

Hargy Oil Palms Background information on Soi Smallholder Grievance

On the 25th May 2021, Hargy Oil Palms (HOPL) received a grievance supported by a group of stakeholders referenced as Soi Affected Area representatives. The claim related to an alleged Environmental impact created by Fresh Fruit Bunches (FFB) left on some of the smallholder blocks in the Soi Land Settlement Scheme (LSS) during a severe wet season in the first quarter of 2019.

Hargy Oil Palms supports smallholder throughout the year and makes diligent efforts in extending services to smallholders. Smallholders grow their FFB on their own land and are paid a farm price for their crop. The company provides interest free credit for tools, fertilizer, seedlings and picks up the crop from the Smallholder blocks to transport it to the mills for processing.

When severe weather closes access to some smallholder areas the crop cannot be picked up in time and the quality deteriorates whereby the crop can't be processed on time in the mills. In rare times like this the company often weighs the fruit and pays the smallholders for it. This so that they are not financially disadvantaged in difficult times. When this happens, the crop is left at the respective blocks and for the Smallholders to dispose of and where it naturally decomposes as any fruit does.

In this particular case the bridge across the Soi River got washed away (including access across the Bialla Project area and down to Kimbe got badly affected). It was impossible to cross the river by road transport at the time and the access into the Soi area was disrupted due to this force majeure event. This meant the FFB from some smallholders whose truck access was cut off could not be collected. When access was restored, trucks went in, weighed the crop and left the crop at the blocks. The trucks returned with the weight information so the growers could be paid even though the crop could not be processed. And the FFB was left at the respective blocks for the smallholders to dispose of as which always has been the case under this type of circumstances. A small group (not residing in the Soi area but in the main provincial town of Kimbe), claiming to represent all the affected Soi LSS smallholders. This group submitted a false claim for alleged environmental damage 2 years after the event. Records have been checked, no communication nor any other records of the event were found or the matter discussed by the actual Soi smallholder growers or representatives using the appropriate channels available. These channels include the East Nakanai Local Level Government (ENLLG), the Oil Palm Industry Corporation (OPIC, a government Smallholder extension organization), the Bialla Oil Palm Growers Association (BOPGA), and the Local Planning Committee (LPC) that meets regularly to discuss issues pertaining to the management of the Smallholder area. Also no grievance or complaint was made to the Conservation and Environment Protection Authority (CEPA), which is the government regulatory body responsible for handling Environmental damage allegations within PNG.

The allegation was presented to HOPL in writing in late May 2021 and with a follow up letter dated the 30th June 2021. In these letters an extortive claim has been put forward for 60 million Kina compensation. The claim presented is not representative of most of the smallholders in that area who are neither aware of the allegation or the claim. The report has never been seen or confirmed by the Conservation & Environment Protection Authority (CEPA). Any environmental damage that occurs on national state land is assessed by CEPA and a fine where applicable, payable to the State, is applied. Compensation to any individual or group is not entertained.

As a transparent company we like to represent the facts and are actively trying to solve problems together with our stakeholders. This is the reason there is a grievance process and a mechanism for communication available to smallholders and stakeholders for us to discuss and resolve matters in a collective manner. Falsely characterizing an issue in a negative way to gain attention is not constructive nor supportive of the area. We understand this is an easy way to approach such a situation, however, we must remain transparent and present only the facts. HOPL believes it made diligent efforts to apply its best practice and always works closely with Smallholders either individually, through approved Committees, or the LPC.