# Corrective Action Verification Audit (CVA) Report

## Organisation:
Open Bay Timber Ltd

## Certificate Code:
NC-FM/COC-005600

## Report Date:
23 January 2020

## I. AUDIT PROCESS

### Auditor, Qualifications:
Pratama Bagus Kurniaji as Audit Team Leader, Forest Management and Verification Service Coordinator in NEPCon Asia Pacific Regional Office. Responsible for forestry certification and verification on Asia Pacific countries. Hold bachelor’s degree in forestry with conservation major. Qualified FSC FM auditor with auditing and reviewer experience in Asia Pacific Countries. Trained and experienced auditor for Indonesia SFM Certification, Rainforest Alliance SAS and Timber Legality certification.

Kafuri Yaro as Local Expert, Programme Development Manager for WWF Pacific, PNG Country Programme, B.Sc. in Forestry from the University of Technology, PNG. He has 18 years’ experience in natural resource and environment management, biodiversity protection and conservation areas management, and developing sustainable livelihoods and community development programmes. He has conducted 9 FSC FM/COC & CW and RA Verification of legal Compliance audits as local expert and as a lead auditor in Open Bay Timber Ltd full assessment (2016). He is also a local expert for SAN Farm Certification Audit and involved in 5 audits in Coffee and Palm Oil in PNG. He has 7 years’ experience developing community eco-forestry group certification scheme in Madang Province PNG, and successful certification. His has wide range experience in FSC & SAS SAN audit for the Rainforest Alliance.

### Audit Date(s):
28 – 29 December 2019

### CVA Type:
Desk review ☐ On-site ☒

### Location(s):
Kokopo, East New Britain, PNG

### Audit Overview:
The corrective action verification audit (CVA) for Open Bay Timber Ltd (OBT) was due following annual surveillance audit in July, and 3 months after completion of the report (16/10/2019). From 28\textsuperscript{th} - 29\textsuperscript{th} December 2019, this CVA audit was conducted on site, Open Bay, ENBP, PNG by NEPCon Auditors, namely; Pratama Bagus Kurniaji (Audit Team Leader) & Kafuri Yaro (Local Expert).
On the 28th Dec.2019, CVA opening meeting was conducted at OBT main office. The meeting was attended by OBT senior management team and the auditors. The OBT management provided the evidence of the three major open NCRs issued during the July 2019 annual surveillance audit. Then, interviews with the certification responsible person; review of evidence documents and field travel to location of open NCRs and sampling few other areas to spot check consistency in overall compliance;

Makolkol Blk#3, Comp#23&24: Newly harvested area.

Makolkol Blk#2, Comp#14c – Newly planted site, Buffer (Harvesting completed in Feb.2019, and replanted, April 2019).

Makolkol Blk#1, Comp#3&6: New harvest planning.


Loi Block 8A, Comp.#7: Metal & Used Tyre Waste disposal site;

Loi Blk 11B – Oil & Domestic Waste Pits, & new waste disposal pits at Otley Mountain

In the afternoon (3-5:00pm) the audit team conducted document reviews, internal team meetings, and provided OBT management briefing on initial findings and evaluation progress against the issued major NCRs.

The process continued on 29/12/19, document review and OBT staff interview, and proceeded to field visit at the main workshop & Genset area, single workers quarters and the Clinic and its waste management sites. The internal team meeting and discussions on overall findings was concluded and at 4:30pm the closing meeting with preliminary findings and evaluation result presented against the three major open NCRs.

The stakeholder consultation of the three major open NCRs were limited because key stakeholders and some workers were on annual leave (Christmas vacation Leave).

List of FME Staff Interviewed (confidential kept by NEPCon)

Prior to the CVA an audit plan was prepared with an agenda for stakeholder consultation to be conducted on the 28/12/19, and communicated to OBT by email. However, because of the Christmas and New Year period the stakeholders were on vacation leave and public consultation was no conducted. The key stakeholders; PNGFA, PNG Labour Office – Kokopo and PNG CEPA – Port Moresby as they relate to open major NCRs were contacted via email. However, until closing
meeting and this report submitted to RRA reviewer, contacted stakeholder has not provided answers to auditor questions.

