

CORPORATE GOVERNANCE REPORT

STOCK CODE : 7048
COMPANY NAME : ATLAN HOLDINGS BHD.
FINANCIAL YEAR : 28 FEBRUARY 2019

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the leadership, oversight and overall management of the Company. An effective Board is the one that made up of a combination of Executive Director with intimate knowledge of the business and Non-Executive Directors from diversified industry/business background to bring broad business and commercial experience to the Group. The Board has the overall responsibility for corporate governance, establishing goals, strategies and direction, reviewing the Group's performance and critical business issues and ultimately the enhancement of long-term shareholders' value. It monitors and delegates the implementation of the strategic direction to the management.</p> <p>The Board reviews the strategic plan of the Company tabled by Management at its meeting. The review would cover the performance targets and long-term plans of the Company to be met by Management. On an annual basis, the Executive Director and Management review with the Board the outlook of the relevant industries for the following financial year.</p> <p>The Board is satisfied with the strategic plan of the Company as presented by the Management. The Board would continue to review the plan to ensure its implementation.</p> <p>The Board's role is to oversee the performance of the Management to determine whether the business is properly managed. The Board gets updates from Management at the quarterly Board meetings when reviewing the unaudited quarterly results. During such meetings, the Board participated</p>

	<p>actively in the discussion on the performance of the Company and assessed the performance of the Management.</p> <p>The Board has a formal schedule of matters reserved for its decision which include, amongst others, the following: -</p> <ul style="list-style-type: none"> i. Reviewing and adopting strategic plans for the Company which will enhance the future growth of the Company; ii. Reviewing and evaluating key policies adopted by the Company; iii. Overseeing the conduct of the Company's businesses to evaluate whether the businesses are being properly managed; iv. Identifying principal risks of the business and ensuring the implementation of appropriate systems to manage these risks; v. Reviewing the adequacy and integrity of the Company's internal control systems and management information systems; vi. Establish Board committees and be responsible for all decisions made by the committees; vii. Reviewing and approving unaudited quarterly results and audited financial statements; viii. To ensure all candidates appointed to senior management positions are of sufficient calibre and satisfied that there are programmes in place to provide for the orderly succession of senior management; and ix. Overseeing the development and implementation of a shareholder communications policy for the Company. 	
<p>Explanation for departure :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure :</p>		
<p>Timeframe :</p>		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board has elected a Chairman from amongst the members of the Board who is a Non-Executive Director. Dato' Sri Adam Sani bin Abdullah as the Company's Non-Independent Non-Executive Chairman provides leadership and guidance to the Board and is responsible for ensuring effectiveness of the Board's performance. Dato' Sri Adam Sani bin Abdullah works closely with the rest of the Board members in forming policies and strategies to align the business activities driven by the management team.</p> <p>The responsibilities of the Chairman are clearly defined in the Board Charter. They include, but not limited to, the following: -</p> <ul style="list-style-type: none">• To provide leadership to the Board, and oversee the Board in the effective discharge of its fiduciary duties;• To set the agenda for Board Meetings and ensure efficient and effective conduct of the Board Meetings;• To ensure that complete and accurate information to facilitate decision-making are provided to the Board members in a timely manner;• To lead Board Meetings and encourage active participation and allow dissenting views to be freely expressed;• To promote constructive and respectful relations between Board members and manage the interface between the Board and Management;• To ensure that appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole; and• To lead the Board in establishing and monitoring good corporate governance in the Company. <p>The Chairman of the Board also acts as Chairman at all Board Meetings and meetings of members.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3

The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman, Dato' Sri Adam Sani bin Abdullah, and the Executive Director, Mr. Lee Sze Siang, both holds separate position. There is a clear division of responsibilities between the Chairman (non-executive) and the Executive Director to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making.</p> <p>The Chairman is responsible in leading the Board in its collective oversight of Management and ensure effectiveness of the Board matters whilst the Executive Director is responsible to implement the policies and strategies approved by the Board for the purposes of running the business and the day-to-day management of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	: Applied
Explanation on application of the practice	<p>In compliance with Practice 1.4 of the MCGG, the Board is supported by suitably qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations.</p> <p>The Board has ready and unrestricted access to the advice and services of the Company Secretaries, who are considered capable of carrying out the duties to which the post entails. The Directors may seek advice from the Management on issues under their respective purview. The Directors may also interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them.</p> <p>In performing their duties, the Company Secretaries carry out, amongst others, the following tasks:-</p> <ul style="list-style-type: none">• Statutory duties as required under the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), Capital Market and Services Act, 2007;• Facilitating and attending Board Meetings and Board Committee Meetings, respectively;• Facilitating and attending the General Meeting(s);• Ensuring that Board Meetings and Board Committee Meetings, respectively are properly convened and the proceedings are properly recorded;• Ensuring timely communication of the Board level decisions to the Management for further action;• Ensuring that all appointments to the Board and/or Board Committees are properly made in accordance with the

