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## PUBLIC SUMMARY REPORT

### RSPO CERTIFICATION ASSESSMENT

# NBPOL – HIGATURU OIL PALM (HOP) OroProvince, Papua New Guinea

*Report Author*

**Allan Thomas – February 2013**

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**SUMMARY**

BSi has conducted the certification assessment of the HOP operations comprising 3 mills, supply base, support services and infrastructure. BSi concludes that HOP operations comply with the requirements of RSPO Principles & Criteria: 2007 and PNG NIWG Indicators and Guidance March 2008 for the following scope:

Sustainable production of crude palm oil (81,718.60 tonnes CPO) and 4,492.60 tonnes of CPKO).

***BSI RECOMMENDS THAT NBPOL – HIGATURU OIL PALM LIMITED BE APPROVED AS A PRODUCER OF RSPO CERTIFIED SUSTAINABLE PALM OIL.***

**ABBREVIATIONS USED**

BOD	Biological Oxygen Demand
CIP	Continuous Improvement Plan
CLUA	Clan Land Usage Agreement
COP	Code of Practice
CPO	Crude Palm Oil
DEC	Department of Environment & Conservation
DOH	Dept. of Health
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior and Informed Consent
GHG	Green House Gas
HACCP	Hazard Analysis of Critical Control Points
HCV	High Conservation Value
HCVF	High Conservation Value Forests
HOP	Higaturu Oil Palm
IE	Independent Estate (a class of Smallholder)
ILG	Incorporated Land Group
IPM	Integrated Pest Management

IRCA	International Registration of Certified Auditors
ISO	International Standards Organisation
LLB	Lease-Lease Back
LSS	Land Settlement Scheme (a class of Smallholder)
LTI	Lost Time Injuries
MG	Management Guidelines
MSDS	Material Safety Data Sheets
MVW	Motor Vehicle Workshop
NARI	National Agriculture Research Institute
NLDD	Native Land Dealing Document
OHS	Occupational Health & Safety
OPRA	Oil Palm Research Association
PCD	Pollution Control Device
PMP	Pest Management Plan
PNG NIWG	Papua New Guinea National Interpretation Working Group
POME	Palm Oil Mill Effluent
POPA	Palm Oil Producers Association
PPE	Personal Protective Equipment
RAB-QSA	Internal Auditor Accreditation Body
SADP	Smallholder Agriculture Development Project
SABL	Special Agriculture Business Lease
SEIA	Social and Environmental Impact Assessment
SG	Smallholder Grower
SIA	Social Impact Assessment
SM	Company Sustainability Manager
SOP	Standard Operating Procedure
TRP	Timber Rights Purchase
VOP	Village Oil Palm (a class of Smallholder)

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

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

## 1.2 Certification Scope

This certification assessment includes the production from three (3) Palm Oil Mills and 5 company owned plantations and Smallholders.

## 1.3 Location and Maps

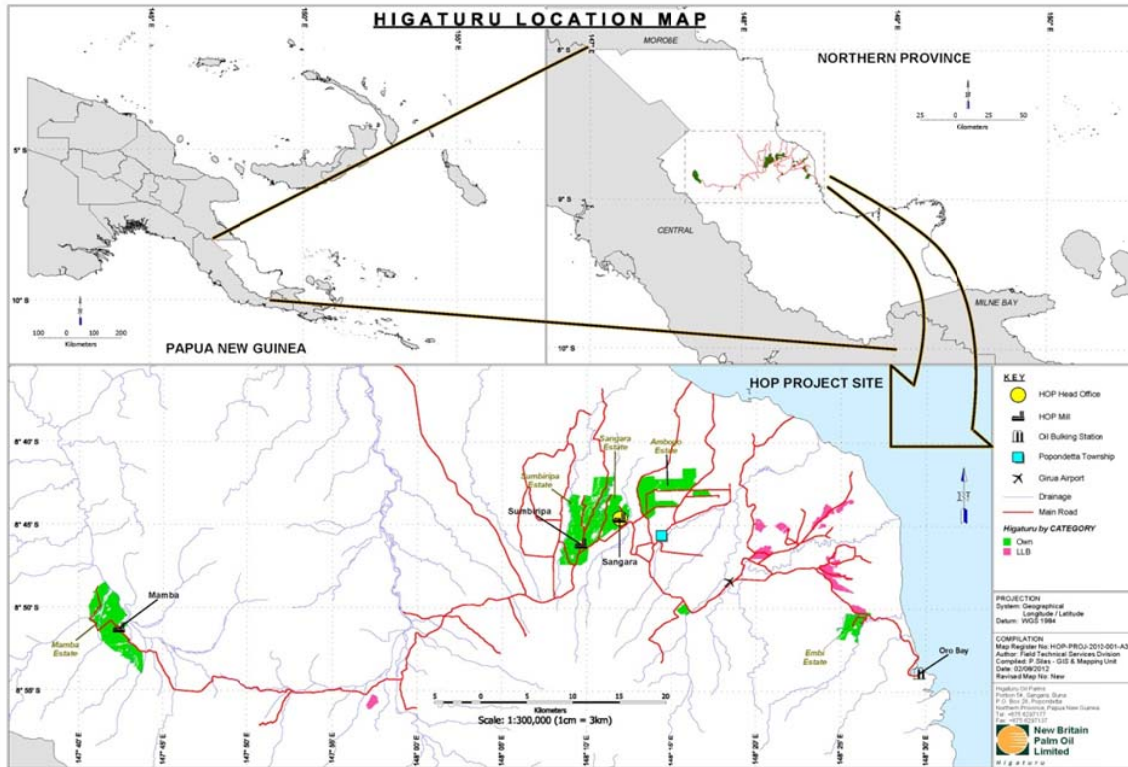
The HOP palm oil mill and estates are located in Oro Bay province.

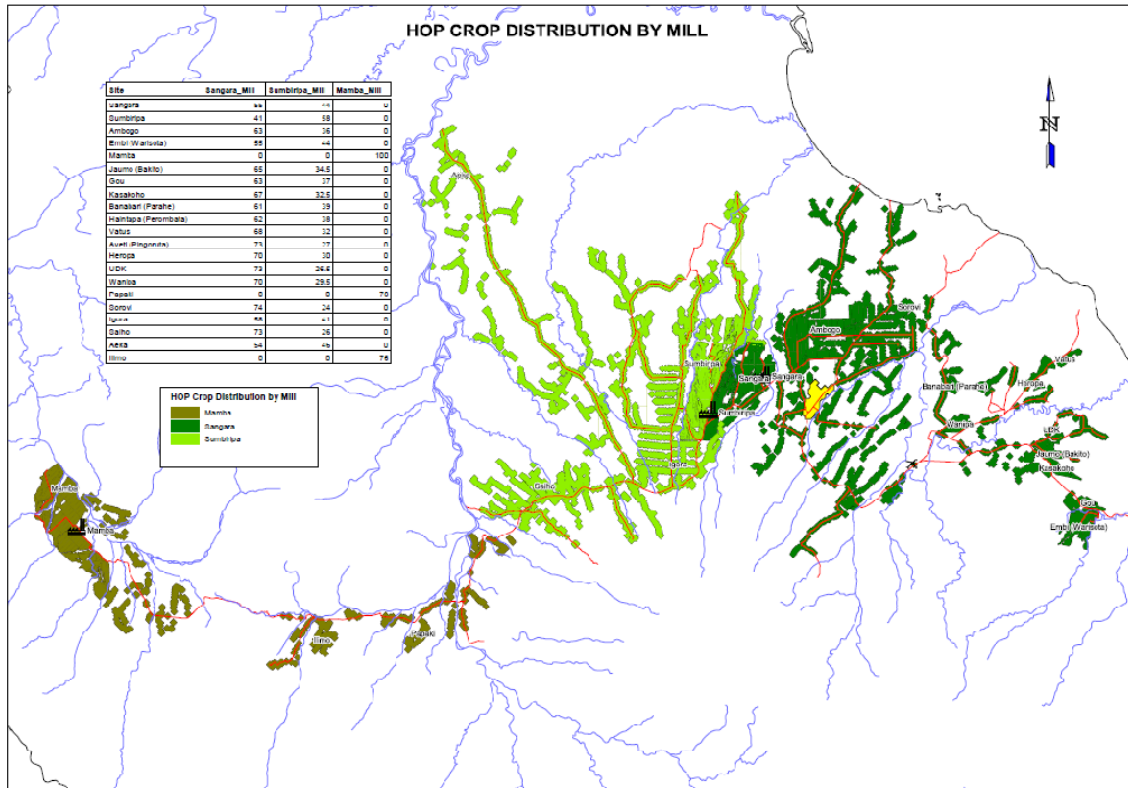
The GPS locations of the mill are shown in Table 1.

**Table 1: Mill GPS Location**

<b>MILL</b>	<b>EASTINGS (Longitude - DMS)</b>	<b>NORTHINGS (Latitude - DMS)</b>
Sangara Mill	E 148 <sup>0</sup> 11'55.338"	S 8 <sup>0</sup> 44'36.1896"
Sumbiripa Mill	E 148 <sup>0</sup> 09'38.8548"	S 8 <sup>0</sup> 46'09.0624"
Mamba Mill	E 147 <sup>0</sup> 42 '25.308"	S 8 <sup>0</sup> 51'16.8084"

Map 1 Location Map – Higaturu Oil Palm Limited





**Table 2 Crop Distribution by Mill**

**1.4 Description of Supply Base**

Oil palm fruit is sourced from company managed Plantations and from Smallholders.

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

Table 2: Plantation FFB Production 2011-12

Plantation	FFB (tonnes) - 2011	FFB (tonnes) - 2012
Embi	39,923.82	36,507.94
Ambogo	50,281.50	50,220.32

Sangara	43,756.22	39,991.76
Sumbiripa	39,638.26	39,277.25
Mamba	38,496.10	20,056.35
<b>Total</b>	<b>212,095.90</b>	<b>186,053.62</b>

Smallholder Growers (SG’s) supply approximately 7% of oil palm fruit processed by the Mill. There has been a reduction in amount of FFB due a large replant in a number of estates including Embi and Mamba.

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

The SG’s comprise small holdings of oil palm that were developed under a Village

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

**Table 3: Smallholders and FFB Production 2011-12**

Smallholders (Total No), 2012	FFB (tonnes) - 2011	FFB (tonnes) - 2012
5,707	167,863.77	186,579.91

### 1.5 Date of Plantings and Cycle

The company owned plantations were developed since 1969 under CDC – PACRIM and CTP (previous owners). The age profile of the palms on Plantations is detailed in Table 4.

**Table 4: Age Profile of Company Estate Planted Palms as at 2012**

Year	Age	Ha	%
1989	23	112.3	1.29
1990	22	196.4	2.26%
1991	21	123.70	1.42%
1992	20	81.10	0.93%
1994	18	108.30	1.25%
1995	17	265.3	3.07%
1996	16	978.64	11.25%
1997	15	176.4	2.03%
1998	14	526	6.05%
1999	13	501.80	5.77%
2000	12	769.60	8.85%
2001	11	968.40	11.13%
2002	10	1,206.66	16.92%
2004	8	445	5.12%
2005	7	472.20	5.43%
2006	6	50.90	0.59%
2007	5	50.80	0.58%
2011	1	359.19	4.13%
2012	0	1,038.5	11.93%
<b>Total</b>		<b>8433</b>	<b>100%</b>

### 1.6 Other Certifications Held

HOP holds no other certification although were previously certified to ISO 9001 and ISO 14001 under previous management from 2000 to 2009. They intend to regain certification to ISO 14001 by 2014.

### 1.7 Organisational Information / Contact Person

NBPOL – HIGATURU OIL PALM  
 Post Office Box 28  
 POPANDETTA  
 ORO BAY PROVINCE  
 PAPUA NEW GUINEA

**Contact Person: Mr Mike Jackson, General Manager**

**Phone: +675 6297177 Fax No: +675 6297137**

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

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

HIGATURU OIL PALM LIMITED is part of the New Britain Palm Oil (NBPOL) group.

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

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

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

Poliamba Estates was certified in March 2012.

Milne Bay Estates report is with RSPO awaiting a decision on certification. This reported was submitted in October 2012.

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

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

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

This certification of HOP will mean that all NBPOL operations in PNG will be certified to RSPO. From the above GPPOL is based in the Solomon's and all others are located in PNG.

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

### **1.9 AREA OF PLANTATION**

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

**Table 5: Estates Hectare Statement**

Plantation	2012	
	Mature (ha)	Immature (ha)
Embi	1368.7	380.76
Ambogo	1,668.60	0
Sangara	1,507.2	0
Sumbiripa	1,422.60	117.30
Mamba	661.64	1,228.89
<b>Total</b>	<b>6,705.64</b>	<b>1,726.95</b>

The areas of Smallholders planted palms listed in Table 6.

**Table 6: Smallholders Planted Area**

	Mature (ha)	Immature (ha)
2011	11,818	17
2012	9,783.26	922.75



**Table 7: Approximate Tonnages Certified  
2011-12**

MILL	CPO	PK
Sangara 2011	48, 113.95	11, 034.39
Sangara 2012	44,097.51	10, 666.84
Sumbiripa Mill 2011	27, 325.77	0
Sumbiripa Mill 2012	29,618.89	7, 767.39
Mamba Mill 2011	11, 337.89	0
Mamba Mill 2012	8002.2	1, 863.96
2011 – CPO-PK	86,777.61	11,034.39
2012 – CPO - PK	81,718.60	20,296.19

### **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 7 for tonnages).

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

#### **Inclusion of Smallholders**

During the audit of HOP operations, the audit team became aware of resources that HOP had committed to the RSPO implementation for its Smallholders. In particular, HOP had initiated RSPO awareness for Smallholders back in 2009 through the Papua New Guinea National Interpretation Working Group (PNG NIWG) process and worked with the local smallholder representative. HOP 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 Smallholders have been accepted without being subjected to a field assessment in accordance with the “Planting Approval Form”.

#### **Smallholders**

The PNG NIWG had previously established the status of the SG’s as “independent” under guidelines previously set.

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

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

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

The audit was carried out from 28th Oct to 2nd November 2012 with 67 block inspections/interviews in total and a meeting with the Popondetta Oil Palm

Growers Association (POPGA) executive and a confidential meeting with the General Manager of HOP, which concentrated on communications with all stakeholders.

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

Smallholders represent a significant area of plantings; in fact a greater area than estate plantings, the production of FFB from smallholder blocks is **around 49%** of the total FFB production in Oro Bay province. Recent improvements in smallholder fertiliser application have seen a considerable increase in yield which will only improve with continued fertiliser application.

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

BSi examined in detail the smallholder survey database and concluded that the information showed the great majority of Smallholders therefore met conformance with the relevant Indicators of the PNG NIWG (March, 2008). The validity of the smallholders survey results was tested by selecting a sample of 67 Smallholders that were representative of a range of conditions and subjecting these to field audits. This figure is well in excess of the RSPO sampling guidelines. BSi also interviewed Smallholder representatives who had been involved in the baseline

survey and confirmed their knowledge of the relevant RSPO P&C's.

