Community Services Section within the Personnel Department and appointed a Manager already to oversee the SIA register who is now responsible for drawing timetables and following up on related identified social actions.	Personnel Manager & R&D Manager	30-06-10	40%
6.2.2 Evidence of the policy being implemented - maintenance of a list of stakeholders,	CR04	Communication between affected stakeholders appears to be between executive staff and some	RAIL has in place communications procedure for both external and internal stakeholders and now	Personnel Manager	30-05-10	40%

records of all communication and records of actions taken in response to input from stakeholders and under the control of a nominated management official.		stakeholders however there does not appear to be evidence of records of communication on a day to day basis at a local level	revising for more central coordination and control in line with the creation of community services section.			
6.5.4. Where companies provide housing, water supplies, medical, educational and welfare amenities they adhere to national legislation. (not applicable to Small holders).	CR05	NCR has been given to this indicator with regards to 1. Amenities for temporary housing including toilet and shower do not allow privacy for each gender  2. Up to over 1 year in temporary housing with poor facilities and separation from families may not be considered temporary.	RAIL has now put in place separated toilets and shower facilities for both genders within the temporary housing at Dumpu Estate.  A total of 57 labor duplexes are nearing completion at Dumpu and all employees living in the temporary housing will be relocated once completed before June. RAIL has an approved 208 various employee houses are to be constructed within 2010.	Oil Palm & Building managers	30-03-10  30-12-10	100%  40%
6.9.3. A specific grievance mechanism is established	CR06	The grievance procedure for dealing with Domestic Violence is not effective at times. There is no evidence that grievances are heard by a third party thereby removing the possible intimidation for complaining	RAIL has now created a Welfare Officer Position within the Personnel Department and advertised the position. The Welfare officer will be dealing with domestic violence, sexual harassment and provide counselling as well.	Personnel Manager	30-04-10	20%

**OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT**

DESCRIPTION	OBS Ref.	Observation Details	Corrective Actions	Responsibility
4.1 Operating procedures are appropriately documented and consistently implemented and monitored	OBS 01	The current management guideline(SOP) for LBT is not accurate and requires revision	Standard Operating Procedure (SOP) for Lae Bulk Tank (LBT) has been revised and implemented.	OP Mill Manager
4.1.1 Standard Operating Procedures for estates and mill are documented	OBS 02	The Water Management Plan is still in draft requires approval by the relevant authority within RAIL.	RAIL has now finalized the Water Management Plan and getting General Manager for endorsement.	Sustainability Manager
4.1.1: Standard Operating Procedures for estates and mill are documented	OBS 03	Since mill has been in production since on April 2008 it is not possible for Gusap Mill to have trends of water use per tonne of FFB for 5 years	RAIL has records of water usage in 2008, & 2009 and continuing to monitor and keeping records.	OP Mill Manager
4.4.1 An implemented Water Management Plan in Compliance with PNG DEC Water extraction and discharge permits and including but not limited to: the Monitoring of effluent BOD (mg/L) trend for previous 12 months, mill water use per tonne of FFB trend for previous 5 years, storm water, drains, nursery and domestic usage.	OBS 04	Ensure all stop valves in the traps are in the closed position	RAIL has now developed weekly and monthly inspection checklist and schedules. Records will now be created and kept.	Sustainability Manager and Respective Managers
4.6.9 Personal Protective Equipment should be specified in Standard Operating Procedures for Pesticide workers in plantations. Appropriate safety equipment must be provided and used. Also see criterion 4.7 on health and safety.	OBS 05	Some managers have not responded to a request to provide information to the legal officer with regards to these chemicals. Legal Officer to follow up to ensure there are no banned chemicals being used. Managers to cooperate if they have not already done so.	RAIL has now obtained a complete list of Department of Environment and Conservation (DEC) registered chemicals. All departments have cross checked against their chemical usage registers. All chemical uses are registered. No banned chemicals are used by RAIL as per the chemical registers.	Sustainability Manager & Legal Officer
4.7.2 All operations where health and safety is an issue have been risk assessed and procedures and actions are documented and implemented to address the identified issues. All precautions attached to products should be properly observed and applied to the workers.	OBS 06	RAIL's OHS system does not at times correctly address the residual risk that remains once control measures have been implemented. Whilst the likelihood of an occurrence may be reduced the consequence of occurrence remains unchanged	RAIL has recruited an OHS Officer to review and correctly address any residual risks and keep records. RAIL's OHS systems will be reviewed bi-annually.	Sustainability Manager
4.7.3 All workers involved in the operations have been adequately trained in safe working practices	OBS 07	The risk assessment require to be reviewed to ensure risks are accurately	With the recruitment of OHS Officer, and Environmental Officer, OHS and	Sustainability Manager

