SARAWAK OIL PALMS BERHAD
(Company No: 7949-M)

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Supplier Engagement Procedure

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Date: 02 JANUARY 2019

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Group Chief Executive Officer
Date: 02 JANUARY 2019
Supplier Engagement Procedure

1. Objectives

To engage with our relevant third parties suppliers to achieve the following objectives:
   a) To improve the transparency of sustainability-related information;
   b) To detail out the action plans, processes and activities to execute scheduled engagement with a supplier;
   c) To achieve 100 % traceability to plantations in our supply chain;
   d) To response to any grievances raised from any seller or buyer.

2. Scope

Palm products suppliers: Fresh Fruit Bunches (FFB), Crude Palm Oil (CPO), Palm Kernel (PK), Refined Palm Oil (RPO); Palm Fatty Acid Distillate (PFAD); RBDPO (Olein); RBDPS (Stearin); Palm Kernel; Crude Palm Kernel Oil (CPKO); and others.

3. Definition

i. Company - Sarawak Oil Palms Berhad (SOPB)

ii. Supplier - A person or organization that provides something needed such as a product or service.

iii. Engagement Committee - SOPB personnel from Asia Oils Pte. Ltd., Sustainability Department, Business Development Department, Downstream Operations Department (Backoffice), Downstream Operation Refinery & Biodiesel Plant or any other SOPB personnel appointed to represent The Company.
4. Procedures

Stage 1

a) To identify the relevant palm product suppliers.
b) **Perform Gap Analysis:** To initiate the gap analysis process via sending an e-mail on the E-Questionnaire to the identified suppliers.
c) Follow-up within 2 months after each e-mail is sent (if there is no reply or feedback from the suppliers).
d) **Suppliers’ Sustainability Risk Assessment (Reviewing):** Collect and analyse the data from the E-Questionnaire and summarize into a report.
e) After the analysis, the Engagement Committee shall discussed to review the analysed report which will include the sustainability performance of each suppliers.
f) After due considerations and discussions, the conclusion will be submitted to the Top Management for a final review and decisions to be taken.

Stage 2

g) A Supplier who had complied with the Company’s sustainability practices with reference to our Oil Palms Sustainability Policy (OPSP), these suppliers will be maintained and to be monitored on a yearly basis.
h) **Initiate the engagement process:** If a Supplier had failed to comply, upon decision made by Top Management, the Engagement Committee will initiate the engagement process, if required.
i) A **follow up assessment will be carried out** within six (6) months or more to track the sustainability performance of the supplier along with any other indicators mutually agreed.
j) If there is progress and improvement by the Supplier, procedure (b) will be re-initiated.
k) A **third party (if required)** will be appointed by the Company to verify if a Supplier’s had complied with our Company’s sustainability objectives.
1) If there is no progress on sustainability compliance by the Suppliers, the Engagement Committee will consult with the Top Management to make final decision whether to maintain or terminate the suppliers.

m) The whole process will be recorded under Supplier Engagement Report.

5. Records

i. List of Suppliers

ii. E-Questionnaire

iii. Supplier Sustainability Risk Assessment Review Report

iv. Supplier Engagement Report
6. Supplier Engagement Procedure (Flowchart)

Stage 1

- Identification of Suppliers
- Perform Sustainability Gap Analysis
- Suppliers’ Sustainability Risk Assessment (Reviewing)

Stage 2

- Requirements complied with?
  - No: Initiate the engagement process
    - Within 6 months or more: Follow up on compliance
  - Yes: Maintain and monitor the current suppliers’ sustainability practices with reference to OPSP (yearly)

Verification by 3rd party (if required)

No Progress

Consultation with Top Management

Termination of Supplier