## **2.0 ASSESSMENT PROCESS**

### **2.1 Certification Body**

Prepared by

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

### **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.

#### **Colin Benton - Small Grower Specialist.**

Colin Benton holds a tertiary qualification from Hawkesbury Agricultural College (HDA) 1965, now the University of

Western Sydney. He has more than forty years' experience in PNG and the Solomon Islands. He started with the Dept. of Agriculture Stock and Fisheries (DASF) in PNG as an Agricultural Patrol Officer, walking from village to village planting coffee, peanuts and cocoa. On these patrols he has gained a significant knowledge of the customs of PNG and is fluent in the Pidgin language. From patrolling the villages he progressed to major projects within DASF and started the Biella Smallholder Oil Palm scheme (1975) and the Popondetta Oil Palm Scheme (1977) where he remained for ten years planting 6000 hectares of smallholder palms with the appropriate infrastructure (Roads, Schools, Aid Posts, Police Posts, housing, markets etc.) under the auspices of the World Bank.

On leaving DASF he joined private enterprise in the plantation sector managing large cocoa estates throughout PNG. After leaving the Cocoa Industry he joined the Oil palm Industry as a plantation manager and progressed through the ranks to become the General Manager Operations Milne Bay Estates. After retiring from Milne Bay Estates, he worked as a Small Holder Liaison Officer in the Solomon Islands and PNG. He has worked on both sides of the fence in the Oil Palm Industry in PNG with the Companies and the Small Holders.

He has also worked for the World Bank, AusAid, and the Asian Development Bank.

Col is fluent in TokPisin

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

Mike has 20 years' experience as a development specialist in Australia, Asia and the Pacific and has worked in PNG since 1985. Mike focuses on the social

impact assessment (SIA) of large-scale resource projects and has recent experience in Australia, Papua New Guinea, China and the Philippines:

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

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

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

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

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

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

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

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

### **Rod Parsons –Environmental**

Rodney Parsons holds a tertiary qualification in chemistry and has also undertaken tertiary studies in metallurgy and civil engineering. He has more than 8 years' experience in systems management and auditing of large organisations in manufacturing, construction and logistics management in private and Government sectors in Australia and Oil Palm in Indonesia and PNG.

He is a Lead Environmental Management Systems Auditor (ISO 14001:2004) and a Lead Quality Management Systems Auditor (ISO 9001:2008) with RABQSA and also an accredited OH&S Management Systems Auditor with BSI

As part of a team he has conducted Integrated Management System and RSPO assessments at a number of palm and kernel oil mills and oil palm plantations in Indonesia and Papua New Guinea.

He has a background in water /wastewater with Sydney Water where he had responsibility to manage the sewerage infrastructure of Wollongong and Port Kembla systems to ensure a high degree of quality and reliability in the provision of services to the customer in accordance with the defined levels of service, environmental considerations and business direction to achieve EPA licence compliance and ensure public health.

As the Commissioning Inspector he was seconded to Camp Scott and Furphy Consulting Group, as a member of the team engaged in detailed design, documentation, procurement and

supervision of construction for Wollongong Water Pollution Control Plant. He was the Co-Author of a Paper accepted for presentation to the 50th Annual Conference of Water Engineers and Operators (Department of Water Resources, Victoria) "Re-Organisation Transferring Programmed Maintenance to First Line Supervisors".

He has undertaken studies in areas of wastewater management and treatment including:

- NSW Public Works Department Wastewater Treatment Plant activated sludge and aerated lagoons - Operator (Level 1B - Distinction)
- The University of NSW School of Engineering Municipal Wastewater Treatment
- Total Catchment Management Conference (Wollongong University)
- Water Pollution Control Plant Operator Training Course – One, (Water Board)
- Water Pollution Control Plant Training Course Level O (Water Board)
- Microscopic Techniques and Biology of Activated Sludge Course (Water Board).

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

The pre audit for HOP was conducted from 22<sup>nd</sup> – 26<sup>th</sup> July 2012.

This certification assessment was conducted from the 28<sup>th</sup> October to 2<sup>nd</sup> November 2012.

The three mills and their supply base including Smallholders is a certification unit as defined by RSPO with an exemption being granted by RSPO due to the relationship of the mills. Therefore the

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

Smallholders were also included in this audit. A total of 67 blocks were audited of the smallholder blocks. This is in excess of the requirements. They were all Village Oil Palm (VOP), lease-lease back or under a title.

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

### **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 HOP websites and an advertisement in English and Pidgin in the PNG national newspapers.

Telephone calls were made to arrange meetings and notices placed in the local

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

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

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

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

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 Oro Bay 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 HOP's operations. Although company

representative were present they were on the periphery and did not influence the process.

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

### ***List of Stakeholders Contacted***

Company employees:

Mike Jackson, General Manager

Paul Maliou, Sustainability Manager

Lindsay Saboko, Sustainability Officer (OHS)

Esther Wafiware, Sustainability Officer

Saroj Sharma, Construction Manager

Benedict Naha, Construction Supervisor

Liz Cazalet, Manager Health Services, Siroga Clinic

Samson Horova, Community Health Worker, Mamba Clinic

Erik Mesak, Human Resource Manager

Mato Nasingom, Training Officer

Bob Wilson, Field Manager Mamba

Rex Aguma, Mamba Village Warden

Ben Osa, Lands Coordinator

Scott Stringer, Head of Security

Anista Matbob, Community Policing Officer

Fabian Evata, OIC Investigations

Rebecca Manduru, Investigator – Grower's Issues

Cyril Ombi, Investigator

Stanley Ambo, Investigator/Training Officer

Murray Feddersen, RSPO Consultant

HOP Processing Worker's Union:

Florence Kopapa, President

Veronica Emi, Treasurer

Jacob Ak, Secretary

Pauline Kaembo, Shop Steward

Chardi Holdings –Building, maintenance, Construction, and Electrical Contractor.

Philip Taudaben – Steel works contractor

Dale M'carthney - USG Trucking for FFB Evacuation Contractor

Safe Water – Water treatment and sewerage systems.

Meetings were also held with several estate managers, female employees, clinic staff and village clerks.

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

To be determined once certification is obtained but within 12 months of that date.

## **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.

Seven (7) Nonconformity was assigned against Minor Compliance Indicators.

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

Twelve(12) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 28).

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

BSi recommends that HOP 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.***

**HOP ensures that any requests for information are recorded no matter what the format of that request although non have been received at this stage (1.1.1)**

Requestors include name, address and contact details and clearly specify what information is required. There is also a process where a request for information is rejected by HOP and the reasons why it was rejected. There have however been no requests for information received

HOP maintains a record of responses if requests are received - including timeliness and includes all stakeholders - internal and external.

Any requests for information will be recorded by the relevant authority and if information cannot be made available the reason for this decision will also be recorded and explained to the relevant stake holders. However none have yet been received.

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

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

There have been nowritten or verbal requests to Higaturu Oil Palms for the provision of information. Any requests if received should be recorded, and appropriate documents provided.

Most growers are Village Oil Palm (VOP) and have Clan Land Usage Agreements (CLUAs or Lease Titles) which are either with them, with OPIC or with National Development Bank (NDB) if there are outstanding loans, or with all three entities. OPIC is currently locating all block holders CLUAs and Land Titles so that copies can be stored safely with the growers.

OPIC is also making multiple photocopies to ensure that the CLUAs and Land Titles can always be found.

However, the cooperation between the company, OPIC and the NDB has yielded excellent results in compliance with this criteria.

***Criterion 1.2: Management documents are publicly available, except where this is prevented by commercial***

***confidentiality or where disclosure of information would result in negative environmental or social outcomes.***

Management have decided which documents are to be made available to the public and a list of these documents is in place widely throughout the organisation in estates and mill offices. There is a register available of all documents which have been made publicly available which has been approved by top management. This was most recently updated in July 2012. (1.2.1)

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 HOP General Manager.

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. HOP Policies and Guidelines
6. Environmental Policies
7. Equal Employment Opportunity
8. Water Management Plan
9. Sexual Harassment Policy
10. Environment Plans & Environment Permits
11. Copies of Government laws, regulations, Code of Practices.



12. DEC Permit Compliance:  
Environmental Monitoring Reports
13. Waste Management Plans
14. Production Reports
15. FFB Pricing Information
16. Financial report
17. Employee Training.

Documents pertaining to financial information can only be shared upon the discretion of the HOP 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.(1.2.3)

All new Village Oil Palm (VOP) plantings have been made in strict accordance with a Planting Approval Form (PAF) and have Clan Land Usage Agreements (CLUAs).

Some LSS block holders still have loans with the National Development Bank (NDB), so their titles are held by the NDB

There are some issues with people who have purchased blocks and been unable to obtain the title as the seller leaves without transferring title. Also there are instances of deceased estates where the original owner has died intestate and this causes problems with title transfers. However, all respondents were going through the laborious process of transferring titles to their names. This is an area where the company and OPIC need stronger cooperation to assist in the transfer process.

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

are also widely available in all operational areas. (1.2.2 , 1.2.6)

**1.2.6 Observation: There appears to be at least different versions of the Domestic Violence Policy on display in various places and the company should settle on only one policy and display that. Several versions of the malaria and sexual harassment policies were observed on Company notice boards. Care needs to be taken that the policies displayed are current and accurate (including TokPisin translations of Company policies).**

The HOPOHS Plan will be made available on request and is displayed on all notice boards throughout mill, estate offices, compound notice boards and many other areas. (1.2.4)

All Heads of Departments have a copy of the OHS Plan. It is also made available on the company's web site. It is also posted in all work areas in a prominent position on noticeboards where workers congregate at certain times.

Smallholders showed good awareness of safety practices on their blocks. Practices included keeping the blocks clean, safely placing cut fronds between the harvest rows and safe storage of chemicals.(1.2.5).

There is a documented procedure for dealing with complaints and grievances. This is the complaints and grievance procedure and is current and controlled. It ensures all complaints and grievances are documented and addressed. (1.2.8)

Both OPIC and the company Smallholder Affairs department have good grievance mechanisms. The two organisations should work more closely together.

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

All lease – lease back titles have to be renegotiated to follow the provisions of the revised Customary Lands Registration Act 2009 and the revised Incorporation of Land Groups Act 2009, which both were certified by the March sitting of parliament 2012. There is five year period for all stakeholders to conform to the new legislation. 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), have been incorporated into the long term financial plan and CIP. These are most comprehensive and can be sighted in the Appendix C for CIP.(1.2.10)

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

There is in place a documented system which includes the process for ensuring that legal requirements are known and documented. This information is passed on to the relevant areas of operations to ensure that all involved are aware of any changes to laws or any new laws introduced. The Sustainability Manager is responsible for managing the process of ensuring all legal requirements are known and met. (2.1.1)

All permits and licences viewed were current this includes all water extraction permits. There is a recorded expiry date for all permits.

This included the following Environmental Permits for all operations as required.

**ENVIRONMENTAL PERMITS ARE CURRENT - E.G WD-L28 EXPIRES 12.2.2035**

There is evidence that all Permits, Licences and Certificates have been obtained and are up to date wherever possible. There was evidence available that Boiler Operators certificates were now available. There is evidence in place that all fees were paid on time and the issue of current certificates is out of the control of HOP. These expire in June 2013. A letter is available from the appropriate Government department which includes information that required inspections have been carried out in line with requirements. (2.1.2)

The issue with regards to the paying of correct super for all employees has been addressed and all employees have been identified and are being included in the super scheme. A list of employees and super payments was sighted by the social auditor.

A number of legal requirements which required addressing to comply with this indicator at the pre-audit have now been actioned. This includes obtaining Boiler Certificates which are current for the Oro Bay Bulk Terminal.

There is also an extensive register of compliance which includes all legal requirements, permit and licenses required including information on expiry date and frequency of renewal or review. This is a very good record and ensures all returns, licenses and permits can be renewed on time as required.

There is also regular testing of water quality and recent lab results indicated the water was pure and fit for consumption –

this also indicated improvement in water quality in Mamba Estate. On any other occasions where the readings show contaminated water any affected residents are advised to boil all water before drinking. This is done by distributing a memo throughout the areas. The areas are thoroughly investigated to identify the cause of this contamination. Some tests from the independent lab appear inconsistent and have sent elsewhere for further testing to determine the accuracy of some results.

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

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

Examples of methods of ensuring laws are being implemented include external re-conformation with such agencies as the Department of Environment and Conservation (DEC), Dept. of Labour and Industrial Relations who visit annually, and Dept. of Health (DOH). This is further supported by internal physical inspections to ensure that certificates, permits etc. are current. The legal office also subscribes to publications which advise of legal changes in PNG.

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

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.

HOP 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.

Oro Bay is a matrilineal society, all smallholders interviewed were well aware of customary and legal issues.

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

HOP landholdings are mainly State Agricultural Leases that were established by the former owners of HOP. HOP 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 HOP. These state leases expire in 2075.(2.2.1)

There are in place a number of lease-lease back arrangements.

Lease holders need to be able to demonstrate tenure and that agreements

made with HOP are compliant and transparent – see comments below.

However due to the amendment in the act made in March 2012 this will not be required for 5 years until this is reviewed and all lease-lease back arrangements have been investigated.

Therefore all Documents indicate legal ownership or lease of land and all state leases and land titles are available in Head Office as well as any copies in operational areas. These titles are well managed and easy to locate at the moment. All leases/titles could therefore be viewed in the estate Head Office.

An official government letter is however available stating that former CTP estates are now owned by NBPOL.

Boundaries are normally landmarks such as Roads and Rivers which have been identified through participatory means with the customary landowners. A number of boundary pegs were sighted during this assessment in a number of estates including Embi and Mamba. These are transferred onto maps of each estate clearly indicating these boundaries. There is therefore evidence that all legal boundaries can be clearly identified. Boundaries are marked on maps and with titles - some are marked with boundary pegs - have been previously surveyed. All are normally indicated by natural barriers such as roads and rivers. All will be gradually surveyed. Pegs are being replaced if necessary once the survey has taken place. (2.2.2)

HOP engaged a registered surveyor to identify the legal boundaries of all areas. There have not been any disputes recorded at this time and in recent history.

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

Records of all resolutions are maintained with Sustainability Manager.

There is proof where disputes have been resolved or are being resolved.(2.2.3).

Recently the company received notice of some claims in respect of land being claimed as handed back to the customary owners in 1986 in the Sumbiripa Estate. The company has recorded all negotiations in these cases and record progress towards resolution. It appears at this stage that the land is state land and included in Government Leases. This has now been resolved and claimant has acknowledged that the areas in question had in fact recorded the incorrect block numbers. A letter was obtained from the claimant stating this was the case. This included negotiations with NBPOL Sustainability Director when he was recently in Port Moresby.

There are no significant land disputes within the operations of HOP. (2.2.4)

There are no operations outside the legal boundaries of the plantations as far as HIGATURU OIL PALMS is aware

All Village Oil Palm growers have relevant Clan Land Usage Agreements for their blocks as it is an integral part of the loan document but most small growers are not aware of this.

Where purchase of Land Settlement Scheme Blocks has taken place most new

owners are still waiting on their titles as there is much difficulty with transfers. Transfer of titles from deceased estates is also an issue as many LSS block holders have outstanding rents which must be settled before title can be transferred. This problem will be exacerbated as the original settlers are getting on in life. There needs to be a 'Will System' to insure smooth transfer of deceased estates.

Some older VOP Blocks have been established by "purchase of customary land "by outsiders" or non-clan members. A new CLUA has been developed for these blocks and should be used for any future agreements with non-clan members and also should be used at the time of replant for existing blocks.

