

LIMIT OF AUTHORITY POLICY

INNATURE BERHAD

Document

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LIMIT OF AUTHORITY POLICY

1.0 Overview

- 1.1 This Limit of Authority Policy (the “Policy” or “LOA”) sets out the authority limits for entering into contracts, commitments and appropriating INNATURE’s assets in the course of conducting the Group’s business.
- 1.2 This Policy does not replace other specific policies in relation to the procedures to be followed for particular types of activities and should be read in conjunctions with these other policies.
- 1.3 All employees are expected to understand their authorisation limits, as well as those of their direct reports, along with related policies, and to exercise a duty of care with respect to decisions made and commitments and contracts entered into on behalf of INNATURE.
- 1.4 For the purpose of this Policy,

“**INNATURE**” or the “**Group**” means InNature Berhad and its subsidiaries.

“**Board**” means Board of Directors of InNature Berhad.

2.0 Applicability

This Policy applies to all employees of INNATURE.

3.0 Responsibility

All authorised personnel shall at all time comply with this Policy. The Chief Financial Officer (the “**CFO**”) is responsible for the implementation of this Policy.

4.0 General Principles

- 4.1 The highest level of authority resides with the Board. Following the Board, the Managing Director has the greatest authority. The hierarchy of approval is as follows:

Level 1: Board of Directors
Level 2: Managing Director
Level 3: Chief Executive Officer
Level 4: Chief Operation Officer / Chief Revenue Officer / Chief Financial Officer
Level 5: Head of Department (“HOD”)¹
- 4.2 Matters reserved for the Board as stipulated in the Board Charter shall require Board’s approval. Please refer **Appendix I** for the list of matters reserved for the Board.
- 4.3 Apart from those stipulated in 4.2, the Managing Director shall determine the appropriate limit of authority for all other matters.
- 4.4 An individual may not act as if they had authority where they have no authority, or where a transaction exceeds the individual’s level of authority.

¹ This refers to person primarily responsible for a function / department / business unit, by whatever name called (e.g. General Manager, Director, Head)

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- 4.5 Unless otherwise specified, a HOD should only approve transactions related to his/her function / department / business unit.
- 4.6 Escalation to the next authority level is to occur when:
- a) An individual's authority limit is exceeded by a single transaction;
 - b) An individual is in the situation of approving transaction originating from him/herself, including claims;
 - c) An individual is, or could be seen to be related to the contracting parties in a transaction. In such circumstances, the approving individual shall disclose such conflict of interest according to the Code of Conduct and Business Ethics and abstain him/herself from making the decision.
- 4.7 In the event that any member of the Board is conflicted, the review and approval of that transaction will be undertaken by the remaining members.
- 4.8 Practices that undermine the intention of the Policy are expressly prohibited. Such practices include but not limited to the following:
- a) Splitting large orders into smaller parts to override authorisation limits;
 - b) Entering a purchase order for either goods or services that is knowingly insufficient for completion of the work required or goods ordered.
- 4.9 Approval by the authorised personnel should be in writing, either on physical documents, on digital documents or through official email. Communication of approval other than physical documents should be through official email. All forms of approval are to be properly documented.
- 4.10 Where goods or services are purchased for more than one member of the Group, it is the total cost of purchase for the whole Group that is to be authorised. This principle of aggregation should be applied whenever a single purchase forms part of the greater contract or purchase.
- 4.11 Transactions in foreign currencies should be converted into the reporting currency of the operating company at the date of authorisation in order to ascertain the applicable authorisation level according to this LOA. In Malaysia, Bank Negara Malaysia shall be the primary source of reference in ascertaining the currency exchange rate².

5.0 Related Party Transactions

- 5.1 Notwithstanding the limit of authority specified under this Policy, any transaction entered into by the Group which involves interest (whether direct or indirect) of a related party must bring to the attention of CFO at the earliest opportunity.

“**Related Party**” means a director, CEO or major shareholder of the Group, or persons connected with such director, CEO or major shareholder.

- 5.2 All authorised personnel should refer to the **Related Party Transactions Manual** and consult with the CFO, prior to the finalisation of any related party transaction.

² <http://www.bnm.gov.my/index.php?ch=statistic&task=converter>

Matters reserved for the Board

In addition to those matters that are required by law or Listing Requirements of Bursa Malaysia Securities Berhad to be approved by the Board, the following matters, which are non-exhaustive, are reserved for the Board:-

1. appointment of Chairman of the Board, independent director, managing director, chief executive officer, chief financial officer and Company secretary;
2. determination of the remuneration and terms and conditions of service of the managing director and chief executive officer, including incentives;
3. approval of the strategic plan, at least annually;
4. approval of the annual consolidated budget;
5. approval of quarterly financial reports, annual report (which includes, among others, financial statements, directors' reports, chairman's statement, sustainability statement, corporate governance overview statement, audit and risk management committee statement, and statement of risk management and internal control) and corporate governance report, with advice from the Nominating and Remuneration Committee and the Audit and Risk Management Committee, as appropriate;
6. approval of notice of meeting and proxy for the Annual General Meeting and other members' meetings;
7. approval of disclosure of information (including issuance of statements or press releases) that contains financial and / or operational projections, or changes to the Group's strategy;
8. approve delegations of authority to the managing director and authorise expenditure in excess of the approval limits delegated to the managing director;
9. authorise any single unbudgeted expenditure above an amount as established by the Board from time to time;
10. approval of proposals for the acquisition, establishment, disposal or cessation of any significant business of the Company or significant changes to organisational structure;
11. authorise the issue of shares, options or other equity-based securities including the documentation in relation to such;
12. approval of borrowings and the granting of security over, or interests in the Company or any of its material assets including the documentation in relation thereto;
13. determine membership and approve the terms of reference of Board Committees and monitor the effectiveness of the Company's corporate governance practices;
14. appointment of Directors, and where required for election by shareholders at the next Annual General Meeting;
15. approval of remuneration policies including the authorisation of key performance indicators for managing director and chief executive officer;
16. if deemed appropriate, endorse Audit and Risk Management Committee's recommendation and seek shareholders' approval for the appointment of the external auditor; and
17. approve corporate policies of Company-wide or general application.