



SUSTAINABILITY ANNUAL REPORT 2022

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1.0 TRACEABILITY

1.1 Traceability to Plantations (TTP)

With the rising expectations on TTP from international end-buyer parties, Prosper Capital Holdings S/B (PCH) participated in a traceability program which aims to verify and trace all of PCH's supply chains to plantation level specifically FFB dealers'. Rompin POM stood at 84.3% in traceability due to FFB dealers' previous hesitation in disclosing their FFB source but was able to achieve 97% as more and more collaboration and cooperation were given by FFB suppliers. With such successful experience, PCH along with its stakeholders continued the effort for Tagar POM and Kosfarm POM, ended up achieving higher TTP. Ultimately, PCH targets to have full supply chains traceability and transparency across all mills.

Nestle introduced a program on TTP followed by verification conducted by external auditors/assessors. Cheekah Kemayan POM and Sawira Makmur POM were chosen for this program and underwent on-site verifications, to verify the Traceability Declaration Document (TDD) submitted. Nestle's supplier (i.e. our buyer), Cargill, was involved in providing assistance and consultation as needed during our very first verification process. Both traceability percentages verified and reported on CKPOM and SMPOM, were 100% and 94.17%, respectively.



Figure 1. Sawira Makmur POM conducting verification.



Figure 2. Cheekah Kemayan POM conducting verification.

1.2 Traceability Percentage Year 2022 (every mill)

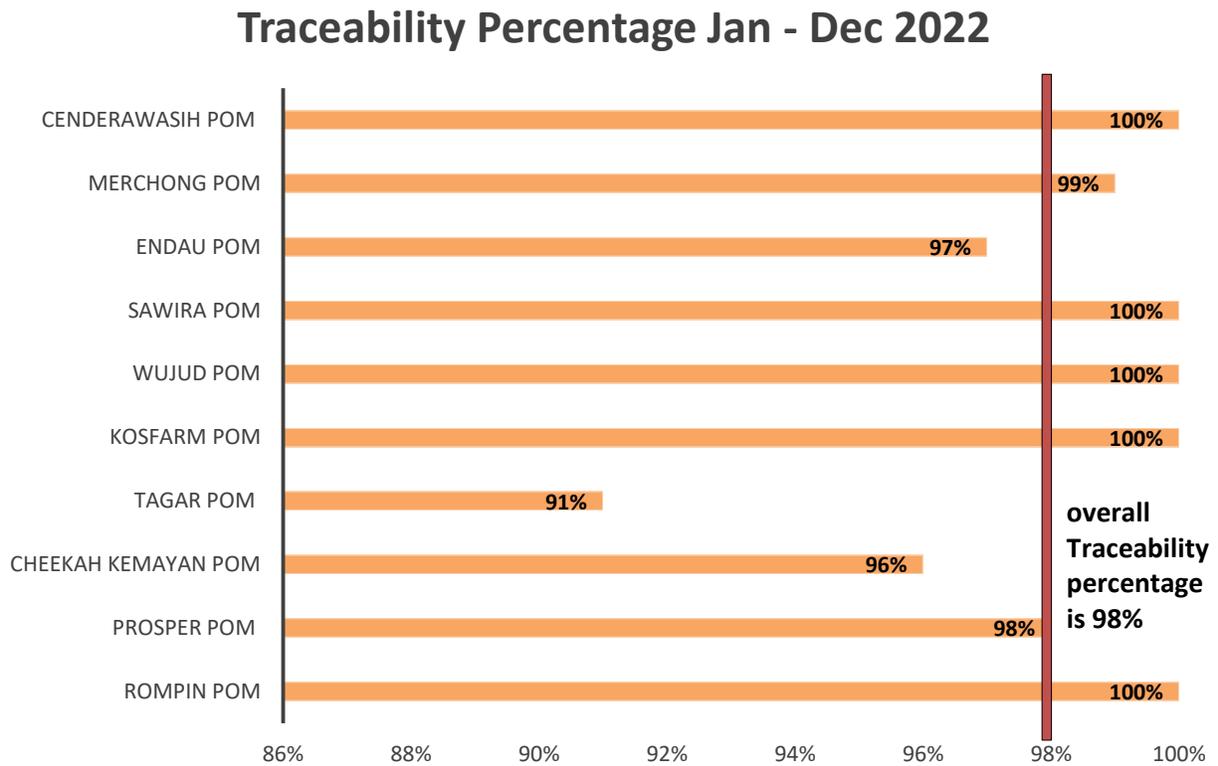


Figure 3. Traceability Percentage Year 2022 for every mill.

