



## **PUBLIC SUMMARY REPORT**

# **INITIAL RSPO SURVEILLANCE ASSESSMENT**

## **NEW BRITAIN PALM OIL LIMITED**

### **Mosa, West New Britain, Papua New Guinea**

*Report Author*

**Allan Thomas – November 2009**

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**SUMMARY**

BSi has conducted a surveillance assessment of the NBPOL operations comprising 4 mills, supply base, support services and infrastructure. BSi concludes that NBPOL operations comply with the requirements of RSPO Principles & Criteria: 2007 and PNG NIWG Indicators and Guidance March 2008 for the following scope:

Sustainable production of palm oil (263,995 tonnes CPO and 58,136 tonnes of PK).

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

**ABBREVIATIONS USED**

BOD	Biological Oxygen Demand
CC	Cover Crop
CIP	Continuous Improvement Plan
CLUA	Clan Land Useage Agreement
DEC	Department of Environment & Conservation
DLPP	Dept of Lands & Physical Planning
DLQ	Type of housing provided
DOH	Dept of Health
EB	Executive Board OPIC
EFB	Empty Fruit Bunch
EMS	Environmental Management System
FFB	Fresh Fruit Bunch
FPIC	Free, Prior and Informed Consent
GHG	Green House Gas
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
KBT	Kimbe Bulk Terminal
MG	Management Guidelines
MTL	Mosa Transport Limited
NBPOL	New Britain Oil Palm Limited
NLDD	Native Land Dealing Document
OD	Company Out Grower (Smallholder), Department
OHS	Occupational Health & Safety
OMP8	Oil Palm Management Program used by the company
OPIC	Oil Palm Industry Corporation
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	Standing Operating Procedure
TRP	Timber Rights Purchase
TSS	total Suspended Solids
VOP	Village Oil Palm (a class of Smallholder)
VWS	Vehicle Workshop
WNBP	West New Britain Province

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

The operations of the mills 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**

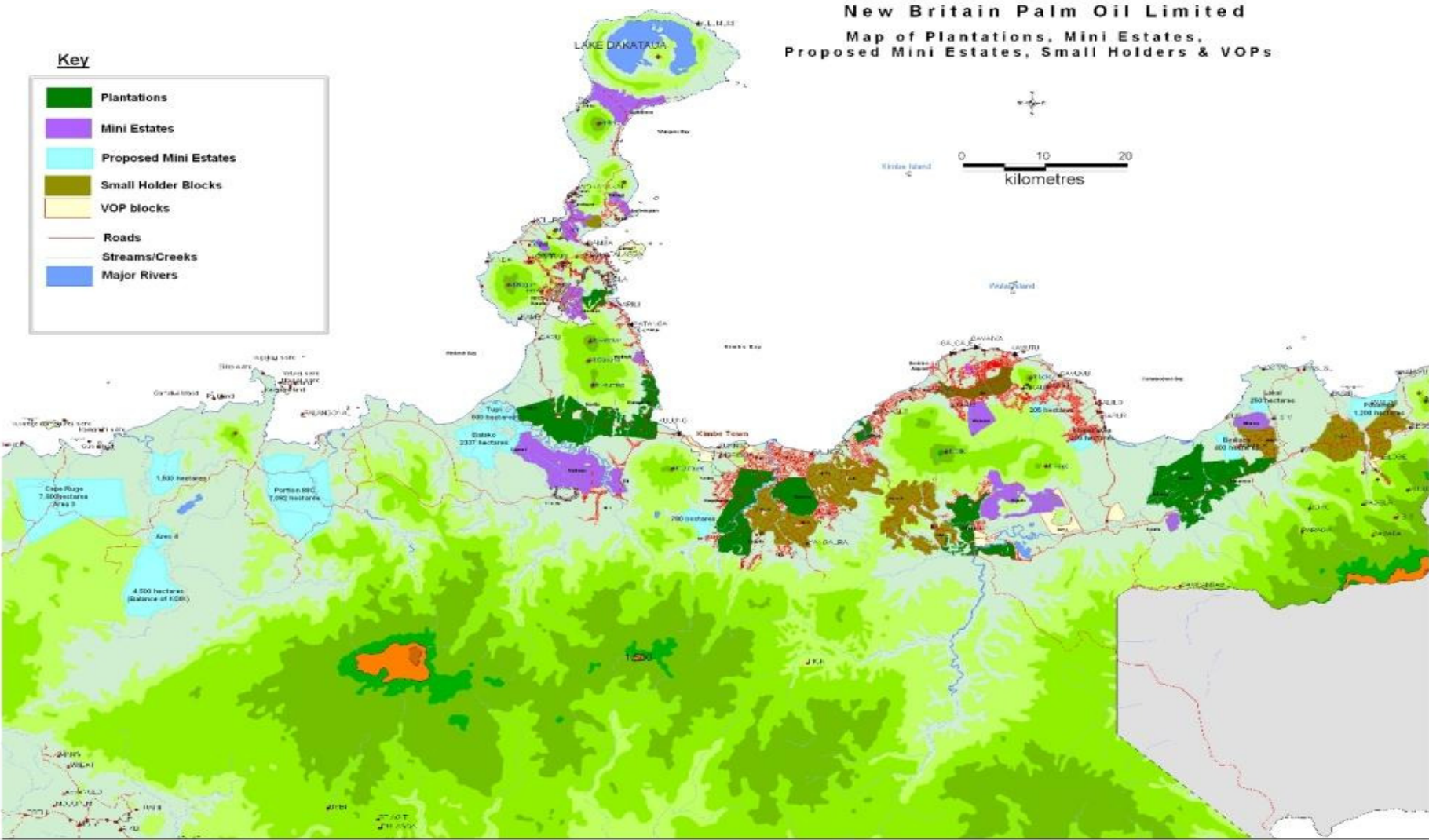
This certification assessment includes the production from four (4) Palm Oil Mills and 12 company owned plantations, 9 company managed “Mini Estates” and Smallholders.

**1.3 Location and Maps**

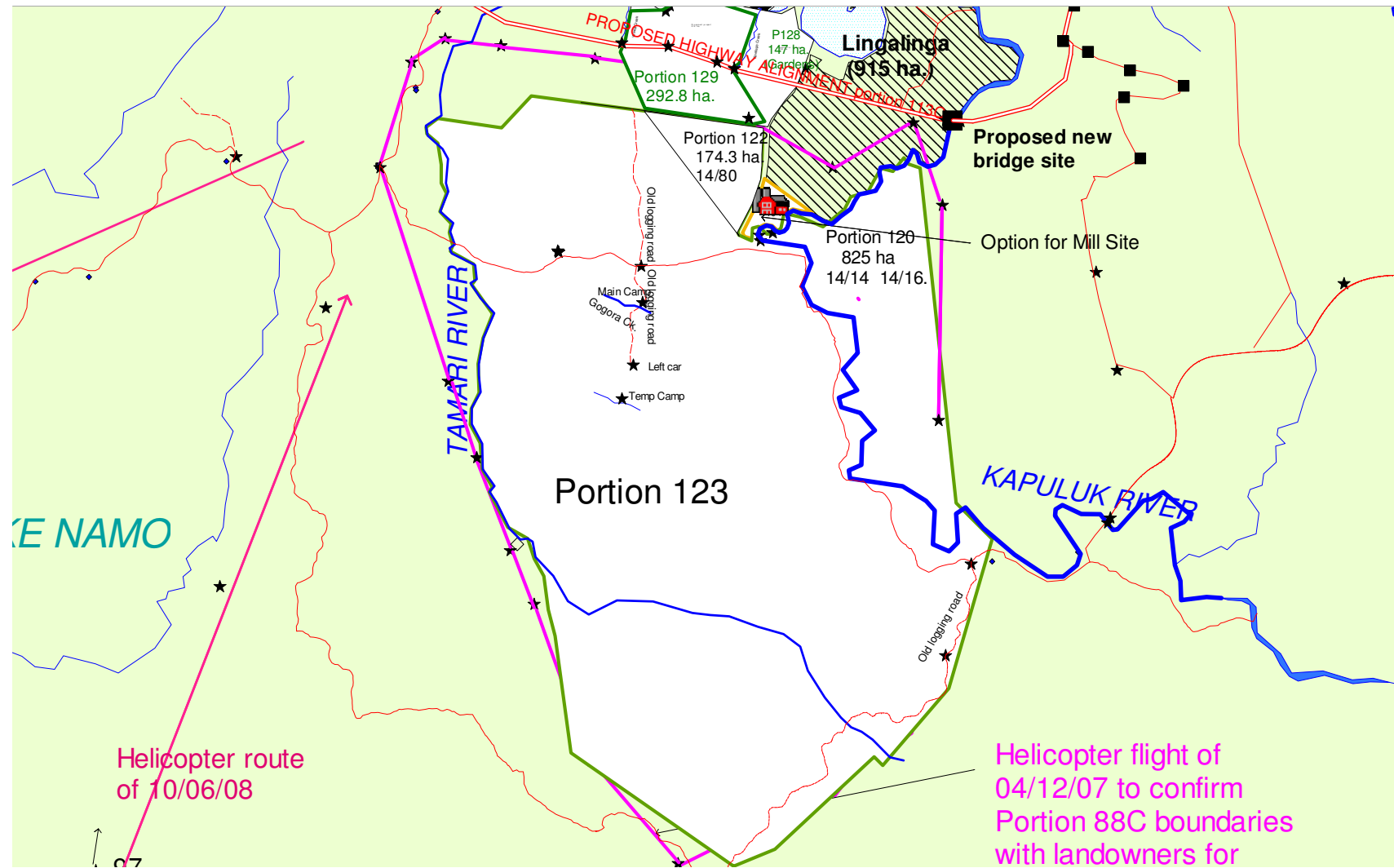
The NBPOL palm oil mills and plantations are located in West New Britain Province of Papua New Guinea. The GPS locations of the mills are shown in Table 1.

**Table 1: Mill GPS Location**

<b>MILL</b>	<b>EASTINGS</b>	<b>NORTHINGS</b>
Mosa	193904.84	9377831.2
Kumbango	191134.07	9381192.85
Numundo	171370.44	9388596.38
<b>Kapiura</b>	243536.48	9377869.69



Map 1 Extent of NBPOL operations including mini estates, plantations, small holder and VOPs



Map 2: Map of new Silovuti development

#### 1.4 Description of Supply Base

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

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

**Table 2: Plantation FFB Production**

<i>Plantation</i>	<i>FFB (tonnes)</i>
Bebere	46057.26
Kumbango	57171.62
Togulo	21437.34
Dami	6909.85
Kautu	59414.01
Kaurausu	41896.08
Bilomi	41615.22
Malalimi	38759.09
Numundo	35188.23
Haella	69298.17
Garu	65879.32
Navarai	4898.59
<b>TOTAL</b>	<b>488524.78</b>

Operations designated as Mini Estates are company developed and managed oil palm on customary land under a Lease-Leaseback (LLB) Agreement. The areas and production from Mini Estates are listed in (Table 3).

**Table 3: Mini Estates FFB Production**

<i>Mini Estate</i>	<i>FFB (tonnes)</i>
Waisisi	16069.05
Talasea Project	39398.23
Lolokoru	28018.42
Moroo	23850.25
Rigula	36874.10
KDC EU	6850.52
Karato ME	5786.89
Karato EU	6498.940
Daliavu	57267.01
Sapuri	55692.53
<b>TOTAL</b>	<b>276305.94</b>

Smallholder Growers (SG's) supply approximately 32% of the total tonnage of oil palm fruit processed by the Mill.

NBPOL has held comprehensive discussions with the SG's on RSPO implementation. NBPOL has stated its commitment to work with the SG's on the

implementation of the RSPO P&C with the aim of achieving certification.

The SG's comprise small holdings of oil palm that were developed under a Land Settlement Scheme (LSS) on State Leased land, Village Oil Palm (VOP) that was developed on customary land and Independent Estates (IE), that have been developed on both Customary and State leased land by customary landowners. The LSS, VOP and IE were developed independently of the company. The SG's manage all aspects of their small holdings of oil palm, including harvesting. FFB production is shown in Table 4

**Table 4: Smallholders and FFB Production**

<i>Smallholders (Total No)</i>	<i>FFB (tonnes)</i>
7305	366148.96

#### 1.5 Date of Plantings and Cycle

The company owned plantations were developed more than 20 -40 years ago and some are being replanted and are now entering the third cycle. The palms planted on Mini Estates have been planted during the past 10 years and are in the first cycle. The age profile of the palms on Plantations and Mini Estates is detailed in Table 5.

**Table 5: Age Profile of Company Estate Planted Palms**

<i>AGE (years)</i>	<i>% of Planted Area</i>
1	5.69
2	3.12
3	10.26
4	9.29
5	7.73
6	7.98
7	7.78
8	3.89
9	5.23
10	4.08
11	5.13
12	4.27
13	5.37
14	4.31
15	1.2
16	0.88
17	0.17
18	0.33
19	1.14
20	2.86
21	4.17
22	5.16
	100

#### 1.6 Other Certifications Held

NBPOL has held ISO 14001:2004 since March 2004. The scope of the Certification includes all of the NBPOL operations. Include ISO 9000 for Dami Seed production.

### 1.7 Organisational Information / Contact Person

New Britain Palm Oil Limited  
PO KIMBE  
WEST NEW BRITAIN PROVINCE  
PAPUA NEW GUINEA

Contact Person: Mr. Mike Hoare  
General Manager

Phone: +675 985 2177

Fax: +675 985 2019

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

### 1.8 Time Bound Plan for Other Management Units

NBPOL owns an oil palm company Guadalcanal Plains Palm Oil Limited (GPPOL), comprising a mill and approximately 6000 ha planted to palms, in the Solomon Islands. This oil palm plantation was developed in 1970, but the former owner had to close down the operations in 1999 due to civil unrest. GPPOL was established in 2005 as a joint venture between NBPOL (80%) and a local landowner company Guadalcanal Plains Resource Development Association (20%). GPPOL is undertaking a rehabilitation program following the civil unrest and six years of abandonment during which all buildings were destroyed. GPPOL has advised BSi that there are no land disputes, legal noncompliances or litigations at its Solomon Island operations.

NBPOL also owns Ramu Agricultural Industries Limited which includes a Palm Oil component. It comprises a Mill and approximately 6400 ha planted to Palms in Morobe Province, Lae, PNG. The first plantings were made in October 2003. The operations were acquired by NBPOL in September 2008 and there are no land conflicts at present.

NBPOL has submitted to BSi a time-bound plan to achieve RSPO Certification for the Solomon Islands Operations during 2009 and RAMU in early 2010. BSi considers this to conform to the RSPO requirements for partial certification.

### 1.9 Area of Plantation

The areas of planted palms at company owned and managed Plantations are listed in Table 6.

**Table 6: Estates Hectare Statement**

<i>Plantations</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
Bebere	1467.1	518.9
Kumbango	2323.2	0
Togulo	1062.7	257.2
Dami	319.0	53.13
Kautu	2516.2	523.3
Kaurausu	1631.2	205.37
Bilomi	2029.4	0
Malilimi	1519.6	731.8
Numundo	1277.9	0
Haella	2940.8	0
Garu	2562.4	0
Navarai	381.4	86.0
<b>TOTAL</b>	<b>20030.9</b>	<b>2375.7</b>

The areas of planted palms at company managed Mini Estates (customary land) are listed in Table 7.

**Table 7: Mini Estates and Areas Planted**

<i>Mini Estate</i>	<i>Mature (ha)</i>	<i>Immature (ha)</i>
Waisisi	559.2	0
Talasea Project	1426.7	65.72
Lolokoru	1961.3	72.0
Morooa	807.00	0
Rigula	2519.5	0
KDC EU	252.0	0
Karato ME	220.0	0
Karato EU	288.0	0
Daliavu	2058.6	0
Sapuri	1773.4	0
Laota	0	518.13
<b>TOTAL</b>	<b>11865.7</b>	<b>655.85</b>

The areas of Smallholders planted palms listed in Table 8.

**Table 8: Smallholders Planted Area**

<i>Mature (ha)</i>	<i>Immature (ha)</i>
21101.06	4122.05

### 1.10 Approximate Tonnages Certified

**Table 9: Approximate Tonnages Certified**

<i>MILL</i>	<i>CPO</i>	<i>PK</i>
Mosa	57888	13644
Kapiura	69433	16230
Kumbango	58553	12180
Numundo	78121	16082
<b>TOTAL</b>	<b>263,995</b>	<b>58,136</b>



### 1.11 Date Certificate Issued and Scope of Certificate

#### Scope

Scope of the Certificate is for the production from the four palm oil mills and their supply base (refer Table 9 for tonnages).

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

#### Inclusion of Smallholders

During the audit of NBPOL operations, the audit team became aware of the magnitude of the effort and resources that NBPOL had committed to the RSPO implementation for its SG's. In particular, NBPOL had initiated RSPO awareness for SG's back in 2005 through the Papua New Guinea National Interpretation Working Group (PNG NIWG) process and worked with the Oil Palm Industry Corporation (OPIC) smallholder extension service. NBPOL worked closely with OPIC 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 EB and the public review process. Since late 2007, no new SG has been accepted without being subjected to a field assessment in accordance with the "Planting Approval Form".

NBPOL has provided training of OPIC extension officers on the RSPO P&C, for example at a workshop in October 2007. NBPOL, OPIC and OPRA implemented awareness training of SGs on the RSPO P&Cs at Field Days in each of the SG Divisions, commencing in October 2007. NBPOL also is working with OPIC on a baseline survey of SG's. The survey process involved the physical inspection of all SG blocks and interview of each SG to assess their understanding of sustainable practices and conformance with the relevant RSPO P&Cs.

OPIC is supported by the whole of the Oil palm Industry.

All PNG producers are represented on the OPIC board by the chairman of the Palm Oil Producers Association not just NBPOL.

OPIC are not employees of NBPOL.

They are not under any obligation or contract to supply to the mill but are associated to the company through the OPIC association. In cooperation with the companies and OPIC the smallholders are included in the awareness programs, compliance surveys and other RSPO related work.

NBPOL has input to the OPIC Board through the POPA Chairman and the Chairman of PNGOPRA. Not as an employee with an official role and function.

BSi examined in detail the SG survey database and concluded that the information showed the great majority of SG's met conformance with the relevant Indicators of the PNG NIWG (March, 2008). The validity of the SG survey results was tested by selecting a sample of smallholders (70) that were representative of a range of conditions and subjecting these to field audits. The BSi field audit results matched those that had been obtained independently by the OPIC extension officers.

