



# Board Charter

## 1. Introduction

The Board of Directors (“the Board”) of Latitude Tree Holdings Berhad (“LTHB” or “the Company”) reaffirms its commitment to and supports the recommendations of the Malaysian Code on Corporate Governance (“the Code”). The Board strives to ensure that the standards of corporate governance are practised in order to protect and enhance shareholders’ value.

The Board derives its authority to act from the Memorandum and Articles of Association of the Company and the law and regulations governing companies in Malaysia.

The Board is the ultimate decision-making body.

## 2. Company Goals

### 2.1 Mission

Our mission is to continually improve our products and services to meet or exceed the expectations of our customers.

### 2.2 Vision

We aspire to become a world class integrated household furniture manufacturer co-existing in harmony with nature and the society it serves.

### 2.3 Guiding Principles for the Board

(a) In order to achieve the vision and mission of the Company, the Board is responsible for observing the following guiding principles in establishing clear roles and responsibilities:

- Establish a formal schedule of matters reserved for the Board and those delegated to Management.
- Establish clear roles and responsibilities in discharging its fiduciary and leadership functions.
- Formalise ethical standards through a code of conduct and ethics and ensure its compliance.
- Ensure that the Company’s strategies promote sustainability.
- Ensure that sufficient procedures are in place to allow its members access to information and advice.
- Ensure that it is supported by a suitably qualified and competent company secretary.



- Formalise, periodically review and make public its Board Charter.
- (b) The capital and resources of the Company will be allocated to those assets and activities which will enable LTHB to achieve the Company Goals in a manner best serving the interests of the shareholders as a whole.

### **3. Roles and Responsibilities of the Board**

- 3.1 The Board is charged with leading and managing the Company in an effective and responsible manner. Each Director has a legal duty to act in the best interest of the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.
- 3.2 The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interests of the Company:
- reviewing and adopting the business plan and overall strategic directions for the Company including establishing Company Goals and ensuring that the strategies are in place to achieve them;
  - overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
  - identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;
  - succession planning, including appointing, training, fixing the remuneration of and where appropriate, replacing executive directors and senior management members of the Group;
  - developing and implementing an investor relations programme or shareholders communications policy for the Company;
  - reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines;
  - deciding on necessary steps to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
  - ensuring that the Company's financial statements are true and fair and conform to any applicable laws and/or regulations; and
  - ensuring that the Company has appropriate corporate governance structures in place including standards of ethical behaviour, and promoting a culture of corporate responsibility.
- 3.3 In the normal course of events, the day-to-day management of the Company will be in the hands of the Management and under the stewardship of the Managing Director.
- 3.4 Any member of the Board may request for independent professional advice in the discharge of his/her fiduciary duties by forwarding a request to the executive director of the Company who will then direct the same to an external service provider. The expenses incurred in this connection shall be borne by the Company.



## **4. The Board**

### **4.1 Chairman of the Board**

4.1.1 The Board will appoint a Chairman from amongst the Non-Executive Directors.

4.1.2 The Chairman is responsible for:

- (a) leadership of the Board;
- (b) overseeing the effective discharge of the Board's supervisory role;
- (c) facilitating the effective contribution of all directors;
- (d) conducting the Board's meetings;
- (e) briefing all the directors in relation to issues arising at meetings;
- (f) scheduling regular and effective evaluations of the Board's performance;
- (g) promoting constructive and respectful relations between Board members and between the Board and the Management;
- (h) representing the Board to shareholders;
- (i) ensuring the integrity and effectiveness of the governance process of the Board; and
- (j) maintaining regular dialogue with the Board over all operational matters and consulting with the Board promptly over any matter that gives him or her cause for concern.

4.1.3 The Chairman will act as facilitator at meetings of the Board to ensure that no Director, whether executive or non-executive, dominates discussions during board proceedings.

### **4.2 Managing Director**

4.2.1 The Managing Director is the conduit between the Board and the Management in ensuring the effectiveness of the Company's governance and management functions.

4.2.2 The Managing Director is responsible for the day-to-day management of the Company with all powers and discretion vested in him/her, from time to time, by the Board.

