

# SUMMARY AUDIT REPORT

## Operation General Information

Name of Transportation Operation: Pacific Cargo Transport

Name of Facility Owner: Pacific Cargo Transport a Division of NKW Group

Name of Facility Operator: Pacific Cargo Transport

Name of Responsible Manager: Jason Parker (General Manager – Pacific Cargo Transport)

Address: Pacific Cargo Transport - 9 Mile LBC Yard Okuk Highlands Highway, PO Box 4179 Lae 411 Morobe Province, PNG

State/Province: Lae, Morobe Province

Country: Papua New Guinea

Telephone: +675 7104 1158

E-Mail: Jason.parker@pct.com.pg

## Operation Location Detail and Description

### Overview

#### **Inbound shipments of cyanide containers are as follows:**

Orica is responsible for import and custom clearance of cyanide shipments. Thereafter Pacific Cargo Transport (PCT) based on delivery orders provides transportation of Solid Sodium Cyanide in briquettes packaged in isotainers from Port of Lae by road transportation to Pacific Cargo Transport (PCT) Depot (NKW yard at 11mile) and thereafter to Bulolo Truck Stop (BTS) before final road transportation to Harmony mine site at Hidden Valley.

#### **Outbound shipments of cyanide containers**

The reverse freight management to transport and ship unclean empty cyanide containers applies for storage at interim storage (11-mile NKW yard).

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Signature of Lead Auditor  
& Technical Expert  
*Danny Tan*

Date:  
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**Scope of Verification (In accordance with International Cyanide Management Institute – Cyanide Transportation Verification Protocol; June 2021)**

Orica is responsible for import and custom clearance of cyanide shipments. Thereafter PCT based on delivery orders provides transportation of Solid Sodium Cyanide in briquettes packaged in isotainers from Port of Lae by road transportation to PCT Depot (NKW yard at 11mile) and thereafter to Bulolo Truck Stop before final road transportation to mine site at Hidden Valley.

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## *Auditor's Finding*

This operation is

- in full compliance
- in substantial compliance \*(see below)
- not in compliance

with the International Cyanide Management Code.

## **Compliance Statement**

The Summary Audit Report for a recertification audit must include one additional statement that is not required in the Summary Audit Report for an initial certification audit. For a transportation operation found in full compliance with the Code, the report must indicate whether the operation had any compliance issues or significant cyanide incidents since its previous certification and identify where in the report such information can be found.

This operation has experienced one significant cyanide incident during the previous three-year audit cycle which are discussed in this report under the following Standard of Practice: 3.3.

## **Auditor Information**

Audit Company: Danny Tan

Lead Auditor: Danny Tan

Lead Auditor Email: [dannytan163@yahoo.com.sg](mailto:dannytan163@yahoo.com.sg)

Dates of Audit: 25 to 28 Feb 2024

Name of Operation:  
Pacific Cargo Transport

Signature of Lead Auditor  
& Technical Expert  
*Danny Tan*

Date:  
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## Auditor Attestation

I attest that I meet the criteria for knowledge, experience and conflict of interest for a Cyanide Code Certification Audit Lead Auditor, established by the International Cyanide Management Institute and that all members of the audit team meet the applicable criteria established by the International Cyanide Management Institute for Code Certification Auditors.

I attest that this Summary Audit Report accurately describes the findings of the certification audit. I further attest that the certification audit was conducted in a professional manner in accordance with the International Cyanide Management Code Cyanide Transportation Verification Protocol and using standard and accepted practices for health, safety and environmental audits.

Pacific Cargo Transport

*Danny Tan*

2 May 2024

\_\_\_\_\_  
Name of Operation

\_\_\_\_\_  
Signature of Lead Auditor

\_\_\_\_\_  
Date

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## Principles and Standards of Practice

### Principle 1 | TRANSPORT

Transport cyanide in a manner that minimizes the potential for accidents and releases.