	<p>relevant regulations and/or legislations;</p> <ul style="list-style-type: none"> • Maintaining records for the purpose of meeting statutory obligations of applicable jurisdictions; • Facilitating the provision of information as may be requested by the Directors from time to time in a timely manner and ensuring adherence to Board policies and procedures; • Facilitating the conduct of the assessments to be undertaken by the Board and/or Board Committees as well as to compile the results of the assessments for the Board and/or Board Committee's notation; • Assisting the Company on the lodgements of documents with relevant statutory and regulatory bodies; • Assisting the Board with the preparation of announcements for release to Bursa Malaysia Securities Berhad ("Bursa Securities") and Securities Commission Malaysia; and • Rendering advice and support to the Board and Management. <p>The Company Secretaries keep the Board abreast with the latest regulatory updates and also ensure that deliberations at Board and Board Committee meetings are well documented.</p> <p>The Board is satisfied with the performance and support rendered by the two (2) qualified and experienced Company Secretaries to the Board in discharge of its functions.</p>
<p>Explanation for departure :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p>Measure :</p>	
<p>Timeframe :</p>	

Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board meets at least, quarterly, to consider all matters relating to the overall control, business performance and strategy of the Company. Additional meeting will be called when and if necessary.</p> <p>A full year meeting schedule which sets out the meeting dates is prepared and circulated to the Directors before the commencement of each calendar year to allow Directors to plan ahead to attend such meetings.</p> <p>Prior to the scheduled meeting, Directors will be provided a structured agenda together with management reports and proposal papers in a timely manner prior to the meeting. All Directors have full and timely access to information through the Board papers distributed in a timely manner prior to the Board meetings. The Board papers provide, among others, periodic financial information, annual budget, operational and corporate issues, investment proposals and Management proposals that require Board's approval.</p> <p>Senior management staff may be invited to attend Board meetings to provide the Board detailed explanations and clarifications on certain matters that are tabled to the Board. All Directors have unrestricted access to information with the Group. The Directors may interact directly with the Management, or request further explanation, information or updates on any aspect of the Company's operations or business concerns from them. In this way the Board has full access to all information on the Company's affairs to enable the proper discharge of duties.</p> <p>All deliberations and decisions made at the Board meetings are recorded by the Company Secretaries including whether any Directors abstained from voting or deliberating on a particular matter. Minutes of the meeting are circulated to the Board and</p>

	the Management for review and comments in a timely manner before the minutes of the last Board meeting are confirmed at the next Board meeting.	
Explanation for departure :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure :		
Timeframe :		

Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board understands the importance of the roles and responsibilities between the Board and Management. As part of the good corporate governance process, the Board has documented these roles and responsibilities in the Board Charter to ensure accountability of both parties and also to provide reference for Directors in relation to the Board's role, powers, duties and functions.</p> <p>The Board reviews the Board Charter periodically, when necessary, to ensure it remains relevant and effective at the prevailing time and business environment. The revised Board Charter was reviewed and approved by the Board on 26 April 2018 to re-align the existing governance policies in the Company with the good standard of corporate governance practices prescribed by MCCG and Listing Requirements, where possible or relevant.</p> <p>The Board Charter clearly sets out the functions, responsibilities, and processes of the Board and ensures that all Board members are aware of their roles and duties. In order to ensure that the direction and control of the Group are in the hands of the Board, it had adopted a formal schedule of matters reserved for the Board's deliberation and decision which is set out in the Board Charter.</p> <p>The Board Charter is available on the Company's website at www.atlan.com.my.</p>
Explanation for departure	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>Employees are introduced to the ethical corporate culture of the Group during employee induction and thereafter, employees are constantly monitored to ensure the culture is upheld in their dealings within the Group and also in their association with our customers, distribution, suppliers, governmental and regulatory authorities and other business associates. Any employee may report directly to the Chairman of any ethical misconduct discover within the Group.</p> <p>The Board of Directors conducts themselves in an ethical manner while executing their duties and functions and comply with the Company's Code of Conduct and Ethics.</p> <p>In addition to the Company's Code of Conduct and Ethics, the Group also gives emphasis on the behavioral ethics and conduct that sets out the sound principles and standards of good practice within the Group's business landscape, which are expected to be observed by the Directors and employees. Both Directors and employees are required to uphold the highest integrity in discharging their duties and in dealings with various stakeholders such as shareholders, customers, fellow employees and regulators.</p> <p>The Company's Code of Conduct and Ethics is available on the Company's website at www.atlan.com.my.</p>
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.

