

RELATED PARTY TRANSACTIONS MANUAL

INNATURE BERHAD

Policy Name	Related Party Transactions Manual
Policy Owner	Corporate Governance
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1.0 Overview

- 1.1 The objectives of this Related Party Transactions Manual ("**Manual**") are to set out the general guidelines and the review, approval and monitoring procedures to be adopted across InNature Berhad ("**InNature**" or "**Company**") and its subsidiaries ("**Group**") for Related Party Transactions ("**RPT**").
- 1.2 The guiding principal is that RPT undertaken by the Group are at arm's length and on normal commercial terms which will not be prejudicial to the interest of the Group and its minority shareholders.
- 1.3 Non-compliance of Bursa Malaysia Securities Berhad ("**Bursa**") Listing Requirements for the Main Market ("**Bursa Main LR**") may lead to public reprimand, trading halt, suspension, de-listing or civil and criminal sanctions. It is therefore the responsibilities of all persons who are empowered to negotiate, transact or enter into contract with the relevant related parties, as well as those involved in the RPT process ("**Affected Personnel**") to read and be familiarised with Chapter 10 of Bursa Main LR.
- 1.4 The Chief Financial Officer ("**CFO**") is responsible for the implementation of the RPT procedures. The CFO shall render advice on a timely basis as and when it is being sought. In complex or unclear cases, relevant external advice will be sought.

2.0 Definitions and Interpretations

Related Party Transaction	any transaction entered into by the Group which involves interest (whether direct or indirect) of a related party.
Related Party	employees, director, Chief Executive Officer (" CEO ") or major shareholder, or persons connected with such director, CEO or major shareholder.
Recurrent Related Party Transaction ("RRPT")	RPT which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of the Group.
Mandated RPT	RRPT which has obtained shareholders' approval in a general meeting.

Please refer to **Appendix 1** for the decision tree on identification of related party.

Material RPT identified as of the date of this Manual are listed in **Appendix 2**.

3.0 Approval and Monitoring of RPT

- 3.1 Affected Personnel shall determine whether a transaction has been previously approved by the shareholders in a General Meeting prior to the execution of the said transaction, and consult the CFO if in doubt.

Mandated RPT

- 3.2 Notwithstanding that RPT is subject to strict adherence to the applicable limit of authority and procurement policies of the respective companies in the Group, Mandated RPT with the following values is additionally subject to the following approving authority: -

Approving Authority for RPT

RPT Value¹	(1) First Approval	(2) Final Approval
RM10,000 – RM499,999 :	CFO	CEO or Managing Director (“ MD ”)
RM500,000 and above :	CFO	(i) CEO or MD; and (ii) Audit and Risk Management Committee (“ ARMC ”) and Board of Directors

¹value of RPT include all contingent liabilities, and (in the case of a contract) total commitments during the contractual period.

- (a) If a member of the Approving Authority has an interest in the transaction, he/she shall abstain from the decision-making. If all the members of the relevant RPT approving authority are conflicted, then the approval from the next higher Approving Authority shall be sought.
- (b) In the event that the MD, the CEO/Executive Director (“**ED**”), or any member of the ARMC or the Board has an interest in a Mandated RPT under review, then he/she shall abstain from any decision-making procedure in respect of that Mandated RPT. The review and approval of that Mandated RPT will henceforth be undertaken by the remaining members of that Approving Authority.
- (c) For avoidance of doubt, the Approving Authority in ascending order is: CFO, CEO, MD, ARMC, and the Board.
- 3.3 Affected Personnel and the Approving Authority shall ensure that transactions with the related party are undertaken on arm's length basis and will not be prejudicial to the interests of InNature and its minority shareholders.

Reporting Obligation for Mandated RPT

- 3.4 Affected Personnel shall report Mandated RPT and its value to the CFO on a **quarterly** basis. The CFO will alert the Affected Personnel should the aggregated value of the Mandated RPT is nearing the limit approved by the shareholders.
- 3.5 Mandated RPT is subject to immediate announcement to Bursa when the actual value of the Mandated RPT exceeds the estimated value as approved by the shareholders by 10% or more.

Renewal of Mandated RPT

- 3.6 The Company shall propose in the next General Meeting for
- (i) renewal of shareholders' approval for the existing Mandated RPT; or
 - (ii) inclusion of any new RRPT as Mandated RPT.

