

ETHICAL RECRUITMENT AND EMPLOYMENT POLICY

1. Objective

The objective of this policy is to set out the minimum requirements for forced and involuntary labour prevention and ethical recruitment for Able-Speed Sdn Bhd (Able-Speed) itself and all suppliers doing business with Able-Speed. Able-Speed requires that all suppliers operate in accordance with the principles and requirements of the existing Corporate Social and Environment Responsibility Manual (“Manual”). This policy is an extension of the existing Manual.

2. Scope

This scope applies to Able-Speed and all its suppliers (both direct and indirect) providing products, and/or services or both on behalf of Able-Speed.

Able-Speed and its suppliers shall comply with all legal requirements relevant to their business. Where the obligations in this policy are more rigorous than those specified by national legislation, the obligations in this policy will prevail.

3. Policy Implementation

As with Able-Speed’s Manual, Able-Speed and its suppliers are obliged to ensure that the standards set out in this policy are observed in own facilities and operations, and communicated and cascaded down the supply chain. In addition to the implementation of these standards in own operations, Able-Speed and its suppliers are obliged to take a proactive approach to ensuring these standards are implemented in the operations.

Able-Speed and all its suppliers must observe strict compliance with this policy. If using recruitment agents (agents) or contract recruitment agents to manage workers, Able-Speed and its suppliers must ensure that this policy is fully implemented by recruitment agents recruiting workers on their behalf.

Any policy breach may be regarded as a material breach of the suppliers’ contract/agreement with Able-Speed. Suppliers must have documented procedures in place to manage any violations of this policy and be prepared to terminate their relationship with third parties who repeatedly fail to meet these standards. Upon review of audit results and whenever appropriate, Able-Speed at its sole discretion may cancel a purchase order or terminate any existing contract/agreement entered with the supplier.

4. Requirements

4.1. Forced / Involuntary Labour

- 4.1.1. Forced, bonded, indenture, prison labour, slavery or trafficking of persons is not permitted. Involuntary labour includes the transportation, transfer, harbouring, recruitment, receipt, or employment of persons by means of abduction, coercion, deception, threat, force, fraud for labour services.

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4.1.2. No abuse or exploitation of power, or position of vulnerability. There must be no deception of workers regarding employment conditions and nature of work, wages, housing and living conditions, or identity of the employer. All work must be voluntary, and workers must be free to terminate their employment at any time without penalty or threat of punishment, if notice is provided to the employer as per their employment contract.

4.2. Child Labour

- 4.2.1. Child labour shall not be accepted. Child labour is defined as work performed by children which interferes with a child's right to health, growth, development, and access to quality education. There shall be no recruitment of child labour.
- 4.2.2. The minimum age of workers should not be less than the age of completion of compulsory schooling, and in any case, should not be less than 18 years old. If a child is found to be performing labour, the child's employer shall develop or participate in and contribute to policies and programs which enable the child to be reintegrated into quality education and remain in education until he or she is no longer a child.
- 4.2.3. Copies of legal documentation proving the age of all workers shall be obtained and retained, and conduct background checks to support documentation if necessary.

4.3 Prison Labour

- 4.3.1 Employing any prison labour, whether employed directly or indirectly through a recruitment agent or as part of a government-sanctioned program is prohibited.

4.4 Freedom of Movement

- 4.4.1 All workers have the right to freely enter into, and to terminate their employment.
- 4.4.2 Worker's free movement inside any company-provided facilities, including workers' dormitories or accommodations shall not be restricted or confined.
- 4.4.3 Workers shall not be unreasonably restricted in their movements, including during working hours to access drinking water and toilets, to leave the facility during meal breaks or from the provided accommodation. Any restrictions, where required by law, should be clearly specified in the employment contract or policies and procedures.

4.5 Isolation

- 4.5.1 Workers must not be physically isolated or prevented from having contact and communication with their families and other stakeholders such as law enforcement or other agencies.

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4.6 Humane Treatment and Physical and Sexual Violence

- 4.6.1 No harsh or inhumane treatment of workers or threat thereof is permitted. This includes any type of violence, gender-based violence, sexual harassment, physical, verbal, or mental abuse, coercion, bullying, or public shaming. Corporal punishment and harsh or inhumane treatment of workers is not tolerated.
- 4.6.2 Disciplinary policies and/or procedures should be clearly defined and communicated to all workers.

