ANTI-FRAUD and WHISTLEBLOWING POLICY

INTRODUCTION AND OBJECTIVE

The RFM Group of Companies ***("RFM" or the "Company")*** has already established its position as one of the industry leaders in the manufacturing field. Being a major player in the arena for over fifty years now, it has proven its commitment to good governance and good business conduct. To further uphold this commitment to the highest possible standards of openness, honesty and accountability in all of its affairs and in particular, a **zero–tolerance approach** to fraud, the Company develops this Anti-Fraud and Whistle-blowing policy and requires adherence, thereof. This Policy aims to reinforce implemented policies and procedures design to prevent, detect and investigate fraud; thus ensuring proper safeguard of the Company's assets.

CORPORATE POLICY

RFM does not tolerate fraud and requires all employees and third parties to demonstrate the highest standards of honesty and propriety at all times. It is, therefore, also committed to the mitigation and prevention of fraud and to the rigorous investigation of any such cases. Any investigative activity required will be conducted without regard to any person's relationship to the Company, position or length of service. The Company requires suspected or actual instances of fraud to be reported using appropriate, defined channels. Incorporated in this policy is the whistleblowing policy and procedures which ensure that concerns are raised and dealt with in an appropriate manner.

SCOPE AND IMPLEMENTATION

This policy applies **equally** to any suspected acts of fraud and or fraudulent behaviors involving the directors, officers and employees of the RFM Group.

This Anti-Fraud and Whistleblowing Policy shall be implemented immediately upon its approval and adoption by the Board of Directors.

I. Fraud and Fraudulent Behaviors

Fraud in this policy is defined as:

- The use of deception to dishonestly make a personal gain for oneself and/or causing loss to the proper interests of RFM.
- The intentional, false representation or concealment of a material fact for the purpose of inducing another to act upon it to his or her injury.
- The illegitimate pursuit of inappropriate Company interests for personal gain,

Examples of fraud and fraudulent behaviors include but are not limited to the following:

- Misappropriation of funds, securities, supplies, or other assets;
- Impropriety in the handling or reporting of money or financial transactions;
- Profiteering as a result of insider knowledge of company activities;
- Disclosing confidential and proprietary information to outside parties;
- Disclosing to other persons securities activities engaged in or contemplated by the company;
- Accepting or seeking anything of material value from contractors, suppliers, or persons providing services or materials to the Company;
- Destruction, removal, or inappropriate use of records, furniture and fixtures and equipment; and
- Any similar or related irregularity

II. Fraud Prevention and Control

Fraud communication and training

The assurance that all employees are aware of their obligations to mitigate the risks of fraud and misconduct shall start with practical communications and training.

Fraud communication and awareness programs shall be:

- Based upon the results of the fraud risk assessment
- Tailored to the needs of individual job functions
- Integrated with other training efforts, whenever possible
- Effective in a variety of settings, using multiple methods and techniques
- Regular and frequent, covering the relevant employee population

Managing the risk of fraud

The risk of fraud is best managed through preventive and detective control measures, the effective implementation and monitoring of which rest with the management. Fraud risk management, being a continuous process, shall form part of the Company's whole risk management process which shall be assessed regularly.

There shall be a ***strong*** system of internal control which is the most valuable anti-fraud device. A mere existence of which is of no guarantee that it will operate as intended. The Corporate Internal Audit shall likewise check the effectiveness of the fraud risk controls through its regular risks assessment and planning.

Preventing conflict of interest

RFM employees should avoid situations of potential and actual conflicts of interest; avoiding personal activities and financial interest that could conflict with responsibilities to the RFM Company and its vision. All must not seek gain for themselves or others through misuse of positions. All directors, officers, and employees are required to disclose at the outset any business participation or other position they hold outside the Corporation.

Corporate Code of Business Ethics

Employees of the RFM group are assumed to have read the Company's **Code of Business Principles**, therefore are required to observe these standards in all company-related dealings. The observance of such code not only prevents fraud but also encourages staff to seek for highest standards of professional behavior. Similar high standards of conduct are expected of the senior management of the company.

III. Roles and Responsibilities

All RFM employees have responsibility for preventing and detecting fraud promptly. Aside from safeguarding the Company resources, they shall also protect its reputation which has been built through the years of its existence. Together, they shall work in a coherent and complementary corporate framework for effectively enforcing their obligations and cultivating an organizational culture that has a zero tolerance against fraud and other fraudulent acts.