4.2.3 The Managing Director is responsible for:

- (a) strategic business direction, plans and policies of the Company;
- (b) the efficient and effective operation of the Company;
- (c) day-to-day management of the Company with all powers, discretions and delegations authorised, from time to time, by the Board; and
- (d) bringing material matters to the attention of the Board in an accurate and timely manner.

### **4.3 Board Committees**

4.3.1 To assist the Board in carrying out its duties and responsibilities, the Board has established the following Committees of the Board, each with clearly defined Terms of Reference ("TOR") in order to enhance corporate efficiency and effectiveness:

- (a) Audit Committee;
- (b) Nomination Committee; and
- (c) Remuneration Committee.



- 4.3.2 These Board Committees undertake in-depth deliberation of the issues at hand before tabling recommendations thereon to the Board.
- 4.3.3 Each Committee has an obligation to report on its meetings to the Board, and minutes of all Committee Meetings shall be made available to all Directors.
- 4.3.4 The Management and third parties are co-opted to the Committees as and when required.
- 4.3.5 The Board may also delegate specific functions to ad hoc committees as and when required.

#### **4.4 Board Composition**

- 4.4.1 The number of Directors shall not be less than three (3) and (unless otherwise determine by the Company in general meeting) shall not be more than eight (8) as set out in the Company's Articles and Association.
- 4.4.2 Unless otherwise determined by the Company in the general meeting, at least two (2) directors or one-third (1/3) of the Board, whichever is the higher, shall comprise Independent Directors as required in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").
- 4.4.3 The Board shall consist of individuals with diverse backgrounds who are equipped with sufficient professional and technical knowledge, to effectively represent the interests of shareholders in setting the Company's strategy and ensuring its implementation.
- 4.4.4 In order to qualify for Board membership, directors must have the ability to make sensible business decisions and recommendations, an entrepreneurial approach, experience in a variety of industry sectors,, the ability to see the bigger picture, the ability to raise constructive queries, high ethical standards, sound practical sense, and commitment to furthering the interests of shareholders and the achievement of the Company Goals.
- 4.4.5 Non-Executive Directors will be expected to meaningfully contribute to the Board's deliberations. The Non-Executive Directors will be independent of the Management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.
- 4.4.6 Executive Directors will be engaged under service contracts. Upon the expiry of his or her tenure as stipulated in the service contract, the Board may also, with the recommendation of the Nomination Committee and if considered appropriate, appoint him or her as a Non-Executive Director until the conclusion of the next AGM, whereby he or she shall be eligible to offer himself or herself for re-election.
- 4.4.7 In the event of an Executive Director's service contract with the Company is terminated for any reason whatsoever, the Director is expected to resign from the Board.



## **4.5 Nomination and Appointment**

- 4.5.1 The Company's Memorandum and Articles of Association governs the regulations and proceedings of the Board. The Board, together with the Nomination Committee, determine the size and composition of the Board subject to the terms of the Company's Memorandum and Articles of Association.
- 4.5.2 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nomination Committee.
- 4.5.3 On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company's matters before accepting his appointment to the Board.
- 4.5.4 Directors are required to notify the Chairman before accepting any new Directorship and to indicate the time expected to be spent on the new appointment. The directorships held by any Board member at any one time, shall not exceed five (5) in listed companies.

## **4.6 Re-election and Re-appointment of Directors**

- 4.6.1 All Directors are subject to retirement by rotation.
- 4.6.2 In accordance with the Company's Articles of Association, one-third (1/3) of the Directors (including a Managing Director) or if their number is not a multiple of three, then the number nearest to one-third, are required to retire from office at the annual general meeting in every subsequent year. The retiring Director may offer himself or herself for re-election.
- 4.6.3 Directors appointed to fill a casual vacancy or as an addition to the Board shall hold office only until the next annual general meeting of the Company. He or she shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting.
- 4.6.4 Directors shall retire from office at least once every three (3) years, but shall be eligible for re-election.

