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NPP – SUMMARY REPORT FOR SEIA AND HCV ASSESSMENTS – J ESTATE

10th October, 2013

**Sustainability Section
RAIL**

Contents

NPP – SUMMARY REPORT OF SEIA AND HCV ASSESSMENTS – J ESTATE	3
Section 1.0 Executive Summary	3
Section 2.0 Scope of the SEIA and HCV Assessments.....	4
Section 2.1. Organisational Information and contact persons.....	4
Section 2.2. List of Legal Documents and regulatory permits	4
Section 2.3. Location Maps	5
Section 2.1. Area of New Planting and Phasing Plan	5
Section 2.2. Timeline for New Planting	7
Section 3.0 Assessment Process and Procedures.....	8
Section 3.1. Assessors and Credentials	8
Section 3.2. Assessment Methods	8
Section 3.3. Stakeholder Consultation	8
Section 3.4. List of Legal, Regulatory, and Guidance Consulted	8
Section 4.0 Summary of the SEI Assessment	10
Section 4.1. Summary of Social Key Findings	10
Section 4.2. Summary of Key Environmental findings	10
Section 4.3. Issues Raised by Stakeholders	11
Section 5.0 Summary of HCV Assessment	12
Section 6.0 Internal Responsibility.....	13

NPP – SUMMARY REPORT OF SEIA AND HCV ASSESSMENTS – J ESTATE

Section 1.0 Executive Summary

This Summary Report provides a Public Summary of the assessments undertaken on the ‘J Estate’; primarily relating to the independent SEIA undertaken in June 2013.

The J Estate is a crop conversion (sugar cane to oil palm) on 2,261 ha of land owned and farmed by Ramu Agri-Industries Limited (a part of the NBPOL Group) involving oil palm planting on some 2,191 ha (after exclusions for buffers, main roads, and electricity transmission easement).

The PNG NI Criterion 7.3 indicates that an HCV Assessment is not required for crop conversion on land “under previous commercial agriculture” where the SEIA indicates that no HCV is present. In this case, sugar agriculture is ongoing up to the time of oil palm development, and the SEIA did not identify any potential HCVs.

The SEIA, and additional internal assessments by RAIL, have identified 5 areas for environmental management (1 of which is adjacent within existing oil palm). These areas have been mapped and management plans prepared (See also NPP – Summary Report for Planning and Management – J Estate).

New Britain Palm Oil Limited (NBPOL) is a large-scale producer of sustainable palm oil. NBPOL have over 78,000 hectares of planted oil palm plantations across Papua New Guinea and the Solomon Islands. Ramu Agri-Industries Limited (RAIL) is wholly owned by New Britain Palm Oil Limited (NBPOL).

NBPOL has achieved full RSPO certification of all existing plantation areas by the end of 2012. Many of the company’s commitments to sustainable development, including the management of HCV’s and associated social and environmental issues are outlined in the company’s sustainability report (2011/2012). NBPOL will “... *adhere to the precautionary principle for all new developments*” and ensure that “... *there are no plantings on peat, [and that] there is no development on land containing high conservation values*” (NBPOL 2011).

All existing HCVs and social and environmental issues are managed locally by the Sustainability Manager - Ramu, and supported by the Head of Oil Palm, and the RAIL General Manger.

Section 2.0 Scope of the SEIA and HCV Assessments

Section 2.1. Organisational Information and contact persons

The primary contact details for RAIL are as follows

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Section 2.2. List of Legal Documents and regulatory permits

The land is entirely owned by RAIL under State Lease portions 2 and 226 that are leased for the purpose of Agriculture.

The Department of Environment and Conservation, PNG, have confirmed in writing that, as part of the company wide review and amalgamation of existing Environment Permits into Project or Umbrella Permits, the J-Estate has been included under the Oil Palm development permit for Water Extraction and Waste Discharge.

