

Sonfuat Precision Industries Sdn. Bhd. Supplier CSR Guidelines

Version 1.0 2024

Introduction

Sonfuat Precision Industries Sdn. Bhd. is committed to upholding the highest standards of social and environmental responsibility and ethical conduct. We expect our suppliers to share this commitment by adhering to the principles outlined in the Responsible Business Alliance (RBA) Code of Conduct Version 8.0. This document details our expectations across key areas: Labor, Health and Safety, Environment, Ethics, and Management Systems.

1. Labor

1.1 Freely Chosen Employment

All work must be voluntary. Suppliers shall not use forced, bonded, or indentured labor, involuntary prison labor, slavery, or trafficking of persons. Workers must have the freedom to terminate their employment at any time without penalty, given reasonable notice. Suppliers must not retain workers' identification documents and should not charge recruitment fees to workers.

1.2 Child Labor Avoidance

Suppliers shall not employ individuals under the age of 15, the legal minimum age for employment, or the age for completing compulsory education, whichever is highest. Workers under 18 should not perform work that is likely to jeopardize their health or safety, including night shifts and overtime. Suppliers must maintain proper age verification documentation.

1.3 Working Hours

Workweeks should not exceed the maximum set by local law. A standard workweek should not be more than 60 hours, including overtime, except in emergency or unusual situations. Workers should have at least one day off every seven days.

1.4 Wages and Benefits

Compensation must comply with all applicable wage laws, including those relating to minimum wages, overtime hours, and legally mandated benefits. Workers should be compensated in a timely manner, and deductions from wages as a disciplinary measure are not permitted.

1.5 Humane Treatment

There is to be no harsh or inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, or verbal abuse of workers. Disciplinary policies and procedures in support of these requirements shall be clearly defined and communicated to workers.

1.6 Non-Discrimination

Suppliers should provide a workplace free of harassment and unlawful discrimination. Workers should not be discriminated against based on race, color, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership, or marital status.

1.7 Freedom of Association

Suppliers must respect the rights of workers to associate freely, join or not join labor unions, seek representation, and join workers' councils in accordance with local laws. Workers should be able to communicate openly with management regarding working conditions without fear of reprisal.

2. Health and Safety

2.1 Occupational Safety

Suppliers must identify and assess potential safety hazards and implement controls to eliminate or mitigate risks. This includes providing appropriate personal protective equipment and ensuring workers can refuse unsafe work without fear of reprisal.

2.2 Emergency Preparedness

Suppliers should anticipate and prepare for emergency situations by implementing emergency plans and response procedures. This includes conducting regular emergency drills, installing fire detection and suppression equipment, and ensuring clear and unobstructed exits.

2.3 Occupational Injury and Illness

Procedures must be in place to prevent, manage, track, and report occupational injury and illness. This includes encouraging worker reporting, classifying and recording cases, providing necessary medical treatment, and implementing corrective actions to eliminate causes.

2.4 Industrial Hygiene

Suppliers should identify, evaluate, and control worker exposure to chemical, biological, and physical agents. When hazards cannot be adequately controlled, suppliers must provide and ensure the use of appropriate personal protective equipment at no cost to the worker.

2.5 Physically Demanding Work

Suppliers must identify, evaluate, and control worker exposure to physically demanding

tasks, including manual material handling and heavy or repetitive lifting, prolonged standing, and highly repetitive or forceful assembly tasks.

2.6 Machine Safeguarding

Production and other machinery should be evaluated for safety hazards. Physical guards, interlocks, and barriers must be provided and properly maintained where machinery presents an injury hazard to workers.

2.7 Sanitation, Food, and Housing

Workers must have access to clean toilet facilities, potable water, and sanitary food preparation and storage facilities. If housing is provided, it should be clean, safe, and provide appropriate emergency egress, adequate heat and ventilation, and reasonable personal space.

2.8 Health and Safety Communication

Suppliers should provide workers with appropriate workplace health and safety information and training in a language they understand. Health and safety-related information should be clearly posted in the facility or placed in a location identifiable and accessible by workers.

3. Environment

3.1 Environmental Permits and Reporting

- Suppliers must obtain and maintain all necessary environmental permits, approvals, and registrations.
- Ensure compliance with operational and reporting requirements as mandated by these permits.

3.2 Pollution Prevention and Resource Reduction

- Suppliers are expected to reduce or eliminate waste of all types, including water and energy, at the source or through practices such as modifying production processes, equipment, materials, or resource use.
- Emissions and discharge of pollutants should be minimized through treatment and proper management systems.

3.3 Hazardous Substances

- Chemicals and other hazardous materials should be identified, labeled, and managed to ensure safe handling, movement, storage, recycling, reuse, and disposal.
- Suppliers must implement effective systems to prevent accidental releases and reduce exposure to hazardous substances.

3.4 Solid Waste

- Suppliers should implement waste management systems to identify, manage, reduce, and responsibly dispose of or recycle solid waste generated from operations.

3.5 Air Emissions

- Air emissions of volatile organic chemicals, aerosols, corrosives, particulates, ozone-depleting chemicals, and combustion by-products generated from operations should be identified, routinely monitored, controlled, and treated as required before discharge.
- Suppliers are encouraged to implement reductions in air emissions by adopting best practices and technology.

3.6 Materials Restrictions

- Suppliers must adhere to all applicable laws, regulations, and customer requirements regarding restrictions on specific substances, including labeling for recycling and disposal.