4.7 Intimidation and Threats

- 4.7.1 Intimidation or threats against workers is not tolerated. This includes threats of violence, loss of wages, deportation, or denunciation to immigration authorities, worsening of working conditions, or withdrawal of workplace rights.
- 4.7.2 Workers shall not be retaliated against for providing information regarding any practices relating to this policy. Retaliation can include practices such as reduction in pay or benefits, job loss, intimidation, or other penalties.
- 4.7.3 A non-reprisal policy for workers or other informants reporting non-conformance or violation of this policy shall be established.

4.8 Access to Personal Documentation

- 4.8.1 Withholding or confiscating worker identity documents or other valuable items, including but not limited to work permits and travel documentation (e.g., passport), is strictly prohibited.
- 4.8.2 All workers must be allowed to retain possession and control of their personal identification documents at all times.
- 4.8.3 The retention of personal documents shall not be used to restrict worker's freedom of movement or as a condition of employment.
- 4.8.4 Able-Speed and its suppliers, recruitment agents and sub-agents may not hold, destroy, conceal, or confiscate identity or immigration documents.
- 4.8.5 If applicable law requires employers hold identity documentation, workers must have direct access to their documents at all times without any restrictions.
- 4.8.6 If secure individual lockers are provided to workers for storage of personal items, worker should have full control of and direct access to their own locker at all times. Locker access shall not be limited.
- 4.8.7 Lockers must be at worker's place of work or their accommodations to ensure they have regular access.
- 4.8.8 The locker area must be secure and where applicable, have fully functioning Closed Circuit Television (CCTV) in operation.
- 4.8.9 Locker storage areas must be adequately protected from unauthorized access and fire hazards.

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4.9 Wage Payments / Withholding of Wages

- 4.9.1 Wage payments should be paid regularly to align with applicable law and what the payment terms are as defined in the employment contract. Able-Speed and its suppliers or third parties shall not withhold a worker's wages as 'runaway insurance', deposits or to reimburse any recruitment-related fees.
- 4.9.2 Wage payments should include payslips that are clear and understood by workers so they can verify if their payment is correct based on hours worked. Payslips should also include detailed breakdowns of wages including overtime hours worked, and records of any deductions.
- 4.9.3 Any forced savings or deduction from salary shall not be practiced unless legally permissible. If permissible, these deductions should be included on worker payslips, and voluntary consent from workers must be obtained and documented within their employment terms. This consent must be communicated before employment in the sending country.

4.10 Abusive Working and Living Conditions

- 4.10.1 Able-Speed and its suppliers shall ensure that workers do not experience abusive or extremely poor working or living conditions. This includes being forced to reside in overcrowded conditions, unhealthy or unsanitary conditions, or in conditions where there is limited or no right to privacy. Being forced to work in degrading or hazardous working conditions is not permissible.

4.11 Forced Overtime

- 4.11.1 All overtime work must be voluntary.
- 4.11.2 Workers have the right to refuse overtime work without any consequences and should be not required to work overtime under threat of penalty, dismissal, as a disciplinary measure, or for failure to meet production/service quotas.
- 4.11.3 Overtime hours must not exceed country's legal limits.

4.12 Debt Bondage

- 4.12.1 Debt bondage is not permissible and occurs when workers are bound to employment to pay off their own debts or inherit debts. This includes debt arising from wage advances, loans to cover recruitment or transport costs, and living or emergency on mutually agreed terms.

5. Ethical Recruitment

No recruitment or employment-related fees and costs shall be borne by workers, both local and foreign migrants. This includes fees from employers, agents or sub-agents' recruitment fees and related costs for their recruitment or employment. Able-Speed and its suppliers must maintain adequate controls to ensure that workers have not been charged recruitment or placement fees during their recruitment process.

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Further information on recruitment fees is provided in the accompanying guidance to this policy.

5.1. Reimbursement of Fees

- 5.1.1. If any such fees found to have been paid by workers currently employed by Able-Speed or its suppliers, such fees will be repaid to the worker by the supplier within 90 days.