BSi also interviewed OPIC extension officers who had been involved in the SG baseline survey and confirmed their knowledge of the relevant RSPO P&C's. BSi concluded that the survey results for more than 7,000 SG's (out of total of 7,400) provided substantive evidence of conformance with the RSPO P&C. Furthermore, the survey had been conducted by OPIC, a statutory authority, which can be regarded as an independent third party.

The PNG NIWG had previously established the status of the SG's as "independent" and this was endorsed by the RSPO EB. However, another important consideration is the degree of NBPOL's involvement with, and the support that it gives to the SG's.

NBPOL operates an Out Grower's Department (OD) that is dedicated to support the SG's who supply fruit to the company's mills. NBPOL has a defined list of SG's and has agreed to collect their fruit. The SG's land has been mapped and NBPOL is assisting in the verification of their rights to the land. NBPOL supplies oil palm seedlings to the SG's and assists them by coordinating pest and disease surveys and treatment of pest outbreaks. NBPOL also provides soft loans to its SG's for purchase of seedlings, tools and fertiliser, which it delivers to them. In consideration of NBPOL's close involvement with the individual SG's, they can be regarded as being "Associated" with NBPOL. On the basis of this conclusion, NBPOL has complied with its commitment to achieve certification of its "Associated" SG's within three years from the date of Initial Certification

In consideration of the above information, the audit team concluded that it is appropriate for inclusion of the SG's in the NBPOL Certificate.

## 2.0 ASSESSMENT PROCESS

### 2.1 Certification Body

BSi Management Systems Singapore Pte Ltd  
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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.

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

### **Allan Thomas Lead Assessor**

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

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

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

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

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

completing 14 in depth reports and contributing to the final report which contained recommendations for all stakeholders to improve the sustainability of PNG the Forestry Sector.

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

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

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

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

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

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

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

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

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

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

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

Mike aims to maximise sustainable development through the promotion of effective and practical solutions in large-scale resource industries by working with local consultants and local organisations 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 specialising in development assistance and humanitarian aid, with a long history in PNG. Mike is fluent in Tok Pisin

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

The 1<sup>st</sup> surveillance audit was conducted on the 13<sup>th</sup> and 20<sup>th</sup> of September 2009. All minor nonconformities from the certification were reviewed and actions examined and were successfully closed due to the action taken being affective and observations were all acted upon.

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

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

SG's were also included in this audit. A total number of 69 smallholder blocks were audited ranging in size from 2Ha (Village Oil Palm Blocks/VOP) to 7Ha (Land Settlement Scheme/LSS). After the interview with each small holder was concluded the auditor inspected each block with the block holder and in the absence of any officers from NBPOL or OPIC in order to gain an understanding of any issues of concern that the block holder wished to raise about the oil palm company (NBPOL) or the extension service (OPIC).

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

Stakeholder consultation involved external and internal stakeholders. External stakeholders were notified by placing an invitation to comment on the RSPO and NBPOL websites and an advertisement in each of the PNG national newspapers.

Letters were written to individual stakeholders and telephone calls were made to arrange meetings. As part of the audit, 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; SG's including LSS, VOP and IE's, the OPIC, and the Oil Palm Research Association (OPRA).

External stakeholders included organizations such as Government, NGOs and Civil Societies, who have an interest in the West New Britain area and resident communities.

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

In the case of the Incorporated Land Groups (ILG's), meetings were held on site. Time limitation and transportation for ILG's created difficulties which prevented the convening of ILG meetings in all the villages where there could have been greater participation by other members.

VOP stands for Village Oil Palm and are under definition smaller areas (Village Oil Palm = 2 to 4 hectare and they use CLUA). ILG's are communities looking at bigger scale of development.

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 2005 but they agreed with its objectives and expressed their willingness to collaborate in the promotion of sustainable palm oil in the WNB. In a number of interviews and meetings, the presence of company representatives did not restrict discussion of both the positive and negative aspects of NBPOL's operations. Although company representative were present they were on the periphery and did not influence the process.

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

There is a trade union at NBPOL (West New Britain Oil Palm Workers Union) – they were involved also in this assessment and were interviewed during the cause of this assessment.

## **List of Stakeholders Contacted**

### **Contractors**

Commodore Bay Heavy Plant Hire  
 Shammah Enterprises Ltd  
 KCP Trucking and Heavy Plant Hire  
 PCSL  
 Kaserangi  
 Ngatia Enterprise Ltd  
 Nawa Construction Ltd  
 Cidar Engineering SDN BHD  
 Nivani Limited

### **Others**

PNG Oil Palm Research Association  
 Mahonia Na Dari  
 Live n Learn  
 Walindi Resort  
 ForCert – Walindi  
 PNG Oil Palm Industry Corporation  
 NBPOL Lands Office  
 Mill Workers  
 Field Workers  
 Office Staff  
 NBPOL Legal Services  
 Residents of Compounds including: Kapiura, Mosa, Kautu and Karausu  
 Association of Nakanai Communities  
 Silovuti & Kintakiu Villages (Silovuti Mini Estate)  
 Mami ILG  
 Talasea ILG  
 Natoko ILG  
 70 Smallholders  
 Kimbe General Hospital (KGH)  
 Provincial Division of Lands  
 Department of Environment & Conservation  
 Provincial Division of Health  
 Provincial Division of Labour  
 Provincial Division of Primary Industry  
 Provincial Education Office  
 Provincial Planning Office  
 Forcert  
 Mahonia Na Dari  
 Centre for Environmental Law & Community Rights  
 West New Britain Oil Palm Workers Union  
 West New Britain Catholic Church  
 West New Britain United Church  
 WWF

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

September 2010

## **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 Mills 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.

Three (3) Nonconformities were assigned against Minor Compliance Indicators. NBPOL has prepared a Corrective Action Plan (Appendix D) for addressing the identified nonconformities that was reviewed and accepted by BSI.

Thirteen (13) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 22).

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

In relation to the previous audit findings the three (3) Nonconformities which were assigned against Major Compliance Indicators were closed out during a follow up assessment in June 2008. Action taken and included in appendix D continues to be effective.

The Seven (7) Nonconformities which were assigned against Minor Compliance Indicators were closed out completely as a result of this assessment. Action taken during this time was found to be effective.

Also the Fifteen (15) Observations/Opportunities for Improvement which were identified were actioned and this was seen to be effective.

BSI recommends that NBPOL continue to be approved as a producer of RSPO Certified Sustainable Palm Oil.

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

Certification to ISO 14001 should ensure compliance to many subsequent criteria. All records of requests for information are forwarded in the first instance to the local manager and are recorded in an enquiry/ grievance book. One of which is held in each administrative office throughout NBPOL. Then depending on the level of the requests it is forwarded to the Sustainability team for action for recording and are then passed on to the relevant department for action and release of information and then to General Manager (GM) ,if required, for approval to give out the information

request. A record of response is attached. Such enquiries and responses are maintained in an appropriate manner in hard copy. On the whole this criterion has been well implemented and grievance books were sighted at every office visited along with hard copy records of all requests.

Records are in place of all requests for information and that information required by stakeholders is made available if possible. This is in a register which includes all requests for information. It includes date received, date responded to as well as any other pertinent information with regards to each request received.

On the whole documents that are not released are not related to environmental or social issues and are mainly of a confidential financial nature.

Senior management has now decided which documents are to be made available to the public. These are in the form of a register which can be updated as more documents are requested and made available.

The reason why information could not be made available is now always recorded in an appropriate and relevant register.

Information on any issue can be given freely to any interested parties if requested. NBPOL have an obligation to provide relevant information when requested.

Although many titles were observed, Clan Land Usage Agreements (CLUAs) for VOP Blocks, and Lands Titles for LSS Blocks, several older blocks were being managed by descendants of the original title holder who had died intestate, often many years ago. The titles to these blocks were held by the Rural Development Bank.

The families of the deceased title holder had agreed either in writing or verbally that the current block holder held legitimate ownership of the block. This situation was noted in the preparation of the World Bank funded Smallholder Agriculture Development Project (SADP) and will be resolved as a matter of high priority and all block holders will be assisted in the preparation of Wills under SADP.

All blocks with reference to current block holder's growers' cards were available from OPIC

**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.**

There is a list of publicly available documents which is approved by the GM and can be produced on request. This list will be made available both in hard copy on request and on the company's web site. A list of documents was produced during the audit.

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

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

Documents pertaining to financial information can only be shared upon the discretion of the GM with approval from the NBPOL CEO.

The documents will be available on request. Some information will need to be handled with care in some cases as it could adversely impact on a situation. This would normally be related to sensitive financial information that may only be shared if and when appropriate. However all requests can be traced back through the information request register.

Land Titles will be made available on request if appropriate.

OHS, Environmental, HIV-Aids and Sexual Harassment Policies are all available

The OHS Plan will be made available on request. It is also posted in all work areas in a prominent position on noticeboards where workers congregate at certain times – this includes in the mill and field offices. It was sighted in many areas during the audit. All managers also have a copy of the OHS Plan. It is also made available on the company's web site.

***Producer Companies to encourage management organisations of smallholder growers to adopt and disseminate an OHS Policy.***

This is being progressively implemented throughout the SG's with the help of OPIC. It was also carried out via awareness training, local radio programmes and via news letters. The radio programme is broadcast at least weekly on a scheduled programme in the area. Sustainability Awareness News letters are now produced at a two monthly intervals. SG's interviewed during this assessment were aware of OHS and Safety and appeared aware in preventing and treating of workplace injuries

NBPOL has separate policies for the following: Health and Safety, HIV/AIDS, Sexual Harassment, Malaria and Domestic violence amongst others. These are also widely available to SG's

There is a documented procedure for dealing with complaints.

There is a grievance complaints register which is supported by documented complaints. Outcomes are documented and the company has a standard letter with which it informs the aggrieved party of receiving the complaint and procedures to be followed for resolution. This includes a register of all complaints or grievances received. It includes name of party, date received, outcome, acknowledgment of receiving complaint, and date resolved as well as a brief description of the complaint. This is supported by a file which keeps hard copies of complaints/grievances and all responses and communications between NBPOL and the aggrieved party. The file for each complaint / grievance is comprehensive.

This has been adopted by the NBPOL Out Growers department (OD), in the form of a grievance register. This was kept in the OD office. All complaints are registered in a similar fashion to the NBPOL complaints / grievance handling procedure. OPIC is also involved in the answering and resolving of these complaints that are made to OPIC and providing evidence to NBPOL if required. It includes details of aggrieved party and the grievance or complaint.

The Documented system for access to customary land and negotiation procedures for settling disputes will be made available on request

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

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

#### Small Holders

All growers showed acute awareness of relevant customary, local and national laws; this was determined by several questions

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

Examples of ensuring laws are being implemented is via external checking using such as agencies as the Department of Conservation (DEC), Dept of Labour (DOL), and Dept of Health (DOH). This is further supported by internal audits and inspections to ensure that certificates, permits etc are current. At times PNG government agencies are slow at issuing current or new permits once the previous permit etc expires.

NBPOL is always proactive in renewing expired permits. This issuing of new permits is outside the control of NBPOL

Due to the fact that the company will have to comply with laws and regulations under RSPO as well as ISO they take the initiative to contact the official regulatory bodies to follow up on permits etc. Letters to government departments following up on expired permits can be provided on request

A record is maintained of these instances when enquiries have been made to determine the position in relation to these new permits etc.

The SG's and OPIC during inspection check that legal and regulatory requirements are being met. This is recorded on the Planting Approval form. The OPIC Act is the principle piece of legislation for management of the SG sector.

There is a Local Planning Committee (LPC), which is responsible for the overseeing of SG projects and includes members of stakeholders such as OPIC, NBPOL, HOPGA, the IE Association, OPRA, Women's rep and Local Level Government (LLG). The LPC meets on a monthly basis and minutes were available both with OPIC and the company OD.

There is register of PNG legal and regulatory requirements including codes of practices, environmental permits, forestry etc with the Company Secretary (Cosec), and the Sustainability Manager (SM). The Cosec and SM also keep aware 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 NBPOL.

A copy of the register of legal and regulatory requirements was presented.

Copies of legal requirements are kept with the Legal department and SM. There is a system required within ISO 14001 that includes any legal or regulatory requirements applicable to SG's. Therefore this area is also sufficiently documented.

NBPOL through the EMS / OHS ensures that any law changes are tracked. NBPOL are members of the Employers Federation of PNG, PNG Growers Association, Palm Oil Producers Association (POPA) and the OPRA board and are therefore privy to any changes in these regulations. NBPOL also receives law updates from PNG Law Society.

SG's are made aware of any changes through OPIC, OPRA and the company.

No current serious land disputes were recorded, any past disputes were largely related to original block holders having died intestate and had been resolved amicably by the families by the time of the audit

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

NBPOL landholdings are State Agricultural Leases that were established by the former colonial administration. NBPOL holds a copy of the State Leases and the use of



the land is consistent with the terms and conditions (2.2.1). Since 1998 NBPOL has developed oil palm on customary land under a Lease-Leaseback (LLB) Scheme. This scheme has been applied at locations where customary landowners have requested NBPOL to develop oil palm on their land. NBPOL assisted the landowners to register and obtain leasehold title over their land. The landowners then lease this land to NBPOL for development of oil palm.

Substantial effort is made to ensure the correct customary owners of the land are identified. Furthermore, NBPOL has correctly shown considerable patience in allowing this process to proceed at a pace that is acceptable to local communities (which, in the case of Silovuti, has taken several years).

In the period since the certification audit NBPOL has developed one mini estate under the lease-lease back scheme. This is at Silovuti and all recorded of tenure and agreements were available. This included recorded of all discussions and meetings with the ILG's. Therefore actual legal use of the land can be demonstrated.

Awareness sessions were held by the company in villages and to other stakeholders on stakeholders related matters (dispute settling, environmental issues etc). Hereby the customary traditions were recognized by involving the communities' representatives and clan leaders. Files are available showing the involved discussion process, decision making process and if needed a settlement process and the consent process of involved stakeholders (A National Government surveyor establishes boundaries and these are marked physically by pegs and on maps.

All the stakeholders are informed on disputes and conflicts and information is made.

Under ISO 14001 all who come under the influence even remotely of an organization are called stakeholders.

Boundaries are normally natural such as Roads, Rivers and Customary land. Boundary pegs are now identified and are located and marked via GPS and also included in Satellite Imaging of all NBPOL estates. Sighted maps - for Bebere, Haella and other estates. The boundaries for all mini estates under the ILG's are also surveyed and mapped showing boundaries

There is proof where disputes have been resolved or are being resolved and ongoing disputes are being monitored. NBPOL have established a system to negotiate with the parties in dispute before legal means. Dispute resolution mechanisms are established through open and consensual agreements with relevant affected parties using either legal means or negotiation with the party in dispute. If required the Department of Lands (DOL) or other bodies are brought in to act as independent arbiters.

For SG's there is land mediation through the DOL, this is facilitated by OPIC and a copy of any resolution is

maintained by OPIC and the DOL. If a dispute has been resolved the company OD and SG are notified. Disputes involving customary land are usually settled by Customary Land Mediators and the PNG Courts system if necessary. A Clan Land Usage Agreement (CLUA) is produced once the dispute has been resolved.

There are disputes within a number of the ILG's over distribution of income, membership and operation of the ILG Committees. These complaints have been referred to the Provincial Dispute Settlement Authority, which is a Committee recognised by the District Land Court. In PNG, the court system is well recognised as the appropriate process for dispute resolution. There are procedures under PNG Law to maintain the status quo between two parties until the dispute is resolved.

Copies of all negotiated agreements detailing the process of consent are available. This was demonstrated with regards to the Silovuti agreement with the respective ILG.



Plate 1 Stakeholders involved in the assessment

NBPOL have a participatory conflict resolution method by first talking to involved parties and also recording minutes of these meetings as per 2.2.4 The Company implements the conflict resolution process by the involvement of the Lands Office dealing with complaints of the communities. They keep track of the complaints and visits to settle any dispute. When conflict resolution in relation to state land cannot be settled accordingly it becomes a process for the DOL or the courts to settle.

The company OD maintains copies of all CLUA's. The CLUA assists in minimising disputes by splitting land into smaller family groups (this reduces disputes). Copies of all CLUA's are also held with OPIC. LSS disputes are facilitated by OPIC due to the inactivity of the DOL. A plan is in place to give better control and ensure LSS blocks have wills so that ownership is easily transferred to the next of kin.

In all cases for SG's it can be demonstrated that acceptable conflict resolution has taken place. Customary land owners are able to release their clan owned land to individuals through the CLUA system and proof of this is the release of the SG block. The West New Britain Provincial Administration has established an Oil Palm Development Committee (WNBOPDC) to arbitrate all disputes over both State and Customary Land used for oil palm production. This committee is



also responsible for overseeing disputes arising over Lease-Lease Back land.

***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.***

Maps are available (current) showing occupied state land, vacant state land and customary land. Maps are available which indicate the extent of recognised customary rights and there are copies available of negotiated agreements detailing the process of consent in relation to the state land that was compensated for when bought by the state and with current customary land in relation to the establishment of ILG's.

NBPOL has negotiated with customary landowners to acquire land for plantation expansion under the Lease-Lease back process. This process commenced in 1998 and many agreements are ongoing for the term of each lease. New leasehold arrangements are being made from time to time with all areas being mapped indicating extent of all leases. The FPIC component has been integrated into the land lease process (the description of the awareness session on pro's and con's of development), if possible with cooperation of an independent neutral party (e.g. NGO co-operation). The minutes of meetings are kept and are a tool to follow up on the awareness that is forwarded and to check the FPIC component (for Silovuti development going back to 1998). These minutes indicate that these agreements are entered into voluntarily as minutes of any meetings are recorded. Awareness sessions are held with the landowners in the village or at a suitable location where all interested parties may attend. Following the awareness session consent is given by the landowners for the company to assist in the formation of the ILG and to obtain title over the land. NBPOL lands officers provide assistance to the landowners. The sharing of information and involvement of all parties was demonstrated in the latest negotiations with the ILG.

SG's on LSS blocks have been granted an agricultural lease over their block. This land was legally acquired by the State from the customary landowners and 99 year leasehold titles were granted to the LSS grower. The record of the purchase is recorded in the Native Land Dealing Document (NLDD) which is held by the DOL and Department of Physical Planning (DLPP). NBPOL has copies of the NLDD's for the land it occupies.

Ownership of LSS Blocks can be verified by conducting a title search with the DLPP. Most owners hold Owner Copies of the title and this was verified during the audit.

