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PUBLIC SUMMARY REPORT

RSPO RECERTIFICATION ASSESSMENT

NEW BRITAIN PALM OIL LIMITED

Mosa, West New Britain, Papua New Guinea

Report Author

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SUMMARY

BSI has conducted a renewal assessment of the NBPOL operations in West New Britain comprising 5 mills, 1 refinery, 1 fractionation plant, supply base, support services and infrastructure. BSI concludes that NBPOL operations comply with the requirements of RSPO Principles & Criteria: 2007 and PNG NIWG Indicators and Guidance March 2008 2008 for the following scope: All of NBPOL has adopted the segregated supply chain formula including Annex 4: Procedures for annual surveillance and supply chain requirements for CPO Mills – November 2011.

SUSTAINABLE PRODUCTION OF PALM OIL FROM JAN-DEC 2013 (283,742 TONNES CPO AND 70,142 TONNES OF PK).

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

ABBREVIATIONS USED

| | |
|----------|--|
| BOD | Biological Oxygen Demand |
| CC | Cover Crop |
| CDM | Clean Development Mechanism |
| CIP | Continuous Improvement Plan |
| CLUA | Clan Land Usage Agreement |
| COP | Code of Practice |
| CRP | Customary Right Purchase |
| DEC | Department of Environment & Conservation |
| DLPP | Dept of Lands & Physical Planning |
| DLQ | Type of housing provided |
| DOH | Dept of Health |
| DOL | Department of Lands |
| EB | Executive Board OPIC |
| EFB | Empty Fruit Bunch |
| EMS | Environmental Management System |
| FFB | Fresh Fruit Bunch |
| FPIC | Free, Prior and Informed Consent |
| GHG | Green House Gas |
| GPPOL | Guadalcanal Plains Palm Oil Limited |
| HCV | High Conservation Value |
| HOPGA | Hargy Oil Palm Growers Association |
| IE | Independent Estate (a class of Smallholder) |
| ILG | Incorporated Land Group |
| IPM | Integrated Pest Management |
| IRCA | International Registration of Certified Auditors |
| ISO | International Standards Organisation |
| LLB | Lease-Lease Back |
| LSS | Land Settlement Scheme (a class of Smallholder) |
| LTI | Lost Time Injuries |
| KBT | Kimbe Bulk Terminal |
| MG | Management Guidelines |
| MSDS | Material Safety Data Sheet |
| MTL | Mosa Transport Limited |
| NBPOL | New Britain Oil Palm Limited |
| NLDD | Native Land Dealing Document |
| OD | Company Out Grower (Smallholder), Department |
| OHS | Occupational Health & Safety |
| OHSAS | Occupational Health and Safety Systems |
| OMP8 | Oil Palm Management Program used by the company |
| OPIC | Oil Palm Industry Corporation |
| OPRA | Oil Palm Research Association |
| PAF | Planting Application Form |
| 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 |
| RAIL | Ramu Agri Industries Limited |
| 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 |
| SHA | Small Holder Association |
| SIA | Social Impact Assessment |
| SM | Company Sustainability Manager |
| SOP | Standing Operating Procedure |
| TCS | Tax Credit Scheme |
| TRP | Timber Rights Purchase |
| TSS | total Suspended Solids |
| VOP | Village Oil Palm (a class of Smallholder) |
| VWS | Vehicle Workshop |
| WNBP | West New Britain Province |

1.0 SCOPE OF CERTIFICATION ASSESSMENT

1.1 National Interpretation Used

The operations of the mills and their supply bases of FFB were assessed against the P&C PNG-NI 2008.

1.2 Certification Scope

This certification assessment includes the production from five (5) Palm Oil Mills and 14 company owned plantations, 17 company managed “Mini Estates” and Smallholders.

A new CPO Mill was commissioned during 2012 and mills details are in Appendix and Supply Chain report.

1.3 Location and Maps

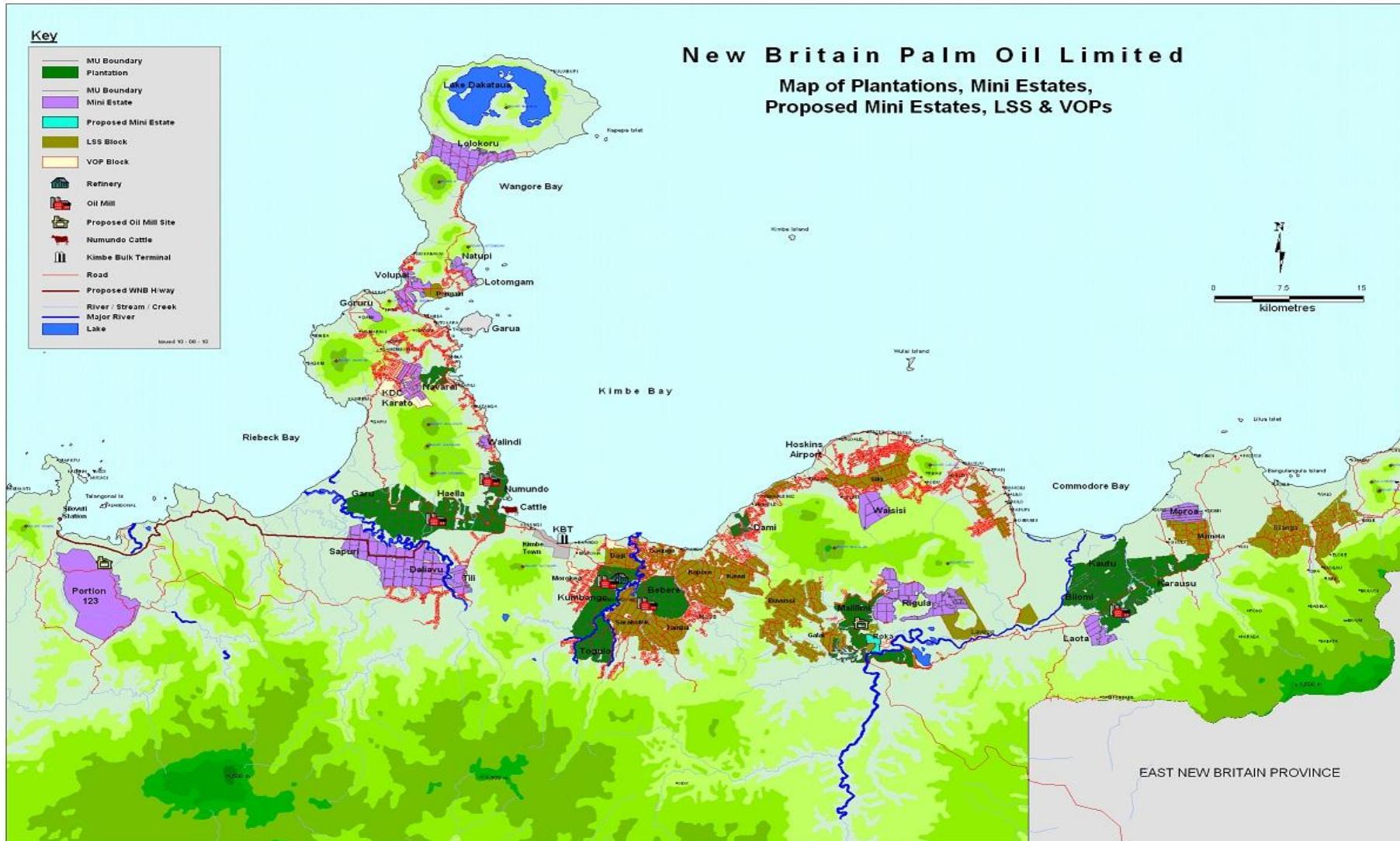
The NBPOL palm oil mills and plantations are located in West New Britain Province of Papua New Guinea.

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

TABLE 1: MILL GPS LOCATION

| MILL | EASTINGS | NORTHINGS |
|----------|-----------|------------|
| Mosa | 193904.84 | 9377831.2 |
| Kumbango | 191134.07 | 9381192.85 |
| Numundo | 171370.44 | 9388596.38 |
| Kapiura | 243536.48 | 9377869.69 |
| Waraston | 178000.00 | 9392000.00 |

Figure 1 Location Map



1.4 Description of Supply Base

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

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

TABLE 2: PLANTATION FFB PRODUCTION JAN - DEC 2013

| Plantation | FFB (tonnes) |
|--------------|----------------|
| Bebere | 46,359 |
| Kumbango | 57,950 |
| Togulo | 34,100 |
| Dami | 7,982 |
| Kautu | 67,056 |
| Kaurusu | 39,603 |
| Bilomi | 38,074 |
| Malilimi | 60,268 |
| Numundo | 30,723 |
| Haella | 55,733 |
| Garu | 64,050 |
| Navarai | 12,142 |
| TOTAL | 514,040 |

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

TABLE 3: MINI ESTATES FFB PRODUCTION JAN – DEC 2013

| Mini Estate | FFB (tonnes) |
|--------------|----------------|
| Waisisi | 17,888 |
| Lotomgam | 5,511 |
| Natupi | 4,393 |
| Volupai | 28,620 |
| Goruru | 1,774 |
| Lolokoru | 64,800 |
| Laota | 15,691 |
| Moroa | 21,789 |
| Rigula | 65,520 |
| Tili | 12,565 |
| KDC EU | 2,560 |
| Karato ME | 5,940 |
| Karato EU | 6,048 |
| Daliavu | 47,339 |
| Sapuri | 39,017 |
| Ove | 3,402 |
| TOTAL | 342,857 |

Smallholder Growers (SG's) supply approximately 34% of the total tonnage of oil palm fruit processed by the Mill.

NBPOL has continued to hold comprehensive discussions with the SG's on RSPO implementation and continued management. NBPOL has restated its commitment to work with the SG's on the ongoing implementation of the RSPO P&C with the aim of maintaining certification to RSPO P & C.

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

TABLE 4: SMALLHOLDERS AND FFB PRODUCTION JAN – DEC 2013

| Smallholders (Total No) | FFB (tonnes) |
|-------------------------|--------------|
| 7800 | 433,423 |

1.5 Date of Plantings and Cycle

The company owned plantations were first developed in 1967 and some are being replanted and are now entering the third cycle. The palms planted on Mini Estates have been planted during the past 13 years and are in the first cycle. The age profile of the palms on Plantations and Mini Estates is detailed in Table 5.

TABLE 5: AGE PROFILE OF COMPANY ESTATE PLANTED PALMS

| AGE (years) | % of Planted Area |
|-------------|-------------------|
| 1 | 3 |
| 2 | 2 |
| 3 | 2 |
| 4 | 4 |
| 5 | 6 |
| 6 | 3 |
| 7 | 9 |
| 8 | 9 |
| 9 | 8 |
| 10 | 8 |
| 11 | 7 |
| 12 | 4 |
| 13 | 5 |
| 14 | 4 |
| 15 | 5 |
| 16 | 4 |
| 17 | 5 |
| 18 | 4 |
| 19 | 1 |
| 20 | 1 |
| 21 | 0 |
| 22 | 0 |
| 23 | 1 |
| 24 | 2 |
| 25 | 3 |
| 26 | 1 |

1.6 Other Certifications Held

NBPOL has held ISO 14001:2004 since March 2004. The scope of the Certification includes all of the NBPOL operations.

1.7 Organisational Information / Contact Person

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

Contact Person: Mr. Harry Brock. General Manager
Phone: +675 985 2177 Fax: +675 985 2019
Email: HARRY.BROCK@NBPOL.COM.PG

1.8 Time Bound Plan for Other Management Units

NBPOL owns 5 operations in Papua New Guinea and one operation in the Solomons. As per time bound plan submitted all operations have now been certified within the committed time frame and all are compliant with the group certification rules applicable (no substantial land conflicts and in compliance with all other requirements set by the RSPO). GPOL achieved RSPO certification in March 2011.

NBPOL also owns Ramu Agricultural Industries Limited which includes a Palm Oil component. It comprises a Mill and approximately 6400 ha planted to Palms in Morobe Province, Lae, PNG. The first plantings were made in October 2003.

The operations were acquired by NBPOL in September 2008 and there are no land conflicts at present. RAIL achieved RSPO certification in July 2010.

All of these operations achieved certification following the time bound plan. Poliamba achieved certification in February 2012 and Milne Bay achieved certification December 2012 and Higaturu in January 2013.

All units within NBPOL plan in both PNG and Solomon Islands have now achieved certification to RSPO P & C within the time bound plan.

1.9 Area of Plantation

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

TABLE 6: ESTATES HECTARE STATEMENT (JULY 2013)

| Plantations | Mature (ha) | Immature (ha) |
|--------------------|--------------------|----------------------|
| Bebere | 1717.1 | 212.6 |
| Kumbango | 2317.8 | |
| Togulo | 1364.3 | |
| Dami | 306.6 | 65.4 |
| Kautu | 2794.3 | 93 |
| Kaurusu | 1584.1 | 246.6 |
| Bilomi | 1359.8 | 563.7 |
| Malilimi | 2318.2 | |
| Numundo | 1616.93 | |
| Haella | 2229.33 | 208.8 |
| Garu | 2562.4 | |
| Navarai | 687.4 | |
| TOTAL | 20858.26 | 1390.1 |

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

TABLE 7: MINI ESTATES AND AREAS PLANTED (JULY 2013)

| Mini Estate | Mature (ha) | Immature (ha) |
|--------------------|--------------------|----------------------|
| Waisisi | 559.1 | 0 |
| Lotomgam | 204.1 | 0 |
| Natupi | 162.7 | 0 |
| Volupai | 1060 | 0 |
| Goruru | 65.7 | 0 |
| Lolokoru | 2024.7 | 0 |
| Laota | 560.4 | 0 |
| Moroa | 807 | 0 |
| Rigula | 2519.6 | 0 |
| Tili | 502.6 | 0 |
| KDC EU | 252 | 0 |
| Karato ME | 220 | 0 |
| Karato EU | 288 | 0 |
| Daliavu | 2058.2 | 0 |
| Sapuri | 1773.5 | 0 |
| Ove (Silovuti) | 567.3 | 1662 |
| TOTAL | 13057.6 | 1424.2 |

The areas of Smallholders planted palms listed in Table 8.

TABLE 8: SMALLHOLDERS PLANTED AREA (JULY 2013)

| Mature (ha) | Immature (ha) |
|--------------------|----------------------|
| 25195 | 2226 |

1.10 Approximate Tonnages Certified

The amount of CPO and PK to be certified appears in table 9.

TABLE 9: PROJECTED TONNAGES CERTIFIED 2013

| MILL | CPO | PK |
|--------------|----------------|---------------|
| Mosa | 59,355 | 14,193 |
| Kapiura | 71,226 | 16,258 |
| Kumbango | 61,032 | 15,897 |
| Numundo | 43,355 | 11,252 |
| Waraston | 48,774 | 12,542 |
| TOTAL | 283,742 | 70,142 |

FFB projected tonnage for each estate is currently shown in the report under table 2 and table 3, these are projected figures for end of 2012.

TABLE 10: UTZ Traded CPO and Projections

| Year | Volume |
|----------------------|---------------------|
| From Oct - Dec 2012 | 57,153.01 |
| From Jan - July 2013 | 226,162.84 |
| Aug to Dec 2013 | 108,673 (estimated) |
| Jan-Dec 2013 | 334,835.84 |

1.11 Date Certificate Issued and Scope of Certificate

Scope

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

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

Inclusion of Smallholders

Smallholders have been included in the NBPOL certification from the start of the first certification in 2009. The PNG NIWG submitted the "Planting Approval Form" along with the NI to the EB and the public review process. Since late 2007, no new SG has been accepted without being subjected to a field assessment in accordance with the "Planting Approval Form".

NBPOL continues to train OPIC extension officers on the RSPO P&C, with the provision of ongoing workshops. NBPOL, OPIC and OPRA implemented awareness training of SGs on the RSPO P&Cs at Field Days in each of the SG Divisions, commencing in October 2007 and these have continued ever since on a regular basis with increasing frequency and inclusion of Radio Programmes – Tok Save with information of smallholder matters. NBPOL continues to work with OPIC on the survey of SG's. The survey process involves the physical inspection of all SG blocks and interview of each SG to assess their understanding of sustainable practices and conformance with the relevant RSPO P&Cs. This is ongoing and surveys and inspections continue with OPIC officers

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

All PNG producers are represented on the OPIC board by the chairman of the Palm Oil Producers Association.

