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PUBLIC SUMMARY REPORT

FIRST ANNUAL SURVEILLANCE ASSESSMENT

POLIAMBA LTD (POLIAMBA)

New Ireland Province, Papua New Guinea

Report Author

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SUMMARY

BSi has conducted the certification assessment of the POLIAMBA operations comprising 1 mill, supply base, support services and infrastructure. BSi concludes that POLIAMBA operations comply with the requirements of RSPO Principles & Criteria: 2007; PNG NIWG Indicators and Guidance March 2008; and RSPO SCCS for CPO Mills Module D: Segregation for the following scope:

Sustainable production of crude palm oil 29,321 tonnes CPO and 6,766 tonnes of PK.

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

ABBREVIATIONS USED

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

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

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

The operations of the mill and their supply bases of FFB were assessed against the PNG NIWG: March 2008 of the RSPO Principles and Criteria: 2007; and RSPO SCCS for CPO Mills Module D: Segregation.

1.2 Certification Scope

This certification assessment includes the production from ONE (1) Palm Oil Mill and 5 company owned Estates and Small holders.

1.3 Location and Maps

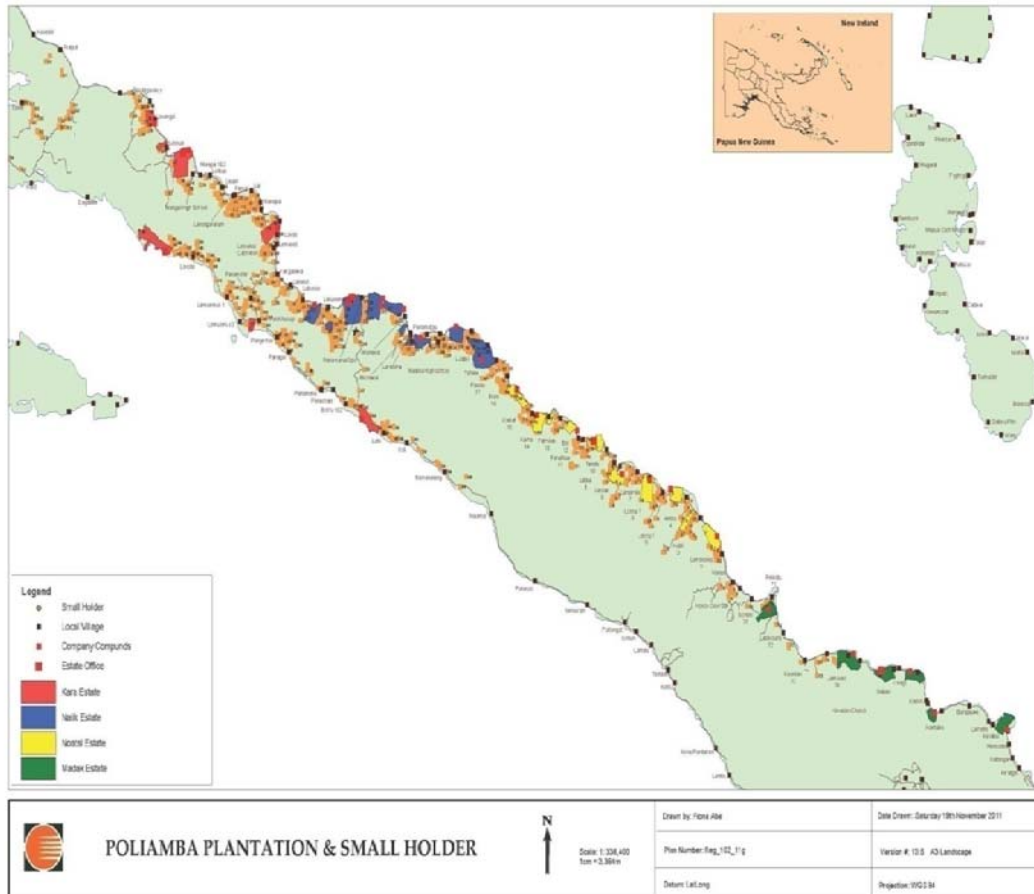
The Poliamba palm oil mill and estates are located in New Ireland province in PNG.

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

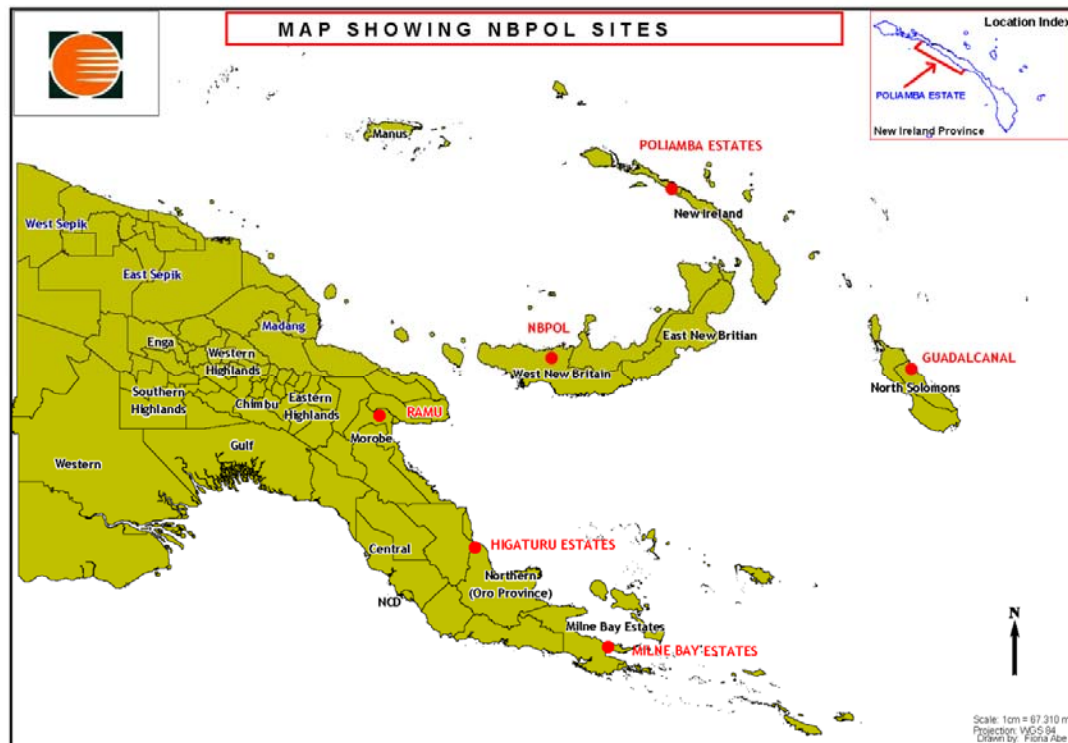
Table 1: Mill GPS Location

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

Map 1 – Poliamba Land Use



Map 2 Geographical Position of Poliamba Ltd



1.4 Description of Supply Base

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

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

Table 2: Plantation FFB Production 2010-12

Plantation	FFB (tonnes) - 2010	FFB (tonnes) - 2011	FFB (tonnes) - 2012
Nalik	30,648.00	33,582.27	33,582
Kara	14,484.08	17,600.60	17,601
West Coast	8,296.12	8699.49	8,699
Noatsi	27,118.30	32,698.29	32,698
Madak	24,938.73	25,924.47	25,924
Total	105,485.23	118,505.12	118,504

Smallholder Growers (SG's) supply approximately 15% of oil palm fruit processed by the Mill.

POLIMBA has continued to hold discussions with the SG's on RSPO ongoing management. POLIMBA has stated its commitment to work with the SG's on the continued

management of the RSPO P&C with the aim of maintaining small holder certification.

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

Table 3: Small holders and FFB Production 2010-12

Smallholders (Total No), 2010 - 2012	2010	2011	2012
1407	16,638.43	20,710.29	22832.51

1.5 Date of Plantings and Cycle

The company owned plantations were developed since 1989 under CDC – PACRIM and CTP (previous owners). The age profile of the palms on Plantations is detailed in Table 4.

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

Year	Age	Ha	%
1989	23	1134.40	19.9
1990	22	1464.60	25.7
1991	21	734.60	12.9
1994	18	77.70	1.4
1995	17	24.70	0.4
1997	15	309.70	5.4
1998	14	242.70	4.3
1999	13	727.30	12.8
2000	12	59.10	1.0
2011	1	238.00	4.2
2012	0	688.6	12.1
Total		5701.40	100.00

1.6 Other Certifications Held

Poliambaholds no other certification although were previously certified to ISO 9001 and ISO 14001 under previous management from 2000 to 2009. They intend to regain certification to ISO 14001 by **2015**.

1.7 Organisational Information / Contact Person

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

Contact Person:

Mr. Ian Rove Sahoto
Sustainability Manager

Phone: +675 9842079 Fax: +675 984 2081

Email: irsahoto@nbpol.com.pg

1.8 Time Bound Plan for Other Management Units

POLIAMBA Limited is part of the New Britain Palm Oil (NBPOL) group.

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

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

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

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

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

There are now no uncertified operations in the NBPOL Group.

There are no uncertified management units.

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

1.9 Area of Plantation

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

Table 5: Estates Hectare Statement

Plantations	2012	
	Mature (ha)	Immature (ha)
Nalik	1222.07	684.17
Kara	675.06	242.49
West Coast	455.43	0
Noatsi	1489.63	0
Madak	932.72	0
Total	4774.91	926.66

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

Table 6: Small holders Planted Area

	Mature (ha)	Immature (ha)
2010	2344.10	0
2011	2,343.20	63.00
2012	2315.66	205.06

1.10 Approximate Tonnages Certified**Table 7: Approximate Tonnages Certified 2010-12**

MILL	CPO	PK
Poliamba 2010	25,294.28	5,240
Poliamba 2011	29,321.00	6,766
Poliamba 2012	28,977.63	7,418

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

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

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

Inclusion of Small holders

Poliamba has continued to work with the Smallholder representative in the use of the “Planting Approval Form” which is used for environmental screening of SG applications for development of new areas of land to oil palm. The PNG NIWG submitted the “Planting Approval Form” along with the NI to the RSPO, EB and the public review process. Since late 2007, no new Small holders have been accepted without being subjected to a field assessment in accordance with the “Planting Approval Form”.

Small holders

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

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

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

The audit was carried out from 18th to 21th of February with 36 block inspections/interviews in total and a meeting with Oil Palm Industry Corporation (OPIC) the New Ireland Oil Palm Growers Association (NIOPGA) executive

This meeting was held as a result of the 100% negativity received by the audit team to the confidential question to block holders “are you satisfied with the performance of NIOPGA?” The meeting with the executive of NIOPGA was also cordial despite this negative reaction from small holders.