***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 HOP boundaries. There are no operations on alienated land. (2.3.1 & 2.3.3)

All Land Titles are in place.(2.3.5)

There are copies of the small amount of negotiated agreements available detailing processes of consent - Copies of negotiated agreements are available in Land Title Officer Office and with company lawyer. This is with regards to a number of lease –lease back arrangements. (2.3.2)

Detailed maps for all VOP's were available during this assessment. (2.3.4)

All new VOP Blocks are being established using a Planting Approval Form (PAF) which contains sketch maps of the blocks vegetation prior to clearing and has

safeguards to protect any High Conservation Value (HCV) in the vicinity of the new plantings.

Very few smallholders actually have possession of their titles or CLUA's as the financing authorities keep the documents as collateral. Many VOP blocks are unaware of their CLUA's as they are part of the loan document and they don't actually hold them. OPIC has started a new system where all documents relating to title and land use are copied and kept in the OPIC office. It would be a good make sense for Higaturu SHA Department to do the same. (2.3.6)

Some older VOP blocks have been established by "purchase of customary land "by outsiders" or non-clan members. A new CLUA has been developed for these blocks and should be used for any future agreements with non-clan members and also should be used at the time of replant for existing blocks. Copies should be kept by relevant parties.(2.3.7).

All new blocks that are being established under the Smallholder Agricultural Project (SADP) must have relevant CLUAs before the PNGSDP Microfinance Ltd will agree to the loan arrangements.

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

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

Annual replanting programme is in place for the next 5 years and includes estates

due for replanting including hectares and date for each year.(3.1.2).

There is a five year business plan for HOP. 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.(3.1.1)

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 July 2012.

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

HOP defines its Standard Operating Procedures in what it terms Management Guidelines (MG's). MGs are used as the framework for all operations. HOP refers to MG's and the Recognised Industry Field Handbooks for guidance. Other publications are used for reference only.(4.1.1)

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

Standard Operating Procedures (SOP) are in place for each station in the process of palm oil production from weighbridge to storage and transport, storage and despatch to the Bulk Terminal at Oro Bay.

**4.1.4 Observation: Construction need to ensure adequate records of monitoring/inspections to show SOP's are being followed and that they are effectively in place. Construction needs to ensure follow up any actions that are reported to ensure actions are completed.**

The mill has in place Work instructions for all mill activities. They are available in the mill and at the area of operations. Adequate document control in the form of issue date and approval is to be put in place.

Mechanisms are in place to determine the effectiveness of the SOP's. These include regular inspections within the mill with regards to records of operational checks including hourly monitoring of conditions at a number of stations including Sterilisers, Boiler, Presses and all other areas checked. These are completed and then they are collected and reviewed by the Respective engineer to ensure SOP's are monitored and any potential breakdowns including proactive maintenance takes place. (4.1.2)

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

The SOP's and Management Guidelines 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 for employees to use. Any deviation from standard procedures is reported in daily records and followed up to ensure documented practices are being followed. This all appears effective as the mill was operating well.

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

Regular monthly inspections of all areas by Sustainability Manager and his team determine effectiveness of processes in place. In regards to estates the estate managers will ensure MG's are being followed. This will be further supported by inspections by SM.(4.1.2)

The system requires that records of monitoring are kept. This includes 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 includes action taken for any OHS breaches.

The Sustainability Management team completes an audit of all operating areas atleast once per month. This was witnessed in all areas. The report is very extensive and includes both areas of compliance and non-compliance with any areas not being compliant being followed up at subsequent audits.

The estates are similar to the mill in that scheduled field inspections are in place by a team of field inspectors as well as estate managers. A number of inspections for estates were sighted including August inspections by the Field Inspectors for Embi and Mamba.

The estate managers carry out regular field inspections to ensure Management Guidelines are being followed and divisional assistants 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 Senior Field Managers who carry out monthly field inspections which are further supported by the issuing and circulating of an

inspection report to each estate. These were sighted for August, July and September for Embi estates and also for Mamba. Any non-conformances are recorded and followed up in a specified time frame. These inspections occur in each estate. The inspections are scored to indicate areas for improvement and record if improvements have been made since the previous inspection. (4.1.4).

National Codes of Practice are referenced within each SOP or Management Guideline if applicable to that particular operation. There is Code of Practice (COP), for Oil Palm Processing. This document is referenced in the legal register, SOP's and MGs. There are also Codes of Practices for Hydrocarbon Control 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. (4.1.3)

The latest issues of MG's are controlled by the Sustainability Manager who ensures current applicable PNG COP's are in place. This is completed by using an issue date and number, as well as ensuring all documents are adequately controlled.

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

Fertiliser use is being recorded and monitored. Fertiliser inputs are recorded for each estate - including recommendation and application against recommendations. These recommendations are made as a result of the most recent tissue analysis which is an annual event. (4.2.1)

Records indicate type of fertiliser used, the estate and block number of areas where it is applied

HOP has soil maps in place - includes difference types of soils –these are available. Soil sampling was completed by an independent testing authority with 20% of areas being tested each year – therefore all soils in all areas are tested at least every 5 years and reports are available which includes outcomes and recommendations. This soil sampling also included maps of areas under planting.

There is evidence of an annual tissue analysis– with the most recent being conducted in June 2012. The analysis is completed by a laboratory in Malaysia. This is an accredited lab. (4.2.2)

Tissue analysis completed by external testing body and records where viewed. This analysis is also completed by the independent accredited lab in Malaysia – this is accredited to ISO 17025 Recommendations are made by Singapore office on the application of fertiliser. This was sighted in the OMP 8 records of application.

All palm by-products including fronds, EFB, compost, effluent and expeller are therefore recycled. These are used as nutrients and are put in place to improve organic matter and to substitute or supplement inorganic fertiliser. (4.2.3).

**4.2.3 Observation: There is evidence that nutrient strategy is not at times effective as on a number of occasions EFB was left in piles rather than being returned to the field and spread amongst the palms.**

The smallholder blocks were well maintained and growers showed good knowledge of techniques to maintain soil fertility - e.g. Legume Cover Crops (LCC).

Fronde stacking and boxing, Use of organic waste, erosion control and Fertiliser application. In the past fertiliser deliveries were very erratic. There has been much improvement with most growers having some deliveries this year. The notable exception being new plantings, some of which have not received any fertiliser in the first six months, with some older blocks not having any deliveries.

Many smallholder blocks husbandry standards are now comparable with the Estates. In order to get maximum yields from these blocks, there needs to be a rethink of SOA (sulphate of ammonia) only policy for smallholders. Based on yield say any block producing over eighteen tonne per hectare (actual figure determined by OPIC & NBPOL) should be eligible for MOP (Muriate of potash). They could use blend of MOP & SOA so there would be no confusion over what to apply and only the amounts per palm would differ.

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

There are slopes over 25° and these areas have never been planted and will not be replanted at replant which is taking place at the moment.

HOP has maintained buffer zones near streams and rivers in steep areas. These remain intact and are not encroached upon.

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

At HOP the practice is to use old stand as nutrient during replant. In all areas cover crop is planted or existing cover crop



quickly re-establishes again once replant is completed. Inspections indicate that this remains the case.

There are no known fragile or problems soils at HOP.(4.3.6)

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

During the present replant any steep areas(of which there are few)are not being replanted.

On fields with over 9° erosion control practices are in place. These include use of terracing (also re-establish effective terracing during the current replant, effective cover crop is in place and use of an effective roading strategy which takes any rain water quickly off the roads.(4.3.3)

All blocks with slopes over 25° are identified on the estates contour maps.

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

HOP is using irrigation practices which are designed to prevent erosion in the nursery - this area is controlled with regards to erosion due to the flat terrain. Fronds are also used to prevent erosion by correct stacking practices following pruning and after harvesting of FFB. They also consider water use efficiency as there is no

irrigation if over 10 mm of rain fall the previous night.

A plan for road maintenance including roads, blocks and time frames as well as budgets has been produced for 2012 for all estates. This includes management of rainfall run off.The Maintenance plan indicates priority of grading and which roads are to be included on an annual basis.(4.3.5)

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

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

All smallholder blocks are on flat or gently sloping land. Where there are slight slopes growers are using appropriate techniques such as maintaining a ground cover and placing palm fronds across the flow of water. There is much more awareness of erosion after cyclone Guba. Replants should strictly adhere to buffer zones for class one and two waterways, as palms previously planted to close to waterways caused erosion problems during cyclone Guba.

There are no peat soils over 3 metres in depth in the area.(4.3.4)

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

HOPhas issued a Water Management Plan with the most recent being reviewed and issued in September 2012. (4.4.1).

BOD levels of discharges are monitored and have records for the previous 5 years at least. All recent reading show any

discharge of POME is well below the allowable limit. All discharge from the effluent ponds is by land application which requires a BOD of under 5,000. The records of application indicate this is well within these limits. Sumbiripa Mill which has 60 tonne per hour capacity is at present only running at 30 tonnes per hour and therefore effluent ponds are very low and there has been no discharge for 12 months. Mamba mill is only operating 2-3 days per week due to low crop and they too have no discharge of late. At Sangara mill there is discharge and this is controlled through a series of gully ponds which discharging. Any discharges are for land application and do not flow into local waterways. Readings indicate that BOD levels are well under the allowable limits.

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

HOP does have the facility to be able to monitor the water flow in each mill as flow meters are installed. Water use is being monitored. Effective records are continuing to be collected and the data will be analysed.

With regards to monitoring of water quality by an outside lab, the results indicate water quality has been very good recently and the most recent test results in August 2012 indicate that there is no faecal coliforms and pH within the acceptable range as prescribed by the DEC at the moment. Some results which were received from the local independent lab indicate the presence of faecal coliforms. However all and any readings were all the

same with no variation and therefore there is no confidence in the results. The samples are being sent to a further lab to determine accuracy and veracity and HOP are awaiting the results. However at any time when results indicate some contamination of water action is taken immediately to rectify the issue and trace the source of any contamination and workers and their families are being advised very strongly to boil all water prior to drinking. This is done by the clinics, at morning muster and placing warning letters on the compound/village noticeboards and at each estate office.

HOP will take action to ensure use of water does not have an adverse effect on downstream users. Water Quality has been tested both upstream and downstream were they run through the company's operations to determine if there have been any adverse effects to the water quality. These results indicate very little affect from the company's operations.

Hazardous Chemical residues are being adequately prevented from entering water courses in all areas. This in particular includes Mills, Bulk Terminal CVWS, Construction and Central Stores were management practices prevent hazardous substances entering water courses – improved practices and better management of interceptors and other Pollution Control Devices has resulted in less evidence of any spills having impact outside of the immediate area. The interceptors are proving very effective in managing water quality of any discharged waste water. The plan goes on to formalise how stormwater and mill drains are regularly inspected and includes templates of records of any actions taken. Much of the plan is already implemented.

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

HOP monitors the water flow in the mill as flow meters are installed. The mill water use per tonne of FFB is being monitored and trend data is available for the previous 5 years since 2008 for Sangara mill. Use is around 1:1. This is monitored for each mill. The other mills (Sumbiripa and Mamba where only commissioned in 2008 and 2009 respectively however records are in place since that time.

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

The riparian buffer zones are maintained in good condition. The buffers in existing plantations were inspected and found to be within the limits as prescribed by the environmental permits and logging code of practice for each estate and are being re-established at re-plant. All permanent water courses have buffers in place and with HOP signage indicating the location and extent of the area. This was seen to be the case in both Embi and Mamba where extensive replants are currently taking place.(4.4.2).

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

See 4.3.6. More awareness is needed for the new Principles and Criteria under RSPO which requires buffers to be re-established on existing blocks when

replanting in accordance with the PNG Logging Code of Practice. For new blocks, which are all VOP, this is not a problem as the buffer requirements are clearly outlined in the Planting Approval Form. Some existing blocks have been developed right up to Class 1 waterways which require a 50 metre buffer zone. This is a problematic situation as there are no guidelines for what can be planted in the re-established buffer zones. Ideally trees planted should mimic the previous rainforest vegetation. For growers who will inevitably plant gardens, maintenance of the immature buffer zone trees should be mandatory.

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

There is an Integrated Pest Management Programme (IPM) for specific pests including ganoderma, bagworm and oryctes as well as other pests including weed infestations. The Programme includes the following techniques – pest monitoring, selective use of chemical treatment, and encourage establishment of bio-control agents. Records of locations and application timeframes for all chemicals used are kept. There is a measurement of the amount of each pesticide used and type for each specific pest e.g. for Ganoderma - use established techniques which does not include chemicals and instead use biological control. HOP monitors pests and disease as part of the IPM. There are very few significant pest and diseases identified at HOP apart from ganoderma in the old copra plantation areas which are susceptible, at the present time and any pests are well controlled.(4.5.2).

The main issues at HOP are ganoderma and rat infestation.

There is a ganoderma team which monitors the extent of any ganoderma and any treatment. Treatment is by manual felling of the infected palm and pesticides are not used.

At present the rat issue is under control and the rat population and damage continues to be monitored via a regular rat census. If numbers and signs of infestation indicate an increase to a certain level rat baits may be used. There is also in place a strategy to use Owls to also control rats.

HOP is maintaining records of all the above including active ingredients applied perha using published toxicity data. Workers are trained in the implementation of the IMP as well as in monitoring its continued success. (4.5.1)

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

The use of all chemicals is justified and a plan to reduce usage has been presented. Types of uses are weeding, pathways, upkeep and other activities within the estates. This includes chemicals used, dosages, and frequency of use. HOP is recording where pesticides are being used, quantities and against what target pest. The plan includes insecticides, herbicides, fungicides and rodenticides. (4.5.3).

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

**4.5.2 Minor NC: The IPM program has not apparently been extended to smallholders and therefore evidence of Ganoderma has not been detected or treated, therefore the IPM has not been implemented and monitored for smallholders with regards to this pest.**

The Oil Palm Research Association (OPRA) has a station at Popondetta and there is a well-established Integrated Pest Management system in place. However, this seems not to be working. Of the blocks visited, fifteen inspected had Ganoderma infections or suspected Ganoderma infections which represent 35% of blocks.

4.5.2 Observation: Many growers complained about the Sexava levy. Maybe funds from this could be used in the fight against Ganoderma.

**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, Smallholders 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. (4.6.1)

The 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.(4.6.2)

Paraquat is not used at all at HOP. The application of paraquat was stopped as of 1<sup>st</sup> June 2012. (4.6.5)

The alternative to paraquat has been identified by HOP – is Basta although this is more costly and not as effective.

It is HOP policy not to supply paraquator any chemicals to any Smallholders. This policy is strictly monitored.

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

Specific products are being used to target pest and diseases which have a minimal effect on non-targetspecies. 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 trend data showing the use of all main chemicals for the last 5 years. There is evidence of reduced use of some major chemicals in this trend data.

There is in place A Management Guideline which is controlled with regards to the use of WHO Type 1A or 1B chemicals. HOP is able to demonstrate that Type 1A & 1B chemicals are not used by application records and purchasing records/stock control.(4.6.3)

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

Records of training are kept in each estatefor the following:

- Pesticide Mixers
- Pesticide Sprayers

The training data is also maintained to show the nature and content of the training covered. The training appears to be very effective with all pesticide mixers being well aware of PPE use, chemicals use and mixing ratio, storage and hygiene.

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 of which there is plenty of evidence of in the estate training records. The company supplies three 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 eliminated.(4.6.8, 4.6.9)

All sprayers and mixers sighted during the assessment were using the correct PPE which is supplied by HOP.

Current 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. The status, availability and display of MSDS in all areas was to be commended. A big improvement was made in the identifying of all chemicals used as not one chemical container was found to be unidentified during this audit.

