

**ATA IMS BERHAD**  
(formerly known as Denko Industrial Corporation Berhad)

**BOARD CHARTER**

**ATA IMS BERHAD BOARD CHARTER**

---

**Abbreviations**

Bursa Securities.....	Bursa Malaysia Securities Berhad
CA.....	Companies Act, 2016
ED.....	Executive Director
Independent Director.....	A Director who does not participate in the management of the Company and who satisfies the criteria for “independence” as set out in the LR
CEO.....	Chief Executive Officer
LR.....	Listing Requirements of Bursa Malaysia Securities Berhad
MCCG.....	Malaysian Code on Corporate Governance 2017
Para.....	Paragraph
SC.....	Securities Commission

**References**

Bursa Securities Best Practices in Corporate Disclosure  
Companies Act, 2016  
Listing Requirements of Bursa Malaysia Securities Berhad  
Malaysian Code on Corporate Governance 2017  
Memorandum and Articles of Association of ATA IMS BERHAD

**Appendixes**

Terms of reference of the Executive Committee  
(i.e Audit, Nominating and Remuneration committee)

Appendix A - B

---

**ATA IMS BOARD CHARTER**

---

**1. INTRODUCTION**

The Directors of ATA IMS Berhad (the “Company” or “ATA IMS”) regard Corporate Governance as vital to the success of the Group's business and are unreservedly committed to applying the principles necessary to ensure that the following aspects of good governance are practised in all of its business dealings in respect of the Company's shareholders and relevant stakeholders:

- The Board is the focal point of the Company's Corporate Governance system. It is ultimately accountable and responsible for the performance and affairs of the Company, including the oversight of subsidiaries' operations;
- All Board members are expected to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities;
- All Board members are responsible to the Company for achieving a high level of good governance; and
- This Board Charter, which summarises the key duties and responsibilities of each Director, is not exhaustive in nature. Directors are bound by statutes which are pronounced by the relevant authorities from time to time.

This Board Charter serves as reference providing insights to the board members to assist the Board in the performance of their fiduciary duties as directors of ATA IMS. This Charter is available on ATA IMS's website at: [www.ataims.my](http://www.ataims.my)

**2. OBJECTIVES**

The objectives of this Board Charter are to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and best practices of Corporate Governance are applied in all their dealings in respect, and on behalf of, the Company.

**3. THE BOARD**

**3.1 Role**

3.1.1 The Board is charged with leading and managing the Group (comprising the Company and its subsidiaries) 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 shareholders and stakeholders for the manner in which the affairs of the Group are managed. The Board sets the Group's values and standards and ensures that its obligations to shareholders and stakeholders are understood and met.

3.1.2 The Board understands that the responsibility for good Corporate Governance rests with the

## **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

### **BOARD CHARTER**

Directors and, therefore, strives to apply the principles and best practices as stipulated in the MCCG.

The Board shall include a statement in the Company's Annual Report on how the Company has applied and the extent of compliance with promulgations of the MCCG pursuant to Paragraph 15.26 of the LR:

- i) a statement explaining the board of directors' responsibility for preparing the annual audited financial statements
- ii) a statement about the state of risk management and internal control of the listed issuer as a group

3.1.3 The Company shall comply with the various guidelines issued by Bursa Securities and the SC as well as changes to regulatory requirements from time to time.

3.1.4 The Board shall meet at least once every quarter to facilitate the discharge of their responsibilities. Members of the Management who are not Directors as well as external third parties may be invited to attend and speak at meetings on matters relating to their scope of responsibility. Matters deliberated, including the conclusions reached shall be recorded in the minutes of meetings, signed by the Chairman of the meeting.

3.1.5 Duties of the Board shall include establishing the corporate vision and mission, as well as the philosophy of the Company, setting goals for Management to achieve and monitoring the performance of Management.

3.1.6 The Board assumes the following specific duties:

- a) Reviewing and adopting the strategic plan of the Group;
- b) Overseeing and evaluating the conduct of the Group's businesses;
- c) Identifying principal risks and ensure that the risks are properly managed;
- d) Establishing a succession plan for the Group;
- e) Developing and implementing an investor relations programme or shareholder communications policy; and
- f) Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including compliance with applicable laws and regulations.

3.1.7 The Board shall establish written procedures determining which issues require decision of the full Board and which issues can be delegated to Board Committees or the Management, as appropriate.