The audit team would like to thank Poliamba Oil Palm Limited (POPL), particularly the Smallholder Affairs department (SHA), OPIC officers and the executive of NIOPGA who participated in the audit process.

Although Smallholders represent a significant area of plantings, in fact a greater area than estate plantings, the production of FFB from smallholder blocks is only 15% of the total FFB production in New Ireland province. Recent improvements in smallholder fertiliser application have seen a considerable increase in yield which will only improve with continued fertiliser application.

The audit required a great deal of travel as blocks were located as far away as 180 Kilometres from the mill and on both the east and west coasts of New Ireland Province. The auditor made a specific request to OPIC and SHA team members that all plantations were identified along the drive so that an overview could be

ascertained along with the individual block inspections and interviews.

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

The validity of the smallholders survey results was tested by selecting a sample of 36 Small holders that were representative of a range of conditions and subjecting these to field audits. This figure is well in excess of the RSPO sampling guidelines. BSI also interviewed Smallholder representatives who had been involved in the baseline survey and confirmed their knowledge of the relevant RSPO P&C’s.

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Allan Thomas Lead Assessor

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

system audits in the last 12 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

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

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

Rod Parsons –Environmental

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

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

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

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

As the Commissioning Inspector he was seconded to Camp Scott and Furphy Consulting Group, as a member of the team engaged in detailed design, documentation, procurement and supervision of construction for Wollongong Water Pollution Control Plant.

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

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

NSW Public Works Department Wastewater Treatment Plant activated sludge and aerated lagoons - Operator (Level 1B - Distinction)

The University of NSW School of Engineering Municipal Wastewater Treatment

Total Catchment Management Conference (Wollongong University)

Water Pollution Control Plant Operator Training Course – One, (Water Board)

Water Pollution Control Plant Training Course Level O (Water Board)

Microscopic Techniques and Biology of Activated Sludge Course (Water Board).

Mike Finlayson - Technical Expert Social

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

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

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

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

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

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

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

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

Mike is also a director of Project Design & Management Pty Ltd (PDM), a company specializing in development

assistance and humanitarian aid, with a long history in PNG. Mike is conversant in Tok-Pisin

2.3 Assessment Methodology, Programme, Site Visits

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

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

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

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

Smallholders were also included in this audit a total of 36 blocks were audited out of the 1400 smallholder blocks. This is in excess of the requirements. They were all Village Oil Palm (VOP).

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

2.4 Stakeholder Consultation and List of Stakeholders Contacted

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

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

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

Research Association.

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

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

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators. In a number of interviews and meetings, the presence of company representatives did not restrict discussion of both the positive and negative aspects of POLIAMBA's operations. Although company representatives were present they were on the periphery and did not influence the process.

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

List of Stakeholders Contacted

Company employees:

- Gareth Disley, General Manager
- Cedric La Bloas, Field Manager
- Ian Rove Sahoto, Sustainability Manager
- Bruno Bolai, Sustainability Officer
- Nina Tovue-Abo, Human Resource Manager
- Noel Beckman, Construction Manager
- Turian Pasingan, Health Extension Officer
- Paula Brokam, Nursing Officer – Madak
- Kamerau Liman, Nursing Officer – Siccacui
- Joe Giru, Estate Manager – Madak
- Naomi Pelis – Sustainability Clerk
- Carol Aigilo – Sustainability Officer

Government:

- Michael Lamusan, Director – Emergency, New Ireland Provincial Administration
- Elizah Worogup, Coordinator – Environment, Forestry & Climate Change, New Ireland Provincial Administration
- Josepha Sarei, Rural Police Station Commander - Lakurumau

Employees (names withheld):

- Section Leaders, Nursery

Civil society:

- Patrick Topital, Chairman, 'Root of Change' and Provincial Coordinator – Men Against Violence Against Women (New Ireland)
- Tony Hare, Provincial Probation & Payroll Officer and Officer in Charge – Family Sexual Violence Action Committee (New Ireland)
- Peter Mitrap, Chairman – Men Against Violence Against Women (New Ireland)
- Lyle Alicksen, Branch Coordinator – Red Cross (New Ireland)
- Small Holders – see appendix E

Compounds were inspected at Lakurumau, Katu, Suma and Siccacui.

2.5 Date of Next Surveillance Visit

January 2014.

3.0 ASSESSMENT FINDINGS**3.1 Summary of Findings**

As outlined in Section 2.3, objective evidence was obtained separately for each of the RSPO Indicators for the Mill and the Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company's operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

Three (3) Nonconformity was assigned against Minor Compliance Indicators.

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

Nine(9) Observations/Opportunities for Improvement were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 28).

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

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

Criterion 1.1: Oil palm growers and millers provide adequate information to other stakeholders on

environmental, social and legal issues relevant to RSPO Criteria, in appropriate languages & forms to allow for effective participation in decision making.

POLIAMBA now ensures that any requests for information are recorded no matter what the format of that request.

Requestors now include name, address and contact details and clearly specify what information is required. There is also a process where a request for information is rejected by POLIAMBA and the reasons why it was rejected

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

Any requests for information is recorded by the relevant authority and if information cannot be made available the reason for this decision will also be recorded and explained to the relevant stake holders

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

Management have decided which documents are to be made available to the public and a list of these documents is now in place. The list was updated 4.2.2013 and displayed prominently on company noticeboards.

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

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

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

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

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

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

1. Land titles/Leases

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

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

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

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

The POLIAMBA OHS Plan will be made available on request. All Heads of Departments have a copy of the OHS Plan. It is also made available on the company's web site. It is also posted in all work areas in a prominent position on noticeboards where workers congregate at certain times. During the audit it was sighted in many areas including the mill and field offices and other areas such as workshops, stores and clinics. It is in both English and Tok-Pisin in all areas with more effective policies being displayed with more relevance to local population.

There is a documented procedure for dealing with complaints and grievances.

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

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

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

A number of growers held copies of Clan Land Use Agreements (CLUAs). However others either could not produce a current CLUA or claimed that they were

awaiting approval by the court. The number of small holders with current registered CLUA's is steadily improving.

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

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

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

All permits and licences viewed were not current this includes for example all water extraction permits and Boiler Licenses and Permits. However this is not the fault of Poliamba as they have paid all fees due and the relevant Government Department has not issued the certificates. There is evidence of regular follow up of these issues by the Sustainability Team.

The Environmental Permit reports for 2011 was submitted in January 2012 and the report for 2012 will shortly be submitted.

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

2.1.3 Observation: The method for passing information on law changes was not totally described and requires amendment that details the methodology used to disburse this information.

Action taken: This now tracked through internal audits and monthly and annual reports.

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

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

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

updated in December 2012 was quite extensive and included all legal and regulatory requirements known to concern POLIAMBA.

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

New Ireland is a matrilineal society where land matters are handled by the women. This has led to some apparently complicated CLUAs where one block holder, had signed as a Clan Leader, witnessed by his father, because the land belonged to his mother's clan. This is perfectly normal and legal by customary law in New Ireland.

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

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

There are instances of Lease-Lease back with portions 652 and portion 622. All requirements with regards to this lease are being met by the company

There are also four sub lease arrangements – all the remainder are agricultural or state leases.

Therefore all Documents indicate legal ownership or lease of land and all original leases and land titles are available in Head Office as well as any copies in operational areas. These titles are well managed and easy to locate at the moment. This is a large improvement from the pre-audit. All leases/titles could therefore be viewed.

Boundaries are normally landmarks such as Roads and Rivers which have been identified through participatory means with the customary landowners.

POLIAMBA recently engaged a registered surveyor to identify the legal boundaries and this is now completed. A number of small matters indicated that boundaries had been encroached by small holders following the survey. These were quickly resolved with records in place of the details of this issue which involved a small amount of palms.

There is evidence that legal boundaries can be clearly identified. Boundaries are marked on maps and with titles - some are marked with boundary pegs - have been previously surveyed. Pegs are being replaced if necessary once the survey has taken place.

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

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

Records of all resolutions are maintained with Sustainability Manager.

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

Therefore there are no significant land disputes within the operations of POLIAMBA.

Although some block holders mentioned that there had been some disputes in the past, these had all been resolved long ago and there were no current disputes in the blocks inspected and interviews held.

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

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

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

All Land Titles are in place.

There are copies of the small amount of negotiated agreements available detailing processes of consent - Copies of negotiated agreements are available in Land Title Officer Office and with company lawyer. This is with the one lease – lease back arrangement and four sub leases. The agreement for the lease – lease back for Portion 622 – this is a 99 year lease.

Sketch maps for all of the VOP were available during this assessment. They were completed in 2012.

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

The recent resigning of CLUAs indicated that there was general approval of the process by which blocks had been allocated.

Someblock holders interviewed had signed Statutory Declarations to assign their blocks in the event of their death however this is an on-going issue and Stat Decs are still required to provide title in the event of their death.

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

All requirements of this indicator have been met.

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

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

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

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

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

The Five Year plan is reviewed on, at least, a yearly basis with the CEO of the Group. The latest review and update was completed in February 2012.

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

POLIAMBA defines its Standard Operating Procedures in what it terms Management Guidelines (MG's). MGs are used as the framework for all operations. POLIAMBA refers to MG's and the Recognised Industry Field Handbooks for guidance. Other publications are used for reference only. The MG's which are being standardised throughout NBPOL are currently being re-written in Singapore and are expected to be finalised in 2013.

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

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

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

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

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

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

Regular inspections by Sustainability Manager determine effectiveness of processes in place. In regards to estates the estate managers will ensure MG's are being followed. This will be further supported by inspections by visiting Field Inspector – this is completed at least every three months with the latest report completed in January 2013.

The SOP's are further supported by routine regular scheduled preventive maintenance. This is planned and carried out under the Mechanical and Electrical Engineering divisions to ensure ongoing production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is reported and followed up to ensure documented practices are being followed.

The system requires that records of monitoring are kept. E.g. drain and pollution control devices (PCD's) as well as use of PPE etc. - any actions taken such as cleaning needs is recorded. This also needs to include action taken for any OHS breaches.

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 Senior Field Manager based in Singapore who carries out regular extensive field inspections which are further supported by the issuing and circulating of an inspection report to the relevant sections. Any non-conformances are recorded and followed up in a specified time frame. These inspections occur monthly and include each division in each estate however they could be better documented to provide objective evidence of all findings.

National Codes of Practice are referenced within each SOP or Management Guideline if applicable to that

particular operation. There is Code of Practice (COP), for Oil Palm Processing. This document is referenced in the legal register, SOP's and MGs. There are also Codes of Practices for Hydrocarbon and the Central Vehicle Workshop (CWS) these are again referenced in the MG's. Other COP's which affect estates are referenced in documentation and include Logging and Landfill.

