



HERNAN GROUP OF COMPANIES

Supplier Social Responsibility

Code of Conduct

Effective 1st March 2023

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Chapter I Introduction

Welcome to our Supplier Social Responsibility Code of Conduct (the "Code").

At Hernan Group of Companies, we each have a responsibility to act in an ethical, compliant and transparent way. This Code sets out the basic rules we must follow and the values that should guide any decisions we make in conducting our business. This Code applies to all suppliers, directors, employees, and third parties that work for, with or on behalf of Hernan Group of Companies. We require your commitment to the strong ethical values set out in this Code, which includes fighting all forms of bribery and corruption, to guarantee the continued success of Hernan Group of Companies. High standards of ethical behaviour and compliance are essential to protecting our reputation.

This Code does not seek to address every situation you may encounter in your day to day working life, and you are always encouraged to exercise good judgement and common sense. If there is anything you don't understand or any concern you have, no matter how small, you are encouraged to contact the Ethics and Compliance Committee ("ECC"). Any reported information will always be treated with the strictest confidentiality.

You are required to sign the Declaration of Compliance found in Appendix 1 to indicate that you have understood and agree to follow the principles set out in this Code. We take any breach of this Code, including any breach of international or local anti-corruption and bribery laws [**"Malaysia laws of MACC ACT 2009"** (revise 2018)], very seriously and violations can result in disciplinary action for an individual, including loss of benefits or possible termination of employment or third-party contracts by Hernan Group of Companies. In severe cases, individuals may also receive fines or a sentence of imprisonment from authorities.

If you become aware of any violations of this Code or any applicable law or regulation, you should immediately report the violation to the ECC. The ECC will review this Code on an annual basis and make any necessary updates to it at the same time. The ECC are required to access and respond to all reports or concerns brought to their attention and if necessary, report any breach to the appropriate authorities.

The following individuals will be the main contacts within the ECC:

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Chapter 2

Supplier Social Responsibility

Code of Conduct

Hernan is established in Malaysia and is one of the largest food delicacy manufacturers and leading exporters, exporting more than 90% of their products worldwide. We have been long committed to a vision of sustainability which includes bridging the manufacturing and agricultural divide, supporting harmonious, sustainable development for the economy, society and environment.

The Hernan Supplier Social Responsibility Code of Conduct (hereinafter referred to as the “Code”) has been developed in response to the needs of our customers. We have already formalized all of our ethical, social and environmental commitments in a Group Code of Ethics. This defines individual and group rules of conduct to guide and inspire us in the choices we make, in order to keep our values and commitments alive on a daily basis.

Hernan aims to provide a common reference system for our purchasing teams and our suppliers. We require suppliers to comply with all the applicable laws and regulations as a prerequisite for cooperation with Hernan.

Our suppliers play a key role in the development and success of Hernan. It is therefore important to remind ourselves of our commitments to our suppliers, made through our purchasing team.

With reasonable notice, Hernan has the right to carry out onsite audits of suppliers to assess their compliance with this Code. The Code applies to all suppliers who provide products and / or services to Hernan or its subsidiaries and affiliates. This Code applies to all workers, including temporary, contract, direct / full, and any other type of workers.

This Code consists of five (5) sections: Labour, Health and Safety, Environment, Business Ethics, and Management Systems.

LABOUR

1. Child Labour and Young Workers

- I. Suppliers must ensure that all workers employed comply with all applicable laws in their country relating to minimum working age, and must not use child labour. “Child Labour” shall be defined in the following terms:
 - a. Any person under the minimum working age as defined in national/local law, or where no such law exists,
 - b. Under the age of completing compulsory education, or where no such law exists,
 - c. Under the age of fifteen (15).
- II. Workers under the age of 18 shall not perform work that is likely to jeopardize their health or safety.
- III. Suppliers shall ensure proper protections for student workers and apprentices in accordance with applicable laws and regulations, particularly to prevent the use of child labour.