## **4.7 Tenure of Independent Director**

- 4.7.1 A director will be considered independent if he or she is free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of his or her independent judgment.
- 4.7.2 The tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. However, upon completion of the nine (9) years, in the event the Director was to remain designated as an Independent Director, the Board shall first justify this position and obtain shareholders' approval.
- 4.7.3 The Board shall undertake an assessment of its independent directors annually, looking beyond the independent director's background, economic and family relationships and considering whether the independent director can continue to bring independent and objective judgement to board deliberations.



#### **4.8 Shareholdings of Board Members in the Company**

- 4.8.1 Board members may hold shares in the Company. Any transactions involving the shares of the Company, be it buying, selling or transfer to third party, shall require Board members to strictly observe the disclosure requirements and/or provisions under the Companies Act 2016, Main Market Listing Requirements of Bursa Securities and all other relevant legislative and regulatory requirements.
- 4.8.2 A list of the Directors' Dealings for the applicable financial period shall be tabled by the Company Secretary at every quarterly Board Meetings of the Company whereupon the Board members are obliged to verify/confirm their prevailing shareholdings and movement of shareholdings.

#### **4.9 Provision of Business or Professional Services by Directors**

- 4.9.1 Directors shall not provide business or professional services of an ongoing nature to the Company.
- 4.9.2 Notwithstanding the provision of paragraph 4.9.1, the Company is at liberty to:
- engage the services of any Director having special expertise in the particular field for the purpose of a special assignment; or
  - engage the services of a party related to a Directors of an organisation;

so long as the terms of engagement are competitive, clearly recorded and all legal requirements for disclosure of the engagement are properly observed.

#### **4.10 Board Appointments in Other Companies**

- 4.10.1 Directors are expected to devote sufficient time and attention to the affairs of the Company. Any Director is, while holding office, at liberty to accept other Board appointment(s) in other companies so long as the appointment is not in conflict with the Company's business and does not affect the discharge of his or her duty as a Director of the Company.
- 4.10.2 The Board shall set out expectations on time commitment for its members and protocols for accepting new directorships. In this instance, Board members are expected to achieve at least 50% attendance of total Board Meetings in any applicable financial year, with appropriate leave of absence duly communicated to the Chairman of the Board and/or Company Secretary, where applicable.
- 4.10.3 Prior the acceptance of new Board appointment(s) in other companies, the Directors shall notify the Chairman of the Board and/or the Company Secretary in writing. The said notification shall include an indication of time that will be spent on the new appointment.

#### **4.11 Code of Conduct and Ethics**

- 4.11.1 The Code of Conduct and Ethics is to be observed by all directors when they represent LTHB.



## **4.12 Directors' Training and Continuing Education Programmes**

4.12.1 Directors constantly participate in relevant training, education programmes and events in order to keep themselves abreast of the latest economic, technological and industry-related developments with a view to continuing to discharge their duties and responsibilities effectively.

## **5. Process and Procedure for Board Meetings**

### **5.1 Meetings**

5.1.1 The Board holds at least four (4) regular meetings per year. Additional meetings may be scheduled if necessary to discuss and resolve issues on urgent basis. Meetings are called with a sufficient notice period. Participation via telephone is permitted. Directors are expected to attend all Board meetings and meetings of committees of the Board on which they serve. Board members are also expected to spend the time needed to discharge their responsibilities appropriately.

5.1.2 Unless varied by the terms of reference, meetings and proceedings of the Board will be governed by the Company's Articles of Association.

5.1.3 The Board may invite external parties such as auditors (both internal and/or external auditors), solicitors or consultants as and when the need arises. Such invited parties may attend part or all of the board meetings at the discretion of the Board.

5.1.4 The conduct of Directors will be consistent with their duties and responsibilities to the Company and, indirectly, to shareholders. The Board will be disciplined in carrying out its role, with the emphasis on strategic issues and policy. Directors will always act within any limitations imposed by the Board on its activities.