OPIC are not employees of NBPOL.

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

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

BSi examined in detail the SG survey database and concluded that the information showed the great majority of SG's met conformance with the relevant Indicators of the PNG NIWG (September 2012). The validity of the SG survey results was tested by selecting a sample of smallholders (82) that were representative of a range of conditions and subjecting these to field audits. The BSi field audit results matched those that had been obtained independently by the OPIC extension officers.

BSi also interviewed OPIC extension officers who had been involved in the SG baseline survey and confirmed their knowledge of the relevant RSPO P&C's. BSi concluded that the survey results for all SG's (provided substantive evidence of conformance with the RSPO P&C. The PNG NIWG had previously established the status of the SG's as "independent" and this was endorsed by the RSPO EB. However, another important consideration is the degree of NBPOL's involvement with, and the support that it gives to the SG's.

NBPOL operates an Out Grower's Department (OD) that is dedicated to support the SG's who supply fruit to the company's mills. NBPOL has a defined list of SG's and has agreed to collect the smallholder fruit. The SG's land has been mapped and NBPOL is continuing to assist in the verification of their rights to the land.

NBPOL supplies oil palm seedlings to the SG's and assists smallholders by coordinating pest and disease surveys and treatment of pest outbreaks. NBPOL also provides soft loans to its SG's for purchase of seedlings, tools and fertiliser, which it delivers to them. In consideration of NBPOL's close

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

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

2.0 ASSESSMENT PROCESS

2.1 Certification Body

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

2.2 Qualifications of the Lead Assessor and Assessment Team

Allan Thomas Lead Assessor

Allan Thomas holds a tertiary qualification in commerce and accounting from Wollongong University in 1973 and has more than 22 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 150 comprehensive audits of management systems throughout the Palm Oil industry including RSPO, RSPO NPP, Occupational Health and Safety, Environmental and Quality Management Systems. He has also advised companies on the implementation of OHS in the Oil Palm Industry. He has worked in Indonesia, Malaysia and PNG in the Oil Palm industry. Allan has conducted over 2000 system audits in the last 12 years and controlled over 50 auditors when Certification Manager of SGS-ICS.

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

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

Tom Diwai – Technical Expert- Small Holders & HCV

Tom Diwai Vigus holds a tertiary qualification in Forestry, graduating from the University of Wales (Bangor) in 1970. He has 40 years' experience in the areas of forestry, environment, conservation and socio-economics in the Pacific Islands, particularly Papua New Guinea and the Solomon Islands as well as the Northern Territory of Australia. In 2003/4 he was Field Team leader/Professional Forest in the most extensive audit of existing large scale logging operations in PNG, the Independent Review of Existing Logging Projects, completing 14 in depth reports and contributing to the final report which contained recommendations for all stakeholders to improve the sustainability of the PNG the Forestry Sector.

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

More recently he has been working for the Oil Palm Research Association (OPRA) reviewing the latest standard and explaining the context set by the RSPO of associated smallholders.

Tom is fluent in Tok Pisin

Mike Finlayson - Technical Expert Social

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

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

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

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

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

In early 2009 Mike provided advice to the University of Inner Mongolia (China) on the design and conduct of a SIA to examine the impact of mining and petroleum operations on traditional herding activities; and in 2007 Mike conducted an economic analysis of the proposed Tampakan copper and gold mine in the Southern Philippines.

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

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

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).

2.3 Assessment Methodology, Programme, Site Visits

The renewal audit was conducted from 15-19.7.2013.

There were no minor non conformities raised in the 4th surveillance audit.

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

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

SG's were also included in this audit. A total number of 82 smallholder blocks were audited ranging in size from 2Ha (Village Oil Palm Blocks/VOP) to 7Ha (Land Settlement Scheme/LSS). After the interview with each small holder was concluded the auditor inspected each block with the block holder. This was to gain an understanding of any issues of concern that the block holder wished to raise about the oil palm company (NBPOL) or the extension service (OPIC).

The smallholder audit was carried out by the BSI auditor, Mr Tom Diwai Vigus. The auditor used a questionnaire to assess each block holder's knowledge of the RSPO Principles and Criteria relevant to independent smallholders.

We also included an audit of the Supply Chain in this assessment for each mill. The data on production for each mill and where the FFB came from is addressed in the tables presented in this report as well as in Appendix A. This information included information on each estate FFB was delivered from as well as the amount of small holder FFB provided and processed by each mill.

2.4 Stakeholder Consultation and List of Stakeholders Contacted

Stakeholder consultation involved external and internal stakeholders.

Communication was made with individual stakeholders and telephone calls were made to arrange meetings. As part of the audit, meetings were held with both internal and external stakeholders to seek their views on the performance of the company with respect to the sustainability practices outlined in the RSPO and aspects where improvements could be made.

Stakeholders included those immediately linked with the operation of the company such as employees; SG's including LSS, VOP and IE's, the OPIC, and the Oil Palm Research Association (OPRA).

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

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

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

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

In all the interviews and meetings the purpose of the audit was clarified at the outset followed by an evaluation of the relationship between the stakeholder and the company before discussions proceeded in accordance with relevant RSPO principles, criteria and indicators. Apart from the environmental NGO's, most of the stakeholders had not heard of RSPO prior to 2005 but they agreed with its objectives and expressed their willingness to collaborate in the promotion of sustainable palm oil in the WNB. Although company representative were present they were on the periphery and did not influence the process.

The company representatives only introduced the team and were requested to leave during meeting with stakeholders. For internal stakeholders the same procedure was followed and company representatives left once the consultations started (this also occurred with

senior management. Employees are involved in consultation and committees).

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

List of Stakeholders Contacted

- **All Five mills were visited**
- **One refinery**
- **Two new mill sites**
- **Two CDM Projects**
- **Twelve estates were visited**
- **Eight clinics visited**
- **Kimbe Bulk Terminal**

Management and a number of workers from each of the areas were included in the inspection.

- **Harry Brock, General Manager**
- **Teup Goledu, Company Secretary**
- **John Elijah, Legal Officer**
- **Tan Tee Ung, Group Manager, Haella**
- **Angus Wilson, Group Manager - Mosa**
- **Sander van den Ende, Sustainability Manager**
- **Lillian Holland, Lands Officer**
- **Benjamin Kaukia, Training Manager**
- **Salatiel Toirima, Housing Officer**
- **Diane Mirio, Community Engagement and Development Officer**
- **Salome Elizah, Assistant Human Resource Manager**
- **Emily Kaliop, Employee Relations Officer**
- **Dr Lee, Company Doctor**
- **Paul Kaliop, Security Coordinator**
- **Frank Kapudia, Senior Medical Officer – Haella Health Centre**
- **John Morgan, Construction Manager**
- **Isidore Puli, Assistant Manager - Construction**
- **Ashley Barnes, Mini Estates Coordinator**

Civil society:

- **Ben Ngava, Manager - Live & Learn**

Government:

- **Steven Raphael, Provincial Administrator - West New Britain**
- **Dacca Wagai, President - Mosa Rural LLG**
- **Samson Sigiyaru, WNB Provincial Police Commander - Royal PNG Constabulary**

Others organisations:

- **Hoskins Oil Palm Grower’s Association (HOPGA) Chairman - Patrick Reu**
- **Women Empowering Women (NBPOL)**
- **West New Britain Oil Palm Worker’s Union Civil society:**

Others organisations:

-

Compound residents (names withheld):

- **Mosa Main Compound (selected residents)**
- **Mosa Mill Compound (selected residents)**

Communities (names withheld):

- **Koimumu village**

Civil society:

- **Ben Ngava, Live & Learn Environment Education**

Others:

- **HOPGA (Hoskins Oil Palm Growers Association)(checking spelling of name)**

Others

82 Smallholders

West New Britain Oil Palm Workers Union

2.5 Date of Next Surveillance Assessment

This will be the next assessment which will take place in July 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 Mills and the Estates. The results for each indicator from each of these operational areas have been aggregated to provide an assessment of overall conformance of the Company’s operations with each Criterion. A statement is provided for each of the Indicators to support the finding of the assessment team.

There were two minor Nonconformities raised during this assessment.

A number of Observations/Opportunities for Improvement (seven – 7) were identified. Details of the Nonconformities and Observations are given in Section 3.2 (Page 33).

BSI’s assessment of NBPOL operations in West New Britain, comprising five palm oil mills, 1 refinery, 1 fractionation plant, estates, infrastructure and support services, concludes that NBPOL operations comply with the requirements of RSPO Principles & Criteria : 2007 and PNG-NIWG Indicators and Guidance : 2011.

In relation to the previous audit findings the Nonconformities which were assigned against Minor Compliance Indicators were closed out during this assessment (see appendix D).

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

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

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

All records of requests for information are forwarded in the first instance to the local estate or mill manager and are recorded in an enquiry/grievance book. One of which is held in each administrative office throughout NBPOL.

There have been no requests for information received in any areas visited and where register of requests are recorded. This is the register which includes all requests for information. It includes date received, date responded to as well as any other pertinent information with regards to each request received.

A record of response is attached when enquiries are made.

The reason why information could not be made available is recorded in the register for information not released.

There was excellent awareness of this criterion shown by all respondents, with many smallholders having taken the initiative to get private consultants to find lost titles and to get titles transmitted in to the names of the beneficiaries’ of deceased estates.

Maps are available for all smallholdings.

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

There is a list of publicly available documents (1.2.1) which is approved by the GM and can be produced on request and is also available of the NBPOL website. This list is also available in hard copy on request. A list of current available documents was produced during this assessment.

The list of documents that can be made available on request included but was not limited to the following:

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

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

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

Land Titles will be made available on request if appropriate (1.2.3).

Equal Employment Opportunity (1.2.2), OHS, Environmental, HIV-Aids, Malaria and Sexual Harassment Policies (1.2.6) are all available. These are also widely distributed throughout NBPOL on numerous notice boards in many places. They are also all available in the Sustainability Handbook and on the company's web site. They are also available in the local language in areas where this is deemed necessary.

The OHS Plan (1.2.4) will be made available on request. The policy is posted in all work areas in a prominent position on noticeboards where workers congregate – this includes in the mill and field offices. It was sighted in many areas during the audit. All managers also have a copy of the OHS Plan. The OHS Policy is available on the company web site.

There is a documented procedure for dealing with complaints (1.2.8). There is also a grievance and complaints register which registers all documented complaints. Outcomes are documented in the register of complaints or grievances received. It includes name of party, date received, outcome, acknowledgment of receiving complaint, and date resolved as well as a brief description of the complaint. This is supported by a file which keeps hard copies of complaints/grievances and all responses and communications between NBPOL and the aggrieved party. The file for each compliant / grievance is as comprehensive as each case demands depending on the seriousness of the complaint.

This grievance mechanism (1.2.8) has also been adopted by the NBPOL Out Growers department (OD), in the form of a grievance register. This was kept in the OD office. All complaints are registered in a similar fashion to the NBPOL complaints / grievance handling procedure. OPIC is also involved in the answering and resolving of these complaints that are made to OPIC and providing evidence to NBPOL if required. It includes details of aggrieved party and the grievance or complaint.

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

There is a current 2013 Continuous Improvement Plan (CIP) (1.2.10), available for all operations including all mills and estates as well as all other ancillary operations. This includes: Housing, Medical, Workers welfare, EMS, OHS, Social Issues, Health, and Communication with stakeholders, Free Prior and Informed Consent (FPIC). This is updated each year as a minimum and progress is recorded as targets are achieved.

The required improvements identified in the Social Impact Assessment (SIA) (1.2.7) and the Social Register has been incorporated into the long term financial plan and CIP.

Small Holders

All growers showed acute awareness of relevant customary, local and national laws; this was determined by several questions about the laws which were posed by the Small Holder assessor.

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

NBPOL is always proactive in renewing expired permits. The issuing of renewed permits such a boiler operators permits etc. from the relevant Government Department is outside the control of NBPOL.

Due to the fact that the company has to comply (2.1.1) with laws and regulations under RSPO as well as ISO they take the initiative to contact the official regulatory bodies to follow up on permits etc. Letters to government departments following up on expired permits can be provided on request. There is no evidence available of chronic deviation from legal requirements.

There is a register of operating permits required throughout operations including pressure vessels, factories act, water permits and many others well in excess of 150 and altogether for 2013 NBPOL have paid in excess of 150,000 PNG KINA in fees – but have yet to receive current copies of all permits, licenses and leases.

Records are maintained of these instances when enquiries have been made to determine the position in relation to these new permits etc.

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

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

There is register of PNG legal and regulatory requirements including codes of practices, environmental permits, forestry etc. with the Company Secretary, and the Sustainability Manager (SM). The Cossec and SM also keep aware of any changes to legal or regulatory requirements (2.1.2) and update the list / register if and when required. The register presented was quite extensive and included all legal and regulatory requirements known to concern NBPOL.

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

NBPOL through the EMS / OHS ensures (2.1.3) that any law changes are tracked and appropriated changes in management implemented accordingly. NBPOL are members of the Employers Federation of PNG, PNG Growers Association, Palm Oil Producers Association (POPA) and the OPRA board and are therefore privy to any changes in these regulations. NBPOL also receives law updates from PNG Law Society.

Growers are aware of relevant customary, local and national laws; however, the need for the block holder to have a copy of his or her title was not considered as indispensable proof of ownership, as long as there are no disputes to ownership and that they had the relevant growers cards issued for FFB collection and payment; see also 1.1 above.

All respondents demonstrated awareness in relevant customary, local & national laws; see also 1 above and 2.3 below.

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

NBPOL landholdings are State Agricultural Leases that were established by the former colonial administration. NBPOL holds a copy of the State Leases and the use of the land is consistent with the terms and conditions (2.2.1). Since 1998 NBPOL has developed oil palm on customary land under a Lease-Lease back (LLB) Scheme. This scheme has been applied at locations where customary landowners have requested NBPOL to develop oil palm on their land. NBPOL assisted the landowners to register and obtain leasehold title over their land. The landowners then sub-lease this land to NBPOL for development of oil palm.

As discussed under Principle 8, the Continuous Improvement Plan would have more focus on the main social issues if it included an indicator on the proportion of smallholders with titles showing the right to occupy the land. Although OPIC is responsible for smallholder land titles, it is an important social issue and needs to be monitored so that the extent of the problem can be quantified and appropriate actions can be discussed with relevant partners.

Substantial effort is made to ensure the correct customary owners of the land are identified and consulted according to the principles of Free and

Prior Informed Consent. NBPOL has shown considerable patience in allowing this process to proceed at a pace that is acceptable to local communities (which, in the case of Silovuti, it has taken several years).

In the period since the first certification audit NBPOL has developed one new mini estate under the lease-lease back scheme which commenced in 2009. This is at Silovuti and all records of tenure and agreements were available. This included records of all discussions and meetings with the ILG's. Therefore actual legal use of the land can be demonstrated.

Awareness sessions continue to be held by the company in villages and with other stakeholders on stakeholders' related matters as the areas continue to be developed (dispute settling, environmental issues etc.). In this way the customary traditions were recognized by involving the communities' representatives and clan leaders. Files and records are available showing the involved discussion process, decision making process and if needed a settlement process and the consent process of involved stakeholders (A National Government surveyor establishes boundaries and these are marked physically by pegs and on maps in each area). A number of natural boundaries such as rivers, sea shores and long established roads are also used to mark boundaries. These complement the survey's completed and traditional boundary pegs and also included in Satellite Imaging of all NBPOL estate.

All the stakeholders are informed on disputes (2.2.3) and conflicts and information is made available upon request and at the discretion of the General Manager.

Maps were sighted for all estates visited and boundaries are clearly indicated (2.2.2). The boundaries for all mini estates under the ILG's are also surveyed and mapped showing the extent of these holdings. The boundaries are clearly marked on all estates visited through visible markers.

There is proof where disputes have been resolved or are being resolved and ongoing disputes are being monitored. NBPOL have established a system to negotiate with the parties in dispute before legal means are resorted to. (2.2.4) Dispute resolution mechanisms are established through open and consensual agreements with relevant affected parties using either legal means or negotiation with the party in dispute. If required the Department of Lands (DOL) or other bodies are brought in to act as independent arbiters. There have been no recent substantial disputes with regards to land rights use.