2. Working Hours

Suppliers shall comply with applicable laws and regulations relating to working hours and breaks. All overtime must be on a strictly voluntary basis. The standard working week (excluding overtime) should be defined based on local laws, but should not exceed 45 hours; total working hours in any week should not exceed 60 hours. Workers should at least have one day of rest for every six consecutive days worked.

3. Wages and Benefits

Compensation paid to workers shall comply with all applicable wage laws, including those relating to minimum wages, overtime hours and legally mandated benefits. Workers should receive their wages directly, in full and on time and must be provided with an understandable wage statement.

4. Humane Treatment

Suppliers must not use violence, verbal abuse, threats, punishment, sexual abuse or physical coercion against workers. Suppliers must support and respect the protection of internationally proclaimed human rights; ensure that they are not complicit in human rights abuses.

5. Non-Discrimination

Suppliers shall not make any distinction between people based on their: social, race, colour, age, gender, marital status, surname, gender identity and expression, ethnicity or national origin, disability, pregnancy, religion, political affiliation, membership of an organization, protected genetic information or employment practices such as wages, promotions, rewards, access to training, or termination.

Suppliers shall be committed to ensuring that employees are treated equally and to providing them with equal opportunity. Suppliers shall prohibit any discrimination in the hiring, compensation, access to training, promotion or membership of a union or worker committee.

6. Freedom of Association

In conformance with local law, suppliers shall respect the right of all workers to form and join trade unions or worker committees of their own choosing, to bargain collectively and to engage in peaceful assembly as well as respect the right of workers to refrain from such activities.

Suppliers should establish channels for communication between the company and its workers or their representatives and should hold regular engagement sessions.

Workers and/or their representatives shall be able to openly communicate and share ideas and concerns with management regarding working conditions and management practices without fear of discrimination, reprisal, intimidation or harassment.

HEALTH AND SAFETY

Suppliers shall provide a safe and healthy working environment to prevent accidents and injury and, when applicable, safe and healthy residential facilities, with applicable local laws as a minimum.

1. Working Conditions

- I. Suppliers must obtain, maintain and keep up to date all required health and safety certificate. Supplier should identify safety hazard and control them through proper design, replacement of dangerous equipment, engineering controls, preventative maintenance and safe working procedures.
- II. Supplier shall provide workers with appropriate health and safety training in local language or translation accessibilities.

2. Living Conditions

Workers should be provided with clean toilet facilities, potable water and sanitary food preparation, storage and eating facilities. Worker dormitories should be clean and safe and have adequate personal space.

3. Emergency Preparedness

Potential emergency situations and events are to be identified and assessed, including (but not limited to) risk of fire, explosion, fatal accident, mass poisoning, etc. Suppliers shall create and implement emergency plans and responses procedures including: reporting, treatment, notification and evacuation procedures, worker training and drills, and recovery plans.

4. Absolute Rules

Suppliers shall observe the following safety rules, ensure that all staff are aware and complying, while also monitoring staff compliance:

- I. Working at heights: Suitable personal protective equipment (PPE) and appropriate training must be available.
- II. Driving: Seat belts, speed limiters, and appropriate license(s) must be available.
- III. Electrical work: Never work on electrical equipment without proper qualifications.
- IV. Alcohol and drugs: Never work under the influence of alcohol or other drugs.

ENVIRONMENTAL PROTECTION

Suppliers will comply with environmental regulations and standards applicable to their operations and will observe environmentally conscious practices in all locations where they operate.

1. Environment Permits and Reporting

Suppliers shall obtain, maintain and keep current all necessary environment permits (e.g. waste management, transportation), approvals and registrations; and shall comply with their operational and reporting requirements.

2. Pollution Prevention

Suppliers shall respect all applicable environmental laws and regulations on hazardous waste, gas emissions and solid waste, including rules on their creation, transport, storage, disposal and release into environment; and minimize or eliminate emissions and discharging of pollutants and generation of waste at the source.

3. Energy Consumption and Greenhouse Gas Emissions

Suppliers should take steps to cut their use of resources and find low-impact substitutes, reduce their consumption of energy, water, and natural resources; and minimize greenhouse gas emissions.

