



# SARAWAK OIL PALMS BERHAD

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## Supplier Engagement Procedure (Revision 01)

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Procedure Updates Records		
Revision No	Date	Description of change
Revision 01	3 <sup>rd</sup> May 2021	Addition: "Supply Chain Re-entry" Procedure

## Supplier Engagement Procedure

### 1. Objectives

To engage our relevant third party suppliers to achieve the following objectives:

- a) To achieve the transparency of sustainability-related initiative and information;
- b) To specify the action processes, plans and activities to implement the scheduled engagement with a supplier;
- c) To achieve 100 % traceability to plantations in our supply chain;
- d) To response to any grievance raised by any seller or buyer or relevant stakeholders.

### 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

- a) Company - Sarawak Oil Palms Berhad (SOPB)
- b) Supplier - A person or organization that provides something needed such as a product or service.
- c) Engagement Committee:
  - i. SOPB personnel from Asia Oils Pte. Ltd.,
  - ii. Sustainability Department,
  - iii. Business Development Department,
  - iv. Downstream Operations Department (Backoffice),
  - v. Downstream Operation Refinery & Biodiesel Plant and/or any other SOPB personnel appointed to represent the Company.

### 4. Procedures

#### Stage 1

- i. To identify the relevant palm product suppliers.
- ii. **Perform Gap Analysis:** To initiate the gap analysis process via sending an e-mail of the E-Questionnaire/ Supplier Assessment Form to the identified suppliers.
- iii. Follow-up after two (2) weeks, 2 months there after each e-mail is sent (if there is no response or feedback from the suppliers).

- iv. **Suppliers' Sustainability Risk Assessment (Reviewing):** Collect and analyze the data from the E-Questionnaire/ Supplier Assessment Form and summarize into a report.
- v. After the analysis, the Engagement Committee shall review the analyzed report and evaluate the sustainability performance of each supplier.
- vi. After due evaluation and assessment, a proposal will be submitted to the Top Management for a final review and decisions to be made.

## **Stage 2**

- i. A Supplier who had complied with the Company's sustainability practices with reference to our Oil Palms Sustainability Policy (OPSP) will be maintained and monitored on a yearly basis.
- ii. **Initiate the re-engagement process:** If a Supplier had failed to comply and based on decision made by Top Management, the Engagement Committee will initiate the re-engagement process, if required.
- iii. A **follow up assessment will be carried out** within six (6) months **to monitor** the sustainability performance of the supplier including any other issues or indicators that has been mutually agreed.
- iv. If there is progress and improvement by the Supplier, procedure **Stage 1 (ii)** will be re-initiated.
- v. **A third party (if required)** will be appointed by the Company to verify if a Supplier's had complied with our Company's policies and commitments.
- vi. If there is no verifiable progress on sustainability compliance by the Suppliers, the Engagement Committee will make proposals to the **Top Management** who would make final decision whether to maintain or terminate the suppliers.
- vii. The above processes will be documented in the Supplier Engagement Report.

## **5. Records**

- a) List of Suppliers
- b) E-Questionnaire / Supplier Assessment Form
- c) Supplier Sustainability Risk Assessment Review Report
- d) Supplier Engagement Report

## **Supply Chain Re-entry Procedure**

### **1. Scope**

- i. Applicable to a supplier company that has been suspended.
- ii. Applicable to the supplier company who has been on “No Buy” list by SOPB’s buyer(s).

### **2. Procedure**

- i. Implement a group-wide moratorium on land clearing and peatland development including management directive that operationalizes the group-wide moratorium through a Stop Work Order effective immediately.
- ii. Acknowledge the total area of non-compliant development of forest or peatland areas post 2<sup>nd</sup> January 2019 within the group’s entire concessions and commit to resolve the non-compliant development through the development and implementation of a comprehensive Recovery Plan.
- iii. Halt all planting activities on non-compliant development areas cleared in 2019 (pending the development of a Recovery Plan)
- iv. For any new land development, require to conduct Integrated HCV-HCSA Assessments and follow the HCVRN ALS (High Conservation Value Resource Network Assessor Licensing Scheme) quality assurance process;
- v. Publish a group-wide NDPE (‘No Deforestation, No Peat, No Exploitation’) policy or sign a group-wide agreement to comply with the NDPE policy;
- vi. Commit to develop and socialize new Standard Operating Procedures (SOPs) in line with the adopted NDPE policy within six months;
- vii. Agree to provide maps (in an appropriate format) of the group’s entire concessions to either a public monitoring platform or to the relevant supplier monitoring program (for the purpose of assessing the scale of non-compliant development and ongoing monitoring);
- viii. Commit to report progress at least every six months in the first year, then annually thereafter, demonstrating compliance against the above requirements.

### **3. Verification**

1. SOPB’s Supplier Engagement Committee is responsible to verify documentation and conduct site verification in support of the implementation of the re-entry procedure requirements by the supplier in question.

- A third party, if required, will be appointed by the Company to verify if a Supplier's had complied with the re-entry procedure requirements.

**Supplier Engagement Procedure (Flowchart)**