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

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

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

Records indicate type of fertiliser used and block numbers of areas where it is applied

POLIAMBA has soil maps. Soil sampling was completed by an independent testing authority during 2006 and reports are available which includes outcomes and recommendations. This soil sampling also included maps of areas under planting.

There is evidence of periodic tissue analysis- with the latest analysis undertaken in April 2012 with results received in June with recommendations.

There was also a soil analysis which was also undertaken in April 2012 by the same Malaysian testing body. The results were made available by June 2012.

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

Tissue analysis completed by external testing body has taken place and records were viewed at this assessment. Tissue analysis interpretation is available from the Singapore Office which works closely with AAR Laboratory, Malaysia. Recommendations are made by Singapore office on the application of fertiliser. This was sighted in the OMP 8 records of application.

There is a nutrient recycling strategy in place - EFB, Frond Stacking, Palm residues are used in the field at harvesting and spreading of EFB. There is also the use of fibre and shell to reduce use of fossil fuels in furnace - assists in power generation.

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

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

All growers interviewed were applying fertiliser on a regular basis and understood the benefits of both fertilisers and other forms of nutrient addition, including the use of Empty Fruit Bunches (EFB), cover crop, placing of cut fronds etc. Although some did state they would like more training and information on the application of fertilisers.

Smallholder blocks visited showed excellent agronomic management. All block holders were recycling palm fronds by laying them between rows of palms to allow for composting, household vegetable waste was also used to improve fertility.

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

There are slopes over 25° however these are in areas with only small steeper hills not prolonged areas. Planting in these areas is OK as long as there are not planting on extensive areas over 25° and less than 30 metres.

Poliamba have maintained buffer zones near streams and rivers in steep areas. These remain intact.

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

At Poliamba the practice is to use old stand as nutrient (. In all areas cover crop is planted and it is no more robust and providing much better protection against soil erosion.

There are no known fragile or problems soils at POLIAMBA.

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

At replant any steep areas will not be replanted (over 25° calculated over 30 meters) and 100 metre buffers from high water mark of sea will be re-established if applicable (Siccacui).

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

All blocks with slopes over 25° are identified.

There are small pockets of peat of less than 150 hectares and are less than 3 metres deep and not planted in POLIAMBA.

Erosion risk assessments for each block has been completed. Maps are available that indicate any blocks which could be prone to erosion.

Seasonal factors are considered such as wet and dry seasons and techniques to control erosion include the following: provision of adequate legume ground cover, avoidance of over spraying of herbicides, review of road design and provision of adequate maintenance including appropriate drainage and use of culverts.

POLIAMBA is using irrigation practices which are designed to prevent erosion in the nursery - this area is controlled with regards to erosion due to flat terrain. Fronds are also used to prevent erosion following pruning and after harvesting of FFB. They also consider water use efficiency as there is no irrigation if over 10 mm of rain fall the previous night.

A plan for road maintenance including roads, blocks and time frames as well as budgets has been produced for 2012 for all estates. This includes management of rainfall run off however this was not well managed and a Minor NC was raised in the area. The Maintenance plan indicates priority of grading and which roads are to be included on an annual basis.

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

Although most of the blocks were on flat land, growers understood the importance of using cut palm fronds to arrest water flow where some blocks had sloping terrain. One block holder had even benched the steeper portions of her block.

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

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

BOD levels of discharges are monitored and have records for the previous 6 years at least. All recent reading show any discharge of POME is well below the allowable limit. During this assessment there was no discharge into the reed bed at the final pond due to low water levels.

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

POLIAMBA does have the facility to be able to monitor the water flow in mill as a number of flow meters have been installed. Water use is therefore being monitored. Effective records will continue to be collected and the data will be analysed

With regards to monitoring of water quality by an outside registered lab (SGS). The results indicate water quality is very high with no faecal coliforms and pH within the acceptable range.

POLIAMBA will take action to ensure use of water does not have an adverse effect on downstream users even though here are no downstream users in relation to Poliamba Oil Mill.

Hazardous Chemical residues are being adequately prevented from entering water courses in a number of areas. This in particular includes CVWS, Construction and Central Stores were management practices prevent hazardous substances entering water courses – new improved interceptors and other Pollution Control Devices have been installed. The interceptors that were constructed are proving very effective in managing water quality of any discharged waste water the plan goes on to formalise how stormwater and mill drains are regularly inspected and includes templates of records of any actions taken. Much of the plan is already implemented.

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

POLIAMBA monitors the water flow in the mill as a number of flow meters have been installed. Poliamba are monitoring the amount of water used per tonne of FFB. This is regularly below 1:1 for each month of testing. 91.5% throughout 2012.

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

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

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

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

Very few of the block holders lived on their blocks however water quality was not an issue and all said that the water was safe to drink. Most had water tanks, some had wells, all water sources were kept clean and none

were subject to pollution by washing fertiliser bags of throwing of rubbish.

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

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

There is a continual census of all pests on a regular basis to ensure any potential outbreaks are monitored. There have been no severe outbreaks of any pests for some time with the last outbreak being some 2 years ago in a limited area of Sexava which was effectively treated.

At present there is minor outbreak of Oryctes in one area and this is being monitored via the use of pheromones which are checked and counted each day to ensure a major outbreak is avoided. Biological means are therefore now being used in this instance

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

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

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

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

4.5.2 Observation: The hand picking of weed infestations in the new planting area should be

included as part of the IPM and is a non-chemical control method and technique should be set out.

Action: The hand picking technique has been included in the IPM (Clause 2.3.3).

All small holders were aware of the need to report any insect outbreak or fungal attack to the relevant OPIC officer.

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

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

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

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

It is POLIAMBA policy not to supply paraquat or any chemicals to any smallholders. This policy is strictly monitored.

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

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

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

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

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

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

- Pesticide Mixers
- Pesticide Sprayers
- Any chemical handlers in the stores

The training data is also maintained to show the nature and content of the training covered. This is available and centrally in all estates for whoever handles pesticides.

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

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

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

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

Where required MSDS are translated into the local language.

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

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

Pregnant and breast-feeding women are not permitted to handle chemicals. Managers and supervisors are aware of the policy, as are medical officers, who check with female chemical handlers during their six-monthly health checks.

All pesticide operators/handlers had last been screened in October/November 2012 and the company Health workers maintain records of screening and schedule. All chemical handlers receive a medical check-up every six months, including cholinesterase testing. Although the biochemistry machine (used to conduct cholinesterase tests) at Lakurumau needs repair, the tests can be conducted at Kavieng Hospital. The medical check-up is conducted by Poliamba's Health Extension Officer (HEO) and records maintained at the Lakurumau clinic.

All workers who come into contact with organophosphates have recently undergone **Acetyl cholinesterase testing** and the results were available.

4.6.13 Observation: Poliamba need to record actions taken when plantation pesticide operators tested and results indicate they are below the acceptable range.

Action: There is now a procedure which describes actions to be taken if operators are below acceptable range blood count including standing down and transferring to other duties is required and retested.

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

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

Small holders interviewed all stated that they did not use any pesticides at all.

The only chemicals used by growers were fertilisers and all empty bags were safely disposed of.

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

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

- Estates
- Mill
- Workshops
- Clinics
- Stores

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

boards and within documentation. It is also available in all areas in the local language in addition to the English version.

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

The Company has had limited supply of mosquito nets for some time, due to supply problems, and only provides mosquito nets to pregnant women. However, an order for mosquito nets was placed by the Company during the audit.

The Malaria Policy also states that houses are to be screened; however, it is not possible to screen many of the old houses that utilise traditional materials in their construction. It is suggested that treated mosquito nets are provided free of charge to any employee, and his or her dependants, that reside in houses which utilise traditional materials, as they are not mosquito-proof.

All areas have implemented and monitored this plan to a very substantial degree. The situation has improved considerably since the RSPO certification audit.

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

4.7.2 Minor Non Conformity: Some operations with health and safety as a concern have not had an adequate risk assessment as some areas have been omitted for example welding and hot work in the MVW.

Action Taken: Reviewed of health and safety risk in all Departments by reassessing all areas and rewriting SMPs with and for all Departments. Product will be Version 3 SMP.

Have completed awareness training based on risk assessed and preventive measures required. NC Closed

Current MSDS for all products are now available in all areas of operations as required and distribution is centrally controlled by Central Stores. There is a list of all chemicals used which is updated as new products are used or other products are no longer used. All pesticide stores have a standard set of MSDS in place for all chemicals used. This aids consistency and ensures all areas handling pesticides have consistent control.

It is concluded that all precautions with regards to products are being observed with regards to both chemicals and other material such as Rockwool which is now well managed.

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

4.7.3 Observation: At times the OHS risk ratings appear to be somewhat inconsistent and the risk consequences do not appear to be accurate.

Action: Risk rating of hazards is now much better controlled and risks are being consistently rated and controlled.

POLIAMBA has provided the required PPE appropriate to the task after the hazard has been identified and the risk assessed. The level of proper use of PPE is consistent for both workers and contractors in all areas including mill, workshops, estates etc. A very positive outcome was the absence of the use of incorrectly marked containers holding hazardous substances. In fact all areas of Safety Management have continued to improve. It must also be reported that the staff at Poliamba are very proactive with regards to policing the use of appropriate PPE at Morning Musters and workers are reprimanded if they do not use the supplied PPE.

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

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

Signage largely supports the use of PPE addressing when and what type of PPE is to be used and under what circumstances. Sign management and placement has improved and is well controlled as signs are more readily available and are correctly positioned to reinforce any requirements. The introduction of the lock out – tag out system was found to have reduced the risk of injury by having dangerous plant isolated during repairs and servicing.

A very few minor OHS issues were pointed out during the inspection and without fail these items were attended to immediately. See observation above.

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

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

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

- Mill
- Estates
- MVWS
- STORES
- Constructions

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

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

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

The clinics have improved greatly and many repair and renovations have either already taken place or at least planned in the improvement plan. There is now temperature control for medicines etc. that needs to be controlled in a certain range of temperatures. All fly screens have been repaired and all have facilities to boil water to sterilise items in the clinics.

A new clinic has been constructed, along with a house for the Nursing Officer, at Siccacui. The clinic has been constructed to a high standard and offers a far higher level of medical assistance than was previously available.

The clinic at Madak has been improved. All clinics have water, electricity, refrigerators and facilities to sterilise equipment and store medical supplies. Although the main clinic at Lakurumau is cramped and in need of expansion, the three clinics provide a high standard of medical support to Company employees and their dependents and some people from surrounding communities.

During the initial certification assessment in 2011 it was recommended that a radio be provided at Siccacui to ensure communication is possible during any emergency.

This has not occurred to date but will be provided before the end of 2013.

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.