BUSINESS ETHICS

Businesses should work against corruption in all its forms, including extortion and bribery.

1. Integrity

Suppliers may not engage in bribery or unethical conduct. Suppliers must make good on their commitments, and must not engage in transactions that may create conflicts of interest, bribery, substitute low-quality materials, modify quality requirements, falsify data, or engage in fraud.

Hernan is strongly against any kind of corruption in our relationships with our commercial and institutional partners and with government. NO financial rewards or benefits in kind may be given with a view to gaining an advantage or received in return for preferential treatment of any company or person.

2. Intellectual Property

Intellectual property ("IP") means inventions (patents), rights in computer software, database rights, rights in confidential information (including know-how and trade secrets), copyrights and related rights, trademarks, trade names, service marks and domain names, whether registered or unregistered, and all similar rights or forms of protection.

Intellectual property rights are to be respected; transfer of technology and know-how is to be done in a manner that protects intellectual property rights and customer information is to be safeguarded.

3. Privacy

Suppliers should commit to respect people's privacy and the confidentiality of personal information and will only collect, hold, use or distribute personal information that is needed to operate effectively or to comply with the law.

4. Protection of Identity and Non-retaliation

Suppliers must ensure the confidentiality, anonymity and protection of suppliers and employee whistleblowers are to be maintained, unless prohibited by law. Suppliers should have a communicated process for their personnel to be able to raise any concerns without fear of retaliation.

MANAGEMENT SYSTEMS

Suppliers' top management shall endorse a corporate social and environmental responsibility policy statement affirming their commitment to compliance with all applicable laws, customer requirements, the Code and continuous improvement.

Suppliers should clearly identify a senior team management responsible for corporate social responsibility. Suppliers should identify and control risks, regularly review and audit their systems in driving ongoing improvement.

1. Monitoring and Action Plans

Suppliers must have mechanisms in place to guarantee that their company respects all the rules set on in the code. These checks may take the form of document requests, as well as on-site assessments and audits carried out by Hernan or by a specialist/appointed consultancy.

In case of non-conformity and in accordance with the procedure in force at Hernan, we shall insist that the supplier sets up a plan of corrective action under our monitoring system. In the case of serious breach or if a non-conformity is not sorted out, we reserve the right to end our contractual relationship with the supplier concerned if there is a breach of the code.

2. Governance (Monitoring, Review and Continual Improvement)

The suppliers must establish and put in place appropriate performance measures and reporting systems to monitor performance against metrics and compliance with the relevant policies, procedures and controls.

3. Offences and Penalties

Anyone in Hernan or supplier who breaches this policy or code will face disciplinary action, which could result in dismissal for gross misconduct and / or where needed to be reported to the relevant authorities.

(Thank you)

Appendix I

Name: _____

Address:

Date:

Name of Employee/Third Party/Supplier/Agent: _____

By signing this form, the undersigned certifies that:

1. Except to the extent previously disclosed to the Ethics and Compliance Committee ("ECC"), the undersigned has not violated any provisions of the Code of Conduct (the "Code") as at the date hereof;
2. The undersigned has read, understood, and agrees to comply, with all policies and terms set out in the Code, and any anti-bribery and corruption laws applicable;
3. In the last twelve (12) months, the undersigned has undergone the annual of the said company (Hernan Group of Companies) compliance training program; or if unable to attend this, has fully understood his/her obligations with regards to Hernan Group of Companies' ethics and compliance standards;
4. The undersigned has made full disclosures of any conflict of interest with Hernan Group of Companies, which include declaration of any benefits, employment positions and/or family relationship interests that he/she may have with any entity that has dealings with Hernan Group of Companies, either as suppliers or customers; and
5. The undersigned has made truthful declarations to Hernan Group of Companies regarding:
 - His/her current or prior role as a Government Official; and/or
 - His/her relationship to any Government Official or to any ex-Government Official.
6. Once signed, please return a signed copy of this declaration to the address below.

[Name]

For and on behalf of [Company name]

Signature: _____