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

The Lease Lease Back system is a legal process under the Land Act (date) whereby customary landowners can

form an ILG and obtain leasehold title to their land. By holding a recognised legal title the ILG can then enter into a Sub-Lease agreement with a company to develop that land. NBPOL has a written procedure to assist customary landowners to obtain leasehold title to their land. The DLPP is the government department responsible for administering the Land Act and the Lease Lease Back process ensuring that the rights of the customary landowners are protected.

SEIA and HCV forest evaluations will be completed prior to the signing of sub lease agreements. All land under evaluation for Lease Lease Back has been logged prior to Nov 2005.

Maps showing areas for Lease Lease Back have been produced. These maps show the areas of Timber Rights Purchase (TRP) which is evidence of logging. Areas of vacant State Owned land are also identified on these maps.

A copy of the Sub Lease Agreement was displayed during the audit.

Maps of LSS blocks are available with OPIC and NBPOL and maps of VOP smallholder growers are available. The roads on which the VOP blocks are located are mapped. There is a plan in place to acquire satellite imagery and map all VOP blocks from this imagery.

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

There is a five year business plan for NBPOL. It is available from the GM. 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. All requirements of this indicator have been met. The auditor sighted crop projections for all estates and associated SG's. All mill extraction rates are documented.

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

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

The Five Year plan is reviewed on, at least, a yearly basis. The latest review and update was completed in May 2009.

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

NBPOL have Management Guidelines (MG) for Mills, Estates, Kimbe Bulk Terminal (KBT), Transport (MTL), Construction, Clinics and all operational areas and. Standard Operating Procedures (SOP) are in place for each station in the process of palm oil production from weighbridge to storage.

NBPOL refer to MG's and the Recognised Industry Field Handbooks for guidance. MGs are used as the framework for all operations. Other publications are used for reference only.

The mills have in place SOP's for all mill activities. These are specific for each mill due to difference in operations of each mill. They are available in the mills but not always at the area of operations at this time all mill SOP's are being translated into Tok Pisin and will soon be completed. Adequate document control in the form of issue date and approval is to be put in place.

Observation: Have mill SOP's available in relevant operational areas and translated into Tok Pisin if seen as critical

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

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

The estates are similar to the mills in that scheduled field inspections are in place by a team of field inspectors. These are further supported by an Internal Audits Programme.

The estate managers carry out regular field inspections to ensure SOP's are being followed and supervisors issue instructions at each morning muster and follow up to determine the quality of work and that procedures are being followed. This is further supported by the Group Managers, who carry out regular extensive field inspections which are further supported by the issuing and circulating of an inspection report to the relevant authorities. Any nonconformances are recorded and followed up in a specified time frame.

There is Code of Practice (COP), for Oil Palm Processing. This document is referenced in the legal register, SOP's, MGs and ISO Procedures. There are also Codes of Practices for Hydrocarbon and the Vehicle Workshop (VWS) these are also referenced. The latest issues are controlled by the Sustainability Team who ensures current applicable PNG COP's are in place. The following COP's which affect estates are referenced in

documentation and include Logging, Landfill and specific COP's for PNG.

The EMS / OHS system requires that records of monitoring are kept e.g. Drain and Pollution Control Devices (PCD's), as well as use of Personal Protective Equipment (PPE), etc and any actions taken such as cleaning are recorded. The records include actions taken with regards to Quality Management, OHS and Environmental Management.

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

Records of fertiliser inputs are maintained in the Oil palm Management Programme (OMP 8) database and these details are readily available through this system.

Annual tissue and periodic soil sampling takes place by the company Agronomy section and in conjunction with OPRA. The results of the analysis of the samples are used to optimise fertiliser requirements.

The latest comprehensive soil sampling took place in 2008. This compared the results with 2003 and soil maps indicated a big improvement in soil quality over this time.

The most recent tissue analysis took place in July 2009 with results being available for a large number of estates and identified by block number

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients and are put in place to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

The SG's visited all had an understanding of soil fertility and prevention of erosion.

The SG's visited did understand the principles of fertilizers and there is a support service in place to train and create awareness through the OPIC extension service. Most of the blocks visited did understand boxing of frond stacks to minimise erosion and provide better soil protection. OPRA conducts research on soil fertility and advises Smallholders on fertilizer requirements.



Plate 2. Neat small holder blocks with FFB ready for pick up

All block holders were recycling palm fronds by laying them between rows of palms to allow for composting, household vegetable waste was also used to improve fertility; all block holders held an Irrevocable Fertiliser Order (IFO) and applied fertiliser appropriately

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

During field inspections the risk of erosion is assessed and records in the form of a field inspection sheet are kept and are further documented in OMP 8. This includes both SG's and NBPOL estates. The assessment includes run off from roads and effectiveness of road grading programmes to prevent erosion with regards to drainage. Inspections also check on the amount of cover crop (CC), for new and old plantings especially in steeper areas and replanting of CC done where required to ensure that risks of erosion are reduced and eliminated when possible.

No new planting since 2007 has been on slopes in excess of 25 degrees.

At Togulo and Kumbango Estates there is terracing in some areas to reduce soil erosion. To prevent erosion cover crop (CC), is introduced at the time of the formation of the terraces and once palms growing fronds placed in a position to reduce erosion in the form of boxing. Rainfall run off is minimised where necessary by construction of strategically placed drains.

Sprayers must follow the spraying guidelines as set out in the Field Standards. These are constantly being monitored by the supervisors and divisional managers to ensure pesticide spraying is effective and there is no over spraying.

*Observation: There was evidence of over spraying of herbicides during this assessment at Kapiura Estate along side the drains leading to the final effluent discharge ponds*

The estates use chemicals under controlled conditions – OPIC is training SG's – NBPOL does not supply pesticides directly to SG's. Insect control is under an IPM program and OPIC apply the insecticides on SG blocks where recommended by OPRA. SGs are discouraged from using pesticides until they are fully trained in the safe use and handling of pesticides. This training is supplied by OPIC and it is in the form of a certificated course by trained personnel.

Roadside drains are also planted to prevent further erosion with vetiver grass.

There is only shallow peat soils in NBPOL with less than 50 hectares planted. The soils are monitored by the internal Agronomy section to ensure water management is effective.

There is a road grading programme in place which ensures that drains are clear and properly formed to channel run off into these drains on the steeper roads. Scupper drains are also constructed if required. The roading programme is monitored to ensure it is up to

date and that areas with potential and actual erosion areas are given priority over flat less risk areas.

Maps are in place indicating the whereabouts of any fragile and problems soils. There is also a management strategy in place to deal with and improve where possible these fragile and problem soils. In fact as mentioned elsewhere in this report there are maps indicating soil types in 2003 and 2008 indicating the improved nature of soils.



Plate 3 Example of Small Holder frond placement to help prevent erosion

Most blocks were on flat land, but where any sheet erosion started to occur during very heavy rain, palm fronds were placed across the flow and stabilised by palm frond pickets.

Where an occasional steeper slope was noted, there was more effort used to prevent soil erosion, by the use of small terraces around the palms and using more fronds to stop the flow.

In one block the smallholder had not planted in two steep gully areas.

There were no peat soils in the areas audited

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

Biological Oxygen Demand (BOD) is monitored and records are in place for the last 5 years at least and indicate that at all times, apart from abnormal rain events, BOD levels are within the prescribed limits as are stated in the Environmental permits and Government guidelines.

There are records in place indicating that water use per tonne of FFB and trended for last 5 years. The water management plan also includes management of storm water, control of mill drains, nursery water use and control of run off. The quality of domestic water is also monitored in all areas. This is a government requirement. The stormwater and mill drains are regularly inspected and includes records of any actions taken. Water course are tested both upstream and downstream where entered by treated water discharged by NBPOL to ensure that water quality is not adversely affected for downstream users by the activities of NBPOL.

*An observation was made that trends lines of BOD are not at times included on graphs and the running average indicating compliance with local allowable limits is not always apparent. Also NBPOL needs to ensure that any spikes with regards to BOD readings are investigated and analysed*

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 which have been issued for each estate. All permanent water courses have buffers in place and these comply with the permits respectively. Signs are in place indicating where buffer zones are in place.

At the older plantations, one year before replanting is due, the buffer zone boundary is marked on palms and maintenance is limited to circle spraying. Harvesting of the palms is continued until replant. Native trees are planted among the palms for rehabilitation of the buffer. A landscape manager has been appointed and part of his role is to manage the rehabilitation of buffer zones

Legume covers are also used where possible.

The use of Guatamala grass is controlled and only used to prevent erosion on steep banks. This falls under good agricultural practices and is used in other palm oil producing countries as well. The company also focus on re-establishing of buffer zones by planting native species – Eucalyptus deglupta, taun, kwila are the main species.

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

Most blocks had no surface or running water on them But block holders showed awareness of techniques such as non disposal of waste, including herbicide residues and washing of herbicide containers in or near water supplies.

All herbicide containers were stored in a safe lockable shed.

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

NBPOL are maintaining records of the contents of the chemicals used which have published toxicity.

There is an Integrated Pest Management Programme (IPM) for specific pests. There is a measurement of the amount of each pesticide used and type for each specific pest e.g. for Sexava - use methamidaphos. On identification of damage warranting control a programme is put in place with the cooperation of OPRA who are the authorities in the PNG Oil Palm Industry for recommending the use of chemicals in the control of pests. NBPOL monitors pests and disease as part of the

IPM. This includes Sexava, Stick Insects etc. OPRA are instrumental in this pest monitoring programme.

The Pest Management Plan (PMP) 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.

The use of all chemicals is justified and a plan to reduce usage has been presented. This includes chemicals used, dosages, and frequency of use.

The amount and type of pesticides used and the locations they are used in are recorded for each programme and kept in OMP 8. Estate spray diaries are also used to indicate where pesticides have been used and amounts applied.

SG's are informed about the dangers of pesticides usage and that the company is not providing any chemicals to them. The IPM Working Action Group (IPMWAG) meets monthly. This committee is responsible for collating all pest population data and coordinating the implementation of the IPM programme for both plantation and SG's. Representatives from NBPOL, OPIC and OPRA attend this meeting.

All responders replied that if there was any sign of disease or insect problems, these were immediately reported to OPIC for their relevant reporting to OPRA.

Block holders rely on OPRA and NBPOL to facilitate the control of both insect and ganoderma outbreaks.

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

There is a formal justification for agro chemical use and this is documented within the MG 6 which attempts to ensure that the most effective and least harmful chemicals are always first choice.

The PMP (MG 6) 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 PMP whereby chemical use is reduced. All chemicals have to be approved for use as well as frequency. This was supported by the chemicals listed for use by DEC and as per PNG Oil Palm Industry practice.

Records of chemicals used, areas treated, amount applied and frequency of application is recorded and controlled via the Pest Management Plan in OMP8 and are available.

Paraquat is predominantly used in the nurseries and on immature areas. It is also used for selective spraying of volunteer oil palm seedlings and if continuous rain precludes use of alternatives. Use is being slowly



reduced while the industry comes up with a viable alternative. As with all chemicals records are kept of any paraquat applications.

There is in place an ongoing IPM which is controlled via the PMP with regards to the use of WHO Type 1A or 1B chemicals. No suitable alternative to paraquat has been identified by the RSPO at this time. It is NBPOL policy not to supply paraquat to any SG's. This policy is strictly monitored.

There is no aerial spaying of pesticides.

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

- Pesticide Mixers
- Pesticide Sprayers

These records are kept in each estate office. The training data is also maintained to show what the training covered.

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

There is a minimum requirement of PPE that must be worn / used in the handling and application of pesticides. Some chemicals such as methamidophos require more extensive protection and this is nominated in the MG's for pesticide application. All sprayers and mixers sighted during the assessment were using the correct PPE which is supplied by NBPOL.

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

Where required MSDS are translated into the local language. This is not required by the supply chain but can be carried out if required by the supply chain.

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

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

Female pesticide handlers may be employed by NBPOL so long as not pregnant, or breast feeding.

Health checks are now conducted for pesticide handlers. This is carried out by a medical officer on a twice yearly basis and records of these checks are kept in the relevant clinic.

OPIC keeps records of pesticide training that they deliver to the SG's. OPIC is responsible for training SG's with regards to the use of PPE, mixing, application and storage of pesticides and the correct disposal of waste chemicals and containers. The training emphasises the need to reduce or eliminate the use of pesticides by SG's. Training is carried out through field days. Records of attendance at field days are recorded by the OPIC Extension officers. The training course is certificated.

Until OPIC completes training for SGs NBPOL will not supply pesticides. There was evidence of training for spraying and certificates held. Only glyphosate is provided by NBPOL.

Some confusion amongst SG's when responding to question on type of chemical use as gramoxone (paraquat) was used by them in the past and is still available in local stores. However the only herbicide observed in use was glyphosate. Block owners aware of potential poisoning danger to children and many have ceased using spray because of this (and costs of chemicals). This should be encouraged

There are no National regulations for disposal of chemical containers. NBPOL follows industry best practice with regards to containers – numbers are registered, triple rinsed, punctured and then placed in separate pesticide pit. Pits are under control

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

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

- Estates
- Mills
- Workshops
- Clinics
- Stores
- Research

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

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

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

NBPOL has provided the required PPE appropriate to the task after the hazard has been identified and the risk assessed. The level of proper use of PPE has increased dramatically for both workers and contractors in all areas including mills, workshops, estates etc.

Signage also largely supports the use of PPE.

*Observation: The Signage displayed, indicating safety precautions, dangers, PPE etc need to be more accurately positioned in order to correctly reflect their purpose. For example PPE requirements should be located near to the task they refer to.*

There are emergency procedures in each area and these are tested to a degree. All areas had in place records of testing the emergency procedures including fire drills, emergency boiler shut downs and volcano eruption drills.

The records of the drills at Numundo Mill are extensive and exceptional and give a clear indication of the results of the drill.

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

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

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

There was no first aider on site at the new development in Silovuti at the time of the assessment however one was appointed and put in place prior to the completion of this assessment.

There are records kept by Administration of First Aiders training.

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

- Mills
- Estates
- KBT
- MTL
- STORES

All areas have regular meetings (at least 3 monthly and sometimes more often) to discuss OHS matters. Each area now has a standardised agenda and meetings are conducted after workplace inspections. Some areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety issues such as use of PPE. Records are in place of all incidents which are

reported and all incidents are investigated and records are kept.

In Estates workers appear to use PPE in the correct manner and appropriate to the task. Dust Masks and Respirators are made available for all workers in dusty areas or for those involved in certain chemical mixing and fertiliser handling situations.

All workers are covered by workers compensation accident insurance.

**Minor Non Conformity (4.7.3): A number of workers and contractors where not following controls indicated by the hazard/risk analysis. Contractors working on NBPOL sites at heights over 10 metres high had no fall protection, in addition in one Storage area over 3,000 litres of Hexane were stored without a Fire Extinguisher being in place**

NBPOL monitors a number of Safety performance indicators such as lost time injuries and regularly reviews all incidents. All accident records are kept and reviewed. The information is reviewed by Management during high level safety meetings to ensure objectives are being achieved and all incidents fully investigated. This was verified during the audit

There 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 treated are often treated by smallholders with loose oil palm fruits, which apparently acts as an antiseptic

**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, but does not include all training-related support provided by NBPOL (e.g. apprenticeships, educational support for the dependents of employees). The preparation of a more comprehensive training document would more accurately reflect the overall support for training provided by NBPOL [and provide the basis for monitoring continuous improvement, although human resources are not identified specifically within Principle #8].

The company has prepared a range of policies, and executive staff are made aware of these policies on a periodic basis (often via email) or during induction courses for newly appointed executives. The executives are expected to pass on relevant information to other staff to ensure all company personnel are aware of and follow the relevant policies. As discussed under Criterion 4.7, there is at present no company-wide formal system for ensuring all staff are aware of company policies, or receive essential training (e.g. occupational health and safety). It is recommended that a formal training system



is implemented, and training is provided on company policies during an induction course for all new staff.

For contractors at Silovuti, the company has a checklist to indicate that the contractor is aware of a range of relevant policies and other contract conditions (e.g. paying no less than the minimum wage, ensuring all staff has adequate PPE, etc). While the contractor must agree to abide by these policies and conditions, there is no formal monitoring of contractors to ensure this occurs. At Silovuti, the staff of one contractor indicated a shortage of PPE, indicating that the conditions of the contract were not being met. Monitoring of contractors is therefore warranted.

There are training programmes in place to “up skill” staff when required. The training involves requirements such as pesticide application, pesticide mixing and other field training such as harvesting, etc. This is planned for each estate.

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

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

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

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

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

Training records are therefore kept for all employees.

Training of SG’s is being implemented by OPIC and this will be completed over the next two years. This is done through training in the form of field days, radio extension, awareness sessions and the company bi-monthly news letter. The names of all SG’s who undertake training are recorded and a register is kept by OPIC.

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

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

**Observation:** The adoption of a company-wide induction training program would highlight company policies and

help ensure policies are implemented. The induction program should include awareness on the policies to prevent sexual harassment and violence against women

For small holder all training from OPIC with regards to block management is passed on to family members.

**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.**

Through the ISO 14001 system an Environmental Aspects and impacts register has been developed and is reviewed and updated at least annually and when external ISO audits are completed. This includes all aspects identified. These aspects further nominate which are the significant environmental aspects and also nominate any legal requirements or restriction classed within the aspects. This register covers all operations impacted upon by NBPOL. This includes construction of roads, construction and management of mills. The use of drainage and irrigation to control impacts is also included. This also includes areas of replant or expansions as well as disposal of waste.

The EMS is audited externally at least annually. It is a requirement of ISO 14001 External Audits that Environmental aspects be updated and reviewed on a regular basis.

Having environmental management plans is part of ISO 14001 standard certification requirement. The role of the ISO 14001 is to provide the organisation with a system to control and reduce negative impacts and promote positive impacts such as buffer zones, waste management plans, spill control plans and emergency plans. These plans are developed, implemented and monitored through the ISO 14001 system.

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

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

Ecologists have carried out an assessment of the presence of HCVs within and adjacent to the NBPOL 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 logged. The HCV studies include details on the status of endangered, rare and threatened species.

NBPOL has engaged the services of Dr Sanath to advise on the program. A NBPOL officer has been placed in charge of the program to ensure implementation and resource allocation. A total of 10 Habitat Management areas have been defined which cover all existing operations. A pilot management plan has been written for the North Numundo area and this is being implemented in a participatory manner with both internal and external stakeholders. The plans build on the earlier work at NBPOL in Rapid Biodiversity assessment and the subsequent production of Biodiversity maps and factsheets. The Management Plans link all this work together and when all are completed will form part of a wider landscape plan establishing wildlife corridors and assist NBPOL to Protect and enhance Conservation sites within the operations. These plans will also link with the SEIA and HCV assessments being done on areas outside of the company's holdings

Within the estate some areas are not planted and these habitats are being left in their natural state. None of these areas have been identified as HCVs.

