



Anti-Bribery and Anti-Corruption (ABAC) Manual

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1.0 INTRODUCTION

Purpose

The Board of Directors of Latitude Tree Holdings Berhad, including its subsidiaries (“**Company**”), has a zero tolerance against all form of bribery and corruption.

This means that all of the Company's employees, business associates and parties engaged with the Company is committed to conducting business in a fair, transparent and ethical manner which include:

- Declaration conflict of interest on a periodic basis and where actual, potential or perceived conflicts arises
- Adopt a “No gift’ policy, prohibit offering or accepting hospitality subject to certain limited exceptions
- Allowing charitable donations and sponsorships for legitimate reasons only; Political donations are prohibited.
- Prohibit any receiving, giving or promising of facilitation payments
- Conduct due diligence, review internal controls and conduct risk assessment, in particular where there is significant exposure to bribery and corruption risk
- Encourage reporting (whistleblowing) of real or suspected cases of bribery and corruption without fear of retaliation or reprisal.

This Anti-Bribery and Anti-Corruption Framework (“**ABAC**”) Manual is developed to provide an overview of the key principles outlined in ABAC policies and procedures, which is in line with the applicable laws and regulations in Malaysia. The ABAC intends to fulfill the requirements set forth in The Guidelines on Adequate Procedures to Section 17A (5) of Malaysian Anti Corruption Commission Act 2009 (“**MACC Act**”).

All of the Company's Directors, Employees, Business Partners and parties engaging with the Company are expected to read, understand and comply with the requirements set in the ABAC (available on the Company's corporate website). No waivers or exceptions will be granted for practices that deviate from ABAC principles.

What is Bribery and Corruption?

In line with the MACC Act and the Guidelines of Adequate Procedures, the Company has developed and implemented a comprehensive set of measures to combat bribery and corruption of all forms related to the Company’s operations.

Bribery

Under the MACC Act, “gratification” or more commonly known as “bribery” means offering, giving, receiving or soliciting something of value (for example money or information) in an attempt to illicitly influence the decisions or actions of a person with a position of trust within an organisation.



Corruption

Corruption means the abuse of entrusted power for personal gain. However, corruption has a broader definition than bribery. This Manual therefore refers to “bribery and corruption” as a standard term to cover all types of gratification.

Scope and Application

This ABAC Manual is intended to apply to:

a) All Board of Directors of the Company

- Including executive and non-executive directors ("Directors").

b) All Employees of the Company

- Including permanent and on contract employees (“**Employees**”) regardless their position or role.
- All Employees must comply with the ABAC, the Code of Business Ethics and all other policies /SOP/guidelines in the course of employment.
- General Manager or Deputy General Manager of each unit is responsible to communicate and ensure compliance to this ABAC within their respective business units.

For the purposes of this Manual, all Company Board of Directors and its Employees will be collectively referred as "Personnel".

c) All Business Partners of the Company

- This includes vendors, contractors, sub- contractors and consultants.
- The Employees, regardless of their position or roles, are responsible to communicate this ABAC to their Business Partners.

d) All Parties engaging with the Company

- This also applies to all Employees and Business Partners of subsidiaries of the Company.
- The Company will endeavor to use its influence in good faith to require these parties to understand and implement policies and procedures similar to the Company.

In the event of conflict between the content of the ABAC and any applicable law, the applicable law shall prevail and the Employees and Business Partners shall comply with applicable law.

Understanding and Declaration

All Personnel and Business Partners must read, understand, comply and declare their acceptance and compliance with this ABAC by completing the Personnel Integrity Pledge or Third Party Integrity Pledge as appropriate.

We also expect all parties that are engaging with the Company to read, understand and comply with the ABAC.



Lead by Example

Head of Departments or Managers must communicate this ABAC to their team members, business partners and any other parties they engage with. Head of Departments or Managers must show respect and maintain open, honest and constructive two-way communication with their team members. This means encouraging them to ask question, make suggestions and report concerns or possible violations of ABAC.

We must also encourage our Business Partners and other parties to report any concerns or possible violations of ABAC policies and procedures via whistleblowing channel.