Storage of chemicals is in especially locked areas with limited access. All areas where chemicals are stored are adequately ventilated through cross flow ventilation. All chemicals containers are triple rinsed and pierced prior to being placed in the designated pesticide waste pit (landfill). The pesticide mixers in all areas were aware of this practice and could describe it when questioned. Records of containers disposed are kept including numbers sent to landfill. (4.6.10)

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

HOP policy is not to use either pregnant or breast feeding mothers to work with pesticides. None were sighted.(4.6.14)

Health checks are conducted for pesticide operators. This is carried out by a medical officer on a yearly basis and records of

these checks are kept in the relevant clinic. All pesticide operators/handlers had last been screened in and the company Health workers maintain records of screening and schedule.(4.6.13).

HOP do not use organophosphates or methamidophos as at present there is no Sexava.(4.6.11)

There is no request for CPO residue testing. (4.6.12)

Smallholders 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 Smallholders are proficient in the use of chemicals.(4.6.6)

There are however no National regulations for disposal of chemical containers and the Smallholders adopt the best practices introduced by HOP.(4.6.10).

No smallholder visited was actively using herbicides. Some have in the past but since NBPOL has stopped issuing herbicides to smallholders all spraying has stopped except the odd case where chemicals have been pilfered from the Estates. (4.6.7)

All smallholders agreed that they could not recognise chemicals unless they came in containers with proper labels. No growers interviewed had ever been on a herbicide training course.

If the herbicide policy were changed, there would need to be proper training incorporating all aspects of herbicide use. (viz. Safety, PPE, Storage and Spraying techniques).

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

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

- Estates
- Labs
- Pesticide Stores
- Mills
- Bulk Terminal
- Workshops
- Clinics
- Stores

HOP has in place a health and safety policy which has been implemented and is being monitored. The policy is widely available to all workers, visitors and contractors. The policy is publically displayed on notice boards and within documentation. It is also available in all areas where people congregate.

All areas have implemented and monitored this plan to a very substantial degree. The situation has improved considerably since the RSPO pre-certification audit. Each plan has been issued and is current with the latest issue being in October 2012 throughout the organisation. (4.7.2)

Hazards and Risks have been identified for all operations in all areas. This also includes the degree of risk as well as the controls in place. Procedures and plans are in place to address all operations. These have been distributed to all areas and to the respective managers and supervisors. There are regular

documented inspections taking place which ensure that OHS Policy is being implemented. These are carried out at least 3 monthly and more often in higher risk areas.(4.7.3)

**4.7.3 Minor NC: There are not always records of all workers involved in operations having been trained in safe working practices e.g. construction, to ensure adequate control is in place to prevent workplace injury and illness.**

An area of improvement is the availability and distribution of MSDS as previously mentioned elsewhere in this report. There is a list of all chemicals used which is updated as new products are used or other products are no longer used. All pesticide stores have a standard set of MSDS in place for all chemicals used. This aids consistency and ensures all areas handling pesticides have consistent control. Although some areas do not appear to have MSDS readily available at point of use.

**4.7.2 Observation: Need to ensure that precautions are attached to products and these are required to be in place and readily retrievable in case of need e.g. MSDS's are not always available in areas being used.**

It is concluded that all precautions with regards to products are being observed with regards to most chemicals and other material used in the mills such as Rockwool is now well managed. MSDS are available where chemicals are used and displayed for the information of all operators.

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

prepared with or for contractors on site were viewed.

HOP has provided the required PPE appropriate to the task after the hazard has been identified and the risk assessed. The level of proper use of PPE within all area for both workers and contractors is excellent and compliant with all requirements. In fact all areas of Safety Management have improved greatly since the pre-audit. It must also be reported that the staff at HOP are very proactive with regards to policing the use of appropriate PPE at Morning Musters and workers are reprimanded if they do not use the supplied PPE.

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

Signage 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. The introduction of the “lock out – tag out” system was found to have reduced the risk of injury by having dangerous plant isolated during repairs and servicing.

There are emergency procedures in each area and these are tested to a degree. All areas had in place records of testing the emergency procedures including tsunami drills, snake bites, harvester injuries, plant accidents, fire drills and other possible emergency situations. (4.7.5)

The records of all drills and testing of emergency preparedness are

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

An overall company OHS Officer has been appointed for HOP who coordinates the implementation and management of the OHS policy. An OHS representative has been appointed in all the following operations areas (4.7.4):

- Mill
- Bulk Terminal
- Estates
- MVWS
- STORES
- Construction

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

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

HOP has 11 clinics. The clinics are clean and well-resourced and have reliable communications and reasonably good access to Company-ambulances. The building program includes plans to expand several clinics over the next three years to meet the growing demand from employees, dependents and local



communities. PNG Red Cross provides first aid training to Company employees. The clinics have improved greatly and repair and renovations have already taken place or at least planned in the improvement plan. (4.7.6)

The company also has many 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..

**4.7.6 Observation: It would be of more benefit that there be at least 2 trained First Aiders on each shift in each mill – this will ensure in case where one first aider is absent on leave at least there is one first aider available to workers at all times.**

There are records kept by Administration of First Aiders training including copies of certificates awarded and expiry dates. The pictures of all firstaiders are displayed on the dedicated OHS boards at estate offices, in the mill and all other operational areas.

HOP monitors a number of Safety Performance Indicators such as lost time injuries and regularly reviews all incidents. All accident records are kept and reviewed. The information is reviewed by Management during high level safety meetings to ensure objectives are being achieved and all incidents fully investigated. This was verified during the audit. This is an improvement since the pre-audit when it was unsure that all accidents are reported and investigated. The latest companywide meeting was held in August 2012 and was attended by all Senior Managers and HODs. The chair person is the company OHS Representative. (4.6.7)

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 HOP 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 Smallholders with loose oil palm a fruit, which is believed to act as an antiseptic.

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

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

All out growers responded to this point by saying that the best safety practice was to keep the blocks clean, harvest properly and carefully lay the cut palm fronds in the intermittent rows from the harvest rows. Many growers or family members have worked on the Estates at one time or another where they have learnt the safety measures used on the Estates. Training courses on the use of sickles, chisels, wheelbarrows, access, harvesting, tool care and frond management would be welcomed.

***Criterion 4.8: All staff, workers, Smallholders 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, and includes all training-related support provided by HOP (e.g. apprenticeships, educational support for the dependents of employees).

HOP has an annual training program and maintains training records, indicating the name of the trainee, the training provided and duration, and the trainer. An assessment of training needs analysis is being undertaken based on a set of competencies for different jobs. (4.8.1)

A checklist is followed for induction training. Although quite detailed, there is an opportunity for improvement by using the induction forms to ensure:

- Any permanent employee not provided with housing receives the Living Out Allowance (or equivalent); and
- All permanent employees are enrolled in a superannuation scheme (refer Criterion 6.5 for further details).

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

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.(4.8.2)

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.

HOP compiles an annual training program, which is coordinated by the Training Officer. Training Needs Assessments are

being introduced across the Company, with most technical training identified by the respective Heads of Department. The majority of training is undertaken internally, or on Company premises by external trainers. Some specialised training is provided off-site. Training records are maintained, indicating the name of the trainee, the training provided, the timing, the trainer and an assessment of the training by each trainee.

Medical officers from all 11 clinics meet each fortnight for in-service training and to discuss challenging cases. This helps ensure medical offices are up-to-date with current practices and medicines.

The Head of Security aims to utilise the North Queensland Security Training Academy to deliver training to HOP security personnel and investigators based on accredited security courses in Australia. Using a training of trainers approach has potential to build local capacity while simultaneously applying high security standards to the relatively unique and challenging environment posed by oil palm operations (i.e. protecting personnel that comprise many different cultural groups, and facilities that are accessible to the general public and spread over a wide geographic area).

Checklists are utilised for all induction training (different checklists being tailored to different departments). Induction forms are signed by the inductee and records maintained.

Contractors undergo a separate induction, again using a standardised form. The contract manager and the on-site workers are all required to attend the induction. The induction form is signed by the contract manager and by each worker, and records maintained.

Training records are therefore kept for all employees.

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

New growers have to attend a “New Oil Palm Training Course” which then results in the issuance of Growers Certificate. All out growers are trained both formally and informally at field days. This should be followed up with training prior to harvest and at the changeover from chisels to sickles.(4.8.3)

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

An Environmental Aspects and impacts register has been developed and is reviewed and updated at least annually the last update being in October 2012 – this is in the form of a five year plan from 2012-2017. 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 HOP. 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.(5.1.1)

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

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

The methodology for determining aspects and impacts has been explained and matrix was available to determine how impacts were applied although some areas of the methodology require consistency and be applied across all operations

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

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

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

There is an Environmental Management Improvement plan in place which includes (5.1.2) -

Impact assessment includes:

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

This Environmental Improvement Plan was recently reviewed and updated October 2012. This review includes details on any improvements made in line with the nominated time frames. There are nominated dates and time frames to follow up the implementation of plans. These also include the required indicators and who is responsible for the each item. The Environmental Improvement plan is updated and reviewed on a regular basis.

Impact will need to be reviewed as techniques or operations change – the period of review of at least every 3 months has been confirmed to ensure plans are in place.

The awareness of the rationale behind RSPO and the principles and criteria for RSPO certification had brought an awareness to growers about the potential negative impacts of their activities and appropriate mitigation techniques.

Growers showed an excellent understanding of the potential negative impacts of their activities and explained that this was the main reason for not using chemicals (herbicides). The New Growers course includes a section on the

advantages and disadvantages of growing oil palm, the importance of environmental management and RSPO guidelines. Many growers are actively planting trees on their boundaries to encourage wild life. All blocks have excellent pit latrines and rubbish holes.

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

An assessor selected from the RSPO register of HCV assessors has carried out an assessment of the presence of HCVs within and adjacent to the HOP 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. This was carried out in August 2012.(5.2.1)

The HCV studies include details on the status of endangered, rare and threatened species. The conservation assessments did not identify any rare, threatened or endangered species of fauna within the plantations or adjacent areas.(5.2.2)

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

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

Therefore any HCV areas that have been identified are mapped. HCVF and Buffer Zones have been clearly marked and

native trees are being planted to expand and protect them.

The main area of HCV and Management of endangered species is the Queen Adelaide Birdwing Butterfly of which HOP has been well aware of for many years.(5.2.3).

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

As far as possible HOP 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.(5.2.4)

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 HOP management. Also conservation areas are well identified and well managed by the estate managers and staff.(5.2.5)

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

Inspection during this assessment indicated there was little evidence of hunting, fishing or collecting activities in the HOP area.

HOP 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 successful. Occasionally land owner groups implement their own systems to discourage encroachment.

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

OPIC has developed a new Planting Approval Form (PAF) which contains all elements of RSPO principles and criteria including identification of HCV habitats, buffer zones etc. All new blocks have been established with awareness and training of growers. Blocks will not be considered for planting if they breach any of the covenants in the PAF.

***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. The waste management and disposal plan was recently reviewed and re-issued under the control of the General Manager in August 2012. All waste streams are included as well as control methods.(5.3.2)

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

The company's aspects register formally identifies all sources of pollution and

waste and states their impacts and required mitigation measures. This register is updated at least annually or when new waste sources become apparent. This document is very comprehensive and is very detailed with regards the management and control of all waste streams.

HOP has in place treatment system for POME in the form of effluent ponds and land application. 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 HOP.(5.3.2).

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

Landfill sites are in place for all areas. The landfill sites are well managed and sign posted. This has been a large improvement since the pre-audit. The sites are large enough to last a fairly long time. There is little or no odour and little evidence of waste outside of each cell.

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 most compounds 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 landfill sites which are adequately fenced and managed. There is no evidence of windblown waste or bad odour in these areas. These separate bins are being introduced in all areas in the near future. Any putrescible waste is put in elevated bins on stands to prevent dogs spreading the waste.

**5.3.2 Minor NC There is evidence that waste is not always disposed of properly in some compounds e.g. the road to Sangara landfill (domestic waste mixed with green waste), Siroga and Ambogo estate. More awareness is required to ensure residents at Mamba are disposing of green waste appropriately.**

Waste is generally separated and collected from each Company village on a weekly basis.

Each clinic separates general waste, medical waste and sharps, and stores and disposes of them appropriately. Generally medical waste and sharps are incinerated at Siroga. Waste disposal records are maintained by each clinic.

HOP intends to test biogas generators in the guesthouse and three new houses to trial the effectiveness in generating cooking fuel from human waste.

There are only a few instances recorded of burning or putting green waste in landfills in almost all areas. All landfills are mapped. All landfill sites are well away from waterways and residential areas – over 1 kilometre in all cases. Landfill operators now fill from one end and compact as they go with regards to general waste. There is an attempt to segregate all waste and to recycle whatever can be recycled. Waste is therefore recycled wherever possible. Recycling includes information as types of wastes, prohibited wastes, recycling guides, re-use of nutrients, management of effluent ponds, increasing the efficiency mill extraction etc.

**5.3.2 Observation: Shouldn't put green waste in landfills as it reduces life of landfill and inhibits proper compaction e.g. Mamba**

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

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

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

HOP have in place a documented treatment system for POME in the form of effluent ponds. The effluent ponds are effectively maintained and managed.

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

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

Very few growers live on their blocks, preferring to remain in their villages and walk to their blocks when required. Those that did live on their blocks have appropriate rubbish pits and pit toilets.

There were no users of hazardous chemicals.

A few growers are still using the frond stacks for rubbish disposal. All blocks have good rubbish holes and pit latrines.

Some growers explained that they were throwing away empty tins onto the rotting palm fronds between the harvest rows. An inspection of this practice revealed that some were also throwing plastic bags amongst the fronds with the impression that this would rot and provide natural fertiliser for the palms. Although the tins were rusted, the auditor explained that

not only is this dangerous practice but is totally against all hygiene laws and RSPO guidelines. This practice is not widely spread.

Those growers that were carrying out this practice were advised to dig holes to safely dispose of such non-biodegradable waste.

Much more awareness is required by OPIC and the company's SHA to eradicate this practice.

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

HOP uses fibre to power the boiler which produces steam, drives the turbine and produces electricity. The use of renewable energy in this early stage is low due to the updating of the boiler. Once this is completed rates should lift once again.

HOP provides records of both monitoring of kilowatt hours per tonne of palm product and kilogram of steam per tonne FFB. (5.4.1)

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

HOP monitors the use of non-renewable energy (diesel) and this is monitored in the form of data which records use of diesel per tonne of FFB. (5.4.2)

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 HOP and there is no evidence of burning. (5.5.1)

HOP will record any areas of sanitary burning if and when required. To date there has been no sanitary burning. (5.5.2)

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 HOP however a few cases were observed and Minor NC raised. (5.5.3)

**5.5.3 Minor NC: There WAS evidence of burning of refuse and domestic waste on a few occasions. This was sighted at Siroga near the treatment plant and also coming into Moale as well as evidence of burning of dried leaves.**

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. Comprehensive records are maintained of any disposal of medical waste. (5.5.4)

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

All respondents showed awareness of the RSPO guidelines on use of fire.

However, the auditor was advised that some burnt palms he observed were the result of some children igniting the dry fronds on the poisoned palms for fun and to catch rats. This has the potential for the



fire to damage the newly planted palms. An awareness programme is required by OPIC and SHA on the appropriate and minimal use of fire required especially during the dry season. Some non-intentional burning was reported.