3.1.8 The Board reserves full decision-making powers on the following matters:

- a) Conflict of interest issues;
- b) Acquisitions and disposal of assets (in the ordinary course or otherwise), including corporate restructuring exercise, which exceed specific thresholds as stipulated in "Financial Level of Delegated Authority Manual";
- c) Setting of authority levels (i.e. limits of authority), including changes thereof;

## **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

### **BOARD CHARTER**

- d) Treasury policies;
- e) Risk management policies;
- f) Corporate announcements to Bursa Securities, the SC or other relevant authorities;
- g) Remuneration of Directors (except for fees which are to be approved by shareholders);
- h) Appointment and removal of the Company Secretary; and
- i) Other relevant matters as may be determined by the Board from time to time.

3.1.9 The Directors, collectively or individually, may seek independent professional advice in furtherance of their duties at the Company's expense. Such requests, including the rationale thereof, shall be tabled before the Board for approval.

### **3.2 Composition and Board Balance**

3.2.1 The Board shall consist of qualified individuals with diverse experiences, backgrounds and perspectives relevant to the requirements of the Company. The composition and size of the Board is such that it facilitates the making of informed and critical decisions. The Board, via its Nominating and Remuneration Committee shall examine its size with a view to determining the impact of the number upon its effectiveness on an annual basis.

3.2.2 At any one time, at least half of the Board members shall be Independent Non-Executive Directors.

3.2.3 The updated profiles of Board members shall be included in the Annual Report of the Company. Directors are responsible for the accuracy of their respective profiles.

3.2.4 The Executive Director(s) are the "Executive" Directors on the Board. However, the views of Management are presented at meetings of the Board by the presence of senior executives whenever required.

3.2.5 The Independent Directors help to ensure that the interests of all shareholders, and not only the interests of a particular faction or group, are taken into account by the Board and that the relevant issues are subjected to objective and impartial consideration by the Board.

3.2.6 The Board shall identify an Independent Director in the Annual report of the Company to whom shareholders' concerns can be conveyed if there are reasons that contact through the normal channels of the Chairman or the ED have failed to resolve them.

3.2.7 If, on any matter discussed at a Board meeting, any Director holds views contrary to those of any of the other Directors, the Board minutes will clearly reflect this, including the rationale for the stand taken.

# **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

## **BOARD CHARTER**

### **3.3 Appointments**

- 3.3.1 The appointment of a new Director is a matter for consideration and decision by the full Board upon appropriate recommendation from the Nominating and Remuneration Committee. The Board refers to external professional advice and recommendations in sourcing for Independent Non Executive Directors. The Board does not solely rely on recommendations from existing board members but apply independent sources to identify suitable candidate.
- 3.3.2 Directors shall have the expertise pertinent and relevant to qualify them in making a positive contribution to the Board in the discharge of its duties and shall render sufficient time and attention to the affairs of the Company.
- 3.3.3 The Board, as a whole, is responsible in assessing the performance of the Company Secretary, who shall be responsible in ensuring that relevant procedures relating to the appointment of new Directors are properly executed.
- 3.3.4 Upon appointment of a new Director, the Company Secretary shall advise the Director of his/her principal duties and responsibilities and explain the restrictions to which he or she is subject in relation to price-sensitive information and dealings in the Company's securities. Thereafter, such a Director is provided with appropriate briefings on the Company's and Group's affairs and up-to-date Corporate Governance materials published by the relevant bodies.
- 3.3.5 The Company has adopted an induction programme for newly appointed Directors. The induction programme aims at communicating to the newly appointed Directors, the Company's vision and mission, its philosophy and nature of business, current issues within the Company/Group, the corporate strategy and the expectations of the Company concerning input from Directors, including the need to bring such new Directors to the operational sites of the Group. The Company Secretary is primarily responsible for the induction programme with appropriate assistance from other senior Executive Directors.
- 3.3.6 The Company has adopted educational and training programmes to update the Board in relation to new developments pertaining to the laws and regulations and changing commercial risks which may affect the Board and/or the Group;
- 3.3.7 In addition to the Mandatory Accredited Programme as required by Bursa Securities, Board members shall attend training programmes conducted by highly competent professionals and which are relevant to the Group's operations and business, including changes to regulatory requirements that affect the Group. The Board shall assess the training needs of the Directors and disclose in the Annual Report in brief details the training attended by Directors;
- 3.3.8 The directorships held by any Board member at any one time shall not exceed five (5) in listed companies in accordance with Paragraph 15.06(1) of LR.