Consequences and Implication

Engaging in bribery and corruption is illegal according to both local and international legislation. Under MACC Act, if you participate in bribery and corruption, you may be subject to:

- 1. Imprisonment up to 20 years; and**
- 2. A fine of not less than ten times the sum or value of the relevant bribe (gratification) or RM1 million, whichever is higher (no upper limit)**

Failure for Personnel to comply with this ABAC, will result in disciplinary action, up to and including termination of employment or dismissal.

Since our principles are based on legal requirements, violating them could subject the Company and its Personnel to penalties including fines, imprisonment and other criminal or civil sanctions.

These violations may also result in high costs, personal reputational damage or loss of professional accreditation and severely damage the reputation of the Company.

Failure for business partners to comply with this ABAC may result in the termination of the business relationship with the Company.

Dealing with Difficult Situations

Dealing with situations that may potentially involve bribery and corruption can be difficult. If you are not sure whether an act may be considered as a bribe, then ask yourself these following questions:

1. Is this a bribe? Are you being pressured to provide something that you are not comfortable with?
2. Is this legal? Are there any laws/regulations/company policies that address this situation?
3. Will your act have a negative impact on the Company's reputation/business?
4. How would you feel if your decision(s) were highlighted in the media?



Refer to the DO's and DON'T's below:

You SHOULD:

- ✓ Read, understand, comply to this ABAC;
- ✓ Sign a declaration on regular basis as determine by the Company;
- ✓ Be aware of the potential risk scenarios “red flag” (such as unusual or suspicious transactions, unexplained invoices, incomplete information and receiving gift and hospitality);
- ✓ Communicate the Company's principle and the importance of spotting red flag to the team members and any external party you are engaging with;
- ✓ Report any non-compliance of the ABAC through the whistleblowing channel.

You SHOULD NOT:

- ✗ Participate in any illegal or illicit acts of bribery or corruption;
- ✗ Misuse your position or the Company's name for your personal benefit, or to the detriment of the Company;
- ✗ Fail to report any real or suspected incidents of bribery and corruption;
- ✗ Conceal, alter, destroy or otherwise modify any information on incidents of bribery and corruption;
- ✗ Collude with business partners in making false claims relating to products and services.

2.0 DECLARING CONFLICT OF INTEREST

Personnel and its Business Partners shall declare conflicts of interest on a periodic basis and/or where actual, potential or perceived conflicts arises.

What is Conflict of Interest?

A “conflict of interest” arises in a situation where you are or maybe in a position to take advantage of your role by using power, confidential information, assets or intellectual property for the benefit of yourself or a closely related person.

Who is a Closely Related Person?

A “Closely Related Person” is someone you are related to (e.g. relative or immediate family), have a personal friendship/relationship with, or anyone living in the same household as you.

Based on the MACC Act, ‘relative’ includes:

- Spouse;
- Siblings (brother(s)/sister(s));
- Spouse's siblings;
- Direct line of ascendant (parent/grandparents) or descendant (children/grandchildren) including your spouse's and your spouse's siblings;



- Uncle, aunt or cousin; or
- Son-in-law or daughter-in-law.

Types of Conflict of Interest

There are three (3) types of conflicts of interest:

(a) Actual conflict of interest

When you face a real, existing conflict. This would be the case if you can influence decisions that are to be made by the Company with respect to dealings with a business, enterprise or entity owned or partially owned by you, your family/household members, associates or friends.

(b) Potential conflict of interest

When you are in or could be in a situation that may result in a conflict, but this has not fully materialised.

(c) Perceived conflict of interest

When you are in or could be in a situation that may appear to be a conflict, even if this is not the case.

When do We Declare?

Employees are required to make their declarations through the Conflict of Interest Declaration Form on an annual basis or as and when they are taking up a new position in the Company.

Employees must also make a declaration through the Conflict of Interest Declaration Form if they become aware of a conflict at any other time (an 'ad hoc' declaration). This will be made to their Head of Department or Managers, who will record the declaration and determine the next course of action.

The Managing Director and Directors are required to make their declarations through the same Conflict of Interest Declaration Form on an annual basis. This will be made to the Board Chairman. The Board Chairman shall, in turn, make his/her declaration to the Audit Committee Chairman.