The conservation assessments did not identify any rare, threatened or endangered species of fauna within the plantations or adjacent areas.

A long term program to implement the findings from the initial HCV assessments has commenced. As part of this, the two declared protected areas at Garu and Pokili, adjacent to NBPOL holdings will be enhanced. NBPOL has recruited an ecologist and has commenced implementation of this program. Progress with implementation of the programme will be checked during the next surveillance audit.

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-asides advising of the protected area. Any legal requirements within any areas are applied and enforced by NBPOL management

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

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

At Silovuti, NBPOL requires employees and the employees of contractors to sign an agreement that they will not hunt, fish or utilise other subsistence resources. This is one step that will help (i) reduce the threat that the expansion of oil palm will have on rare, threatened or endangered species and high conservation value habitats, and (ii) minimise tension between local

communities and company employees. Interviews with the employees of three contractors indicated an adequate awareness and understanding of this requirement.

The SG's are aware of the impact of development of oil palm on surrounding natural areas through the OPIC planting approval process (control) as well as through RSPO awareness sessions.

All block holders had cleared most of their blocks well before the adoption of RSPO. However there was a general understanding of the conservation value of birds such as the Torresian Crow (Kotkot) which feeds on insect pests such as Sexsava. There was also a common assertion that native animals that entered blocks were not killed

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

There is a waste management plan in place and it is current. There are formal rubbish collections in all areas at least weekly. This is monitored regularly. The waste management plan is presented in a separate management guideline (MG 8) and includes pesticide contaminated waste.

The following waste streams have been identified and are controlled through the EMS:

- 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 aways.
- Mill Effluent – through effluent ponds and land application.
- Fibre – Fuel for furnace.
- EFB other by products – Recycled to the field
- Oils and Hydrocarbons (including containers) to Hydrocarbon pit.
- Pesticides (including containers which are triple rinsed, punctured and to pesticide pit.
- Pesticide spills – cleaned with spill kits used kits sent to pesticide pit.
- Hydrocarbon spills treated with sawdust. Burnt in boiler.
- Used oil – recycled, burnt in boiler.



Plate 4 Clearly sign posted pesticide pit

NBPOL ensure that the quantity of pesticide waste recycled or sent to land fill is recorded.

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. The collection of household waste is well controlled.

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 sources become apparent.

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 Mosa 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.

All smallholder respondents showed evidence of domestic waste disposal in deep rubbish pits with the occasional burning within the pits of some non biodegradable waste (e.g. plastic bags). In general there was very little evidence of burning of refuse.

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

NBPOL uses fibre and shell to fuel the mill boilers at all locations. The boilers produce steam which drives the turbine to produce electrical power. The use of biomass to create renewable energy in this case is almost 80%. NBPOL maintains records for monitoring both kilowatt hours per tonne of palm product and Kilogram of steam per tonne FFB. These records are in place and are available for each mill as part of energy control and use as required by the ISO 14001 system. Power from the mills is used to electrify nearby compounds and facilities such as the workshops and construction.

NBPOL monitors the use of non renewable energy (diesel). This is monitored as diesel used by the production process per tonne of FFB.

***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 NBPOL and there is no evidence of burning.

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

Burning of domestic waste is against company policy and has mostly been eradicated. It is very rare to sight

evidence of the burning of domestic waste by workers and families of NBPOL.

The incineration of all medical wastes such as sharps, used bandages and gloves is permitted. Records are maintained of the amounts destroyed.

The SG's 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 tother household waste. Normally the waste is only burned in small quantities in a controlled manner.

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

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

Significant pollutants have been identified through the waste management plan as well as the means to reduce them.

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 and the results on the whole indicates NBPOL is achieving levels of BOD discharge below legal limits. This is supported by independent test results provided by the Government National Analytical Laboratory. The records of the Company labs appear to closely match the records from the Govt. Lab.

NBPOL have employed a pond specialist and the results and improvements in the management of these ponds are excellent.

A CDM Project is being implemented at each mill for capture of methane from the effluent treatment ponds and conversion of the gas to produce electrical power or reduce GHG emissions

Records of stack emissions for all mills is now determined through the use of opacity meters and where these fail the mills are relying on visual observation of emissions via use of the Ringleman method. This is now much improved. Records are now in place for over twelve months of these readings.

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

Soil erosion from company roads is being controlled by implementing a road maintenance programme with a view to improving drainage.

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

The company has many nominated points of contact for receiving communications from stakeholders – the Company Secretary for OHS, legal incidents, while the Sustainability Manager handles environmental matters. The Company has an up to date list of stakeholders. Inspection confirmed that records are held at individual departments on communications received from stakeholders on environmental and other matters. All offices available to stakeholders have in place a grievance book which is used for both internal and external matters. Social Impacts are identified in part of this process and negative impacts are captured via the grievance process for employees, SG's and other parties. Both positive and negative social interaction is reported in 6.5.

A SEIA has been done for the existing estates and more recently at the new development at Silovuti. Some areas for improvement have been highlighted and have now been integrated into an improvement plan / mitigation plan. For a social impact register to be effective mitigation plans need to be in place (similar to the ISO 14001 impact/aspect register).

NBPOL maintains records of attendance at any meetings of any adverse social impacts with all affected parties.

There is an action plan suggested in the SIA but to ensure action is taken, time frames and responsibilities are needed and records in relation to any changes to procedures or implementation should be kept. There is a financial forecast that covers social components like housing and other improvements.

**A minor Non Conformity was raised against Indicate 6.1.3 NBPOL has not yet prepared or implemented a social impact mitigation strategy however they have commenced work on this.**

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

The company's communication policy is stated in the "Sustainability Handbook". The company has documented systems for receiving and responding to communications from external stakeholders. Communication received by individual managers is classified either for recording through the grievance system or the incident reporting process

There is in place communication procedures and the policy has been formalised. Senior management engages with other levels within the company in relation to the communication policy. This will be monitored at future surveillance audits but excellent progress has been made

in this area since the initial audit. The policy calls for effective communication between all parties.

*Observation: A small dispute with regards to the possible planting of 24 Palms on private land in the Kumbango estate was raised however records of some of the communications with regards this matter were not available*

NBPOL has put its Environmental Policy on its web site, where it will be available to stakeholders. There is also a procedure in place in the EMS which addresses consultation and communication with stakeholders. There is a register in place of all stakeholders. This is held by the sustainability team.

Environmental issues include a documented and communication process which is part of the ISO 14001 EMS. There is a nominated company representative who has this role – this is the Environmental Officer.

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

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

Any grievances which cannot be resolved in the local office are escalated to an appropriate level until the grievance can be resolved for example Environmental issues go to SM and SG land issues to OPIC.

*Observation: NBPOL could introduce a method to better indicate that grievance have been resolved by use of a third party and recording outcome before this party.*

The Grievance mechanism for smallholders includes recording in a grievance log book held by both NBPOL Smallholder Affairs and OPIC

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

There is a documented process for identifying legal or customary rights as defined under the PNG Lands Act. The process includes conducting a genealogy study to identify customary rights and notification of all parties who must be present during the land survey. NBPOL has documented the process for access to customary land as a "Lease-Leaseback Flow Chart – October 2007", which includes identifying legal and customary rights to land ownership and land use rights (Refer to Criterion 2.2).

The procedure for access to customary land includes the establishment of an ILG Committee to represent the landowners. Under the Lease-lease-back agreement,



landowners receive payment for rental of their land and royalties based on the quantity of palm fruit that is produced. In addition, the landowners receive an issue of shares in NBPOL and receive dividends based on their holdings. Each ILG Committee is responsible for the distribution of benefits from the oil palm development to their own members.

***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.***

There is documentation of all pay and conditions for all company employees. NBPOL pay rates, copies of pay slips, copies of individual rates of pay for each grade, employment forms and disciplinary rules for all employees were all sighted. It is a condition on employment within NBPOL that all Employment contracts must be signed prior to commencing work. Other conditions such as Workers Compensation, Sick Leave etc comply with the PNG Labour Act. A copy of payslips and an explanation is widely available throughout NBPOL on notice boards.

The minimum rural wage in PNG is set by a tripartite agreement between the Government, Unions and the Employers Federation.

NBPOL provides housing for most staff, medical coverage, superannuation contributions and education support for employees with children attending secondary school. NBPOL pays above the minimum rural wage especially when including a nominal value for benefits such as housing, superannuation and medical coverage. NBPOL has initiated a local price monitoring program (*bilum* index), which will be used as the basis for annual wage adjustments to ensure real wage levels are not eroded over time.

In addition, NBPOL recently introduced “finish pay” for all staff, which will be backdated to 2005. This is not an industry requirement, but is seen as an important component of the wage package paid to employees, and will in the future, when combined with superannuation entitlements, enable employees to invest in a house or start a small business on retirement.

The 2008 audit included a minor non-compliance relating to “overcrowding” and other housing issues. NBPOL has commenced a program to monitor the number of occupants in company houses. Overcrowding is certainly an important issue for employees, particularly those families residing in and sharing the housing type known as DLQs. NBPOL is investigating alternative house designs and attempting to constantly improve the designs of its houses. Various initiatives are also being trialled to support employees and their dependents, including for example, the compound garden project (which appears to be highly successful) and the fuelwood project, which will attempt to address one of the main challenges facing the occupants of many compounds: accessing wood for cooking.

In some compounds liaison committees have been formed, providing a contact point between compound residents and NBPOL management. In some compounds maintenance inspections are also undertaken regularly, minimising hardship from broken taps or lights that need to be replaced, etc. In other compounds there appeared to be very little communication between compound residents and company management, and the maintenance response appears to be tardy, at best (e.g. Kapiura Oil Mill compound). Some attention needs to be given to compound management, and an avenue provided for effective communication between residents and managers.

Action has been taken to rectify these matters and is addressed within the appropriate appendix

NBPOL provides a high standard of medical assistance to employees and their dependents, particularly in comparison to publically-supported health services in other rural areas of PNG. The company also funds the school fees for dependents from Grade 9 to 12 (a cost typically around K1, 000 per annum) and provides support for local schools (e.g. construction of classrooms, provision of furniture, electricity and water). While the standard of schools appears significantly higher than those schools not supported by oil palm operations, the residents of several compounds suggested that a cover over the truck that takes children to and from school would be a significant improvement, particularly during wet weather.

In the absence of laws or regulations that stipulate minimum housing standards in PNG, it is recommended that NBPOL prepare a brief document listing all support provided to employees and their dependents (including wage payments, superannuation payments, finish pay entitlements, medical support, training, education assistance for dependents, housing and other compound initiatives) and use this as the basis for identifying priorities and demonstrating continuous improvement (as discussed further under Principle #8).

One issue with regards to excessive hours being worked by Fruit Truck drivers which was revealed during an ISO 14001 assessment is being addressed and methods are now in place to ensure drivers do not work excessive hours. This was resolved at the highest levels of company executive management.

Where government facilities are not available the company provides and maintains these. Elementary schools have been constructed so that they are within walking distance of worker houses wherever practical. Company built schools are staffed by Government teachers and the company provides free housing for teachers, repairs and maintenance for the schools and teachers housing. The Government pays the teachers' wages. Workers are required to pay school fees for their children but staff children are subsidised by the company.

NBPOL is a member of the WNB Chamber of Commerce and a NBPOL representative attends meetings. The Chamber lobbies government for the provision of

improved education, health, law and order and other infrastructure. Minutes of meetings can be provided.

Contractors have agreed to meet legal minimum terms and conditions. Contracts are worded to ensure the contractor agrees and signs to meet legal requirements. A number of contractor's workers were interviewed throughout the assessment and all agreed that they were paid correctly.

However one contractor's worker did express the desire for the management to provide better OHS training and provide better PPE.

Most Small holders do not employ outsiders, they use family members or use a barter system for labour used. Those that do pay, pay above the minimum wage. . There were two complaints from non family members staying on VOP blocks who expressed concern over the payment system operating on these two specific blocks.

**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.**

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

Around 300 of NBPOL employees are members of the Amalgamated Workers Union, a PNG-wide union with headquarters in Port Moresby. A local union office was formed in 2004 to more adequately represent the interests of NBPOL employees.

The union has also established a branch to deal with NBPOL union matters with an executive and an account to which all union subscriptions are being paid into. NBPOL fulfils all the statutory requirements.

Approximately 2,000 NBPOL employees are current members of the West New Britain Oil Palm Workers Union. Both unions have regular meetings with NBPOL's Industrial Relations Officer and periodic meetings with senior NBPOL management, including the General Manager. Minutes are recorded for all meetings and follow-up action recorded, when required.

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

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

All people have a "clinic book" issued by the Dept of Health which has a date of birth recorded. It is not a

Birth Certificate but in many cases it is the only evidence of age available in PNG

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

**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.

**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.**

NBPOL has a Sexual Harassment policy which is published in the "Sustainability handbook" and is widely available to both employees and the general public.

The policy deals with sexual harassment throughout all levels within the workforce. The policy is appropriate and is enforced by company management.

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

A sexual harassment grievance mechanism has now been established and is in place and available throughout NBPOL operations.

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

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

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. This is updated monthly and a copy given to OPIC & the Small Holders association. Price sheets, showing formula calculation are displayed at OPIC divisional offices where SG's can view them. The company has a Smallholder Department that liaises directly with Smallholders as well as through the OPIC network. SG's are paid the week following pickup of their fruit according to a published schedule. SG's are



paid either by cheque or direct bank deposit and a payslip is provided giving full details of payment and any deductions for tools, fertilisers etc. FFB is supplied to SG's on request as long as it is not applied near housing.

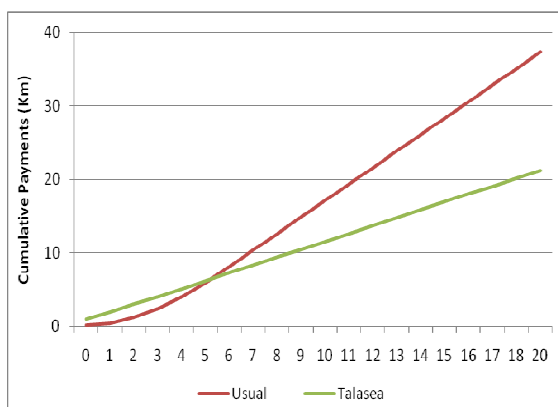
Past prices are available via NBPOL finance dept and the company OD.

The audit concludes that the information is publically available.

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.

The normal process of negotiations between the Company and ILG's is one that normally results in a baseline rental (K50 /ha) and a baseline royalty (10%) in addition to a number of shares allocated in proportion to the Ha under lease. However in one specific case (Talsea ILG) the FPIC process resulted in a deviation to this format. The following was noted

The difference between the usual payments (K50/ha rental and 10% royalty applied to most ILG's) and the individually negotiated Talasea agreement (K250/ha rental and 5% royalty) is illustrated in Figure 1.<sup>1</sup>



**Figure 1: Lease-Lease Back Payment Comparison**

Based on the assumptions utilised in Figure 1, which incorporates a price of K170/tonne of FFB, the Talasea ILG will receive 57% of the benefit that they would receive under the usual payment system over a 20 year period. Although the discrepancy is lower when the price of FFB is lower, the overall benefits received are not equal until a price of FFB of K85/tonne is utilised throughout the 20 year period.

<sup>1</sup> Assumes an area of 4,000 ha planted to oil palm with yield of 10 t/ha in Year 2, 15 t/ha in Year 3, 20 t/ha in Year 4, 25 t/ha in Year 5 and 30 t/ha from Year 6 onwards, and an FFB price of K170/tonne.

Although it is possible that the price of FFB may indeed fall back to levels where the Talasea agreement is relatively attractive compared to the usual payment system, the negotiation of a different payment option for Talasea poses several risks to NBPOL:

- Other ILG's may protest over the fact that they receive less rental (on a per hectare basis) than the Talasea ILG;
- Should prices remain high, members of the Talasea ILG (or associated interest groups) may at some future point in time complain that they receive less benefit than other ILG's; and
- Due to either of the above, NBPOL may be accused of not treating landowners on a fair and equitable basis.

Rather than vary the land rental and royalty payments, it may have been more prudent, in this case, to have agreed to pay an advance so that initial payments are equivalent to the higher rental payments, with the advance deducted from royalty payments once the palms reach maturity. Additional comments on the governance of lease-lease back arrangements are made under Principle 6.

Therefore a Minor Conformity was raised against indicator 6.10.3 The Talasea ILG has entered into a lease-lease back agreement with NBPOL which could significantly reduce the overall level of benefits that they will receive. Although NBPOL provided a range of payment options, and highlighted the reduction in overall benefits that the ILG may receive, the ILG executive insisted on the option that provided higher payments during the initial years and lower payments thereafter. Although NBPOL met with the ILG on numerous occasions and discussed payment options, it is not clear that the final agreement is fair given the low levels of education in the Talasea area, and in particular, low levels of financial literacy.

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

NBPOL is the main economic driver in West New Britain and contributes to relatively high levels of personal income (through direct employment, contracting opportunities and various forms of compensation) and provincial government revenue. In addition, NBPOL has provided development support through the NBPOL Foundation since 1997 and has participated in the Tax Credit Scheme (TCS) since 2002.<sup>2</sup>

The company has established the West New Britain Foundation that has been granted a parcel of NBPOL shares. The Foundation receives share dividends and funding allocated by the NBPOL Board of Directors. The

Foundation funds social services projects in health, education and law and order. Examples of projects include aid posts, school classrooms and repair and maintenance of police vehicles. Requests for projects are processed by the Company Secretary who makes an assessment on the merits of the application in consultation with the Mini Estates Coordinator and other HOD's as appropriate. The company secretary then makes a recommendation to the foundation directors.

Foundation expenditure has focused on support for health, education and law & order, predominantly in the areas impacted by oil palm. TCS expenditure has focused primarily on roads, again, predominantly within the areas impacted by oil palm.

During the audit some people expressed a desire that the Foundation provide support to communities outside the oil palm areas, on the basis that communities impacted by oil palm are receiving far more benefits already when compared to those communities without oil palm. However, it is the responsibility of the provincial government, not NBPOL, to provide development to communities without oil palm.