1.3 Traceability Summary Year 2022 – Traceable and Non-traceable

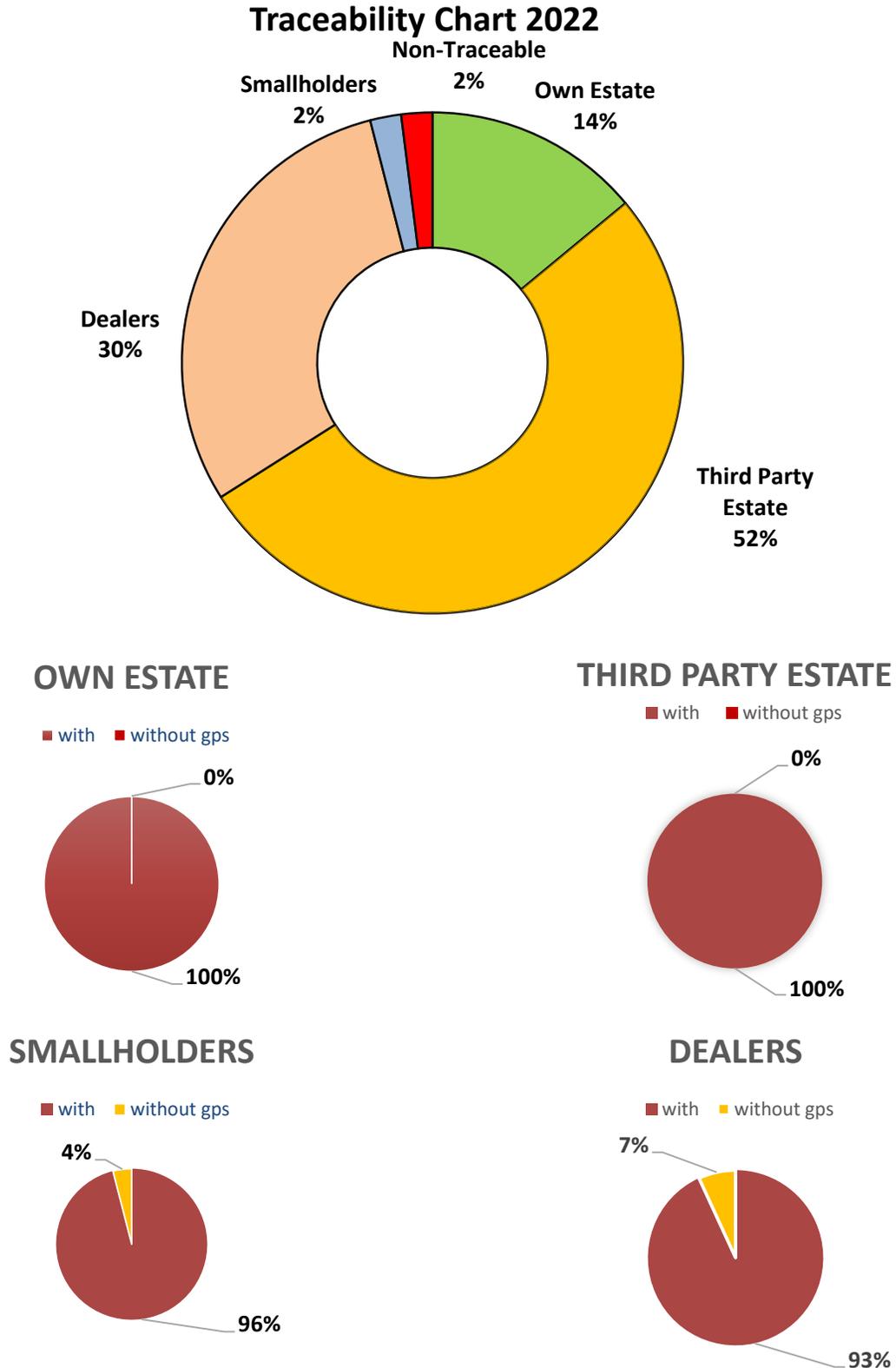


Figure 4. Traceability Summary Year 2022.