Business Partners are required to declare prior to onboarding or when there is a change of circumstances by completing the Conflict of Interest Declaration Form.



Refer to the DO's and DON'T's below:

You SHOULD:

- ✓ Declare any actual, potential or perceived conflict of interest;
- ✓ Periodically declare any conflict of interest according to the scheduled declarations process;
- ✓ Declare conflict of interest when taking up a new position (i.e through promotions or job transfer);
- ✓ Seek conflict of interest declaration from business partners you intend to deal with or have dealing with.

You SHOULD NOT:

- ✗ Conceal any actual, potential or perceive conflict of interest that may put your integrity, credibility and decision making in question;
- ✗ Make decision when there is an actual or potential conflict of interest between you and the other party (such as during contract negotiation process) without first making a disclosure.

3.0 NO GIFT POLICY AND HOSPITALITY

(i) No Gift Policy

Personnel, including their closely related person(s) are prohibited from directly or indirectly, giving and receiving gifts that may influence good judgement and decision making, subject to certain limited exceptions.

Giving Gift

Generally, Personnel including their Closely Related Person(s) are not allowed to give or provide gifts to Business Partners and other parties engaging with the Company, with the exceptions of the following:

- (a) A gift worth less than RM250 per item, features the Company's logo or brand;
- (b) The gift is exchanged at a company-to company level (e.g. for official events or launches);
- (c) The gift is a token of appreciation at an official function or public event;
- (d) The gift is given as part of the Company's Corporate Social Responsibility ("CSR") programme; or
- (e) The gift is offered in conjunction with any festive or occasion and in such an event, the gift must not exceed RM250.

Approval Process for Exceptions

In a situation where a gift is required to be given but it does not fall within the exceptions listed above, a request can be made by completing the Gift Approval Form. If



the gift has a value above RM250, approval must be obtained from the Managing Director.

In the event that the Managing Director and Directors are providing the gift and it does not fall within the exceptions listed above, they shall obtain the approval of the Board Chairman. For the Board Chairman, he/she shall obtain the approval from the Audit and Committee Chairman.

Once the application is approved, the application will be submitted to Finance to approve payment provided that the application is supported by relevant documentation.

Even with the exceptions listed above, all Personnel, including their Closely Related Persons are expected to exercise proper care and judgment in handling gift activities and are strictly prohibited from giving the following:

- (a) Any gift of cash;
- (b) Any gifts to parties engaged in a tender or competitive bidding exercise;
- (c) Any gifts that comes with a direct/indirect suggestion, hint, understanding or implication that some expected or desirable outcome is required in return for the gift;
- (d) Any gift which is lavish and/or excessive or may adversely tarnish the reputation of the Company;
- (e) Any gift that would be illegal or in breach of applicable laws on bribery and corruption.

Receiving Gift

If you are offered or receive a gift from an external party or where there is a conflict of interest, you are required to politely refuse or return the gift, and inform the giver with a polite notification of the Company's "No Gifts" Policy.

Approval Process for Exceptions

However, where it is not possible to refuse or return a gift, or the refusal is likely to cause serious offence, you are advised to take the necessary steps:

1. Record the gift in the Gift Declaration Form.
2. Report the gift to your Head of Department or Managers who will make note of it in their Gifts Log and decide if the gift can be accepted with the limited exceptions.
3. If approved, the application will be forwarded to the Managing Director for final approval.

For the Managing Director and Directors, they shall report the gift to the Board Chairman, who will decide whether to approve the acceptance of the gift. In the event that the Board Chairman receives a gift, he/she shall, in turn, obtain the approval of the Audit Committee Chairman.

Where the relevant approvers approve the acceptance of the gifts, he/she must also determine the next course of action is required whether:



- (a) Donate the gift to charity; or
- (b) Hold it for departmental display; or
- (c) Share the gift with the others in the department; or
- (d) Permit it to be retained by the employees.

In determining the above, the relevant approvers are expected to exercise good judgment and proper care in each case taking into consideration pertinent circumstances including the character of the gift, its purpose, the position/seniority of the person receiving the gift, business context, reciprocity, applicable laws and cultural norms.

What if gifts are received out of office?