***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. (5.6.1)

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

Significant pollutants and emissions have been identified within the Environmental Impacts register and plans are in place to reduce impacts via the Environmental Improvement Plan. (5.6.2)

**5.6.2 Minor NC: There is evidence of poor and uncontrolled storage of waste oil near Sangara mill with oil incorrectly stored to prevent leaking in earth bund. Drums were at times not properly closed or stored upside down resulting in unnecessary spills.**

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 HOP is discharging to land application POME at this stage. (5.6.3).

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

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

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

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 record inspection, cleaning and effectiveness of these PCD's. Recently a number of these traps have had their capacity increased and are now more effective in managing run off waste and storm water.

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

HOP engaged an independent contractor to conduct a Social Impact Assessment (SIA) in August 2012. The consultant engaged broadly and prepared a report that provides a good overview of the social impacts of HOP's oil palm

operations, including perceived social impacts, and a number of suggestions to enhance the positive impacts and mitigate the negative impacts. (6.1.1)

The SIA has been used to prepare a detailed Register of Social Impacts (indicator 6.1.1), dated September 2012, and a Social Impacts Mitigation and Monitoring Plan (dated September 2012) that includes 14 main social issues and one or more action plan for each social issue, along with timeframe and responsibility (indicator 6.1.3).

HOP has also prepared a communication program to discuss and enable input to the Social Improvement Plan for a range of internal and external stakeholders (indicator 6.1.2). It is important to view the Social Improvement Plan as a 'living document', that is, a document that is updated periodically to (i) reflect progress in implementing planned actions and (ii) include new or emerging social issues as they are identified.

**6.1.2 Observation: It is important to engage broadly during the finalisation of the Social Impacts Mitigation and Monitoring Plan. HOP has outlined a consultation program prior to the end of 2012 to ensure key stakeholders are aware of, and able to contribute to the Social Impacts Mitigation and Monitoring Plan. Following this consultation the initial Social Impacts Mitigation and Monitoring Plan will be finalised.**

Several of the planned actions relate to activities specified in the 3-year building program (e.g. housing maintenance, upgrading water supplies, provision of electricity). The Social Improvement Plan and building program need to be reviewed periodically to ensure they are aligned.

The Social Improvement Plan should be the basis for the social component of the Continuous Improvement Plan (indicator 8.1.1). The Continuous Improvement Plan should include clear indicators for each of the planned actions, and a report prepared on an annual basis indicating the progress in implementing the planned actions over the past year.

***Criterion 6.2: There are open and transparent methods for communication and consultation between Smallholders and/or millers, local communities and other affected or interested parties.***

HOP has a communication policy (indicator 6.2.1) and a list of stakeholders with key contacts for these stakeholders (indicator 6.2.2). HOP has also identified the managers who are responsible for communicating with various stakeholders, including that person responsible for communication in regard to environmental issues (indicator 6.2.3).

The Company has translated a number of simplified versions of key policies and is displaying these on Company noticeboards. This is to be commended, as many employees and their dependents will have limited English skills. However, further work is required to ensure effective communication with all stakeholders. As noted elsewhere in this report:

- HOP should meet with Union representatives and discuss employment-related issues on a regular basis (indicator 6.6.3);
- HOP needs to consult with a range of stakeholders over the Social Impacts Mitigation and Monitoring Plan (indicator 6.1.2); and

- Further awareness is required on the grievance mechanism (indicator 6.3.1) and specific grievance mechanism for sexual harassment and domestic violence (indicator 6.9.3).

HOP also recognises the need to improve communication, as evident from the inclusion of activities in the Social Impacts Mitigation and Monitoring Plan to provide awareness on the FFB pricing mechanism to ILGs and smallholders.

**6.2.2 Observation:** There are several options to facilitate interaction with particular stakeholders that HOP may wish to consider in the future. This includes the establishment of a women's group (discussed further under Criterion 6.9) or a group comprising local councillors and other government service providers. The latter provides an opportunity to consult broadly and could be used to engage periodically on the identification and management of social 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.***

HOP has a formal grievance policy and formal grievance process. Since the pre-audit HOP has established separate registers for sexual harassment / domestic violence (refer Criterion 6.9) and to record requests for assistance. However, further awareness on the grievance mechanism is required. (6.3.1)

The establishment of a separate register for sexual harassment and domestic violence (refer Criterion 6.9);

- The establishment of a separate register to record requests for assistance;
- The inclusion of additional details on the grievance and actions taken to address the grievance; and
- Promotion of the grievance mechanism among smallholders and local communities.

There is a need to ensure sufficient information has been recorded in the grievance register to not only determine what actions were taken to resolve the grievance, but to document whether the grievance was resolved to the satisfaction of the person raising the grievance.

Growers are aware of the grievance processes in place at the OPIC offices and the Small Holder Affairs office. A grievance book is kept at SHA office (sighted). Grievance books are also kept at the OPIC town office and at the divisional offices (unsighted). However, most expressed their lack of faith in the operations of their own Growers Association for which K5.00 is deducted at each harvest.

***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.***

HOP has lease-lease back agreements with 11 ILGs and is in the process of discussing potential oil palm developments with a number of additional communities. The procedures and processes for identifying customary owners, calculating compensation and discussing the entire process are documented in Management Guideline #21. The Guideline has recently

been reviewed and updated by HOP. (6.4.1)

The Lands Coordinator provides awareness to ILGs and local communities on the amendments to the Incorporated Land Act and Customary Land Registration Act, and is the key person within the Company for raising awareness on the benefits and costs associated with oil palm development on customary land. (6.4.4) As discussed during the pre-audit, HOP plans to appoint a Community Development Officer within the next year. (6.4.2). This officer should play an active role in providing training and support to ILGs in an attempt to improve the management and effectiveness of LLB benefits.

Although it may not be possible to influence the management of funds for existing mini estates, it may be possible to have an influence on proposed new mini estates. (6.4.3)

See above. CLUAs will need to be available for sighting by the auditor by the time of the next audit. All smallholders are well aware of their customary obligations with OPIC & SHAD now keeping copies of loan documents. CULA's should be available for perusal.

***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.***

#### **Wages**

On 26 May 2010 the Ministry of Labour and Industrial Relations decided that wage payments by NBPOL could be below the minimum wage (K2.29 per hour) to account for the provision of housing, medical, education, power and water.

HOP has recently reviewed all permanent employees to ensure that there are no salary deductions for any employee without housing. HOP has also identified all employees that are not receiving superannuation contributions to ensure they are aware of the option of joining the superannuation scheme should they desire to do so. They have now been made aware of super entitlements. (6.5.1 & 6.5.3)

There is evidence in the form of induction records that contractors have agreed to meet minimum terms and conditions – this was sighted for a number of contractors. (6.5.2)

#### **Employment conditions**

##### **Housing**

Overcrowding is a problem in many of the worker's villages. However, employee numbers are falling. The Social Impacts Mitigation and Monitoring Plan includes an activity to confirm the number of additional houses required by 2013, if any, and outline a building program to address any shortage. Given the current review of employees, and gradual downsizing of the workforce, this is considered an appropriate response. (6.5.4)

**6.5.3 MINOR NC: There is uncertainty over existing employment conditions and entitlements, and possible future changes as NBPOL moves towards uniform conditions across its PNG operations. While some change is understandable as a result of a change in management, NBPOL has been in control at Higaturu for over two years. It is unsatisfactory that employees continue to work without clearly understanding their employment conditions and entitlements.**

Ongoing vigilance to limit the number of passengers (i.e. people visiting village residents) will be required to help reduce overcrowding.

**6.5.6 Observation: Some of the current housing designs are relatively poor, particularly in respect to ventilation, and the location and design of ablution blocks and in some cases, kitchens. Although undertaking a major renovation of existing houses over the next five years, it may be possible to modify the designs to improve ventilation and other qualities of the houses. In addition to the above, HOP could consider the provision of power points to all houses as part of the building renovation program. The provision of power points would allow families to buy and use a range of electrical appliances, which has potential to greatly improve living conditions and worker productivity. The provision of power points will eradicate the practice of illegal wiring, which is a health and safety concern in all villages**

The existing housing is old and dilapidated. HOP has prepared a Five Year Housing Renovation Program and has targeted the renovation of 20% of existing houses each year from 2013 to 2017, by which time all houses will have been renovated. The renovations will be subjected to available finance. However, to conform to HOP's health policies, the renovations should consider (6.5.6):

- Providing additional windows to ensure adequate ventilation; and
- Providing fly wire or similar to all windows and doors, to help combat malaria.
- A fan will help cool the rooms and enable more sleep; and

- A kettle will help prepare food and beverages much faster, which is likely to result in more workers eating before going to work.

Power points would also enable household residents to charge their mobile phones and buy radios or TVs. Radios and TVs will provide entertainment and may help reduce a range of social problems, particularly problems associated with boys and young men.

The provision of power points should eradicate or greatly reduce the practice of illegal wiring, which is a health and safety concern in all villages. There is sufficient experience elsewhere in PNG in regard to the regulation of electrical appliances (to manage the amount of power required) and to help ensure the safe provision of electricity.

Improving the quality of housing through the Social Impacts Mitigation and Monitoring Plan is considered an appropriate response by the Company at this stage.

#### **Other living conditions.**

**6.5.6 Observation: It is important to continually promote the grievance mechanism to ensure both internal and external stakeholders are aware that: Any person can raise a problem or issue with HOP;**

The Company representative to be contacted is clearly identifiable and contactable; The Company will provide a response in a timely manner; and If the person is not satisfied with the response they can raise it a higher authority (e.g. the General Manager).

An Action Plan has been prepared for all 11 clinics to ensure they all have adequate facilities and equipment. This will help ensure the relatively high quality of health services continues to be provided to workers, dependents and others in the local community.

Other requirements – including the provision of adequate school facilities on Company premises, or the provision of food garden areas for each worker’s village – will similarly be addressed through the Social Impacts Mitigation and Monitoring Plan. This is appropriate as the Social Impacts Mitigation and Monitoring Plan provides an action plan for addressing each of the main social issues identified by project stakeholders.

There is also an opportunity for improvement for HOP through the provision of power points in all houses provided for workers and their dependents. The provision of power points would allow families to buy and use a range of electrical appliances which has potential to greatly improve living conditions and worker productivity.

It is recommended that power points are included in the construction of all new houses, and a program is prepared for the provision of power points in all houses over a 3 to 4-year timeframe. There is sufficient experience elsewhere in PNG in regard to the regulation of electrical appliances (to manage the amount of power required) and to help ensure the safe provision of electricity.

No growers have formal employees in Popondetta and all respondents explained that they work on their own blocks with family members. They occasionally employ outsiders, at busy times or heavy harvests. This they do on a contract or

“work mark basis” and pay well above the minimum wage.

***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.***

HOP has a freedom of association policy. A simplified version of the policy, presented in TokPisin, is also displayed on company notice boards.(6.6.1 & 6.6.2)

The Higaturu Oil Palm Processing Workers Union has around 480 members. Membership deductions are made through the payroll system. The Union is currently not registered due to outstanding financial reports. The Union is working to finalise and submit these. The Provincial Labour Office has advised HOP that it need not meet with the Union executive until it has been re-registered. (6.6.3)

**6.6.3 MINOR NC: The Higaturu Oil Palm Processing Workers Union may represent little more than 10% of the workforce, and its national registration may have lapsed, but HOP should identify the members as project stakeholders and should meet with Union representatives and discuss employment-related issues on a regular basis. Advice received by the Company from the Provincial Labour Office, to the effect that HOP need not meet with Union executives until it has been re-registered, is not interpreted as preventing HOP to discuss employment and other social issues with its own workers**

**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.**

HOP has a clear policy against the employment of children under the age of 16 and supervisors and employees are made aware that children must not help them during working hours. For new workers that fail to provide a birth certificate or clinic book, their age is estimated by health staff during the initial medical check. (6.7.1)

All growers were adamant that they do not pull their children out of school to work on the blocks. However, children do light work on the blocks after school and on weekends such as loose fruit pick up and grass cutting. Some the older children (High School) do some harvester training all under supervision of the family. The auditor explained that keeping children away from school to work was a major issue and against the laws of Papua New Guinea, RSPO and P&C guidelines. Constant awareness will be required to ensure that this practice of not using school children for work during school hours is adhered to.

The Small Holder Affairs manager agreed to cooperate with OPIC initially through Radio Northern which reaches all growers, when it is operating and provides an excellent avenue for weekly information broadcasts

**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.(6.8.1 & 6.8.2)

The EEO policy is displayed in all 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.**

The Company has a policy on sexual harassment and other forms of violence, and a Nursing Mothers Policy. A separate grievance mechanism has been established for sexual harassment and domestic violence. (6.9.1)

As noted under Criterion 1.2, several versions of the sexual harassment and domestic violence policies were displayed on Company notice boards. None of them actually reflect some of the good work being undertaken by HOP, including for example, the appointment of community policing officers at Siroga and the interaction between these officers and other staff, including health staff, in addressing domestic violence. The Company has a breastfeeding policy in accordance with government requirements.(6.9.2) In practise, providing breaks for women working in the field is often difficult, and thought needs to be given to how breastfeeding employees can be reassigned to duties in relatively close proximity to their living quarters.

HOP is also considering the trialling of a child-care facility.

**6.9.1 Observation: There is a need to review the sexual harassment and domestic violence policies to ensure they are accurate and effective. In terms of their effectiveness, the policies should articulate a process in which any person can access both support and advice on a confidential basis. Women, who will be the victim in the majority of cases, should be able to seek support from another women, and generally someone in close proximity, to avoid travel and therefore being conspicuous (implying several contact points may be required across HOP's operations).**

The Company also provides six weeks paid maternity leave for all permanent employees, which is to be commended.

A gender committee is in place to address specific issues relating to women in the workplace.(6.9.3)

***Criterion 6.10: Smallholders and mills deal fairly and transparently with Smallholders and other local businesses.***

The industry has established a formula for calculating the price that Smallholders 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. (6.10.1) The industry as a whole should prepare a poster or short pamphlet explaining how the price is calculated, and explaining why price variations occur.(6.10.2) This should be prepared specifically for Smallholders, using appropriate language and examples, and disseminated within all oil palm

regions. While not a HOP responsibility, it may be a suggestion that HOP management makes to the appropriate industry body. Current and past prices paid for FFB are available. The government approved formula for working out FFB prices is publically available. The price and formula are made available via printed notices in the local newspapers.(6.10.3)

HOP is one of the main commercial entities in OroProvince. Local contractors are used for a number of activities, including construction and transport. Contracting contributes to local employment and stimulates the level of economic activity in the province. Although this is very much a positive contribution to Oro Province, it will be important to ensure that all contractors are aware of and have access to the grievance mechanism. HOP has included the grievance mechanism as a part of the induction training provided to contractors.(6.10.4)

EFB is freely available to small holders (6.10.5)

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: Smallholders and millers contribute to local sustainable development wherever appropriate.***

HOP is one of the main economic drivers in the Province, particularly as a high proportion of the workforce is from Oro



Bay. The Company is also contributing to health and education services, undertaking road maintenance, and providing donations to a range of local organisations.(6.11.1)

Ongoing stakeholder consultation should help ensure that support provided by HOP aligns with local priorities. Some of this support will be reflected in the Social Improvement Plan. For example, HOP has indicated that it will establish a Tax Credit Scheme Committee. This should help ensure TCS projects align with the province's transport, health and education priorities. (6.11.2)

***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.***

There have been no new VOP plantings at Oro Bay for some time.