2.0 STAKEHOLDER ENGAGEMENT & SOCIALIZATION

2.1 NDPE Policy

With the adopted NDPE policy in early 2019, the Management continued to ensure that NDPE awareness and socialization programme were carried out frequently to the employees, as well as our suppliers to remain complying such policy. As such, with our NDPE enforcement, our buyers in collaboration with their consultant conducted site visits to bring awareness on NDPE, to understand and map our supply chains coming from FFB dealers. As a result, our obtained traceability percentage was higher as reflected in “1.1 Traceability to Plantations”.



Figure 5. Engagement with Dealer A, with Cargill and their consultant.



Figure 6. Engagement with Dealer B, with Cargill and their consultant.

2.2 Community Engagement

PCH engaged with the local community to relocate the estate's entrance/exit to improve the community's traffic flow and road safety. The relocation work is in progress.



Figure 7. Stakeholder meeting on site to assess the relocation.

2.3 KLK Suppliers Engagement Workshop for Peninsular Malaysia

KLK, in partnership with Proforest, conducted a workshop on TTP to educate and raise awareness to their suppliers including Prosper. The workshop explained the global expectations and requirements needed to achieve moving forward on TTP, and the MSPO 2.0 introduced. Technical lessons were provided on Daemeter's Traceability Declaration in order to streamline the traceability declaration process.

2.4 People Positive Palm (P3) Project by Consumer Good Forum (CGF) Human Rights Coalition (HRC)

Project P3 brings together the largest collective of international companies focusing on addressing forced labour in the Malaysian palm oil sector. It aims to foster collective action and advocacy on key issue faced by the palm oil industry – including a focus on understanding, addressing and preventing recruitment fees, with the support of the Fair Labor Association (FLA), the International Organization for Migration (IOM) and The Remedy Project. Prosper participated in the Project to discuss along with other palm oil industry players on human rights

due diligence and potentially help transforming the labour market of the Malaysian palm oil sector.

2.5 Ethical Recruitment Programme

PCH has established our own Sustainable Palm Oil Policy that covers the social aspect including ethical recruitment. To continue improve and ensure our recruitment is ethically sound internationally, we have accepted to participate in both our buyers’ ethical recruitment programme to help assess our current-practicing recruitment and close the gaps if any. The programme is only at the beginning stage and is expected to progress in the following year.

3.0 CERTIFICATION

With our sustainability commitment and recognition obtained through various types of certifications, we proceed to maintain if not better our performance with the subsequent annual surveillance audits. To date, the Management had achieved MSPO, RSPO and ISCC certifications, as well as accomplished the respective surveillance audits, in which showcase our continuous delivering in sustainability.

Operating Centre	MSPO			RSPO	ISCC
	Part 3	Part 4	SCCS		
Total Plantations				Cheekah Kemayan Estate only (a*)	
Wujud Wawasan POM			MB		
Kilang Sawira Makmur POM			MB		
Cheekah Kemayan POM			MB	(a*)	
Kilang Kosfarm			MB		
Cenderawasih POM			MB		
Endau POM			MB		
Rompin POM			MB		
Merchong POM			MB		
Tagar POM			MB		
Prosper POM			MB		

a* = under the management of PGC Management Services S/B, not ownership of the concession.

4.0 TRAINING/WORKSHOP

4.1 MSPO 2.0 Training

The Sustainability Team received training for MSPO 2.0. The differences between version 2.0 and 1.0 were compared and made aware for our understanding. As such, the Management could take actions or make implementations in accordance to MSPO 2.0 followed by conducting internal training for all employees/workers or contractors.

4.2 Ethical Recruitment Training for Third Party Supplier

Ethical recruitment process (i.e. must be respectful, honest and transparent) is often focused and highlighted for the welfare of employees/workers. To ensure our practiced norm is on par with the desired standard, we participated in ethical recruitment training. The Management had sent a few personnel from mill and estate management for the training.

