



## **CLIMATE CHANGE COMMITMENT STATEMENT**

### **INTRODUCTION AND OVERVIEW**

The Board of Directors (“**Board**”) and Senior Management of InNature Berhad (the “**Company**” or “**InNature**,” and together with its subsidiaries, the “**Group**”) are cognisant of the growing issue of climate change and its ensuing impacts on the environment and communities. It is evident that climate change is a global issue requiring a multi-stakeholder effort to achieve the 2-degree scenario and objectives outlined at the 26<sup>th</sup> United Nations Climate Change conference (“COP26”).

InNature’s operations, as a leading regional retailer of cosmetics and personal care products, does not consume significant amounts of energy, nor does it produce significant emissions. Nonetheless, the Company is firmly committed to playing a strategic role in instilling greater awareness and call to action among its employees, customers and related stakeholders.

### **GOVERNANCE AND OVERSIGHT OF CLIMATE CHANGE**

The commitment to climate change is in line with the Board and Senior Management’s increasing responsibility to address Environmental, Social and Governance (“ESG”) related risks and to sustain medium to long-term value creation for stakeholders.

Governance and oversight of all material sustainability topics, including climate change, resides with the Board, led by its Managing Director, Datin Mina Cheah-Foong and Chief Executive Officer, Molly Fong.

InNature recognises Bursa Malaysia Berhad’s recommended best practice of including the achievement of ESG key performance indicators (“KPIs”) as a factor in determining Board and Senior Management remuneration.

To this end, the Company intends to implement a Balanced Scorecard programme in 2022, whereby all levels of management and staff will be measured by achievements of ESG targets. Once implemented, this evaluation programme will further reflect commitment throughout the organisation to ensure sustainable practices as part of climate change governance development.

The Company is also committed to addressing climate change, referencing to:

- United Nations Sustainability Development Goal 13 (Climate Action)
- United Nations Global Compact Malaysia (MyClimate Action Guide)
- Malaysian Government’s National Policy on Climate Change

### **CLIMATE CHANGE RISKS**

As a distributor of beauty products, the business risks associated with climate change for the Company are notably low and hence, viewed from a macro perspective.

Based on its robust stakeholder engagement, the Company has identified the following risks in relation to climate change:

Type of Risk	Category	Description
<b>Transitional</b>	Policy/ Regulations	<ul style="list-style-type: none"> <li>• Stricter environmental regulations</li> <li>• Disrupted supply chain due to increasing pressure</li> </ul>
	Legal	<ul style="list-style-type: none"> <li>• Tightening of environmental regulations pose a risk of litigation by the government if found non-compliant</li> </ul>
	Reputation	<ul style="list-style-type: none"> <li>• Shareholders' expectations not met due to non-conformity</li> <li>• Unwillingness of suppliers to engage the Company</li> </ul>
<b>Physical</b>	Natural disaster	<ul style="list-style-type: none"> <li>• Extreme weather occurrences such as flood or drought could affect local and international ingredients' supply and disrupt logistics of operations</li> <li>• Extreme pollution causing depletion of usable natural resources</li> </ul>

With such potential risks identified, the Company stands positioned to formulate more effective approach toward managing impact to the business. Given that such risks may change over time, risk analysis would be undertaken on a situational basis following changes in the business model or its operations.

## INTERNAL CARBON PRICING

In line with InNature's approach to continue its transition to low carbon emission product lifecycle and operations, the Company will also explore internal carbon pricing, given its value in performance measurement, position management, investment decisions and strategy as well as risk management. This may also enable reduced risk exposure in the event of more stringent carbon regulations in future.

## INITIATIVES AND COLLABORATIONS FOR CLIMATE CHANGE

The Body Shop is one of the first beauty brands and retailer in Malaysia to raise awareness on the importance of climate change and the responsibility of all to mitigate its impact.

Throughout its 37 years of operations, the Company has worked tirelessly to implement numerous initiatives relating to climate change, including the *International Annual Coastal Clean-up* (1994 – present), in collaboration with Ocean Conservancy. This activity, organised over the past 27 years, is not just about cleaning the area but to educate people on the importance of keeping waters clean and safe for marine life.



Action-oriented campaigns such as the *Bring Back Our Bottles* and *Kick the Bag Habit*, both initiated in 2008 and are ongoing, have heightened the importance of reuse and recycle into the mindset of consumers.

In 2021, InNature introduced its first-ever Refill Station at its store in Suria Kuala Lumpur City Centre (KLCC) mall, aiming to reduce its environmental footprint. By doing so, it is estimated that from 2023, as much as 25 tonnes of plastic waste can be reduced per year according to The Body Shop International Sustainability Report 2020.