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

There are records kept by Administration of First Aider training including copies of certificates awarded and expiry dates. Further training was completed for more First Aiders in 2012 and Poliamba is now well resourced with regards to First Aiders in all areas.

POLIAMBA monitors a number of Safety performance indicators such as lost time injuries and regularly reviews all incidents. All accident records are kept and reviewed. The information is reviewed by Management during high level safety meetings to ensure objectives are being achieved and all incidents fully investigated. This was verified during the audit. This is an improvement since the audit when it was unsure that all accidents are reported and investigated. There is also a trend analysis for all injuries to determine the most prevalent injury in an effort to reduce injury occurrence in all areas.

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

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

4.7.7 Observation: It is suggested that although all accidents are reported and LTA is available that a record of a rolling 12 months is maintained as this will allow management to determine trends and whether injury rates are reducing.

Action: Poliamba is now reporting accident and LTA's on a twelve month rolling average.

All workers are covered by workers compensation accident insurance.

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

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

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

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

Following the Audit, training for the HEO and Nursing Officers has been included in the training program. Training for the HEO has already commenced (one day per month on-the-job training with the doctor at Kavieng Hospital). A similar arrangement is planned for the Nursing Officers in 2012.

4.8.2 Observation Some OHS officers have not been trained in basic first aid. It is recommended that the Red Cross be re-engaged to provide additional training to ensure all OHS officers are trained in basic first aid; are familiar with the contents of the first aid kit and their application; and are aware of the appropriate referral procedures (and need for referrals) for more serious injuries or illnesses.

Action: This has now been rectified and all OHS officers have been trained in First Aid – records are available.

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

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

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

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

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

Most health staff have benefited from on-the-job training at Kavieng Hospital or through the attendance of other training events conducted by the provincial health authorities or AusAID. General in-service training may also be required for those staff who have had limited training in recent years.

Training records are therefore kept for all employees.

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

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

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

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

An Environmental Aspects and impacts register has been developed and is reviewed and updated at least annually the last update being in December 2012. The register is comprehensive and clearly identifies significant environmental aspects and also nominates any legal requirements or restriction classed within the aspects. This register covers all operations impacted upon by POLIAMBA. This register also includes occasional operations such as construction of roads, construction, management of mill and replants as well as intermittent operations such as drainage and irrigation and disposal of specific waste.

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

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

The methodology for determining aspects and impacts has been explained and matrix was available to determine how impacts were applied.

All departments visited did have current Environmental Impacts and assessments available.

There are many improvement plans in place for the estates, mill, motor vehicles workshop construction, Store and other areas. Such plans have funds allocated to them and clear timeframes for completion identified. All plans are now formalised and the improvements made are noted in the CIP (See 8.1). Some of the improvements identified at the certification audit are already complete including the excellent triple interceptor constructed at Central Workshop.

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

There is an Environmental Management plan in place which includes -

Impact assessment includes:

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

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

Growers are aware that fertilisers should not be applied close to watercourses and all those interviewed did not use pesticides on their blocks.

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

An assessor selected from the RSPO register of HCV assessors has carried out an assessment of the presence of HCVs within and adjacent to the POLIAMBA plantations. The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings. All of the land within the plantations has previously been used for other agricultural purposes and had previously been extensively logged.

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

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

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

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

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

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

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

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

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

POLIAMBA 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 reasonably successful although minor encroachment by local communities still occurs. POLIAMBA is engaging these communities as part of its implementation plans. Occasionally land owner groups implement their own systems to discourage encroachment.

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

Growers are aware of the history of the New Ireland Province with extended years of forest logging and conversion to agricultural crops. All growers expressed the need to conserve what natural habitat remained for the benefit of their children and future generations.

There was a general understanding of the conservation value of birds.

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

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

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

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

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

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

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

Landfill sites are in place for all areas. The landfill sites are well managed and sign posted. A caretaker has been appointed for all land fill sites.

The collection of household waste is well controlled. There are formal rubbish collections in all areas at least weekly. This is monitored regularly. The garbage collection system in each staffing compound includes separate bins for green waste and other household

garbage. The green waste is recycled and utilised for agriculture. The remaining household garbage is buried in land fill sites which are adequately fenced and managed. There is no evidence of windblown waste or bad odour in these areas.

There is no evidence of burning or putting green waste in landfills. All landfills are GPS and mapped and records are kept of start and finish dates. All landfill sites are well away from waterways and residential areas – over 1 kilometre in all cases. Landfill operators now fill from one end and compact as they go with regards to general waste. There is an attempt to segregate all waste and to recycle whatever can be recycled. Waste is therefore recycled wherever possible. Recycling includes information as types of wastes, prohibited wastes, recycling guides, re-use of nutrients, management of effluent ponds, increasing the efficiency mill extraction etc.

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

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

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

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

Of note is the improvement and restoration made to the areas of both workshops since the pre-audit which is exceptional. A new larger hydrocarbon interceptor trap and accompanying improved drainage at the workshop and vehicle wash bay at the CWS has been recently constructed and is operating very effectively.

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

Small holders mostly do not live on their blocks so domestic waste is minimal. All smallholder respondents showed evidence of domestic waste disposal in deep rubbish pits with the occasional burning within the pits of some non-biodegradable waste (e.g. plastic bags). In general there was very little evidence of burning of refuse.

POLIAMBA emphatically discourages the use of fire on smallholder blocks and provides training in the safe

disposal of waste materials and containers. The majority of growers live in their villages and so there are few domestic houses on blocks. Where these were seen all such block holders have rubbish pits for disposal of domestic waste.

No growers used hazardous chemicals on their blocks.

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

POLIAMBA uses fibre to power the boiler which produces steam, drives the turbine and produces electricity. The use of renewable energy in this early stage of the mill around 75% under normal operating conditions.

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

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

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

POLIAMBA started keeping records when the ISO 14001 system was introduced some 10 years previously.

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

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

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

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

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

Sharps and other medical waste are incinerated at the mill. All three clinics have appropriate containers for sharps and suitable plastic bags for other medical waste. Waste is transported to Lakurumau from the Madak and Siccacui clinics at least once a week, and often several times weekly, and appropriate records maintained in all three clinics. The smallholders are disposing of their waste in a responsible manner by mixing the organic waste with the pruned fronds and using a pit disposal method for other household waste. POLIAMBA has a strong "No Fire" Policy throughout its operations and those of Small holders.

Growers indicated that they had adopted the method of allowing cut vegetation to rot slowly and use of fire was minimal.

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

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

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

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

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

The treatment methodology of POME is recorded in effluent pond management plans and in MG 11 however POLIAMBA is not discharging POME at this stage due to relatively dry conditions due to the pond levels being low. Previous discharges in recent months have all been well below allowable BOD discharge limits

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

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

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

Potential significant pollutants also include control of bulk fuel tanks. The bunds were either too small or not effective in controlling potential spills from the tanks. There was a programme in place to ensure that all bunds are refurbished to ensure that they are within guidelines of AS 1940 – this has now been completed. This agreement is with Island Petroleum who is presently upgrading the bunds. This action is included in the CIP.

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

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

Poliamba prepared a SIP in November 2011 following the preparation of a Social Impact Assessment in July 2011 and subsequent consultation with local stakeholders. The SIP identified key social issues and mitigation strategies for addressing these issues. Poliamba is currently reviewing the SIP. The SIA included a number of detailed recommendations relating to:

- Housing;
- Occupational Health & Safety;
- Health;
- Livelihoods;
- Education;
- Workplace; and
- Flora and fauna surveys.

The key recommendations of the report were summarised in September and presented to 139 internal and external stakeholders using two locally recruited facilitators and one Sustainability Officer. The recommendations were subsequently revised and presented as the inaugural Social Improvement Plan (SIP). Poliamba Estates has demonstrated a clear commitment to a participatory approach in the identification of social impacts and preparation of mitigation strategies. Although it is expected that additional details will be included in subsequent updates of the SIP (e.g. adding indicators and more detailed annual targets for specific activities), the SIP provides an excellent starting point for the identification, implementation and monitoring of social impacts.

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

6.1.3 Observation: The SIP also provides the foundation for demonstrating continuous social improvement. It is recommended that external stakeholders are involved, when possible, in the monitoring of social mitigation strategies. It is also recommended that a range of internal and external stakeholders are involved in the

updating of the SIP, which should be undertaken on an annual basis.

Action: The Social Improvement Plan (SIP) was being updated during the audit. As discussed below, it is necessary to involve a wide range of stakeholders in the identification of current social issues, and the preparation of appropriate mitigation strategies, and to update the SIP on a regular basis (e.g. annually). This has been raised as a minor non-compliance.

SIP updates are to include a timetable for implementation along with responsibilities for mitigation and monitoring.

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

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

Poliamba has developed a good relationship with the Provincial Administration and other government agencies in the Province under NBPOL's management, although renewed effort will be required to maintain relationships due to recent personnel changes in the Provincial Administration, Kavieng Hospital and Police at Lakurumau. The Provincial Administration also needs to re-establish the Tax Credit Scheme committee to enable Poliamba to build or maintain infrastructure as a tax offset.

Poliamba is also developing good relationships with a range of locally-based NGOs, and Newcrest Mining, which operates the Lihir Gold Mine and is the other major private sector entity in New Ireland. Current discussions focus on joint approaches to environmental and gender issues. The cooperation to date is encouraging.

Three community representatives will be included in the LPC in future to help ensure community issues are brought to the attention of the Committee, and to improve reporting from the LPC to local communities. Poliamba will need to consider how this may most effectively be undertaken.

Poliamba has also commenced a program on Radio New Ireland, which provides an opportunity to provide awareness on Company plans and activities and other issues. Three programs have been aired to date.

6.2.2. Observation: While the Company has made substantial progress in its engagement with many stakeholder groups over the past year, further work will be required to communicate effectively with local communities, particularly in the lead up to the construction of centralised housing compounds. Formal meetings with the Provincial Administration may also be

required to help coordinate service delivery. The provision of information to the dependents of company employees may be enhanced if notice boards were placed at the clinics. It will also be necessary to consider how different stakeholder groups are engaged in the monitoring of social mitigation strategies and updating of the SIP (as discussed under Criterion 6.1).

Action: Poliamba has improved its engagement with the provincial administration, local community leaders and smallholders/smallholder representatives.

Opportunity for Improvement (6.2.2): Some of the forms used to document communication with stakeholders could be improved to ensure the nature of the communication and required follow-up action (or action taken) is adequately described. Given the multitude of communication methods, Poliamba may also benefit from standardising some of the forms used to record communication.

The Sustainability Manager has been nominated as the company representative for Environmental issues. Any person is able to contact the company representative for any environmental issue. Key stakeholders – and particularly those likely to raise environmental concerns (e.g. local government, NGOs, local community leaders) – should be aware of the nominated person.