4.3 Basic Scheduled Waste Management Course

The Sustainability Team was provided the opportunity to attend a remote online training for the latest updates on scheduled waste management.

5.0 CONSERVATION PROJECT

5.1 Summary

As of November 2022, GEC has made some progress and accomplishments in 1) Rehabilitation of 200 ha through rewetting and assisted natural regeneration and selected planting in priority portions of Bukit Belata (Extension) Forest Reserve (BBEFR), 2) Enhance the understanding of community and stakeholders on peat hydrology, sustainable management on peatland and fire prevention with local communities and landowners.

The former progress was achieved from constructing nice units of canal blocks, seedling procurement and nursery establishment, and maintenance of planted trees (20 ha).

Table 1. Nine units of canal blocks constructed at FC 3 and FC 25, BBEFR.

Canal Blocks	GPS Coordinates	Photo (Before)	Photo (After)
FC 3, BBEFR			
cb_1_fr_3	3°35'56.47"N 101°23'45.67"E		
cb_2_fr_3	3°35'51.63"N 101°23'40.30"E		
cb_3_fr_3	3°35'43.69"N 101°23'45.50"E		

cb_4_fr_3	3°35'42.04"N 101°23'37.04"E		
cb_5_fr_3	3°35'29.90"N 101°23'44.29"E		
cb_6_fr_3	3°35'31.98"N 101°23'38.73"E		
cb_7_fr_3	3°35'31.33"N 101°23'36.47"E		
FC 25, BBEFR			
cb_1_fr_2 5	3°33'8.11"N 101°25'29.64"E		
cb_2_fr_2 5	3°33'5.83"N 101°25'30.93"E		

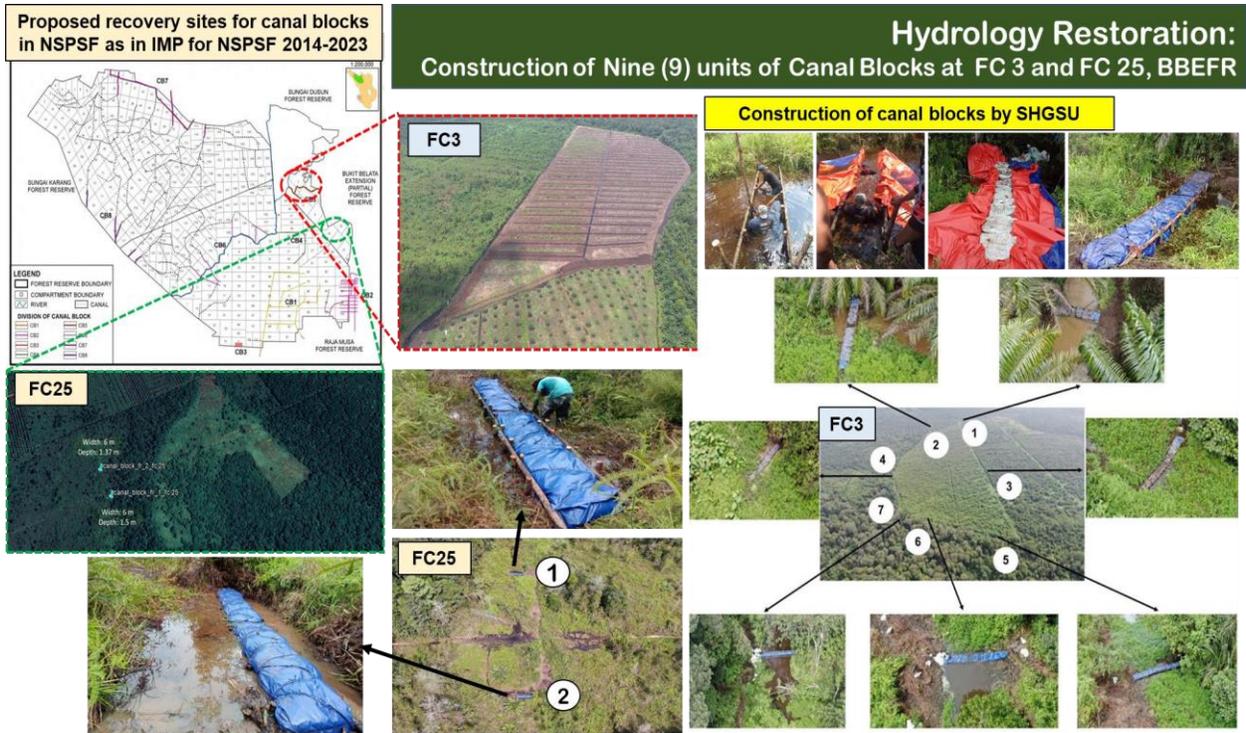


Figure 8. Construction of nine units of canal blocks at FC 3 (7 units) and FC 25 (2 units), BBEFR