Measure :		
Timeframe :		

Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2

The board establishes reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	<p>The Company has implemented a whistleblowing policy whereby accessible channels are provided for employees to raise concerns about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that: -</p> <ul style="list-style-type: none"> (i) independent investigations are carried out in an appropriate and timely manner; (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of fraud and/or misconduct and to prevent a recurrence; and (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice. <p>The whistleblowing policy is published on the Company's website at www.atlan.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	: Applied
Explanation on application of the practice	<p>The Board currently comprises of five (5) Independent Non-Executive Directors including a Senior Independent Director out of total ten (10) Directors in the Board. Therefore, the following prescribed requirements have been fully complied by the Board:</p> <ul style="list-style-type: none">• Paragraph 3.04(1) of the Listing Requirements which stipulates that at least 2 directors or 1/3 of the board of directors, whichever is the higher, are independent directors; and• Practice 4.1 of the MCCG, where at least half of the board comprises Independent Director <p>The Independent Non-Executive Directors of the Company are independent of management and free from any business relationship which could materially interfere with the exercise of their judgment. They provide guidance, unbiased, fully balanced and independent views, advice and judgment to many aspects of the Group's strategy so as to safeguard the interests of minority shareholders and to ensure that the highest standards of conduct and integrity were maintained by the Group.</p> <p>The Board places great importance on its Independent Directors where they serve as an essential source of impartial and professional guidance to protect the interest of the shareholders. The Independent Non-Executive Directors are professionals of high calibre and credibility who play a pivotal role in corporate accountability by contributing their knowledge, advice and experience towards making independent judgment on issues of strategies, performance, resources and standards of conducts.</p> <p>Any material and important proposals that will significantly affect the policies, strategies, directions and assets of the Group will be subject to approval by the Board. None of the members of the Board has unfettered powers of decision. All Independent Non-Executive Directors do not participate in the day-to-day</p>

