



SARAWAK OIL PALMS BERHAD

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Supplier Engagement Procedure (Revision 02)

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Date: 9/3/2026.

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Date: 9/3/2026

Procedure Updates Records

Revision No	Date	Description of change
Revision 01	3 rd May 2021	Addition: "Supply Chain Re-entry" Procedure
Revision 02	4 th March 2026	Updated SOP logo and minor editorial changes



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 process, plans and activities to implement the scheduled engagement with a supplier;
- c) To achieve 100% traceability to plantations in our supply chain;
- d) To respond 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 (PK), Crude Palm Kernel Oil (CPKO), and others.

3. Definition

- a) Company – Sarawak Oil Palms Berhad (SOP)
- b) Supplier – A person or organization that provides something needed such as a product or service.
- c) Engagement Committee:
 - i. SOP personnel from Asia Oils Pte. Ltd.,
 - ii. Sustainability Department,
 - iii. Business Development Department,
 - iv. Trading Backoffice
 - v. Downstream Operation Refinery & Biodiesel Plant and/or any other SOP 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 SOP'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 2nd 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. SOP'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.
2. A third party, if required, will be appointed by the Company to verify if a Supplier had complied with the re-entry procedure requirements.

Supplier Engagement Procedure (Flowchart)