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.

A formal grievance process has been established but is requires review (see below), operational guidelines, training for managers/supervisors and awareness among key stakeholders. Guidelines are required to define what a grievance is, how it is to be recorded and the required response. Differentiating between grievances and recording or reporting a crime, is essential. This has now been established and civil matters are now dealt with by the correct authorities.

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

Awareness sessions are being run to ensure workers, dependents and external stakeholders are aware of the system. This will be made easier if public notices describing the grievance mechanism are greatly

simplified by focusing on the key points and made as concise as possible.

Senior Managers are now being informed of any grievances which may need involvement of authorities outside of company management.

6.3.1 Observation: **A formal grievance process has been established, however, the Standard Operating Procedures need to be expanded to more accurately describe the grievance mechanism and procedures.**

Action: The grievance mechanism has been reviewed. However, an observation has been made in regard to raising awareness of the grievance mechanism (see below).

A separate grievance mechanism is to be set up for small holders, with resolution made clear, currently the grievance book contains smallholder requests and all other issues raised. During VOP farmer training sessions conducted prior to the RSPO audit, procedures for handling small holder grievances were discussed but this needs to be followed through to make sure farmers understand the process. Growers are therefore aware of the grievance mechanisms and report to OPIC, main office where there is a grievance recording book.

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. POLIAMBA has documented the process for access to customary land, which includes identifying legal and customary rights to land ownership and land use rights (Refer to Criterion 2.2). There have however been no major cases where compensation has been paid due to land issues in the previous 10 years.

Poliamba has a Standard Operating Procedure (SOP) for developing oil palm on new areas of either customary or alienated land. This includes procedures to ensure the identification of the customary owners; consultation with customary owners over the potential impacts, both positive and negative; environmental assessment; land suitability assessment; financial benefits and other aspects to ensure Free, Prior and Informed Consent. Poliamba has received requests from around 15 groups for the establishment of oil palm on their land. Poliamba is investigating these requests as per the SOP.

POLIAMBA is still considering an expansion on customary land using a lease-lease back arrangement. POLIAMBA will be able to benefit from the lease-lease back

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

The Company has also already entered into lease-lease back agreements with a number of parties (private landowners and the Catholic Church). The Company has adequate documentation for each agreement and has not experienced any problems with the arrangements to date.

All growers are either native to New Ireland or married into local clans (of those interviewed there were three men from other provinces married to local New Ireland women. All growers showed an awareness of local institutions and customs.

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.

At the time of the audit, Poliamba had 2,269 employees, of which half were permanent employees. Of the permanent employees, 92% are enrolled in a superannuation scheme. Poliamba has issued an instruction to Department Heads to identify the remaining permanent employees so they can join the superannuation scheme.

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

The Sustainability Team monitors the price of major food items in Kavieng and the Lakurumau area and plans to conduct a survey to help assess the actual cost of living for those employees on the minimum wage. This will help ensure that the pay and conditions provided are sufficient to allow a decent living standard. **POLIAMBA can ensure that contractors pay and conditions are in line with local requirements as there is now evidence that each contractor has agreed to meet legal terms and conditions.**

6.5.3 Opportunity for Improvement: The Induction Form could be amended to include (i) an explanation of superannuation entitlements (for permanent staff) and overview of documentation required, and (ii)

confirmation of whether the employee will be provided with housing or not, and the implication this has on the salary level (if any).

POLIAMBA ensures that contactor induction form is completed fully and that all inclusions are enforced.

Approximately 85% of the current workforce is from New Ireland Province, and a substantial proportion of these employees are willing and able to reside in their home villages. The workers that are provided with housing are currently located in a large number of generally small compounds with few of the basic needs. The houses have not been maintained over the past decade and when NBPOL assumed control of Poliamba Estates many compounds lacked adequate drinking water and adequate sanitation.

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

In 2011 Poliamba prepared a plan to consolidate the housed workers in five centralised compounds: one each in the Kara, Noatsi and Madak estates and two in the Nalik Estate (one at Lakurumau and one on the west coast). Establishing five main compounds will provide opportunities to not only improve housing, provide electricity and ensure adequate water and sanitation, but make improvements in relation to transport, communications, health, education, security, recreation and access to store goods and banking facilities. The development of five major compounds was considered an appropriate approach to addressing welfare conditions for the workforce and their dependents.

The centralised compounds were scheduled over a five-year period as follows:

Nalik estate (Lakurumau)	2012/13
Madak estate	2012/13
Noatsi estate	2014
Kara estate	2015
Nalik estate (west coast)	2016

Preparation of the site at Lakurumau has commenced and construction of the first 16 houses, accommodating 32 families, is scheduled to commence in March/April 2013. The design of the house has been finalised and one house built to this design. The house appears to be viewed favourably by employees, and is certainly a vast improvement over existing houses.

Improvements have also been made to some existing houses, particularly at Lakurumau, along with the provision of water tanks and toilets where required.

6.5.6 MINOR non-compliance: While Poliamba outlined a major housing program during the 2011 audit, the construction program has already been extended by one year due to financial constraints, and a relatively modest program approved for 2013 (i.e. construction of 16 houses at Lakurumau out of several hundred required over the five-year period). The funding delay has meant that the Company has not providing an effective approach to the provision of housing.

It will still be important for the Company to engage effectively with the Provincial Administration during the planning of the five new compounds, as these will impact on the population distribution within the province and the required level of basic services (health, education, police, etc.). Coordination between private and publically provided services will be essential.

Significant improvements have also been made in terms of the medical services provided by Poliamba Estates to its workers and dependents. An additional nursing officer has been recruited for the main Lakurumau clinic, and refrigerators and gas stoves provided to the Madak and Siccacui clinics.

There is a vibrant system of barter and community assistance during harvest and wheel barrowing the Fresh Fruit Bunches (FFB) to the market place for pick up. Payment for this assistance is by agreement and if on a day work basis the rate of pay is above the minimum wage.

There is therefore a well-developed network of family and community relationships which include the barter system or “work for work”, youth contracts and some casual daily work when required.

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.

The Company has a policy stating it respects the rights of employees to join a trade union. Poliamba Estates has recently simplified its notice describing the policy in *Tok-Pisin*. As with any policy, it will be necessary to review its level of understanding within the target audience over time, and revise the policy, its description and/or the methods used to promote the policy, as required. This right is covered in PNG law under the Labour Act.

POLIAMBA fulfills all the statutory requirements.

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

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

The Company has clear policies against under-aged employment and there appears to be common knowledge of this requirement among managers and supervisors. Ages are recorded on employment contracts.

Some children do help collect loose fruit and do other jobs on smallholder blocks. However, these jobs are typically undertaken with their parents and are generally undertaken outside of school hours. They do not therefore interfere with schooling, and are not considered to be overly heavy or hazardous.

The grower’s blocks are largely distant from their home villages and children were never kept out of school to work on the blocks. Sometimes families would work together on weekends and holidays on the blocks but appropriately to the child’s age, e.g. helping their mothers with the collection of loose fruit.

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

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

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

The EEO policy is displayed in all work areas and notice boards.

6.8.1 Observation: The Company has relevant discrimination policies and displays these on public notice boards. Poliamba Estates has recently simplified its notice describing the policy in *Tok-Pisin*. As with any policy, it will be necessary to review its level of understanding within the target audience over time, and revise the policy, its description and/or the methods used to promote the policy, as required.

Action: Key policies are promoted both visually (e.g. notice boards) and verbally (e.g. morning muster and other awareness programs). NBPOL – Singapore is also in the process of reviewing policies across Company operations.

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

Poliamba has a policy against sexual harassment and a domestic violence procedure. These are displayed at Company offices. A simplified TokPisin version of the sexual harassment policy is also displayed.

Domestic violence remains a serious issue, and it is important that both the incidence of domestic violence and the effectiveness of Company policies and procedures dealing with domestic violence are monitored. Unfortunately, the women's group at Poliamba has not met in the past year. However, the Sustainability Team is liaising with local NGOs, including Men Against Violence Against Women (New Ireland), and is reviewing procedures and opportunities for improvement. It may be that additional resources are required to provide counselling services at Poliamba, and additional training for staff, as part of a multi-faceted approach to dealing with domestic violence. Further support is encouraged.

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

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

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

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

6.10.1 Observation: There needs to be more transparency in the delivery of information on FFB pricing. The first two lines are exactly the same as the first line states FOB Indonesia, so the second line is superfluous. Equate to FOB is not grammatical and presumably means (minus the cost of freight and

insurance" and if so should be so written. The Mill Gate Price and the Farm Gate Price are exactly the same; this is because there is no Farm Gate price in New Ireland for smallholders.

Action: This has improved somewhat with explanations of the pricing formula now being more clearly stated.

6.10.1 Observation: The one complaint that was laid at OPIC and the company was the delay in FFB pick up, in fact the communication system advising growers when to harvest and pick up days was a bone of contention.

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

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.

There have been queries by various smallholders over the FFB price formula. Although there is general appreciation that prices will vary according to the world price of crude palm oil, there is uncertainty over the farmer's payout ratio and transport/other deductions. While NBPOL has prepared various publications and posters to help explain the pricing formula, the formula is currently being reviewed by the Independent Consumer & Competition Commission (ICCC). Poliamba takes the view that it is premature to raise awareness on the current formula when it may change in the near future. This is considered reasonable providing the review is concluded and changes to the formula enacted within a reasonable timeframe: although it is difficult to define a reasonable timeframe and Poliamba must be guided by the need to satisfy the queries of smallholders. In the meantime, it may be appropriate to raise awareness that the FFB price formula is being independently reviewed by the ICCC.

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

Poliamba Estates is one of the main economic drivers in New Ireland (along with the gold mining operations at Lihir and Simberi) by generating revenue for the

provincial government (through derivation grant entitlements); stimulating business activity through local procurement, and boosting personal income levels through direct employment, contracting opportunities and procurement of FFB from smallholders.

The Company is also liaising with the Provincial Administration in regard to the provision of support under the Tax Credit Scheme. The first project to be identified and approved under the TCS is a girl's dormitory for the Medina School. K150, 000 has been allocated to the project, which was approved in November 2011.

They have also added two building to the local school at Lakurumau which can also be attended by local non-company children.

New Ireland may also benefit from the NBPOL Foundation, which was established in 1997 and since then focused on support for health, education and law and order in West New Britain. In the past year NBPOL made a decision to extend the geographic coverage of the Foundation to include operations in New Ireland, Oro, Milne Bay and Madang/Morobe. Foundation expenditure has temporarily been suspended until the legal and administrative requirements relating to the broader geographic coverage have been reviewed and finalised.

The company makes substantial contributions to the local communities also in other ways such as providing support such as transport, loan of plant and agricultural support.