For SG's there is land mediation through the DOL, this is facilitated by OPIC and a copy of any resolution is maintained by OPIC and the DOL. If a dispute has been resolved the company OD and SG are notified. Disputes involving customary land are usually settled by Customary Land Mediators and the PNG Courts system if necessary. A Clan Land Usage Agreement (CLUA) is produced once the dispute has been resolved.

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

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

NBPOL have a participatory conflict resolution method by first talking to involved parties and also recording minutes of all meetings with local communities. The Company implements the conflict resolution process by the involvement of the Lands Office dealing with complaints of the communities. They keep track of the complaints and visits to settle any

dispute. When conflict resolution in relation to state land cannot be settled accordingly it becomes a process for the DOL or the courts to settle.

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

Of the 82 Blocks audited, there was only one dispute, on ownership and this was before the courts. This was at the Karapi Mini Estate, which is a community planting. The advisor to the group, Sebulon Kulu, is an experienced Public Servant (at one time administrator of the West New Britain Province) and ex diplomat (Indonesia), assured the auditor that the dispute would soon be resolved and rental payments commenced. This estate was established on the basis of a Customary Land Usage Agreement (CLUA).

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

Maps are available (2.3.1) (current) showing occupied state land, vacant state land and customary land. Maps are available (2.3.2) which indicate the extent of recognised customary rights and there are copies available of negotiated agreements detailing the process of consent in relation to the state land that was compensated (2.3.3) for when bought by the state and with current customary land in relation to the establishment of ILG's.

NBPOL has negotiated with customary landowners to mobilise land for plantation expansion under the Lease-Lease back process. This process commenced in 1998 and the agreements are ongoing for the term of each lease. New leasehold arrangements are being made from time to time with all areas being mapped indicating extent of all leases (2.3.5). The FPIC component has been integrated into the land lease process (the description of the awareness session on pro's and con's of development), if possible with cooperation of an independent neutral party (e.g. NGO co-operation).

The minutes of all meetings are kept as a record of FPIC and are a tool to follow up on the awareness that is forwarded and to check the FPIC component (for Silovuti development going back to 1998). These minutes indicate that these agreements are entered into voluntarily as minutes of any meetings are recorded.

NBPOL lands and sustainability officers provide assistance to the landowners. The sharing of information and involvement of all parties was demonstrated in the latest negotiations with the ILG. This remains the case at present – there have been no new leases (although some new plantings are expected to take place in late 2013 following the requirements of RSPO NPP) or land developed since Silovuti in 2009.

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

Ownership of LSS Blocks can be verified by conducting a title search with the DLPP. The majority of VOP block holders had the relevant CLUA (2.3.6) on hand, a few LSS block holders had proof of transfer but see above for discussion on LSS block holders.

VOP's blocks are established on Customary Land. The CLUA is an agreement whereby the clan leaders allow the VOP grower to plant oil palm on a particular piece of land. The CLUA recognises that that particular person has access and usage rights over that particular piece of land.

Copies of CLUA's sighted at OPIC – for privacy reasons these were not recorded in this report but samples are available in audit notes.

The Lease- Lease Back system is a legal process under the PNG Land Act (1996) whereby customary landowners can form an ILG and obtain leasehold title to their land. By holding a recognised legal title the ILG can then enter into a Sub-Lease agreement with a company to develop that land. NBPOL has a written procedure to assist customary landowners to obtain leasehold title to their land. The DLPP is the government department responsible for administering the Land Act and the Lease Lease Back process ensuring that the rights of the customary landowners are protected (2.3.7).

SEIA and HCV forest evaluations are always completed by RSPO accredited assessors prior to the signing of sub-lease agreements. All land under evaluation for Lease Lease Back has been logged prior to Nov 2005.

Maps showing areas for Lease Lease Back have been produced. These maps show the areas of Timber Rights Purchase (TRP) which is evidence of logging. In addition to this, field surveys are carried out during HCV assessments to assess the extent of logging within the TRP boundaries. Areas of vacant State Owned land are also identified on these maps.

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

Maps of LSS blocks (2.3.4) are available with OPIC and NBPOL and maps of VOP smallholder growers are available. The roads on which the VOP blocks are located are mapped. There is a plan in place to acquire satellite imagery and map all VOP blocks from this imagery.

There are a number of "CRP" blocks; these are "Customary Rights Purchase" blocks and will require a revised CLUA once the blocks are replanted.

The revised CLUA provides for annual rentals and other benefits to the clan owners and negotiations have already commenced in an amicable manner towards this end.

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

There is a five year business plan (3.1.1) for NBPOL. It is available from the GM. There are business plans in place that take into account crop projection, mill extraction rates, costs of production, annual replanting programmes (3.1.2), forecasts and financial indicators. All requirements of this indicator have been met. The auditor sighted crop projections for all estates and associated SG's. All mill extraction rates are documented for each mill.

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 up until 2017.

The Five Year plan is reviewed on, at least, a yearly basis. The latest review and update was completed in July 2013.

There are Management Plans in place for Small Holders which is managed by OPIC. This allows mainly for replanting to allow Small Holders to maintain some income. This does take into account costs of production and crop projections due to improved techniques.

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

NBPOL have Management Guidelines (MG) for Mills, Estates, Kimbe Bulk Terminal (KBT), Transport (MTL), Construction, Clinics and all operational areas (4.1.1).

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

NBPOL refer to MG's and the Recognised Industry Field Handbooks for guidance. MGs are used as the framework for all operations. The MG's are in the process of being reviewed and re-issued if required. Other publications are used for reference only.

4.1.1. Observation: A number of the Management Guidelines for field operations do not appear to be current and are not at times a reflection of all current practices. They include obsolete methodology for determining the environmental impacts and aspects of some operations.

The mills have in place SOP's for all mill activities. These are specific for each mill due to difference in operations of each mill. They are available in the area of operations at this time all mill SOP's have been translated into Tok Pisin. The mills range in age and technological advances from Mosa Mill constructed in 1970 to Waraston Mill which started production in early 2012. There are also SOP's in place for both the refinery and refractionation plant.

For the mills there is in place a mechanism (4.1.2) for monitoring effectiveness of procedures. The shift supervisors check that all log books are completed for all SOP's in a timely manner as prescribed in the respective SOP. This is done by completing each required inspection and signing the log book, a copy of which is kept by mill management and also includes planned scheduled inspections.

The operators at the mills had completed the required log sheets at each station on the required frequency from the areas sampled. These log sheets are collected and reviewed on a daily basis. The log sheets are used to identify breakdowns and cases of wear and tear where breakdowns may be imminent. Areas checked included presses, sterilisers, clarifier, power room, turbine and boilers in each mill. In fact a selection of all work stations was completed as required to ensure efficient and effective running.

The SOP's are further supported by routine regular scheduled preventive maintenance (4.1.4). This is planned and carried out under the Mechanical and Electrical Engineering divisions to ensure ongoing production capability is maintained and that operating machinery is safe. Any deviation from standard procedures is reported and followed up to ensure documented practices are being followed. Any breakdowns, stoppages or major services are recorded in both the log books for each area and in the maintenance records.

In the estates there are scheduled field inspections which are undertaken by field inspectors, group managers and the plantation inspectors. These are further supported by an Internal Audits Programme run by the Sustainability team.

The estate managers carry out regular field inspections to ensure MG'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. The Group Managers carry out regular extensive field inspections which are further supported by the issuing and circulating of an inspection report to the relevant Estate Managers. Action is required within a given period to ensure that any areas seem to be deficient are followed up in a timely manner.

The Plantation Inspectors who are not based at NBPOL also carry out frequent inspections on the quality of operations from an agricultural perspective.

The Sustainability Team carry out regular extensive audits of all sites against RSPO and ISO criteria. Any non-conformances or poor results are recorded and followed up in a specified time frame. There is (4.1.3) Code of

Practice (COP), for Oil Palm Processing which is currently being updated by the Department of Environment and Conservation to reflect current or improved practices. The current soon to be superseded document is referenced in the legal register, SOP's, MGs and ISO Procedures. There are also Codes of Practices for Hydrocarbon and the Vehicle Workshop (VWS) these are also referenced. The latest issues are controlled by the Sustainability Team who ensures current applicable PNG COP's are in place. The following COP's which affect estates are referenced in documentation and include Logging, Landfill and specific COP's for PNG.

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

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

Records of fertiliser inputs (4.2.1) are maintained in the Oil palm Management Programme (OMP 8) database and these details are readily available through this system.

Annual tissue and periodic soil sampling takes place by the company Agronomy section and in conjunction with OPRA. The results of the analysis of the samples are used to optimise fertiliser requirements (4.2.2).

The latest comprehensive soil sampling took place in 2008. The next scheduled soil survey will take place in 2013.

The most recent tissue analysis took place in July 2013 with results being available for a large number of estates and identified by block number. This is used to determine future fertiliser applications.

All palm by-products including fronds, EFB, compost, effluent and expeller are recycled. These are used as nutrients (4.2.3) and are put in place to improve organic matter and to substitute or supplement inorganic fertiliser. Fronds are also used to prevent erosion following pruning and after harvesting of FFB.

The benefits from use of fertilisers are understood by all growers with the contract arrangements initiated by the SHA whereby the application by youth groups costs the growers a mere K3.00 per bag are well received (see discussion on fertiliser use in summary).

The benefits from use of fertilisers are fully understood by all growers and alternative sources of organic fertiliser such as planting leguminous cover crops, carefully placing cut fronds in rows that are not used for wheelbarrows (commonly called rubbish rows) and placing weeds and household green waste were well understood.

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

During field inspections the risk of erosion is assessed (4.3.1) and records in the form of a field inspection sheet are kept and are further documented in OMP 8. This includes both SG's and NBPOL estates. The assessment includes run off from roads and effectiveness of road grading and maintenance programmes to prevent erosion with regards to drainage. Inspections also check on the amount of cover crop (CC), for new and old plantings especially in steeper areas and replanting of CC done where required to ensure that risks of erosion are reduced and eliminated when possible. No new planting since 2007 has been on slopes in excess of 25 degrees (4.3.2).

At Togulo, Navarai and other Estates there is terracing in some areas to reduce soil erosion (4.3.3). To prevent erosion cover crop (CC), is introduced at the time of the formation of the terraces and once palms are established fronds are placed in a position to reduce erosion in the form of boxing. Rainfall run off is minimised where necessary by construction of strategically placed drains. Also in areas pre-dating the RSPO when re-plant

takes place proper terracing will be introduced. One such area is Malilimi, part of which was replanted in some areas in 2012. New more effective terracing has been formed.

Sprayers must follow the spraying standards as set out in the MGs. These standards are constantly being monitored by the supervisors and divisional managers to ensure pesticide spraying is effective and there is no over spraying. The knowledge displayed by the pesticide mixers during this assessment was consistent and without fail all were very well versed in what are the correct practices when dealing with hazardous substances. All had undergone training and knew the hazards involved in the processes such as pesticide mixing including what PPE to use. They were also well versed in the hygiene requirements required when dealing with pesticide concentrates.

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

Roadside drains are also planted to prevent further erosion with both Guatemala and Vetiver grass.

There are only sporadic & shallow peat soils (4.3.4) in NBPOL with 396 hectares planted in separate areas across all existing plantations. The soils are monitored by the internal Agronomy section to ensure water management is effective.

There is a road grading programme (4.3.5) in place which ensures that drains are clear and properly formed to channel run off into these drains on the steeper roads. Scupper drains are also constructed if required. The roading programme is monitored to ensure it is up to date and that areas with potential and actual erosion areas are given priority over flat less risk areas. There are three Road Graders available and these are rotated weekly between estates in a structured programme.

Maps are in place indicating the whereabouts of any fragile and problems soils (4.3.6). There is also a management strategy in place to deal with and improve where possible these fragile and problem soils. As mentioned elsewhere in this report there are maps indicating soil types in 2003 and 2008 indicating the improved nature of soils.

Although most blocks that were visited were on flat land, some blocks had undulating land where the use of cut fronds across the flow of water was well understood and utilised.

There were no peat soils in the areas audited.

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

Biological Oxygen Demand (BOD) is monitored at each Environmental Impact Point as referenced within the Environmental Permits which are issued by the Department of Environment and Conservation and allow NBPOL to operate under the Environment Act. Accurate records are in place for the past 10 years and indicate that on most occasions, apart from abnormal rain events, BOD levels are within the prescribed limits as are stated in the Environmental permits and Government guidelines. If at any stage the results are outside parameters these results are to be investigated to determine the cause. Although in the last 12 months there have been very few if any instances of BOD in discharges of treated POME exceeding allowable limits.

There are records in place indicating that water use per tonne of FFB and trended for last 10 years and at the moment the general trend is around one tonne of water per tonne of FFB.

Each of the five Palm Oil Mills was inspected during this assessment and the use of water per tonne of FFB was being recorded in all cases. For example in Mosa Mill we sighted records for December 2012, February 2013, April 2013 and June 2013 and all indicated a ration of less than 1:1. Similar results were also recorded at Waraston Oil Mill.

The water management plan (4.4.1) which is reviewed annually also includes management of storm water, control of mill drains, nursery water use and control of run-off. The most recently reviewed took place in June 2013 when an updated Water Management Plan was released under approval of the GM. The quality of domestic water is also monitored in all areas to ensure that quality of drinking water is within limits. This is a government requirement. The stormwater and mill drains are regularly inspected for pollution and sediment and includes records of any actions taken such as cleaning. The drains and interceptors generally are working efficiently under normal conditions.

Water courses are tested weekly both 10m upstream and 10m downstream of Environmental Impact Points for all mills where entered by treated effluent discharged by NBPOL to ensure that water quality is not adversely affected for downstream users by the activities of NBPOL. The records presented indicated there was little adverse effect on water downstream from the mill discharge compared to upstream test results.

There is a measure of water quality by an independent lab completed for all areas of discharge. This is completed quarterly as required by the permit and in order to compare to the internal laboratory which is in the process of accreditation under the PNG National Institute of Standards and Industrial Technology. Results indicate that due to treatment of POME and other anti-pollution methods that water has not been adversely affected by NBPOL activities. Also on inspecting the records in each clinic it was determined that there were a low rate of reported stomach/gastric issues associated with poor water quality

The riparian buffer zones (4.4.2) are maintained in good condition. The buffers in existing plantations were inspected and found to be within the limits as prescribed by the environmental permits which have been issued for each estate. All permanent water courses have buffers in place and these comply with the permit requirements respectively.

Signs are in place indicating where the buffer zones are discouraging misuse from the local population. The growth in some of these buffer zones continues to be abundant and the areas are not intruded on to a great deal on most occasions although at times there is evidence of local people encroaching on the area by the way of planting food gardens. . NBPOL have made a concerted effort to ensure that only plant species native to New Britain are planted in these buffer zones where they have been re-established at re-planting for areas planted prior to 2005. NBPOL have had in place buffer zone and restriction since at least 2003.

Observation 4.4.2: It was noted that in a number of riparian buffer zones some non-native species such as teak have been implanted. There is also evidence of abandoned oil palms in some of these areas.

At each plantation, one year before replanting is due, the buffer zone boundary is marked on palms and maintenance is limited to circle spraying. Harvesting of the palms is continued until the replant. This was taking place at the time of this audit with buffer zones being in place as required depending on size of rivers and stream etc. The Projects Officer within the Sustainability Department has been appointed and part of his role is to manage the rehabilitation of buffer zones.

Legume covers are also used where possible.

The use of Guatemala grass is controlled and only used to prevent erosion on steep banks. This falls under good agricultural practices and is used in other palm oil producing countries. The company also focus on re-establishing of buffer zones by planting native species – over 40 native species are being propagated in the pre-nursery managed by Sustainability and a manual has also been produced to guide managers on the silviculture of these.

Some block holders had wells or collected water from tin roofs. Some areas visited such as Siki Division were in rain shadows or had excessive drainage so that during dry spells ground water became scarce.

During these times the block holders had to resort to collecting potable water from springs (“boil water”) and the was excellent knowledge on how look after these important water resources, more often than not shared with local villagers.

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

NBPOL are maintaining records of the contents of the chemicals used which have published toxicity (4.5.1).