Non-Mandated RPT

- 3.7 For Non-Mandated RPT exceeding RM10,000, Affected Personnel shall, at the earliest possible time, inform the CFO of the intention to enter into such transaction. The CFO shall assess whether the aforementioned transaction warrant for further actions such as releasing of announcement to Bursa, and obtaining approval from the Board of Directors and/or shareholders.
- 3.8 In addition to the approval to be sought from the Approving Authority similar to that of Mandated RPT as stated in 3.2, Non-Mandated RPT is potentially subject to immediate announcement to Bursa and/or shareholders' approval. Please refer to **Appendix 3** for the reporting threshold of the Non-Mandated RPT pursuant to Bursa Main LR.
- 3.9 Affected Personnel shall furnish sufficient appropriate information supporting the Non-Mandated RPT to the relevant Approving Authority. The information shall demonstrate that the Non-Mandated RPT are undertaken on arm's length basis and will not be prejudicial to the interests of InNature Group and its minority shareholders. Please refer to **Appendix 4** for procedures for price comparison.

4.0 Register of RPT



- 4.1 All RPT and their respective values, the basis for determining the transaction prices and supporting evidence and quotations obtained to support such basis shall be reported to the CFO as soon as proper approval is granted for execution.
- 4.2 The CFO shall maintain a register of RPT splitting into Mandated and Non-Mandated section, with details as outlined in 4.1. The CFO shall report the Group's RPT to the ARMC on a quarterly basis.

5.0 Review of RPT by Audit and Risk Management Committee

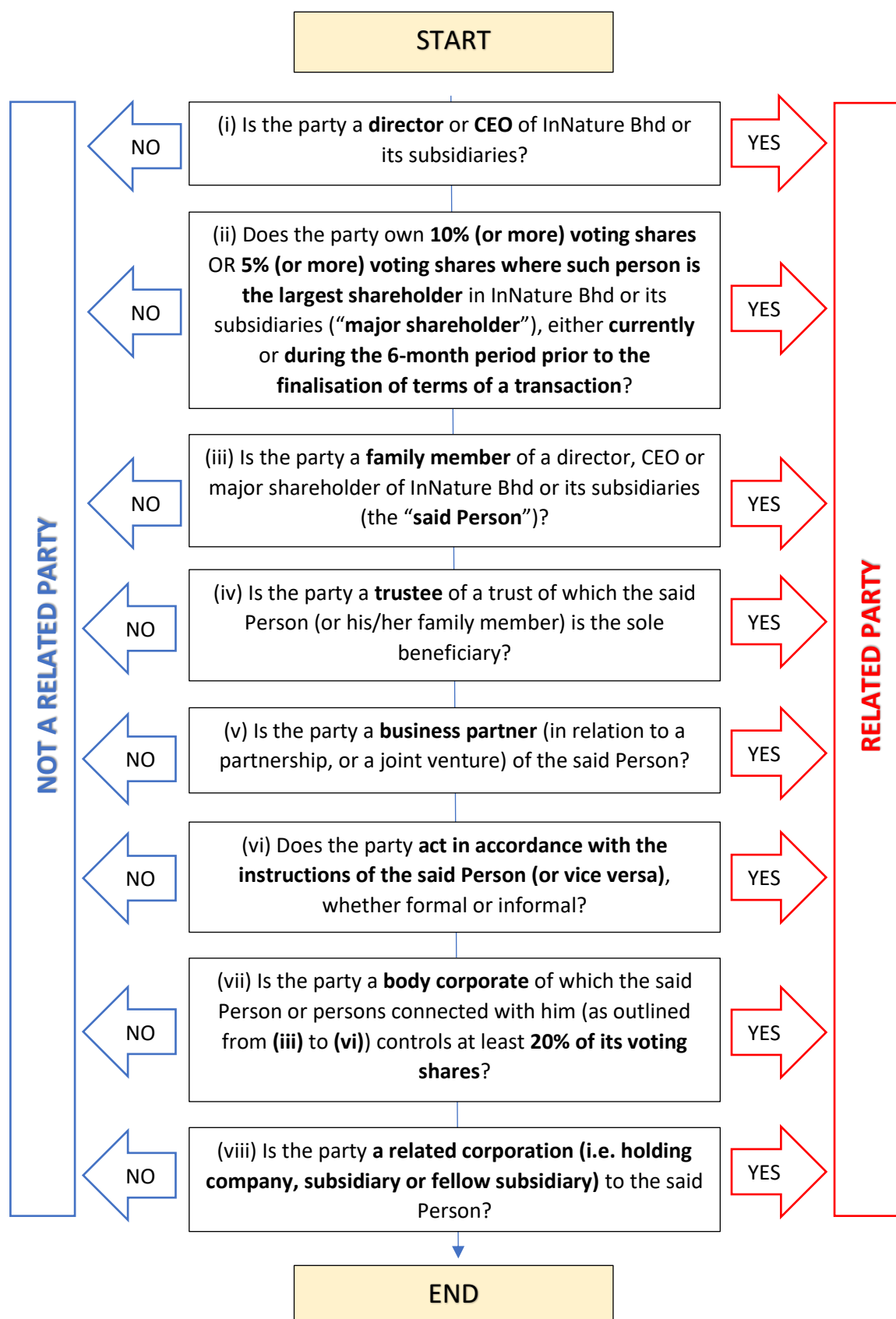
- 5.1 The ARMC shall review the Group's RPT on a quarterly basis.
- 5.2 In reviewing the Group's RPT, the ARMC may, in consultation with the Board of Directors, undertake the following:
 - (a) request for additional information pertaining to the RPT from independent sources or advisers;
 - (b) instruct for inclusion in the annual internal audit plan, procedures to ensure that RPT have been entered into in accordance with the established procedures. Any divergence will be reported to the ARMC by the internal auditor.