### **3.4 Re-election**

- 3.4.1 Directors appointed by way of filling casual vacancy shall retire at the immediate Annual general Meeting following the appointment. All other Directors shall be subjected to retirement by rotation at each Annual General Meeting provided that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election. The consideration for such retirement shall be in accordance with the Company's Articles of Association.

# **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

## **BOARD CHARTER**

### **3.5 Supply of Information**

3.5.1 The Company shall provide all Directors with timely and relevant information (both financial and non-financial in nature) and in a form and manner appropriate for them to discharge their duties effectively.

3.5.2 Management is responsible for providing the Board with the required information in an appropriate and timely manner. The Chairman, assisted by the Company Secretary, shall assess the type of information required to be provided to the Board. If the information provided by Management is insufficient, the Board may make further enquiries, where necessary, to which the persons responsible shall respond accordingly in a timely manner.

3.5.3 A full agenda and comprehensive Board papers shall be circulated to all Directors at least five (5) business days prior to each Board meeting.

3.5.4 Amongst others, the Board papers shall include the following:

- a) Quarterly financial report;
- b) Minutes of meetings of all Committees of the Board;
- c) Directors' share-dealings, including public shareholding spread;
- d) Risk management issues; and
- e) Annual Budgets

3.5.6 Full minutes of each Board meeting are kept by the Company Secretary and shall be available for inspection by any Director during office hours.

### **4. CHAIRMAN AND CHIEF EXECUTIVE DIRECTOR (“CEO”)**

The position of Chairman and CEO shall held by difference individuals in order to promote accountability and facilitate division of responsibilities between them. While the Chairman is responsible in leading the Board towards the Group's objective, the CEO focuses on the business and day to day management of the Group.

#### **4.1 Chairman**

4.1.1 The Board Chairman is responsible for:

- a) Leading the Board in setting the values and standards of the Company and provide leadership for the board so that the board can perform its responsibilities effectively;
- b) Maintaining a relationship of trust between the Executive and Non-Executive Directors and managing interface between board and management;
- c) Ensuring effective communication with shareholders and relevant stakeholders;

## **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

### **BOARD CHARTER**

- d) Leading the board in establishing and monitoring good corporate governance practices;
- e) Arranging regular evaluation of the performance of the Board, its Committees and individual Directors;
- f) Facilitating the effective contribution of Non-Executive Directors and ensuring collegial relationship is maintained between Executive and Non-Executive Directors.

In the absence of the Chairman, the Board shall elect from amongst its members as Chairman for the purpose of holding the Board or General meeting in question.

4.1.2 The Chairman, in consultation with the Company Secretary, sets the agenda for Board meetings and ensures that relevant issues are on the agenda and providing the information to Directors on timely basis. Chairman also responsible in leading board meetings and discussion and encouraging active participation and allowing dissenting views to be freely expressed by board members;

4.1.3 The Chairman is responsible for managing the business of the Board to ensure that:

- All Directors are properly briefed on issues arising at Board meetings;
- Sufficient time is allowed for the discussion of complex or contentious issues and, where appropriate, arranging for informal meetings beforehand to enable thorough preparation for the Board discussion; and
- The issues discussed are forward looking, focusing on the strategies and direction of the Group to ensure overall sustainability.

4.1.4 The Chairman shall put every Board resolution to vote to ensure the will of the majority prevails. Where deemed more expedient and appropriate than holding a meeting, the Board may issue circular resolutions according to the Company's Articles of Association.

All proceedings of Board Meetings are recorded by way of minutes which are signed by the Chairman of the meeting. Except for where any direction or decisions which are required expeditiously or urgently from the Board between the scheduled regular meetings, special Board meetings are convened by the Company Secretary, after consultation with the Chairman and where appropriate, decisions are taken by way of Directors' Circular Resolution between scheduled and special meetings. Decisions of the Board are made unanimously or by a consensus.

The Circular Resolution is only issued on urgency of matter and subject to the following:

- For financial issues, the circular resolution is subjected to be reviewed by an independent who has financial experiences or knowledge;
- For legal issues, the circular resolution is subjected to be reviewed by an independent who has legal experiences or knowledge; and
- For the other issues, the circular resolution is subjected to be reviewed collectively by independent directors.