The draft PAF includes all relevant RSPO Principles and Criteria.

Many of the Smallholders have small blocks of 1 hectare in extent and are planning to expand into the surrounding degraded areas. They are well aware of procedures for new plantings.(7.1.3)

***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.***

See above 7.1.

There are no peat soils over 3 metres depth in the Oro Bay area.(7.2.1 & 7.2.2)

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

These two exclusions are covered in the new PAF and explained in awareness programmes. (see also summary).(7.3.1 & 7.3.2).

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

Oil palm will not be planted on marginal or fragile soils or on steep terrain. Some areas contain gullies and these will be considered for planting of trees to improve biodiversity.(7.4.1)

All blocks examined were either on flat or gently sloping land.(7.4.2)

No blocks audited were on slopes exceeding 25 degrees.

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

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

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

Higaturu Oil Palm has a no fire policy and smallholders follow the RSPO principle of no or minimum use of fire on their blocks, including for new and replanting.

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

Substantial change has occurred since NBPOL assumed control of HOP in 2010. A wide range of both internal and external stakeholders noted that NBPOL has already shown a commitment to improving the working and living conditions of its employees and is engaging with local stakeholders in a more open and inclusive manner. (8.1.2)

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

- The finalisation of a Social Improvement Plan, in consultation with internal and external stakeholders;
- Improvements to water supply and sanitation in existing compounds, along with general housing maintenance;
- The progression of plans for five centralised housing compounds;
- The simplification of Company policies that are displayed in *TokPisin*;
- Improvements at all clinics, including the management of medical waste; and

- The inclusion of in-service training for the Health Extension Officer (HEO) and nursing officers.

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

When NBPOL assumed control of the HOP the housing and general living conditions of the workforce and dependents were well below an acceptable level. The workers that are provided with housing are currently located in a large number of generally small compounds with few of the basic needs.

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

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

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

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

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

HOP 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 a treplant 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**

Seven (7) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

**4.5.2 Minor NC: The IPM program has not apparently been extended to smallholders and therefore evidence of Ganoderma has not been detected or treated, therefore the IPM has not been implemented and monitored for smallholders with regards to this pest.**

**4.7.3 Minor NC: There are not always records of all workers involved in operations having been trained in safe working practices e.g. construction, to ensure adequate control is in place to prevent workplace injury and illness.**

**5.3.2 Minor NC There is evidence that waste is not always disposed of properly in some compounds e.g. the road to Sangara landfill (domestic waste mixed with green waste), Siroga and Ambogo estate. More awareness is required to ensure residents at Mamba are disposing of green waste appropriately.**

**5.5.3 Minor NC: There WAS evidence of burning of refuse and domestic waste on a few occasions. This was sighted at Siroga near the treatment plant and also coming into Moale as well as evidence of burning of dried leaves.**

**5.6.2 Minor NC: There is evidence of poor and uncontrolled storage of waste oil near Sangara mill with oil incorrectly stored to prevent leaking in earth bund. Drums were at times not properly closed or stored upside down resulting in unnecessary spills.**

**6.5.3 MINOR NC: There is uncertainty over existing employment conditions and**

entitlements, and possible future changes as NBPOL moves towards uniform conditions across its PNG operations. While some change is understandable as a result of a change in management, NBPOL has been in control at Higaturu for over two years. It is unsatisfactory that employees continue to work without clearly understanding their employment conditions and entitlements.

**6.6.3 MINOR NC:** The Higaturu Oil Palm Processing Workers Union may represent little more than 10% of the workforce, and its national registration may have lapsed, but HOP should identify the members as project stakeholders and should meet with Union representatives and discuss employment-related issues on a regular basis. Advice received by the Company from the Provincial Labour Office, to the effect that HOP need not meet with Union executives until it has been re-registered, is not interpreted as preventing HOP to discuss employment and other social issues with its own workers

*HOP 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**

There were thirteen (13) observation made as a result of this assessment.

**1.2.6 Observation:** There appears to be at least different versions of the Domestic Violence Policy on display in various places and the company should settle on only one policy and display that. Several versions of the malaria and sexual harassment policies were observed on Company notice boards. Care needs to be taken that the policies displayed are current and accurate (including TokPisin translations of Company policies).

**4.1.4 Observation:** Construction need to ensure adequate records of monitoring/inspections to show SOP's are

being followed and that they are effectively in place. Construction need to ensure follow up any actions that are reported to ensure actions are completed.

**4.2.3 Observation:** There is evidence that nutrient strategy is not at times effective as on a number of occasions EFB was left in piles rather than being returned to the field and spread amongst the palms.

**4.5.2 Observation:** Many growers complained about the Sexava levy when there is no evidence of Sexava in Oro Bay. Maybe funds from this could be used in the fight against Ganoderma.

**4.7.2 Observation:** Need to ensure that precautions are attached to products and these are required to be in place and readily retrievable in case of need e.g. MSDS's are not always available in areas being used.

**4.7.6 Observation:** It would be of more benefit suggested that there be at least 2 trained First Aiders on each shift in each mill – this will ensure in case where one first aider is absent on leave at least there is one first aider available to workers at all times.

**5.3.2 Observation:** Shouldn't put green waste in landfills as it reduces life of landfill and inhibits proper compaction e.g. Mamba

**6.1.2 Observation:** It is important to engage broadly during the finalisation of the Social Impacts Mitigation and Monitoring Plan. HOP has outlined a consultation program prior to the end of 2012 to ensure key stakeholders are aware of, and able to contribute to the Social Impacts Mitigation and Monitoring Plan. Following this consultation the initial Social Impacts Mitigation and Monitoring Plan will be finalised.

**6.2.2 Observation:** There are several options to facilitate interaction with particular stakeholders that HOP may wish to consider in the future. This includes the establishment of a women's group (discussed further under Criterion

6.9) or a group comprising local councillors and other government service providers. The latter provides an opportunity to consult broadly and could be used to engage periodically on the identification and management of social impacts.

6.5.6 Observation: Some of the current housing designs are relatively poor, particularly in respect to ventilation, and the location and design of ablution blocks and in some cases, kitchens. Although undertaking a major renovation of existing houses over the next five years, it may be possible to modify the designs to improve ventilation and other qualities of the houses. In addition to the above, HOP could consider the provision of power points to all houses as part of the building renovation program. The provision of power points would allow families to buy and use a range of electrical appliances, which has potential to greatly improve living conditions and worker productivity. The provision of power points will eradicate the practice of illegal wiring, which is a health and safety concern in all villages.

6.5.6 Observation: It is important to continually promote the grievance mechanism to ensure both internal and external stakeholders are aware that: Any person can raise a problem or issue with HOP; The Company representative to be contacted is clearly identifiable and contactable; The Company will provide a response in a timely manner; and If the person is not satisfied with the response they can raise it a higher authority (e.g. the General Manager).

6.9.1 Observation: There is a need to review the sexual harassment and domestic violence policies to ensure they are accurate and effective. In terms of their effectiveness, the policies should articulate a process in which any person can access both support and advice on a confidential basis. Women, who will be the victim in the majority of cases, should be able to seek support from another women, and generally someone in close

proximity, to avoid travel and therefore being conspicuous (implying several contact points may be required across HOP's operations).

6.9.1 Observation: Input to sexual harassment and domestic violence policies, and any other issue effecting predominantly women, may appropriately addressed by a women's group or gender committee. HOP management is encouraged to support such a group if there are willing participants.

### 3.3 Noteworthy Positive Components

There have been notable improvements since NBPOL acquired Higaturu Oil Palms (HOP) in 2010 and significant improvements since the pre-audit in July 2012. Since the pre-audit, HOP has:

- Accelerated the housing maintenance program, including improvements to water supply and toilets;
- Provided equipment and made other improvements to several of the clinics;
- Addressed issues relating to minimum wage payments and superannuation entitlements (raised during the pre-audit);
- Completed a Social Impact Assessment;
- Prepared a draft Social Impacts Mitigation and Monitoring Plan;
- Prepared a 5-year program to renovate all houses; and
- Prepared a number of key policies in simpleTokPisin and displayed them on Company notice boards.
- Completed a HCV Assessment

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

1. Smallholders complaint that the FFB price formula does not compensate for the time and effort invested in block maintenance and harvesting.

Response: It is considered in the improvement plan to improved communication required with POPGA to explain the pricing formula including the impact of exchange rate variation as the Kina strengthens.

Auditors Comment: This action appears to be correctly taken.

2. Suggestions made that all roads within the LLB estates should be regularly maintained so that FFBs from all sections of the area can be collected. When road conditions are bad, FFB from inaccessible sections are not collected and hence wasted. As a result, FFB royalty payments to landowners are reduced.

Response: The company would utilise the Tax Credit Scheme to improve roads within and leading into and out of the LLB estate. To do that it will liaise with Government to determine suitable projects and improve communication to the community regarding specific projects that are funded through the Tax Credit Scheme.

Auditors Comment: The company will make good use of the Tax Credit Scheme.

3. A concern was raised from various stakeholders residing downstream of plantation estates regarding contamination of Surface and groundwater from the fertilisers and pesticides (agrochemical) usage on the plantations.

Response: Investigate claims of contamination of water supply in villages downstream of the oil palm plantations and, if justified, take steps to improve water quality or assist with provision of alternate supply.

Water sampling plan to be developed to provide for sampling upstream and downstream and analysis for residues indicative of Company impact (human habitation, fertiliser application and Agrochemical application). After implementation of the plan, review results to identify impacts. Develop and conduct an education program for downstream communities. Development strategy to be prepared and implemented based on the outcome of this work.

Auditor Comment: Results show HOPL is not causing issues to the water quality. All claims are investigated.

4. Oil palm cultivation has contributed to the demise of the QABB population on the Popondetta plains. Unless remedial measures resume, the presence of QABB in the area will be cease.

Response: Consider participation in a new Popondetta Plains QABB revival project with a competent NGO, DEC and the Oro Provincial administration.

QABB is an ongoing requirement that requires input from many parties. As a local enterprise with unique resources, the Company will assist, to the extent that resources and priorities permit, in a program established and managed by a competent and effective external organisation.

Auditor Comment: The company is assisting is maintaining the habitat for QABB.

5. The water source and supply systems at Sumbiripa Mill compound and Mamba village should be reviewed and upgraded.

Response: Upgrade water supply to all estate villages with priority given to Sumbiripa Mill Compound and Mamba village.

Design work required, followed by budgeting and infrastructure upgrade. Work is likely to include additional water bore and increased overhead tank capacity

### **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  
HigaturuOil Palms



.....  
**Mr Mike Jackson**  
**General Manager**  
**Date:9.11.12**

Signed for on behalf of  
BSi Management Systems Singapore  
Pte Ltd



.....  
**Mr Allan Thomas**  
**Lead Auditor**  
**Date:9.11.12**

## ***Appendix “A”***

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



Website: See NBPOL

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

Kula Palm Oil Limited, Sangara Palm Oil Mill and Supply Base	
Location Address	Sangara Palm Oil Mill, Higaturu, Oro Province, Papua New Guinea.
GPS Location	South 8° 8.743386dd, East 148° 148.198705dd
CPO Tonnage Total	44, 060.32
PK Tonnage Total	10, 666.84
PKO Tonnage Total	4, 796.57
FFB Tonnage Processed Total	90, 355.79
Smallholders FFB Tonnage	111, 423.14

Kula Palm Oil Limited, Sumbiripa Palm Oil Mill and Supply Base	
Location Address	Sumbiripa Palm Oil Mill, Higaturu, Oro Province, Papua New Guinea.
GPS Location	South 8° 8.769184dd, East 148° 148.160793dd
CPO Tonnage Total	30, 342.21
PK Tonnage Total	7, 767.39
PKO Tonnage Total	0
FFB Tonnage Processed Total	75, 350.82
Smallholders FFB Tonnage	61, 729.77

Kula Palm Oil Limited, Mamba Palm Oil Mill and Supply Base	
Location Address	Mamba Palm Oil Mill, Higaturu, Oro Province, Papua New Guinea.
GPS Location	South 8° 8.854669dd, East 147° 147.70703dd
CPO Tonnage Total	7, 978.6
PK Tonnage Total	1, 863.96
PKO Tonnage Total	0
FFB Tonnage Processed Total	20, 259.34
Smallholders FFB Tonnage	13, 982.19

Estate	Production (ha)	Unplanted (ha)	Total Lease (ha)	Annual FFB Production (mt)
Embi	1,749.70	792.06	2, 388.60	36,507.94
Ambogo	1, 668.60	102.30	1, 770.90	50, 022.32
Sangara	1, 507.20	280.80	1, 788	39,991.76
Sumbiripa	1, 616.76	509.84	2, 126.60	39,277.25
Mamba	1, 890.53	2, 115.08	3, 933.10	20, 056.35
<b>TOTAL</b>	<b>8,433</b>	<b>3, 800.08</b>	<b>12,233.08</b>	<b>186,579.91</b>

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

## ***Appendix “B”***

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

## RSPO MAIN AUDIT SCHEDULE

# RSPO CERTIFICATION AUDIT PROGRAM

**Audit Dates: Sunday 28<sup>th</sup> October to Thursday 01<sup>st</sup> November**

Auditors: Mr Allan Thomas (Lead Auditor)  
 Mr Mike Finlayson (Social Aspects)  
 Mr Colin Benton (Smallholders)  
 Mr Rod Parsons (Environment and Documentation)

The audit team will arrive at Popondetta on Sunday 28<sup>th</sup> October at 14:35 on PX856.

Sunday afternoon at the Ridge

### **Monday 29<sup>th</sup> October**

08:00-08:30 am- Certification Audit Entry Meeting (**HODs and Senior Managers**) – Academy Training Room.