If you or your Closely Related Person(s) receive a gift off-site (e.g. your home) from a Business Partner or other parties engaged in business with the Company, you must refuse and report the incident to your Head of Department or Managers.

If you are unable to refuse, you must then report to your Head of Department or Managers immediately. If you are unsure, you should make a declaration through the Gift Declaration Form.

(ii) Hospitality

What is Hospitality?

Hospitality comes in many forms, consisting of travel or transportation, accommodation, entertainment and recreation (leisure activities) and meals.

The Company strictly prohibits the giving and receiving of hospitality in the following situations:

- (a) Any hospitality provided or received with a view to improperly cause undue influence on any party in exchange for some future benefit or result;
- (b) Any hospitality provided or received with a direct/indirect suggestion, hint, understanding or implication that some expected or desirable outcome is required;
- (c) Any hospitality during specific time periods, such as parties engaged in a tender or competitive bidding exercise (where you are involved in the exercise) or contract negotiations (except for normal meals during or after contract negotiation sessions provided it is not lavish or excessive);
- (d) Any hospitality provided or received that would be illegal or in breach of any applicable laws;
- (e) Any hospitality provided or received that would be perceived as lavish or excessive or may adversely tarnish the reputation of the Company; or
- (f) Any hospitality offered or accepted frequently with the same party.

Personnel are required to exercise proper care and judgment before accepting hospitality offered or provided by third parties or Business Partners. This is not only to safeguard the Company's reputation, but also to protect Personnel from allegations of impropriety or undue influence.



When in doubt, you should either politely decline the offer or seek advice from your Head of Department or Managers.

A. Travel, transportation and accommodation

You are prohibited from offering or accepting hospitality in the form of travel, transportation and accommodation.

Personnel travelling for the Company's business shall be paid for by the Company unless otherwise specified in the relevant work or service contract.

Any waiver requires the approval from the Managing Director.

B. Providing Entertainment/Meals

You are allowed to offer entertainment/meals to Business Partners and other parties engaged with the Company provided they fall within the following limited exceptions:

- It is business-related (i.e. only for those directly connected to the business operations);
- It is not for spouses and other non-business guests.
- The cost of the entertainment/meal does not exceed the thresholds below which provides a guidance on what is deemed to be reasonable:

Job Grade/Position	Per Receipt: Malaysia	Per Receipt: Overseas
Executive and below	Up to RM200	Up to RM300
Manager and above	Up to RM300	Up to RM500

Employees would be required to spend within the above threshold/ limit set. In the event the claims exceed the fixed threshold, the claims will need to be routed to the Managing Director for Approval using the Entertainment Approval Form.

Thereafter, it should follow through with approval as per the Limits of Authority prior to reimbursement.

Once the application is approved, the application will be submitted to Finance to approve payment provided that the application is supported by relevant documentation.

All payments and claims made for any hospitality or entertainment along with the supporting documents must be recorded and kept.

It is important to note that when more than one employee is present at a business meal, the employee with the highest-ranking job level should pay the bill.



C. Receiving Entertainment

The Company strictly prohibits its Employees and Directors from soliciting hospitality or entertainment or accepting hospitality or entertainment given in response to or in anticipation of a favourable business decision.

Employees and Directors are required to exercise proper care and judgment before accepting hospitality or entertainment offered or provided by third parties. This is not only to safeguard the Company's reputation, but also to protect Employees and Directors from allegations of impropriety or undue influence.

When in doubt, you should either politely decline the offer or seek advice from your Head of Department or Managers.

Refer to the DO's and DON'T's below:

You SHOULD:

- ✓ Communicate on No Gifts Policy to third parties engaging with the Company, and request their understanding and adherence to this policy;
- ✓ Exercise good judgement when giving or receiving gifts to avoid tarnishing the Company's reputation or creating a negative perception of bribery and corruption;
- ✓ Politely refuse or return any gift offers (includes festive hampers, gifts delivered off-site, vouchers and discounts offered by third parties) unless it is within the limited exceptions;
- ✓ Record and report any gifts received from third parties except those that falls within the limited exceptions;
- ✓ Only offer and accept entertainment/meals if it falls within thresholds set out in this section and subject to prior approval from your Head of Department/Managers (where applicable).