Standard of Practice 1.1:

*Select cyanide transport routes to minimize the potential for accidents and releases.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 1.1

not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:*

PCT conducted thorough route risk assessments, utilizing the Hazard-Based Risk Assessment for cyanide transportation outlined in HSE-PCT001-SOP-0001 (Route Risk Assessment SOP dated 19 Nov 2023) and HSE-PCT001-MGP-0001 (Health and Safety Management Plan dated 16 Nov 2023), to mitigate transportation risks with appropriate risk management plans. Three land transportation routes from Port of Lae to the Hidden Valley mine site were evaluated. The assessment considered traffic conditions, road conditions, environmental impacts, community relations and reactions, and daily commuting habits. Route selection involved collaboration with Harmony Mine, community leaders, police, and medical facilities during a risk management workshop and discussion as part of cyanide awareness training held on 15 Nov 2023. Considerations included population density, infrastructure construction and condition, pitch and grading, prevalence and proximity of water bodies and fog, environmental impacts, community relations and reactions, and daily commuting habits.

Considerations were given for route assessment from Port of Lae, with two interim storage points at the NKW DG yard at 11-mile and the Bulolo Transit Site (BTS) enroute to the mine site. Hazard assessments included foul weather conditions, road transportation along river crossings, and intersection hazards during the journey from Port of Lae to the Hidden Valley mine site.

PCT established risk management procedures with revised risk tolerance criteria aiming to reduce identified risks to acceptable levels since 20 Oct 2019, as reflected in updated route assessments dated 16 Nov 2023. These procedures employ a consistent risk evaluation matrix for selecting cyanide transportation routes with appropriate risk management controls. Records of route risk assessments were reviewed on 16 Nov 2023 to ensure consistent implementation.

PCT continually conducts daily reviews and evaluations of routes used during cyanide deliveries by PCT trucks and drivers as part of ongoing risk assessment. Feedback on route conditions from assigned transportation drivers is collected through onsite interviews, verifying the process.

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Safety and security assessments regarding the necessity of escorts during road transportation were considered in the route risk assessment due to the nature of cyanide land transportation within PNG and the selected routes.

PCT hold stakeholders' meeting as part of overall cyanide awareness training on 15 Nov 2023 to finalize the emergency response plan. During this meeting, respective roles and mutual aid required of external responders, police, medical, fire department, disaster and emergency centre, cyanide supplier were advised as reflected in the emergency response plan (HSE-PCT001-MGP-0002).

PCT does not subcontract the handling and transportation of cyanide.

## Standard of Practice 1.2:

*Ensure that personnel operating cyanide handling and transport equipment can perform their jobs with minimum risk to communities and the environment.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 1.2

not in compliance with

## Summarize the basis for this Finding/Deficiencies Identified:

PCT ensures that all assigned drivers possess the necessary driving training and heavy lift licenses. There are no known local governmental requirements specifically for cyanide transportation drivers.

A procedure has been established and consistently maintained to ensure that PCT's cyanide transportation drivers meet the requisite training and qualification standards, including the necessary licenses. A thorough training needs analysis has been conducted and documented, as outlined in HSE-PCT001-SOP-0004 Training Rev1, PCT Training Matrix, and Training Needs Analysis dated 19 Feb 2024.

Assigned drivers undergo training focused on cyanide handling and transportation to fulfil competency requirements in the event of a cyanide transport incident.

Training records and materials are reviewed to confirm their relevance and applicability. Assessment reports, along with related video recordings from qualification assessments conducted by trainers, demonstrated that drivers are adequately trained in these aspects and associated requirements.

A procedure has been established whereby PCT conducts training for both initial qualifications and annual refresher courses for assigned drivers involved in cyanide land transportation, including reach stacker drivers.

PCT does not subcontract the handling and transportation of cyanide.

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## Standard of Practice 1.3:

Ensure that transport equipment is suitable for the cyanide shipment.

in full compliance with

The operation is  in substantial compliance with Standard of Practice 1.3

not in compliance with

## *Summarize the basis for this Finding/Deficiencies Identified:*

PCT ensures the deployment of appropriate equipment, meticulously designed and maintained to operate within the approved loads for cyanide shipments. Verification of this adherence was conducted through on-site observations and interviews with PCT staff and assigned drivers, aligning with vehicle specifications records. Vehicle checklists relevant to transportation from Port of Lae to the Hidden Valley mine site were thoroughly examined, as documented in HSE-PCT001-MGP-0001 (Health and Safety Management Plan dated 16 Nov 2023).

