

**PGC Management Services**  
***Management Update #1***

July 2019

# Context and background

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On 21 June 2019, a service agreement has been signed between PGC Management Services Sdn. Bhd. and Earthworm Foundation (EF) for a scoping exercise to guide Prosper in the beginning stage of implementing our No Deforestation, No Peat and No Exploitation (NDPE) policy. The agreement covers three key scope items:

1. Project management and NDPE engagement activities
2. Develop and provide an implementation plan template for Prosper's action planning
3. Prosper's grievance management support

The project is scheduled to be delivered over a 10 to 12 weeks' period following the initial kick off meeting on 21 June 2019. This document serves as an update by Prosper's management team about progress made to-date.

✓ Completed activities

# Project timeline

*Where we are today*

Activities	Jun	Jul					Aug				Sep
	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11
<b>NDPE engagement</b>	<p>✓ Review supply chain mapping</p>		<p>✓ Review Prosper's NDPE policy</p>	<p>✓ Engagement with Far East</p> <p>✓ Engagement with Future Prelude</p>							
<b>Implementation plan</b>	<p>✓ Review materials shared by Prosper</p>		<p>✓ Develop draft implementation plan</p>			<p>Review draft and finalise implementation plan</p>		<p>Joint workshop to socialize implementation plan and grievance process</p>			
<b>Grievance management</b>			<p>✓ Share sample Grievance Process</p>		<p>Finalise Prosper's Grievance Process</p>		<p>Log known grievance cases</p>		<p>Compile analysis on Bewani and develop options</p>		

# Project updates as at 24 Jul 2019

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## NDPE Engagement

### *Activities completed to date*

#### **Prosper Palm Oil Mill Sdn. Bhd.**

- Prosper has published our NDPE policy on 30 Apr 2019. EF has assessed Prosper's NDPE policy and shared their recommendation for improvement:
  - Extend scope of application to include 3<sup>rd</sup> party and associated suppliers
  - Enhance requirements based on gap analysis shared
- EF has reviewed the ownership structure of Prosper, Far East and Future Prelude and recommended that Prosper publish/ share this [structure](#) to clarify any opacity around Prosper.

#### **Far East Holdings Bhd.**

- Far East has published its NDPE policy on 15 May 2019. EF noted that similar improvements are required.
- EF has met with Far East's management on NDPE policy implementation, which includes participation in a IOM project to understand labour supply chain risks

#### **Future Prelude**

- EF advised Future Prelude to develop their own policy, taking EF's recommendations into consideration

### *Upcoming activities*

- Provide support to review Future Prelude's NDPE policy

# Project updates as at 24 Jul 2019

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## Implementation Plan

### *Activities completed to date*

- EF has completed a review of [Prosper's supply chain data](#) and noted that >60% of FFB supply are from 3<sup>rd</sup> parties (plantations, dealers and smallholders).
- EF recommended that Prosper captures the application of our NDPE policy in a time-bound implementation plan, and this plan should include 3<sup>rd</sup> party engagement.
- A draft implementation plan has been shared with Prosper on 25 Jul 2019 for further discussion.

### *Upcoming activities*

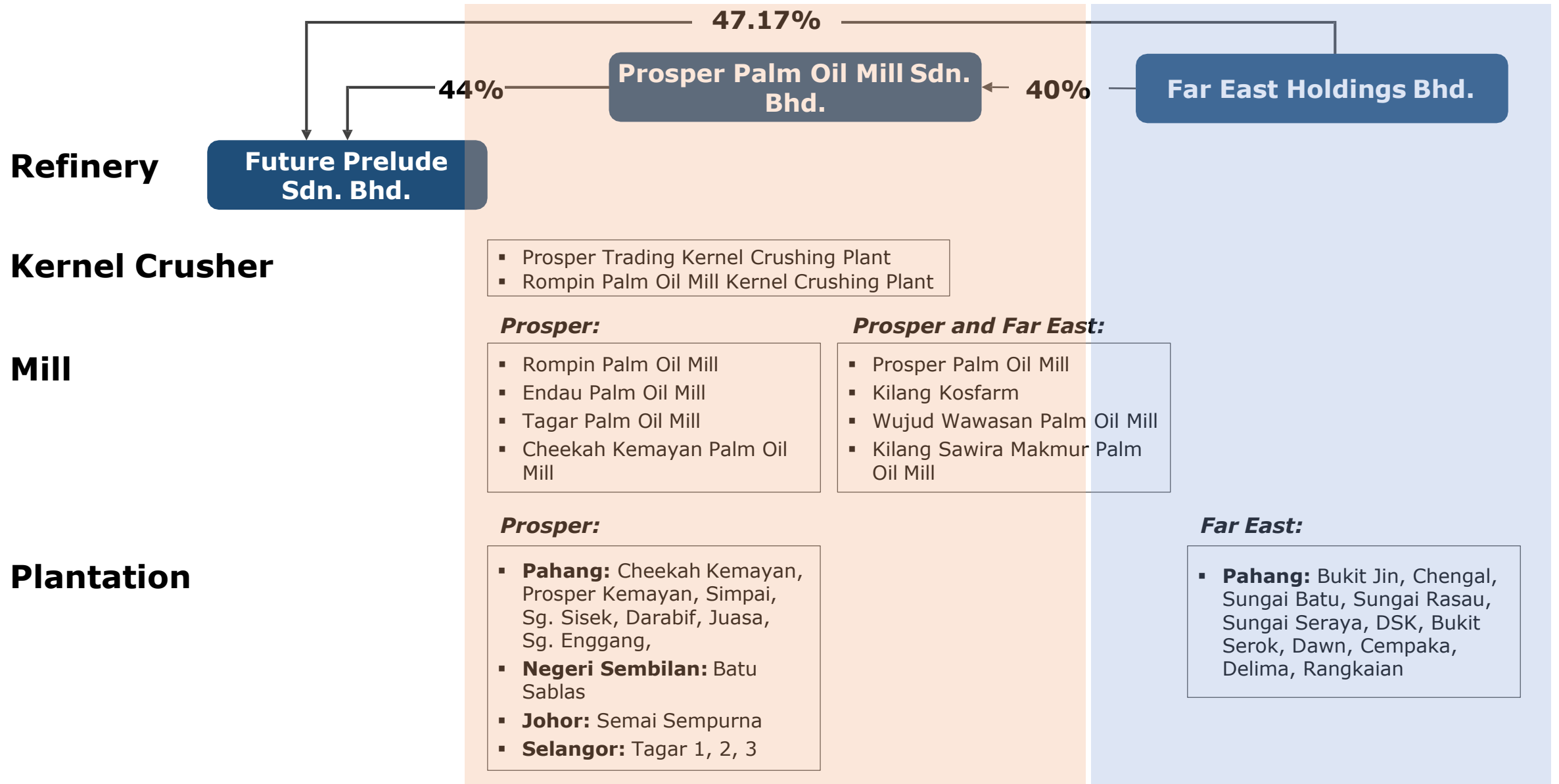
- Prosper and EF to discuss the implementation plan on 31 Jul 2019.

## Grievance Management

- A strong grievance management process will be required to strengthen Prosper's NDPE policy. EF has shared a draft grievance management procedure based on industry standards.
- Prosper to review the draft sent by EF and adapt based on internal capacity and existing processes.
- EF and Prosper to develop grievance log.
- EF and Prosper to review LUCA for Bewani's concession and discuss options for recovery/compensation.

# Appendix I: Scope of NDPE policy coverage

Prosper's policy  
Far East's policy



# Appendix II: Supply chain information

Based on Jan – Dec 2018 volume data

