

# ETHICAL TRADE POLICY & SUPPLIER CODE OF CONDUCT

INNATURE BERHAD

<b>Policy Name</b>	Ethical Trade Policy & Supplier Code of Conduct
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## DEFINITIONS

The below are definitions of terms used throughout this Policy and Code.

Supplier	:	A manufacturer or vendor of goods or services, as applicable.
Worker	:	Any individual working under (1) a contract of employment, or (2) any other contract with another party whereby the individual undertakes to personally do any work for, or provide services to, the other party (but excluding contracts where the other party is a client or customer of any profession or business undertaking carried on by the individual).
Child	:	Any person less than 15 years of age unless local minimum age law stipulates a higher age for work or mandatory schooling, in which case the higher age shall apply.
Young Person	:	Any worker over the age of a child as defined above and under the age of 18.
Child Labour	:	Any work by a child or young person younger than the ages specified in the above definitions, and any work that is likely to be hazardous or to interfere with the child's or young person's education, or to be harmful to the child's or young person's health or physical, mental, spiritual, moral or social development.

## **1.0 INNATURE'S VALUES AND COMMITMENT**

InNature Berhad ("InNature") believes in business as a force for good and this is embodied in every aspect of our business processes and operations. We believe that as corporate citizens, we possess the power to make a difference. From the customers we engage with, to the colleagues we work with, to the suppliers and communities which we trade with; each one represents an opportunity to change, to inform, and to inspire through education. And through education, we aspire to progress greater equality of rights and opportunities. Creating shared value through sustainable practices and using our position to campaign for social and environmental change, has always been our guiding principle.

We believe that our Group has an active role to play in our society, because through our interaction with our Suppliers, we are able to reach out to the larger community to create awareness on social and environmental issues and to speak out and effect change.

## **1.1 PURPOSE OF THIS DOCUMENT**

This Policy lays out the standards to be met by InNature Suppliers, as well as the company's expectations with regards to their compliance to applicable local and international laws, rules, regulations and official requirements, including, but not limited to, human rights, employment practices, sustainability and environmental responsibility, anticorruption and anti-money laundering.

It is also used to inform the company's employees who conduct buy in to follow and apply the policies and principles set below to the suppliers of finished goods, packaging, printing and services we buy.

This Policy is translated to local language for the use of our overseas subsidiaries. In case of any conflict in the meaning or interpretation of this Policy, the English version shall prevail.

## 2.0 ETHICAL TRADE POLICY

InNature is committed to trading ethically. We strive to improve the lives of workers and the environment in our supply chain. We are committed to our consumers to ensure we have transparency of the working conditions of the people who supply the products to us. We encourage our suppliers to adopt a process of positive engagement and continuous improvement with requirements and targets set on environmental performance. All things being equal, InNature gives preference to suppliers owned by women or individuals from underrepresented populations and will support local and/or minority-owned organisations.

### 2.1 SUPPLIER CLASSIFICATION, SCREENING AND TARGET REQUIRED PER CLASSIFICATION

Group	Supplier Classification	Screening Required	Commitment Required
I	<ul style="list-style-type: none"><li>• Franchisors</li></ul>	<ul style="list-style-type: none"><li>• Annual report / disclosure on ESG achievement.</li></ul>	<ul style="list-style-type: none"><li>• Collection of data and report on GHG emissions.</li><li>• Reduction of minimum 10% in GHG emission by 2030.</li></ul>
II	<ul style="list-style-type: none"><li>• Raw material suppliers &gt; RM50k annual spend.</li><li>• Printing &gt; RM50k annual spend (POS, catalogues, cartons, carrier bags, gift boxes, packing boxes).</li><li>• Promotional items &gt; RM50k annual spend (including props, launch support, gifts, etc).</li><li>• Bespoke stationery items &gt; RM20k (for example till rolls).</li><li>• Store lighting.</li><li>• Store flooring.</li><li>• Freight, transport and warehousing services.</li></ul>	<ul style="list-style-type: none"><li>• Supplier Code of Conduct signed.</li></ul>	
III	<ul style="list-style-type: none"><li>• Non-branded items from suppliers with &lt; RM50k annual spend.</li><li>• Generic stationery items.</li><li>• Local contractor, event services and installation teams.</li><li>• Transport and packing consumables (for example corrugated, tape, film, wrap, etc).</li><li>• All facility and professional services not listed (for example catering, security).</li><li>• Store services and rental of property.</li></ul>	<ul style="list-style-type: none"><li>• Out of Scope</li></ul>	

## **2.2 WORKING WITH SUPPLIERS**

All suppliers, within the scope of the programme, will be informed of InNature's expectation through our Supplier Code of Conduct. Suppliers are expected to commit to The Supplier Code of Conduct. All Group II suppliers must have read and returned a signed copy to the company.

