



PUBLIC SUMMARY REPORT

NEW PLANTINGS ASSESSMENT

RAMU AGRI INDUSTRIES LTD

(RAIL)

Lae, Morobe Province, Papua New Guinea

Report Author

Allan Thomas – March 2011

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1. Executive Summary

The assessments have recognized the following

- There was no primary forest identified
- All areas required to maintain or enhance one of more High Conservation Values (HCV's)
- all areas of peat soils
- all local peoples' land

Maps have been prepared and presented to identify all of the above findings.

2. Scope of the SEIA and HCV Assessments

Organisational information and contact persons

RAIL is wholly owned by the New Britain Palm Oil Limited.

Ramu Agri Industries Limited
GUSAP DOWNS
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MOROBE PROVINCE
PAPUA NEW GUINEA

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

Evidence of Land Tenure
Maps and Boundary markers

Local People Involved

- Aridagin Clan
- Sampai Clan
- Uri Clan
- Bampa Rumpun Clan
- Munstir Clan
- Ganayun Clan
- Tumua Village

Umi/Atzera LLG invited but did not attend

SIA of Proposed Expansion ASSESSOR

Lydia Gah

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GOVERNMENT DEPARTMENTS

Morobe Provincial Administration
Mutzing District Administration
Police Department
Umi/Atzera Local Level Government

HCV ASSESSOR

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Location maps – both at landscape level and property level including area of new plantings. Prior to development at the new concession preliminary assessments were undertaken and soil types recorded with a view for long term suitability. Preliminary maps of soil types for new planting areas are used in HCV identification process. Topographic information is also incorporated in these maps.

Preliminary maps of the expansion areas have been recently prepared and were sighted (copies attached) they include a guide for drainage plans, roads, fields and blocks. This map includes all relevant topographic information.

Detailed soil survey has been since completed and all soil maps were viewed in relation to these areas. There are no peat soils in the new area to be developed.

See attached maps



Map 1 Location of proposed new planting: description or maps and GPS coordinates.

Time plan for new plantings

New plantings will commence once 30 days have passed since this assessment is made available to all stakeholders.

3. Assessment process and procedures

Assessment collected Data and identified data sources, data collection, dates, programme and all places visited.

Within Social Impact assessment are details of all people/stakeholders contacted including names, locations and dates of any meetings

List of Legal, regulatory and other guidance referenced includes:

Environmental Permits have been issued by DEC on 13th February 2011 for the proposed new development at Ngaru 1 – these include Waste disposal Permit No WD-L2B (286) and Water extraction Permit No WE-L2B (208).

Sub-lease agreement has been finalized and signed with Aridagin ILG (Cert No ILG 9518) on 9th June 2010.

4a. Summary of assessment findings (for SEI assessments)

Awareness sessions were held by the company at both Tumua Village and Umi/Atzera LLG Chamber including other stakeholders on stakeholder related matters (dispute settling, environmental issues etc.). Hereby the customary traditions were recognized by involving the communities' representatives and clan leaders. There are six distinct clans which reside or have interest in the expansion area. Files are available showing the involved discussion process, decision making process and if needed a settlement process and the consent process of involved stakeholders. Established boundaries are marked physically by pegs and on maps. This is also a requirement of RSPO P & C to which RAIL have recently obtained certification.

All the stakeholders are informed with regards to ongoing negotiations in regards to the proposed development of the Ngaru expansion.

Records indicate that presentations were made to the Local Provincial Administrations and LLG Representatives. This is included for all areas which will be part of the New Plantings. Although the local LLG did not attend some meetings although they were invited

There are records of meetings and includes participants from RAIL and community representatives for each area. There are also records of the history of communication on the proposed development and all meetings held with the local communities this also included the introduction of a women's and youths groups to the committees in meeting number seven.

A number of awareness sessions were also held with Land Groups and other local people from August 2008 to December 2009. Altogether over 100 members of the local communities including Land Groups attended these sessions. Both the benefits and negative impacts were discussed at each of these meetings as well as explaining the ILG Process.

All ILG's can demonstrate ownership of land being developed through history of tenure and community agreement to enter into lease-lease back arrangements.

Boundaries are normally natural such as Roads, Rivers and Customary land. Boundary pegs are now identified and are located and marked via GPS and also included in maps for all areas involved in the expansion.

There is proof where disputes have been resolved or are being resolved and ongoing disputes are being monitored. RAIL through their RSPO P & C have established a system to negotiate with the parties in dispute before legal means. Dispute resolution mechanisms are established through open and consensual agreements with relevant affected parties using either legal means or negotiation with the party in dispute. If required the DLPP or other bodies are brought in to act as independent arbiters.