Further information on reimbursement of recruitment fees is provided in the accompanying guidance to this policy.

5.2. Regular Employment and Employment Contracts

- 5.2.1. To every extent possible work performed must be based on recognised employment relationships established through national law and practice.
- 5.2.2. Able-Speed and its suppliers should not avoid employment obligations to workers by using labour-only contracting, sub-contracting, or apprenticeship scheme where there is no real intent to impart skills or provide regular employment, nor should employment obligations be avoided through the excessive use of fixed-term contracts of employment. In addition, all workers shall have the legal right to work in the country of employment during hiring process.
- 5.2.3. As part of the hiring process, workers must be provided with a written employment contract in their native language.
- 5.2.4. The employment contract shall be a direct contract between the employer and the worker, and the worker must have the right to work in the receiving country.
- 5.2.5. In situations where suppliers have contracts with labour agents, the supplier must ensure there is a written contract with between themselves and the agents in line with the terms and conditions of this and all other supporting policies.
- 5.2.6. Agents must have employment contracts with workers in line with the supporting guidance to this policy.
- 5.2.7. Where labour-only contracting, apprenticeship schemes, and sub-contracting is legally permissible, Able-Speed and its suppliers must ensure that all requirements are included in contracts and communication with workers, and workers are able to demonstrate understanding of these requirements.
- 5.2.8. Able-Speed and its suppliers must not impose additional terms after the employment contract has been signed unless explicitly required by law.
- 5.2.9. Where new terms have been introduced, they should ensure that such terms are fully understood and accepted by workers and included as an addendum to the existing contract.
- 5.2.10. Amendments to worker employment conditions are not permitted unless these changes are made to provide better terms of employment.

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- 5.2.11. In the event there are contract amendments that benefit all workers and are updated within the company's policies, a documented memo may be issued in place of updating all workers' contracts if the memo is maintained for reference.
- 5.2.12. In the event there are any changes to worker or workers' specific terms of employment, the worker(s) signed consent must be obtained.
- 5.2.13. Should workers opt for early termination of their contracts, there should be no retaliation or threat of punishment. Further information on key employment contract provisions that should be included in a worker's employment contract is included in the accompanying guidance.

5.3. Migrant workers

- 5.3.1. Migrant workers (both local workers and foreign migrants) shall be given a clear understanding of their employment and living conditions in their country of employment and the personnel policies of the factory. These details shall be included in their employment contract.
- 5.3.2. Contract shall be written in the worker's native language to ensure they can review the terms and conditions before signing.
- 5.3.3. If the migrant worker is illiterate, the terms and conditions in the contract must be clearly explained to them in their language. All potential workers should be able to demonstrate a full understanding of the employment arrangements.
- 5.3.4. The contract shall be legally enforceable in the receiving country, which is the country where they are employed and will deliver the work on behalf of the supplier. It must define the terms and conditions of employment and be provided at minimum one week (7 days) before the worker's departure.
- 5.3.5. A worker shall maintain a signed copy of the employment contract for their records.

5.4. Internal Communication and Access to Grievance

- 5.4.1. Workers and supervisors shall understand all internal policies related to forced or involuntary labour and ethical recruitment.
- 5.4.2. If the workers employed speak different languages or are not literate, it is Able-Speed's and supplier's responsibility to ensure it has the appropriate procedures in place to regularly communicate with all workers in languages they can understand.
- 5.4.3. Grievance and disputes procedure shall available in place, and all workers are aware of this.
- 5.4.4. Workers must have access to a free, confidential, and anonymous channel to raise any grievances they are not comfortable raising with HR directly. The channel mechanism must be advertised in factories and company-provided accommodations (i.e., dormitories).

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5.4.5. Internal grievance mechanisms should also be ensured can be used for all workers to report any concerns for investigation without any type of retaliation.