All suppliers within Group I are required to perform self-assessment and make available report of their ESG achievement at least annually. They are further required to report data and achieved target set for the reduction in GHG emissions by 2030.

All suppliers within Group II are encouraged to share a copy of a completed ethical screening with InNature, if it is available.

InNature expect the staff who engage with the suppliers to perform a preliminary risk assessment on the requirements stated in the Supplier Code of Conduct, before introducing and signing on new suppliers. Staff must explain:

- The need for total transparency of working conditions;
- The requirement of regular assessment if we discover non-conformity to the Supplier Code of Conduct and the policy requirements;
- The commitment to continuous improvement;

all of which are requirements of doing business with InNature.

Should issues with compliance arise, a Corrective Action Plan (CAP) will be developed and agreed with the suppliers. All suppliers are expected to commit to making the improvement and follow up on corrective action. Verification of all corrective actions must be carried out through desktop evidence.

InNature understands the challenges of providing goods and services in the fast-moving retail environment and does not expect conditions to be perfect all the time. We understand that there will be improvements to be made and we commit to giving suppliers the time and space to make changes to their processes.

We will not pull out of suppliers who are transparent about issues they are working on to improve. However, if we are not confident of the transparency, we may decide to end the trading relationship.

### **3.0 SUPPLIER CODE OF CONDUCT**

#### **3.1 EMPLOYMENT PRACTICES**

##### **3.1.1 Regular Employment**

Suppliers must comply with all applicable local and international labour and social security laws, regulations and standards.

To every extent possible work performed must be on the basis of recognised employment relationship established through national law and practice.

Provide workers with written and understandable information about the legal and contractual conditions of their freely chosen employment.

##### **3.1.2 Slavery/Forced Labour**

Forced, bonded or involuntary prison labour is strictly prohibited.

Workers have the right to choose their employment and Suppliers must not use any form of coercion to make Workers work longer than the working hours stipulated by local labour laws, in their labour agreements.

##### **3.1.3 Minimum/Living Wages**

Wages and benefits paid for a standard working week meet, at a minimum, national legal standards or industry benchmark standards. In any event, wages should always be enough to meet basic needs and to provide some discretionary income.

All workers shall be provided with written and understandable information about their employment conditions in respect to wages before they enter employment and about the particulars of their wages for the pay period concerned each time that they are paid.

Deductions from wages as a disciplinary measure shall not be permitted without the expressed permission of the worker concerned. All disciplinary measures should be recorded.

##### **3.1.4 Child Labour**

There shall be no recruitment of child labour. Suppliers must comply with local laws, regulations and standards regarding the minimum employment age.

Companies shall develop or participate in and contribute to policies and programmes which provide for the transition of any child found to be performing child labour to enable her or him to attend and remain in quality education until no longer a child.

Children and young persons under 18 shall not be employed at night or in hazardous conditions.

### 3.1.5 Working Hours

Working hours, regular and overtime, must comply with all applicable local laws, regulations, valid collective agreements, whichever affords the greater protection for Workers.

Working hours, excluding overtime, shall be defined by contract.

All overtime shall be voluntary. Overtime shall be used responsibly, taking into account all the following: the extent, frequency and hours worked by individual workers and the workforce as a whole. It shall not be used to replace regular employment. Overtime shall always be compensated at a premium rate, which is recommended to be not less than 125% of the regular rate of pay.

### 3.1.6 Harassment and Abuse

Suppliers must not allow Workers to be subjected to or treated by any form of physical abuse or discipline, any form of bullying or harassment, including but not limited to, sexual, physical and verbal harassment, or any other form of intimidation.

### 3.1.7 Prejudice and Discrimination

Suppliers will not tolerate any form of discrimination in hiring, compensation, access to training, promotion, termination or retirement based on race, caste, national origin, religion, age, disability, gender, marital status, sexual orientation, health condition, pregnancy, union membership or political affiliation.

Suppliers should be committed to promote non-discrimination and gender equity, by treating all Workers in a fair manner during work, respecting and supporting human rights in order to ensure an environment free of discrimination and with equal opportunities.

### 3.1.8 Health and Safety Conditions

Suppliers must ensure their Workers a safe and hygienic working environment.

Suppliers must adopt proactive measures to ensure such conditions and to prevent accidents and injuries arising out, associated with, or occurring in the course of work.

Such measures include, but are not limited to, regular and recorded health, fire and safety training, waste and chemical management, adequate person protection equipment, regular inspection of premises to ensure they are structurally sound and do not pose a fire or other safety hazards and access to clean toilets and drinkable water and to medical facilities. Accommodation, where provided, shall be clean, safe, and meet the basic needs of the workers.



### 3.1.9 Freedom of Association and Labour Unions

Suppliers will comply with all applicable local laws, regulations and standards related to freedom of association and participation in labour unions.

Workers, without distinction, have the right to join or form trade unions of their own choosing and to bargain collectively.