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

POLIAMBA has no new development on leased land at this time. All new development has taken place on land previously under cultivation. Many of the growers have small blocks of 1 hectare in extent and are planning to expand into the surrounding degraded areas. They are well aware of procedures for new plantings.

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.

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

There is very little natural terrestrial habitat within the vicinity of the coastal villages in New Ireland and the people are astutely aware of the ecological benefits of any natural areas that remain.

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

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

Soils are very shallow in New Ireland and based on coral. Growers are aware of the need to avoid planting on steep areas, swampy areas etc. The new Planting Approval Form (PAF) covers all these issues.

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

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

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

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

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

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

- The finalisation of a Social Improvement Plan, in consultation with internal and external stakeholders;
- Improvements to water supply and sanitation in existing compounds, along with general housing maintenance;
- The progression of plans for five centralised housing compounds;

- The simplification of Company policies that are displayed in *Tok-Pisin*;
- Improvements at the Lakurumau, Madak and Siccacui clinics, including the management of medical waste; and
- The inclusion of in-service training for the Health Extension Officer (HEO) and nursing officers.

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

When NBPOL assumed control of the Poliamba Estates the housing and general living conditions of the workforce and dependents were well below an acceptable level. Fortunately, 85% of the current workforce is from New Ireland Province, and a substantial proportion of these employees are willing and able to reside in their home villages. The workers that are provided with housing are currently located in a large number of generally small compounds with few of the basic needs.

The new management proposes to consolidate the housed workers in five compounds: one each in the Kara, Noatsi and Madak estates and two in the Nalik Estate (one at Lakurumau and one on the west coast). Establishing five main compounds will require a major investment in housing and other facilities in coming years, but will provide opportunities to not only improve housing, provide electricity and ensure adequate water and sanitation, but make improvements in relation to transport, communications, health, education, security, recreation and access to store goods, food garden areas and firewood.

The development of five major compounds is considered to be an appropriate approach to addressing welfare conditions for the workforce and their dependents. However, it will be essential to prepare a detailed development plan for each of the five compounds, including costs and timeframe, and ensure funds are included in future capital expenditure budgets. It will also be essential to provide improvements ahead of the development of new compounds, so that the most basic and rudimentary requirements for housing, electricity, water and sanitation are met. The Company has made significant progress in this respect since the Gap Audit in May 2011.

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

The company has implemented a Continuous Improvement Plan. Continuous improvement is a key requirement and a particular strength of the RSPO

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

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

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

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

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

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

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

A Continuous Improvement Plan is attached Appendix C.

3.2 Detailed Identified Nonconformities, Corrective Actions and Auditor Conclusions (also included as appendix D)

MAJOR NONCONFORMITIES

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

MINOR NONCONFORMITIES

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

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

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

6.5.6 MINOR non-compliance: While Poliamba outlined a major housing program during the 2011 audit, the construction program has already been extended by one year due to financial constraints, and a relatively modest program approved for 2013 (i.e. construction of 16 houses at Lakurumau out of several hundred required over the five-year period). The funding delay has meant that the Company has not providing an effective approach to the provision of housing.

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

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

OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

The assessment identified Ten (10) Observations/Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the next Surveillance Assessment visit scheduled for twelve months after certification date.

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

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

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

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

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

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

6.2.2 Opportunity for Improvement: Some of the forms used to document communication with stakeholders could be improved to ensure the nature of the communication and required follow-up action (or action taken) is adequately described. Given the multitude of communication methods, Poliamba may also benefit from standardising some of the forms used to record communication.

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

6.5.3 Opportunity for Improvement: The Induction Form could be amended to include (i) an explanation of superannuation entitlements (for permanent staff) and overview of documentation required, and (ii) confirmation of whether the employee will be provided with housing or not, and the implication this has on the salary level (if any).

6.10.1 Observation: The one complaint that was laid at OPIC and the company was the delay in FFB pick up, in fact the communication system advising growers when to harvest and pick up days was a bone of contention.

Observations made in the certification assessment are handled in the body of the report.

3.3 Noteworthy Positive Components

There has been notable improvement in a number of areas since the initial certification assessment in November 2011:

Maintenance of houses at Lakurumau;

The provision of water tanks and toilets, where required;

Construction of a new clinic and house for the Nursing Officer at Siccacui;

Improvements to the Madak clinic;

Completion of a dormitory at Madina Girls High School using funds under the Tax Credit Scheme;

Expansion of the membership of the Local Planning Committee (LPC) to include three community representatives;

Commencement of talks and awareness on Radio New Ireland; and

Recruitment of additional staff to the Sustainability Team.

Poliamba Limited (Poliamba) plays a key role in generating economic activity in New Ireland Province, not only in terms of direct employment and smallholder production, but through the use of local contractors and suppliers and contributions to economic and social infrastructure.

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

- **Lakurumau Police:**Experiencing a shortage of staff, vehicles and other resources. Will need to be included in discussions for the planned upgrading of police resources at Lakurumau.
- **Women in Oil Palm:**Suggests community notice boards and greater use of radio to provide information to local communities, along with greater interaction with ward development committees and village planning committees.
- **Employees (main nursery):**Suggest a water tank at the nursery (as a back-up source of drinking water) and the provision of broad-brimmed hats (due to the absence of shade) and socks (to reduce gum-boots rubbing).
- Suggests water is a priority that NBPOL could assist with in communities housing local workers.
- **The Emergency Director** is interested in what resources Poliamba Estates can provide in an emergency (e.g. radio/phone contacts, vehicles, etc.).
- **Men Against Violence Against Women:**Suggest a counselling ward and counsellor in the new clinic for Lakurumau

SmallHolders:

Interviews with smallholders in the Siccacui, Madak and Lakurumau areas indicated:

- **Heavy reliance on oil palm as the dominant form of cash income, replacing cocoa and copra, which have**

been the traditional cash crops in New Ireland in the past;

- **Widespread intentions to replant oil palm once palms mature;**
- **Few disputes over land on which oil palm is grown, although a considerable proportion of smallholders currently do not have a Clan Land Use Agreement (CLUA);**
- **Widespread use of fertiliser and significant yield increases since fertiliser became available to smallholders in 2011;**
- **Some, relatively small areas expected to be infestation from Ganoderma, and grasshoppers;**
- **No use of chemicals;**
- **Some use of hired labour, often on a contract system, but predominant use of family labour;**
- **A strong commitment to education, and while some children provided assistance to the family, generally to help collect loose fruit, this was limited to weekends or holiday periods;**
- **No major injuries or accidents while working on the oil palm blocks;**
- **Reasonable environmental awareness;**
- **Reasonable awareness of the current FFB price; and**
- **A desire for additional training, even though many smallholders have worked at Poliamba at some stage in the past.**

It was also noted that the major constraint to production was poor road access. This added to the labour requirements or production costs, and at times delayed and/or prevented fruit collection. While OPIC provides some awareness or training, most smallholders felt that OPIC should do more. To the contrary, the representatives and role of the New Ireland Oil Palm Grower's Association (NIOPGA) was not clear.

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

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

Signed for on behalf of
POLIAMBA

Gareth Disley

.....

Mr Gareth Disley
General Manager

Date: 2.3.13

Signed for on behalf of
BSi Management Systems Singapore Pte Ltd



.....

Mr Allan Thomas
Lead Auditor

Date: 2.3.13

Appendix “A”

RSPO Certificate Details

Poliamba Limited*(part of NBPOL)*

Lakurumau P.O. Box 46

Kavieng New Ireland Province

Papua New Guinea

Website: www.nbpol.com.pg

Certificate: SPO 573539

Applicable Standards: RSPO Principles &Criteria: 2007; PNG National Interpretation: 2008, RSPO SCCS for CPO Mills – Module D: Segregation

Poliamba Limited, Lukurumau Palm Oil Mill and Supply Base	
Location Address	Lakurumau Palm Oil Mill, Kavieng, New Ireland Province, Papua New Guinea.
GPS Location	South 02° 52.467 dd, East 151° 16.528dd
CPO Tonnage Total	28,977.63
PK Tonnage Total	7,418
PKO Tonnage Total (starting March 2012)	2,285
FFB Tonnage Processed Total	141,337
Smallholders FFB Tonnage	22,833

Estate	Production (ha)	Unplanted (ha)	Total Lease (ha)	Annual FFB Production (mt)
Kara	917.55	141.08	1058.63	17,601
West Coast	455.43	380.43	835.83	8,699
Nalik*	1,906.04	818.68	2,724.72	33,582
Noatsi	1,489.63	650.57	2,140.2	32,698
Madak	932.72	694.8	1627.5	25,924
TOTAL	5,701	2,686.26	8,386.88	118,504

*REPLANT PROGRAM – cause of reduced Productive Hectares in 2012

Appendix “B”

ASA1 Surveillance Audit Programme

RSPO AUDIT SCHEDULE

POLIAMBA, February 17th-20th 2013

Allan Thomas

Date	Time	Activity	Poliamba Staff
Sun , Feb 17		Arrival. Dinner at Guesthouse	SM
Monday, Feb 18	7:30-8:30	Opening meeting	All HoD
	8:30-10:00	Documentation	SM
	10:00-12:00	Mill, laboratory and Store	MM, LS, SS.
	12:00-1:00	Lunch Lakurumau	
	1:00-3:30	Construction (include site visit to Kara Estate or other)	CM, FM
	4:00-5:00	Documentation	SM
Tuesday, Feb 19	7:30-9:00	Mill ponds, landfill, Vehicle workshop	SO, LS
	10:30-12:00	Madak Estate- Office Documentation, Kameriba Compound	FM
	12:00-1:00	Lunch at Suma Beach (Guesthouse to prepare cut lunch)	
	1:00-2:00	Suma Compound and Plantation	FM
	4:00-5:00	Documentation	SM
Wednesday, Feb 20	7:30-8:30	Luburua Replant	FM
	10:00-11:30	West Coast, Sicacui	FM
	12:30-1:30	Lunch at Malagan	
	1:30-3:00	Town Office	TOM
	3:00-3:30	Red Cross	SD
	4:30-5:00	Closing Meeting	All HoD
	7:00	Dinner at Gareth's House	All HoD