Reviewed the planned maintenance schedule records for PCT-assigned transportation in February 2024, in accordance with HSE-PCT001-SOP-0010 Preventative and Operational Repair dated 19 Feb 2024, indicated that the assigned transportation vehicles were maintained in satisfactory conditions. This was corroborated by driver reports dated 1 Feb 2024 and 31 Jan 24 on vehicle defects for HV 126, HV 129, and HV 127, LBZ 716.

A sampling of planned maintenance for BTS (HV 122, HV 116, HV 121) and corresponding trailers (HVSD31, TR3183, HVSD15, HVSD14, and HVSD11) was also conducted.

A systematic approach is consistently applied to ensure that PCT's transportation process employs a preapproved pool of prime movers with specially designed chassis to mitigate the risk of overloading. Robust preventive maintenance programs were confirmed through the review of maintenance records and onsite vehicle verification, integrated as part of routine and preventive maintenance practices. Vehicle checklists related to transportation from Port of Lae to NKW DG yard, BTS, and the Hidden Valley mine site were scrutinized, as outlined in HSE-PCT001-MGP-0001 (Health and Safety Management Plan dated 16 Nov 2023).

Furthermore, checklists were reviewed alongside shipping records in February 2024, confirming the shipment of two batches, each containing 8 containers as per bill of lading (ORA 4530, 4630, 4619, 4623, 4648, 4705, 4733, 4755). Shipping load sheet and chain of custody records between PCT and Harmony Mine were verified for truck numbers HV 127, HV 129, and HV 126, with corresponding trailers and containers, along with the escort vehicles.

PCT does not subcontract the handling and transportation of cyanide.

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## Standard of Practice 1.4:

*Develop and implement a safety program for transport of cyanide.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 1.4

not in compliance with

## *Summarize the basis for this Finding/Deficiencies Identified:*

PCT has established and maintains procedures to safeguard the integrity of products within ORICA Isotainers from their port of origin to their final destination at the Hidden Valley mine site, as detailed in HSE-PCT001-MGP-0001 (Health and Safety Management Plan dated 16 Nov 2023).

During the review of Orica Isotainers utilized for cyanide transportation in February 2024, it was noted that they displayed placards and signage for UN 1689, along with pictorial labels indicating DG class 6.1 for toxic substances harmful to the environment.

Before each cyanide transport, PCT ensures thorough vehicle inspections. Pre-departure inspections include both tractors and trailers used to transport cyanide as reviewed with records for the month Jan and Feb 2024. The following aspects are verified in accordance with HSE-PCT001-MGP-0001 (Health and Safety Management Plan dated 16 Nov 2023):

- Implementation of risk mitigation measures identified in hazard risk assessments
- Conducting pre-start meetings for assigned drivers
- Rotating shifts for drivers to ensure adequate rest
- Adjusting transportation plans based on external conditions, such as foul weather
- Preventing shifting of loads during transportation
- Conducting alcohol tests

Safety programs tailored to local operating conditions have been implemented to ensure safe transportation. Procedures are in place, integrated with overall route risk assessments, to modify or suspend cyanide transportation in the event of severe weather or civil unrest.

Verified documentation includes records of drug abuse prevention programs, vehicle inspection checklists, and assessments conducted onsite with PCT staff, evaluating shipments in February 2024.

An onsite safety briefing was observed prior to transportation on 26 Feb 2024, covering the following points:

1. A pre-start briefing by the safety supervisor addressing:
  - Trailer tire conditions
  - Condition of escort vehicles
  - Speeding limits (set at 60km/h)

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- Convoy rules
  - Safety rules concerning villages along the route
  - Fatigue monitoring using in-vehicle cameras, including speed alerts and maintaining safe distances between vehicles
2. Interviews conducted with drivers to ascertain:
- Fatigue management and rest periods
  - Awareness of new risks along the routes
  - Identification of blind spots and alternative communication methods
  - Preparedness for cyanide spillages and road accidents
  - Awareness of potential distractions, such as wildlife, along the routes

PCT does not subcontract the handling and transportation of cyanide.