There is an Integrated Pest Management Programme (4.5.2) (IPM) for specific pests which was re-issued in July 2012 and remains current. There is a measurement of the amount of each pesticide used, the area and type for each specific pest (4.5.3) e.g. for Sexava - use methamidaphos. Although there have been no substantial infestations since last year. On identification of damage warranting control a programme is put in place with the cooperation of OPRA who are the authorities in the PNG Oil Palm Industry for recommending the use of chemicals in the control of pests. NBPOL monitors pests and disease as part of the IPM. This includes Sexava, Stick Insects etc. OPRA are instrumental in this pest monitoring programme.

During the previous 12 months there was no major outbreak of pests in any area.

During the recent outbreak an IPM was put in place to control this outbreak and following trunk injection a fourteen week period to determine effectiveness of treatment was set. This expires in November when the period is over.

The Pest Management Plan (PMP) has been updated (27.7.12) and includes the control of all pesticides and the methodology for both reducing use of pesticides and / or changing to less toxic chemicals. The IPM is proving to be effective as there have been no recorded outbreaks of other major pests over the last 12 months.

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

All responders replied that if there was any sign of disease or insect problems, these were immediately reported to OPIC, who then contacted SHA or the Oil Palm Research Association (OPRA).

Block holders rely on OPRA and NBPOL to spray pesticides to control insect outbreaks and Ganoderma infestations.

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 (4.6.1) for agro chemical use and this is documented within the MG 3 which attempts to ensure that the most effective and least harmful chemicals are always first choice – this reviewed constantly to ensure any changes are made if less harmful chemicals can be used.

The use of all chemicals is justified and specific pests are targeted and a plan to reduce usage has been presented. This includes chemicals used, areas applied, dosages, and frequency of use (4.6.2). Records from all estates indicate that there is a decline in the use of all chemicals. The amount and type of pesticides used and the locations they are used in are recorded for each programme and kept in OMP 8. Estate spray diaries are also used to indicate where pesticides have been used and amounts applied.

The IMP stipulates the maximum dose possible for each application. There are also plans in place to gradually reduce the use of Agrochemicals to levels that are economically viable to maintain. All chemicals have to be approved for use by Agronomy prior to use. There was in place, a list of chemicals allowed for use by DEC and as per PNG Oil Palm Industry practice (4.6.3 & 11).

There is no aerial spraying of pesticides (4.6.4).

Paraquat is no longer used by NBPOL (4.6.5). The alternative being used BASTA has been reported as not being as effective as Paraquat and being somewhat more costly – so it is not in reality an economically viable alternative.

No suitable economically viable alternative to Paraquat has been identified by the RSPO at this time.

There is in place an ongoing IPM which is controlled via the PMP with regards to the use of WHO Type 1A or 1B chemicals. There is no aerial spraying of pesticides.

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

- Pesticide Mixers
- Pesticide Sprayers
- Pesticide sprayers Overall washers

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

PPE for sprayers is supplied and use demonstrated in the MG and further demonstrated in training manuals. The company supplies three sets of overalls so that one can always be considered clean. Overalls are washed at the pesticide mixing areas in specially constructed wash areas so that sprayers and mixers do not need to take them home and therefore the risk of cross contamination with family members is eliminated. The pesticide mixer in each area interviewed including Navarai, Togulo and Sapuri had excellent knowledge of the requirements for handling of pesticides. Each pesticide shed has excellent records of pesticides used such as amounts, types and areas used. There are excellent records of the disposal of old or damaged pesticide containers.

There is a minimum requirement of PPE (4.6.9) that must be worn / used in the handling and application of pesticides. At morning muster the PPE of pesticide handlers is checked and if the sprayers do not have the correct PPE they are not allowed to start work. All sprayers and mixers sighted during the assessment were using the correct PPE which is supplied by NBPOL. The correct use of PPE by all sprayers sighted during this assessment indicates a high level of continuing awareness and ongoing training.

Some chemicals such as Methamidophos require more extensive protection and this is nominated in the MG's for pesticide application. Methamidophos is only used for severe Sexava outbreaks. There was a large store of methamidophos at Daliavu estate which was still in place following the sexava outbreak in 2012. This large amount was returned to central store during this audit.

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. Occasionally the MSDS for gramoxone was displayed although it is no longer used. The MSDS was removed during the audit.

Where required, MSDS are translated into the local language. At present the MSDS are very well presented and as far as possible NBPOL have obtained the latest issue of all MSDS. The control of MSDS issues is a function of Central Stores who receive all chemicals into the store and therefore have the latest MSDS.

Storage of chemicals (4.6.10) is in lockable areas with limited access. All areas where chemicals are stored are adequately ventilated through cross flow ventilation. All chemicals containers are triple rinsed and pierced prior to being placed in the designated pesticide waste pit (landfill). The housekeeping in all chemical stores – pesticide sheds was very good and compliant with requirements for storage and handling of chemicals.

Methods of storage and disposal of chemicals (pesticides) are included in training provided. Female pesticide handlers may be employed by NBPOL so long as not pregnant, or breast feeding.

Health checks are conducted for pesticide handlers (4.6.13). This is carried out by a medical officer on a twice yearly basis and records of these checks are kept in the relevant clinic. Each pesticide handler carries with them a "green card" which indicates the latest evidence of a medical check. Records were available for all pesticide handlers viewed during this assessment. The next round of health checks is due between October 2013 and January 2014 depending on the time of the most recent medical check. There are more extensive checks for those that handle Methamidophos including blood counts, checking for levels of acetyl cholinesterase, which are conducted by the clinic at Mosa. Handlers can be stood down if blood count is outside allowable limits until counts return to normal.

Pregnant and breast feeding women are not allowed to work with pesticides (4.6.14).

OPIC keeps records of pesticide training that they deliver to the SG's (4.6.6). OPIC is responsible for training SG's (4.6.8) with regards to the use of PPE, mixing, application and storage of pesticides and the correct disposal of waste chemicals and containers. The training emphasises the need to reduce or eliminate the use of pesticides by SG's. Training is carried out through field days. Records of attendance at field days are recorded by the OPIC Extension officers. The training course is certificated.

During this audit very few growers were using chemicals to spray weeds, some respondents stated that this was because they didn't have a certificate or that the cost was too high.

Two block holders stated that they purchased Gramoxone from the local store but on further checking the only chemical containers observed were Glyphosate which has various trademarks such as Roundup and Grass kill.

No Gramoxone (4.6.7) containers were observed during the audit but the auditor took the opportunity to emphasize the RSPO rules just in case.

The few users of Glyphosate had excellent locked storage facilities and all Personal Protective Clothing (PPE)

This was also demonstrated by the few growers who still use chemicals to kill weeds.

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

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

- Estates
- Mills
- Workshops
- Clinics
- Kimbe Bulk Terminal
- Stores
- Research

All areas have implemented and monitored this plan to a very consistent level. The situation has continued to improve considerably in each subsequent assessment. This has been assisted by the fact that NBPOL have adopted the principles of OSHAS 18001 as a guideline for their OHS Management.

Hazards and Risks have been identified for almost all operations (4.7.2) and in all areas. This also includes the degree of risk as well as the controls in place. Procedures and plans are in place to address all operations. These have been distributed to all areas and to the respective managers and supervisors. There are regular documented inspections taking place throughout the entire operations which ensure that OHS Policy (4.7.1) is being implemented consistently. These are carried out at least monthly in each operational area and more often in higher risk areas. The inspections highlight any areas which are not compliant and plan is put in place to rectify any areas which are not compliant. These inspections take place in all operational areas and records support this activity.

Surveys conducted by NBPOL between April and June 2013 indicated that many compound residents do not feel safe and more should be done by the Company to improve security. More than half of the internal grievances recorded in 2012 were registered by the Security Department, and the majority of these (84%) were classified as social issues.

A ‘neighbourhood watch’ program is about to be trialled at Mosa to try and improve the safety. If this proves successful it will be extended to other compounds.

4.7.2 Observation: The risk assessments for high risk activities such as hot works are not rated as if for potential hazardous activities. Compound activity is not included in the risk assessments with regards to compound security. There are no amenities at the crusher for workers for lunch breaks nor is there a proper toilet available.

NBPOL has provided the required PPE appropriate to the task after the hazard has been identified and the risk assessed. The level of proper use of PPE is now almost universal for both workers and contractors in all areas including mills, workshops, estates etc. Practices are now ensuring workers are protected as far as possible.

Signage also largely supports the use of PPE.

The Signage (4.7.3) displayed, indicating safety precautions, dangers, PPE etc. is accurately positioned in order to correctly reflect their purpose.

A number of positive Hazards and Risk were noted during this assessment. These include but were not limited to the following:

- Good Control of gas bottles
- Use of Flash back arrestors
- Good use of machine guards and identification
- Effective control of hazardous chemicals
- Improvements in electrical management
- Effective use of tag out system

- Use of tyre cage
- Identification of hazardous/dangerous materials
- Steps and handrails in good condition
- Passengers being carried safely in transportation

ASA 4 4.7.2 Observation: Although most hazard and risks in mills and estates are normally fairly similar at times some do have hazards and risks that are more pertinent in some areas for example there are some security issues in Talasea and at this stage this has not been include in the hazards and risks for these areas. Also some mills do not include of Palm Kernel Mills and these areas will have different hazards from those that do.

Action: The security issues raised at the Talasea area have now been addressed and workers are aware of any risks. Security in the area has improved and is no longer as great a threat as previously. The Hazards and Risks of Working in Hostile areas and Travelling through Hostile areas have been included in the 2013 review of the Plantation Hazard and Risk register.

ASA 4 4.7.2 Observation: The contractor induction was not available for a major contractor at Silovuti and hazard and risk assessments had not been completed. This contractor did not appear to have its workers using required PPE – also smoking in close proximity to combustible materials. (Action taken during the audit to rectify this and plans out in place for future contractors).

Action: The induction of contractors is now much improved with all contractors agreeing to following company requirements for OHS and being included in any risk assessments.

There are emergency procedures (4.7.5) in each area and these are tested. All areas had in place records of testing the emergency procedures including fire drills, emergency boiler shut downs and volcano eruption drills and many more realistic scenarios. There have now been drills in all areas and the results and records of these drills are most comprehensive. Other drills such as plant issues, electrical shock, crush injuries and other are also now being simulated. This area is now very well managed. Workers are reporting on any areas which require improvement and therefore are using any emergency drills to encourage such improvement.

4.7.7 Observation: The fire pump at Numundo mill did not work at the time of this assessment and therefore the mill would be vulnerable in the case of a large fire.

There are company clinics (4.7.6) on all plantation divisions and a centralised clinic at the Mosa compound. All are staffed by trained health workers and/or Registered Nurses who are on call 24 hours a day. The clinics are regularly checked to ensure they are hygienic and that sharps and medical waste is handled correctly. There have been improvements in the conditions for all clinics – see 6.5.4.

The company also has now many trained first aiders and uniform first aid kits in all field and mill work areas. A large number of first aiders have been trained since the previous assessment (ASA4) and all areas are adequately covered. A number of First Aiders are available in all work areas at all times including day and afternoon shifts. The qualified First Aid officers are identified on noticeboards in all the operational areas. The first aid kits are checked and restocked regularly.

There are records kept by Administration of First Aiders training.

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

- All Mills
- All Estates

- Construction
- KBT
- MTL
- All workshops
- STORES

All areas have regular meetings (at least monthly) to discuss OHS matters. Each area now has a standardised agenda and meetings are conducted after workplace inspections. Some areas are also holding Tool Box talks to disperse current or topical information or to reinforce safety issues such as use of PPE. Records are in place of all incidents which are reported and all incidents are investigated and records are kept. These are thorough with a view to reducing or eliminating cause of all injuries where possible.

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

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

NBPOL monitors a number of Safety performance indicators (4.7.7) 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.

None of the growers visited had had significant injuries in the management of their blocks and all expressed that Block Hygiene was the best way to mitigate against accidents.

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

NBPOL implements a comprehensive training programme (4.8.1) each year based on training needs assessments undertaken by the Agricultural & Research Training Committee and the Technical Training Committee. A major achievement in 2012/13 has been the preparation of Job Descriptions for all managers and senior staff, against which the training needs assessment can be undertaken. The Training Manager compiles the overall training program and maintains detailed records (4.8.2), including a description of each training event; details on the identified trainer (whether internal or external); timeframe; and training assessment.

The appointment of a security trainer was discussed in the 2012 surveillance assessment. Financial constraints have prevented this appointment, and training has been provided internally. However, the majority of security personnel have been recruited without any previous experience, and a dedicated security trainer is warranted.

Inductions are completed by managers and supervisors. Induction checklists are utilised and induction records maintained by the Training Manager.

NBPOL is making a substantial contribution to human resource development in West New Britain and in PNG more broadly. Internal training programs include:

- Apprentices;
- Trade training (6-8 week courses with the Asia Pacific Technical College); and
- Cadets (work-based training for 18 months for students graduating from selected tertiary courses).

External training support includes:

- Sponsorship (support for students who are in the final year of selected tertiary courses);
- Industrial training (6 months placement within NBPOL operations for students from selected tertiary courses);
- On-the-job training for 3 months for vocational and technical students within NBPOL operations;
- Support for the training of staff of local vocational and technical schools; and
- Sponsorship for up to two students (one male, one female) from each ILG to attend Grades 10, 11 and 12 under the Education Assistance Program.

Although training support has been reduced in 2013 due to financial constraints, NBPOL has 51 apprentices and 10 cadets, and will provide trade training for 3 employees, sponsorship and industrial training for 12 students, on-the-job training for 62 students and sponsorship under the Education Assistance Program for over 40 students. The Training Manager is continuing to make a concerted effort to involve all managers and supervisors in the identification of training needs. This will improve the accuracy of training needs assessments, and has potential to improve the effectiveness of all training provided. The Training Manager also plans to provide certificates to workers who complete training, in an effort to show recognition of improved skill levels, and encourage active participation in training activities. Continued support for these initiatives is warranted, and in the future, consideration may be given to the development of dedicated training facilities on Company premises.

Training needs are assessed on an annual basis. There does appear to be a formal training plan for all staff and this is managed by each individual estate, mill and relevant operational areas. The training is mainly to ensure that skills required to perform tasks successfully and safely are in place. The training plan for 2013 was sighted.

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

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

Training records are therefore kept for all employees.

There is certified training provided for out growers since 2007 (4.8.3).

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

Through the ISO 14001 system an Environmental Aspects (5.1.1) and impacts register has been developed and is reviewed and updated at least annually and when external ISO audits are completed. This includes all aspects identified. These aspects further nominate which are the significant environmental aspects and also nominate any legal requirements or restriction classed within the aspects. This register covers all operations impacted upon by NBPOL. This includes construction of roads, construction and management of mills. The use of drainage and irrigation to control impacts is also included. This also includes areas of replant or expansions as well as disposal of waste. This register was recently updated in June 2013 and now also includes the many beneficial impacts of the NBPOL environmental programme.

ASA 4 5.1.2 Observation/OFI: Consideration could be given to the listing of any aspects peculiar to any particular region as not all aspects apply to all estates – for example Central Range and Spring in Rigula, Bird

Sanctuary near Haella, and use of local workers at Silovuti – these are all aspects which could be included in site specific aspects.

Action: Aspects registers now attempt to include any areas which may even have a temporary impact on environmental aspects depending on the situation. All the above areas are now considered as environmental aspects. In addition, unique natural features are identified within Habitat Management Plans with management prescriptions aimed at maintaining the integrity of these.

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

Having environmental management plans (5.1.2) is part of ISO 14001 standard certification requirement. The role of the ISO 14001 is to provide the organisation with a system to control and reduce negative impacts and promote positive impacts such as buffer zones, waste management plans, spill control plans and emergency plans. These plans are developed, implemented and monitored through the ISO 14001 system.

There is a comprehensive environmental improvement plan in place this now shows evidence that each area is followed up to monitor and determine progress made. This is updated and is incorporated into and part of the wider ranged Continuous Improvement Plan. Any progress is noted in the plan with achievements and time frames for establishing any set plans and improvements.

LSS Blocks are part of a planned Nucleus Estate System (NES) with Outgrowers supported by the World Bank (WB) and Asian Development Bank (ADB) pre-independence.