You SHOULD NOT:

- ✗ Offer or accept any gift of cash or cash vouchers and any hospitality that may create a sense of obligation or comes with a direct/indirect suggestion, hint or expectation of special treatment or create conflict of interest that would be perceived negatively;
- ✗ Offer or accept gifts which do not fall within the limited exceptions as stated above;
- ✗ Offer or accept any gifts and/or hospitality to parties engaged in a tender or competitive bidding exercise.
- ✗ Accept gifts that are delivered off-site (i.e. your home) from business partners or any other parties engaging with the Company;
- ✗ Exchange hospitality frequently with the same person or party over a period of time;
- ✗ Offer or accept meals from third parties unless it meets the reasonable threshold and prior approval is sought from your Head of Department/Managers;



- ✘ Offer or accept any gifts and/or hospitality that would be illegal or in breach of any applicable laws.

4.0 SPONSORSHIP AND DONATIONS

As a responsible corporate citizen, the Company is committed to contribute to the wellbeing of the communities. It is important that all Corporate Social Responsibilities (“CSR”), sponsorship and donations are made in accordance with the Company's policies and procedures and as permitted by existing laws and regulations. However, these activities may be misused or perceived as vehicles for bribery and corruption.

All of these activities shall be made in accordance with the following:

- (a) ensure such contributions are allowed by applicable laws;
- (b) be made to legitimate entities having an adequate organisational structure for proper administration of the funds;
- (c) be accurately stated in the Company's accounting books and records; and
- (d) not to be used in return of an improper business advantage or be used as a means to cover up a bribe.

For avoidance of doubt, donations and sponsorship are strictly prohibited in the following situations:

- (a) Any sponsorship and donation request that comes with a direct/indirect suggestion, hint, understanding or implication that some expected or desirable outcome is required;
- (b) Any sponsorship and donation that is illegal or in breach of any applicable laws;
- (c) Any sponsorship and donation that is excessive or may otherwise tarnish the reputation of the Company; or
- (d) Any sponsorship and donation that is used as a conduit to circumvent, avoid or evade the law or regulatory requirements.

All personnel are encouraged to use good judgement and common sense in assessing sponsorship and donation requests.

Due diligence must be conducted to ensure that the requests are legitimate and that any red flags are solved prior to committing the funds.

Approval process

All request for CSR and non-CSR sponsorships and donations to be made to governmental/non-governmental bodies shall obtain the approval from Managing Director.



A. Political Contributions

We do not make political donations (i.e. donations to politicians or political campaigns or candidates for political offices) and we do not allow the Company's resources to be used for this purpose.

However, the Company encourages personnel to participate in the political election process by voting. Personnel may choose to make personal political contributions as appropriate within the limits established by the law.

Refer to the DO's and DON'T's below:

You SHOULD:

- ✓ Ensure that all request has been carefully examined for legitimacy purposes and not be made to improperly influence a business outcome;
- ✓ Ensure all request shall be made in accordance with the Company's policies and procedures;
- ✓ Avoid making cash donations whenever possible;
- ✓ Conduct due diligence on all parties who are requesting/receiving the charitable donations.

You SHOULD NOT:

- ✗ Commit to a request without first undergo proper process and procedures to evaluate the legitimacy;
- ✗ Accept donation or provide sponsorship during or after contract negotiation/significant event;
- ✗ Contribute on behalf of the Company to politicians or political campaigns or candidates for political office;
- ✗ Accept any offer for sponsorship that will influence decision making.

5.0 DEALING WITH FACILITATION PAYMENTS

What is Facilitation Payment?

A "facilitation payment" is a payment received or made to a decision maker or an administrative staff (in either public or private sectors) to speed up a process or secure licenses/permits.

Facilitation payments are illegal under the MACC Act as it falls within the meaning of gratification or bribery.

Facilitation payments need not involve cash or other financial asset, it can be any sort of advantage with the intention to influence them in their duties.



Making Facilitation Payment

Identifying the difference between a legitimate request for payment in exchange for a service, and an illegal request for a bribe can be difficult.

If you face this problem, stop and ask yourself these questions:

- Am I able to obtain an official receipt for the payment?
- Am I being pressured to make the payment?