3.7 Water Management

- Suppliers should implement water conservation programs and responsibly manage their use of water resources.
- Suppliers are encouraged to measure water usage, discharge quality, and seek ways to reduce consumption and improve discharge quality.

3.8 Energy Consumption and Greenhouse Gas Emissions

- Suppliers should track and document their energy consumption and greenhouse gas emissions and set targets for reduction.
- Suppliers are encouraged to increase energy efficiency and reduce energy consumption through innovative practices and technologies.

4. Ethics

4.1 Business Integrity

- Suppliers must uphold high standards of integrity in all business interactions.
- All forms of bribery, corruption, extortion, and embezzlement are strictly prohibited. Suppliers should implement monitoring and enforcement procedures to ensure compliance.

4.2 No Improper Advantage

- Suppliers must not offer or accept bribes or any other means of obtaining an undue or improper advantage, whether directly or indirectly.

4.3 Disclosure of Information

- Information regarding business activities, structure, financial situation, and performance should be disclosed in accordance with applicable regulations and prevailing industry practices.
- Suppliers should not falsify or misrepresent information to their customers, including Sonfuat Precision Industries.

4.4 Intellectual Property

- Intellectual property rights must be respected, and transfer of technology and know-how should occur in a way that protects intellectual property rights.

4.5 Fair Business, Advertising, and Competition

- Suppliers should engage in fair business practices, avoiding deceptive advertising and anti-competitive conduct.
- All business should be conducted in line with prevailing fair trade principles and regulations.

4.6 Protection of Identity and Non-Retaliation

- Suppliers should provide a secure means for workers to report grievances or concerns about unethical conduct, with protections in place to prevent retaliation.

4.7 Responsible Sourcing of Minerals

- Suppliers should have policies and due diligence measures to avoid sourcing conflict minerals associated with human rights abuses or environmental degradation.
- Documentation and tracking systems should be in place to verify responsible sourcing throughout the supply chain.

4.8 Privacy

- Suppliers must ensure the protection of personal information in accordance with local laws and regulatory requirements, maintaining robust data privacy protocols to protect workers' and business partners' sensitive data.

5. Management System

To ensure compliance with these CSR Guidelines and the RBA Code of Conduct 8.0, suppliers are expected to implement the following management system elements:

5.1 Company Commitment

- Suppliers must adopt corporate social responsibility (CSR) policies endorsed by executive management, making them accessible to all employees.
- These policies should be clearly displayed in workplaces, accessible to all, and communicated effectively.

5.2 Management Accountability and Responsibility

- Suppliers should designate appropriate personnel to oversee and manage compliance with these CSR guidelines, ensuring adherence to laws and customer requirements.
- Regular audits and reviews should be conducted to monitor CSR adherence and compliance.

5.3 Legal and Customer Requirements

- Suppliers are responsible for identifying, understanding, and complying with all applicable legal and customer requirements.

5.4 Risk Assessment and Management

- Suppliers should implement processes to identify and assess risks related to legal compliance, environmental protection, health and safety, labor practices, and ethical conduct.
- Effective controls should be established to mitigate identified risks.

5.5 Improvement Objectives

- Suppliers are encouraged to set clear CSR improvement objectives and goals, focusing on labor, health and safety, environmental impact, and ethical practices.
- Progress toward these goals should be reviewed regularly, and adjustments made to meet evolving standards.

5.6 Training

- Regular training should be provided to workers and management on CSR standards, including labor rights, health and safety practices, environmental protocols, and ethical conduct.
- Training programs should be updated as necessary to ensure ongoing awareness and competency in these areas.

5.7 Communication

- Suppliers should communicate their policies and expectations related to CSR clearly to employees, customers, and stakeholders.
- Suppliers are encouraged to hold regular meetings with stakeholders to discuss CSR progress, share best practices, and address any concerns.

5.8 Worker Feedback and Participation

- Suppliers must provide safe, secure means for workers to provide feedback on workplace conditions and management practices.
- Supplier feedback mechanisms, such as suggestion boxes or grievance hotlines, should be managed to ensure worker anonymity and prevent retaliation.

5.9 Audits and Assessments

- Suppliers should conduct regular internal audits to ensure compliance with the CSR guidelines and the RBA Code of Conduct 8.0.
- Upon request, suppliers must permit Sonfuat Precision Industries to conduct audits or assessments of their operations.

5.10 Corrective Action

- Suppliers are expected to implement corrective actions promptly to address any deficiencies identified through audits or assessments.
- A process should be in place to track, manage, and resolve identified issues and prevent recurrence.

5.11 Documentation and Records

- Suppliers should maintain detailed records and documentation for CSR practices, including training records, audit results, risk assessments, and compliance reports.
- Documentation should be made available upon request to support compliance reviews or audits.

5.12 Continuous Improvement

- Suppliers should engage in continuous improvement activities aimed at enhancing CSR performance, reducing environmental impact, and improving workplace conditions.
- CSR policies should be periodically reviewed and updated to reflect changes in regulations, customer expectations, and industry best practices.

This comprehensive CSR policy ensures **Sonfuat Precision Industries Sdn. Bhd.** and its suppliers are aligned with the standards set by the **RBA Code of Conduct 8.0**, supporting ethical, responsible, and sustainable business practices across the entire supply chain.