Changes to Scope since last Audit:

There is no change since previous report

II. NON-CONFORMITY REPORT (NCR) EVALUATION

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<td>Standard &amp; Requirement:</td>
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<td>Description of Non-conformance and Related Evidence:</td>
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5.5.2.2 Forest management practices are planned and implemented so as to minimize negative impacts on services and resources.

5.5.2.1 Prescriptions in management plans and operational guidelines aimed at minimizing impact.

5.5.2.2 Field inspections of harvesting areas, log ponds and milling sites confirm prescriptions and guidelines are followed

OBT has approved (28/2/18) 5 year forest working plan (CY2015-2019) and Annual Operations Plan CY2017-2018 (approved 24/2/18). The 5 year FWP prescribe forest management activities at a landscape level, while Annual Operations Plan prescribe the management activities at 1 year operational level. Annual accomplishment report for 2017 has been approved by PNGFA which validates both levels of plan were in compliance with prescribe plan. However, based on audit team field observations in the field found important weaknesses in both the harvest planning and inconsistent implementation of approved plans resulting in violations of the PNG logging code of practice and risk of environmental damage to soil and water resources in harvest sites; The following examples were noted:

- FMU Loi LP, Block 5B, Compartment 4, evidence of existing main hauling track approximately 156m was re-opened into a protected area designated as greenbelt. The FME responded that the hauling track was built to ease transport of machinery for harvesting operation. Another main hauling track was indicated on the harvesting map that runs through a green belt in Loi Block11B, Comp.52b and provides alternate option for transport and accessibility. This track could have been used to avoid further degradation of the greenbelt. Unplanned skid trails and harvesting on the edges of that same green belt were noticed. There was clear overlap with the available operational maps used for harvesting. Given the biodiversity importance of the greenbelts (identified HCV) OBT should use the precautionary approach in relation to management activities in and around these areas to ensure that the value of these areas are enhanced rather than negatively impacted.
• In the same FMU, Loi LP, BLK 8A, Comp.39, evidence of skid trails on high slopes and consequent soil erosion was eminent due to absence of preventive measures, such as water bars were not erected after completion of harvesting operation.

• Harvesting and extraction of first rotation (Eucalyptus deglupta) were observed in defined buffer areas. The audit team verified with PNGFA approval letter and correspondences authorizing harvesting in buffer and annual accomplishment report to verify legal compliance. However, as per OBT long term commitment to uphold FSC certification under any circumstance as directed under Criterion 1.6 and related criteria, and forest management planning prescription and PNG logging code of practice, it does not conform accordingly to its management principles.

• In other areas it was observed that temporary culverts were not removed on creeks upon completion of harvest and plantation maintenance activities. This removal is necessary to allow free flow of water as per PNGLCOP.

• The harvesting plan document reviewed had errors and inconsistency in field implementation with construction of skid trails and log landing areas not approved in the harvesting plan.

The above mentioned deficiencies were found in specific areas and not reflective of practices across the FMUs, consequently the non conformance was graded as minor.

Corrective action request: Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

Timeline for Conformance: 3 months from report finalization

NCR Evaluation Type On-site [ ] Desk Review [ ]

Evidence Provided by Organisation: Sept 2018 Evidence of corrective actions undertaken by OBT presented during report writing phase: OBT submitted an action plan for reducing harvesting impacts. The plan includes seven objectives with associated proposed actions, indicators of completion, target dates and persons responsible. OBT also provided the following summary of corrective actions:

1. Operation Senior Manager revised the Procedure Prior to Harvesting of Compartment in a Block on 20th July 2018. The portion added is paragraph # 3 and in paragraph # 9, third sentence: "Once some soil erosion or possibility of erosion is found, the Foreman/Supervisor will instruct actions to avoid any damage. If there is some change of plan of skid trail or landing, this shall be informed to Foreman/Supervisor, and the map shall be updated based on the actual operation". The procedure serves
as a guiding principle in operation area. See attached file.