The employer adopts an open attitude towards the activities of trade unions and their organisational activities.

Worker's representatives are not discriminated against and have access to carry out their representative functions in the workplace.

Where the right to freedom of association and collective bargaining is restricted under law, the employer facilitates, and does not hinder, the development of parallel means for independent and free association and bargaining.

## 3.2 SUSTAINABILITY

### 3.2.1 Environment

Suppliers must be compliant with all applicable local and international environmental laws and regulations and will seek to meet local and/or international standards where these are more demanding than applicable laws and regulations.

Suppliers will hold all local and international permits required to operate.

We strongly encourage Suppliers to adopt proactive measures in their operations to reduce their impact on the environment, including on biodiversity and natural ecosystems. Examples of such measures include, but are not limited to, implementing practices to reduce CO<sub>2</sub>/GHG emissions, waste, reduce energy and water consumption, pollution, reduce the impact in packaging and in the transportation of finished goods and the treatment of wastewater.

We strongly encourage Suppliers to provide sustainability and environmental reports on their practices and achievements on preserving biodiversity and the reduction of CO<sub>2</sub>/GHG emissions, waste, energy and water consumption, pollution, the impact in packaging and in the transportation of finished goods and the treatment of wastewater.

### 3.2.2 Animal Testing

InNature is a cruelty-free company that does not believe in animal-testing. Testing on animals is strictly prohibited in the supply chain of InNature.

### **3.3 ETHICS AND INTEGRITY**

#### **3.3.1 Accounting Journals and Records**

Suppliers are expected to have procedures and internal controls in place to ensure that all assets, liabilities, transactions and other activities with actual or potential financial impact are recorded timely and in reasonable detail, as well as accurately and fairly reflected in their accounting journals, records and accounts.

#### **3.3.2 Compliance with anti-corruption laws**

InNature has zero tolerance policy towards any form of public and private corruption including bribery, embezzlement, extortion and facilitation payments.

Suppliers must comply with all applicable local and international laws, regulations and standards related to anti-corruption matters.

Suppliers must not offer or accept bribes or other improper payments, to or from any Public Officials, private entities or individuals with the aim to obtain undue or improper advantages and will have suitable policies, processes and procedures in place to prevent such behaviour in their businesses.

#### **3.3.3 Compliance with anti-money laundering laws**

Suppliers will comply with all applicable local and international anti-money laundering laws, regulations and standards.

Suppliers are expected to have adequate procedures in place to mitigate the risk of money laundering activities, and to identify and deter any potentially related irregularities.

#### **3.3.4 Gifts, presents and other offers**

Gifts, presents and other offers between InNature and Suppliers, such as any form of entertainment or hospitality, have to be kept reasonable, have a legitimate business purpose and comply with InNature's company policies. Under no circumstances should such offers intend to or appear to influence any kind of decision-making by InNature and/or Suppliers.

Suppliers, or their agents, will not give gifts, presents or make any other type of offers on behalf of InNature, including to Public Officials, Public Entities or Political Parties. Any donations or sponsorships on InNature's behalf, with the intention of obtaining improper advantages or benefits, are also forbidden.

### **3.4 MONITORING AND REPORTING**

This responsibility will be assigned to a senior level representative of the Supplier who, upon InNature's request, will be expected to conduct a self-evaluation to ensure compliance with this Code and provide a report to InNature, which is true and accurate.

Suppliers will develop and implement appropriate internal business processes and policies to ensure compliance with applicable law and this Supplier Code of Conduct and shall be able to demonstrate engagement with this Code upon our request.

Suppliers are required to report any situation of non-compliance with this Code, when identified, to InNature in a timely manner and assist InNature in assessing each case.

Additionally, if a non-compliance situation with this Code is identified by an internal or external audit, assessment, inspection or investigation, InNature may require the Supplier to implement a Corrective Action Plan which may be prepared in collaboration with InNature and should include a reasonable implementation timeline. The Supplier, when part of a Corrective Plan, will carry out its own necessary remediation efforts. If the Supplier fails to meet the terms defined in the Corrective Plan, InNature may curtail or terminate the business relationship.

This Code is an addition to any obligations set out in agreements, covenants, representations, warranties or guarantees between the Supplier and InNature.

### **3.5 TERMS OF ADHERENCE AND COMMITMENT**

I declare that I have received the InNature Supplier Code of Conduct and that after reading and understanding its contents, I agree to the rules contained in this document and assume the commitment to follow the principles of this Code in my relationship with InNature.

I assume responsibility and commitment to report any behaviour or situation that is contrary to the principles established in this Code to my InNature professional designated to oversee the contract between the parties.

At this time, I am unaware of any circumstances that might generate any conflicts with the rules contained in the InNature Supplier Code of Conduct, or any situations that violate it.

Signature and date:

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Company name:

Legal Representative's name:

Legal Representative's position: