



Fit And Proper Policy

1. Introduction

The Board of Directors (“the Board”) of Latitude Tree Holdings Berhad (“LTHB” or “the Company”) believes that it is in the best interest of the Company and its stakeholders that its Directors and members of its Senior Management are with required character, experience, integrity, competence and time to effectively and diligently discharge their responsibilities and duties and contribute to the proper governance of the Company. The scope of the Fit and Proper Policy applied to the existing Directors of the Company seeking for re-appointment or candidates for nomination or appointment as a Director or member of the Senior Management of the Company.

This Fit and Proper Policy is formed part of “**Policies Governing the Board of Directors**” established and approved by the Board.

2. Duties and Responsibilities

2.1 The Board

In this regard, the Board are ultimately responsible for ensuring that all existing Directors of the Company seeking for re-appointment or candidates for nomination or appointment as a Director or member of the Senior Management of the Company fulfil fit and proper requirements and for conducting assessments of the fitness and propriety of Directors of the Company.

The Board is to include the results of the review and assessment and to provide a statement as to whether it supports the appointment of the candidate as Director of the Company or reappointment of the existing Director of the Company and the reasons thereof.

2.2 Nomination Committee (“NC”)

The Board delegates the duty to perform fit and proper assessment on existing Directors of the Company seeking for re-appointment or candidates for nomination or appointment as a Director or member of the Senior Management of the Company to the NC based on the fit and proper criteria as tabulated in **Section 4 – Fit and Proper Criteria** and making recommendations to the Board on these matters for its review and decision.

2.3 Company Secretary

NC is assisted by the Company Secretary for the following duties:

- Ensuring that appropriate fit and proper assessments are carried out at appropriate point of time as per **Section 3 – Timing of Review and Assessment**;
- To facilitate the completion of assessments and to obtain necessary supporting documents and/or due diligence required to substantiate representations made by existing Director or the candidate, as applicable;



- To minute the review, deliberation, results and recommendation of NC on fit and proper assessment of the existing Director or the candidate, as applicable, during the meeting of NC;
- To minute the review and deliberation of results of fit and proper assessment of the existing Director or the candidate, as applicable, and recommendation by NC during the meeting of NC and the Board's decision on the appointment and re-appointment;
- To prepare and ensure the completeness of all statutory documentations in relation to the appointment and re-appointment of Director;
- To make required disclosure, statutory lodgement and announcement under relevant laws and regulations, subject to the authorisation from the Board or authorised officer by the Board;
- To safekeep all the above documentations for the longest period required under relevant laws and regulations and made available for inspection by the Board, any person authorised by the Board, relevant regulatory bodies or under other statutory requirements;
- To provide information and guidance to the NC and the Board on matters concerning the procedure for fit and proper assessments; and
- To ensure that the Company takes all reasonable steps to protect the information and documents collected for fit and proper assessments from misuse, unauthorised access, modifications or disclosure.

3. Timing of Review and Assessment

A properly constituted and duly minuted meeting of the NC and the Board shall be held for the purpose of fit and proper assessment of the existing Director or the candidate, as applicable, in the following manner:

- i) For Re-Appointment of Existing Directors of the Company
 - Within three (3) months before the date of general meeting for the re-appointment.
- ii) For Appointment of Directors of the Company
 - Within three (3) months before the date of appointment to the Board of the Company and the Subsidiaries, as applicable.

4. Fit and Proper Criteria

For the purpose of establishing whether a person is fit and proper to hold act as a Director or member of the Senior Management of the Company, the NC and the Board shall have regard to the person's:

- i) **Probity, personal integrity and reputation** - person must have the personal qualities such as honesty, integrity, diligence, independence of mind and fairness and must manage his/her debts or financial affairs prudently.
- ii) **Financial integrity** - person must manage his/her debts or financial affairs prudently.
- iii) **Experience and competence** - person must have the necessary skills, experience, ability and commitment to carry out the role.



- iv) **Time and commitment** – person must devote sufficient time and commitment to discharge his/her roles and responsibilities as member of the Board, the Board Committee or member of the Senior Management (as the case may be) and must participate actively and contribute constructively during the Board proceedings, Board Committee proceedings and meetings of Senior Management (as the case may be).