All growers had a keen understanding and commitment to environmental issues and the need to protect any wildlife that visited their blocks.

Respondents agreed that they or their predecessors had converted logged over or non-logged forest to plant oil palm and had a good understanding that protecting any form of wildlife was good for their children and grandchildren.

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

Ecologists have carried out an assessment of the presence of HCVs (5.2.1) within and adjacent to the NBPOL plantations – this was completed prior to the initial RSPO assessment in 2008. All of the land within the plantations has previously been logged. The HCV studies include details on the status of endangered, rare and threatened species.

Within the estate some areas are not planted and these habitats are being left in their natural state. None of these areas have been identified as HCVs. They are however left as conservation areas and are signposted if this is found to be applicable to prevent illegal hunting, fishing or wood gathering.

The conservation assessments (5.2.2) did not identify any rare, threatened or endangered species of fauna within the plantations or adjacent areas.

A long term program to implement the findings from the initial HCV assessments has continued to be implemented and managed. Habitat Management Plans (5.2.4) have been developed for all operations except Silovuti. These identify areas all unplanted areas within company leases including those that are considered as of High Conservation Value by the author of the Management Plans. As part of this, the two declared

protected areas at Garu and Pokili, adjacent to NBPOL holdings have been enhanced through effective management practices. NBPOL has on staff an ecologist and he is continuing to implement this program. Progress with implementation of the programme has continued to be effective.

Company employees are prohibited (5.2.3) 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 areas set-asides advising of the protected area. Any legal requirements within any areas are applied and enforced by NBPOL management.

Inspection during this assessment indicated there was no inappropriate hunting (5.2.5), fishing or collecting activities in the NBPOL areas noted. NBPOL is discouraging people to encroach into the buffers. However at times the local people do commence gardens in the buffer zones and NBPOL staff are vigilant in monitoring any gardens and then communicate with local communities with regards the use of buffer zones for gardening. This continues to be the case. There are effective reserve areas set aside in a number of estates which are well managed – this includes Navarai, Sapuri, Bilomi and others throughout the holdings and operational areas of NBPOL.

NBPOL have provided gardening areas for use by some workers adjacent to their housing to discourage worker encroachment into buffer zones and protected areas and this needs is being extended to more workers which will help them to supplement their income.

At times land owner groups implement their own systems to discourage encroachment.

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

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

All existing blocks (see also 5.1 above) have been established well before RSPO but block holders are aware of current RSPO requirements on replanting.

Block holders were also aware of the need to conserve any remnant vegetation and plant host trees to attract and sustain local wildlife.

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

There is a waste management plan (5.3.2) in place and it is current. There are formal rubbish collections in all areas at least weekly. This is monitored regularly. The waste management plan is presented in a separate management guideline (MG 15) and includes pesticide contaminated waste.

The following waste streams have been identified (5.3.1) and are controlled through the EMS:

- Office Waste – segregated, recycled where possible with rest to the landfill.
- Household waste – segregated, recycled where possible with the rest to the landfill. This includes domestic and green waste.
- Human waste – Septic and soak aways.
- Mill Effluent – through effluent ponds and land application.
- Fibre – Fuel for furnace.
- EFB other by products – Recycled to the field
- Oils and Hydrocarbons (including containers) to Hydrocarbon pit.
- Pesticides (including containers which are triple rinsed, punctured and to pesticide pit.

- Pesticide spills – cleaned with spill kits used kits sent to pesticide pit.
- Hydrocarbon spills treated with sawdust. Burnt in boiler.
- Used oil – recycled, burnt in boiler.

NBPOL ensures that the quantity of pesticide waste recycled or sent to land fill is recorded in each estate at the pesticide mixing and storage area. A special area is provided for storage of waste pesticide containers. The landfills inspected during this assessment were of a very high standard and all management staff are to be commended on this. They are now measuring the amount of waste in cubic metres in each cell with a view for further planning and extending the life of each cell. The date of opening and closing cells is also now recorded. A number of cells are so well managed that they are lasting in excess of 5 and even 10 years which reduces the need for more landfill areas in the future.

Pesticides are a source of pollution and ground and surface water contamination. The control of hydrocarbons has also been addressed elsewhere in this report. The collection of household waste is well controlled with regular pick up of waste. The company actively encourages segregation of waste by providing a bin for both household waste and green waste for each household. NBPOL have a policy of re-use and recycle whenever possible.

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

Medical waste Records include disposal of sharps and contaminated medical waste, giving amounts destroyed and where transported from with dates. All clinics send their sharps waste to the main clinic at Mosa or the Kapiura or Haella Health Centres 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. Records of the collection of waste was noted in all clinic visited including Navarai, Rigula, Kautu, Sapuri, Togolau and all others.

The medical waste such as bandages and dressings is being incinerated at each clinic in a provided incinerator. These have all been improved greatly and are now much more effective in the full destruction of medical waste.

All block holders who lived on their blocks had domestic waste pits and pit toilets.

All small holders showed evidence of domestic waste disposal in deep rubbish pits with the occasional burning within some pits of some non-biodegradable waste (e.g. plastic bags). All block holders who actually lived on their blocks complied with this Criterion.

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

NBPOL uses fibre and shell to fuel the mill boilers at all locations. The boilers produce steam which drives the turbine to produce electrical power. NBPOL maintains records for monitoring (5.4.1) both kilowatt hours per tonne of palm product and Kilogram of steam per tonne FFB. These records are in place and are available for each mill as part of energy control and use as required by the ISO 14001 system. Power from the mills is used to electrify nearby compounds and facilities such as the workshops and construction.

The use of the Biofuel methane capture methodology also is hoped to greatly reduce the use of fossil fuels at both Mosa and Kumbango operations with a marked reduction in fossil fuels by using the energy created in the methane capture and conversion to energy. This will be a positive outcome for all.

The use of non-renewable (5.4.2) resources in production of palm products does not include fuel use by transport/contractors. There are records in place for the last 5 years at least.

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

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

There is no burning in new developments or at replanting. Burning is not allowed by NBPOL and there is no evidence of burning (5.5.1).

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

Burning of domestic waste (5.5.3) is against company policy and has mostly been eradicated. It is very rare to sight evidence of the burning of domestic waste by workers and families of NBPOL.

The incineration of all medical wastes (5.5.4) such as sharps, used bandages and gloves is permitted using specially designed incinerators. Records are maintained of the amounts destroyed.

The SG's are disposing of their waste in a responsible manner by mixing the organic waste with the pruned fronds and using a pit disposal method for tother household waste. Normally the waste is only burned in small quantities in a controlled manner.

All respondents complied, indicating that fire was used sparingly if at all during replanting where small fires were used between garden beds. No widespread use of fire was observed or reported on.

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

NBPOL (5.6.1) are keeping adequate records of mill emissions and effluent including critical data such as Smoke emissions, BOD levels, Total Suspended Solids and Oil & grease as required by the relevant environmental permits. The levels of pollution continue to be monitored and all appear to be within the allowable limits in each area. This includes smoke emissions, effluent discharge and stormwater control. All discharges from effluent ponds of all mills are under control at present times with BOD being below allowable limits.

Emissions levels for the stacks in each mill are monitored to ensure they remain below the allowable limit. Any anomalies are now checked up to determine the cause it has been determined that the main cause is faulty gauges.

Significant pollutants (5.6.2) have been identified through the waste management plan as well as the means to reduce them.

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

The treatment methodology of POME (5.6.3) is recorded in effluent pond management plans and in MG 6 and the results on the whole indicates NBPOL is achieving levels of BOD discharge below legal limits. This is supported by independent test results provided by the Government National Analytical Laboratory. The records of the Company labs appear to closely match the records from the Govt. Lab.

5.6.2 Minor NC: There was evidence that the discharge of treated effluent from the Kumbango effluent ponds was in excess of the allowable limits for BOD for five months in the last year. This did not appear to have in place successful plans to reduce this significant pollution.

A CDM Project is being implemented at two mills for capture of methane from the effluent treatment ponds and conversion of the gas to produce electrical power or reduce GHG emissions. These have now been completed and are now in practical completion. They have reduced GHG and at this early stage are already supplying some electrical power which will eventually enable NBPOL become largely self-sufficient and provide extra power to the local power company.

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

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

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

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

NBPOL has a social impact register (6.1.1) and has an updated Social Improvement Plan (1st Revision 17 June 2013). The essential elements of both are incorporated in the Continuous Improvement Plan (6.1.3) (updated 25 June 2013), which is used as the key document for identifying the main social impacts and strategies to address these impacts. Following several years of improved and broader consultation with impacted stakeholders, NBPOL has a good understanding of the main social issues. These include:

Employees – housing, wage levels, security/domestic violence

Smallholders – crop pickup, land titles

ILGs – effective management of benefits

Surrounding communities – water quality, access/quality of government services

There is a need to ensure the Continuous Improvement Plan has a clear focus on these issues, and in the future, new social issues are periodically identified and incorporated in the Continuous Improvement Plan. As discussed under Principle 8, some additional actions/indicators would help ensure the current Continuous Improvement Plan does have a focus on the main social impacts.

During the audit several stakeholders (6.1.2) also expressed a view that the lack of improvement in the quality of housing and other living conditions of smallholders is a key social issue. Some of these stakeholders also expressed a view that a savings (or superannuation) scheme should be available to smallholders so that a proportion of their income could be saved rather than spent, as is often the case, as soon as it is available. This may warrant further consideration by NBPOL in discussion with other stakeholders.

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.

NBPOL maintains a list of stakeholders and has a documented policy (6.2.1) for communicating with key stakeholder groups. The main stakeholder groups are:

- Smallholders
- Incorporated Land Groups (ILGs) and their members
- Workers
- Compound residents
- Provincial and local-level governments
- NGOs
- Local businesses

There is evidence of further improvement (6.2.2) in the engagement of stakeholders since the 2012 audit. Detailed records are maintained.

Senior managers within NBPOL are on the boards of Kimbe Hospital and various local vocational and technical schools. This is contributing to the interaction with local stakeholders.

One area that could be improved is the engagement with local-level governments (LLGs). NBPOL operations are located in at least six LLGs, and while LLGs are seriously under-resourced, they do represent the local communities. Although consultation does occur between various LLGs and NBPOL, more regular consultation, and possibly regular formal meetings, would be appropriate.

ASA 4 6.2.3 Observation: There is a need for NBPOL to run some awareness sessions for both internal and external stakeholders with regards to information on the performance and advantages of the biogas projects.

Response: Awareness sessions have now been conducted in all areas with regards to biogas projects. Records are maintained of the date of the sessions and attendance.

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

A formal grievance process is in place (6.3.1) and appears to be used effectively, particularly among internal stakeholders. A Tok Pisin translation of the grievance mechanism is displayed on notice boards in NBPOL offices and clinics.

In 2012 the Company recorded 1,685 internal grievances and 987 external grievances. Smallholder Affairs recorded almost 70% of external grievances in 2012, indicating that oil palm producers raised the majority of external grievances. A separate grievance process has been prepared for smallholders, as some grievances need to be dealt with by OPIC and others by Smallholder Affairs. However, the general grievance mechanism needs to be promoted regularly among other external stakeholders to ensure they are aware of the mechanism.

NBPOL also has a 'whistle-blower' mechanism for raising grievances on an anonymous basis.

The grievance mechanisms are well understood but there were some complaints about grievances not acted upon or not responded to quickly enough.

Some particular complaints were immediately followed up by the auditor and OPIC/SHA. The follow up showed that some grievances that were not fully resolved required more direct communications with the grower; these were particularly related to deductions for fertiliser (see also concluding paragraphs below).

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.

A detailed process is followed to ensure the customary landowners are correctly identified (6.4.1), and assistance provided to help form Incorporated Land Groups. NBPOL provides an attractive benefits package for ILGs that enter a Lease-Lease Back (LLB) agreement for the development and production of oil palm.

Problems with the management of ILG funds have been identified and strategies to address this included in the Continuous Improvement Plan.

Improved financial management of ILGs is required under the amended ILG Act. The guideline for the development of lease-lease back (LLB) areas (Management Guideline #21) has been updated to reflect the amended ILG Act.

NBPOL is also trialling a Community Plantings program, which supports the development of between 20 ha and 250 ha of oil palm on customary land. Unlike the LLB arrangement, the community is responsible for the development and management of the oil palm, and receives full payment for FFB produced (6.4.3). The Company does provide inputs (such as seedlings, fertilizer and tools) as an advance, which is deducted from subsequent FFB payments. A management guideline has been prepared. It may be preferable to include in the guideline, or to promote during initial consultation with the community (6.4.4), that training can be requested from NBPOL to help ensure the workers involved have the necessary skills to perform the required tasks (6.4.2).

See 1.1, and 2.3 above and discussions in the overall summary below.

The CRP block holders at Rerenge were already having discussions with clan owners and working to resolve these issues at time of replant, even though the palms were only around twelve years old (some 10/15 years before replanting).

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.

NBPOL provides housing, electricity, water, medical coverage and education support for employees with children attending secondary school. NBPOL has a ruling from the Department of Labour (6.5.1) to pay a minimum of K2.15 per hour (rather than K2.29 per hour) in lieu of the housing and other benefits provided to employees. From 1 July NBPOL increased its minimum wage from K2.15/hour to K2.26/hour. Contractors are required to sign an agreement in which they commit to meeting (or exceeding) (6.5.3) legal minimum terms and conditions for their staff.

An assessment of the cost of living is required to demonstrate that NBPOL provides 'decent living wages' to its employees. This need not be an extensive research activity, but should at a minimum, include an estimate of what a family needs to buy on a fortnightly basis and comparison with the wages provided. As discussed under Principle 8, the inclusion of this

activity in the Continuous Improvement Plan will help ensure the Plan focuses on the main social issues.

NBPOL pays superannuation contributions for all permanent employees (8.4% of gross income). Although not an industry requirement, NBPOL also pays long-service leave for employees who have worked for a continuous period of three years or more, and a "loyalty bonus" for employees who have worked for a continuous period of 15 or more years.

6.5.1 Observation: Up to 20% of NBPOL's current workforce may not be enrolled in a superannuation scheme. Although it is up to each employee to complete an application form for superannuation, NBPOL should take the necessary steps to ensure all permanent employees are enrolled.

6.5.1 Observation: The process for making superannuation payments to ex-employees (i.e. those employees who have ceased employment with NBPOL) needs to be critically reviewed. Two main areas of concern are (i) employees resigning to receive a superannuation payment and then re-seeking employment with NBPOL, often using a different name, and (ii) payments that do not reach ex-employees:

(i). Awareness needs to be provided, particularly among supervisors and boss boys, that workers should not resign simply to access superannuation funds, only to seek employment again with NBPOL. This is undermining the intent and benefit of superannuation, although may not be easy to counter.

(ii). Attention needs to be given to the process in which superannuation payments are made. All resigning employees should be made aware of the superannuation payment; a forward address or phone contact details should be recorded so employees can be contacted when the payment is received; and if employees cannot be contacted then the cheque should be returned to HR and the superannuation company advised.

ASA 4 6.5.1 Observation: Some employees have been engaged at Silovuti who are living in their own houses. NBPOL should identify all employees who are not provided with housing and ensure they are being paid no less than the minimum rural wage (currently K2.29 per hour).

Response: NBPOL increased its minimum wage from K2.15/hour to K2.26/hour on 1 July 2013. Although remaining under the minimum rural wage rate (K2.29/hour), NBPOL has assumed that all employees receive more than the difference in benefits, even if an employee is not provided with housing. At this stage the response by NBPOL is considered adequate.

6.5.3 MINOR NC: Although details are explained during employee inductions, there appears to be some confusion among many employees over working conditions and entitlements, including for example, confusion between long-service leave and loyalty bonuses, and uncertainty regarding maternity leave and breast-feeding entitlements. Although NBPOL has the relevant policies, and entitlements are carefully documented, many general labourers are illiterate, and regular awareness on working conditions and entitlements is required. This includes awareness provided to managers, supervisors and boss boys, to ensure they are aware of Company policies and worker's entitlements.

In addition, consideration may need to be given in the following areas:

- (i). If/how superannuation can be provided to women during their maternity leave; and
- (ii). How women who are paid on piece-meal rates (e.g. loose fruit collectors) can be encouraged to take breaks for breastfeeding without being penalised financially.