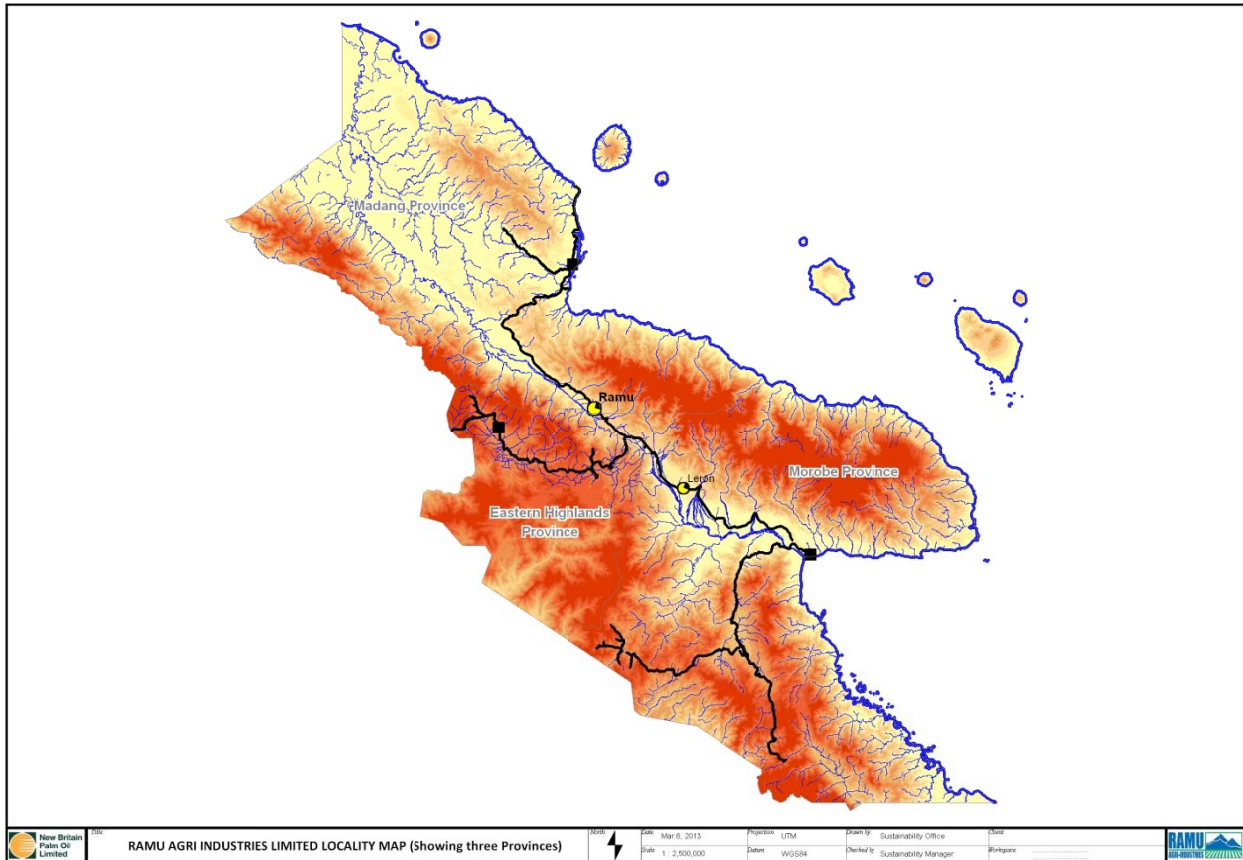


Figure 1; Location of RAIL within the three closest provinces

Section 2.3. Location Maps

Figure 1 shows the general location of RAIL within PNG. Figure 2 indicates the area of the J Estate within the RAIL agricultural areas.

Section 2.1. Area of New Planting and Phasing Plan

The total size of the areas identified as J Estate is 2,261ha. This defined area includes the currently vacant land (grassland and scrub) around the sugar cane that will be part of the Oil Palm area. Of the total area, only 2,191 ha will be planted to oil palm to allow for the presence of riparian buffers, areas identified by RAIL for conservation from an environmental perspective, setbacks from main roads, and the setback from the power easement (required for the safety of workers).

Due to the size of the J-Estate, and the need to ensure the maximum benefit returned from sugar cane already planted on the site, the oil palm development will be phased over three years. Table 1 and Figure 3 indicate the phasing of planting.