	<p>management of the Group and do not engage in any business dealing or other relationship with the Group.</p> <p>The Board is satisfied that the Independent Directors represent the interest of public shareholders in the Company and the Board has appointed En. Mohd Sharif bin Hj Yusof as the Senior Independent Non-Executive Director and any concerns from the shareholders can be conveyed to the said Senior Independent Non-Executive Director.</p>	
<p>Explanation for departure</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>		
<p>Timeframe</p>		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied
Explanation on application of the practice	:	<p>Currently, the longest serving Independent Director is En. Mohd Sharif bin Hj Yusof who has served the Board for more than 10 years.</p> <p>Both the Nomination Committee and the Board have on 25 April 2019 assessed the independence of En. Mohd Sharif bin Hj Yusof and are satisfied with his skills, contribution and independent judgments. Besides, En. Mohd Sharif bin Hj Yusof remained objective and independent in expressing his views and in participating in deliberation and decision making of the Board and Board Committees. His length of service on the Board does not in any way interfere with his exercise of independent judgement and ability to act in the best interests of the Company. In addition, En. Mohd Sharif bin Hj Yusof has individually confirmed and declared in writing that he is Independent Director and he has satisfied all the criteria of an Independent Director as set out in Paragraph 1.01 of the Listing Requirements.</p> <p>In line with the Practice 4.2 of the MCCG, the Company will be seeking its shareholders' approval at this forthcoming 30th Annual General Meeting ("AGM") to retain En. Mohd Sharif bin Hj Yusof as independent director of the Company.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company does not practice any form of gender, ethnicity and age group biasness as all candidates for either Board or Senior Management team shall be given fair and equal treatment.</p> <p>The Board believes that there is no detriment to the Company in not adopting a formal gender, ethnicity and age group diversity policy as the Company is committed to provide fair and equal opportunities and nurturing diversity within the Group.</p> <p>Notwithstanding with the above, the Board affirms its commitment to boardroom diversity as a truly diversified board can enhance the board's effectiveness, perspective, creativity and capacity to thrive in good times and to weather the tough times.</p> <p>In identifying suitable candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	As mentioned in Practice 4.4, the Board did not set specific targets on gender diversity for the Company but endeavour to improve the number of women directors on the Board, based on pre-determined skill sets and competencies.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board is responsible for the appointment of new Directors, the Nomination Committee is delegated with the role of screening and conducting an initial selection, which includes an external search, before making a recommendation to the Board. Nomination Committee has the authority to obtain the services of professional recruitment firms to source for candidates for directorship or seek independent professional advice whenever necessary.</p> <p>The Nomination Committee is also empowered to bring to the Board, recommendations as to the appointment of any new director or to fill board vacancies as and when they arise. In making its recommendation, the Nomination Committee will consider the required mix of skills, knowledge, expertise, experience and other qualities, including core competencies which Directors of the Company should bring to the Board.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee of the Company comprises exclusively of Non-Executive Directors, a majority of whom are Independent Directors.</p> <p>The Nomination Committee is chaired by En. Mohd Sharif bin Hj Yusof, the Senior Independent and Non-Executive Director of the Company. He was appointed as the Chairman of Nomination Committee on 26 April 2018.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<p>The Nomination Committee is required to assess the Board's effectiveness in terms of its composition, roles and responsibilities, and whether the Board Committees have discharged their functions and duties in accordance with the terms of reference. The Nomination Committee assesses on annual basis the composition of the Board to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision making. All assessments and evaluations carried out by the Nomination Committee in discharging its functions have been well documented.</p> <p>Based on the assessment of Board effectiveness as a whole, it was concluded that the Board and Board Committees have discharged their duties and responsibilities adequately.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>In general, the remuneration is structured so as to link rewards to corporate and individual performance, as in the case of the Executive Director and Senior Management. As for the Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken individually by the Director concerned.</p> <p>The Board does not have any formal remuneration policy. Notwithstanding that, in determining the remuneration packages of Executive Director and Senior Management, the Remuneration Committee has considered the compensation and benefits which commensurate with the level of the Executive Director and Senior Management's responsibilities and performance, as well as taking into consideration the Group's performance relative to the industry. The Executive Director is not entitled to annual fee or allowance nor he is entitled to receive any meeting allowances for the Board and Board Committees Meetings he attends.</p> <p>The Board collectively determines the remuneration for the Non-Executive to ensure the same is appropriately reflective of experience and the level of responsibilities and contributions including the number of the scheduled meetings for the Board, board of subsidiaries and Board committees; and competitive compared with the prevalent market practices. Each of the Non-Executive Directors abstains from deliberating and voting on his own remuneration.</p>

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<p>The Remuneration Committee of the Company comprises of all Non-Executive Directors and majority of whom are Independent Directors.</p> <p>The Remuneration Committee is primarily responsible for recommending the policy and framework of the remuneration of the directors and senior management, including the terms and remuneration of the executive director(s), to the Board in order to align with the business strategy and long-term objectives of the Company. The remuneration of directors and senior management is determined at levels which enable the Company to attract and retain directors and senior management with the relevant experience and expertise to govern the Group effectively.</p> <p>The Term of Reference of Remuneration Committee is published on the Company's website at www.atlan.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	