2. Company will continue to improve its harvesting plan and implementation on the field.

3. Management decided to stop harvesting in buffer zone and continue to restore and enhance the area and the other HCV areas.

The decommissioning of temporary bridge built prior to harvesting of a compartment will be done 4-5 years later once the reforestation activities such as site preparation, picketing, planting and maintenance activities (ring weeding, tending, vine cutting) is completed. All these reforestation activities take 4-5 years to maintain. Depending on the area, the accessibility of a newly harvested compartment will be impossible if the temporary bridge will be removed immediately right after harvesting operation. Management takes into consideration the time, effort and cost of installation of bridge and other reforestation activities. Management will check the built bridges in harvested compartments from previous years whether it is alright to remove or not.

**July 2019 evidence:**

The Senior Manager: Operations/Reforestation/FSC provided copies of harvesting plans for the operational sites visited by the Audit Team during the evaluation. Otherwise, the evidence provided was based on field site visits, and interviews with workers and FME management.

**Evidence Provided by OBT December 2019 (CVA);**

Documents;

i. Compartment Inspection Report: Harvesting Clearance Checklist, Makolkol LP, Blk 1, Comp#6 (24/12/19).

ii. Compartment Inspection Report: Harvesting Clearance Checklist, Makolkol LP, Blk 1, Comp#3, (24/12/19)

iii. 1:5000 scale operation plan, Loi LP, Blk 13, 14, & 15

iv. Compartment Inspection Report: Harvest Clearance Report; Loi LP, Blk 13, Comp#13 &14

Note: Above documents provide information on pre-inspection, felling inspection, soil harness monitoring data & RTE monitoring data

v. OBT Logging Dept., Procedure to Harvest of Compartment in a Block (Revised Oct.2019)

vi. Photos of;
   - Buffer Buffer demarcated or preserve in Loi LP, Blk #2, Comp #8c, Makolkol LP
- Green Belt rehabilitation in Loi LP, Blk13-11A, Road decommissioning and replanting.
- Water bars created in Loi LP, Blk#13, and Comp.14.

vii. Approval of harvesting in Comp.#23&24, Makolkol LP, Comp#23&24 (5/11/19)

Field Visits & Observation (28/12/19):
- Makolkol Blk#3, Comp#23&24: Newly harvested area.
- Makolkol Blk#2, Comp#14c – Newly planted site, Buffer (Harvesting completed in Feb.2019, and replanted, April 2019).
- Makolkol Blk#1, Comp#3&6: New harvest planning.

And interview with OBT FSC department staff.

**Findings for Evaluation of Evidence:**

**September 2018;** OBT identified corrective actions reflect analysis of some of the root causes of the negative impacts behind this NCR. The implementation and effectiveness of these corrective actions will need to be evaluated in the field during the next surveillance audit before the NCR can be closed.

**July 2019:**

The Audit Team visited an approved active harvesting site at Loi FMU, Blocks 13, 14 and 15; salvage logging and rehabilitation site Block 11B (Otley, Loi LP); and new planting site at Makolkol FMU, Block 7D, Compartment 9 (harvesting completed in May 2019). The sites were inspected and workers interviewed regarding the PNGFA approved plan; however, the Audit Team noted the following issues:

- Log landing in compartment 14 was not as defined in the approved plan, but constructed on the HCV boundary/buffer (Lake Toriu/ Swamp).
- The minimum buffer on the HCV (Lake Toriu/ Swamp) was not defined on the map which meant further risk of encroachment on the HCV despite creation of a 10–15m wide clearing to allow movement and visibility.
- In Makolkol FMU (Block 7D, Compartment 9) excessive siltation and inundation were noted downstream on a nearby creek and lower plains due to lack of water bars and diversion tracks having been created on the main skid trails on an erosive hill.

In September 2018, OBT committed to revising its operational procedures and stated that approved operation plans will be corrected in the field during actual
harvesting operations. The buffer zone and skid trails were corrected during actual operations on the ground as per this statement. While this may correct the deficiency in the harvesting plan and lead to improvement in forest management practices, it does not represent conformity with requirements included in PNG LCOP and forestry regulations for pre/post-harvest planning and commitment to addressing the root cause of the problem. Despite PNGFA’s approving the plan, the Audit Team concluded that the long-term maintenance of soil, water and High Conservation Values, and appropriate socio-economic outcomes, are not guaranteed.