The company has a formal agreement with the National Government on the PNG Tax Credit Scheme. The current focus is on the development and maintenance of roads within Kimbe town and surrounding areas, including access to Smallholder oil palm blocks.

NBPOL has been forced to focus TCS expenditure on road infrastructure in oil palm areas due to insufficient government funding for roads. Should this funding be made available by government, and the government fulfils its responsibilities for maintaining roads and bridges in oil palm areas, TCS expenditure could be allocated to other sectors and possibly in other geographic areas (although the scheme is based on the premise that the company has the capacity and resources to improve infrastructure in the area in which it operates, not elsewhere).

Similar arguments for TCS expenditure to be spread more broadly through the province were expressed but not broadly supported:

The methane capture project (in progress at all 4 mills) has the potential to provide a cheap source of reliable and clean power to the company, company employees, the town of Kimbe and surrounding communities. The provision of an inexpensive source of power to a previously un electrified rural setting could provide the stimulus for social and personal development. This could have wide-ranging and positive impacts on the local population: improving education levels (having good lights to read by at night, and power for computers) and health levels (reducing the amount of cooking on smoky fires, and having the provision for refrigeration etc).

***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.***

NBPOL has only one new development – Silovuti. The Silovuti area has been extensively logged in the past by various logging companies. An independent impact assessment was undertaken with participation of the local land groups and other stakeholders prior to the development at Silovuti. This was undertaken by an independent team of social auditors and scientists (both national and International). The social impacts have been discussed for the previous 11 years as the FPIC process for this mini estate was first begun in 1998.

A series of assessment started in 2007 and the most recent was begun in July 2009 and included an overview of the impacts of this development. This review included impacts on wild life, habitat and social impacts as a result over 3000 hectares was set aside as having a HCV for area as a result of this assessment.

There is an extensive management plan in place for this development which includes all planned major activities including clearing of secondary growth, planting, road construction and other infrastructure activities.

Assessment of the impacts on the adjacent ecosystems was also undertaken. This included assessment of effect on water quality, soil and topographic information and, land ownership and current use. A full documented record has been maintained of the many discussions and meetings held with the ILG's and demonstrate a participatory approach since 1998.

The RSPO P&C have been incorporated into the standard OPIC "Oil Palm Planting Approval Form", which is used for new plantings and replanting amongst smallholders. The planting approval form covers the requirements used to obtain Clan Land Usage Agreements (CLUAs) as well as the appropriate sections from Principle 7.

***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.***

Prior to development soil surveys were undertaken and soil types recorded with a view for long term suitability at Silavuti. Maps of soil types for new planting areas are kept by the Agronomy Section. Topographic information is also incorporated in these maps.

A map of Silovuti prepared in 2008 was sighted. It includes a guide for drainage plans, roads, fields and blocks. This map includes all relevant topographic information.

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

Ecologists completed a bio-diversity and HCV study of the Silovuti area prior to work commencing and an environmental permit being granted. Land found to contain HCV (3,000 hectares) has been set aside as a HCV and conservation area as a result of this assessment. This area is marked on the maps. The Ecologist completed a series of surveys of endangered species and HCV's in June 2009 of all NBPOL estates

including this new development. The PNG HCV tool kit was used.

Buffer zones have been identified and established throughout the area to be planted.

All HCV hot spots have been identified as well as any areas of high value biodiversity, conservation areas and refugia. These areas have been marked on a map of the new areas

Within the proposed Silovuti plantation a number of bird species were found particularly those of scavenging one's such as Blue-eyed Cockatoo, Song Parrot, Electus parrot and Blyths Hornbill. Active birdlife has been observed on buffer-zones along the boundary of the development at the time of the visit no mammal was observed. There are very few mammals to be found in this area of PNG. Therefore all legal requirements related to species protection are being met for all protected species in the area.

The dates of land preparation and commencement of planting will be recorded on OMP8.

Restrictions on planting on HCV's or Primary forest are clearly enunciated to small holders in the OPIC "Oil Palm Planting Approval Form".

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

Although RSPO limits plantings to a maximum of 25° NBPOL policy limits all plantings to a maximum of 20° At this time NBPOL has no plans to develop any more area's that would require terracing. NBPOL preference is to develop only flat land. There are no marginal or fragile soils in this area. Soil maps have been produced of Silovuti. A management plan includes the protection of soils

All land at Silovuti new development is flat and less than 9 degrees slope

There is no peat soil at this new development

All small holder blocks are on mostly flat land, replanting and incorporation of buffer zones along water courses will reduce the area available on some blocks and thereby reduce earning from Oil palm

***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.***

Whilst FPIC is clearly defined in the RSPO standard as a requirement and various companion guides held define FPIC for companies the challenge for NBPOL is to operate this principle in a country with low levels of literacy and financial management.

Between 1998 and the date of this surveillance audit, NBPOL has carried out many meetings with the effected

stakeholders and other local communities. Records of the all meetings and there outcome are held on file going back to 1998. NBPOL has sensitively allowed the FPIC process to go at the speed dictated by the affected parties.

NBPOL will continue to maintain detailed records of payments made to the ILG. The principle of FPIC is embedded with NBPOL thinking and the company is aware that all future developments on customary land will require that local communities are consulted and no development will take place without FPIC.

*Observation: Although boundaries of the new development have been surveyed and marked on maps of an appropriate scale a number of boundaries are not yet physically marked*

***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.***

There is extensive evidence available to show that the issues of compensation have been discussed with involved ILG. These records go back as far as 1998. Records of every meeting including agenda, attendees and areas of discussion are kept. These records are most extensive.

There is documentation available which has identified and assessed the legal and customary rights of each ILG involved. Records identify who has legal right to the land. A system has been documented identifying the group entitled to compensation and amounts to be paid at development and ongoing, A system has been agreed to for the calculation and distribution of compensation. A copy of a letter from the group dated June 2008 (sighted) indicates the ILG's satisfaction with the process.

If people have given up the right of access and usage there is sufficient evidence to show that they are given opportunities to benefit from the development in the form of employment and business contracts.

The process of any future compensation claims will be documented and made publicly available if agreeable to all parties.

***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.***

There is no intentional burning in the new plantings. NBPOL has had a no burn policy for new plantings since 1968 and this is documented elsewhere in this report.

There has been no use of fire in the preparation of the new development at Silovuti presenting evidence that the policy has been implemented.

OPIC and NBPOL have carried out considerable awareness and training programs on the Principles and Criteria for RSPO for their staff and smallholders since

2004. All respondents complied, stating that practices had changed under RSPO

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

The company has implemented an environmental Management System that is certified to the ISO 14001:2004 Standard.

Objectives and Targets have been developed and an improvement plan prepared. The third party ISO 14001 Certification Audit checks the achievement of the objectives and targets annually for continuous improvement. The main focus of continual improvement to date has been environmental performance, while less attention has been given to social impacts.

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.



Plate 5: Bunding of bulk tank to AS 1940 – pollution prevention

NBPOL 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.

OPRA is looking at alternatives to paraquat.

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

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

The modern pollution control technology associated with construction of a new central power station at Kumbango and a new boiler at Mosa Mill is expected to result in reduction of particulate smoke emissions to air. In addition, a CDM Project to capture methane from the mill effluent ponds will significantly reduce greenhouse gas emissions.

An independent Scoping Assessment was carried out in 2007 to identify a list of social impacts on employees, SG's, ILG's and local communities. A Register has been prepared and risk assessment carried out for the social aspects and impacts.

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**

Three (3) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

**Minor Non Conformity (4.7.3): A number of workers and contractors where not following controls indicated by the hazard/risk analysis. Contractors working on NBPOL sites over 10 metres high – no fall protection, Storage area over 3,000 litres of Hexane – no Fire Extinguisher in place**

*NBPOL 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 next Surveillance Audit.*

**Minor Non Conformity was raised against Indicate 6.1.3 NBPOL has not yet prepared or implemented a social impact mitigation strategy however they have commenced work on this**

*NBPOL 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.*

**A Minor Conformity was raised against indicator 6.10.3 The Talasea ILG has entered into a lease-lease back agreement with NBPOL which could significantly reduce the overall level of benefits that they will receive. Although NBPOL provided a range of payment options, and highlighted the reduction in overall benefits that the ILG may receive, the ILG executive insisted on the option that provided higher payments during the initial years and lower payments thereafter. Although NBPOL met with the ILG on numerous occasions and discussed payment options, it is not clear that the final agreement is fair given the low levels of education in the Talasea area, and in particular, low levels of financial literacy.**

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



**OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT**

The assessment identified Thirteen (13) Observations/Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the next Surveillance Assessment visit scheduled for September 2010.

1. **4.1** Have mill SOP's available in relevant operational areas and translated into Tok Pisin if seen as critical
2. **4.3:** There was evidence of over spraying of herbicides during this assessment at Kapiura Estate
3. **4.4** An observation was made that trends lines of BOD are not at times included on graphs and the running average indicating compliance with local allowable limits is not always apparent. Also NBPOL needs to ensure that any spikes with regards to BOD readings are investigated and analysed.
4. **4.7:** *The system however when considering risks following the implementation of controls does not at times address correctly the residual risk – that is likelihood may reduce but often consequences of deviation may not be reduced.*
5. *NBPOL's OHS system does not at times correctly address the residual risk that remains once control measures have been implemented. Whilst the likelihood of an occurrence may be reduced the consequence of occurrence remains unchanged.*
6. *Suggested in the body of the text above is the following*
7. **4.7 Observation:** *Signage displayed indicating safety precautions, dangers, PPE etc need to be accurate is their positioning and properly reflect what is required.*
8. **4.7 Observation:** *It should be ensured that all records of evacuation drills are kept in full and any recommendations for improvement are documented*
9. **4.8 Observation:** Records of training for contractors employed on jobs/projects are not always available.
10. **4.8** The adoption of a company-wide induction training program would highlight company policies and help ensure policies are implemented. The induction program should include awareness on the policies to prevent sexual harassment and violence against women.

11. **6.2 Observation:** *A small dispute with regards to the possible planting of 24 Palms on private land in the Kumbango estate was raised however records of some of the communications with regards this matter were not available.*
12. **6.3 Observation:** *NBPOL could introduce a method to better indicate that grievance have been resolved by use of a third party and recording outcome before this party.*
13. **7.5 Observation:** *Although boundaries of the new development have been surveyed and marked on maps of an appropriate scale a number of boundaries are not yet physically marked.*

**3.3 Noteworthy Positive Components**

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

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

NBPOL is an efficient palm oil producer and during the 2008 calendar year averaged 26.0 tonnes of FFB per hectare from the total planted area (29,604 ha) of mature palms. In conjunction with this high average crop production, the mills operated efficiently and the overall oil extraction rate averaged 22.61% for Crude Palm Oil and 5.46% for Crude Kernel Oil. These high yields and extraction rates are the outcome of consistently implemented best practices and effective management systems.

NBPOL continues to support a research program through its Dami Research Station and collaborative work with the PNG Oil Palm Research Association.

NBPOL has continued to implement and manage an excellent EMS with a high level of compliance which has been taken up by many contractors and suppliers and therefore improving the Environmental Management of all who come into contact with them.

NBPOL have implemented an OHS system based on OHSAS 18001. Contractors have been encouraged to also implement safe working practices and therefore safety standards are improving and there are less recorded accidents.

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

All compounds have benefitted from the EMS in place at NBPOL as their appearance has improved markedly due to emphasis on housekeeping and waste management.

NBPOL has donated a parcel of land to the local Kimbe council to be used as a land fill area. This area is well managed and has resulted in less waste being dumped

at illegal dump sites and therefore improving the Eco system in these areas.

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

In each area audited, a question was asked concerning whether the Block Holder and his/her family had received any awareness programmes on HIV/AIDS. All respondents replied in the affirmative and that information had been made available from churches, health workers and at OPIC Field Days.



Plate 6: Happy Small Holder families involved in the assessment

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

#### 1. **Small Holders.**

Some Block Holders happy with the performance of both organisations; many more people concerned with OPIC performance than that of NBPOL.

If premium for RSPO, must be passed down to growers.

NBPOL Responses: NBPOL will try to ensure that relationships with OPIC remain positive by supporting both SG's and OPIC.

NBPOL has already committed to passing on premiums to smallholders.

Auditor Comments: Subsequent audits will ensure relationships improve when concerns are raised.

#### 2. **Small Holders**

OPIC officers too slow in responding to requests for equipment, delays in receiving tools e.g. wheelbarrows after ordering. (Common), Insufficient block visits. (Common) Insufficient Field Days. Insufficient monthly section meetings.

NBPOL Responses NBPOL has encouraged Small Holders to make known their worries and help OPIC find a solution such as a having more field officers.

Auditor Comment: Action will ensure better communication between all groups.

#### 3. **Contractors at Silovuti**

One contractor's employees at the new development commented that their managers could put more emphasis on OHS training and provision of better PPE for all employees.

NBPOL Response: they will speak to all contractors with regards to provision of better safety management and expect contractors to provide requirements through induction programme.

Auditors Comment: Contractor induction includes a provision for contractors to ensure their worker safety.

#### 4. **Small Holders**

Some complained about late pick up of FFB.

NBPOL Response: NBPOL is reviewing planned fruit pick ups and is purchasing more fruit trucks.

Auditors Comment: This should alleviate this problem.

#### 5. **All Stakeholders**

All Stakeholders commented they have very good relationship with company.

NBPOL Response: Continue to improve relationships.

Auditor Comment: Appears that NBPOL standing in the community is well appreciated by stakeholders.

#### 6. **VOPS and estates**

Happy that NBPOL is inviting them to participate in lease-lease back arrangement which we see as very good opportunity for company to develop our land and later hand it back to us. NBPOL does not force us to give our land.

NBPOL Response: NBPOL does not make decisions on its own regarding the development and management of VOPs and estates, the company allow stakeholders to participate and make decisions.



Auditors Comment: Evidence of stakeholder participation in decisions affecting their welfare.

Signed for on behalf of  
New Britain Palm Oil Limited

**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.

.....  
**Mr Mike Hoare**  
**General Manager**  
**Date: 30.9.09.**

Signed for on behalf of  
BSi Management Systems Singapore Pte Ltd



.....  
**Mr Allan Thomas**  
**Lead Auditor**  
**Date: 30.9.09**

# ***Appendix “A”***

## ***RSPO Certificate Details***

New Britain Palm Oil Limited  
 Post Office  
 KIMBE  
 WEST NEW BRITAIN PROVINCE  
 PAPUA NEW GUINEA

Certificate Number: SPO 537355  
 Certificate Issue Date: 10.9.2008

Website: [www.nbpol.com.pg](http://www.nbpol.com.pg)

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

<b>Name:</b>	<b>Kapiura Mill &amp; Supply Base</b>
Location:	Bilomi Plantation, West New Britain Province, PNG.
Address	P.O.Kimbe, West New Britain Province, PNG
GPS	E 243536.48 N 9377869.69
CPO Tonnage	69,433
PK Tonnage	16,230
Plantations FFB Tonnage	Malilimi (33,941), Kauta (59,384), Bilomi (41,588), Kaurausu (65,731)
Mini Estate FFB Tonnage	Rigula (25,940), Natupi (14)
Smallholders Tonnage	66,560

<b>Name:</b>	<b>Numundo Mill &amp; Supply Base</b>
Location:	Haella Plantation, West New Britain Province, PNG
Address	P.O.Kimbe, West New Britain Province, PNG
GPS	E 171370.44 N 9388596.38
CPO Tonnage	78,121
PK Tonnage	16,082
Plantations FFB Tonnage	Bebere (647), Kumbango (914), Togulo (312), Dami (77), Malilimi (102), Haella (68,122), Numundo (33,831), Garu (65,105), Navarai (4,564)
Mini Estate FFB Tonnage	Waisisi (179), Valupai (8,377), Rigula (197), Karato ME (5,538), Sapuri (54,813), Lotomgam (1,555), Lolokoru (5,866), Daliavu (56,499), Natupi (1,296)
Smallholders Tonnage	32,987

<b>Name:</b>	<b>Mosa Mill &amp; Supply Base</b>
<b>Location:</b>	Bebere Plantation, West New Britain Province, PNG.
<b>Address</b>	P.O.Kimbe, West New Britain Province, PNG
<b>GPS</b>	E 193904.84 N 9377831.2
<b>CPO Tonnage</b>	57,888
<b>PK Tonnage</b>	13,644
<b>Plantations FFB Tonnage</b>	Bebere (31,825), Kumbango (9,892), Togulo (15,863), Dami (3,218), Malilimi (1,943), Kautu (16), Bilomi (14), Haella (283), Numundo (334), Garu (123), Navarai (113)
<b>Mini Estate FFB Tonnage</b>	Waisisi (7,614), Valupai (6,548), Rigula (5,256), Karato ME (43), Sapuri (138), Lotomgam (1,377), Lolokoru (6,866), Daliavu (237), Natupi (1,083)
<b>Smallholders Tonnage</b>	154,327

<b>Name:</b>	<b>Kumbango Mill &amp; Supply Base</b>
<b>Location:</b>	Kumbango Plantation, West New Britain Province, PNG.
<b>Address</b>	P.O.Kimbe, West New Britain Province, PNG
<b>GPS</b>	E 191134.07 N 9381192.85
<b>CPO Tonnage</b>	58,553
<b>PK Tonnage</b>	12,180
<b>Plantations FFB Tonnage</b>	Bebere (13,571), Kumungo (46,394), Togulo (5,262), Dami (3,615), Malilimi (2,759), Kautu (14), Bilomi (15), Kaurausu (15), Haella (894), Numundo (1,024), Garu (668), Navarai (221)
<b>Mini Estate FFB Tonnage</b>	Waisisi (8,275), Valupai (13,949), Rigula (5,470), Karato ME (218), Sapuri (744), Lotomgam (2,715), Lolokoru (15,286), Daliavu (531), Natupi (2,483)
<b>Smallholders Tonnage</b>	125,551

## ***Appendix “B”***

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



Audit team  
 Allan Thomas (Lead Auditor) (AT)  
 Rod Parsons (RP)  
 Mike Findlayson (MFin)  
 Tom Diwai Vagas (TV)

NBPOL Sustainability Team  
 Ben Rich (BR)  
 Patrick Mungore (PMu)  
 Ian Sahoto (IRS)  
 Steven Keu (SQ)  
 Samson Kakis (SK)  
 Murray Feddersen (MFedd)

Audit Groups.