#### **Allan Thomas**

Time	Activity	HOP Representatives
08:30am – 12:00pm	Sangara Mill, Laboratory, Effluent treatment, Landfill	CE, HS & Mill team
12:00am – 13:00pm	Lunch (Guesthouse)	
13:00pm – 14:30pm	Vehicle workshop	VWSM, JR, FZ
14:30pm – 16:30pm	RSPO System Documentation	Sustainability Team

#### **Mike Finlayson**

Time	Activity	HOP Representatives
8:30am – 10:30am	RSPO documentation, SIA, etc	Sustainability Team
10:30am – 12:00pm	Meeting with Construction Manager & Assistant CM re- Housing Plan and other improvements in HOP villages.	CM, a/CM
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 14:00pm	Siroga Clinic – meeting with Liz Cazalet	L.Cazalet
14:00pm-15:00pm	Meeting with HRM and Training Officer re- training and training inductions, pay records and superannuation	ADM & TO
15:00pm-1600pm	Meeting with Finance on wage levels & super scheme	FC, a/FC, ADM

#### **Colin Benton**

Time	Activity	HOP Representatives
8:30am – 12:00 noon	Smallholders – Sangara area – Sorovi Division	SHAM
12:00noon – 13:00pm	Lunch (Location to be determined)	
13:00pm – 16:30pm	Smallholders, Embi& Oro Bay area Sorovi Division	As above

#### **Rod Parsons**

Time	Activity	HOP Representatives
8:30am – 9:30pm	Central Field Stores, Security	AT, SS
9:30am – 11:00am	Sirogagenset& sewage disposal	
11:00am – 12:00noon	RSPO Documentation (Environment)	Sustainability Team
12:00am – 13:00pm	Lunch (Guesthouse)	
13:00pm – 16:30pm	Embi Estate	FM, PM,DMs

### **Tuesday 30<sup>th</sup> October**

#### **Allan Thomas**

Time	Activity	HOP Representatives
7:30am – 12:00 noon	Travel to Mamba, Mamba Estate, VWS &Genset	FM Mamba, PM, DMs
12:00noon – 1:00pm	Lunch (Mamba Guesthouse)	
1:00pm – 4:00pm	Review Mamba mill and return to the Ridge	TS & Mamba mill team

**Mike Finlayson**

Time	Activity	HOP Representatives
07:30am – 12:00 noon	Travel to Mamba – Mamba, Komo&Kinea villages and Clinics	FM Mamba,PM, DMs
12:00noon – 13:00pm	Lunch (Mamba Guesthouse)	
13:00pm – 16:00pm	Mamba local communities, Kokoda Hospital and return to the Ridge	

**Colin Benton**

Time	Activity	HOP Representatives
07:30am – 12:00noon	Meet with Smallholders Mamba Area (Illimo division)	FM/SHAM, Ben
12:00 pm – 13:00pm	Lunch (Mamba Guest house)	
13:00pm – 16:00pm	Meet with Smallholders Kokoda Area (Illimo Division)	FM/SHAM, Ben

**Rod Parsons**

Time	Activity	HOP Representatives
07:30am – 12:00noon	Travel to Mamba - Buffer Zone, Landfill, chemical stores	FM,PM
12:00am – 13:00pm	Lunch (Mamba Guesthouse)	
13:00pm – 16:00pm	Mamba Housing Compounds & return to Ridge	FM,PM

**Wednesday 31<sup>st</sup> October****Allan Thomas**

Time	Activity	HOP Representatives
08:00am – 09:00am	Meet with GM & FM, review forward planning and Replant program	GM, FM
09:00am – 10:00am	RSPO System Documentation	Sustainability Team
10:00am – 12:00noon	Ambogo Estate – Epa, Irigi	FM, PM, DMs
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 16:00pm	Oro Bay Bulking Terminal	CE, Japhet

**Mike Finlayson**

Time	Activity	HOP Representatives
8:00am – 10:00am	Lands Co-ordinator re- ILGs social impacts, grievance etc.,	Ben Osa
10:00am – 12:00noon	Sangara Estate (Moale,Javuni)	FM,EM,DMs
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 14:30pm	Meet with Union Representatives	Union
14:30pm – 16:00pm	Meet with female employee representatives	Selected employees

**Colin Benton**

Time	Activity	HOP Representatives
8:00am – 12:00 noon	Meet with Smallholders Sumberipa area – Igora Division	SHAM
12:00noon – 13:00pm	Lunch (Guesthouse)	
13:00pm – 17:00pm	Meet with Smallholders Sumberipa area – Igora Division	SHAM

**Rod Parsons**

Time	Activity	HOP Representatives
8:00am – 10:30pm	Sumberipa Mill	DJ and Mill team
10:30am – 12:00pm	Sumbiripa Estate, Iriambo	FM,PM,DMs
12:00am – 13:00pm	Lunch (Guesthouse)	
13:00pm – 15:00pm	Ambogo Estate – Epa, Irigi	FM,PM,DMs
15:30 pm – 1630pm	Construction	CM,a/CM

**Thursday 01<sup>st</sup> November****Allan Thomas, Mike Finlayson, Collin Benton, Rod Parsons**

Time	Activity	HOP Representatives
08:30am – 10:00am	Audit team meeting	Auditors only
10:00am – 11:00am	Exit Meeting Training Room- Academy	All HODS and Senior Managers
11:00am – 12:00noon	Early light lunch, Guesthouse	

1200 noon	Depart for Girua Airport	
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Depart Guesthouse 12:00noon for Girua airport and departure at 13:10pm on PX.857 for Port Moresby.

Note:

*The number of smallholders to be assessed at the certification audit is calculated by the formula  $0.8 * \sqrt{5,700}$ .*

## *Appendix “C”*

# ***CONTINUOUS IMPROVEMENT PLAN***

## **HOP**



New Britain  
Palm Oil  
Limited

*H i g a t u r u*

# **HIGATURU OIL PALMS**

## **Action Plan for Continual Improvement in Sustainable Performance**

**SUSTAINABILITY DEPARTMENT**

**Issue 2**

**September 2012**

## Introduction

This Action Plan for Continual Improvement identifies the planned actions that New Britain Palm Oil Limited- Higaturu (HOP) will take in order to further improve its performance in the key areas of:

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

HOP commits to maintaining and reporting on progress implementing this improvement plan commencing January, 2012 and reviewing it annually. By following this plan, HOP will continually improve its performance.

This plan provides guidance on how the sustainability principles to which HOP subscribes are implemented in a practical manner to provide operational, social and environmental benefits for all stakeholders.

These sustainability principles are defined in the following locations:

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

## Aim

The aim of this plan is to provide a blueprint for continually improving the sustainable performance of HOP whilst ensuring that it prospers and, by doing so, improves the lives of all stakeholders.

## Objectives

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

The timeframe for realising Objectives can be split into short term (1 to 2 years), medium term (3 to 8 years) and long term (greater than 8 years). Generally, the short term objectives are readily achievable, provide limited returns but have low risk of failure. The medium term objectives bring greater returns but are harder to achieve and are likely to require revision and modification along the way. The long term objectives are those that will



really shape the Company's sustainable future. They require vision and strategic thinking and a long term commitment to bring them into reality.

## Scope

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

## Overview

Initiatives in various areas of activity are identified according to the nature of the improvement to be achieved and the timeframe in which it is intended to develop and implement it.

Importantly, the expected indicators of success are identified to provide the basis for performance measurement in the future.

The plan is presented in tabular form with commentary provided to assist understanding of the rationale for the planned activity.

Each activity will be monitored on an ongoing basis by the person responsible for its implementation and reported, where significant events have occurred, at regular management meetings. Periodically the Company will prepare and publish as Sustainability Report that will report on progress in the implementation of this plan for improvement.

## Implementation

The start date of this plan is January 2012. It endeavours to cover a time span of 25 years as that is approximately the re-plant cycle of Oil Palm Plantations and some environmental improvements will only be implemented at the time of re-planting.

Having said that though, it must be recognised that this plan will not identify all sustainability initiatives to be actioned over the 25 year period to 2037 and it is expected that many additional sustainability improvements will be identified and actioned within that period. For that reason, the plan is reviewed annually.

The review will not just review progress on previously identified activities but will identify and incorporate additional improvement activities that have arisen because of need, technological, social or environmental change or for other reasons. Within the life of the plan, it is expected that environmental, social, political and commercial requirements and expectations will evolve and the plan will respond in dynamic fashion to ensure continued relevance.

Planned activities are identified on the following pages. They are grouped according to area of endeavour and time-frame. The tables provide information on the expected benefits to be achieved.





## 1. Pesticides

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
1.1	Improve sprayer training to reduce spraying of non-target areas	4.7.3	Reduced herbicide use, reduced ground cover damage, greater efficiency	2012-2014	Training record, reduced evidence of improper spraying.	Field Manager, Estate Managers, TSD	20%
1.2	Upgrade Chemical store and mixing areas	4.7.5	Chemical store and mixing area upgraded to required standard	August, 2012	Compliant storage of chemicals and mixing operations	Field Manager	Complete
1.3	Eliminate Usage of Paraquat	4.6.3, 4.6.5	Ordering has stopped, all stock to be exhausted by end April 2012	End April 2012	Zero paraquat usage	Field Manager TSD	Complete
1.4	Review pesticide and herbicide registration requirements in Papua New Guinea and confirm compliance. If necessary, work with Government and suppliers to clarify this issue.	4.6.10	Develop new pesticide and herbicide import registration requirements. To include chemicals categorised under WHO type 1A and 1B or listed by Stockholm or Rotterdam conventions	2015	Update import and labelling regulations that are compatible with the Company's pesticide use.	Sustainability Manager, Field Manager	0%
1.5	Extend training on the information contained in MSDS to increase understanding and awareness of their importance	4.6.11	Trained personnel who know the importance of MSDS and how to apply them.	June 2013	Improved MSDS awareness by personnel handling chemicals	Sustainability Manager	10%
1.6	Review Smallholder chemical use and training to ensure RSPO requirements are complied with	4.6.6	Work with OPIC to improve Smallholder awareness	December 2013	Smallholders have access to training	Sustainability Manager	0%



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

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
2.1	Progressive reinstatement of buffer zones in replant areas.	4.4.2	All watercourses through the plantation areas have compliant buffer zones by the end of the current replant cycle.	2020	Evidence of established buffer zones	Field Manager, Estate Managers	10%
2.2	Progressive removal of unharvestable palms overhanging watercourses to reduce the quantity of fruit and fronds that cause pollution.	4.4.2	Watercourses free of fronds and FFB	2015	Clear watercourses	Field Manager, Estate managers	15%
2.3	Completion of the construction and commissioning of a Methane Capture Plant for POME to reduce the load on the treatment ponds.	4.4.1	Reduced odour and methane emission from the effluent ponds	2016	Methane Plant operation	General Manager, Chief Engineer	0%
2.4	Education of staff and smallholders on the need to reduce burning and to ensure rubbish is segregated and correctly placed in landfill sites.	5.5.3	Zero Burning at landfills	June 2012	No burned landfills	Sustainability Mgr	100%
2.5	Improve collection and treatment of septic waste and grey water at all compounds to reduce water pollution in the river.	6.5.4	Improved water quality for downstream communities resulting in improved health.	June 2015	Water quality meets PNG legal requirements	Sustainability Mgr	50%
2.6	Reduction in the quantity of water used in compounds through prompt repair of leaks and reduction of wastage.	4.4.1	Reduced water waste, reduced electricity consumption for pumping and treatment	June 2015	No evidence of leakage	Sustainability Mgr	10%
2.7	Develop and implement an ISO14001 compliant Environmental Management System and obtain certification	NBPOL Policy	Improved environmental performance	December 2015	ISO 14001 Certification	Sustainability Mgr	5%

## 3. Waste Reduction

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

Refer to the Waste Management plan for further details.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
3.1	Refer to waste management plan						
3.2							
3.3							
3.4							
3.5							
3.6							

## 4. Pollution and Emissions

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

Control of rubbish and litter is seen as the biggest single issue in pollution control. It will be controlled through a mixture of education, increased collection, greater emphasis on recycling and greater supervisory intervention(December 2012).

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
4.1	Construct new, more efficient boiler at Sangara mill to reduce emissions and increase the amount of power generated from renewable resources	5.4.1	Reduced diesel fuel use and increased use of renewable energy.	December 2012	New boiler in operation	Mill Manager	30%
4.2	Install new more efficient diesel generators	5.4.2	Reduce diesel fuel use by greater efficiency.	August 2012	New Genset in operation	Mill Manager	100%
4.3	Education program on litter control	5.3.2	Less litter	December 2012	Litter reduced	Sustainability Mgr	20%
4.4	Regular maintenance of Smoke Density Meter to continue monitor emissions	Milling COP	Results of SDM readings below legal limit	Ongoing	Readings within legal limit	Mill Managers	100%
4.5	Regular cleaning and maintenance of Grease traps, interceptors, drains etc..	ISO 14001	No accumulation of wastes in traps, drains and interceptors	Ongoing	Traps, drains, interceptors are waste free	Mill Managers, VWS Manager	50%
4.6	Improve bunding around all diesel and fuel storage areas	ISO 14001	Install bunds to meet AS1940 standard	December 2014	Physical work carried out	Mill managers, Estate Managers, VWS Manager	50%



## 5. Social Impacts

Continued improvement in the social impacts of HOP's activities include: construction of additional housing, establishment of improved stakeholder communications, improvements to clinic facilities, improved communication and consultation with external communities. Planning for increased housing is progressive as plantation rehabilitation activities reduce, staff turnover reduces and attendance improves. A Community Development Officer will be appointed/recruited once housing becomes available and will commence work with the Company to establish objectives for improvement.

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

A dedicated Social improvement plan has been developed and will be further refined with input from Stakeholders. It should be referred to for details of the planned social improvements.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
5.1	Refer to Social Improvement Plan						
5.2							
5.3							
5.4							
5.5							
5.6							

## 6. Health and Safety

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
6.1	Review of all accidents to clearly identify trends and highest risk activities and review of safety management plans	4.7.7	Targeted action plan to reduce accidents	June 2013	Reduced accident rate , initially by 5%	Sustainability Manager	10%
6.2	Develop and deliver OHS training for specific issues including Confined spaces, Harvesting near powerlines, Lifting (FFB), Working at heights, Dangers of electricity and Use of PPE	4.7.3	Workers have received specialised training	June 2013	Training records show greater competency	Sustainability Manager	10%
6.3	Work more closely with Government medical staff to improve the level of care to Company employees, their dependants and members of neighbouring communities	Company Policy	Higher level of care provided through Company facilities	December 2013	Records of communication with Health Dept officials	HEO	50%
6.4	Commence regular safety audits to confirm checking of items such as testing of emergency stops and other safety interlocks, use of PPE, identification, availability of fire fighting equipment and isolation of hazards.	4.1.2	Fewer hazards in the workplace	June 2013	Audit records	Sustainability Manager	10%
6.5	Development of a formalised program for emergency drills.	4.7.5	All drills to be reported to Sustainability Dept and followed up if not received.	December 2012	All drills conducted on time	Sustainability Manager	60%
6.6	Development of a mechanism for interchange of safety information with other Group Companies.	Company Policy	Regular meeting of Sustainability Dept Managers from all Company locations	December 2013	Records of meetings	Group Sustainability Director	25%

Legal Compliance and Transparency

<b>No.</b>	<b>Improvement Action</b>	<b>Reference</b>	<b>Expected Outcome</b>	<b>Timeframe</b>	<b>Indicators</b>	<b>Responsibility</b>	<b>Status at Review Date</b>
7.1	All land agreements updated to comply with revised legislation	2.2.1	Fully compliant documentation	June 2015	Current documentation for all land leases	Sustainability Mgr	5%
7.2	Update all list of permits and licenses	2.2.1	Records of compliance	Every Quarter	Valid permits and licenses	Sustainability Manager	70%
7.3							
7.4							
7.5							
7.6							



## 7. General (Forward Planning and other issues)

Higaturu

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility	Status at Review Date
8.1	Conduct forward planning for new development areas including SEIA, permits and definition of new mill site.	3.1.1	Timely issue of permits and approvals for development	December 2016	Compliant permits and approvals	General Manager	0%
8.2	Quantify waste generated by company villages	WMP	Weigh waste collected from villages	2014	Records of trending	Sustainability Team	0%
8.3							
8.4							
8.5							
8.6							

## ***Appendix “D”***

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

## 7 Non-conformities against Minor Compliance Indicators

### MINOR NON-CONFORMANCE CORRECTIVE ACTIONS

DESCRIPTION	NCR Ref.	Minor Non-Conformance Details	Corrective Actions	Responsibility	Date Due	Status
4.5.2	CR01	The IPM program has not apparently been extended to smallholders and therefore evidence of Ganoderma has not been detected or treated, therefore the IPM has not been implemented and monitored for smallholders with regards to this pest.	Smallholder Manager has discussed with OPIC to conduct awareness and training on Ganoderma management. Smallholder Manager and OPIC to write up a procedure and also rolled out IPM.	SH Manager, OPIC with assistance from OPRA.	End of December 2012	In progress
4.7.3	CR 02	There are not always records of all workers involved in operations having been trained in safe working practices e.g. construction, to ensure adequate control is in place to prevent workplace injury and illness.	Monthly programs on safety training to be done and trainings to be conducted on Hazard and Risk.	Construction Manager with assistance from Sustainability Officer – OHS.	End of November.	Monthly program done for Nov'12. Training for const in Nov'12.
5.3.2	CR 03	There is evidence that waste is not always disposed of properly in some areas. The road to Sangara landfill (domestic waste mixed with green waste), Siroga and Ambogo estate. More awareness is required to ensure residents at Mamba are disposing of green waste appropriately.	Awareness and training on waste management or segregation for each company employees in the compounds and workplace.	Field Manager and respective estate managers, Mills, VWS and Offices	End of Dec 2012	Monthly program done for Nov'12. WMP not included but will be included in Dec, Jan – March'13
5.5.3	CR 04	There WAS evidence of burning of refuse and domestic waste on a few occasions. This was sighted at Siroga near the treatment plant and also coming into Moale as well as evidence of burning of dried leaves.	Awareness and training on "NO BURNING OF DOMESTIC WASTE to be included on monthly program for each company employees in the compounds and workplace.	All locations, village wardens, workplace supervisors with the assistance from Sustainability Department.	Sustainability Team	Awareness has been conducted and is in progress.