If you are unable to obtain an official receipt, or feel pressured into making a payment, the officer or representative may be asking you for a facilitation payment.

Managing Facilitation Payment Request

a) Employees

If you receive requests for facilitation payment you must refuse to pay and immediately report the incident to either MACC or the police. You must then immediately report the incident to your Head of Department/Managers.

If you are aware that an Employee has requested a facilitation payment from business partners, you should also report the matter through the whistleblowing channels.

b) Business Partners

Business Partners who receive request for facilitation payments from Employees, must decline to pay and report the issue via the whistleblowing channels.

Refer to the DO's and DON'T's below:

You SHOULD:

- ✓ Be aware of any signs that you are being asked for or being offered a facilitation payment;
- ✓ Communicate the Company's value on facilitation payments to relevant parties you are engaging with;
- ✓ Ask for official receipts for all payments.

You SHOULD NOT:

- ✗ Accept or obtain, either directly or indirectly, facilitation payments from any person;
- ✗ Fail to report any real or suspected incidents of requests for facilitation payment.



6.0 VIOLATIONS AND INVESTIGATIONS

Any conduct which is non-compliant or in violation of this ABAC will be taken seriously and are subject to disciplinary actions. Please refer to the Whistleblowing Policy for more details.

7.0 WHISTLEBLOWING

We encourage openness, transparency and accountability in ensuring prompt action is taken where necessary, in order to mitigate any potential financial or reputation damage arising from serious forms of misconducts.

We also encourage reporting (whistleblowing) of real or suspected cases of bribery and corruption without fear of retaliation or reprisal.

We have in place a Whistleblowing Policy, which provides channels for secure reporting of concerns about instances of bribery and corruption and other forms of misconduct.

Reporting Procedure

Matters of concern may be made orally or in writing as soon as possible. Below are the procedures to be observed by the whistleblower:

(a) Information to be provided are:

- The specific concern;
- The reason(s) for the concern;
- The background and history of the concern with relevant dates;
- Is the concern previously raised with anyone else before, and if so, with whom; and
- Why the concern persists.

(b) Channel for receiving concerns :

A letter box is placed at each company's main entrance (ie. at the side of the reception counter).

You may drop any correspondences or reports into the letter box.

Any contents in the letter box will be collected on a weekly basis by the following personnel:

- a) Ms Lim Lay Choo (Head of Account and Finance) for Latitude Tree Vietnam Joint Stock Company;
- b) Ms Lu Fong Chui (Head of Account and Finance) for RK Resources Co., Ltd;
- c) Mr Fong Toh Wai (Financial Controller) for Latitude Tree Holdings Berhad and Latitude Tree Furniture Sdn Bhd;
- d) Ms Wassana Dangsawat (Head of Account and Finance) for Grob Holz Co. Ltd;



- e) Ms Khiu Ti Khim (Head of Account and Finance) for Rhong Khen Timbers Sdn Bhd; and
- f) Ms Yong Kim Tin (Head of Account and Finance) for Rhong Khen Industries Sdn Bhd.

All correspondences collected will be forwarded to Finance Director or Managing Director at Head Office for verification and discussion by Risk Management Committee.

Any applicable or important issues/matters with complete basic information will be reported to the Audit Committee. You may lodge an anonymous report. However, you must also be aware that there must be sufficient evidence in order for the Company to conduct an investigation.

All disclosures are protected with confidentiality and the whistleblower's identity will be protected against retaliation in any form, provided that the report is done in good faith.

Refer to the DO's and DON'T's below:

You SHOULD:

- ✓ Report any real or suspected cases of bribery, corruption or misconduct;
- ✓ Provide detailed, factual information to assist with the investigation;
- ✓ Provide your contact details when. While anonymous reporting is allowed, you are strongly encouraged to provide some form of contact details e.g. email, to update you on the investigation progress;
- ✓ Encourage business partners or any parties engaging with us to report any concerns through the whistleblowing channels.

You SHOULD NOT:

- ✗ Report false, baseless, or malicious allegations;
- ✗ Fear retaliation or reprisal for reporting in good faith.

Approved on: 25 August 2020