

PROCUREMENT POLICY

I. RATIONALE

The RFM Code of Business Principles emphasizes RFM Corporation's ("RFM" or the "Company") belief in vigorous fair competition and its support for the development and execution of appropriate competition laws and mechanisms. The Company shall conduct its operations in accordance with the principles of universally-accepted fair trade practices and applicable regulations.

The Company shall also be highly persistent in making continuous improvements in the management of its environmental impact and in working on its long-term goal of developing environmentally-sensitive and sustainable business. It shall endeavor to work in partnership with others to promote environmental care, increased understanding of environmental issues among its stakeholders.

II. BASIC POLICY

It is the policy of the Company to adhere with prevailing laws, regulations and governance; to adopt environment-friendly ways in selecting suppliers and merchandise; to provide equal opportunities for all its suppliers; and to build a mutually-beneficial relationship with its suppliers based on mutual trust, understanding and respect.

III. PROCUREMENT PRINCIPLES

In the procurement of materials and services, the Company shall adhere to the following principles:

(a) Fair Competition

The Company shall treat all bidders and suppliers with fairness and ensure that they are given the same level of information when preparing quotations or tenders.

(b) Conflict of Interest

Situations of conflict of interest should be declared to the Company in accordance with its Code of Business Principles.

(c) Cost-Effectiveness

Quotations and tenders should be evaluated not only on competitiveness in pricing but also factors such as the quality of the products/services and track records of the bidders.

(d) Transparency

To ensure transparency, tender documents should provide all the necessary information to facilitate submission of appropriate and competitive tenders.

IV. SELECTION OF SUPPLIERS

In the selection and conduct of business with Suppliers, the Company shall abide by the following guidelines:

1. Suppliers should have sound business operations and financial conditions.

2. Suppliers should be compliant with prevailing laws and regulations including, but not limited to, commercial, foreign exchange, and intellectual property laws and regulations.

3. Suppliers should not be involved in bribery, gift-giving, undue financial or non-financial advantage and/or benefits of any kind which constitutes graft and corruption and other illegal practices.

4. Suppliers should not violate human rights or anti-discrimination laws.

5. Suppliers should neither be involved in nor consent to child labor, forced labor, slavery, human trafficking and/or unfair wages.

6. Suppliers should be compliant with environmental laws and regulations and should provide safe working environments for its employees.

7. Suppliers should have the capability to supply merchandise to the Company with suitable quality, reasonable price and delivery lead-time which will ensure value-for-money products offered to the Company's customers.

8. Suppliers should be capable of providing a stable supply of merchandise.

9. Suppliers should be updated with technological development in relation to the merchandise supplied to the Company.