NBPOL has revised its housing program (6.5.4) (15 July 2013) due to financial constraints. Overcrowding and the quality of older houses remain major social issues. A decrease in the number of employees over the past 12 months may have reduced the overcrowding problem. However,

relevant data are not readily accessible. As discussed under Principle 8, an indicator will be included in the Continuous Improvement Plan to monitor progress in addressing overcrowding. Another indicator will be included to monitor the proportion of houses with power points, as this will substantially improve the quality of housing (as people will be able to have fans and other appliances).

NBPOL has an excellent network of health professionals and facilities (6.5.6) for the provision of health services to employees and dependents. Over the past year NBPOL has provided equipment to ensure that all clinics have equipment to boil water and sterilise equipment, and refrigerators or air-conditioning for the safe storage of medicines. However, the number of workers and number of dependents has increased substantially in recent years and the health services are struggling to meet the demand. Additional health resources may be warranted. The highest priority at this point in time, as it was a year ago, appears to be for a dedicated health officer to manage the Company's HIV/AIDS program. This would reduce the workload of other health staff and enable a more comprehensive program of assistance in all areas (HIV awareness and prevention, counselling, treatment, etc.).

ASA 4 6.5.6 Observation: Tanks have recently been provided for drinking water for employees living in a temporary worker's compound at Silovuti. Water for other purposes is sourced from a nearby stream but is of poor quality. It is recommended that an alternative source of water be provided in the compound for general washing purposes. This should preferably include an outlet so people can wash their hands after using the toilets.

Response: NBPOL has drilled several holes looking for suitable water but has had limited success. NBPOL has decided to establish compounds at alternative sites that are expected to have much better water supply. The number of employees accommodated at the existing site in the future will be limited, however, further work will be undertaken in an attempt to identify a suitable water supply. At this stage the response by NBPOL is considered adequate.

NBPOL is a member of the WNB Chamber of Commerce and a NBPOL representative attends meetings. The Chamber lobbies government for the provision of improved education, health, law and order and other infrastructure. Minutes of meetings can be provided.

Contractors (6.5.2) have agreed to meet legal minimum terms and conditions. Contracts are worded to ensure the contractor agrees and signs to meet legal requirements. A number of contractor's workers were interviewed throughout the assessment and all agreed that they were paid correctly.

Very few block holders had formal employees although many sometimes employed relatives or youth groups on a contractual basis.

SHA/OPIC had set rates for all contractual operations and ensure that the minimum was paid or exceeded.

The owner manager of the Pusiki estate was well aware of his requirements towards his staff (once again a very senior former Public Servant).

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

NBPOL has a freedom of association policy (6.6.1). Copies of the policy are clearly displayed on notice boards, including copies in Tok Pisin (6.6.2).

Less than 10% of NBPOL's employees are current members of the West New Britain Oil Palm Workers Union (WNBOPWU), although some workers

are members of the Amalgamated General Workers Union (AGWU). The WNBOPWU has regular meetings with NBPOL management and Minutes (6.6.3) are recorded and signed by both parties. WNBOPWU submitted a Log of Claims in May 2013. In the subsequent two months, only one meeting was held to discuss the Log of Claims. Although another meeting has reportedly been scheduled, it will be important for NBPOL to respond to the Union and meet in a reasonable timeframe.

ASA 4 6.6.2 Observation: It is suggested that WNBOPWU is provided with the opportunity to review the Minutes taken by NBPOL and asked to sign off to ensure both parties agree. This will reduce the potential for disagreements in the future.

Response: Both parties sign off on the Minutes of meetings held.

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.

NBPOL does not employ anyone under the age of 16 (the minimum age for employment in PNG, subject to the provisions outlined in Section 103 of the Employment Act 1978) (6.7.1).

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

Out of the 82 people interviewed only one block holder insisted that he stopped his school aged children from going to school at every harvest. He also refused to buy fertiliser as he claimed that it was too expensive and the soil was fertile enough. It was explained to him that he was breaking PNG national laws and RSPO rules therefore in danger of not having his FFB collected until he complied.

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.

NBPOL has a clear anti-discrimination policy. Copies of the policy are clearly displayed on notice boards. There appears to be a relatively good understanding of the policies within management. The initial recommendations are currently being reviewed by the Sustainability Team in Singapore, prior to their implementation. There have been no constitutional infringements (6.8.2).

The Equal Employment Opportunity (6.8.1) policy has been reviewed and re-issued and is widely distributed.

NBPOL is actively targeting women through its industrial training program, which is a program that not only provides workplace training for tertiary students, but identifies future NBPOL managers. In 2012 approximately 1/3 of industrial training students are female. This is a positive achievement, as encouraging female employment, and particularly female managers, will be important to reduce discrimination against women in the workforce.

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

NBPOL has a policy on sexual harassment (6.9.1). Copies of the policy are clearly displayed on notice boards, including copies in Tok Pisin.

A grievance mechanism is present and documented (6.9.3).

Since their formation in 2011, 'Women Empowering Women' (WEW) or 'Meri Strongim Meri' has taken a leading role in the fight against domestic

violence and in promoting improved living conditions for employees and their families. WEW is represented throughout NBPOL operations in West New Britain and is involved in ensuring compliance with labour laws on breastfeeding (6.9.2). WEW has prepared a new domestic violence policy for NBPOL and when requested and appropriate, is providing counselling services for those involved.

Domestic violence remains a major problem amongst the workforce. NBPOL's prefers to take a reconciliatory approach, if at all possible. To do this effectively, counselling for both parties involved is required. While counselling is currently provided by WEW members, when requested, it would be preferably to have the full-time services of a professional welfare officer. As discussed under Principle 8, the appointment of a welfare officer would be an appropriate inclusion in the Continuous Improvement Plan.

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

Current and past prices paid for FFB are available (6.10.1). The government approved formula for working out FFB prices is publically available. The price and formula (6.10.2) are made available via printed notices in the local newspapers. This is updated monthly and a copy given to OPIC & the Small Holders association. Price sheets, showing formula calculation are displayed at OPIC divisional offices where SG's can view them. The company has a Smallholder Department that liaises directly with Smallholders as well as through the OPIC network. SG's are paid the week following pickup of their fruit according to a published schedule. SG's are paid either by cheque or direct bank deposit and a payslip is provided giving full details of payment and any deductions for tools, fertilisers etc. EFB is supplied to SG's on request as long as it is not applied near housing.

NBPOL has prepared a series of visual aids to help explain how FFB prices are calculated. Although a difficult task, this is much needed and the initial work undertaken by NBPOL is to be commended. The visual aids could easily be modified for use in other parts of PNG and in the Solomon Islands.

Interview of contractors (6.10.3) confirmed the Terms and Conditions of Contracts are explained to contractors before the Agreement is signed as well as during the induction process and they are paid in a timely manner (6.10.4). Records are held of contractor inductions and include environment, health and safety performance requirements. The company uses a standard Contract prepared by its Legal Department.

The pricing formula review is well overdue and about to be undertaken by a consultancy under SADP. There is an expectation that this will result in an increase in farm gate price. Especially in the "payout ratio to farmers" which is currently 57%.

Smallholders have raised complaints in the past in regard to the weight of FFB collected and delays in FFB collection. EFB is available to Outgrowers (6.10.5).

A few smallholders also complain about late pickups. These occur for a number of reasons and will require a concerted effort – from Smallholder Affairs, Transport Department and smallholders – to manage effectively.

ASA 4 6.10.1 Observation: Is that the NBPOL FFB formula has not been made available, for example the Kapore OPIC office did not have the current (August) formula displayed (only the net farm gate FFB price) and OPIC officers stated that they had not received the pricing formula for the last six months. Although this is clearly the fault of OPIC, it is also the responsibility of NBPOL.

Response: OPIC officers are now receiving pricing formula on a regular basis and this includes details of all current prices. This is in turn passed on to small holders.

EFB is freely available to outgrowers who have been advised not to apply it nearer than 500 metres from dwellings.

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

NBPOL is the main economic driver in West New Britain and contributes to relatively high levels of personal income through direct employment, contracting opportunities, smallholder income and payments to ILG groups. In addition, NBPOL has provided development support through the NBPOL Foundation from 1997 to 2011; it has participated in the Tax Credit Scheme since 2002; and provides other support or contributions on an ad hoc basis.

In the past TCS expenditure has focused primarily on roads and bridges. The WNB Provincial Administration has recently, and publically, voiced a preference to have a greater role in the identification of projects to be funded through the TCS, including the inclusion of more health and education facilities. NBPOL has responded to the Provincial Administration and it is likely that a higher proportion of funds will be allocated to health and education facilities in the future.

The NBPOL Foundation was created in 1997 and aims to improve health and education levels in areas impacted by oil palm operations. NBPOL is in the process of extending the geographic coverage of the Foundation to other provinces in PNG in which NBPOL operates. In the process, little development support has been provided. However, a survey of health and education facilities in these provinces has been undertaken. It is unclear when development support will recommence.

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.

New plantings commenced at Silovuti in late 2009. A detailed social and environmental impact assessment was undertaken in 1999. The degree to which the results of the social impact assessment have been incorporated into management and operations is discussed under Criterion 7.6 below.

Although there were no new smallholder plantings selected for this audit, the new Planting and Replanting Approval Forms are being used for new blocks and on existing blocks for replanting.

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

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

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

All block holders who had undulating ground showed that they were well aware of methods to minimise soil erosion. See also 4.3.

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

Ecologists completed a bio-diversity and HCV study of the Silovuti area prior to work commencing and an environmental permit being granted. Land found to contain HCV (3,000 hectares) has been set aside as a HCV and conservation area as a result of this assessment. This area is marked on

the maps. The Ecologist completed a series of surveys of endangered species and HCV's in June 2009 of all NBPOL estates including this new development. The PNG HCVF tool kit was used.

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

All HCV hot spots have been identified as well as any areas of high value biodiversity, conservation areas and refugia.

The Planting Approval Form contains strict guidelines to ensure compliance with this criterion. The form has been modified to include signatures of both Project Managers (OPIC and Smallholder Affairs) to ensure that all guidelines are adhered to.

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

There are no fragile soils in the Hoskins scheme, however measures such as lining palm fronds in alternate rows (referred to a rubbish or rabis rows) in sloping ground across the potential flow of run-off water were noted.

Nitrogen fixing leguminous vines were also used by all block holders as a means of improving fertility and reducing run-off.

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.

Informed consent is difficult in areas such as Silovuti, where education and literacy levels are particularly low. However, a detailed social impact assessment was completed and negotiations over the proposed development and lease-lease back arrangements occurred over an extended period. This is considered as adequate given the ability of the Silovuti people to see oil palm developments in adjacent areas (and therefore have a reasonable understanding of the proposed development and impacts). However, recent uncertainty over the area of HCV has the potential to significantly reduce the area of oil palm developed at Silovuti, and hence, reduce the financial benefits received by the customary landowners. This needs to be resolved as quickly as possible, and if it results in a significant change to the benefits expected from the lease-lease back arrangement, further consultation will be required.

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.

A detailed process has been followed to ensure the customary landowners were correctly identified, and assistance was provided to help form the Talasea Incorporated Land Group.

The Environmental Plan for the Kulu-Dagi and Inland Kove areas predicted negative social impacts resulting from the "unwise spending of cash controlled by men" and stated that "landowners will be encouraged to invest part of the money they receive from land rental and royalties in trust funds for business development and improvement of village facilities. Furthermore, the Environmental Plan noted "the poor education base will also prove to be a constraint to people's participation in the business development opportunities associated with the project". During the audit, ILG representatives confirmed that many people were not using the financial benefits wisely and were not saving any part of the payments received. They also stated that they had difficulty accessing business

opportunities. The company intends providing advice on management of money received as a result of the development.

NBPOL provides educational assistance to ILGs from 2011 onwards. There is funding to provide one male and one female qualifying student from each ILG will receive a scholarship to meet costs for Year 11 and 12. The selection of students is based on merit. This will help increase the number of students who get a decent education and go some way in addressing financial literacy levels in the longer term. However, given the low financial literacy levels and the right of landowners to benefit from oil palm development, it is recommended that in addition to the above initiative, NBPOL engage a full-time **Business Development Officer** as part of the Mini Estates team to (i) improve financial literacy levels among ILG members and (ii) provide assistance to ILGs to establish and operate businesses.

The role of the Business Development Officer should also include the provision of assistance to ILGs in financial management and reporting. The proposed changes to the ILG Act will strengthen this requirement, and most ILGs will need to improve considerably to remain compliant.

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

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

Field Days are still used by OPIC for training and there is a Training Curriculum for new growers which is mandatory as part of the new PAF. Although field days can be effective there is a definite need for new and innovative techniques to motivate growers – see also 8.1 below.

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

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

Objectives and Targets have been developed and an improvement plan prepared. The third party ISO 14001 Certification Audit checks the achievement of the objectives and targets annually for continuous improvement (8.1.1). The main focus of continual improvement to date has been environmental performance, while less attention has been given to social impacts.

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

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

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

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

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

8.1.1 Observation: Some additions to the Continuous Improvement Plan are required to ensure it has a clear focus on the key social issues. As new social issues will emerge over time, it is important that new social issues are identified and incorporated in the Continuous Improvement Plan on a periodic basis.

The current Continuous Improvement Plan would be enhanced if it included the following actions/indicators:

- The number and percentage of labourers with two rooms;
- The percentage of labourer's quarters with power points;
- A comparison of fortnightly wages with the estimated cost of living for a family;
- The appointment of a welfare officer;
- The average number of days to collect smallholder FFB;
- The harvest day rounds for smallholders (i.e. the frequency of harvesting); and
- The percentage of smallholders with titles showing the right to occupy land.

Although a range of factors will influence the above (and NBPOL is not responsible for smallholder land titles), the inclusion of the above actions/indicators will help ensure a focus on the main social issues; it will help quantify the magnitude of the problem; and it will provide a platform for discussing appropriate actions, with other partners, to address these problems.

Subsequent audits will monitor the progress in implementing the mitigation strategies in the Social Improvement Plan. To facilitate this assessment and to demonstrate continuous improvement, it is suggested that an annual assessment is undertaken to document the progress (including quantifiable indicators) in implementing each mitigation strategy.

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

Under the World Bank funded Smallholder Agriculture Development Project (SADP) there have been many studies into the improvement of the training and extensive services provided by OPIC including the use of short but explicit videos which can be produced cheaply and distributed to the growers.

The auditor noted several generators and television sets on blocks and many people buying aerals on the date that coincided with the final "State of Origin" match for 2013, which was coincidentally an oil palm pay-out day.

Both SHA and OPIC are working on continuous improvement programmes and smallholders are keen to partake of these programmes. 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

Two (2) Nonconformities were assigned against Minor Compliance Indicators. Details of these Nonconformities are provided below:

5.6.2 Minor NC: There was evidence that the discharge of treated effluent from the Kumbango effluent ponds was in excess of the allowable limits for BOD for five months out of the last 12 months. This did not appear to have in place plans to reduce this significant pollution.

6.5.3 MINOR NC: Although details are explained during employee inductions, there appears to be some confusion among many employees over working conditions and entitlements, including for example, confusion between long-service leave and loyalty bonuses, and uncertainty regarding maternity leave and breast-feeding entitlements. Although NBPOL has the relevant policies, and entitlements are carefully documented, many general labourers are illiterate, and regular awareness on working conditions and entitlements is required. This includes awareness provided to managers, supervisors and boss boys, to ensure they are aware of Company policies and worker's entitlements.

OBSERVATIONS / OPPORTUNITIES FOR IMPROVEMENT

The assessment identified seven (7) Observations/ Opportunities for Improvement. The progress with the Observations/Opportunities for Improvement will be checked during the first Renewal Assessment visit scheduled for July 2014.

4.1.1. Observation: A number of the Management Guidelines for field operations do not appear to be current and are not at times a reflection of all current practices. They include obsolete methodology for determining the environmental impacts and aspects of some operations.

4.4.2 Observation: It was noted that in a number of riparian buffer zones some non-native species such as teak have been implanted. There is also evidence of abandoned oil palms in such of these areas.