(i) **Probity, personal integrity and reputation**

In assessing a person's level of probity, integrity and reputation to hold the office of Director in the Company, the NC and the Board should consider matters including, but not limited, to the followings that whether:

- a) the person is or has been the subject of any investigations by relevant enforcement unit or proceedings by a court of law, whether within Malaysia or elsewhere, of an offence in connection with the promotion, formation or management of a corporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- b) the person is or has been the subject of any investigations by relevant enforcement unit or proceedings by a court of law, whether within Malaysia or elsewhere, of an offence, involving bribery, fraud or dishonesty or where the conviction involved a finding that he/she acted fraudulently or dishonestly or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- c) the person is or has been the subject of any proceedings by a court of law of an offence under the securities laws or the corporations laws of the Company's place of incorporation or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- d) the person has contravened any provision made by or under any written law designed to protect members of the public against financial loss due to dishonesty, incompetence or malpractice, whether within Malaysia or elsewhere;
- e) the person is or has been the subject of any proceedings of a disciplinary or criminal nature, whether within Malaysia or elsewhere, or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings;
- f) the person has contravened any of the requirements and standards of a regulatory body, professional body, government or its agencies;
- g) the person, or any business in which he/she has a controlling interest or exercises significant influence, has been investigated, disciplined, suspended or reprimanded by a regulatory or professional body, a court or tribunal, whether publicly or privately;
- h) the person has been engaged in any business practices which are deceitful, oppressive or otherwise improper (whether unlawful or not), or which otherwise reflect discredit on his/her professional conduct;



- i) the person has been dismissed, asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions about his/her honesty and integrity;
- j) the person has been associated, in ownership or management capacity, with a company, partnership or other business association that has been refused registration, authorisation, membership or a licence to conduct any trade, business or profession, or has had that registration, authorisation, membership or licence revoked, withdrawn or terminated;
- k) the person has held a position of responsibility in the management of a business that has gone into receivership, insolvency, or involuntary liquidation while the person was connected with that business;
- l) the person has been a Director of, or directly concerned in the management of, any corporation which is being or has been wound up by a court or other authority competent to do so within or outside Malaysia, or of any licensed institution, the licence of which has been revoked under any written law;
- m) the person, in the past, has acted unfairly or dishonestly in his/her dealings with his/her customers, employer, auditors and regulatory authorities;
- n) the person has at any time shown a strong objection or lack of willingness to cooperate with regulatory authorities and failure to comply with legal, regulatory and professional requirements and standards, including compliance with tax requirements and obligations;
- o) a person has contributed significantly to the failure of an organisation or a business unit;
- p) the person has at any time shown strong objection or a lack of willingness to maintain effective internal control systems and risk management practices; and
- q) the person is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his/her judgement when acting in the capacity of a Director or member of the Senior Management of the Company which would be disadvantageous to the Company's interest.

(ii) Financial integrity

Financial integrity is demonstrated by a person who manages his/her own financial affairs properly and prudently.

In assessing a person's financial integrity, the NC and the Board must consider all relevant factors, including but not limited to the following:

- a) whether the person has been and will be able to fulfil his/her financial obligations, whether in Malaysia or elsewhere, as and when they fall due; and
- b) whether the person is or has been the subject of any proceedings by a court of law for any sum or debt owed by him/her which is unsatisfied or has been



the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Malaysia or elsewhere.

The fact that a person may be of limited financial means does not in itself, affect the person's ability to satisfy the financial integrity criteria.

(iii) Experience and competence

Experience and competence are demonstrated by a person who possesses the relevant competence, experience and ability, by virtue of his/her expected specific contribution/subject expert, role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Senior Management of the Company, to understand the requirements of the furniture manufacturing industry and business of the Company, the requirements of relevant laws and regulations of the Company, the requirements of auditing, accounting and corporate governance, responsibilities as Directors in relevant jurisdictions, the risk relevant to the furniture manufacturing industry and business of the Company and the internal control system relevant to the furniture manufacturing industry and business of the Company.

In assessing a person's competence and capability, the NC and the Board should consider matters including, but not limited to the following:

- a) whether the person has the appropriate and relevant qualification, training, skills, practical and experience to effectively fulfil the role and responsibilities as a Director or member of the Senior Management of the Company, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Senior Management of the Company; and
- b) whether the person has satisfactory past performance or expertise in the furniture manufacturing industry and business of the Company or subject matters that he/she is expected to contribute to the functioning of the Board, Board Committees or Senior Management of the Company.