**CVA December 2019;**
Based on document reviewed and field visits by the audit team the OBT has implemented appropriate corrective action on non-conformance report made in July 2019 annual surveillance audit;

Loi LP, Blk13, 14, & 15: Joint inspection by OBT & PNGFA was conducted after the active harvesting and extraction activities were concluded in August 2019. Photos provided and field inspection confirmed OBT has taken proactive approach in carrying out post-harvest activities. OBT staff interviewed confirmed that the creation of water bars and decommission of main hauling skid trails will be created after planting, tending and other management activities are completed.

In Makolkol LP, Blk#7D, Comp#9 the OBT management has significantly addressed the cause of erosion. The water diversions were created at 10m intervals on either side of the main skidding tracks to reduce soil erosion. And sediment traps were erected at the final discharge of the run-offs into the nearby creek.

The OBT management has revised the harvesting procedure (OBT Logging Dept., Procedure to Harvest of Compartment in a Block, Oct.2019) in order to ensure the harvesting operation and post-harvest operation activities are in conformity of PNGLCOP.

The OBT has devised composite team representative of OBT (Reforestation, Logging/ Hauling, Operation manager & PNGFA) and PNGFA to conduct joint pre-Harvesting post-harvest inspection. This inspection is to ensure quality control in the pre-harvest planning, execution of active harvesting and post-harvest activities that ensure compliance with PNGLCOP. This inspection has become new procedure for all working compartment.

Field visit and OBT staff interview (28/12/19) at Makolkol LP, Blk#1, Comp#3&6, the joint field inspection with OBT & PNGFA has been concluded and OBT is preparing the pre-harvest planning based on the initial field inspection and field data collected. This is in compliance with their
revised Procedure to Harvest of Compartment in a Block, (Oct.2019) and the strategy in place to improve harvesting planning operation. Therefore, OBT has demonstrated significant improvement by revising its harvesting operation procedure, having a composite team of OBT & PNGFA to undertake joint inspection prior to planning and execution of harvesting operation. Such efforts have demonstrated proactive approach taken by OBT to maintain continuous improvement on its harvesting planning, active harvesting, and post-logging activities. This NCR is closed.

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**Description of Non-conformance and Related Evidence:**

4.3.4 A mechanism exists in which grievances related to working conditions (pay, accommodation, health, safety and training) are being recorded and that facilitates an appropriate resolution mechanism.

OBT have grievance resolution mechanism. This is implemented through placing complain box at strategic locations at Open Bay Base Camp facilities. This is communicated to the workers and surrounding local communities and reminded through weekly foremen meetings and regular community awareness meetings. The audit team reviewed the complaint register and evidence record of array of request and grievances. Evidence pertinent to workers housing repair and maintenance, supply of timber for workers own housing and related facilities were recorded and responded. The OBT management responded that addressing workers housing is on priority list, however, due to its current financial constraints experienced it cannot fully meet the workers housing requests. However, the issue has been registered dating back 2-3 years with no significant improvement. The audit team site visit to single quarters housing has evidenced the deteriorated condition and associated toilet and bathing facilities need urgent maintenance. Water supply for drinking, bathing and toilet facilities have deteriorated and posed health risk for residents. The workers interviewed confirmed that request for OBT maintenance and improvement on housing and its facilities no positive response.