4.7.2 Observation: The risk assessments for high risk activities such as hot works are not rated as if for potential hazardous activities. Compound activity is not included in the risk assessments with regards to compound security. There are no amenities at the crusher for workers for lunch breaks nor is there a proper toilet available

4.7.7 Observation: The fire pump at Numundo mill did not work at the time of this assessment and therefore the mill would be vulnerable in the case of a large fire.

6.5.1 Observation: Up to 20% of NBPOL's current workforce may not be enrolled in a superannuation scheme. Although it is up to each employee to complete an application form for superannuation, NBPOL should take the necessary steps to ensure all permanent employees are enrolled.

6.5.1 Observation: The process for making superannuation payments to ex-employees (i.e. those employees who have ceased employment with NBPOL) needs to be critically reviewed. Two main areas of concern are (i) employees resigning to receive a superannuation payment and then re-seeking employment with NBPOL, often using a different name, and (ii) payments that do not reach ex-employees.

8.1.1 Observation: Some additions to the Continuous Improvement Plan are required to ensure it has a clear focus on the key social issues. As new social issues will emerge over time, it is important that new social issues are identified and incorporated in the Continuous Improvement Plan on a periodic basis.

3.3 *Noteworthy Positive Components*

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

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

The continuation of NBPOL's comprehensive training programs, including the engagement of apprentices and provision of training and work placements for secondary and tertiary students.

The preparation of plans for the establishment of a training centre with nationally recognised trainers and trade testing capacity.

The preparation of visual aids to help explain the FFB price and FFB formula.

NBPOL is an efficient palm oil producer and together with the smallholders during the 2010 calendar year averaged 23.07 tonnes of FFB per hectare from the total planted area (55,976 ha) of mature palms. In conjunction with this high average crop production, the mills operated efficiently and the overall oil extraction rate averaged 22.51% for Crude Palm Oil and 5.05% for Palm Kernel. These high yields and extraction rates are the outcome of consistently implemented best practices and effective management systems.

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

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

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

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

Despite the challenge that social responsibility provides, NBPOL continues to improve its operational transparency and engage with a broad range of stakeholders. Maximising the benefit that this engagement provides to impacted stakeholders is a key business objective and continual challenge, particularly in a period in which the Company is expanding its operations.

The level of awareness and understanding of RSPO among external stakeholders appears to have increased significantly over the past year.

There was a general increase in satisfaction with "smallholders" the NBPOL Smallholder Affairs Department. Other than that negative comments were similar to the 2010 audit.

NBPOL recently contributed to the establishment of the Kimbe Eye Clinic attending to patients both within the province and outside.

NBPOL has participated greatly to infrastructure maintenance through tax credit scheme and meeting twice every month with the provincial work department maintain good relations with the department.

NBPOL has become the lifeblood of WNB people and business providing spin off benefits, infrastructure maintenance and employment opportunities

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

One organisation that came under extreme criticism was the growers association, HOPGA, this despite the fact that several HOPGA executives or committee members were interviewed at their respective blocks. Growers simply do not generally understand the role of HOPGA and the most common response was "they do nothing for us"! Very few growers interviewed contribute the HOPGA levy and so there is a situation where HOPGA has few resources to anything. This situation harks back to 2009, when the company ceased deductions from growers for the HOPGA Levy because of irregularities in the HOPGA accounts and allegations of gross misuse of funds. Since 2009, there have been several new executives appointed with great hope for better organisation and efficacy; however growers have little faith in their own growers association.

OPIC came under the normal criticisms of "not enough visits and interactions with growers" but the most common complaint was about the state of roads that lead to their blocks and resultant non pick up of harvested Fresh Fruit Bunches (FFB), which have to be burned for hygienic considerations and results in loss of income. The auditor did explain to growers that the role of OPIC is as an "extension service" and the K4.00/tonne levy they pay (supplemented by the industry's K4.00 voluntary levy was simply insufficient for OPIC to fix all the feeder roads, which are in fact the responsibility of the local level governments.

There were a few complaints about double deductions for fertiliser which had gone through the grievance mechanism and were clarified by the SHA department but obviously not to the satisfaction of the grower. In these instances more communication is required between the parties to clarify that there were no double deductions, however SHA had delivered fertiliser twice in the same year to the blocks.

Ownership clarification including the need for a new CLUA for CRP blocks (when these blocks are replanted) and the requirement for transmission of titles of deceased estates is an on-going issue, as is the need for owners to make wills. There were several complaints against the OPIC Lands Officer in this regard, which centred on tardiness of response combined with cash being handed over with no receipts issued. This requires further investigation by OPIC and SHA. Many growers had engaged a private consultant at considerable expense to expedite their title confirmation and transmission.

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
New Britain Palm Oil Limited



.....
Mr Harry Brock
General Manager
Date: 12.8.2013

Signed for on behalf of
BSi Group Singapore Pte Ltd



.....
Mr Allan Thomas
Lead Auditor
Date: 12.8.13

Appendix “A”

RSPO Certificate Details

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

Certificate Number: SPO 537355
 Certificate Issue Date: 10.9.2008

Website: www.nbpol.com.pg

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

Projected 2013

| | |
|------------------------------|--|
| Name: | Kapiura Mill & Supply Base |
| Location: | Bilomi Plantation, West New Britain Province, PNG. |
| Address | P.O.Kimbe, West New Britain Province, PNG |
| GPS | E 243536.48 N 9377869.69 |
| CPO Tonnage | 71,226 |
| PK Tonnage | 16,258 |
| Plantations FFB | 191,929 |
| Mini Estate FFB (Rigula Me) | 56,239 |
| Smallholders Tonnage | 75,732 |
| Name: | Numundo Mill & Supply Base |
| Location: | Haella Plantation, West New Britain Province, PNG |
| Address | P.O.Kimbe, West New Britain Province, PNG |
| GPS | E 171370.44 N 9388596.38 |
| CPO Tonnage | 43,355 |
| PK Tonnage | 11,252 |
| Plantations FFB | 66,019 |
| Mini Estate FFB | 87,032 |
| Smallholders Tonnage | 44,106 |
| Name: | Mosa Mill & Supply Base |
| Location: | Bebere Plantation, West New Britain Province, PNG. |
| Address | P.O.Kimbe, West New Britain Province, PNG |
| GPS | E 193904.84 N 9377831.2 |
| CPO Tonnage | 59,355 |
| PK Tonnage | 14,193 |
| Plantations FFB | 120,590 |
| Mini Estate FFB (Waisisi ME) | 24,501 |
| Smallholders Tonnage | 124,825 |

| | |
|----------------------|--|
| Name: | Kumbango Mill & Supply Base |
| Location: | Kumbango Plantation, West New Britain Province, PNG. |
| Address | P.O.Kimbe, West New Britain Province, PNG |
| GPS | E 191134.07 N 9381192.85 |
| CPO Tonnage | 61,032 |
| PK Tonnage | 15,897 |
| Plantations FFB | 119,392 |
| Mini Estate FFB | 42,721 |
| Smallholders Tonnage | 115,430 |
| Name: | Waraston Mill and Supply Base |
| Location: | Numundo Plantation, West New Britain Province, PNG. |
| Address | P.O.Kimbe, West New Britain Province, PNG |
| GPS | E 178000.00 N 9392000.00 |
| CPO Tonnage | 48,774 |
| PK Tonnage | 12,542 |
| Plantations FFB | 16,110 |
| Mini Estate FFB | 132,362 |
| Smallholders Tonnage | 73,332 |

Appendix “B”

SUSTAINABILITY AUDIT PROGRAM

(COMBINED RSPO RENEWAL ASSESSMENT & ISO SURVEILLANCE AUDIT)

15-19TH JULY 2013

AUDIT TEAM

Allan Thomas - Lead Auditor and Overall Compliance
 Rod Parsons – Documentation and Environment Specialist
 Mike Finlayson – Social Specialist
 Tom Vigus – Smallholder specialist

NBPOL SUSTAINABILITY TEAM

Sander Van Den Ende
 Mark Hadfield
 Diane Mirio
 Rex Kaupa

Audit Groups.

| Group | Audit Team Member | Facilitator |
|-------|-------------------|---------------------|
| 1 | Allan Thomas | Sander van den Ende |
| 2 | Rod Parsons | Mark Hadfield |
| 3 | Mike Finlayson | Diane Mirio |
| 4 | Tom Vigus | Rex Kaupa |

Monday 15th July

| Time | Auditor | Activity |
|-----------|----------------|--|
| Morning | ALL | Opening Meeting (9:00am-10:00am) |
| | Rod Parsons | Mosa Vehicle Workshop |
| | Allan Thomas | Mosa Oil Mill & CDM |
| | Mike Finlayson | Mosa Clinic & Compound, |
| | Tom Vigus | Smallholder operations as per program |
| Lunch | | |
| Afternoon | Allan Thomas | Kimbe Bulk Terminal |
| | Rod Parsons | Rigula, Kumbango Refinery |
| | Mike Finlayson | Police, Works Dept and Hospital in Kimbe |
| | Tom Vigus | Smallholder operations as per program |

Tuesday 16th July

| | | |
|-----------|----------------|--|
| Morning | Allan Thomas | Waraston Oil Mill, Navarai |
| | Rod Parsons | Kapiura Oil Mill, |
| | Mike Finlayson | Haella Clinic |
| | Tom Vigus | Smallholder operations as per program |
| Lunch | | |
| Afternoon | Allan Thomas | Sapuri, Daliavu |
| | Rod Parsons | Kautu, Kautu Clinic |
| | Mike Finlayson | Provincial Administrator, Kaubibi LLG, Honde Laulimi LLG |
| | Tom Vigus | Smallholder operations as per program |

Wednesday 17th July

| | | |
|-----------|----------------|--|
| Morning | Allan Thomas | Crusher Plant, Togulo |
| | Rod Parsons | Moroa & Karausu |
| | Mike Finlayson | Live & Learn Env. Education, Community Dev. Office, Mosa LLG |
| | Tom Vigus | Smallholder operations as per program |
| Lunch | | |
| Afternoon | Rod Parsons | Numundo Oil Mill |
| | Allan Thomas | Kumbango Oil Mill & CDM |
| | Mike Finlayson | Mosa Main Office- Company Secretary, Training & HR Dept., Meet Union Reps, WEW |
| | Tom Vigus | Smallholder operations as per program |

Thursday 18th July

| | | |
|-----------|----------------|--|
| Morning | Allan Thomas | Roka Estate, Bilomi |
| | Rod Parsons | Dami- Seed Production Unit (ISO9001) |
| | Mike Finlayson | Siki LSS Blocks, Hoskins Girls Technical School |
| | Tom Vigus | Smallholder operations as per program |
| Lunch | | |
| Afternoon | Allan Thomas | Dami - RSPO Documentation |
| | Rod Parsons | Dami - ISO Compliance Documentation |
| | Mike Finlayson | Hoskins Oil Palm Growers Association, Koimumu Community Planting |
| | Tom Vigus | Smallholder operations as per program |

Friday 19th July

| | | |
|-----------|-------------------|------------------------------------|
| Morning | 8.00am – 10.30am | Dami - Auditor Wrap Up Discussion |
| | 10.30am – 11.00am | Travel to Mosa for Closing Meeting |
| | 11.00am | Closing Meeting |
| | | |
| Lunch | | Packed lunch |
| Afternoon | 12.30pm – 1.30pm | Travel to airport & Check-in |
| | 3.00pm | Departure |

Appendix “C”

CONTINUOUS IMPROVEMENT PLAN

Social Improvement Plan 2012-2017

Introduction: This Social Improvement Plan (SIP) identifies the planned actions that NBPOL WNB will take in order to mitigate its negative impacts and promote the positives ones where this is deemed necessary. It is written in compliance with RSPO Criterion 6.1 and incorporates other relevant RSPO and ISO indicators where these have social impacts. This document has been derived from the most significant social impacts which NBPOL has on its stakeholders. The management improvements addressing these impacts have been consulted with each respective Head of Department.

Scope: This Social Improvement Plan 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.

Process: This SIP replaces the Social Impact Management Plan (26/07/11) and continues the processes set out therein. The improvement plan comes out of the register which records all social impacts on employees, individuals and affected communities and is maintained by the Community Engagement and Development Officer. The social register was established through the aspects and impacts as found in the initial Social Impact Assessment carried out for NPBOL in 2007 and has since been enriched through ongoing engagement with relevant stakeholders. The process is summarized within the RSPO filing 6.1.1 and 6.1.2. The impacts of the social register have been ranked and the most significant have been utilized to form the Objectives which make up the basis of our Social Improvement Plan. The objectives are described below:

Objectives: The objectives for this plan are derived from the social register. The objectives are as follows:

Objective 1 - Improving labouring staff living conditions

Objective 2 - Improving Occupational health and safety

Objective 3 - Improving healthcare

Objective 4 - Improving livelihoods and benefit distribution

Objective 5 - Improving access to services – Education

Objective 6 - Improving counselling services and gender focal points

Implementation & Monitoring: Each objective is broken down into specific impacts and planned actions to mitigate these as outlined in the tables below. For each impact addressed a specific plan with indicators and responsibilities will be developed by the Sustainability Department in conjunction with each relevant Head of Department. Each planned action will be monitored on an ongoing basis by the Sustainability Department and reported against at bi-annual management meetings with the General Manager and Heads of Departments.

Objective 1: Improving labouring staff living conditions

| Impact | Planned Action | Completion Date |
|--|---|-----------------|
| Understanding main issues facing compound residents. Note these are addressed below. | Survey of living conditions conducted in compounds to inform management of main issues facing compound residents. | 2012 |
| Grievances | Improve the Grievance Procedure | 2012 |
| Overcrowding | Survey of all labour housing conducted and presented to Management to inform of current occupancy and living space given to labourers. | 2012 |
| | Reduce overcrowding through labor reduction program, removal of passengers | 2013 |
| | If overcrowding is still a problem, prioritized allocation of budget to construct additional housing to reduce overcrowding to acceptable levels. | 2014 |

| | | |
|--|--|------|
| Lack of amenities, power points. | All new labour quarters to be provided with power points. | 2012 |
| | Labour quarters around Mosa and Kumbango to be supplied with power points. | 2014 |
| | Plan to provide remaining labour quarters with power points in line with installation of mill effluent biogas generators. | 2014 |
| Access to food gardens. | Provide 500m ² of suitable garden area per housing unit (as per Regulations Handbook) for compounds in all new and replanting areas near compounds. | 2013 |
| | Assessment of compounds needing additional garden areas | 2013 |
| | Issuing garden areas to those compounds where not enough land is currently made available as determined by an assessment. | 2014 |
| | Promoting backyard gardening through awareness, provision of EFB and seeds. One quarter of all compounds implementing backyard gardening. | 2014 |
| Domestic violence and sexual harassment. | Raise awareness on domestic violence, sexual harassment through establishment of Women's Committee who conduct awareness events and activities. | 2012 |
| | NBPOL to establish a specific grievance mechanism to deal with sexual harassment and domestic violence. | 2012 |
| | Grievance mechanism to become Policy | 2014 |

Objective 2: Improving Occupational health and safety.

| Impact | Planned Action | Completion Date |
|---|---|-----------------|
| Improve delivery of OHS training to employees in key areas including emergency first aid and agrochemical safety. | Company OHS Representative adequately trained | 2012 |
| | OHS Committees have been established. Standardized agendas, reporting | 2012 |
| | Each site has OHS Representative trained in first aid. | 2013 |
| | Senior Management Training on OHS to improve safety culture and awareness of safety in the workplace. | 2012 |
| | Location specific risk assessment for all Engineering sites, including conduct safety assessment of biogas plants and implement improvement if required | 2013 |
| OHS Training should be delivered to smallholders and contractors. | Plan to improve training delivery to smallholders. | 2013 |

Objective 3: Improving Healthcare

| Impact | Planned Action | Completion Date |
|--|---|-----------------|
| Insufficient basic infrastructure and provisions at health care centres. | A survey of all clinics and medical facilities for power points, electric jugs, requirements for small refrigerators for drug storage, toilets & showers. | 2012 |
| | On completion of survey, an action plan and budget will be drawn up and presented to management. | 2012 |
| | Registration of all clinics & aid posts with the PNG Medical Board. | 2013 |
| The junior staff club, at Mosa, below standard | Junior Staff Club improved to acceptable standard. | 2012 |
| | New Junior Staff Club, designed with JSC input, constructed | 2013 |