Figure 9. The KWHSTS members are sowing the wildings of Tenggek Burung (*Melicope lunu-ankenda*)



Figure 10. The progression of the maintenance activities at the mineral soil of the planted site at FC 25, BBEFR (A & B). As inspected on October 2022 (D) and November 2022 (C), the field observations are indicating that some of the trees are growing well and healthier and started to bear flowers (E).

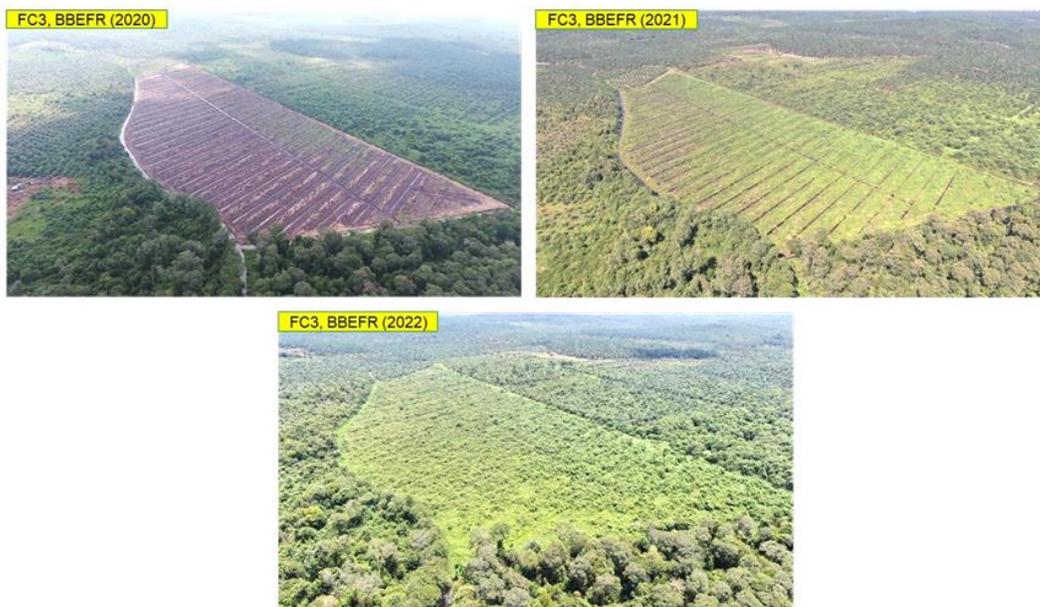


Figure 11. The natural regeneration process of 20 ha of degraded area at FC 3, BBEFR from 2020 to 2022.

The latter progress was recognized as 37 delegates of the National Peatland Agricultural Management Technical Committee from seven states of Peninsular Malaysia along with Sabah and Sarawak (including the officers from GEC and SSFD) visited GEC-CoSPeC and NSPSF on 1st April 2022 to acquire some insights on sustainable management of sensitive areas (peatlands) for the purpose of agricultural activities. A comprehensive briefing on NSPSF, its ecosystem services, threats as well as the community-based peatland rehabilitation programme, fire prevention and monitoring work as part of nature-based solutions (NbS) was presented to the delegates and brought to showcase the implementation and success of the programme and initiatives undertaken. Furthermore, community-based patrolling and monitoring activities at fire-prone peatland areas were undertaken, to update the Fire Danger Risk Warning Signboards daily according to the Fire Danger Rating System and performed water table monitoring activities at the forest and adjacent oil palm plantations twice per week. No encroachment, illegal activities and fire incidents was recorded during the patrolling period. The installation of 20 units of 'No Entry' signboard along the boundary was completed. In addition, training of local community was conducted on peatland water management appropriate to best management practices for agriculture including crop selection. Malaysia Good Agriculture Practices (myGAP) and Malaysian Sustainable Palm Oil (MSPO) and Roundtable on Sustainable Palm Oil (RSPO) manual were being promoted.