Timeframe :		
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Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied
Explanation on application of the practice	:	<p>Pursuant to Section 230 of the Companies Act 2016, the fees of the Directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved by a general meeting.</p> <p>In addition, the Directors are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as directors and officers of the Atlan Group as their benefit, provided that such director or officer has not acted negligently, fraudulently or dishonestly, or is in breach of his or her duty of trust.</p> <p>Please refer to the Annual Report 2019 for the breakdown of the Directors' remuneration (including benefit-in-kind) for services rendered to the Group for the financial year ended 28 February 2019.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	<p>In determining the remuneration packages of the Senior Management personnel, factors that were taken into consideration included their individual responsibilities, skills, expertise and contributions to the Group's performance and whether the remuneration packages are competitive and sufficient to ensure that the Group is able to attract and retain executive talents.</p> <p>The Company believes it may not be in its best interest to disclose the information on the remuneration on the named basis of each member of the Senior Management personnel, having considered the highly competitive human resource environment for personnel with the requisite knowledge, expertise and experience in the Group's business activities.</p> <p>The remuneration of the Senior Management personnel is combination of annual salary, bonus and benefits-in-kind are determined in a similar manner as other management employee of the Company. The basis of determination has been consistently applied and is based on individual performance, the overall performance of the Company and benchmarked against other companies operating in similar industry.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Audit and Risk Management Committee ("ARMC") is chaired by a Senior Independent and Non-Executive Director, En. Mohd Sharif bin Hj Yusof, who is not the Chairman of the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Terms of Reference of the ARMC has been updated accordingly in order for the ARMC to formalise such policy.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>In accordance with the Terms of Reference of the ARMC, the ARMC on an annual basis would review and monitor the suitability and independence of the external auditors.</p> <p>During the year under review, the ARMC members met with the external auditors namely Ernst & Young twice in the absence of the Management.</p> <p>The ARMC had obtained a written assurance from the external auditors confirming that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.</p> <p>The ARMC has assessed and is satisfied with the competence and independence of the external auditors and had recommended the re-appointment of the external auditors for shareholders' consideration at the forthcoming AGM.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Not adopted	
Explanation on adoption of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	<p>All ARMC members are financially literate among which Two (2) of the ARMC members are the members of the Malaysian Institute of Accountants ("MIA") thus fulfilling the requirement under Paragraph 15.09(1)(c)(i) of the Listing Requirements which requires at least one (1) of the Audit Committee members to be a member of the MIA.</p> <p>ARMC members acknowledged the need for continuous education trainings, which they will attend at least one training in financial year 2020 which is relevant to accounting and auditing standards, practices and rules in enhancing their professional development.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	<p>The Board acknowledges that risk management is an integral part of the Group business operations. It is an ongoing process which involves different levels of management to identify, evaluate, monitor and manage and mitigate the risks that may affect the achievement of its business and corporate objectives.</p> <p>The Management is responsible for creating risk awareness culture and to build the necessary environment for effective risk management. Significant issues related to internal controls and risk management are highlighted to the Board. If deemed necessary, assistance from external parties shall be consulted on issues in which the Board needs to seek an opinion.</p> <p>The Company has established the Risk Management Team which is under the purview of the ARMC to oversee the risk management of the Group. The Risk Management Framework was adopted by the Directors. The Board through the ARMC would obtain report from the internal auditors on the periodic check on the internal control system.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control in Annual Report 2019.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Not Adopted	
Explanation on adoption of the practice	:	The function of Risk Management Committee is currently assumed by the ARMC.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	<p>In order for the Company to maintain sound systems of internal controls, the Board has established an Audit & Risk Assessment (“ARA”) department, which is completely independent from all operations to monitor and review the effectiveness of the internal controls within the organisation.</p> <p>The internal auditors adopt a risk-based approach towards the planning and conduct of audits, which are consistent with the Group’s framework in designing, implementing and monitoring its internal control system.</p> <p>The internal audit function is guided by Internal Audit Charter which was approved by the ARMC. Audit engagement is focused on areas of priority according to their risk assessment and in accordance with the annual audit plans approved by the ARMC.</p> <p>The Head of the ARA department attended the meetings and reported directly to the ARMC on the annual internal audit plan and internal audit reports on the audit conducted in accordance with the annual audit plan.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	<p>As of 28 February 2019, the ARA department consists of eight (8) audit personnel and are led by two (2) Co-Head of ARA, namely Mr. Chong Wee Siong, John, and Ms. Koo Lee Theng.</p> <p>Mr. Chong Wee Siong, John, who holds a Bachelor of Science in Applied Accounting and is a Fellow Member of the Association of Chartered Certified Accountants (“FCCA”). He is also CIA and CRMA certified from the Institute of Internal Auditors (“IIA”).</p> <p>Ms. Koo Lee Theng is a Chartered Accountant of the Malaysian Institute of Accountants (MIA), a member of Certified Practising Accountant of Australia (CPA), The Malaysian Institute of Certified Public Accountants (MICPA) and The Institute of Internal Auditors Malaysia (IIA).</p> <p>None of the internal audit personnel had any relationship or conflict of interest that could impair their objectivity and independence in conducting their internal audit functions. The ARA Department provides the ARMC with reasonable assurance on the adequacy and integrity of the Group’s internal control systems.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	: Applied
Explanation on application of the practice	<p>The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company to the regulators, shareholders and stakeholders. The Company has identified persons authorised and responsible to approve and disclose material information to shareholders and stakeholders to ensure compliance with the Listing Requirements. The Board has delegated the authority to the Executive Director to approve all announcements for release to Bursa Securities. The Executive Director works closely with the Board, the Senior Management and the Company Secretaries who are privy to the information to maintain strict confidentiality of the information.</p> <p>The Company continues to recognise the importance of transparency and accountability to its shareholders and investors. The Board always ensures that the shareholders are informed of the financial performance and major corporate activities of the Company. Such information is communicated to shareholders and investors through various disclosures and announcements to Bursa Securities, including the quarterly financial results, annual reports and where appropriate, circulars and press releases.</p> <p>Apart from the mandatory announcements through Bursa Securities, the Company also maintains a website www.atlan.com.my to which shareholders and investors can have access to information on the operations and business activities of the Group.</p> <p>Investor relations activities such as meetings with fund managers and analysts and interviews by the press are held at appropriate time to explain the Group's strategy, performance and major developments.</p>