Working in strong collaboration with various like-minded organisations, InNature enhanced the public's awareness on the importance of climate change, and galvanized positive change, through partnership initiatives as below:

Campaign	Partner	Description
<b>Save Belum Temenggor (2006 – 2010)</b>	Malaysian Nature Society	Organised a petition which garnered over 80,000 signatures, culminating in the gazettelement of the Royal Belum Temenggor forest in Perak, estimated at 130 million years old.
<b>Bring Back Our Bottles (since 2019)</b>	Sea Monkey Project	Usable items were produced from recycled plastic containers returned from customers, resulting in 4,000 fragrances and 1,400 plastic combs.
<b>Bring Back Our Bottles (since 2021)</b>	ESECO Sdn Bhd	Working in compliance with the Extended Producer Responsibility (EPR) rules to recycle/ upcycle plastic containers for circularity.
<b>Bio-Bridges Project (2016 – 2020)</b>	Wildlife Conservation Society (WCS)	InNature donated RM800,060 to WCS to support natural wildlife corridors in Endau-Rompin, Pahang and enhance patrolling of the area to protect endangered species.
<b>Earth Day Plant Give-away (since 2015)</b>	Free Tree Society	To spread awareness on the role of trees in mitigating climate change, plants were given away to the public, encouraging them to adopt a plant in their own homes.
<b>International Coastal Cleanup (since 1994)</b>	Ocean Conservancy	To raise awareness about ocean pollution and to educate people on the importance of keeping our waters clean and safe for marine life.



Such initiatives are closely monitored and its progress diligently reported in the Company's annual Sustainability Statement report.

Internally, InNature had worked to cascade the message of conservation throughout all levels of its organisation, establishing Green Workplace Initiatives such as:

- Transitioning from incandescent and fluorescent light bulbs to energy-efficient LED lighting at its stores and office, commencing 2012.
- Harnessing renewable energy by installing solar photovoltaic system at the office in October 2019; this brought a significant reduction in electricity consumption of 35.4 megawatt hour or a decrease in CO2 emission by 24.85 tonnes over 15 months.

Other relevant measures implemented at the workplace include:

- Reminders to turn off lights and office computers/ laptops when not in use.
- Maintaining the air-conditioning at a constant 24 degrees when in use.
- Regular maintenance of office equipment to improve its operating efficiency.
- Reducing paper wastage by printing only when absolutely necessary.
- Replacing individual waste bins with common recycling bins at each floor of the office, segregated by the various types of wastes.
- Installation of water dispensers to encourage employees to bring and refill their own water bottles.

Reflecting InNature's passion for sustainability, e-mail receipts for customers were introduced in 2020. By the following year, the Company had successfully converted 46% of its total transaction receipts into e-receipts. As a general rule, only kraft paper or Forest Stewardship Council (FSC) paper is used for packaging and printed materials, signalling its production from responsibly-sourced wood fibre.

## ENERGY AND EMISSIONS PERFORMANCE DATA

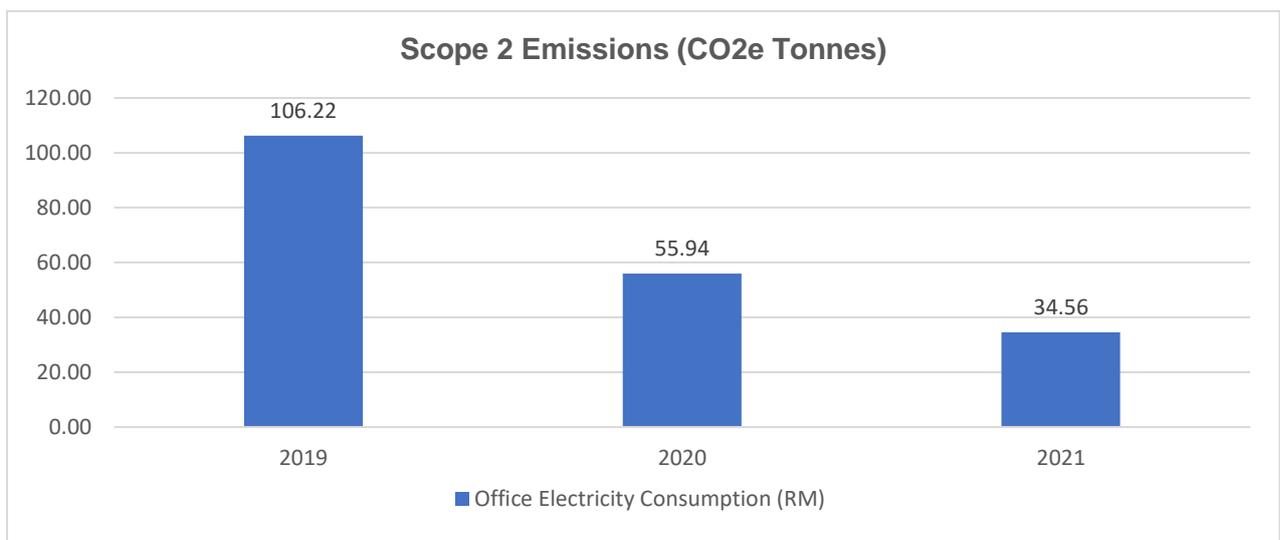
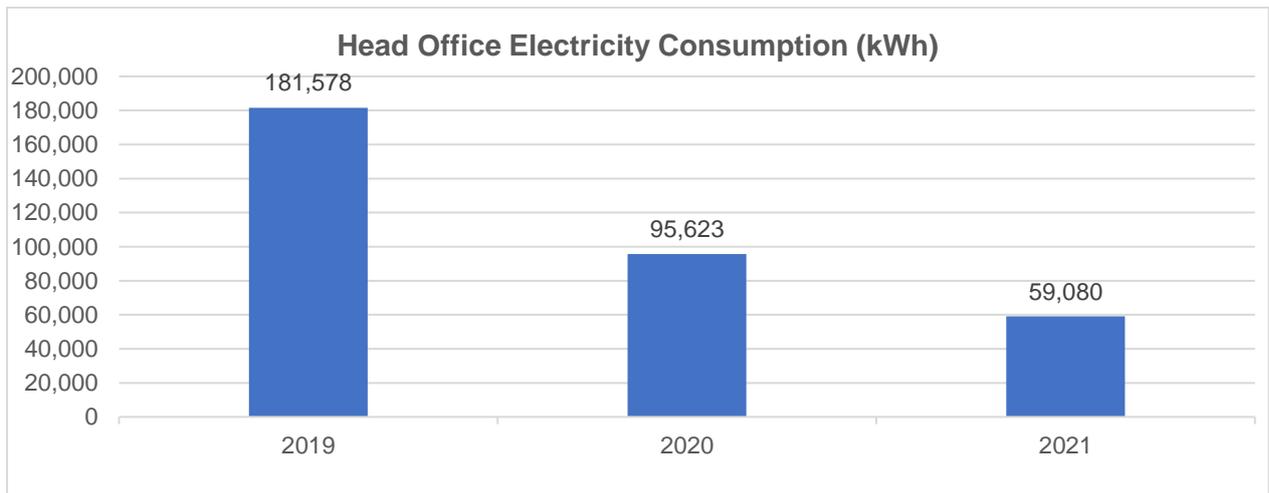
InNature is cognisant of the importance of carbon emissions, not just from a business sustainability angle but also its social obligation to the community and environment.