Mike Finlayson

Date	Time	Activity	Poliamba Staff
Sun , Feb 17		Arrival, dinner	SM
Monday, Feb 18	7:30 - 8:30	Opening meeting	All HoD
	8:30-11:00	HR, Finance, Clinic	HM, FC, HEO,
	11:00 -12:00	OPIC	SHA, SO
	12:00 - 1:00	Lunch Lakurumau	
	1:00 - 3:30	Construction site visit	CM
	4:00 - 5:00	Interview Workers Lakurumau	SO
Tuesday, Feb 19	7:30 - 8:00	Police Station- Lakurumau	SO
	8:30 - 9:00	Women in Oil Palm- Fangalaua (Rose Elias)	SO
	10:30 - 12:00	Madak Esate- Kameriba Compound, Clinic	FM,SO
	12:00 - 1:00	Lunch at Dalam Guest House	
	1:00 - 2:00	Suma Compound and Plantation	FM
	4:00 - 5:00	Interview workers at Lakurumau	SO
Wednesday, Feb 20	7:30 - 10:30	Visit smallholders	SHA, SO
	11:30 -12:30	NIP Provincial Administration	SO
	12:00 - 1:30	Poliamba Guest House	
	1:30 - 2:15	Roots of Change (NGO)-Patrick Topital	SD
	2:15 - 2:45	Town meeting (open)	SD
	3:00 - 3:30	Town meeting (open)	SD
	4:30 - 5:00	Closing Meeting	All HoD
	6:00	Dinner at Gareth's House	All HoD

Rod Parsons

Date	Time	Activity	Poliamba Staff				
Sun , Feb 17		Arrival, dinner	SM				
Monday, Feb 18	7:30 - 8:30	Opening meeting	All HoD				
	8:30 - 5:00	SMALL HOLDER INTERVIEWEES (Accompanied by J.Tulvue, OPIC)					
		Name	Block #	Location	Region		
		William Kana	580-01	Dalom	South		
		Ben Malambes	574-04	Lamuso	South		
		Valentine Philimon	574-06	Lamuso	South		
		RaymonSubin	572-03	Lavatbura	South		
		Jerry Kuba	505-03	Lossu(1)	South		
		John Kode	509-10	Libba	South		
		John Bosko	508-12	Liedan	South		
		Paul Lagigi	508-01	Liedan	South		
		Damien Anska	511-08	Panafilua	South		
		Felix Gerath	515-16	Kafkaf	South		
		GeneviveSavitas	517-02	Fissoa	South		
		Joseph Langua	520-33	Madina	South		
		WasaKasarot	523-05	Munawai	South		
		Philip Temundik	524-11	Panamana	South		
		Eric Daniel	511-18	Panafilua	West		
Tuesday, Feb 19	7:30 - 5:00	Rebecca Talot	4532	Pangeifua	West		
		Betty Wilson	4518	Pangeifua	West		
		Tom Akai	5209	Putput II	West		
		Robert Savon	5207	Putput II	West		
		Eric Ephraim	4324	Panamafei	West		
		Kures Samuel	4037	Lavolai	West		
		Augustine Langechai	4108	Lamusmus II	West		
		BaijahLamasisi	4020	Lavolai	West		
		Leon Domarua	4205	Lamusmus II	West		
		Clement Melik	4202	Lamusmus II	West		
		Wednesday, Feb 20	7:30-5:00	RupenTonboka	2668	Lakurumau	North
				Noah Polas	2699	Lakurumau	North
Delila Wilson	2503			Lakurumau	North		
Mosley Siri	2655			Lakurumau	North		
Joseph Langay	2638			Lakurumau	North		
Francis Tokau	2643			Lakurumau	North		
Wilson Pirik	2694			Lakurumau	North		
JacklynTokmon	2912			Fangalava	North		
MichealMonai	2914			Fangalava	North		
Lesley Merengi	3204			Sali	North		
Janet Lekiu	3120			Nonopai	North		
Noah Sangin	3837			Ngavalus	North		
Graham Seno	3842			Ngavalus	North		

(Guesthouse to prepare cut lunch smallholder auditing team)

Appendix “C”

Continuous Improvement Plan

POLIAMBA LTD

Action Plan for Continual Improvement in Sustainable Performance

Introduction

This Action Plan for Continual Improvement identifies the planned actions that NBPOL Poliamba will take in order to further improve its performance in the key areas of:

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

NBPOL Poliamba commits to maintaining and reporting on progress implementing this improvement plan commencing August 2011 and reviewing it annually by June of that year. By following this plan, NBPOL Poliamba will continually improve its performance in issues having to do with sustainability¹.

Objectives

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

The timeframe for realising Objectives are based on short and medium term objective 1-2 and 3-5 years, towards which progress will be reviewed annually. In subsequent revisions of this Plan long terms objectives, more than 5 years, will be identified and committed to in this plan.

Scope

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

Implementation

Each activity will be monitored on an ongoing basis by the person responsible for its implementation and reported, where significant events have occurred, at regular management meetings. Periodically the Company will prepare and publish a Sustainability Report that will report on progress in the implementation of this plan for improvement. Within the life of the plan, it is expected that environmental, social, political and commercial requirements and expectations will evolve and the plan will respond in dynamic fashion to ensure continued relevance. Planned activities are identified on the following pages. They are grouped according to area of endeavour and time-frame. The tables provide information on the expected benefits to be achieved.

¹ These sustainability principles are defined in the following locations:

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

Pesticides

No.	Improvement Action	Reference	Planned Outcome	Timeframe	Indicators	Responsibility
1.1	Improve sprayer training to reduce spraying of non-target areas	4.7.3	Reduced Herbicide use, reduced ground cover damage	2011-13	Training records	Field Manager Field Trainer Technical Service Dep.
1.2	Install chemical interceptor and soak away at Nalik office.	4.6.8	Controlled chemical residue drainage	2013	Installed interceptor and Soak away	Field Manager Construction Manager
1.3	Improve training on handling and disposal of chemicals to field staff	4.6.8	More responsible usage of chemicals and improved ability to respond effectively to accidents.	2013-14	Improved application practices, improved emergency readiness.	Field Manager Field Trainer
1.4	Include chemical handling and disposal training for smallholders	4.6.8	More responsible usage of chemicals and improved ability to respond effectively to accidents.	2013	Improved application practices, improved emergency readiness.	Small holder liaison OPIC
1.5	Install emergency spill & response kit in town office	4.7.5	Safety shower installed at Kavieng town office	2013	Safety showering operating	Construction

Environment

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

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
2.1	Identification and demarcation of areas restricted to replant due to slope criteria	4.3.2	No planting on slopes > 25 degrees, calculated over 30 meters	2011-2015	No planting on slopes > 25 degrees, calculated over 30 meters	Field Manager Technical Service Department
2.3	Water monitoring program in compliance with DEC Permit and Water Management Plan by June 30, 2012	4.4.1	Water monitoring program	2013	Comprehensive water test results for all licenses, water testing program	Sustainability Manager

2.6	Education of staff and smallholders on the need to reduce burning and to ensure rubbish is segregated and correctly placed in landfill sites.	4.8.2	Improved Smallholder understanding, commitment and compliance	2011-13	Records of smallholder training, evidence of good smallholder performance	Sustainability Manager
2.7	Reduction in the quantity of water used in compounds through prompt repair of leaks and reduction of wastage.	4.4.1, 5.3.1	Reduced water consumption, reduced mosquito population with resultant malaria reduction.	2011-2013	Absence of leaks and water logging in compounds	Construction Manager
2.8	Develop and implement an ISO14001 compliant Environmental Management System and obtain certification	Company Policy	Improved control over environmental aspects by establishing a formalised framework subject to external audit	2013	Achievement of external certification	General Manager
2.9	Reinstate buffer zones along waterways in accordance with the Logging Code of Practice during replant and on new plantings.	4.4.2	Less riverine erosion, creation of wildlife corridors, trapping and filtering of plantation run-off.	2011-15	Established buffer zones along all waterways within and alongside plantation areas.	Field Manager
	Improve management of rainfall run off on road maintenance plan	4.3	Effective rainfall run off on estate roading and where spot maintenance is done.	2013 - 2015		

Waste Reduction

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

Refer to the Waste Management plan for further details.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
3.1	Improve management of scrap metal place behind maintenance workshop.		Organised			
3.2	Burning used oil in Mill after new boiler is installed and commissioned, June 2012	5.3.2	Dumping only oil filters in hydrocarbon pit	2013	Reduction of oil dumped in hydrocarbon pit	Transport Manager Mill Manager
3.3	Installing triple interceptor traps on all	5.3.2	Improved compliance with AS1940	2013	Triple interceptor	Construction

	bowzers and waste traps				traps	Manager
3.4	Recycling scrap metal	5.3.1	Reduction of scrap metal lying around	2013	Reduction of scrap metal lying around	Mill Manager Transport Manager
3.5	Implement household organic waste composting program	5.3.1	Reduction of volume in central landfill	2013	Longer usage of landfill	Sustainability Manager

Pollution and Emissions

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

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

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
4.1	Improve functioning of palm oil effluent treatment ponds	5.6.2	Reduced oil spill over	Dec 2012	Reduced load on the reed bed	Mill Manager
4.2	Reduce amount of sludge tank and pit overflow	5.3.2	Reduced sludge into waterways	2011-13	Amount of overflow events	Mill Manager
4.3	Improve EFB effluent runoff management at EFB Hopper and address the sludge pit and the pumping issue.	5.3.2		2013	Reduce overflow incidences	Mill Manager
4.5	Improve manual smoke monitoring procedure and practise to better conform to Ringleman 2 guidelines.		Revised procedure and improved monitoring	2013	Accurate manual recording records	Mill Manager
4.6	Improve daily water monitoring practise to ensure daily monitoring is conducted by mill staff		Daily monitoring of extraction volumes	2013	Daily records	Mill Manager
4.7	Re-establish bore water fencing at Lakurumau extraction sites.		Safe and secure water source.	2013	New Fencing	Mill Manager
4.8	Label all bulk fuel storage tanks indicating specified volumes		Labelled tanks indicating volume	2013	Labelled tanks	Mill Manager Field Manager

Social Impacts

Continued improvement in the social impacts of NBPOL Poliamba's activities include: construction of additional housing, establishment of stakeholder consultative committee, improvements to clinic facilities, improved communication and consultation with external stakeholders. Planning for increased housing is progressive as plantation rehabilitation activities reduce, staff turnover reduces and attendance improves.

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

A dedicated Social improvement plan has been developed and is being refined with input from the Liaison Committee (GCLC). It provides greater than the items listed below and should be read in conjunction with this list.