Accordingly, the following stakeholders are responsible for the following activities:

Board of Directors

The Board is ultimately responsible for the management of fraud within RFM Group. As the custodian of the Anti-Fraud policy, the Board thru its Audit Committee approves the policy and its subsequent revisions annually, and or as deemed appropriate.

Managers

Managers in each department or unit are responsible for:

- Ensuring that an adequate system of internal control exists within their areas of responsibility and that controls operate effectively;
- Preventing and detecting fraud and theft;
- Assessing the types of risk involved in the operations for which they are responsible;
- Regularly reviewing and testing the control systems for which they are responsible;
- Ensuring that controls are being complied with and their systems continue to operate effectively; and,
- Implementing new controls to reduce the risk of similar thefts and fraud occurring where thefts or frauds have taken place.

Managers who fail to take appropriate action or tolerate or condone fraudulent activity will be held accountable.

Individual Staff

Each individual employee must realize that fraud, whatever its extent and form, is contrary to the standards of conduct expected of an RFM employee.

Fraud constitutes a violation of the Corporate Code of Business Ethics and Conduct for which an employee may be dismissed. Other personnel may also be terminated where involvement in fraud is established. All employees are assumed to have read and be aware of the Company's ethical framework, and keep themselves in touch with new policies. They are also expected to:

- Act with decorum in the use of Company resources and the handling and use of Company funds
- Be alert to the possibility that unusual events or transactions could be indicators of fraud and theft;
- Report details immediately through the appropriate channel if they suspect that a fraud or theft has been committed or see any suspicious acts or events;
- Co-operate fully with whoever is conducting internal checks, reviews or fraud investigations.

Third Parties

RFM is committed to establishing mutually beneficial relations with suppliers, customers and business partners. In any business dealings, it is expected that partners will adhere to business principles consistent with the principles of the Corporation. They are also obliged to report allegations of fraud to RFM. Whereas, if it is proven that external parties have engaged in fraud or any fraudulent acts that causes financial loss or reputational damage to the organization by colluding with internal parties, the Company will exhaust all possible legal remedy to recover incurred losses.

Corporate Internal Audit

The Corporate Internal Audit shall evaluate control efficiency and effectiveness and provide management and the Board assurance that the controls in place are adequate to respond to risks of fraud

In dealing with fraud and other fraudulent acts:

- The division shall consider fraud "red flags" and risk factors in audit planning and reporting, consistent with applicable Auditing standards.
- Corporate Internal Audit shall be responsible in providing opinion to the Audit Committee and to the Chief Executive Officer/President on the adequacy of internal control system for managing the risk of thefts and fraud and ensuring that the Company promotes an anti-fraud theft culture.
- The division shall be in assistance of deterring and preventing fraud and other fraud acts by examining and evaluating the effectiveness of controls comparable to the extent of the potential exposure on risk in the various segments of the department's operations.
- And as applicable, conduct fraud investigations.

IV. Whistleblowing Policies and Procedures

This Whistleblowing procedures have been established to provide means which enable Whistleblowers to raise concerns relevant to the misconducts, malpractices, irregularities, suspected fraud and fraudulent behaviors through a confidential reporting channel (to the extent possible). All employees are therefore encouraged to raise genuine concerns about possible improprieties in matters of financial reporting and other malpractices at the earliest opportunity, and in an appropriate way.

The aim of this policy is to:

- Ensure that all employees feel supported in speaking up in confidence and reporting matters they suspect may involve anything, improper, unethical or inappropriate;
- Encourage all improper, unethical or inappropriate behavior to be identified and challenged at all levels of the organization;
- Provide clear procedures for the reporting of such matters;
- Manage all disclosures in a timely, consistent and professional manner; and
- Provide assurance that all disclosures will be taken seriously, treated as confidential and managed without fear of retaliation.

Reporting Channels

Employee who has a legitimate fraud concern can raise the matter directly with the members of the Audit Committee. Suppliers, customers and business partners are also encouraged to report information pointing to fraud involving company employees or affecting Company funds and assets.

This can be done through any of the reporting channels established by the Company which includes the following:

a) Face-to-face meetings
b) Mail/e-mail
c) Texts or phone call
d) Anonymous drop-boxes

Confidentiality

It is the policy of RFM to make every effort treating all disclosures in a confidential and sensitive manner after employee reports concern about any suspected fraud. Investigation reports and specific details of investigations are shared on a strictly 'need to know' basis. This is important in order to avoid damaging the reputations of persons suspected but subsequently found innocent of wrongful conduct and to protect the Company from potential civil liability.