The Company looks to recording and monitoring energy and emissions data for use as a clear benchmark for assessment and to manage its progression moving forward. The Company is hence investing into resources and tools to initiate this, reaching out to explore avenues to tap on the expertise of relevant stakeholders.

Working ahead in this approach, the Company has commenced recording of mileage of its logistics for transporting stocks (Scope 3) as well as the energy consumption at its stores and office (Scope 2).

Although there is currently no independent verification of such data, efforts are underway to explore establishing such channels and hence, measure efficiency of its energy and fuel consumption as a means to reduce emissions.

The Group has disclosed its indirect energy consumption and Scope Two emissions for the 2019-2021 period.



## **GREENHOUSE GAS (GHG) EMISSIONS**

InNature is currently engaged in research into calculating its emissions and thereafter, plans to set a GHG target for 2023. Once finalised, the Company plans to embark on a Reforestation programme to offset its carbon footprint.

InNature's business risks associated with climate change is inherently low due to its distribution business model. Nonetheless, the Company will continue to review recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) and align on disclosures where relevant, particularly around its four core pillars of governance, strategy, risk management, and metrics and targets.

## **TRADE ASSOCIATION MEMBERSHIP AND POLICY ALIGNMENT**

InNature is aligned with the Malaysia Plastics Sustainability Roadmap 2021-2030, set by the Ministry of Environment and Water. It encapsulates strategies to achieve greater plastic circularity levels, working toward a sustainable environment in Malaysia.

InNature's efforts work in tandem with the overarching policies under the Twelfth Malaysia Plan (2021-2025), under Advancing Sustainability (Theme 3) and Embracing the Circular Economy (Game Changer VIII). Such initiatives aim to expand the green economy and facilitate the attainment of low-carbon future.

## **FORWARD SCENARIO PLANNING**

With extensive experience garnered over 37 years of operation in the country, InNature plans to introduce an additional 32 Refills stations in approximately 45% of its stores in 2022, further reducing the use of plastic and lower its carbon emissions.

In addition, funds from the Kick the Bag Habit programme will be channelled toward reforestation programs to spur achievement of a carbon neutral status.

InNature's resolute commitment to sustainability and the environment has had an influence on its employees, customers and stakeholders alike. Our franchisor and key supplier have made a commitment to embrace circularity and regeneration through its goals of:

- Ensuring 100% of all packaging material is reusable, recyclable or compostable by 2030.
- Driving for over 95% renewable or natural ingredients by 2030.
- Formulating over 95% biodegradable formulas by 2030.

Moving forward, InNature will steadfastly continue to strengthen and refine its approach to driving climate action across the Group and to its stakeholders. The Company will continue its leadership to influence for a positive change within the industry, community and public space, in line with its business philosophy, "Business as a force for good."

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