**Corrective action request:**

Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.
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<td><strong>NCR Evaluation Type</strong></td>
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| **Evidence Provided by Organisation:** | **Sept 2018** Evidence of corrective actions undertaken by OBT presented during report writing phase:  
- OBT Management will continue to provide housing maintenance in married and single quarter. Carpentry section initiated the repair of single quarter (photos provided).  
**July 2019 evidence:**  
- Audit Team visit to single quarters (observations of facilities, interviews with workers) on Wednesday 24 July 2019  
- Verbal advice from Senior Management and Manager: Reforestation as to what progress had occurred and how the FME was intending to proceed (summary provided in Opening Meeting, including photographs)  
- Interview with 2iC of Carpentry Team (see details below)  

**Evidence provided by OBT, December 2019 (CVA):**  
- The OBT provided documented photo evidence demonstrating continuous renovations and maintenance work carried out on the single quarter’s residence. Photos of newly repaired bathrooms + common kitchen and dining hall, drinking water tank and bathing & laundry facility and sufficient water supply into the facilities. Completed Security fencing and waste management pits and drums for domestic wastes.  
- Audit team onsite visit and interview with residents of the single quarters and OBT staff of the carpentry and FSC department respectively. |

| **Findings for Evaluation of Evidence:** | **September 2018 findings:** As documented in the photos, OBT has taken concrete steps in addressing condition of the single housing infrastructure. The completeness and effectiveness of these corrective actions will need to be evaluated in the field during the next surveillance audit.  
**July 2019 findings:** The Audit Team inspected the single workers’ housing facility on Wednesday 24 July. The FME has assigned one of its Carpentry/ Civil Team workers to the task of building a new cookhouse, which the Audit Team observed to be only partially complete but taking shape in the centre of the single workers’ compound.  
The FME reported that – regarding the single workers’ accommodation – carpentry work had occurred since the 2018 audit, including repainting and construction of a balustrade along one side of the workers’ rooms. |
With regard to the facilities, the Audit Team confirmed the following through observations and interviews with single workers residing in the housing compound and a subsequent interview with the 2iC of the Carpentry Team:

- the rainwater/drinking water tank was being fed by rusty gutters, with discoloured water leaching from the sides of the water tank;
- there were no working showers: four showers on one side of the compound having been dismantled prior to their future reconstruction; and workers are therefore having to bathe and wash their clothes in the nearby creek (with, presumably, potential offsite impacts including eutrophication and contamination of downstream users’ drinking water);
- of six potentially useable toilets, only two were operable during the Audit Team inspection: one of the three on one side of the compound did not flush when the Audit Team members inspected it; and the three on the other side of the compound were not operable, being (as with the showers in the same room) in a state of repair. The Audit Team was advised that there are currently 27 occupants in the single workers’ quarters.

The Audit Team concluded that – while progress had been made in terms of the cookhouse, the painting and balustrade construction – the washing and bathing facilities available to the workers were potentially in a poorer state of repair than they had been during the 2018 audit; and it was possible that fewer facilities were available given the decommissioning of the showers and half of the toilets. Having only one Carpentry Team member involved in these works does not, in the Audit Team’s opinion, demonstrate an appropriate level of effort to address this issue, which the FME should have been aware of due to an OBS raised against the same requirement of the Standard (4.3.4) in 2017 (OBS 01/17).

Given the findings described above – and the requirement of the Standard (through this indicator) for a mechanism in which grievances related to working conditions are being recorded, with facilitation of appropriate resolution – the Audit Team concluded that the FME’s grievance procedure and its implementation have not at this stage facilitated an appropriate outcome.

**December 2019 CVA Findings**

OBT management has provided documented photo evidence demonstrating its efforts in addressing the non-conformance report findings of July 2019. The audit team conducted onsite field visit on 28/12/2019 to the single
quarters residence and interviewed both workers and OBT management team which demonstrated that;

- OBT has provided new 3000L Tufa tank and completed installation. All associated earth works, Building foundations, plumbing pipes & fittings and water taps have been installed and tested. This tank is being used purposely for drinking water.
- The existing water tank with its gutters have been repaired and repainted. New water tap replaced and tank wall sealed. Interview with OBT carpentry staff had confirmed that the tank in use was built with concrete wall inside and the old tank was used to seal of the inside concrete wall. This tank will be used as reserve for water security during dry periods as well as for washing and cooking.
- OBT has completed six shower rooms within the new common kitchen & dinning haul building. In one of the existing single quarters building an additional five shower rooms and toilet facilities have been completed. Water supply system has been drawn from new by creek and fed into the shower & bathing and laundry facilities. The audit team tested the shower taps and toilet flushes and proofed to be in working condition.
- The waste pit was created and drums were provided in the single quarters to manage domestic waste.