5.6.2	CR 05	Minor NC: There is evidence of poor and uncontrolled storage of waste oil near Sangara mill with oil incorrectly stored to prevent leaking in earth bund. Drums were at times not properly closed or stored upside down resulting in unnecessary spills.	Drums have to be removed and placed in a permanent bund with adequate capacity	Sangara Mill Manager, VWS Manager	End of November 2012	Drums have been removed.
6.5.3	CR 06	There is uncertainty over existing employment conditions and entitlements, and possible future changes as NBPOL moves towards uniform conditions across its PNG operations. While some change is understandable as a result of a change in management, NBPOL has been in control at Higaturu for over two years. It is unsatisfactory that employees continue to work without clearly understanding their employment conditions and entitlements.	HR Manager and the team to work on terms and conditions for employees.	HR	End of Dec 2012	In progress.
6.6.3	CR 07	The Higaturu Oil Palm Processing Workers Union may represent little more than 10% of the workforce, and its national registration may have lapsed, but HOP should identify the members as project stakeholders and should meet with Union representatives and discuss employment-related issues on a regular basis. Advice received by the Company from the Provincial Labour Office, to the effect that HOP need not meet with Union executives until it has been re-registered, is not interpreted as preventing HOP to discuss employment and other social issues with its own workers	HRM to organise meeting with Union Reps in the Company.	HR	End of Dec and onwards as scheduled.	

## 12 Observations/Opportunities for Improvement

**1.2.6 Observation: There appears to be at least different versions of the Domestic Violence Policy on display in various places and the company should settle on only one policy and display that. Several versions of the malaria and sexual harassment policies were observed on Company notice boards. Care needs to be taken that the policies displayed are current and accurate (including TokPisin translations of Company policies).**

**4.1.4 Observation: Construction need to ensure adequate records of monitoring/inspections to show SOP's are being followed and that they are effectively in place. Construction needs to ensure follow up any actions that are reported to ensure actions are completed.**

**4.2.3 Observation:** There is evidence that nutrient strategy is not at times effective as on a number of occasions EFB was left in piles rather than being returned to the field and spread amongst the palms.

**4.5.2 Observation:** Many growers complained about the Sexava levy when there is no evidence of Sexava in Oro Bay. Maybe funds from this could be used in the fight against Ganoderma.

**4.7.2 Observation:** Need to ensure that precautions are attached to products and these are required to be in place and readily retrievable in case of need e.g. MSDS's are not always available in areas being used.

**4.7.6 Observation:** It would be of more benefit suggested that there be at least 2 trained First Aiders on each shift in each mill – this will ensure in case where one first aider is absent on leave at least there is one first aider available to workers at all times. SUSTAINABILITY

**5.3.2 Observation:** Shouldn't put green waste in landfills as it reduces life of landfill and inhibits proper compaction e.g. Mamba

**6.1.2 Observation:** It is important to engage broadly during the finalisation of the Social Impacts Mitigation and Monitoring Plan. HOP has outlined a consultation program prior to the end of 2012 to ensure key stakeholders are aware of, and able to contribute to the Social Impacts Mitigation and Monitoring Plan. Following this consultation the initial Social Impacts Mitigation and Monitoring Plan will be finalised.

**6.2.2 Observation:** There are several options to facilitate interaction with particular stakeholders that HOP may wish to consider in the future. This includes the establishment of a women's group (discussed further under Criterion 6.9) or a group comprising local councillors and other government service providers. The latter provides an opportunity to consult broadly and could be used to engage periodically on the identification and management of social impacts.

**6.5.6 Observation:** Some of the current housing designs are relatively poor, particularly in respect to ventilation, and the location and design of ablution blocks and in some cases, kitchens. Although undertaking a major renovation of existing houses over the next five years, it may be possible to modify the designs to improve ventilation and other qualities of the houses. In addition to the above, HOP could consider the provision of power points to all houses as part of the building renovation program. The provision of power points would allow families to buy and use a range of electrical appliances, which has potential to greatly improve living conditions and worker productivity. The provision of power points will eradicate the practice of illegal wiring, which is a health and safety concern in all villages

**6.5.6 Observation:** It is important to continually promote the grievance mechanism to ensure both internal and external stakeholders are aware that: Any person can raise a problem or issue with HOP; The Company representative to be contacted is clearly identifiable and contactable; The Company will provide a response in a timely manner; and If the person is not satisfied with the response they can raise it a higher authority (e.g. the General Manager).



**6.9.1 Observation: There is a need to review the sexual harassment and domestic violence policies to ensure they are accurate and effective. In terms of their effectiveness, the policies should articulate a process in which any person can access both support and advice on a confidential basis. Women, who will be the victim in the majority of cases, should be able to seek support from another women, and generally someone in close proximity, to avoid travel and therefore being conspicuous (implying several contact points may be required across HOP's operations).**

## ***Appendix E Sample of Small Holder Blocks***

	Block number	Name of grower	Area in Hectares	VOP/LSS
1	611017	PENDAIA BOREGE	2	VOP
2	050140	HARRISON HANDAU	2	LSS
3	050141	RICHARD MARI	8	LSS
4	050152	WILLY KAGENI	4	LSS
5	060200	SOKEPA GOOMO	2	LSS
6	101157	RACAELOVE	4	LSS
7	111483	JAMES KIPLING	4	LSS
8	010180	EDRICK DAUWON	2	LSS
9	040265	REGINALD GAUBU	6	LSS
10	540101	DIDIMUS HOIVO	2	VOP
11	630146	JOHN TAYLOR	2	VOP
12	630144	JOSHUA PAMBA	2	VOP
13	670002	ALOIS IKA	2	VOP
14	670010	IVAN JEWAWA	2	VOP
15	670016	GRAYSON HANGURU	2	VOP
16	670377	RODNEY TOFINGA	2	VOP/INFILL
17	680361	ADAM KONEHA	2	VOP/INFILL
18	680350	ROJET HANGO	2	VOP/INFILL
19	670379	DICKSON KEPA	2	VOP/INFILL
20	670378	BRUNO OKOVE	2	VOP/INFILL
21	670382	SYDNEY SEHATE	2	VOP/INFILL
22	270138	ALLAN JOJOGO	2	VOP/INFILL
23	270137	CALAP JOJOGO	2	VOP/INFILL
24	270134	GRAYSON SUSAPU	2	VOP/INFILL
25	270125	OSBORN BONGAGI	2	VOP/INFILL

Sample of 25 Blocks included in Higaturu Small Holder Assessment

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

## NBPOL Higaturu Oil Palm Estates Supply Chain 28.10.12 - Sangara POM

Requirements	SG
<b>1. Documented procedures</b>	
<p>1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Sangara, Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Mike Jackson Responsibility: Paul Maliou - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p>	<p>Around 45% of material comes from NBPOL Estates therefore there is no PO. 55 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p>

2.2 The facility shall inform the CB immediately if there is projected over production	There is no projected over production for each mill.
<b>3 Record keeping</b>	
3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable
3.2 Retention times for all records and reports shall be at least five (5) years.	The previously certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years
3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB
3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	The supply chain model is clearly indicated on all sales contracts
<b>4. 4 Sales and goods out</b>	
4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:  a) The name and address of the buyer;  b) The date on which the invoice was issued;  c) A description of the product, including the applicable supply chain model (Segregated)  d) The quantity of the products delivered;  e) Reference to related transport documentation.	The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.  This is included  Date of issue of invoice is recorded  Description of product is included – including supply chain model  This is via an arrival alert that client has received product
<b>5. Processing</b>	

<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>
<p>5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	<p>Not applicable to NBPOL or its mills</p>
<p><b>6. Training</b></p>	
<p>6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Staff in the weighbridge is already competent in separating the source of the material and this can be related to company &amp; small holder material – all RSPO. There are records of competency of staff in weighbridge</p>
<p><b>7. Claims</b></p>	
<p>7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims</p>	<p>All RSPO material</p>

**NBPOL -Higaturu Oil Palm Estates Supply Chain 28.10.12 -Sumbiripa POM**

Requirements	SG
<b>1. Documented procedures</b>	
<p>1.3 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.4 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Sumbiripa Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Mike Jackson Responsibility: Paul Maliou - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p>	<p>Around 55% of material comes from NBPOL Estates therefore there is no PO. 45 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used. Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p>



2.2 The facility shall inform the CB immediately if there is projected over production	There is no projected over production for each mill.
<b>3 Record keeping</b>	
3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable
3.2 Retention times for all records and reports shall be at least five (5) years.	The previously certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years
3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB
3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	The supply chain model is clearly indicated on all sales contracts
<b>4. 4 Sales and goods out</b>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> <li>f) The name and address of the buyer;</li> <li>g) The date on which the invoice was issued;</li> <li>h) A description of the product, including the applicable supply chain model (Segregated)</li> <li>i) The quantity of the products delivered;</li> <li>j) Reference to related transport documentation.</li> </ul>	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p>
<b>5. Processing</b>	

<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>
<p>5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	<p>Not applicable to NBPOL or its mills</p>
<p><b>6. Training</b></p>	
<p>6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Staff in the weighbridge is already competent in separating the source of the material and this can be related to company &amp; small holder material – all RSPO. There are records of competency of staff in weighbridge</p>
<p><b>7. Claims</b></p>	
<p>7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims</p>	<p>All RSPO material</p>

## NBPOL-Higaturu Palm Oil Estates Supply Chain 28.10.12 - Mamba POM

Requirements	SG
<b>1. Documented procedures</b>	
<p>1.5 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.6 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Mamba Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Mike Jackson Responsibility: Paul Maliou - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
<b>2. Purchasing and goods in</b>	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p>	<p>Around 64% of material comes from NBPOL Estates therefore there is no PO. 36 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p>

2.2 The facility shall inform the CB immediately if there is projected over production	There is no projected over production for each mill.
<b>3 Record keeping</b>	
3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.	There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable
3.2 Retention times for all records and reports shall be at least five (5) years.	The previously certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years
3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.	The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB
3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.	The supply chain model is clearly indicated on all sales contracts
<b>4. 4 Sales and goods out</b>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <ul style="list-style-type: none"> <li>k) The name and address of the buyer;</li> <li>l) The date on which the invoice was issued;</li> <li>m) A description of the product, including the applicable supply chain model (Segregated)</li> <li>n) The quantity of the products delivered;</li> <li>o) Reference to related transport documentation.</li> </ul>	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p>
<b>5. Processing</b>	

<p>5.1 The facility shall assure and verify through clear procedures and record keeping that the RSPO certified palm oil is kept segregated from non-certified material including during transport and storage and be able to demonstrate that it has taken all reasonable measures to ensure that contamination is avoided. The objective is for 100 % segregated material to be reached. The systems should guarantee the minimum standard of 95 % segregated physical material; up to 5 % contamination is allowed.</p>	<p>There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated</p>
<p>5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material</p>	<p>All material is RSPO certified</p>
<p>5.3 In cases where a mill outsources activities to an independent palm kernel crush, the crush still falls under the responsibility of the mill and does not need to be separately certified. The mill has to ensure that:</p> <ul style="list-style-type: none"> <li>• The crush operator conforms to these requirements for segregation</li> <li>• The crush is covered through a signed and enforceable agreement</li> </ul>	<p>Not applicable to NBPOL or its mills</p>
<p><b>6. Training</b></p>	
<p>6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems.</p>	<p>Staff in the weighbridge is already competent in separating the source of the material and this can be related to company &amp; small holder material – all RSPO. There are records of competency of staff in weighbridge</p>
<p><b>7. Claims</b></p>	
<p>7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims</p>	<p>All RSPO material</p>

## ***Appendix G Supply Base for Each Mill***

Crop Distribution- September 2011 - August 2012

		Tonnage to Mills	% fruit to mill
<b>Mill</b>	<b>SANGARA CPO MILL</b>		
	<b>SANGARA KERNEL MILL</b>		
	<b>CDM (start 2013)</b>		
<b>PLANTATIONS</b>	Embi (Warisota)	2388.598	55.00
	Ambogo	32298.48	63.00
	Sangara	23578.92	55.00
	Sumbiripa	16633.22	41.00
		0	NA
<b>Mini Estates</b>	Jaumo	3594.319	65.00
	Gou	1847.365	63.00
	Kasakoho	3019.882	67.00
	Banabari	1325.81	61.00
	Haintapa	1274.34	62.00
	Vatus	1349.378	68.00
	Aveti	1879.435	73.00
	Heropa	1371.787	70.00
	UDK	2253.475	73.00
	Wanipa	4242.549	70.00
	Papaki	371.86	14.00
<b>Associated Smallholders</b>	LSS / VOP Sorovi Division	56251.42	74.00
	Igora Division	27717.68	58.00
	Saiho Division	19445.36	73.00
	Illimo Division	2635.86	16.00
	Aeka Division	12569.75	54.00
		<b>216049.488</b>	<b>1175</b>
<b>Mill</b>	<b>SUMBIRIPA CPO MILL</b>		
<b>PLANTATIONS</b>	Embi (Warisota)	1904.464	44.00
	Ambogo	18221.63	36.00
	Sangara	18605.73	44.00
	Sumbiripa	23076.94	58.00
<b>Mini Estates</b>	Jaumo	1938.119	34.50
	Gou	1100.354	37.00
	Kasakoho	1506.015	32.50
	Banabari	848.625	39.00
	Haintapa	769.465	38.00
	Vatus	621.124	32.00
	Aveti	684.714	27.00
	Heropa	618.226	30.00
	UDK	880.208	26.50

	Wanipa	1932.616	29.50
	Papaki	230.28	8.00
<b>Assicated Smallholders</b>	LSS / VOP Sorovi Division	18880.43	24.00
	Igora Division	19426.73	41.00
	Saiho Division	6874.25	26.00
	Illimo Division	1404.26	8.00
	Aeka Division	10765.26	46.00
		130289.44	
<b>Mill</b>	<b>MAMBA CPO MILL</b>		
<b>PLANTATIONS</b>	Mamba	23530.5	100
<b>Mini Estates</b>	Papaki	2135.2	78
<b>Associated Smallholders</b>	LSS / VOP Sorovi Division	246.48	1.000
	Illimo Division	12765.03	76.000