	<p>In maintaining the commitment to effective communication with shareholders, the Group adopts the practice of comprehensive, timely and continuing disclosures of information to its shareholders as well as to the general investing public. The practice of disclosure of information is not just established to comply with the requirements of the Listing Requirements. It also adopts the recommendations of the MCCG with regard to strengthening engagement and communication with shareholders. Where possible and applicable, the Group also provides additional disclosure of information on a voluntary basis. The Group believes that consistently maintaining a high level of disclosure and extensive communication with its shareholders is vital to shareholders and investors to make informed investment decisions.</p> <p>The Annual Report is the main channel of communication between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group. As a listed issuer, the contents and disclosure requirements of the annual report are also governed by the Listing Requirements.</p> <p>Another key avenue of communication with its shareholders is the Company's AGM, which provides a useful forum for shareholders to engage directly with the Company's Directors. At each AGM, the Directors of the Company would be present at the meetings to answer any questions that the shareholders may ask. The Chairman of the meeting will provide time for the shareholders to ask questions for each agenda in the notice of the AGM. The external auditors will also be present at the AGM to answer any questions that the shareholders may ask. The shareholders were also able to meet with the Directors after the meeting while they mingle with the shareholders, proxies and corporate representatives.</p>
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Not Applicable	
Explanation on application of the practice	:		
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied	
Explanation on application of the practice	:	The Company Secretaries, by order of the Board, served a notice of AGM to all shareholders of the Company at least 28 days prior to its forthcoming 30 th AGM to provide the shareholders sufficient time to consider the proposed resolutions that will be discussed and decided at the 30 th AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied
Explanation on application of the practice	:	The Board will ensure that all Board members, particularly the chairperson of each Board Committee will make their endeavours to attend general meeting to facilitate engagement with shareholders and to address any relevant questions and concerns raised by the shareholders. The external auditors will be present at the AGM to respond to any queries from shareholders on the audit conducted, the preparation and content of the auditors' report, the accounting policies adopted by the Company, and the independent audit review of the Company's financial position.
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The Company's General Meeting is not held in a remote location. The Company has adopted manual polling for its 2018 AGM. As for voting in absentia and remote shareholders' participation, the existing proxy form authorizing proxies or Chairman of meeting is an alternative measure adopted by the Company.</p> <p>Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his/her stead at a general meeting.</p> <p>As a listed entity on Bursa Securities in Malaysia, the Board noted that majority of the shareholders of the Company reside in Malaysia and predominantly in either Penang or Kuala Lumpur. Therefore, the general meetings of the Company have always been held in Penang or Kuala Lumpur.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES
PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA
MALAYSIA**

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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