6.0 Letter of Confirmation from Related Parties

- 6.1 The Company Secretary shall obtain signed letter of confirmation from key senior management, major shareholders and directors of the Group on an annual basis as to their interest in any transaction with InNature Group.

7.0 Disclosure of RPT

- 7.1 The Company shall make the necessary announcement and/or disclosure in its annual report of the relevant RPT in accordance with statutory and listing requirements.

Identification of Related Party Pursuant to Chapter 10 of Bursa Main Market LR

List of Material RPT:

No.	Related Party	Nature of Relationship	Nature of RPT
1.	Steady Properties Sdn Bhd (" SPSB ") and Rampai-Niaga Sdn Bhd (" RNSB ")	<ul style="list-style-type: none"> Datin Mina and Dato' Simon are common directors of SPSB and RNSB. Datin Mina and Dato' Simon are indirect shareholders of RNSB via InNature. Datin Mina and Dato' Simon are equal shareholders of SPSB. 	Rental of head office and shop lots in Malaysia.

(A) Reporting Threshold of Non-Mandated RPT

<u>No.</u>	<u>Percentage Ratio¹</u>	<u>Bursa Main LR</u>
1.	≥ 0.25%	<u>Immediate announcement</u> to Bursa ² .
2.	≥ 5% - ≤ 25%	<u>In addition</u> to Item 1: <ul style="list-style-type: none"> - send a draft circular and Bursa compliance checklist³; - obtain shareholder approval in general meeting; and - appoint an Independent Adviser.
3.	≥ 25%:	<u>In addition</u> to item 2: <ul style="list-style-type: none"> - appoint a Principal Adviser.

(B) Reporting Threshold of Non-Mandated RRPT

Non-Mandated RRPT is subject to immediate announcement to Bursa if the consideration, value of assets, capital outlay or costs of the RRPT is at the higher of ≥ RM1 million or PR of ≥ 1%.

*The above reporting threshold (A) and (B) will not apply if the value of consideration of the transaction is **less than RM500,000**.*

¹ Refer to Appendix 3 (C) for Percentage Ratio's computations.

² **Cross Reference:** Contents of Announcement – [Appendix 10A](#) & [Appendix 10C](#)

³ **Cross Reference:** Contents of Announcement – [Appendix 10B](#) & [Appendix 10D](#)

(C) Percentage Ratio

With reference to Bursa Main LR, Percentage Ratio refers to the figures, expressed as a percentage, resulting from each of the following **computations**⁴:

1	$\frac{\text{Asset value of the subject matter of transaction ("SMT")}}{\text{Net assets of InNature Group}}$
2	$\frac{\text{Net profits of SMT}}{\text{Consolidated net profits attributable to owners of InNature}}$
3	$\frac{\text{Aggregate value of consideration received/given}}{\text{Net assets of InNature Group}}$
4	$\frac{\text{Equity share capital issued by InNature as consideration for acquisition}}{\text{InNature's equity share capital previously in issue (excluding treasury shares)}}$
5	$\frac{\text{Aggregate value of consideration given / received}}{\text{InNature's market capitalisation}}$
6	$\frac{\text{Total assets of SMT}}{\text{Total assets of InNature Group}}$
7	$\frac{\text{Project cost attributable to InNature Group}}{\text{Total assets of InNature Group}}$ <p><i>Note: for joint ventures, business transactions or arrangements. Project cost should include loan / guarantee to be given by InNature Group.</i></p>
8	$\frac{\text{InNature Group's equity participation in joint venture company}}{\text{Net assets of InNature Group}}$ <p><i>Note: for joint venture company. Equity participation should include loan / guarantee to be given by InNature Group.</i></p>
9	$\frac{\text{Aggregate original cost of investment of SMT}}{\text{Net assets of InNature Group}}$ <p><i>Note: for disposal case where the SMT was acquired within the last 5 years</i></p>

⁴ Figures used must be either audited or reviewed by the external auditor [Chapter 10 of Bursa Main LR, subparagraph 10.03 (4)].