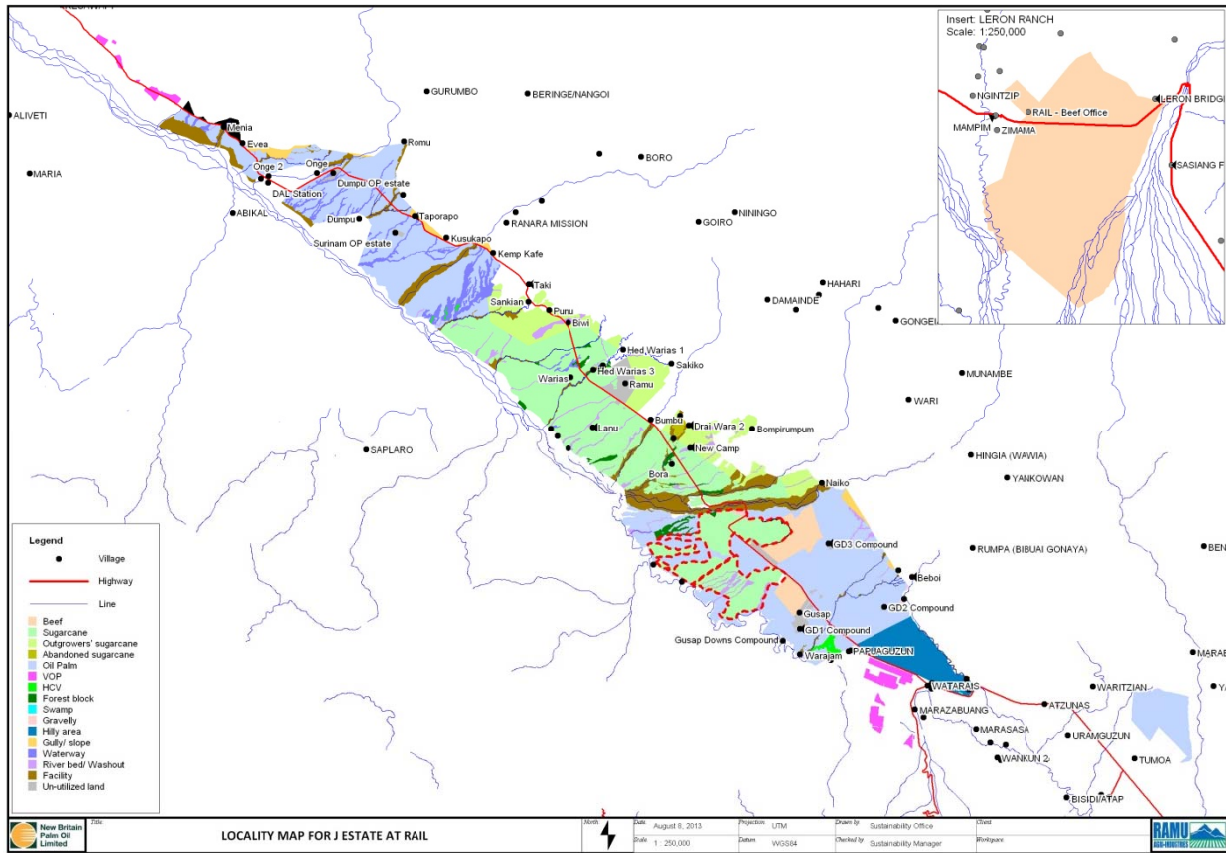


Figure 2; Location of J Estate (Red dashed outline) within RAIL

Table 1; Planting Phasing Plan

	Proposed ha	Timing
2013-2014	792 ha	Q4
2014-2015	489 ha	Q4
2015-2016	825 ha	Q4

NB. The planting season at RAIL is limited to the wet season. 2013-2014 indicates October 2013 to March 2014.

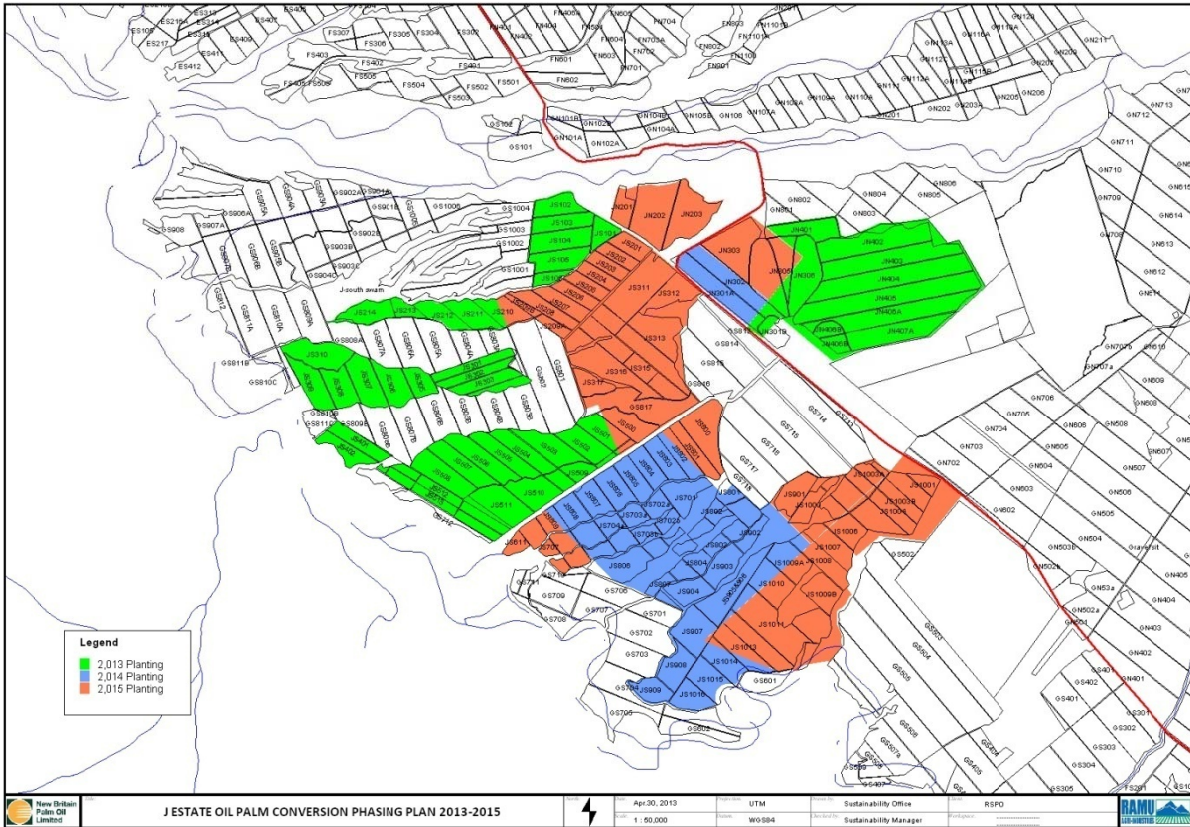


Figure 3; Development Phasing Plan

Section 2.2. Timeline for New Planting

Road lining, marking, and planting will commence once approval is received from RSPO; expected in early November 2013. Planting activities for Phase 1 will cease in March 2014 in preparation for the dry season. Phase 2 will re-commence in August 2014 with road lining and marking as soon as the sugar cane is harvested from those fields.

Excessive delays between cane harvest and oil palm development might allow grasses and weeds to take hold before they can be effectively managed.

Section 3.0 Assessment Process and Procedures

Section 3.1. Assessors and Credentials

The SEIA was undertaken by Narua Lovai, a Freelance Environment Management Consultant, registered with the Department of Environment and Conservation.

A Primary Forest and Landuse Assessment was undertaken by RAIL Staff in May 2013.

A Soils and Suitability Assessment was undertaken as part of the overall planning process in September, 2013.

Section 3.2. Assessment Methods

The main objective of the SEIA was to examine the RSPO compliance following the NPP guidelines and NI for PNG, the predevelopment environmental and socio-economic situation, identify potential environmental and socio-economic impacts in the event that the plantings proceed and recommend measures to mitigate, monitor and manage these impacts.

The assessment was based on a field study undertaken by Narua Lovai between 27th and 29th of May, with additional off-site literature review and desk-top evaluation.

The SEIA included driving and walking through the New Development area, review of available assessments and reports, and meetings with the local community, and government officers at the Markham District administration office in Mutzing.

Section 3.3. Stakeholder Consultation

The SEIA Consultant met with the following stakeholders

Markham District Administration Office, Mutzing

- Mr. John Orebut – District Administrator
- Mr. Michael Steven – Patrol Officer

Village Representatives – Marawasa/Watarais Village of the Yaru Clan, including Church Elder, Clan Leaders, Clan Chairman (Yaru), ILG Chairman (Guaria Uffin Group)

Section 3.4. List of Legal, Regulatory, and Guidance Consulted

The following guidance has been consulted in preparation of the site Assessments.

DEC & PNGFA, (1988), *PNG Logging Code of Practice*, Government Printer, Waigani.

DEC, (1997), *Environmental Code of Practice for the Palm Oil Processing Industry in PNG*, Government Printer, Waigani.