Based on the evidence provided by the organisation and the audit team field inspection OBT has adequately demonstrated conformance to this NCR with significant improvement on the facilities required for the single quarters and related facilities. This NCR is closed.

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<tr>
<td>Description of Non-conformance and Related Evidence:</td>
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<tr>
<td>6.7.1 All non-organic waste products are identified and categorised.</td>
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<td>6.7.2 All non-organic wastes (such as oil, tires, containers etc) are reused, recycled or disposed off as described under 6.7.3. Their production is kept to the lowest possible level</td>
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6.7.3 Environmentally appropriate methods for the disposal of non-biodegradable wastes that cannot be reused or recycled, are set out at identified appropriate locations. The methods as described in the PNG LCOP are used or if feasible methods of a higher environmental standard.

6.7.5 Waste disposal activities and practices are monitored.

6.7.5.1 Checks on waste disposal activities and practices are incorporated in the monitoring and review process as defined in Principle 8, and field inspections to evaluate their impact are part of this process.

OBT has a waste management and monitoring plan: Environmental Management, Monitoring and Waste Management Plans of Open Bay Timber Ltd (OBT) (Timber Permit No. 15-53) for the OBT Consolidated State Land Purchased (LP) areas of Kaboku, Makolkol, Loi, Memvelo; and Timber Rights Purchased (TRP) Areas of Aghaghat, Dengnagi, Kaboku, Loi, Makolkol, Sulka-Mengen, Simbali and Tomoip; January 2016; and interviews conducted by the Audit Team confirmed that workers have received training on waste management.

There are three waste disposal pits at Loi FMU (Block 8A, Compartment 7; and Block 11B), which the Audit Team inspected on Tuesday 23 July.

Adjacent to the main Workshop, the Audit Team – during their inspection on Wednesday 24 July – identified three 44-gallon drums filled with unsegregated oily soil and sawdust, traces of metal, plastics, oily carton boxes, etc., ready for disposal (according to Workshop staff) at the waste pit in Loi FMU. The single quarters’ residence (also inspected by the Audit Team on 24 July) was also observed to have been provided with waste bins; however, inadequate implementation of the FME’s requirement to correctly identify and categorise wastes was observed.

During the inspection of the main Workshop, the Audit Team also observed piles of broken-down machines and equipment. The workers confirmed that parts of these machines and equipment were reused. No recycling specialists operate in PNG; and the Workshop and OBT management staff confirmed that attempts were made to ship waste metal products overseas but these failed due to high freight charges.

In addition to the observations described above regarding the FME’s established waste disposal pits, and the requirement that environmentally appropriate methods are used for the disposal of non-biodegradable wastes that cannot be reused or recycled:

- The Audit Team observed unsegregated waste materials (plastics, tires, sawdust, tins, oily soil, organic waste) at the waste pit designated for metals and tires at Loi FMU Block 8A;
- The same was noted in the domestic waste pit at Loi FMU Block 8A, Compartment 7, where unsegregated metals, plastic, papers/cartons, tires, and metal products had been disposed of;
- The oil waste pit (Loi FMU, Block 11B) had no fence and was covered with overgrown vegetation – so that it was obscured to traffic and posed a danger such that wildlife and people could fall into it. In addition, the oil waste pit was located a few meters’ distance from the main hauling road and was exposed to the potential risk of spill/overflow from future widening of the East-West New Britain Highway;
- The management of liquid waste derived from the main Workshop was not according to the methods described in the PNG LCOP, Section E (page 54). The Audit Team observed that the stormwater and washwater were contaminated with oil and fuel and were being channeled behind the main Workshop without the required collection point and flow breakers.
In the generator shed, the Audit Team observed that the distance between the oil separator and final discharge was approximately 5 meters. As a result, inundation and backflow were evident and risked overflow in the oily water separator. The same situation was noticed in the oily water separator located at the main Workshop, which posed a risk of oil overflow into the mangrove swamp behind the Workshop.