For ILG's there is land mediation through the DLPP, which is facilitated by Provincial Lands Officers and a copy of any resolution is maintained by RAIL and the DLPP. Disputes involving customary land are usually settled by Customary Land Mediators and the PNG Court system if necessary.

RAIL have a participatory conflict resolution method by first talking to involved parties and also recording minutes of these meetings as per 2.2.4 The Company tries to implement the conflict resolution process by the involvement of the Company Lands Officer dealing with complaints of the communities. He keeps track of the complaints and visits the ILGs to settle any dispute. When conflict resolution in relation to state land cannot be settled accordingly it becomes a process for the DLPP or the courts to settle.

In all cases for ILG's it can be demonstrated that acceptable conflict resolution has taken place. Customary land owners are able to obtain legal title to their clan owned land and then enter into sub-lease agreements with RAIL under the Lease-Lease-Back Scheme.

Observation: The first meeting held and the LLG Chamber did not include attendees, the second meeting did not identify who each attendee represented.

Observation: Minutes of all meetings or meetings agendas not available for review.

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

RAIL is in the process of negotiating with customary landowners to acquire land for plantation expansion under the Lease-Leaseback process. This process commenced in 2009 and a sub-lease agreement has been finalized and signed with Aridagin ILG (Cert No ILG 9518) on 9th June 2010. The FPIC component will be integrated into the land lease process (the description of the awareness session on both positive and negative aspects of development), with cooperation of an independent neutral party in this case hopefully the Umi/Atzera Local Level Government (LLG) who have appeared reluctant to be involved at this stage.

Since November 2009 RAIL has commenced work on the Lease lease back process with the landowner groups. The initial step in the process was for the landowners to invite RAIL in writing to develop their land. RAIL representatives meet with the landowners and inspect the land to ensure it is suitable for oil palm cultivation. Awareness sessions have been held with the landowners in the village or at a suitable location where all interested parties may attend. A Local Government representative was invited to attend the awareness sessions to verify that FPIC is followed and also to explain possible negative environmental and social impacts to the landowners. Three awareness sessions are held with the ILG. Following the awareness sessions consent is given by the landowners for the company to assist in the formation of the ILG and to obtain title over the land. RAIL representative provides assistance to the landowners. The SIA carried out indicated that Local communities were in favour of the expansion due to the benefits it can bring to the local community/ies.

The minutes of any meetings are to be kept and are a tool to follow up on the awareness that is forwarded and to check the FPIC component. (See observation above) This indicates that these agreements are entered into voluntarily as minutes of any meetings are recorded. This information is to be recorded in English and Tok Pisin.

The Lease-Lease Back system is a legal process under the Land Act 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. RAIL has a documented 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.

At this stage the ILG's have been formed and the block in the proposed expansion has been surveyed. RAIL has conducted formal Land Investigation Reports (LIR's), which have been completed in conjunction with Government Lands Officers. This LIR is used as the basis for determining whether there is undisputed ownership over the Land in question or not.

SEIA and HCV forest evaluations have been completed prior to the signing of sub-lease agreements. All land under evaluation for Lease Lease Back does not include significant amounts of identified HCV areas.

Maps showing potential areas for Lease Lease Back have been produced. Areas of vacant State Owned land are also identified on these maps.

A copy of the Sub Lease Agreement was available for viewing during the audit.

A comprehensive Social and Environmental impact Assessment has been conducted in relation to the areas of the proposed Ngaru expansion. This was completed by a reputable organisation (Gah-Bell Consulting Ltd). This assessment was completed and report submitted by December 2009. This assessment includes a comparison of existing situation and impacts as a result of expansion.

This also included details of impacts and risks including the significance of the impacts/risks.

Through the existing RSPO system in place Environmental Aspects and Impacts are assessed and reviewed at least annually for all areas under the control of RAIL.

The environmental impact assessment included the development of infrastructure such as building new roads, introducing drains and disposal of waste.

An Environmental Management plan has been prepared with regards to the submission for an application for an Environmental Permit. This was prepared as a requirement of the RSPO P & C certification process.

Social Impacts are identified in part via the grievance process, ILG's and other parties for negative impacts and through social interaction for positive impacts as reported in 6.5.

A SIA has been completed for the proposed new development. Some areas for improvement have been highlighted and have now been integrated into an improvement plan / mitigation plan. For a social impact register to be effective mitigation plans will be in place.