## Standard of Practice 1.5:

*Follow international standards for transportation of cyanide by sea.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 1.5

not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:*

In its operations, PCT does not engage in the transportation of cyanide by sea.

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## Standard of Practice 1.6:

*Track cyanide shipments to prevent losses during transport.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 1.6

not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:*

PCT ensures adherence to the Journey Management Standard Operating Procedure (HSE-PCT001-SOP-0002) dated 19 Nov 2023, which mandates the presence of mobile phones in transport vehicles to facilitate two-way communication with the JWD (NOC) control depot and branch manager. This requirement is fulfilled through the Mix Telematics tracking system, which monitors shipments in real-time during land transportation and records drivers' violations.

Records of monitoring and testing of the communication system in Feb 2024 were reviewed for conduct of journey management prior to departure and throughout the land transportation journey from Port of Lae to the Hidden Valley mine site. Checklists were verified, confirming the functionality of the communication system.

Pre-departure meetings were held to ensure all personnel were briefed. This integrated system helps mitigate the risk of communication blackouts, enabling feedback for system review and ongoing risk assessment. Communication blackout areas along transport routes, spanning only 200 meters throughout the entire cyanide transportation route, have been identified, and procedures have been implemented for such areas.

Inventory controls are in place to prevent the loss of cyanide shipments during land transportation, as evidenced by cargo management records. No transfers of shipments occur throughout the entire land transportation process.

On-site audits of route assessments and interviews with PCT staff were conducted. Delivery orders, chain of custody procedural controls, and accompanying Material Safety Data Sheets (MSDS) were verified with shipment records, indicating the implementation of a system to track cyanide shipments and prevent loss.

Shipping records for land transportation in February 2024 were verified against bills of lading and associated MSDS, confirming the quantities of cyanide transported from Port of Lae to the Hidden Valley mine site.

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The tracking of various nodes in the supply chain, including delivery orders at Port of Lae, NKW DG yard at 11-mile, and the mine site in Hidden Valley, is monitored in terms of the number of days and chain of custody.

Shipping records of Feb 2024 were reviewed, confirming two batches of eight containers each per bill of lading (ORA 4530, 4630, 4619, 4623, 4648, 4705, 4733, 4755). Shipping load sheet chain of custody records between PCT and Harmony Mine were verified, including details such as truck numbers, trailers, containers, and drivers for each shipment.

PCT does not subcontract the handling and transportation of cyanide.

## Principle 2 | INTERIM STORAGE

### Design, construct and operate cyanide interim storage sites to prevent releases and exposures.

#### Standard of Practice 2.1:

*Store cyanide in a manner that minimizes the potential for accidental releases.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 2.1

not in compliance with

#### *Summarize the basis for this Finding/Deficiencies Identified:*

Safety measures at the two interim storage facilities for Dangerous Goods (DG), located respectively at 11-mile and the Bulolo Transit Station, were assessed. Upon review, warning signs in English language were observed at the entrance of both DG yards, in accordance with revised safety and security procedures. Separate risk assessments were conducted for each interim storage facility, with corresponding control measures in place. Security is ensured through security posts managed by outsourced security services, as evidenced by updated records of visitor/vehicles access control, which are in place and monitored for entrance to both interim storage facilities, including areas designated for cyanide storage.

Security access controls such as records of access to interim storage was reviewed and verified between 18 Aug 2023 to Feb 2024.

The segregation of cyanide storage at both interim storage facilities/DG yards is overseen by PCT in accordance with the PCT DG location plan, as outlined in the safety management plan for DG storage. Outdoor storage of Orica Isotainers, specifically designed for DG storage, is managed by PCT.