Based on field observations and interviews with workers and OBT management staff, it was evident to the Audit Team that the FME was not implementing, monitoring and enforcing its own waste management procedures.

**Corrective action request:**

Organisation shall implement corrective actions to demonstrate conformance with the requirement(s) referenced above.

Note: Effective corrective actions focus on addressing the specific occurrence described in evidence above, as well as the root cause to eliminate and prevent recurrence of the non-conformance.

**Timeline for Conformance:**

3 months from report finalization

**NCR Evaluation Type**

On-site ☒ Desk Review ☐

**Evidence Provided by Organisation:**

Document evidence provided by OBT as follows;

i. CEPA EIA Monitoring Inspection report (2018): Annual Performance Inspection by CEPA and key findings and recommendation for improvement.

ii. OBT Waste (Environment) Management Plan, Revised Oct. 2019. The copy of which has being sent to CEPA for review and approval.

iii. Email correspondence by OBT management with CEPA, Port Moresby on OBT EMP review and approval (22/11/2019 & 3rd Dec, 2019)

iv. 1:1000 scale map for waste pit development proposal.

v. OBT Application to PNGFA for approval of New Waste Disposal Pit for Oil, Plastic, Bottle, Tin Can, Toxic & Domestic Waste at Otley Mountain (5/8/19).

vi. PNGFA approved letter for application of new Waste Disposal Area (16/8/19).

vii. OBT MEMO (13/12/19) Revised Policy on Waste Management on notice boards advising workers

viii. OBT, Waste Collection Sheet, started 28/12/19, in residential areas. OBT staff interviewed confirmed doing waste collection every Saturday by buying domestic waste tin & related metal waste where some metals will be recycled in Kokopo, and others disposed at the waste disposal pit at Loi LP. Photos of routine
waste collection and weighing metal waste products were also provided.

ix. Documented photo evidence of new waste pit for oil, bottle and domestic waste built at Loi LP, Blk 11B. The old waste pits for oil and domestic waste were closed and rehabilitated with native trees. Also the photos of new oil separator and associated improvement works to rectify issues identified in July 2019 were completed at the main workshop and the genset area.

Field Visits and observation by the audit team was conducted on the 28-29/12/19. The field visits took place in following places as a sample to verify that OBT is adequately addressing the key issues identified in July 2019 annual surveillance audit;

- Loi Block 8A, Comp.#7: Metal & Used Tyre Waste disposal site;
- Loi Blk 11B – Oil & Domestic Waste Pits, & new waste disposal pits at Otley Mountain
- Main workshop & Genset area at the OBT main camp/office.
- OBT single workers quarters and waste management area
- OBT Clinic and Waste Management system.

The audit team also interviewed OBT workers and management during field visits and document reviews.

**Findings for Evaluation of Evidence:**

**December 2019 CVA Findings;**

The audit team has reviewed the organization evidence provided and conducted field visits and interviewed OBT management and workers. The OBT has made significantly progress for the improvement on its procedure, practices and enforcement to address waste management issues identified at the July 2019 annual surveillance audit;

- The audit team interviewed the OBT management and worker at its workshop and has confirmed that the issue in regard to unsegregated oily soil, sawdust, traces of metal, paper and plastics prepared in 44 gallon drums were disposed of at the main oil was pit at Loi LP, Blk 11B. This was considered appropriate as oily matter cannot be mixed in other waste pits.
- The improvement works on managing liquid waste at OBT main workshop has been completed. The gutters and fittings has been repaired and connected into appropriate storage tanks for
collection, storage and use of storm water in washing machineries. The drainage has been improved for storm water flow and surface run-offs. Two oil separators for main workshop and genset has been completed and connected to main sullage and 30m away from final separator before discharge into natural ecosystem. The audit team inspected the improvement and observed no traces of oil and sullage leakage into the natural ecosystem. Monitoring and continuous improvement was relevant as the observation made was during dry season.

- At the OBT single quarters residence, a newly built waste pit was constructed and used. The workers interviewed approved that the waste pit is for back-up and emergency situations while normal routine practice on domestic waste management via the OBT provided waste drums will be maintained.