Group	Audit Team Member	NBPOL Facilitator	
1	Allan Thomas	BenRich/Murray Feddersen	
2	Rod Parsons	Ian Sahoto	
3	Mike Findlayson	Steven Keu	
4	Tom Vagas	Gareth Disley/Rex Kaupa	

Daily Program

0700 – 0730 depart Liamo, travel  
 0730 – 1200 Auditing  
 1200 – 1230 Break for lunch  
 1230 – 1700 Auditing  
 1700 – 1730 Return to Liamo from Dami

Note: Time will be available each day for audit team planning review, notes meeting, administration, email, etc.

Programme may be varied by Audit Team Leader particularly with respect to travel to/from Liamo  
 NBPOL Personnel in following programme refer to those from the Sustainability Dept or senior Management team.

### Sunday 13<sup>th</sup> September

Time	Place	Activity	Attendees	NBPOL Personnel
(arrive PX840 11:30 AM)	HKN	Arrive WNB	AT, MFin, RP (note TV already on site)	To be collected by Sustainability Team Car
3PM	Liamo	All auditors to meet	AT, MFin, RP, TV	None

### Monday 14<sup>th</sup> September

Time	Place	Activity	Attendees	NBPOL Personnel
0800-0900	Mosa Board Room	Entry Meeting – Introduce audit team, confirm audit scope, confirm transport and logistic arrangements	Audit team, (1,2,3 & 4)	NBPOL senior management team, Sustainability Team
Morning	Tamba & Sarakolok	Smallholders- Tamba/Sarakolok	AT & TV (1 & 4)	BR, GD, MFed
	Mosa & Dami	Review stakeholders list, talk with Lilian Holland/Ashley B Also talk about land boundaries etc	MFin (3)	AB, LH, SQ
	Dami	A and I, EMS system and documentation	RP (2)	IRS
Afternoon	Kavui	Smallholders- Kavui	AT & TV (1 & 4)(AT to attend first part of session)	GD, BR
	Mosa mill	General	RP(2)	IRS,
	Mosa	Transport (MTL)	AT (1)	MFed
	Mosa	MFin to meet 1x ILG group	MFin (3)	SQ, AB

### Tuesday 15<sup>th</sup> September

Time	Place	Activity	Attendees	NBPOL Personnel
Morning	Silovuti	To Silovuti	MFin/AT (1 and 3)	BR, SQ, AB?
Morning	Hoskins 1	Smallholders- Hoskins area 1	4	GD and RK
	Bebere	Plantations	2	IRS, AW
	Togulo	Plantations	2	IRS, AW
Afternoon	Walindi/ Mahonia	Meet Talasea ILG (ILG for Silovuti Project)	(1 and 3)	BR, SQ, AB
	Hoskins 2	Smallholders- Hoskins area 2	4	GD and RK
	Navarai	Plantations	2	IRS, RS, AW?

### Wednesday 16<sup>th</sup> September

Time	Place	Activity	Attendees	NBPOL Personnel
Morning	Numundo	Cattle	1	MF
	Numundo	Waraston Mill site	1	MF
All Day	Dami	ISO, RSPO documentation and Systems	2	Someone to accompany
Morning/early afternoon	Gororu and Talasea villages	Social/new dev	3	Someone to accompany
Afternoon	Haella/Numundo pltn	Review fuelwood forestry project	3	Someone to accompany
All day	Talasea	Smallholders- Talasea area	4	GD
Afternoon	Kapiura	KAPOM Ponds	1	MF, AM (Andy)

Thursday 17<sup>th</sup> September

Time	Place	Activity	Attendees	NBPOL Personnel
Morning	Kapiura	KAPOM	1 and 2	MFedd, BR, AM (ponds)
	"	Kaurausu replant and bufferzones	3	MFedd, BR
	"	Smallholders- Kapiura area 1	4	
	Kumbango	Refinery	1	
	Malilimi	Plantations	2	
Afternoon	Kumbango	KOM, ,	1	
	"	CDM	1	
	"	Power station	1	
	"	Kumbango Kernel Mill	1	
	Kapiura	Rigula Plantation	2	
	Kapiura	Roka HCV assessment-new development	3	BR
	Kapiura	Smallholders- Kapiura area 2	4	

Friday 18<sup>th</sup> September

Time	Place	Activity	Attendees	NBPOL Personnel
Morning	Central Stores		1	BR
	Central Engineering Stores		1	BR
	NOM		1	
	Kimbe	KBT	2	IRS, SK, MFed
	Mosa	Construction	2	IRS, SK
	Kimbe	Meet Live and Learn Social NGO	3	SQ, BR
	Kimbe	Meet government Agencies	3	SQ
	Volupai?	Meet Volupai ILG,	3	SQ, AB
	Bavussi/ Galai	Smallholders- Bavussi, Galai area	4	GD, RK
Afternoon	Kumbango	Plantation	1	BR, AW
	Kumbango	Gravel Pits	1	
	Mosa/Dami	Any other documentation	2	
	Mahonia Nature Centre	Meet NGOs FORCERT, TNC, MnD,	3	
	Kapiura	Smallholders- Kapiura 3 area	4	GD, RK

Saturday 19<sup>th</sup> September

Time	Place	Activity	Attendees	NBPOL Personnel
	Dami	Report Prep and review any further ISO/RSPO documentation	1	
	Dami	Seeds/Research	2	TK
Morning	Togulo	Workers Gardening Project	3	BR
	Dami	Smallholders- Dami area	4	SQ
		Note the above are short project visits, all will assemble at Dami		
		before lunch to work on report with lead auditor		
1200-1430	Dami meeting room	Report preparation	1,2,3 &4	
1500-1630	Mosa Boardroom	Exit Meeting	1,2,3 &4	

## *Appendix "C"*

### ***CONTINUOUS IMPROVEMENT PLAN***

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
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.	1.1.1 Records of Requests & Responses	Major	SHEQ001A form has been developed to simplify the enquiry process. This form is currently being trialled and will be modified in the light of trial results before full roll-out.	Improved recording, management and response	Sustainability Manager	03/2010	30%
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.	1.2.1 List of publicly available documents approved by top management	Major	Update posted list on Website.	Current information publicly available	General Manager	12/2009	0%
		1.2.2 Equal opportunity policy as per PNG constitution	Major	Policy has been restated in 2009 version of Sustainability handbook. Improve socialisation through training	Improved tolerance and understanding in the workforce	Sustainability Manager	09/2010	0%
		1.2.3 Land titles/User rights	Major	Compliant, keep current	No further requirement			
		1.2.4 Occupational Health and Safety Plan	Major	Improve communication of accident statistics to the Safety Committees	Greater focus on injury cause	OHS Advisor	09/2010	10%
		1.2.5 NBPOL encouragement of outgrower management to adopt and disseminate an OHS Policy	Minor	Provide additional support to uptake of OHS Policy	Safer working environment for outgrowers	OHS Advisor	09/2010	10%
		1.2.6 Health Policy includes HIV/Aids, Malaria, Domestic Violence & Sexual Harassment Policy	Major	Improve socialisation through training	Improved tolerance and understanding in the workforce	Sustainability Manager	12/2010	0%
		1.2.7 Plans and impact assessments relating to environmental and social aspects. These are legal requirements and must be held on site.	Major	Currently compliant, update as required	No further requirements			
		1.2.8 (1) Details of complaints and grievances 1.2.8 (2) Outgrowers to adopt incrementally	Major Minor	Refer to improvement 1.1.1	Fewer Complaints and Grievances	Smallholder Affairs	12/ 2010	0%
		1.2.9 Documented system for access to customary land and negotiation procedures for settling disputes under criteria 6.4	Major	Currently compliant, keep current	No further requirement			
		1.2.10 Continuous improvement plan	Major	Refer 8.1 – Update plan in June 1010, assess achievements	Update plan as per 8.1.1	Sustainability Manager	June 2010	0%
2.1	There is compliance with all applicable local, national	2.1.1 Evidence that all applicable legal and regulatory requirements are	Major	Discuss further support with outgrowers, e.g. OHS training	Improved Outgrower OHS performance	Sustainability Manager	March 2010	0%



Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
	and ratified international laws and regulations.	implemented as prescribed						
		2.1.2 A documented system which includes information on legal requirements	Minor	Currently compliant, update as required	No further requirement			
		2.1.3 A system for tracking any changes in all applicable local, national and ratified international laws and regulations	Minor	Currently compliant, update as required	No further requirement			
2.2	The right to use the land can be demonstrated, and is not legitimately contested by local communities with demonstrable rights.	2.2.1 Documents showing legal ownership or lease, and where possible, a history of land tenure and the actual legal use of the land.	Major	Currently compliant, update as required	No further requirement			
		2.2.2 Evidence that legal boundaries can be clearly identified	Major	Currently compliant, update as required	No further requirement			
		2.2.3 Where there are, or have been, disputes proof of resolution or progress towards resolution by acceptable conflict resolution processes.	Major	Currently compliant, update as required	No further requirement			
		2.2.4 Absence of significant land conflict, unless requirements for acceptable conflict resolution processes are implemented and accepted by the parties involved.	Major	Currently compliant, update as required	No further requirement			
2.3	Use of the land for oil palm does not diminish the legal rights, or customary rights, of other users, without their free, prior and informed consent.	2.3.1 Maps of an appropriate scale showing extent of plantations on alienated land.	Major	Currently compliant, update as required	No further requirement			
		2.3.2 Maps of appropriate scale showing extent of lease/lease-back areas	Major	As above	No additional			
		2.3.3 Maps of an appropriate scale showing extent of land settlement scheme on alienated land	Major	As above	No additional			
		2.3.4 Sketch maps showing customary land to be utilised in VOP (Village Oil Palm)	Minor	As above	No additional			
		2.3.5 Land titles for 1-3	Major	Currently compliant, update as required	No further requirement			
		2.3.6 Customary land usage agreement to demonstrate rights to 2.3.4 (for new outgrowers, CLUA is mandatory)	Minor	Currently compliant, update as required	No further requirement			

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
		2.3.7 Copies of negotiated agreements detailing process of consent.	Major	Currently compliant, update as required	No further requirement			
3.1	There is an implemented management plan that aims to achieve long-term economic and financial viability	3.1.1 A documented business or management plan (at least 5 years)	Major	Currently compliant, update as required	No further requirement			
		3.1.2 Annual replanting program, where applicable, projected for a minimum of 5 years with yearly review	Minor	Currently compliant, update as required	No further requirement			
4.1	Operating procedures are appropriately documented and consistently implemented and monitored.	4.1.1 Standard operating procedures for estates and mills are documented	Major	Ensure SOPs are up-to-date and reflect any changes or response to OHS or environmental issues	Current documents	Plantations Manager, Mill Manager, GM	June 2010	0%
		4.1.2 A mechanism to check consistent implementation of procedures is in place	Major	Currently compliant, update as required	No further requirement			
		4.1.3 PNG National codes of practice are referenced	Major	Improve referencing to Codes of Practice in MGs and SOPs	Higher compliance levels			
		4.1.4 Records of monitoring and the action taken are maintained	Major	Currently compliant, update as required	No further requirement			
4.2	Practices maintain soil fertility at, or where possible improve soil fertility to, a level that ensures optimal and sustained yield.	4.2.1 Records of fertiliser inputs are maintained	Minor	Currently compliant, update as required	No further requirement			
		4.2.2 Evidence of periodic tissue and soil sampling to monitor changes in nutrient status	Minor	Currently compliant, update as required	No further requirement			
		4.2.3 A nutrient recycling strategy should be in place	Minor	Update nutrient recycling strategy	Improved nutrient recycling, reduced fertiliser input	Plantations Manager	12/2010	0%
4.3	Practices minimise and control erosion and degradation of soils.	4.3.1 Risk assessment of erosion for each block (smallholder and plantation)	Minor	Currently compliant, update as required	No further requirement			
		4.3.2 No evidence of new planting (Nov 2007) on slopes above 25° (smallholder and plantation)	Major	Currently compliant, update as required	No further requirement			
		4.3.3 Erosion control practices are implemented on fields with slopes above 9° (and less than 25°) and on blocks identified as having significant risk of erosion (smallholders and plantation)	Minor	Currently compliant, update as required	No further requirement			
		4.3.4 Subsidence on peat soils should be minimised under an effective and documented water management program	Major	Currently compliant, update as required	No further requirement			
		4.3.5 Presence of a road maintenance program that includes control and management of rainfall runoff	Minor	Currently compliant, update as required	No further requirement			

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
		4.3.6 A management strategy should be in place for fragile and problem soils, this should include maps of these soils	Minor	Currently compliant, update as required	No further requirement			
4.4	Practices maintain the quality and availability of surface and ground water.	4.4.1 An implemented water management plan in compliance with PNG DEC Water extraction and discharge permits and including but not limited to: the monitoring of effluent BOD (mg/l) trend for the previous 12 months, mill water use per tonne of FFB trend for the previous 5 years, stormwater drains, nursery and domestic usage.	Minor	Further investigate effluent management and incorporate effect of CDM projects in effluent quality	Better environmental performance	Sustainability Manager	October 2010	0%
		4.4.2 Maintain and/or rehabilitate riparian buffer zones as per PNG Logging Code of Practice at planting and re-planting. (For out growers, the buffer zone issue to be included on the RSPO outgrowers selection form	Major	Identify existing unharvestable palms along water-courses (too close to water) and remove if any are found, maintain buffers for all new plantings	Improved water-course protection	Plantations Manager	June 2010	20%
4.5	Pests, diseases, weeds and invasive introduced species are effectively managed using appropriate Integrated Pest Management (IPM) techniques.	4.5.1 Monitoring of pesticide toxicity units (aixLD/tonne of FFB or /Ha). Trend data should be available for the preceding 5 years	Minor	Currently compliant, update as required	No further requirement			
		4.5.2 An IPM program is documented for relevant pests that set out techniques, locations and timeframe for implementation. Monitoring extent of IPM implementation including training for major pests including but not restricted to Sexava, stick insects, bagworms, oryctes / total Ha.	Minor	Currently compliant, update as required	No further requirement			
		4.5.3 Recording areas where pesticides have been used within an IPM program	Minor	Currently compliant, update as required	No further requirement			
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	4.6.1 Documented justification of all agrochemical use	Major	Currently compliant, update as required	No further requirement			
		4.6.2 Records of pesticide use (including active ingredients used, area treated, amount applied /Ha and number of applications) are maintained.	Minor	Currently compliant, update as required	No further requirement			

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
	in national Best Practice guidelines. Where agrochemicals are used that are categorised as World Health Organisation Type 1A or 1B, or are listed by the Stockholm or Rotterdam Conventions, growers are actively seeking to identify alternatives, and this is documented.	4.6.3 Documentary evidence that use of chemicals categorised as World Health Organisation type 1A or 1B or listed by the Stockholm or Rotterdam conventions is reduced and/or eliminated except where there are no other suitable means to control severe pest outbreaks within an ongoing IPM program	Minor	Not applicable				
		4.6.4 No aerial spraying of pesticides	Major	Not done, there no improvement opportunity				
		4.6.5 Adoption of a suitable economic alternative to paraquat as recommended by the RSPO executive board	Minor	Awaiting advice from RSPO Board. Prepare a chart of annual paraquat use, demonstrate increasing use of alternatives	Reduced paraquat usage	Plantations Manager	06/2010	0%
		4.6.6 No herbicide to be supplied by the plantation to outgrowers without prior training and certification through a registered outgrower management organisation. A re-certification course to be held every 2 years. Outgrower management organisations to actively discourage outgrowers from using insecticides on oil palm	Minor	Not Currently supplied to Out growers and no plans to introduce.	N/A	N/A	N/A	N/A
		4.6.7 No paraquat or insecticides to be supplied to outgrowers by plantation companies or outgrower management organisations	Major	As Above		N/A	N/A	N/A
		4.6.8 Records of training to be maintained	Major	Currently compliant, update as required	No further requirement			
		4.6.9 Personal protective equipment should be specified in MGs/Standard Operating Procedures for Pesticide workers in plantations. Appropriate safety equipment must be provided and used	Major	Further investigate use of PPE to reduce Palm Nail injuries	Reduced palm nail injury	Plantation Manager	12/10	15%
		4.6.10 Storage and disposal of all chemicals as prescribed in the GIFAP Code of Practice	Major	Progressively upgrade stores to comply with latest CofP. Note stores built to comply with CoP at the time can remain.	Safer working environment	GM	June 2012	0%

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
		4.6.11 Only registered agrochemicals following PNG labelling guidance will be used (nb FAO guidance applies, register kept by DEC). All chemical inputs require an MSDS	Major	Currently compliant	No improvement required			
		4.6.12 Evidence of CPO residue testing as required and conducted by the supply chain	Minor	Currently compliant, update as required	No further requirement			
		4.6.13 Annual health screening for plantation pesticide operators. Acetyl cholinesterase testing for all organophosphate users	Major	Currently compliant, update as required	No further requirement			
		4.6.14 No work with pesticides for pregnant or breast feeding women	Major	Currently compliant, update as required	No further requirement			
4.7	An occupational health and safety plan is documented, effectively communicated and implemented.	4.7.1 A health and safety policy which is implemented and monitored	Major	Review policy every three years for continued relevance or when circumstances change that require Policy amendment.	Continued compliance	Sustainability Manager	June 2012	0%
		4.7.2 All operations where health and safety is an issue have been risk assessed and procedures and actions are documented and implemented to address the identified issues. All precautions attached to products should be properly observed and applied to the workers	Minor	Risk assessments have been done and are reviewed at six monthly intervals. Improve by integrating more closely with accident investigations.	Reduced workplace risk.	OHS Advisor	June 2012	10%
		4.7.3 All workers involved in the operations have been adequately trained in safe working practices. Adequate and appropriate protective equipment should be available to labourers at the place of work to cover at least the following: all potentially hazardous operations such as mill operations, construction, transport, pesticide application, land preparation, harvesting and, if used, burning	Minor	Training has been done and continues. Improve training records	Safer workplace	Training Dept.	09/2010	5%



Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
		4.7.4 In each company, a designated competent person will coordinate the implementation and management of the OHS Policy. A mechanism for discussing OHS concerns will be in place and issues raised should be kept.	Major	Currently compliant, update as required	No further requirement			
		4.7.5 Accident and emergency procedures should exist and be tested at 6 month intervals. Instructions should be clearly understood by all workers. Procedures should be available in the appropriate language of the workforce.	Minor	Extend emergency drills to different types of emergencies, improve response time	People know how to respond in event of emergency	Unit Managers	09/2011	25%
		4.7.6 A first aid clinic staffed by a qualified health worker will be provided for each plantation division (accessible by the mill). Workers trained in first aid with a first aid kit should be present in the mill	Minor	Upgrade clinics with toilets and showers, train clinic workers in chemical response	Improved hygiene and emergency response	Sustainability Manager	09/2011	10%
		4.7.7 Records should be kept of all accidents and periodically reviewed. Recording of occupational injuries. Lost time accident rate (within acceptable maximum or demonstrated downward trend)	Major	5% Reduction in LTI	Fewer accidents	Unit Managers & OHS Advisor	06/2010	10%
		4.7.8 All workers should be covered by workers compensation accident insurance	Major	Currently compliant, update as required	No further requirement			
4.8	All staff, workers, smallholders and contractors are appropriately trained.	4.8.1 An appropriate formal training program that includes regular assessment of training needs and documentation of the program is in place	Minor	Improve connection of Training Department with Sustainability Department	Improved awareness of RSPO requirements throughout the Company	Sustainability Manager	12/2010	10%
		4.8.2 Records of formal training (on-site/off-site) for each employee are kept	Major	Currently compliant, update as required	No further requirement			
		4.8.3 Certified outgrowers course is implemented	Minor	Develop & certify course	Improved outgrower sustainable performance	Smallholder Affairs	12/2010	5%
5.1	Aspects of plantation and mill management, including replanting, that have	5.1.1 An environmental aspects and impacts register has been developed and is periodically reviewed and updated	Major	Currently compliant, update as required. Improve format to improve prioritising	More relevance to Company	Sustainability Manager	06/2010	0%

<b>Crit.</b>	<b>Requirement</b>	<b>PNG NI Indicators</b>	<b>Conformance</b>	<b>Planned Improvement</b>	<b>Outcome</b>	<b>By Whom</b>	<b>Date Due</b>	<b>Status</b>
	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.	5.1.2 An environmental improvement plan to mitigate the negative aspects and promote the positive ones is developed, implemented and monitored	Minor	Currently compliant, requires revision to incorporate ISO14001 program improvements fully integrated with RSPO	Improved management of improvement program.	Sustainability Manager	06/2010	0%
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.	5.2.1 Identification of high conservation value habitats and protected areas such as rare and threatened ecosystems that could be significantly affected by the grower or miller	Major	Currently compliant, update as required	No further requirement			
		5.2.2 Establish the conservation status (e.g. IUCN status) legal protection, population status and habitat requirements of rare, threatened or endangered species that could be significantly affected by the grower or miller	Major	Currently compliant, update as required				
		5.2.3 Ensuring that any applicable legal requirements relating to the protection of the species or habitat are met	Major	Refer to 2.1				
		5.2.4 Avoiding damage to and deterioration of applicable habitats	Minor	Document the buffer zone monitoring program	Improved evidence of buffer zone management	Sustainability Manager	12/2010	5%
		5.2.5 Evidence of a commitment to discourage any illegal or inappropriate hunting, fishing or collecting activities; and developing responsible measures to resolve human-wildlife conflicts	Minor	Currently compliant, update as required				
5.3	Waste is reduced, recycled, re-used and disposed of in an environmentally and socially responsible manner.	5.3.1 Identify all sources of waste and pollution	Major	Currently compliant, update as required	Reduced waste generation	Sustainability Manager	06/2010	50%
		5.3.2 Evidence of the implementation of a waste management and disposal plan including pesticide contaminated waste	Minor	As above				

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
5.4	Efficiency of energy use and use of renewable energy is maximised.	5.4.1 Monitoring kWh per tonne of palm product in the mill from renewable energy sources, Kg steam per tonne of FFB. Monitoring trend for the previous 5 years	Minor	Update non-renewable energy targets after CDM projects are commissioned at MOM and KOM	Reduced hydrocarbon fuel use.	Sustainability Manager	12/2010	0%
		5.4.2 Monitoring kWh per tonne of palm product from non-renewable energy resources. Monitoring trend for the preceding 5 years	Minor	Currently compliant, update as required	No further requirement			
5.5	Use of fire for waste disposal and for preparing land for replanting is avoided except in specific situations, as identified in the ASEAN guidelines or other regional best practice.	5.5.1 Documented assessment where fire has been used for preparing land for replanting	Major	Not Applicable				
		5.5.2 All sites and incidents of sanitary burning mapped and recorded. Sanitary burning permitted only after recommendation by national pathologist	Major	Not Applicable				
		5.5.3 No burning of domestic refuse	Minor	Not applicable				
		5.5.4 Incineration of medical waste (including quantities) is recorded	Minor	Currently compliant, update as required	No further requirement			
5.6	Plans to reduce pollution and emissions, including greenhouse gases, are developed, implemented and monitored.	5.6.1 A register and assessment of all polluting activities are conducted including gaseous emissions, particularly soot emissions and effluent (see also 4.4)	Major	Currently compliant, update as required	No further requirement			
		5.6.2 Significant pollutants and emissions are identified, monitored and plans to reduce them implemented	Minor	Currently compliant, update as required	No further requirement			
		5.6.3 The treatment methodology for POME is recorded	Minor	Update as required to reflect changes to pond configuration and CDM project completion.	Current documentation	Mill Managers	12/2010	0%
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	6.1.1 A register of all social impacts on employees, individuals and affected communities is maintained including records of meetings	Major	Currently compliant, update as required				
		6.1.2 Evidence that the assessment has been done with the participation of affected parties	Major	As above				
		6.1.3 A timetable with responsibilities for mitigation and monitoring, reviewed and updated as necessary, in those cases	Minor	Currently compliant, update as required	No further requirement			

<b>Crit.</b>	<b>Requirement</b>	<b>PNG NI Indicators</b>	<b>Conformance</b>	<b>Planned Improvement</b>	<b>Outcome</b>	<b>By Whom</b>	<b>Date Due</b>	<b>Status</b>
	continuous improvement.	where the assessment has concluded that changes should be made to current practices						
6.2	There are open and transparent methods for communication and consultation between growers and/or millers, local communities and other affected or interested parties.	6.2.1 A documented policy is in place for effective communication with all affected parties	Major	Currently compliant, update as required	No further requirement			
		6.2.2 Evidence of the policy being implemented – maintenance of a list of stakeholders, records of all communication and records of actions taken in response to input from stakeholders and under the control of a nominated management official	Minor	Currently compliant, update as required	No further requirement			
		6.2.3 For environmental issues – a documented consultation and communication procedure exists with a nominated company representative	Minor	Currently compliant, update as required	No further requirement			
6.3	There is a mutually agreed and documented system for dealing with complaints and grievances, which is implemented and accepted by all parties.	6.3.1 A documented system open to all affected parties which resolves disputes in an effective, timely and appropriate manner and records the outcome	Major	Currently compliant, update as required	No further requirement			
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.	6.4.1 Compliance with applicable government legislation. Procedures for identifying legal and customary rights of people entitled to compensation	Major	Currently compliant, update as required	No further requirement			
		6.4.2 Company records should be maintained	Minor	Currently compliant, update as required	No further requirement			
		6.4.3 A procedure for calculating and distributing fair compensation (monetary or otherwise) is established and implemented	Minor	Currently compliant, update as required	No further requirement			
		6.4.4 The process and outcome of any negotiated agreements and compensation claims are documented and made publicly available. Company records should be maintained	Minor	Currently compliant, update as required	No further requirement			
6.5	Pay and conditions for employees and for employees of contractors	6.5.1 Documentation of pay and conditions in comparison with the legal minimum for all Company employees	Major	Currently compliant, update as required	No further requirement			



Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
	always meet at least legal or industry minimum standards and are sufficient to provide decent living wages.	6.5.2 Evidence that contractors have agreed to meet legal minimum terms and conditions	Major	Improve contract documentation to strengthen OHS & environmental requirements	Stronger legal basis for contract enforcement, improved contractor awareness	Engineering Dept	12/2010	0%
		6.5.3 Labour laws, union agreements or direct contracts standards income employment detailing payments and conditions of employment (e.g. working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the languages understood by the workers or explained carefully to them by a management official	Minor	Currently compliant, update as required	No further requirement			
		6.5.4 Where companies provide housing, water supplies, medical, educational and welfare amenities they adhere to national legislation (not applicable to small holders)	Minor	Currently compliant, update as required	No further requirement			
		6.5.5 Where no such public facilities exist, companies will actively lobby government to provide such facilities	Minor	Continue to explore opportunities in increased provision of Government infrastructure	Improved facilities	Sustainability Manager	12/2010	0%
		6.5.6 Growers and millers demonstrate a suitable, adequate and effective systematic approach to the provision of adequate facilities	Minor	Continue to provide additional housing as Capital Expenditure permits.	Reduced crowding in houses	GM	12/2011	5%
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.	6.6.1 Compliance with the PNG Industrial Organisations Act – being the Act to provide for registration and control of industrial organisations	Major	Currently compliant, update as required	No further requirement			
		6.6.2 A published statement in English or Tok Pisin recognising freedom of association	Minor	Currently compliant, update as required	No further requirement			
		6.6.3 Documented minutes of meetings with main trade unions or workers representatives	Minor	Currently compliant, update as required	No further requirement			

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
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.	6.7.1 Documentary evidence that minimum age requirement (16) is met	Major	Improve control over age verification of newly hired employees	Improved compliance	Sustainability Manager	06/2010	50%
6.8	Any form of discrimination based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age, is prohibited.	6.8.1 A publicly available equal opportunities policy as per the constitution of PNG	Major	Compliant. No further action required				
		6.8.2 No constitutional infringements	Major	Compliant. No further action required				
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.	6.9.1 A policy on sexual harassment and all other forms of violence and records of implementation.	Major	Compliant. No further action required				
		6.9.2 Compliance with labour laws on breastfeeding. As a minimum, two 30 minute leave of absences per day. Such periods to count as normal working hours	Major	Compliant. No further action required				
		6.9.3 A specific grievance mechanism is established	Minor	Compliant. No further action required				
6.10	Growers and mills deal fairly and transparently with smallholders and other local businesses.	6.10.1 Current and past prices paid for FFB shall be publicly available	Major	Currently compliant, update as required	No further requirement			
		6.10.2 Pricing mechanisms for FFB and inputs/services shall be documented (where these are under the control of the mill/plantation)	Major	Currently compliant, update as required	No further requirement			
		6.10.3 Evidence that every effort has been made to ensure that all parties understand the contractual agreements they enter into, and that contracts are fair, legal and transparent	Minor	Currently compliant, update as required	No further requirement			
		6.10.4 Agreed payments shall be made in a timely manner	Minor	Currently compliant, update as required	No further requirement			

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
		6.10.5 EFB freely available to be collected by outgrowers but not to be applied closer than 500m to the nearest dwelling due to nuisance flies and smell	Minor	Currently compliant, update as required	No further requirement			
6.11	Growers and millers contribute to local sustainable development wherever appropriate.	6.11.1 Demonstrable contributions to local development that are based on the results of consultation with local communities	Minor	Improve identification and scoping of projects with local communities	Greater community engagement	Sustainability Manager	12/2010	5%
		6.11.2 Formalised involvement with the PNG Tax credit scheme where applicable	Minor	Compliant. No further action required				
7.1	A comprehensive and participatory independent 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.	7.1.1 Independent impact assessment, undertaken through a participatory methodology including external stakeholder groups (EIA – PNG Law >1000Ha)	Major	Currently compliant, update as required	No further requirement			
		7.1.2 Appropriate management planning and operational procedures	Minor	Currently compliant, update as required	No further requirement			
		7.1.3 Where the development includes an out grower scheme, the impacts of the scheme and the implications of the way it is managed should be documented and a plan to manage the impacts produced	Minor	Currently compliant, update as required	No further requirement			
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.	7.2.1 Soil suitability maps or soil surveys adequate to establish the long-term suitability of land for oil palm cultivation should be available	Major	Currently compliant, update as required	No further requirement			
		7.2.2 Topographic information adequate to guide the planning of drainage and irrigation systems, roads and other infrastructure should be available	Major	Currently compliant, update as required	No further requirement			
7.3	New plantings since November 2005, have not replaced primary forest or any area required to maintain or enhance one or more High Conservation Values.	7.3.1 Evidence of an assessment of High Conservation Values that has been made by suitably qualified and experienced persons prior to any conversion	Major	Currently compliant, update as required	No further requirement			
		7.3.2 Dates of land preparation and commencement are recorded	Major	Currently compliant, update as required	No further requirement			

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
7.4	Extensive planting on steep terrain, and/or on marginal and fragile soils, is avoided.	7.4.1 Where limited planting on fragile and marginal soils is proposed, plans (including maps) shall be developed and implemented to protect these soils thus minimising adverse impacts	Major	Currently compliant, update as required	No further requirement			
		7.4.2 No planting on slopes in excess of 25°	Minor	Currently compliant, update as required	No further requirement			
		7.4.3 No planting on contiguous areas of peat soils >3m deep and >150Ha in extent	Minor	Currently compliant, update as required	No further requirement			
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 views through their own representative institutions.	7.5.1 This activity should be integrated with the SEIA required by 7.1	Major	Currently compliant, update as required	No further requirement			
		7.5.2 Evidence that every effort has been made to ensure that all parties understand the contractual arrangements they enter into, and that contracts are fair, legal and transparent	Minor	Currently compliant, update as required	No further requirement			
		7.5.3 Documented system for access to customary land is publicly available	Minor	Further improvement of public access is to be determined	Greater transparency	Sustainability Manager	06/2010	5%
		7.5.4 Where new plantings are considered acceptable, management plans and operations should maintain sacred sites. Agreements with indigenous peoples, local communities and other stakeholders should be made without coercion or other undue influence. Relevant stakeholders include those affected by or concerned with the new plantings	N/A	Currently compliant, update as required	No further requirement			
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.	7.6.1 Evidence that the issue of compensation has been discussed with the relevant local people in the SEIA process	Major	Currently compliant, update as required	No further requirement			
		7.6.2 Documented identification and assessment of legal and customary rights	Major	Currently compliant, update as required	No further requirement			
		7.6.3 Establishment of a documented system(s) for identifying people entitled to compensation	Major	Currently compliant, update as required	No further requirement			

Crit.	Requirement	PNG NI Indicators	Conformance	Planned Improvement	Outcome	By Whom	Date Due	Status
		7.6.4 Establishment of a system for calculating and distributing fair compensation (monetary or otherwise)	Minor	Currently compliant, update as required	No further requirement			
		7.6.5 Communities that have lost access and rights to land for plantation expansion are given opportunities to benefit from plantation development	Minor	Currently compliant, update as required	No further requirement			
		7.6.6 The process and outcome of any compensation claims should be documented and made publicly available	Minor	Further work required to improve compliance with this requirement however confidentiality aspects must be observed.	Greater transparency	Sustainability Manager	06/2010	5%
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 practice.	7.7.1 Land preparation by burning should be avoided, however if used, under exceptional circumstances, evidence of controlled burning as specified in ASEAN guidelines or other regional best practice	Major	Burning is not used, not applicable				
		7.7.2 Documented explanation where fire has been used for preparing land for planting	Major	Not applicable				
		7.7.3 This activity should be integrated with the SEIA required by 7.1	Major	Not applicable				
8.1	Growers and millers regularly monitor and review their activities and develop and implement action plans that allow demonstrable continuous improvement in key operations.	8.1.1 The action plan for continual improvement should be based on a consideration of the main social and environmental impacts and opportunities of the grower/mill, and should include a range of indicators covered by these principles and criteria. These must include: <ul style="list-style-type: none"> <li>• Reduction in the use of certain pesticides (4.6)</li> <li>• Environmental impacts (5.1)</li> <li>• Waste reduction (5.3)</li> <li>• Pollution and emissions (5.6)</li> <li>• Social impacts (6.1)</li> </ul>	Major	Compliant. No further action required				
		8.1.2 Timely response to all RSPO audit findings	Major	Currently compliant, update as required	No further requirement			

## ***Appendix “D”***

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



### 3 Nonconformities against Minor Compliance Indicators

#### 13 Observations/Opportunities for Improvement

##### Minor Nonconformities (Details)

RSPO Indicator	NCR Ref	Details
4.7.3 All workers involved in the operations have been adequately training in safe working practices.	AT 01	A number of workers and contractors were not following controls indicated by the hazard/risk analysis. Contractors working on NBPOL sites over 10 metres high – no fall protection, Storage area over 3,000 litres of Hexane – no Fire Extinguisher in place
6.1.3 A timetable with responsibilities for mitigation and monitoring, reviewed and updated as necessary, in those case where the assessment has concluded that changes should be made to current practices	AT 02	NBPOL has not yet prepared or implemented a social impact mitigation strategy however they have commenced work on this
6.10.3 Evidence that every effort had been made to ensure that all parties understand the contractual agreements they enter into, and that contractors are fair, legal and transparent	AT 03	The Talasea ILG has entered into a lease-lease back agreement with NBPOL which could significantly reduce the overall level of benefits that they will receive. Although NBPOL provided a range of payment options, and highlighted the reduction in overall benefits that the ILG may receive, the ILG executive insisted on the option that provided higher payments during the initial years and lower payments thereafter. Although NBPOL met with the ILG on numerous occasions and discussed payment options, it is not clear that the final agreement is fair given the low levels of education in the Talasea area, and in particular, low levels of financial literacy.

#### OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

1. 4.1 Have mill SOP's available in relevant operational areas and translated into Tok Pisin if seen as critical
2. 4.3: There was evidence of over spraying of herbicides during this assessment at Kapiura Estate
3. 4.4 An observation was made that trends lines of BOD are not at times included on graphs and the running average indicating compliance with local allowable limits is not always apparent. Also NBPOL needs to ensure that any spikes with regards to BOD readings are investigated and analysed.
4. 4.7: *The system however when considering risks following the implementation of controls does not at times address correctly the residual risk – that is likelihood may reduce but often consequences of deviation may not be reduced.*
5. *NBPOL's OHS system does not at times correctly address the residual risk that remains once control measures have been implemented. Whilst the likelihood of an occurrence may be reduced the consequence of occurrence remains unchanged.*
6. *Suggested in the body of the text above is the following*
7. 4.7 *Observation: Signage displayed indicating safety precautions, dangers, PPE etc need to be accurate is their positioning and properly reflect what is required.*
8. 4.7 *Observation: It should be ensured that all records of evacuation drills are kept in full and any recommendations for improvement are documented*
9. 4.8 *Observation: Records of training for contractors employed on jobs/projects are not always available.*
10. 4.8 *The adoption of a company-wide induction training program would highlight company policies and help ensure policies are implemented. The induction program should include awareness on the policies to prevent sexual harassment and violence against women.*
11. 6.2 *Observation: A small dispute with regards to the possible planting of 24 Palms on private land in the Kumbango estate was raised however records of some of the communications with regards this matter were not available.*
12. 6.3 *Observation: NBPOL could introduce a method to better indicate that grievance have been resolved by use of a third party and recording outcome before this party.*
13. 7.5 *Observation: Although boundaries of the new development have been surveyed and marked on maps of an appropriate scale a number of boundaries are not yet physically marked.*

# **New Britain Palm Oil Ltd**

## **Response Plan to the Initial Assessment Visit Report (RSPO Stage ii Certification)**

This Document details the corrective action required to address the major non-conformities raised by the Assessment visit auditors. It does not address “opportunities for Improvement” or minor non-conformities raised during the audit held on the 2-16 April 2008.