Figure 12. The visit of the delegate to GEC-CoSPeC and NSPSF (Raja Musa Forest Reserve).

Table 2. The types, units and location of installation of the signboards.

Types of signboards	Printed (units)	Installed (units)	Installation Location
Rehabilitation Project Signboard (1.5 m x 1.0 m)	2	2	FC 3 & 25, BBEFR
Forest Enactment Signboard (1.2 m x 1.8 m)	4	4	FC 2, 3 & 25, BBEFR; FC 82, Raja Musa Forest Reserve (RMFR)
Fire Danger Risk Warning Signboard (1.2 m x 1.8 m)	12	12	Felda Sg. Tenggi; Felda Sg. Tenggi Selatan; Felda Soeharto; FC 3, 4, 23 & 25, BBEFR; State lands adjacent to Sungai Dusun Wildlife Centre; FC 73, RMFR.
'No Entry' Signboard (1.3 m x 1.0 m)	5	5	FC 2, 3 & 25, BBEFR; FC 82, RMFR
'No Entry' Signboard (0.75m x 0.60 m)	50	50*	FC 3, 6, 10, 12, 20, 35 & 37, BBEFR; FC 82, 98 RMFR; FC 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 31, 32, 33, 125, 126 & 127, SKFR

Notes:

- * 30 units were installed and reported previously and the installation of the remaining 20 units are included in in this report. The FCs in blue refer to the new locations at which the remaining 20 units of signboards were installed.



Figure 13. The overall map showing the entire locations of 20 units of ‘No Entry’ signboards at SKFR and RMFR.



Figure 14. The participation of KWHSTS in the community forum and a sharing session with the delegates of Mekong Peatlands Project (Cambodia and Lao People's Democratic Republic).



Figure 15. Mr. Nagarajan is rendering a talk on peatland management focusing on fire prevention and control measures and hydrological management for agricultural activities on cultivated peatlands to the states' and districts' agriculture officers from Peninsular Malaysia on 19-20 October 2022 at the D'Wharf Hotel, Port Dickson.

TARIKH	PIZO METER	PIH	KAYU
3/11/2022	B&I	01	33.0
	B&I	02	66.0
	B&I	03	51.0
	B&I	04	50.0
	B&I	05	45.0
	B&I	06	48.0
4/11/2022	B&I	01	34.0
	B&I	02	66.0
	B&I	03	50.0
	B&I	04	50.0
	B&I	05	42.0
	B&I	06	39.0

Latest Piezometer Reading FC. 3, 7 & 25 BBEFR (Bacaan Piezometer Terkini di Kompt. 3, 7 & 25 BBEFR)		
Sites	Piezometer	10/11/2022 (cm)
FC25	BBT01	24
	BBT02	26
FC7	BBT03	6
	BBT04	-1
FC3	BBT05	19
	BBT06	21

(-) Negative indicate water level below ground
Update by GEC- FCP

Figure 16. Patrolling and water table monitoring activities conducted by KWHSTS community patrollers at the adjacent land of BBEFR

Undeniably, there were problems encountered during the implementation, 1) high water tables due to periodical rain associated with the northeast monsoon and transitional monsoon, 2) the changing of contractors for the canal block construction, 3) irregular and often unpredictable weather patterns – hot and dry period from July until September 2022 leading to stunted growth of planted trees, 4) the quick spread and dominance of Lalang grass in the planted site. However, implementation plans were executed accordingly to the given situations despite the process got hindered where longer time was taken.

5.2 Announcement & Celebration – GEC Awarded with 15th Anniversary Merdeka Award Trust (Environment Category)

They have an ongoing outstanding contribution in mangrove, peat swamp forest, river and coastal management, climate change programmes and forging community engagement as well as partnerships that help to conserve and protect the environment and natural resources in Malaysia.

We value our partnership with GEC, to perform recovery activities thus we are happy to announce and celebrate their success together.