- The audit team observed at Loi LP, Blk 11B that the existing Oil and domestic waste pits have been closed. Landfill has been securely compacted, rehabilitated with native trees species, and fenced with appropriate signage warning the traffic and general public of the potential dangers of the hazardous landfill site.

- The waste pit for old tyres and metal refuse at Loi Block 8A, Compartment 7, is proposed for closure and relocation at Loi LP, Blk 11B (see below). As observed on site, the unsegregated domestic waste identified in July 2019 annual surveillance audit has been removed and disposed appropriately.

- OBT has begun addressing the CEPA annual surveillance monitoring inspection (2018) findings and recommendation. OBT has revised its waste (Environment) Management Plan, (Oct. 2019) and have submitted to CEPA for review and approval. It is evidenced that the OBT maintains regular email correspondence (22/11/2019 & 3rd Dec, 2019) to CEPA, Port Moresby on OBT EMP review and approval.

- The progress on construction of new waste management area has advanced. OBT application to PNGFA for approval of new waste disposal pit for oil, plastic, bottle, tin can, toxic & domestic waste at Otley Mountain (5/8/19) has been approved by PNGFA (16/8/19). Following this approval, earthworks have been completed for oil, domestic, and metal waste pits with fencing and signage. Waste pit construction and winding up operation
have being observed during the field visit and OBT management have confirmed soon announcement for using the new waste disposal site.

- Meanwhile OBT MEMO (13/12/19) on Revised Policy on Waste Management has been put on notice boards advising workers and general public of new waste management policy and system.

- Following this MEM order, OBT has begun (Waste Collection Sheet, started 28/12/19) waste collection in residential areas. OBT staff interviewed confirmed doing waste collection every Saturday by buying domestic waste tin & related metal waste for segregation and recycled in Kokopo, and while other waste disposed at the waste disposal pit at Loi LP, Blk 11B. Photos of routine waste collection and weighing metal waste products were also provided.

Based on the documented evidence provided and field visits and interview with OBT management team and workers, the organisation has clearly demonstrated adequate improvement of waste management system. Therefore, requirement of this indicator and the NCRs identified in July 2019 annual surveillance audit is sufficiently addressed. **Therefore, this NCR is closed.**

<table>
<thead>
<tr>
<th>NCR Status:</th>
<th>CLOSED</th>
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<tbody>
<tr>
<td>Comments (optional):</td>
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### III. CONCLUSIONS

<table>
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<tr>
<th>NCRs Closed:</th>
<th>☒ No follow-up required related to closed NCRs</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>☐ Original NCRs closed and new NCR(s) issued, see section IV below</td>
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</table>

<table>
<thead>
<tr>
<th>NCRs Open:</th>
<th>☐ Certification not approved; conformance with NCRs required</th>
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<tbody>
<tr>
<td></td>
<td>☐ Major NCRs not closed; suspension of certification required</td>
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<tr>
<td></td>
<td>☐ Minor NCRs are upgraded to Major; see section IV below</td>
</tr>
<tr>
<td></td>
<td>☐ New NCR(s) issued, see section IV below</td>
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</table>

<table>
<thead>
<tr>
<th>Comments/Follow-up Actions:</th>
<th>Not Applicable</th>
</tr>
</thead>
</table>
IV. OPEN NCRs

Newly issued or upgraded NCRs: Not Applicable

V. AUDIT REPORT APPROVAL

Note: a formal Report Review and Approval (RRA) process conducted by an independent, authorized reviewer is required when the CVA results in certificate/verification/validation issuance or suspension/termination, or when there is a significant change in scope. In all other cases, the report may be approved with the 2nd checkbox below by an authorized RRA reviewer which may be the CVA auditor.

☐ Refer to separate RRA record in NEPCon Salesforce
☒ Report approved by way of this checkbox

Approved by: Medita Hermawan
Date: 23 January 2020

☐ Salesforce has been completed with applicable files uploaded, and is updated based on any changes to the Organization details or other areas relevant to the CVA.