This document should be read in the context of the unabridged Initial Assessment Visit Report (RSPO Stage ii Certification)

### **NCR ref CR07 and NCR ref CR10**

These two NCR are related and dealt with simultaneously

#### **PNG National Interpretation Indicator**

##### **NCR ref CR07**

2.1.1 Evidence that all applicable legal and regulatory requirements are implemented as prescribed

**Major compliance issue** for Companies

##### **NCR ref CR10**

5.6.1 Significant pollutants and emissions are identified, monitored and plans to reduce them implemented.

**Minor compliance issue**

#### **Findings from the Initial Assessment Visit report**

**NCR ref CR07** There is inadequate control of boiler smoke emissions at each of the 4 Mills and visual observations during the audit inspections indicated exceedance of PNG Code of Practice smoke density limits.

The dense smoke emissions were stated to be due to overfeeding of fibre to the boiler, which can be better controlled by operators. It was noted that a new central power station is scheduled to be commissioned at Kumbango mid 2008 and a new boiler at Mosa by the end of 2008.

**NCR ref CR10** Boiler emissions to air have been identified as significant pollutants. Emissions are monitored for smoke density; however, the meter at MOM has been out of service since the end of 2007. At NOM the meter records as a single trace without any peaks associated with dense smoke emissions, which indicate no calibration or a fault with the meter sensitivity. Visual observations of smoke density are made hourly and records are kept with respect to Ringleman Chart scale. However, there is no evidence of action taken when dense smoke emissions are observed.

## **Action Taken by NBPOL**

### **Commitment**

A director responsible for Sustainability has been recruited

The Management guideline MG06 is to be reviewed and revised by a team that includes Top Management, Engineering, and Sustainability Depts

The agreed plan of action resulting from this review to be signed off by the General Manager and actioned immediately.

Target emissions are to be set for each mill and reported on at weekly meetings

### **Documentation**

Emergency response plan are to be constructed and tested for smoke emissions

The ERP to include practical steps on what to do when a smoke monitor fails and when high emissions occur. Other ERP are to be reviewed.

WI for boiler maintenance is to be reviewed and re written with specific reference to the correct feeding rate for boilers.

WI for the maintenance and calibration of the smoke monitors to be written

WI for the use of Ringleman charts to be written

All WI to be implemented and enforced.

### **Design**

The current model smoke monitors are to be re evaluated and the results documented

Newer designs to be sourced

All monitors to have an audible alarm

Particular emphasis to be placed on the readout of the monitors and the collation of useable data for the purposes of monitoring

Manufactures guidance on the maintenance and calibration of the monitors will be sought

### **Testing**

Smoke Monitor alarm testing to occur quarterly

Response to the audible smoke monitor alarm to be recorded and reviewed.

### **Training**

Documented Formal training on all WI to occur.

Records of training to be maintained.

A complete training plan to be drawn up for all mill operations.

This training plan to be reviewed annually

Toolbox training to occur on WI for boiler feeding at each shift

Training on the maintenance and calibration of the smoke monitors to be included in the Mills annual training program.

Refresher training to be 6 monthly and when new staff are inducted into the maintenance team

Training to be evaluated by the training department

### **Monitoring**

Maintenance logs and calibration to be kept

All logs to be signed by senior management and reviewed at monthly meetings

Daily emission readout to be sent to the Central Environment lab of immediate review and daily reporting.

Weekly reports on emissions and actions taken to be provided

Mill inspections to include smoke monitors and reports produced.

Sustainability audits to include smoke monitors function, monitoring and maintenance and reports produced

## **NCR ref CR08**

### **PNG National Interpretation Indicator**

2.3.1 Copies of negotiated agreements detailing process of consent (criteria 2.3, 7.5 and 7.6)

#### **Major compliance issue**

#### **Findings from the Initial Assessment Visit report**

For each ILG the Company holds a file containing details from the initial contact made by landowners through to the present time. Copies of the Lease-Leaseback Agreements are registered with the PNG Lands Department. Land acquisition followed the process of the Lands Act and the ILG Act. The Land Acquisition process involved only the Company, the Landowners and the Provincial Lands Division. There was no consultation of other parties, such as NGOs. Environmental impacts were assessed internally by the Company. There is no substantive evidence to show “open sharing of all relevant information in appropriate forms and languages, including assessments of impacts”. NBPOL has now recognised these shortcomings and has recently revised its procedure for land acquisition and new developments (Management Guideline MG01) to include requirements for consultation with neutral parties, such as NGOs. NBPOL has yet to formally approach an NGO for engagement in the process for awareness of landowners to demonstrate a commitment to “Free, Prior and Informed Consent”.

#### **Action taken by NBPOL**

NBPOL notes that any action involving communities and wider stakeholder engagement is time consuming and rate limiting

The process began in September 2007 with the SIA which has provided NBPOL with a clear road map for continuous improvement

A 12 month program has been devised and the elements of this are outlined below

#### **Commitment**

Top Management is committed to the implementation of the findings of the Social Impact Assessment and has recruited the author to direct and guide NBPOL through the shortcoming identified in the SIA. These shortcomings are similar to those found in the RSPO assessment and together both will be incorporated in the action required.

Capacity has been recently enlarged on site with the recruitment of an assistant lands officer and a Landscape Officer to strengthen NBPOL’s response and enable these plans to be put in action

NBPOL will engage with local and national NGO’s on FPIC

#### **Documentation**

Review of the Management Guideline (MG01 revised) and mini estates policy to ensure they meet the recommendations of the SIA and RSPO findings.

Review NBPOL level of involvement regarding the ILG setup and guidance needed for instance on the ILG constitution, committee selection process etc.

The focus to be on maximising the involvement of local people in:

- (a) assessment processes;
- (b) project design;
- (c) project implementation;
- (d) operation, monitoring and evaluation of the project.

A review of NBPOL's role in financial guidance of the ILG on financial and expectation management.

#### **Internal Capacity Building - Internal workshop for Managers:**

The workshop will focus on the design and methodologies of SIA.

The manager will learn how to begin and conduct an SIA.

1. The manner in which the public and various interested parties will be involved in the process.
2. The exact nature of the project or processes and any alternative scenarios regarding its future development.
3. The baseline conditions existing in a community or towards stakeholders prior to the advent of the projected change.
4. The anticipated impacts and affected parties.
5. Manager will be introduced specifically to the use of qualitative methods (in-depth interviews, focus groups, field observation, participatory concept)

The workshop will also be focusing on assessment techniques that can be used to examine the anticipated impacts on the community and to discover previously unanticipated impacts or affected groups.

The workshop will reflect specifically on the implications of SIA process.

#### **Internal Capacity Building - Monitoring**

Once an SIA assessment has been conducted, it can be utilized to modify or mitigate the effects of the proposed or expected change. Furthermore, SIA should allow for the continual monitoring of the community regarding the actual outcome of the change process. Monitoring and evaluation of actual outcomes can aid the impacted community and improve the implementation of future SIA's.

#### **Enabling stakeholder participation - workshops**

Structured group meetings at which a variety of key stakeholder groups, whose activities or influence affect a development issue or project, share knowledge and work toward a common vision. With the help of a workshop facilitator, participants undertake a series of activities designed to help them progress toward the development objective (consensus building, information sharing, prioritization of objectives, team building, and so on). The stakeholder workshops are used to initiate, establish, and sustain collaboration. Such workshops to include NGO representation

#### **Participatory approach**

It is necessary to emphasize that consultation is a two-way process of communication between NBPOL and the stakeholders as communities and interest groups will not see consultation processes as valid unless and until they see that their concerns are also addressed through the decisions making process in the projects.

#### **Start**

NBPOL will begin work as stated above immediately

The Director of Sustainability will go to PNG to oversee the work

It is expected to start this work in May

The nature of the work means that the process will be ongoing and completion of the tasks will be variable due to logistics

## **NCR ref CR09**

### **PNG National Interpretation Indicator**

4.7.1 A health and safety policy, which is implemented and monitored.

#### **Major compliance issue**

### **Findings from the Initial Assessment Visit report**

The company has developed a Health and Safety Policy. An OHS Management System is currently being implemented for achieving appropriate safety standards across all of the company's operations. A trained OHS Advisor has been recruited for coordinating the implementation and monitoring of the OHS Policy. Monitoring is carried out internally by recently established Site Safety Committees. Independent checks by the Safety Advisor have yet to be implemented. The Policy is not yet fully implemented and the monitoring element has yet to be consistently implemented, as evidenced by the existence of significant safety hazards and unsafe work practices.

Refer comments

#### 4.7.2

Unsafe work practices (welding without correct eye protection, faulty acetylene pressure regulator) were observed at three of the Mills and at the Refinery (working at height). Pesticide operators interviewed were aware of the safety precautions for chemical products and these were well implemented. However, the precautions for handling chemical fertiliser were not observed at mechanical spreading (Bebere).

#### 4.7.3

Adequate PPE is provided for pesticide handling and application and for FFB harvesting "Cutters". "Wheelers" and "Loose Fruit Collectors" are not issued with PPE. There are inconsistencies in the issue of PPE for some "FFB Loaders". Mill workers are issued with appropriate PPE, except for hearing protection. Most Managers, Supervisors and operators did not wear hearing protection during the audit inspection, even when entering areas with elevated noise levels. Most workers at the Kumbango Kernel Mill did not wear hearing protection. A noise survey has not yet been carried out to identify PPE requirements for various work stations

### **Action Taken by NBPOL**

#### **Commitment**

A director responsible for Sustainability has been recruited and an independent assessor engaged as trainer and consultant. The role of Sustainability auditor has been created.

The agreed plan of action resulting from this review to be signed off by the General Manager and actioned immediately.

#### **Noise Survey**

A noise survey of all mills, refinery KBT and field gensets to be commissioned and elevated noise level areas to be identified. Appropriate action to be implemented which will include issuing of PPE, training and awareness

A "decibel contour map" to be established

Mandatory signage to be implemented

Records of training and issue of PPE to be recorded



## **Documentation**

The Management guideline MG 04 06 07 and 08 are to be reviewed and revised by a team that includes Top Management, Engineering, Plantations and the Sustainability Depts in order to incorporate the desired OHSIP.

The revised MG's are to be approved by the independent assessor  
Site Specific controls to be documented implemented  
WI to be created for all stations within the mills, refinery and KBT

## **Design**

An evaluation of "elimination" and "design out approached" to areas of elevated noise levels to be commissioned  
New PPE for Fertiliser handling / use to be investigated

## **Training**

Awareness program for managers, Assistants and Supervisors on the use of PPE  
Documented Formal training on all WI's to occur.  
Records of training to be maintained  
Toolbox training to occur on the use of Hearing protection at each shift  
Refresher training to be 6 monthly and for all staff inductions  
A complete training plan to be drawn up for all mill operations (cf CR07 and CR10)  
The current complete training plan for all field operations which to be reviewed so as to capture OHS aspects.  
This training plan to be reviewed annually  
Training to be evaluated by the training department

## **Capacity training**

The new OHS advisor is to be given one on one training with the independent assessor. A mentoring program is to be drawn up for 2008

## **Monitoring**

PPE to be inspected monthly and records maintained  
Program of OHS inspection by OHS advisor  
Site Specific OHS checklist to be created and implemented  
OHS performance to be reported for each unit  
Current signage to be reviewed

Sustainability audits to include OHS and reports produced

## **NCR ref CR11**

### **PNG National Interpretation Indicator**

6.5.3 Labour laws, union agreements or direct contracts of standards income employment detailing payments and conditions of employment (e.g., working hours, deductions, overtime, sickness, holiday entitlement, maternity leave, reasons for dismissal, period of notice, etc) are available in the languages understood by the workers or explained carefully to them by a senior company official.

#### **Minor compliance issue**

### **Findings from the Initial Assessment Visit report**

The "General Policies and Regulations Handbook" details worker pay and conditions that include working hours, overtime, deductions, sickness, holidays, maternity leave and period of notice. This provides guidance

to Managers. The information on pay and conditions has not been communicated effectively to staff and workers.

1. • Female staff and permanent workers have not been made aware that the maternity leave provisions have been increased from six weeks to twelve weeks.
2. • Many field workers do not understand the information contained on pay slips. The system for payment of Loose Fruit Collectors is not transparent or understood by many workers.
3. • The system for payment of loose fruit is inequitable and does not take into account the extra work required during long harvest rounds when there are large quantities of loose fruit to be collected – ie bunch rate is not adjusted for these situations.
4. • Piece rated workers (harvest teams) do not get paid overtime at a “premium rate” for additional work at weekends (Sundays).
5. • Staff and workers at mills and plantations work excessive hours. Payslips for some mill workers show overtime exceeds 12 hours per employee per week and employees sometimes do not receive at least 1 day off in every 7 day period.

### **Action taken by NBPOL**

The CAR shows NBPOL is being assessed against RSPO indicator 6.5.3  
The Issues raised in bullet points 1, 2 and 5 will be addressed as follows:-  
Bullet point 5 states that excessive overtime hours are being worked.

#### **Commitment**

NBPOL will put in place procedures for making sure that changes in conditions are better explained to employees

The company will review our policy on the 12 hour overtime limit per week in consultation with our employees. All discussions will be documented

#### **Capacity building**

An awareness / Training program will target line management and the pay and conditions for employees

#### **Training**

Muster talks will include awareness on pay slips and voluntary overtime

Training will be recorded

#### **Implementation**

The company welfare officer will address all female employees on their reproductive rights and assist the company to form a gender committee

NBPOL comments that overtime is offered on a voluntary basis and does not conflict with indicator 6.5.3 in regard to contravening laws, direct contracts or agreements?

#### **Documentation**

NBPOL conditions will be freely available at all site offices.

A tok pisin version will be created

NBPOL pays well above the PNG national minimum wage which is ...kina 37 .18..... and the auditors present no evidence to the contrary. The company does not believe this is the remit of the auditor to make such statements when this is made in a vacuum of comparative analysis in the context of a major corrective action.

NBPOL vigorously rebut such comment as unjustified and misplaced.  
It provides the following evidence for this rebuttal

## Evidence 1

Below is a copy of the Memorandum of the Employees federation advising members of the new minimum wages

### **MEMORANDUM**

*Members of the PNG Employers' Federation are advised that the National Government has now approved and gazetted (effective 29 March, 2006) a variation to the National Minimum Wage and Allowances and declared them to be a Common Rule.*

*While the Federation and the TUC agreed to the increases some considerable time ago which would have impacted ONLY on Federation members, the Federation insisted, as a condition precedent, that they be declared a Common Rule by the Government before agreeing to implement the change. Effectively therefore, as a Common Rule, the new rates apply to ALL employers in the Country.*

*The new rates to apply (back dated to 29 March, 06 – date of gazettal) are detailed as follows:*

- *Senior rate – 84.5 toea per hour (44 hour week)*
- *Youth rate – 63.4 toea per hour (16 and 18 years)*
- *Camping Allowance – 80 toea per day.*
- *Tool Allowance – K 1.00 per week*
- *Heavy Duty Allowance – K 3.72 per week.*

*Effectively these new rates represent increases of:*

- *Senior and youth rates – 50.7% increase*
- *Camping Allowance – 60.0% increase*
- *Tool Allowance – 100.0% increase*
- *Heavy Duty Allowance – 50.7% increase*

*With the de-regulation of Wages in the 1992 Minimum Wage Determination, these rates will apply predominantly to the Rural sector and may also impact on the Security Industry. Other applicable rates will have been negotiated as Industry Award rates or by Workplace agreements.*

*Yours Faithfully,*

*John G. Jeffery  
**President.**  
9 June, 2006.*

## **Action to be taken by NBPOL**

The CAR shows NBPOL is being assessed against RSPO indicator 6.5.4  
The Issues raised in bullet points 1, 2 and 4 and 7 will be addressed as follows:-

### **Commitment**

NBPOL will review housing conditions for all workers.

NBPOL will review capital expenditure in light of the business plan and in line with principle 3. The review will include Top management, the construction and Sustainability Dept. A financial commitment will be included in NBPOL's business plan

NBPOL will review ventilation and installation of fans for shift workers

Bullet point 8 in regard to solar electrical supply, the only remedial action here is to install diesel powered back-up electrical reticulation which will be investigated and the environmental cost and capital cost to the business evaluated.

### **Housing Survey**

NBPOL will review reviewing staffing levels and capital works program to provide more adequate accommodation where this is shown to be required.

A survey will be conducted on legal occupancy

### **Repairs and Maintenance**

NBPOL construction team will address and rectify the issues of leaking housing.

A program of repairs will be implemented and monitored

### **Mosquito nets**

NBPOL will review the detailed guidelines on Malarial control including the distribution of nets. The 6 instances cited will be further investigated when locations and dates are provided. In this instance NBPOL feels that the policies and practices in place are adequate and that the non issuing of nets is symptomatic of poor local management

As such mosquito net SOP's will be reinforced by training

Mosquito net availability will be included in regular compound inspections and in the sustainability auditor reports

It should be noted that company makes nets freely available to workers and regularly replaces and treats them which is over and above legislative requirements

**Under bullet point 3** where comment is made to access to food gardens we want to check this against the national legislation which is the criteria under which we should operate and commentary made.

**Under bullet point 4** re: ventilation, comments made by auditors on heat retention are without data and unsubstantiated. The use cement rather than timber was in response to the availability of sustainable timber supplies

**Under bullet point 5** in regard to firewood supply is neither covered by legislation and comment here is without foundation on RSPO indicators.

**Under bullet point 7** it should be noted that solar power is affected by overcast days and it is not in the power of NBPOL to alter this. Solar power was on trial and operative costs prevent rapid changes in reticulation. Uninterrupted power supply is often found in towns within PNG and there is no legislation that 24 h power supply can be guaranteed. There is no national standard for this.

**Under Bullet point 9** in regard to outdoor cookhouses the assessment is made in the absence of reference to national legislation and is rejected as such as there is no reference against which the company can assess an appropriate standard.