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Spill containers capable of containing spills up to 100 kg, based on the design of Isotainers, are provided to address potential spillage within both interim storage facilities. This procedure and associated processes are outlined in PCT HSE-PCT001-MGP-0001 (Health and Safety Management Plan dated 16 Nov 2023). In the context of PCT, one ORICA Isotainer contained 19.7 tonnes of cyanide (Total weight of ORICA Isotainers – 26 Tonnes).

## Principle 3 | EMERGENCY RESPONSE

### Protect communities and the environment through the development of emergency response strategies and capabilities.

#### Standard of Practice 3.1:

*Prepare detailed emergency response plans for potential cyanide releases.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 3.1

not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:*

PCT and Harmony Mine had jointly implemented Emergency Response Plans (ERP) outlined in HSE-PCT001-MGP-0002 dated 16 Nov 2023, encompassing critical points along the supply chain, including:

- Lae Wharf
- Transportation via Lae and Highlands Highway - Route A
- 11 Mile Dangerous Goods Storage
- Transportation via the Lae-Bulolo Highway - Route B
- Bulolo Truck Stop (BTS) Dangerous Goods Storage
- Transportation via Bulolo and Harmony Mine Access Road - Route C

The classifications of incidents at these points align with the incident response structure derived from PCT's hazard risk assessment. The PCT ERP considers the physical and chemical properties of cyanide during accidental releases, ensuring comprehensive planning.

The design and condition of both DG yards were considered when formulating the Emergency Response Plan for interim storage, along with the specifications of trucks assigned for cyanide transportation. Communication channels with external responders, such as the mine site and ORICA, have been established to facilitate integrated responses.

Roles and responsibilities are clearly delineated within the implemented ERP, encompassing external responders' contributions.

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Stakeholder meeting as part of cyanide awareness program was convened on 15 Nov 2023 by PCT to finalize the emergency response plan.

During these sessions, the roles and required mutual aid of external responders—including police, medical personnel, fire departments, disaster and emergency centre, and cyanide suppliers—were deliberated and documented in the emergency response plan (HSE-PCT001-MGP-0002). The names of external responders, such as Harmony Hidden Valley, local police authorities, clinics, and hospitals, are being specified as overall ERP.

## Standard of Practice 3.2:

*Designate appropriate response personnel and commit necessary resources for emergency response.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 3.2

not in compliance with

## *Summarize the basis for this Finding/Deficiencies Identified:*

PCT conducts collaborative training, tests, and exercises, including the development of Emergency Response Plans (ERPs) involving external responders such as Harmony Mine. PCT ensures regular reviews and assessments of the established Emergency Response Plan (ERP) to continuously evaluate its effectiveness in addressing identified hazards and potential scenarios. This includes incidents like the accidental release of toxic gas at interim storage areas, as demonstrated during mock drills conducted on February 22, 2024.

These drills covered cyanide characteristics, handling during land transportation, the use of personal protective equipment, and operation of transportation vehicles. Records confirm comprehensive ERP training for relevant personnel, including drivers.

Specific emergency response duties and responsibilities are delineated within PCT's ERP plan. The incident response structure is standardized across all three nodes of the supply chain to ensure an effective and timely response to incidents, as emphasized during ERP training sessions.

Lists of equipment are incorporated into associated checklists and verified with drivers during pre-departure meetings. Emergency response equipment and Personal Protective Equipment (PPE) listed in the associated checklists are made available prior to departure for land transportation, as confirmed by records of checklists conducted in Mar 2024. Verified the validity date of gas canisters till Feb 2030.

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PCT has implemented procedures to inspect ERP equipment as part of mandatory pre-departure checks for drivers before land transportation.

PCT does not subcontract the handling and transportation of cyanide.

## Standard of Practice 3.3:

*Develop procedures for internal and external emergency notification and reporting.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 3.3

not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:*

Procedures have been instituted to notify the PCT Incident Management Team and external response providers, as outlined in HSE-PCT001-MGP-0002 dated 16 Nov 2023

Systems are in place to maintain the currency of internal and external emergency notification and reporting procedures. This includes provisions for regular review of the ERP and updating contact information for both internal and external responders, such as local police authorities, ORICA, and the Harmony mine site in Hidden Valley. A notification and reporting process (HSE-PCT001-MGP-0001 dated 16 Nov 2023 – Health and Safety Management Plan) has been established to inform the ICMI (International Cyanide Management Institute) of significant cyanide incidents.