The independent social reviewer addressed the overall matters in the SIA.

RAIL maintains records of attendance at any assessments of any adverse social impacts with all parties were involved. Participation by stakeholders is adequate and continually improving. (See observation P&C 2.2)

An action plan has been proposed in the SIA and actions will be taken, time frames and responsibilities and records in relation to any changes to procedures or implementation will be maintained. There is a financial forecast that covers social components like housing and others under RAIL Continuous Improvement Plan that is annually revised and updated and includes all expansion areas and new plantings.

RAIL is aware about the FPIC and transparency in relation to dealings with customary landowners and has incorporated this in its procedures.

RAIL is developing systems for handling compensation claims and has integrated the FPIC principle in all negotiations. The communities are represented by ILGs and also Local Administrators. Also the communities have given their consent based on a full understanding of the matter/proposal and sufficient information is provided.

The ILG has appointed a spokesperson to address these issues and to discuss on behalf of the ILG.

All documents are in English (the official language of PNG) but can be translated into local languages as necessary.

4b. Summary of assessment findings (For HCV assessments)

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

A map of the Ngaru expansion area prepared in 2010 was sighted. It includes a guide for drainage plans, roads, fields and blocks. This map includes all relevant topographic information.

There is no steep terrain in the proposed expansion areas and therefore there will be no planting over 25°.

All plantings near gullies are avoided to prevent erosion and these areas are excluded from planting activities

There are no fragile or marginal soils within the proposed new development area.

There are no peat soils in RAIL leased areas.

Reputable Ecologists from Envirologic Consulting have carried out an assessment of the presence of HCVs within the Ngaru Expansion and adjacent to the proposed plantations. The ecologists used the PNG National Interpretation of the HCV Toolkit and prepared a report on their findings.

Within the planned expansion estates some areas will not be planted and these habitats have been identified as either having fragile soils due to the slopes and the requirement of exclusion of the gully areas from planting due to the slopes in these areas. These are highlighted in regards to each separate ILG as to the status.

The assessment determined that there is no HCV forest due to all areas under grass land and that there were no areas of cultural significance within the proposed expansion area.

Envirologic did not identify any rare, threatened or endangered species of fauna within the Ngaru Expansion or adjacent areas.

At this point of time some areas have been identified as HCV as these areas under the precautionary principle have been likely site for temporal use for resident (migrants included) birds for nesting, roosting and breeding.

The consultant took a precautionary approach with regards to HCV6 as it was implicit that a small portion of the Ngaru 1 land area was used as a burial ground in the past.

Envirologic Consulting are included on the register of approved HCV assessors as recognized by the RSPO EB.

RAIL prepared an SIA for the Ngaru development in addition to the Environmental Plan. RAIL has completed a full Social Impact Assessment for this development to comply with RSPO P&C. The SIA included consultation with local stakeholders.

The SIA identified all major impacts of all activities. These included impacts of roads and other infrastructure (see 6.1).

An Environmental Permits have been issued by DEC on 13th February 2011 for the proposed new development at Ngaru 1 – Waste disposal Permit No WD-L2B (286) and Water extraction Permit No WE-L2B (208).

An assessment of HCV's has been completed in relation to the new developments (see 5.2) and which areas could be negatively affected. There is also an assessment of the local and adjacent natural ecosystems. All watercourses have been identified and including recommendations of measures to be taken to maintain the quality of these water resources including the maintaining of riparian – buffer zones alongside all water courses.

Ecologists from Envirologic Consulting have completed a bio-diversity study of the development area prior to work commencing.

Within the proposed development 12 bird species were found particularly those of scavenging one's such as Crows, Brahminy kites, Kingfishers and other smaller whistling birds none were seen as endangered or threatened. There are very few mammals to be found in this area of PNG (see also REDD list - birds etc.) Therefore all legal requirements related to species protection are being met as there are no protected species in the area.

All documents are in English however they have been translated into local languages

- The PNG HCV toolkit was employed
- Decisions on HCV status and related mapping are identified in the HCV assessment along with maps indicating status of all land to be included or affected by the “new plantings”.

5. Internal Responsibility

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Signed for on behalf of

BSi Group Singapore Pte Ltd



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Mr Allan Thomas

Lead Auditor

Date: 7.3.11

Signed for on behalf of

Ramu Agri Industries Limited by

Joe Castle

Joe Castle

Acting General Manager and Head of Palm Oil

10.3.11

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