DEC, (1997), *Environmental Code of Practice for Vehicle/Machinery Workshops and Petroleum Storage/Resale/Usage Sites*, Government Printer, Waigani.

DEC, (2001), *Environmental Code of Practice for Sanitary Landfills in PNG*, Government Printer, Waigani.

HVCF National Working Group. (2005). *High Conservation Value Forest Toolkit for PNG*. PNG FSC Inc.

GoPNG, *Conservation Areas Act 2000*, Waigani, NCD

GoPNG, *Environment Act 2000*, Waigani, NCD

GoPNG, *Environment Act Regulation on Prescribed Activities 2002*, Waigani, NCD.

GoPNG, *Environment Act Regulation on Water Quality Standards for the Protection of Aquatic Life 2002*, Waigani, NCD.

GoPNG, *Fauna (Protection and Control) Act 1966*, Waigani, NCD

GoPNG, *Public Health Act 1973*, Waigani, NCD

GoPNG, *Public Health Act Regulation on Drinking Water Quality Standards 1984*, Waigani, NCD.

GoPNG, *Public Health Act Regulation (Sanitation and General) 1973*, Waigani, NCD.

GoPNG, *Public Health Act Regulation (Septic Tanks) 1973*, Waigani, NCD.

GoPNG, *Wildlife Management Act*, Waigani, NCD

Roundtable on Sustainable Palm Oil (RSPO) *Principles and Criteria, 2008*, PNG National Interpretation Working Group (RSPO PNG-NIWG)

Section 4.0 Summary of the SEI Assessment

Section 4.1. Summary of Social Key Findings

The closest community to the government state lease development (on both sides of the Ramu River) are the clans and villagers of the Marawasa/Watarais village located some 14km from the development site within the Umi/Atzera Local Level Government (LLG) of Markham District.

The main crops that the villagers produce for revenue include garden food, beetle nut, cocoa, copra and recently Village Oil Palm (VOP). Most of the residential buildings consist of traditional materials and the people still rely on local surface watercourses as sources of water for drinking, cooking, ablution and laundry. Pit latrines are used for disposal of human waste. Schools and health centres are within reasonable access from the village. Christian churches in the immediate area include Seventh Day Adventist (SDA), Lutheran and other Pentecostal denominations.

The people fish regularly especially in the Ramu River and some villagers occasionally harvest sago starch and leaves within the riparian vegetation along Ramu River (beyond the RAIL agricultural areas). The villagers pointed out that they have larger sago swamps and sufficient land elsewhere for subsistence farming, traditional building materials, non-timber forest products, other economic activities and expansion of the village.

A potential WWII Heritage Site on the banks of the Ramu River has been identified (Figure 4) and demarcated for preservation for future study.

Section 4.2. Summary of Key Environmental findings

The Site is predominantly under sugar cane, and as such environmental and conservation values are limited.

The adjacent J South Swamp is undergoing restoration of wetland forest around small ephemeral ponds.

Riparian Buffers along the Gusap and Ramu Rivers will be maintained and enhanced.

As the development represents a conversion of the landscape from grassland to palm trees, a portion of grassland will be maintained to retain some features of a grassland habitat within the development area. This is an area of poor, coarse soils of minimal agricultural value.