5.1.5 Board discussions will be open and constructive, recognizing that genuinely held differences of opinion could bring greater clarity and lead to better decisions. The Chairman will, nevertheless, seek consensus within the Board but may, where considered necessary, call for a vote. All discussions and their records will remain confidential unless there is a specific direction from the Board to the contrary, or disclosure is required by law. Subject to legal or regulatory requirements, the Board will decide the manner and timing of the publication of its decisions.

5.1.6 Executive Directors will attend Board meetings to discharge their Board responsibilities. At Board meetings, the Board's responsibilities supersede all executive responsibilities.

5.1.7 The Board has sole authority over its agenda and exercises this through the Chairman of the Board. Any Director may, through the Chairman, request the addition of an item to the agenda.

5.1.8 Directors are entitled to have access to all relevant company information and to the Management at all reasonable times.

### **5.2 Notice of Meeting, Agenda and Board Papers**

5.2.1 The Company Secretary prepares the notice of meeting and the agenda for each meeting. The Company generally adopts the Company's Articles of Association for disseminating notice of meeting and the agenda. The appropriate preparatory Board



papers are sent to the Board members at least seven (7) days prior to the meeting to allow adequate time for meeting preparation.

- 5.2.2 Minutes of all Board meetings are properly recorded in substantial detail and length, including issues discussed in arriving at decisions. The minutes shall be circulated in a timely manner and shall be reviewed and approved by the members of the Board.

### **5.3 The Company Secretary**

- 5.3.1 The appointment and removal of the Company Secretary shall be a matter of the Board as a whole.

- 5.3.2 The Company Secretary is responsible for ensuring that Board procedures are followed, that the applicable rules and regulations for the conduct of the affairs of the Board are complied with and for all matters associated with the maintenance of the Board or otherwise required for its efficient operation.

- 5.3.3 All Directors, particularly the Chairman, have access to the advice and services of the Company Secretary for the purposes of the Board's affairs and the business of the Company.

## **6. Directors' Remuneration**

- 6.1.1 The Remuneration Committee recommends the remuneration package for the Executive Directors to the Board for approval. The Executive Directors abstain from deliberation and voting on decisions in respect of their own remuneration.

- 6.1.2 Directors are paid yearly fees that are determined by the Board and approved at the AGM. Attendance allowances are also paid to the Non-Executive Directors for each Board or committee meeting they attend.

## **7. Relationship with Management**

- 7.1.1 All Directors are provided with the necessary information relating to the business, operations and financial matters of the Company.

- 7.1.2 The Board will link the Company's governance and management functions through the Chairman with the Managing Director. All Board authority conferred on Management is delegated through the Managing Director so that the authority and accountability of Management is considered to be the authority and accountability of the Managing Director so far as the Board is concerned.

- 7.1.3 All Directors have full and unrestricted access to the Management within the Company and are entitled to the advice and services of the Company Secretary. Further, Directors may obtain independent professional advice relating to the affairs of the Company where necessary at the Company's expense, in order for them to discharge their responsibilities.



## **8. Board and Member Assessment**

- 8.1.1 The Nomination Committee is given the responsibility to annually review the activities and effectiveness of the Board and the Board Members. The Chairman of the Nomination Committee oversees the overall evaluation process.
- 8.1.2 The Nomination Committee is required to report annually an assessment of the “*Self Evaluation for Board Effectiveness*” and “*Self-Evaluation for Board Competencies*”. The assessment report will be discussed with the full Board.
- 8.1.3 The performance of the Managing Director and Executive Directors are assessed based on the KPIs approved by the Board.

## **9. Communication between Board and Shareholders**

- 9.1.1 The Board recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Board keeps shareholders, investors and the public informed through announcements, releases of quarterly financial results, annual reports, circulars and general meetings. A shareholders’ communication policy has been implemented to handle the process of dealing with and responding to queries from its shareholders.
- 9.1.2 The AGM is the principal forum for communication with shareholders. The notices of the AGM and annual reports are sent out to shareholders at least twenty-eight (28) days before the AGM.

## **10. Review of Board Charter**

The Board will periodically review this Charter to ensure it remains consistent with the Board’s objectives and responsibilities and any new regulations that may have an impact on the discharge of the Board’s responsibilities.

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