5.5. Recruitment Agent Due Diligence

Able-Speed and its suppliers shall:

- 5.5.1. Minimize the use of recruitment agents or sub-agents and hire migrant workers directly. Where recruitment agents are used, only legally licensed recruiters in both sending and receiving countries shall be used.
- 5.5.2. Conduct proper due diligence on recruitment agents prior to awarding a contract to conduct recruitment activities on behalf of the company or supplier. Due diligence activities shall include an evaluation of the recruitment agents' legal status in the country(ies) where it is acting on behalf of the supplier, ethical practices, its use of sub-agents, a review of what due diligence systems exist to monitor subagents to cascade company requirements, and any record of penalties or complaints.
- 5.5.3. Have direct contracts with agents, and the contractors shall explicitly prohibit the charging of recruitment fees to migrant workers by either agents or sub-agents.
- 5.5.4. Ensure that agents understand and agree to Manual and fully comply with this policy, and compliance with these requirements must be included in the contracts with agents.
- 5.5.5. Not accept financial or non-financial benefits from recruitment agencies or other parties involved in the recruitment process to prevent any conflict of interest.
- 5.5.6. Arrange at minimum, annual audits of all recruitment agents it contracted to recruit labour on its behalf. Audits can be done by the supplier or through an independent third-party. Suppliers shall use the audit results to assess each recruitment agent's compliance with their policies and provide feedback to the agent on ensuring sustained compliance with this policy.

6. Employment Contract

6.1. Signed employment contracts between shall include:

- Worker name
- Date of birth
- Passport Number
- Emergency contact information
- Nature of the work and place that it will be performed
- Occupational category
- Work commencement date and duration
- Contract termination requirements including minimum notice period of 30 days or in accordance to the country law.

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- Contract renewal provisions
- The method and responsibility for costs of transporting the migrant worker to the receiving country and back.
- Pay including frequency of payment and overtime rates
- Bonuses and allowance if applicable
- An estimated minimum net-pay that the worker should expect to receive each month
- Maximum working hours and shifts schedule including one rest day in seven
- All allowable legal deductions.
- A provision confirming that the worker must not pay employers or agents recruitment fees for employment. If any such fees are found to have been paid by workers, such fees shall be repaid to the worker.
- Any and all government mandated benefits to be provided, including but not limited to medical coverage, accident/injury insurance, sick leave, annual leave and holidays.
- Maximum allowable overtime hours consistent with country legal limit and the Able-Speed's Manual. In the absence of country legal limit, maximum working hours per day including overtime hours shall not exceed 12 hours. Workers shall be provided with at least one rest day in seven consecutive working days in accordance with ILO Convention 14. The sum of the normal working week and overtime hours shall not exceed 60 hours in a week unless defined otherwise by applicable law, or unless there are exceptional circumstances (such as production peaks, accidents, or emergencies). Exceptional circumstances are defined based on severity and pervasiveness, to distinguish between isolated incidences and routine or excessive overtime.
- Socially compliant grievance, harassment, and disciplinary processes available.
- A detailed summary of the living conditions, including costs (if any) for meals, transportation, and accommodation.
- Description of repatriation process and specification of the costs to be borne by the supplier and the worker. E.g., that return passport to sending country at the end of the employment contract.
- The grounds on which the contract may be terminated.

7. Worker Data Privacy

- 7.1. Able-Speed and its suppliers must ensure there are data protection provision and processes in place to address the security and use of worker's personal data.
- 7.2. Personal data should be processed legally and fairly, and only used for purposes relevant to the employment of the worker.
- 7.3. Data must not be disclosed to third parties without the consent of the worker. Personal data must not be used for discrimination in employment or occupation.

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8. Recruitment Fees

- 8.1. The International Labour Organization's definition of recruitment fees are any fees or costs incurred in the recruitment process in order for workers to secure employment or placement, regardless of the manner, timing or location of their imposition.
- 8.2. Recruitment fees should not be collected from workers by employers or their subsidiaries, any labour recruiters or other third parties. Fees should not be collected directly or indirectly, for example through deductions from wages or benefits.
- 8.3. Fees may be one-time costs or recurring, and cover recruiting, referral and placement services for workers. This can include advertising, circulating information, interviews, document submissions, credentials confirmation, organization of travel and transportation, and placement into employment.