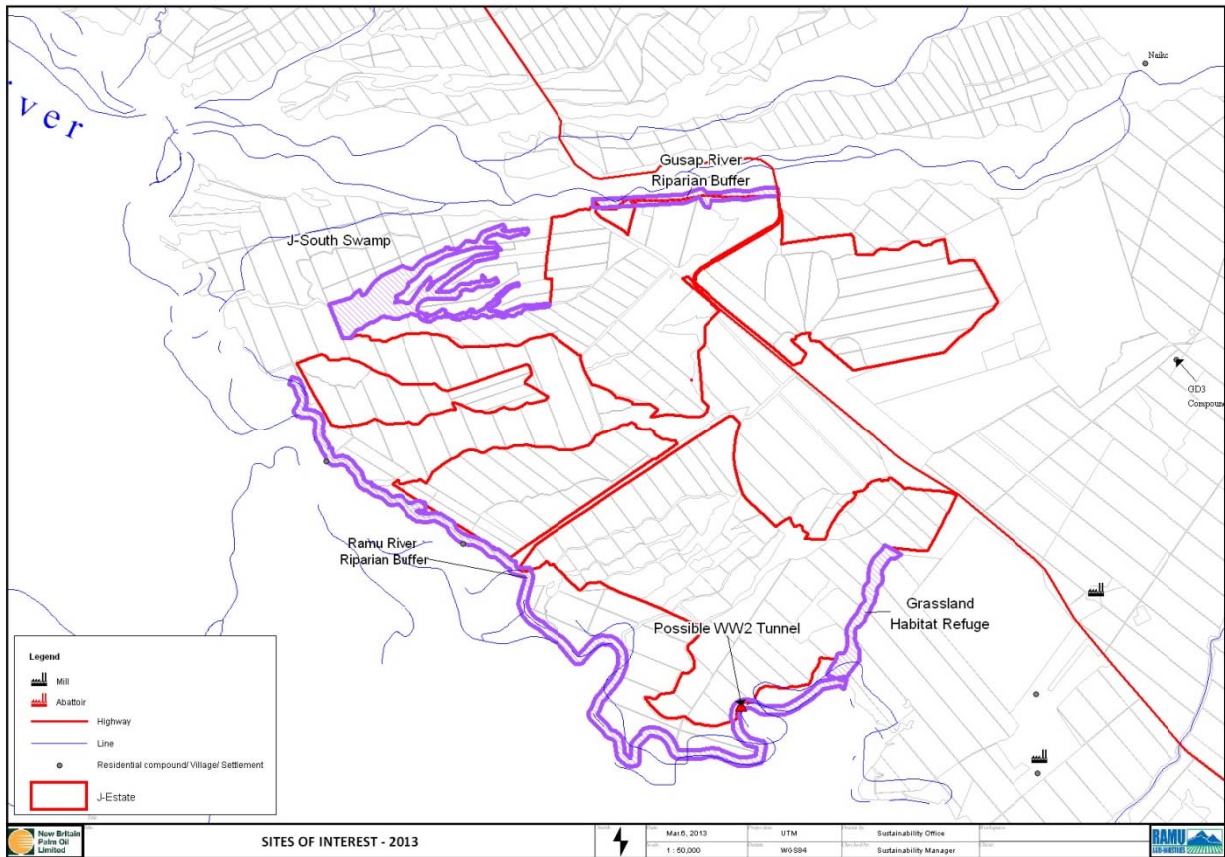


Figure 4; Sites of Interest

The riparian buffers retain some native forest,

Section 4.3. Issues Raised by Stakeholders

Marawasa villagers are in long standing agreement that hunting or sago extraction will not be undertaken within riparian buffers. They have, however, highlighted that they wish to continue fishing within the Ramu River, and seek company assurance that it will exercise continuous vigilance to prevent agrichemical contamination of river water quality and aquatic life.

- This will be addressed by adherence to operational controls (Management Guidelines and SOPs) relating to the use of fertilisers and pesticides, as well as land preparation, road forming, and maintenance

The villagers expressed dissatisfaction at the perceived lack of employment and business opportunities available to them. This perception has also surfaced in previous consultations with villagers surrounding RAIL.

- This is being addressed with a pro-active 'As Ples' recruitment strategy to preferentially employ those from local communities. In addition, the Community Engagement Manager is working to ensure that where contracts can be undertaken by local service providers, this work is given to local communities. The development of locally operated canteens within the oil palm labour compounds is one example of this initiative.

Section 5.0 Summary of HCV Assessment

No HCV Assessment was required for this development as it takes place on a crop conversion site, and the SEIA has confirmed that no HCVs are present on the site.

A previous (Kumaran, 2009) HCV Assessment of the whole of RAIL identified no HCV within the area now identified as J Estate.



**New Britain
Palm Oil
Limited**

Section 6.0 Internal Responsibility

The independent SEIA was prepared by Narua Lovai, and this summary represents a comprehensive and fair summary of the SEIA.

Narua Lovai 4th October 2013

Narua Lovai

signature / date

This summary of SEIA and HCV Assessments has been approved by RAIL Management, and the undersigned assume responsibility for implementing report recommendations, including the HCV / SEIA management and monitoring plan.

J.W. Graham

General Manager

[Signature]

signature / name / date

4th October 2013

[Signature]

Sustainability Manager

Will Unsworth 04-Oct-13

signature / name / date

[Signature]

Head of Oil Palm

Ruani Macmillan 04.10.13.

signature / name / date