(see also criterion 4.8). Adequate and appropriate protective equipment should be available to labourers at the place of work to cover at least the following: all potentially hazardous operations, such as pesticide application, land preparation, harvesting and, if it is used, burning.		rated and to take into consideration improvements made and PPE provided	environmental risk registers will be reviewed bi-annually.	
4.7.6 A First aid clinic, staffed by a qualified health worker will be provided for each plantation division (accessible by the mill). Workers trained in First Aid with a first aid kit should be present in the Mill.	OBS 08	It should be ensured that all records of evacuation drills are kept in full and any recommendations for improvement are documented.	All RAIL safety committee members and wardens at respective sections involved in emergency evacuation drills have been advised to document any recommendations and records kept.	Sustainability Manager & RAIL Safety Committee Reps.
4.8.2 Records of formal training (on site / off site) for each employee are kept.	OBS 10	Records of training for contractors employed on jobs/projects are not always available	Contractor's induction & monitoring procedure has been revised and trainings identified during the risk assessment will be provided and records kept with training forms already in place.	All Departments and Sustainability Manager
5.1 Aspects of plantation and mill management, including replanting, that have environmental impacts are identified, and plans to mitigate the negative impacts and promote the positive ones are made, implemented and monitored, to demonstrate continuous improvement.	OBS 11	RAIL to ensure aspects for all contractors are also current and provided for all projects	RAIL has now incorporated environmental impacts and aspects assessment into the contractual tender procedure. Aspects will be assessed before any work commences and records kept as per the procedure.	All Departments and Sustainability Manager
6.2.1 A documented policy is in place for effective communication with all affected parties (c.f. 6.3)	OBS 12	The policy document describing its communication strategies with its stakeholders is relatively weak and needs improvement	RAIL will revised its stakeholder issues procedure for more effective communication systems for improvement.	Personnel and R&D Manager
6.7.1 Documentary evidence that minimum age requirement (16) is met	OBS 13	While at least one child was seen accompanying her mother in the field, it is important for RAIL managers and supervisors to ensure that any such assistance is not at the cost of attending school, and does not involve any hard physical labour, hazardous conditions or other hardship. This is particularly important for managers and supervisors of staff who are assigned daily tasks (and finish work when the set tasks have been completed)	RAIL is now in a process of conducting census that will include school age children and encourage employees to send their kids to school. RAIL already provides transportation for all company employees' school kids to attend school every day. RAIL has a strong policy on legal minimum age requirement as per the PNG Labour Law.	Personnel and R& D Manager
6.10.2 Pricing mechanisms for FFB and	OBS 14	The pricing formula is extremely	RAIL has developed training programs	R & D Manager



<p>inputs/services shall be documented (where these are under the control of the mill or plantation).</p>		<p>complicated and needs to be explained more clearly to Small holders. The auditors did explain a few of the points in the monthly figures such as why the CPO price was in US dollars and also that the pricing formula was due to be reviewed under the Smallholder Agriculture Development Project in 2020. The meeting on Monday at Itsine requested that schoolchildren should be specially trained in explaining the pricing formula, whereupon the auditors suggested that RAIL should carry out awareness on the pricing formula and that the Small holders would be able to understand.</p>	<p>for Small holders and scheduled meetings in which the pricing formula will be one of the agendas to make understand the pricing systems and situations.</p>	
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