The investigation may disclose the source of the information and a statement by the individual forms part of the evidence, as may be required. Requests for confidentiality by persons making a complaint will be honored to the extent possible within the legitimate needs of the investigation.

Anonimity

Individuals may choose to report fraud anonymously. However, it should be noted that RFM discourages anonymous allegations so individuals wishing to make a report are encouraged to provide their contact details. Nevertheless, anonymous allegations will be considered, taking into account the following factors:

- The seriousness of the issue raised,
- The credibility of the concern,
- The likelihood of confirming the allegation from other sources.

Investigating team will treat information received in a sensitive manner, and disclosure of identifying information of the reporting individual will be limited to the maximum degree as possible.

Untrue Allegations

If an employee makes a false report maliciously, with an ulterior motive, or for personal gain, the management reserves the right to take appropriate actions against the employee through disciplinary or legal action, including dismissal, where appropriate and subject to relevant Company policies and procedures and applicable laws.

Third Party Actions

The company is encouraging its suppliers, customers and business to report any suspected fraud or any fraudulent acts involving RFM employees and other individuals dealing with the company directly thru the Reporting Channels of the Company.

Protection against Retaliation of Whistleblowers or Witnesses

The company will not tolerate harassment or victimization of anyone raising a genuine concern under the whistleblowing policy, regardless of whether or not the concern is ultimately validated.

Any person who believes that they are being retaliated as a result of reporting a concern or assisting the company in any investigation under this policy must immediately inform the Corporate HR Head or the Legal Department for appropriate action.

Investigation Team

When a suspected or actual fraud against RFM is reported, the management shall undertake a full and thorough investigation of the matter, regardless of position and seniority of the person involved. An investigating team will be formed to conduct a comprehensive and objective internal investigation of the alleged and/or reported instances of fraud or fraudulent behavior. The panel will be directly reporting to the Audit Committee, which will have the oversight responsibility over the whole conduct of the investigation. The investigating team will include at least:

- A representative from the Audit Committee, which should be the designated head
- Head of the Corporate Internal Audit Division and or representative
- Representative from the Corporate Legal and Human Resources
- Departmental Management Unit Head/Representative of the alleged individual (as applicable)

Investigation

An investigation will be conducted to establish the facts. The investigation should be held in a timely and professional manner and which complies with statutory and Company requirements. The investigation shall include the collection and review of all relevant documents, interviews of people who can provide such information, and an interview with those alleged to be involved in fraud.

All employees are expected to provide assistance as requested in investigations of reports made under this policy.

The investigating team shall coordinate with enforcement agencies, as appropriate, to ensure the effective investigation of fraud where parties external to RFM is allegedly involved.

Investigation Report

All work done throughout the fraud investigation must be documented. The final Investigation Report will include all the details relating to the investigation and a timeline of all the events which took place. The report will also include the transcripts of any interviews undertaken and any legal advice received as an appendix. The report may also contain the recommendations of the investigation team on the course of action to be taken.

The appointed head of the investigating panel shall review the Investigation Report then forward the same to the persons requiring notification such as the Head of HR and Legal departments and agree on the remedial actions recommended.

After the review by the head of the special investigating team, the investigation report shall be forwarded to the CEO/Board of Directors for final disposition, taken into account the recommendations included in the report.

The person (s) that initially reported the suspicions should be informed of the result of the investigation but this should be done only once the report and proposed course of action has been finalized.

Remedial Actions

After proper investigation, RFM will take all possible remedies (in accordance with Company's Rules and Regulations) as in all cases where it is considered appropriate and will observe consistent dealings with such cases, regardless of position and length of service of the employee involved. RFM will also debar suppliers from doing business with the Company should they proved to be perpetrating any acts of fraud through conniving with internal parties.

ADMINISTRATION

The Board's Audit Committee is responsible for the administration, revision, interpretation, and application of this policy. To maintain the best practice of Fraud Prevention and Detection, the underlying principles of this Anti-Fraud policy shall be reviewed annually and revised as needed and approved on behalf of the Company Management.

The Corporate Internal Audit Division shall then include in its periodic reporting to the Audit Committee the implementation and effectiveness of this Anti-Fraud Policy.