Through interviews conducted with on-site personnel, it has been confirmed that till date, one significant cyanide incident has occurred on 3 Dec 2021 due to overloading of cyanide Isotainer, necessitating notification to the ICMI (Incident report submitted to ICMI on 26 Feb 2024) and the subsequent corrective actions taken, which have been verified for implementation during the period of this audit:

1. Completed Load Security Pre-departure inspection forms – verified with checklists dated 15 and 24 Feb 2024 as endorsed by Operations Supervisor to move load.

2. Training on the updates on load restraint – verified the training awareness conducted 17 and 18 Apr 2024 coupled with test sheets for the competency of understanding based on the HSE-PCT001-TRG-0001 Apr 2024 Rev 2

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3. Risk assessment on loading of two full load of cyanide Isocontainers on one trailer – verified with risk assessment dated 17 Apr 2024 conducted for overloading of trailers with Isotainers based on the revised controls such as Revised Sodium Cyanide Loading SOP - Issue one gate Pass for Single Unit Only, revised Load Restraint SOP - Supervisors to physically check for No double units loading and QMS-PCT001-SWI-0007 Route A loading of DG at Port of Lae to PCT Lae Yard, convoy manifests for Route B and Route C movements, journey management SOP (HSE-PCT001-SOP-0002).

4. Monitoring mechanism for prevention of similar occurrence of this incident – Reviewed QMS-PCT 001-SWI-0007 Route A loading of DG at Port of Lae to PCT Lae Yard and verified with Wharf in/Out records dated 9 and 26 Mar 2024.

### Standard of Practice 3.4:

*Develop procedures for remediation of releases that recognize the additional hazards of cyanide treatment chemicals.*

in full compliance with

The operation is  in substantial compliance with Standard of Practice 3.4

not in compliance with

### *Summarize the basis for this Finding/Deficiencies Identified:*

PCT ensured compliance by maintaining a list of external responders, as provided by Harmony (HSE-PCT001-MGP-0002 dated 16 Nov 2023) which covers various aspects of recovery within the control of the escort leader and disposal of cyanide-contaminated waste, in collaboration with Harmony mine ERT, ORICA Technical Support and Lae Wharf.

A procedure is being established to prohibit the use of chemicals such as sodium hypochlorite, ferrous sulphate, and hydrogen peroxide for treating cyanide released into surface water (HSE-PCT001-MGP-0002 dated 16 Nov 2023). This procedure is reiterated during pre-start meetings, as evidenced by interviews and video recordings with PCT staff.

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Standard of Practice 3.5: Periodically evaluate response procedures and capabilities and revise them as needed.

in full compliance with

The operation is  in substantial compliance with Standard of Practice 3.5

not in compliance with

*Summarize the basis for this Finding/Deficiencies Identified:*

PCT ensures regular reviews and assessments of the established Emergency Response Plan (ERP) to continuously evaluate its effectiveness in addressing identified hazards and potential scenarios. This includes incidents like the accidental release of toxic gas at interim storage areas, as demonstrated during mock drills conducted on February 22, 2024.

These drills focused on the established ERP, aimed to showcase the proficiency of ERP personnel and the functionality of ERP equipment. Based on the reviewed reports, it was affirmed that the ERP had been implemented effectively, with its efficacy evaluated and deemed appropriate such as after-action review on the need to improve communication as follows:

- a. Concise and clear communication to be communicated during emergencies to ensure precise instructions are executed in emergencies.
- b. Communication equipment to be made available for ease of communications.

PCT has implemented procedures to assess the performance of the ERP across various nodes of the supply chain on a monthly basis. Any necessary revisions to the ERP are made based on these evaluations. PCT had additionally formulated a three-year plan (2024 to 2026) for emergency drills, focusing on potential scenarios like transit/yard spill incidents, fires, and toxic gas releases.

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