9. Non-Permissible Fees

- 9.1. All recruitment fees and related costs are required to be paid by employers. At a minimum, the following types of fees and costs shall not be paid by worker:
 - Agency service fees, sub-agent fees, recruitment, or placement fees in both sending and receiving countries.
 - Airfare or fares for other modes of international or local transportation from sending to receiving countries.
 - Administration costs that are for the sole purpose of fulfilling the recruitment process, including fees for:
 - Obtaining or legalizing contracts
 - Identity documents
 - Passports
 - Visa processing
 - Background checks where required by law or required for sensitive jobs
 - Security and exit clearances
 - Banking services, and work and residence permit including renewal
 - Government levy unless legally allowable for deduction
 - Pre-departure training or orientation, skills tests, medical examination, or other requirements for employment, including security deposits if required
 - Transportation and accommodation/subsistence fees within or across national borders after employment to supplier facility or provided accommodation
 - Government approved insurance, taxes, or other related fees that legislation requires the employer to bear
 - Pre-departure accommodation cost after employment at the source country and upon arrival at receiving country
 - Arrival/onboarding costs including but not limited to orientation, medical examination, immunizations

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9.2. Transportation cost and costs of repatriation:

- Employers shall pay inbound and return transportation costs for migrant workers from and to their sending countries.
- If the employer terminates a worker's contract early due to downsizing, facility closure or other unforeseen circumstances, such as ill health, the supplier shall pay the cost of return transportation to the sending country
- Employers are not required to provide return transportation if a worker is terminated for cause through proper and fair disciplinary and termination procedure. The employer is also not required to provide return transport if the worker voluntarily terminates their contract prematurely.

9.3. Enumeration of related costs in this guidance is not exhaustive. Other related costs required as a condition of recruitment are also prohibited.

10. Recruitment Fees Due Diligence

10.1. Due-diligence processes must include verification of recruitment fees through worker interviews as follows:

- During the initial interview process in the sending country
- During departure at the departure airport and witnesses by independent third party such as NGOs or any other representative approved by employer
- Upon arrival at the receiving country airport, where briefings and communications to workers take place, 3 months after arrival where the worker will again be asked to share if they paid any recruitment fees
- Workers surveys and engagement shall be conducted annually to understand any fees that were not captured in the previous steps. Workers surveys and engagement should be conducted for a minimum of 3 years

10.2 Worker interviews must be carried out in a confidential setting, with trusted and experienced interviewers. Workers must not have any reason to be fearful of reprisal and must be able to speak openly and honestly. Worker interviews must gather data on fees and costs paid, and interest rates paid by workers.

10.3 An in-depth investigation into fees and costs paid by workers must be carried out prior the reimbursement if recruitment fees are identified during the due diligence process. The investigation is recommended to be carried out by a reputable and independent third party but may be conducted by internal staff if then verified. The investigation must include a minimum sample of workers and be disaggregated by nationality to identify payment amounts.

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11. Remediating Locally Recruited Foreign Migrant Workers

- 11.1. When Able-Speed and its suppliers recruits foreign migrant workers locally, for example through a government-initiated amnesty or recalibration program where legally permissible, the employer must pay the full costs of recalibration, legislation of workers, and any other related local costs incurred.
- 11.2. Any costs should be determined based on standard accepted industry practice and any calculation and worker communication should be shared with employer.

12. Engagement and Communication with Workers on Reimbursement of Fees

- 12.1. Clear communication and engagement both verbal and written with workers on reimbursement fees is essential.
- 12.2. Workers must understand and agree to the remediation process and engage themselves or through selected representatives that they trust.
- 12.3. Able-Speed and its suppliers must:
 - Provide all workers with a memo in their local language which indicates the rationale and reasoning behind reimbursement payments.
 - Ensure that the repayment process, including amounts and timeline, is explain clearly.
 - Ensure workers have channels to provide feedback and raise questions or grievances.
 - Each worker should receive an individually addressed letter with this communication documented.
 - Evidence of repayment in the form of receipts or statement in the payslips must be issued for repayment amounts.
 - Communication sessions with workers must be in their own language and ensure that workers understand that reimbursement of fees does not impact their employment terms and conditions.

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CHU KUM WENG
(MANAGING DIRECTOR)

19th May 2023