In this regard, the person must possess the followings:

- a) necessary skills and experience in any of the following industry, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Senior Management of the Company:
 - Furniture manufacturing industry
 - Professional, i.e. legal, finance and accounting, corporation and capital market laws and regulations
 - Any other industry (upstream or downstream or supporting industries)
- b) necessary qualification and functional/technical expertise in any of the following areas, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Senior Management of the Company:



- Furniture
 - Manufacturing
 - Research and Development
 - Sales and Marketing
 - Business Administration
 - Laws and Regulations
 - Finance and Accounting
 - Corporation and Capital Market Laws and Regulations
 - Corporate Governance
 - Economic, Environment and Social
 - Any other relevant qualification and expertise
- c) necessary trainings in any of the following areas, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Key Senior Management of the Company and subsidiaries (as applicable):
- Furniture
 - Manufacturing
 - Research and Development
 - Sales and Marketing
 - Business Administration
 - Laws and Regulations
 - Finance and Accounting
 - Corporation and Capital Market Laws and Regulations
 - Corporate Governance
 - Economic, Environment and Social
 - Any other relevant qualification and expertise
- d) necessary knowledge and skill to read and understand financial reports prepared for the Company and be able to relate the information in relation to the accounting policies adopted, business operations, business performance, financial conditions, changes in risk profile, internal and/or external business context to the information presented in such financial reports.
- e) necessary past experience in any of the following aspect, by virtue of his/her expected specific contribution/subject expert, his/her role and responsibilities as a member of the Board of Directors, member of the Board Committees or member of the Senior Management of the Company:
- a past or current Director/senior executive in manufacturing industry for at least 10 years
 - a past or current Director/senior executive in a public company or reputable privately held entity for at least 10 years
 - a past or current partner/senior executive in recognised or reputable audit firm or professional accounting/consulting/advisory/legal firm or entity for at least 10 years
 - a past or current senior executive at a prominent educational institution or senior faculty position in an area of study important or relevant to the Company or its subsidiaries (as applicable) for at least 10 years



- a past senior government personnel for an industry that is relevant to the Company or its subsidiaries (as applicable) for at least 10 years
- at least 10 years working experience at Senior Management level in industry specified in (a) above

(iv) Time and commitment

In order for the Director of the Company to effectively and diligently discharge his/her roles and responsibilities, it is critical that such person can spend reasonable amount of time and effort to meet the demand and expectations of such roles and responsibilities and is not “over-stretch”.

NC and the Board is to take into consideration the directorship for a person to be appointed or re-appointed as Director of the Company in the following manner:

a) Executive capacity

- Public Limited Corporation – not more than 2 directorships in executive capacity and together with non-executive capacity, not more than 4 directorships including in executive capacity;
- Private Limited Corporation - not more than 3 directorships in executive capacity in corporations outside the Group (excluding dormant corporations) and together with non-executive capacity, not more than 10 directorships including in executive capacity; and
- Sole-proprietorship and partnership - as a sole-proprietor or partner for not more than 2 sole-proprietorship and partnership.

b) Non-Executive capacity

- Public Limited Corporation – not more than 5 directorships in exclusively non- executive capacity. If together with executive capacity, not more than 4 directorships including in executive capacity;
- Private Limited Corporation - not more than 10 directorships in exclusively non-executive capacity in corporations outside the Group (excluding dormant corporations). If involved executive capacity, not more than 3 directorships in executive capacity in corporations outside the Group (excluding dormant corporations) and together with non-executive capacity, not more than 10 directorships including in executive capacity; and
- Sole-proprietorship and partnership - as a sole-proprietor or partner for not more than 2 sole-proprietorship and partnership.

For re-appointment as Director, NC and the Board is to take into consideration satisfactory results of the performance of such Director seeking for re-appointment on his/her participation (including his/her attendance at the meetings of the Board and Board Committee since the appointment or last re-appointment) and contribution during the Board and Board Committee proceedings.



5. Review of Fit and Proper Policy

This Policy will be reviewed by the Board as and when required and updated in accordance with the needs of the Company.

Approved on: 23 May 2022