Procedures for price and terms comparisons for Related Party Transactions

(A) Lease of premises

The Affected Personnel shall obtain a quotation for a lease of the premises from the relevant related party, which shall be compared against the prevailing market rental rates of premises in the same location and also the prevailing rental rates paid by the Group for its leases entered into with third parties in comparable locations.

The RPT shall not be approved unless such RPT is entered into at a price and terms which are no less favourable than those extended to unrelated third parties in comparable locations, or on terms similar to the relevant related party's usual commercial terms and such terms are fair and reasonable.

(B) Purchase of products and procurement of services

(i) Quotations are to be obtained for the service or product from the relevant related party, as the case may be, and at least two other quotations from unrelated third party service providers or suppliers. RPT shall not be approved unless such transactions are entered into at rates/prices and terms of the service or product providers which are:

- no less favourable to those extended to unrelated third parties; and
- on terms similar to the relevant related party's usual commercial terms and such terms are fair and reasonable.

In determining whether the price and terms offered by relevant related party are fair and reasonable, several factors (if applicable), but not limited to the following, shall be taken into account:

- delivery schedules
- specification compliance
- track record
- experience and expertise
- preferential rates
- rebates or discount accorded for bulk purchases

- (ii) In the event that two third party competitive quotations cannot be obtained for whatsoever reason (for instance, if there are no unrelated third party vendors of similar products or services, or if the product is a proprietary item), the head of the relevant department within the Group shall evaluate and weigh the benefits of, and rationale for, transacting with the relevant related party as the case may be, and a written recommendation shall be submitted to the CFO.

The evaluation shall include considerations of the efficiencies and flexibilities derived by the Group in transacting with the relevant related party, as the case may be, compared with transacting with unrelated third parties.

The CFO will review the written recommendation prior to the submission of the written recommendation to the approving authority which is one approval level higher than that of the relevant approval threshold otherwise applicable to the transaction ("**Higher Approval Authority**")⁵.

The Higher Approval Authority will evaluate the recommendation of the CFO in respect of the relevant RPT before deciding to approve or reject the entry into the relevant RPT, in addition to evaluating the benefits of, and rationale for, transacting with the relevant related party, the relevant approving authority will evaluate the terms of the RPT in accordance with prevailing industry norms (including the reasonableness of the terms). The Higher Approval Authority shall at its discretion obtain the service of professionals such as valuers, architects, actuaries and accountants, to assist in its evaluation and decision-making if necessary.

(C) Sale of products or provision of services:

- (i) All contracts or transactions entered into with the related party for provision of the service or product by the Group shall be:
- at the prevailing market rates or prices of the service or product to be provided; and
 - on terms which are no more favourable to the relevant related party, as the case may be, than the usual commercial terms extended to unrelated third parties.

In determining the transaction price payable by related party, as the case may be, for such services or products, several factors (if applicable), but not limited to the following, shall be taken into account:

- quantity
- volume

⁵ Please refer to subparagraph 3.2 (c) for hierarchy of approval.

- bulk purchases
 - consumption
 - customer requirements
 - specification
- (ii) Where the prevailing market rates or prices for the product or service are not available, the head of the relevant department within the Group will evaluate and consider the benefits of and rationale for transacting with the relevant related party, as the case may be. The evaluation will include considerations of the efficiencies and flexibilities derived by the Group in transacting with the relevant related party, as the case may be, compared with transacting with unrelated third parties and prevailing industry norms (including the reasonableness of the terms). Subsequent to the evaluation, a written recommendation shall be submitted to the CFO prior to submitting the written recommendation to the Higher Approval Authority. The written recommendation may also include information that the Higher Approving Authority may request.

The Higher Approval Authority will evaluate the recommendation of CFO in respect of the relevant RPT and shall at its discretion obtain the service of professionals such as valuers, architects, actuaries and accountants, to assist in its evaluation and decision-making if necessary

Price and Terms Comparison Process Flowchart