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
5.1	Maintain water tanks and guttering to compound houses	6.5.4	Provide adequate water	2013	Tanks per population	Field Manager Construction Manager
5.2	Maintain sanitation for compound houses	6.5.4	Provide adequate VIP toilets	2011	Doors per pit	Field Manager Construction Manager
5.3	Improved access to education for children of Company employees	6.5.4	All employee dependents more than 5km from schools have transport provided	2011-2012	% children living > km from school with reliable transport to schools	Field Manager Transport Manager
5.4	Improved medical facilities for all employees	6.5.4	All estates have clinics, Lakurumau has enlarged clinic with lab, maternity ward, out patient and doctor	2012-2013	Clinics	General Manager
5.5	Provision of counselling and awareness on gender issues	6.9.1	Active Women's Committee	2011-13	Reduction of cases of abuse	Human Resources Sustainability Manager
5.7	Additional staff and labor housing at five major compounds, Lakurumau, Kameriba, Bolegila, Katu and Sicacui.	6.5	Reduction of staff in substandard accommodation.	2012-2017	Improved housing at those location	General Manager
5.8	Outstanding issues classified under the negative effects and very bad perceptions	6	Review findings, prioritize list, 2012 action plans for top	June 2013		Sustainability Manager

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
	(Table 1) by the different categories of subjects should be addressed for future development and improvements					
5.9	The enumeration of employees as highlighted is an issue that has not only echoed by the employees but their spouses too. The company could look into this issue and adequately address it for the benefit of its employees.	6.5.1	Review recommendation discuss with HR and GM	June 2013		Sustainability Manager
5.10	Stakeholder consultation and open dialogue with other relevant authorities for innovative approach and ideas for improved conditions among the employees and the surrounding communities.	6.1.2	Include key relevant stakeholders onto the Local Planning Committee to review and assess social improvement plans	March 2013	Meeting record and updated SIP	Sustainability Manager / General Manager
5.12	Employee induction	6.5	Review of new employee induction format to include awareness on superannuation.	April 2013	Revised employee induction form	HR Officer / Sustainability Manager

Health and Safety

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
6.1	Continue OHS Training through First Aid Training, through training of trainer in OHS	4.7.3	Improved training delivered to high risk staff	2013	Trainer(s) trained in OHS issues through WNB trainers	Sustainability Manager
6.2	Improve existing internal clinics and add on 2 more internal clinics	4.7.6	Improve existing clinics and add on 2 more internal clinics Bolegila and Kara	2012-2013	Lakurumau clinic improved, new clinics for Madak and Kara	General Manager
6.3	Ensure consistent implementation of the OHS Plan through training and awareness of revised SMPs and procedures		Increased awareness of OHS plan and SMP		Training Records	Sustainability Manager
6.4	Ensure consistent reporting of OHS incidences through training and awareness		Increased aware of incident reporting procedure	2013	Training records Incident reports	Sustainability Manager

Legal Compliance and Transparency

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
7.1	Implement legal compliance checklist	2.1.1	Documented compliance evidence	2013	Compliance checklist	Sustainability Manager
7.2	Improve reporting of all KPIs	2.1.3	Improved quality of KPI datasets emerging from Poliamba	2011-2012	KPI Dataset review and improvement plan for 2011 and June 2012	Sustainability Manager
7.3	RSPO improvement program carried out after Surveillance Audit	8.1.2	Improvement Program based on Non-conformances & observations found.	2012	Non-conformance Act	Sustainability Manager

General (Forward Planning and other issues)

No.	Improvement Action	Reference	Expected Outcome	Timeframe	Indicators	Responsibility
8.2	Training to Sustainability Staff		Have one training for OHS Officer and one training for Environment Officer	2014	Completed training, with diploma	Sustainability Manager
8.4	Development and implementation of RSPO and general awareness amongst smallholders		Improved smallholder awareness and compliance with RSPO Principles and Criteria	2013	Improved smallholder awareness	Smallholder Liaison
	Register of smallholders to indicate availability of CLUA. A copy to be maintained by Smallholder affairs office		Revised Smallholder register	2013	Smallholder Register	Smallholder Liaison

Appendix “D”

Nonconformities, Corrective Actions and Observations Summary

3 Non-conformities against Minor Compliance Indicators

10 Observations/Opportunities for Improvement

MINOR NON-CONFORMANCE CORRECTIVE ACTIONS

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

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

RSPO Ref	OBS Ref.	OBSERVATIONS	Corrective Actions	Responsibility	Date Due	Status
		areas for restocking and should be available and therefore re-stocked on site so that first aid kits are always available. They should be inspected regularly to ensure they are adequate.	2. First Aid kits to be checked on a monthly basis	Manager		
4.8.1	OBS6	Much of the training for field workers is focused on basic skills, due in large part to the high turnover rate among the workforce. Although this focus is understandable, relatively little attention is given to long-term capacity building or career development. In the longer-term, this may limit the capacity of PNG staff to fill managerial or other senior	Reviewing Field training schedule to include supervisory training and basic management skills training for field staff. Training to be conducted by the Field trainer and relevant staff.	Field Manager / Field Trainer / HR Officer / Sustainability Manager	June 2013	
6.2.2	OF11	Some of the forms used to document communication with stakeholders could be improved to ensure the nature of the communication and required follow-up action (or action taken) is adequately described. Given the multitude of communication methods, Poliamba may also benefit from standardising some of the forms used to record communication.	<ol style="list-style-type: none"> Review communication methods & forms Amended procedure to be communicated to all staff and relevant stakeholders 	Sustainability Manager	May 2013	
6.3.1	OBS7	The grievance mechanism needs to be promoted more broadly among the workforce, and in particular, among	<ol style="list-style-type: none"> Grievance procedure to be communicated on public notice board at : <ol style="list-style-type: none"> estate offices OPIC/NIOPGA Noticeboard Procedure to be communicated through 	Field Manager / SHA Manager / Sustainability Manager	May 2013	

RSPO Ref	OBS Ref.	OBSERVATIONS	Corrective Actions	Responsibility	Date Due	Status
		smallholders and local communities.	existing Poliamba radio broadcast and stakeholder consultations.			
6.5.3	OFI2	The Induction Form could be amended to include (i) an explanation of superannuation entitlements (for permanent staff) and overview of documentation required, and (ii) confirmation of whether the employee will be provided with housing or not, and the implication this has on the salary level (if any).	Conduct review of Employee Induction form to include: (i) an explanation of superannuation entitlements (for permanent staff) and overview of documentation required; (ii) confirmation of whether the employee will be provided with housing or not, and the implication this has on the salary level (if any).	HR Officer / Sustainability Manager / General Manager	May 2013	
6.10.1	OBS8	The one complaint that was laid at OPIC and the company was the delay in FFB pick up, in fact the communication system advising growers when to harvest and pick up days was a bone of contention.	Pick schedule to be communicated the VOP councils. Any changes to be communicated immediately through noticeboard memos and a radio announcement by the local radio station.	Field Manager / SHA Manager / Sustainability	April 2013	

Appendix “E”

List of Small Holders Inspected during Assessment

SMALL HOLDER INTERVIEWEES (Accompanied by J.Tulvue, OPIC Officer, Bruno Bolai)

Name	Block #	Location	Region
1. William Kana	580-01	Dalom	South
2. Ben Malambes	574-04	Lamuso	South
3. Valentine Philimon	574-06	Lamuso	South
4. RaymonSubin	572-03	Lavatbura	South
5. Jerry Kuba	505-03	Lossu(1)	South
6. John Kode	509-10	Libba	South
7. John Bosko	508-12	Liedan	South
8. Paul Lagigi	508-01	Liedan	South
9. Damien Anska	511-08	Panafilua	South
10. Felix Gerath	515-16	Kafkaf	South
11. GeneviveSavitas	517-02	Fissoa	South
12. Joseph Langua	520-33	Madina	South
13. WasaKasarot	523-05	Munawai	South
14. Philip Temundik	524-11	Panamana	South
15. Eric Daniel	511-18	Panafilua	West
16. Rebecca Talot	4532	Pangeifua	West
17. Betty Wilson	4518	Pangeifua	West
18. Tom Akai	5209	Putput II	West
19. Robert Savon	5207	Putput II	West
20. Eric Ephraim	4324	Panamafei	West
21. Kures Samuel	4037	Lavolai	West
22. Augustine Langechai	4108	Lamusmus II	West
23. BaijahLamasisi	4020	Lavolai	West
24. Leon Domarua	4205	Lamusmus II	West
25. Clement Melik	4202	Lamusmus II	West
26. RupenTonboka	2668	Lakurumau	North
27. Noah Polas	2699	Lakurumau	North
28. Delila Wilson	2503	Lakurumau	North
29. Mosley Siri	2655	Lakurumau	North
30. Joseph Langay	2638	Lakurumau	North
31. Francis Tokau	2643	Lakurumau	North
32. Wilson Pirik	2694	Lakurumau	North
33. JacklynTokmon	2912	Fangalava	North
34. MichealMonai	2914	Fangalava	North
35. Lesley Merengi	3204	Sali	North
36. Janet Lekiu	3120	Nonopai	North
37. Noah Sangin	3837	Ngavalus	North
38. Graham Seno	3842	Ngavalus	North

Appendix 'F'

Supply Chain Report

Poliamba Supply Chain 17.2.13

Requirements	SG
1. Documented procedures	
<p>1.1 The facility shall have written procedures and/or work instructions to ensure implementation of all the elements specified in these requirements. This will include as a minimum</p> <p>a. up to date procedures covering all elements of supply chain requirements</p> <p>b. The name of the person having overall responsibility for and implementation of these requirements and shall demonstrate awareness of facilities for implementation of the standard</p> <p>1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB.</p>	<p>At this stage there are written/documented procedures for the chain of custody for Poliamba Oil Mill</p> <p>Supply Chain Management Guideline Issue 2 November 2011</p> <p>Approved by: Gareth Disley – General Manger Responsibility: Ian R Sahoto - Sustainability Manager</p> <p>The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline</p>
2. Purchasing and goods in	
<p>2.1 The facility shall verify and document the volumes of certified and non-certified FFB received.</p>	<p>Around 85% of material comes from Poliamba Estates therefore there is no PO. 15 % comes from Small Holders. With Small Holders Poliamba use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate</p>

<p>2.2 The facility shall inform the CB immediately if there is projected over production</p>	<p>weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location.</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p>
<p>3 Record keeping</p>	
<p>3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements.</p> <p>3.2 Retention times for all records and reports shall be at least five (5) years.</p> <p>3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis.</p> <p>3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated.</p>	<p>There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable</p> <p>The previously certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years</p> <p>The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB</p> <p>The supply chain model is clearly indicated on all sales contracts</p>
<p>4. 4 Sales and goods out</p>	
<p>4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information:</p> <p>a) The name and address of the buyer;</p>	<p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p>

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

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

6. Training	
6.1. The facility shall specify the training requirements for all staff as required to implement these requirements.	Staff in the weighbridge are already competent in separating the source of the material and this can be related to company & small holder material – all RSPO. There are records of competency of staff in weighbridge
6.2. Training shall be provided to all staff as specified.	Staff in the weighbridge are already competent in separating the source of the material and this can be related to company & small holder material – all RSPO. There are records of competency of staff in weighbridge
6.3. The facility shall keep records of the training provided to staff in relation to implementation of these requirements.	Records of all training are maintained as part of RSPO

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