Objective 4: Improving livelihoods and benefit distribution

| Impact | Planned Action | Completion Date |
|--|---|-----------------|
| Lack of financial services in remote areas | NBPOL will work with existing initiatives to promote/set up mobile banking and saving opportunities (ie/Nasfund) at all sites. | 2016 |
| Lack of capacity within ILGs to perform their required duties efficiently. | All NBPOL Lands and relevant Sustainability Staff made aware of relevant requirements under Amended ILG Act. | 2012 |
| | Identify, coordinate implementation and subsidise suitable financial management training courses for ILG Committees (2 training workshops/yr until 2016) | 2016 |
| | All 1 st time ILGs at inception phase made aware of all ILG requirements. This is facilitated by provision of the Amended ILG Act summary of key points in English and Pidgin. | 2012 |
| | 75% of existing ILGs to be re-registered have awareness session and printed material provided to them. | 2015 |
| | 50% of ILGs re-registered opt for splitting benefits into Members' bank accounts | 2015 |
| | 50% of all ILGs set up Development Bank Fund account administered by Committee with an independent member. | 2015 |
| Lack of awareness of overall project impact and necessity to build in social safeguards to address food security, community development etc. | Sustainability Community Engagement Officer to participate in at least one FPIC Meeting (starting Sept 2012) per new area for ILG and Community Planting Development. | 2012 |

Objective 5: Improving access to services – Education

| Impact | Planned Action | Completion Date |
|---|---|-----------------|
| Inadequate school facilities at sites. | Through the Tax Credit Scheme, schools within NBPOL plantations will be renovated after approval is sought from proposals submitted via the Company Secretary. Mosa Primary School project is ongoing. Will confirm with Company Secretary. | 2012 |
| Difficulties to access funding for school fees within stakeholder communities | NBPOL Education Assistance Program established to assist students within the impact area that have lease agreements with NBPOL. The EAP will provide 50 full scholarships per year. | 2013 |

Objective 6: Improving counselling services and gender focal points.

| Impact | Planned Action | Completion Date |
|--|--|-----------------|
| High prevalence of domestic violence and sexual assaults within NBPOL communities. | Establish Women's Committee with main focus to eradicate domestic violence and sexual harassment in all NBPOL communities. The Committee will undertake Awareness programs including working with identified partners in its focus to providing support services to gender issues. | 2012 |
| | Produce a grievance procedure specific to sexual and domestic violence. | 2012 |
| | Produce a Policy specific to sexual and domestic violence. | 2013 |
| | NBPOL Women Empowering Women Committee has drafted Constitution and procedures to select site committee representatives with members attending conflict resolution training. | 2012 |

Appendix “D”

Nonconformities, Corrective Actions and Observations Summary and Responses to Non Conformities

SUMMARY OF FINDINGS

2 Minor Non Conformity
7 Observations

Action Plans for NC and Observations Accepted

| Criteria | CAR | Evidence | Corrective Action | Responsibility |
|-----------------|-------------|---|--|----------------------------|
| 5.6.2 | Minor NC | There was evidence that the discharge of treated effluent from the Kumbango effluent ponds was in excess of the allowable limits for BOD for some six months in a row. This did not appear to have in place plans to reduce this significant pollution. | <p>Production and Sustainability had already addressed this issue by the following:</p> <ul style="list-style-type: none"> • Weekly readings of BOD at last pond discharge and EIP are now ongoing • All ponds have been de-silted in May <p>The following are also being implemented as further preventive measures:</p> <ul style="list-style-type: none"> • Weekly BOD readings at last pond discharge and EIP • Installation of aerators at all aerobic ponds (so far missing at XX, XX, XX) • Regular de-silting at ponds as per agreed criteria | Production, Sustainability |
| 6.5.3 | MINOR NC | Although details are explained during employee inductions, there appears to be some confusion among many employees over working conditions and entitlements, including for example, confusion between long-service leave and loyalty bonuses, and uncertainty regarding maternity leave and breast-feeding entitlements. Although NBPOL has the relevant policies, and entitlements are carefully documented, many general labourers are illiterate, and regular awareness on working conditions and entitlements is required. This includes awareness provided to managers, supervisors and boss boys, to ensure they are aware of Company policies and worker's entitlements. | This is a plantation management function and is generally implemented at Morning Mustering and Tool Box sessions. HR's function is to ensure that policies exist to cover such areas and to render advice to management in cases where confusion may still exist. Based on the MNC, HRM will issue a reminder Memo to Heads of Department about effective dissemination of this information. Training will also be organized to ensure key staff are conversant enough to explain all policies and company regulations amply during the induction process. | Human Resources |
| 4.1.1. | Observation | A number of the Management Guidelines for field operations do not appear to be current and are | Revision of all Management Guidelines which will 5 years old or older. | General Management |

| Criteria | CAR | Evidence | Corrective Action | Responsibility |
|-----------------|-------------|---|--|----------------------------|
| | | not at times a reflection of all current practices. They include obsolete methodology for determining the environmental impacts and aspects of some operations. | | |
| 4.1.2 | Observation | There was a spike in BOD readings against allowable limits in regards to the discharge from the Kumbango effluent ponds for a period of some 6 months from October 2012 to April 2013 with no apparent analysis as to why taking place with | See action on Minor 1 above | Production, Sustainability |
| 4.4.2 | Observation | It was noted that in a number of riparian buffer zones some non-native species such as teak have been implanted. There is also evidence of abandoned oil palms in such of these areas. outcomes recorded. | Removal or poisoning of all teak and oil palms within buffer zones. | Plantations |
| 4.7.2 | Observation | The risk assessments for high risk activities such as hot works are not rated as if for potential hazardous activities. Compound activity is not included in the risk assessments with regards to compound security. There is no amenities at the crusher for workers for lunch breaks nor is there a proper toilet available | Revision of the Operational Safety Management Plan. Plan to provide acceptable amenities for workers at the crusher. | Sustainability Engineering |
| 4.7.7 | Observation | The fire pump at Namundo mill did not work at the time of this assessment and therefore the mill would be vulnerable in the case of a large fire. | The fire pump starter at Numundo has been repaired. | Engineering |
| 6.5.1 | Observation | Up to 20% of NBPOL's current workforce may not be enrolled in a superannuation scheme. Although it is up to each employee to complete an application form for superannuation, NBPOL should take the necessary steps to ensure all permanent employees are enrolled. | The employment of the NBPOL workforce is decentralised, i.e. not managed through the Human Resources department across the Company. Nevertheless, HR enrolls 100% of employees whose employment details are remitted to HR. NBPOL workforce may include contractors, seasonable workers and Casuals not necessarily to be enrolled in superannuation by law. HR will send a reminder to Heads of Department to ensure that all information of permanent employees not yet enrolled in superannuation is submitted to HR. | Human Resources |

| Criteria | CAR | Evidence | Corrective Action | Responsibility |
|-----------------|-------------|---|---|-----------------------------------|
| 6.5.1 | Observation | The process for making superannuation payments to ex-employees (i.e. those employees who have ceased employment with NBPOL) needs to be critically reviewed. Two main areas of concern are (i) employees resigning to receive a superannuation payment and then re-seeking employment with NBPOL, often using a different name, and (ii) payments that do not reach ex-employees. | The current system of superannuation payments has been under review in earnest since the beginning of 2013. Currently the Company is in consultation with the Directors of AON and NASFUND not only to potentially switch to a more suitable fund, but also to assure payments to ex-employees are in compliance with the Superannuation Act. The practice of employees resigning and seeking re-employment is difficult to control, as the Company has decentralised payrolls, but all new enrolments that are submitted, are checked by the Fund Administrator for irregularities, before new memberships are registered. HR is not generally aware of payments not reaching ex-employees, but will issue a reminder to Heads of Department to ensure all payments made via personal cheques (i.e. where employees may not have a bank account) reach ex-employees. | Human Resources |
| 8.1.1 | Observation | Some additions to the Continuous Improvement Plan are required to ensure it has a clear focus on the key social issues. As new social issues will emerge over time, it is important that new social issues are identified and incorporated in the Continuous Improvement Plan on a periodic basis. | The Continual Improvement Plan is reviewed annually to include relevant and necessary changes. In response to the audit findings the following will be implemented before the next annual review of the CIP: <ul style="list-style-type: none"> • Implement study on Cost of Living (derived from Bilum Index) • Relevant indicators added to Social objectives of the current CIP | General Management Sustainability |

Appendix “E”

Supply Chain Assessments

NBPOL Kapiura Oil Mill Supply Chain 16.7.13

Kapiura Oil Palm Mill

| Requirements | Segregation |
|--|--|
| 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 Kapiura Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - 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>2.2 The facility shall inform the CB immediately if there is projected over production</p> | <p>Around 77.5% of material comes from NBPOL Estates therefore there is no PO. 22.5 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used. Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p> |
| 3 Record keeping | |
| <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>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 certified ISO 14001 system requires that all records and reports are</p> |

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| <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>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>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>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p> |
| <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 | <p>Not applicable to NBPOL or its mills</p> |

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| <ul style="list-style-type: none"> The crush is covered through a signed and enforceable agreement | |
| 6. Training | |
| 6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems. | 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 |
| 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 |

NBPOL Kumbango Oil Mill Supply Chain 16.7.13

| Requirements | Segregation |
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| 1. Documented procedures | |
| 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 <ul style="list-style-type: none"> a. up to date procedures covering all elements of supply chain requirements 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>At this stage there are written/documented procedures for the chain of custody for Kumbango Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - Sustainability Manager</p> |
| 1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB. | The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline |
| 2. Purchasing and goods in | |
| 2.1 The facility shall verify and document the volumes of certified and non-certified FFB received. | Around 53.5% of material comes from NBPOL Estates therefore there is no PO. 46.5 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used. Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All |

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| <p>2.2 The facility shall inform the CB immediately if there is projected over production</p> | <p>Small Holder RSPO Material is identified by docket system as to source including small holder block location 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 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> <ul style="list-style-type: none"> f) The name and address of the buyer; g) The date on which the invoice was issued; h) A description of the product, including the applicable supply chain model (Segregated) i) The quantity of the products delivered; j) Reference to related transport documentation. | <p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p> |

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| 5. Processing | |
| 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. | There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated |
| 5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material | All material is RSPO certified |
| 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: <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 | Not applicable to NBPOL or its mills |
| 6. Training | |
| 6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems. | 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 |
| 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 |

NBPOL Mosa Oil Mill Supply Chain 16.7.13

| Requirements | Segregation |
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| 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 Mosa Oil Mill</p> <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - 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>2.2 The facility shall inform the CB immediately if there is projected over production</p> | <p>Around 46% of material comes from NBPOL Estates therefore there is no PO. 54 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used. Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> <p>There is no projected over production for each mill.</p> |
| 3 Record keeping | |
| <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>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 certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years</p> |

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| <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>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> <ul style="list-style-type: none"> k) The name and address of the buyer; l) The date on which the invoice was issued; m) A description of the product, including the applicable supply chain model (Segregated) n) The quantity of the products delivered; o) Reference to related transport documentation. | <p>The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials.</p> <p>This is included</p> <p>Date of issue of invoice is recorded</p> <p>Description of product is included – including supply chain model</p> <p>This is via an arrival alert that client has received product</p> |
| <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 NBPOL 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 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</p> |

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| | weighbridge |
| 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 |

NBPOL Namundo Oil Mill Supply Chain 16.7.13

| Requirements | Segregation |
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| 1. Documented procedures | |
| 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>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> | At this stage there are written/documented procedures for the chain of custody for Namundo Oil Mill <p>Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011</p> <p>Approved by Harry Brock Responsibility: Sander van den Ende - Sustainability Manager</p> |
| 1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB. | The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline |
| 2. Purchasing and goods in | |
| 2.1 The facility shall verify and document the volumes of certified and non-certified FFB received. | Around 90% of material comes from NBPOL Estates therefore there is no PO. 10 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used. <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> |

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| 2.2 The facility shall inform the CB immediately if there is projected over production | There is no projected over production for each mill. |
| 3 Record keeping | |
| 3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements. | There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable |
| 3.2 Retention times for all records and reports shall be at least five (5) years. | The certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years |
| 3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis. | The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB |
| 3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated. | The supply chain model is clearly indicated on all sales contracts |
| 4. 4 Sales and goods out | |
| 4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: p) The name and address of the buyer; q) The date on which the invoice was issued; r) A description of the product, including the applicable supply chain model (Segregated) s) The quantity of the products delivered; t) Reference to related transport documentation. | The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials. This is included Date of issue of invoice is recorded Description of product is included – including supply chain model This is via an arrival alert that client has received product |
| 5. Processing | |
| 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. | There are clear and precise procedures in place that record that RSPO product is segregated – however product is 100% segregated |
| 5.2 The facility shall provide documented proof that the RSPO certified palm oil can be traced back to only certified segregated material | All material is RSPO certified |

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| 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: <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 | Not applicable to NBPOL or its mills |
| 6. Training | |
| 6.1. The facility shall provide the training for all staff as required to implement the requirements of the Supply Chain Certification Systems. | 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 |
| 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 |

NBPOL Waraston Oil Mill Supply Chain 16.7.13

| Requirements | Segregation |
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| 1. Documented procedures | |
| 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 <ul style="list-style-type: none"> a. up to date procedures covering all elements of supply chain requirements 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 | At this stage there are written/documented procedures for the chain of custody for Waraston Oil Mill. Supply Chain Management Guideline Supply Chain # BMT-RSPO-000019 Issue 2 06 December 2011 Approved by Harry Brock Responsibility: Sander van den Ende - Sustainability Manager |
| 1.2 The facility shall have documented procedures for receiving and processing certified and non-certified FFB. | The documented procedures for receiving and processing certified and non-certified FFB are included in the Supply Chain Manager Guideline |

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| 2. Purchasing and goods in | |
| 2.1 The facility shall verify and document the volumes of certified and non-certified FFB received. | <p>Around 87% of material comes from NBPOL Estates therefore there is no PO. 13 % comes from Small Holders. With Small Holder NBPOL use a Docket system which indicate weight (quality of product is checked in the field and rejected if rotten) and source of materials. This indicates which small holder block this came from. Purchase orders are not used.</p> <p>Yes this is done by weighbridge docket indicate weight and source of RSPO material. In this case PO is not used because internal supplier. All Small Holder RSPO Material is identified by docket system as to source including small holder block location</p> <p>The volumes of certified and non-certified FFB is documented by the weighbridge – all FFB is certified</p> |
| 2.2 The facility shall inform the CB immediately if there is projected over production | There is no projected over production for each mill. |
| 3 Record keeping | |
| 3.1 The facility shall maintain accurate, complete, up-to-date and accessible records and reports covering all aspects of these requirements. | There are records in place which are complete, up to date and accurate for all requirements. These are available from the weighbridge and within the system. All were readily retrievable |
| 3.2 Retention times for all records and reports shall be at least five (5) years. | The certified ISO 14001 system requires that all records and reports are retained for a minimum of 5 years |
| 3.3 The facility shall record and balance all receipts of RSPO certified FFB and deliveries of RSPO certified CPO, PKO and palm kernel meal on a three-monthly basis. | The mill records and balance of all materials on a 3 monthly basis – all material is RSPO certified FFB |
| 3.4 The following trade names should be used and specified in relevant documents, e.g. purchase and sales contracts, e.g. *product name*/SG or Segregated. The supply chain model used should be clearly indicated. | The supply chain model is clearly indicated on all sales contracts |
| 4. 4 Sales and goods out | |
| 4.1 The facility shall ensure that all sales invoices issued for RSPO certified products delivered include the following information: | The company is able to issue an invoice which will allow them under the segregation scheme to include amount of RSPO materials. |
| u) The name and address of the buyer; | This is included |
| v) The date on which the invoice was issued; | Date of issue of invoice is recorded |
| | Description of product is included – including supply chain model |

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| <p>w) A description of the product, including the applicable supply chain model (Segregated)</p> <p>x) The quantity of the products delivered;</p> <p>y) Reference to related transport documentation.</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 NBPOL 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 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</p> |
| <p>7. Claims</p> | |
| <p>7.1 The facility only makes claims regarding the use of or support of RSPO certified sustainable palm oil that are in compliance with the RSPO approved claims</p> | <p>All RSPO material</p> |