4.1.5 The Chairman shall ensure that Executive Directors look beyond their executive functions and accept their full share of responsibilities on governance.

4.1.6 The Chairman shall have no casting vote if two (2) Directors form a quorum, or if there are



# **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

## **BOARD CHARTER**

only two (2) Directors competent to vote on the question at issue. Where this arrangement differs from the Company's Articles of Association, the provisions in the Articles of Association shall prevail.

### **4.2 Chief Executive Officer (CEO)**

4.2.1 The CEO is the conduit between the Board and Management in ensuring the success of the Group's governance and management functions.

4.2.2 The CEO shall oversee the day-to-day operations of the Group.

4.2.3 The CEO shall implement the policies, strategies and decisions adopted by the Board.

4.2.4 All Board authorities conferred on the Management is delegated through the ED and this shall be considered as the CEO's authority and accountability as far as the Board is concerned.

## **5. BOARD COMMITTEES**

In line with the promulgations of the MCCG and the Listing Requirements of Bursa Securities, as the case may be, the Board has appointed the following Board Committees with specific terms of reference in writing:

- Audit Committee (Appendix A); and
- Nominating and Remuneration Committee (Appendix B)

Independent Non-Executive Directors play a leading role in these Committees. Where permissible, Executive Directors and Management, are co-opted into the Committees. Details of the membership and a summary of the terms of reference of each Committee appointed by the Board shall be disclosed in the Annual Report.

## **6. FINANCIAL REPORTING**

### **6.1 Transparency**

6.1.1 The Company aims to present a clear and balanced assessment of the Company's and Group's financial position and future prospects that extends to the interim and price-sensitive information and other relevant reports submitted to regulators.

6.1.2 The Directors ensure that the financial statements are prepared so as to give a true and fair view of the current financial status of the Group and the Company in accordance with applicable Financial reporting Standards issued by the Malaysian Accounting Standards Board.

6.1.3 The Company's practice is to announce to Bursa Securities its quarterly financial results as early as possible within two (2) months after the end of each quarterly financial period.

### **6.2 Company Auditors**

6.2.1 The Board has established formal and transparent arrangements for considering how financial

# **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

## **BOARD CHARTER**

reporting and internal control principles shall be applied and for maintaining an appropriate relationship with the Company's Auditors through its Audit Committee.

- 6.2.2 The Audit Committee shall keep under review the scope and results of the audit and its cost effectiveness, including the independence and objectivity of the external and internal Auditors. The Board, via the Audit Committee, shall ensure that the external Auditor does not perform or undertake a substantial volume (the threshold of 25% of the Audit fee will be issued as indicator and nature of transaction collectively) of non-audit services to the Company and/or its subsidiaries. The Audit Committee shall consider and, where appropriate, approve the non-audit services to be rendered by the external Auditor to the Company or any of its subsidiaries.

### **6.3 Internal Controls and Risk Management**

- 6.3.1 The Board shall establish a well-resourced internal audit function, which critically reviews all aspects of the Group's activities, including the adequacy and integrity of the Group's governance, risk and internal control systems. Comprehensive audits of the practices, procedures, expenditure and internal controls of all significant business and support units and subsidiaries are undertaken on a regular basis. The Head of Internal Audit reports directly to the Audit Committee the findings from internal audit projects carried out based on an internal audit plan approved by the Audit Committee.
- 6.3.2 The Board, via the Audit Committee, ensures the Group's system of internal controls is reviewed on a regular basis. Such reviews shall be conducted by the internal audit function with impartiality, proficiency and due professional care overseen by the Audit Committee.
- 6.3.3 The Audit Committee receives reports regarding the outcome of such reviews on a regular basis, including Management's comments and action plans on issues raised by the internal audit function.

## **7. GENERAL MEETINGS**

### **7.1 Annual General Meeting (AGM)**

- 7.1.1 The Company regards the AGM as an important event in the corporate calendar of which all Directors and key senior executives shall attend.
- 7.1.2 The Company regards the AGM as the principal forum for dialogue with shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with, and constructive feedback from, the Company's shareholders.
- 7.1.3 The Chairman shall encourage active participation by shareholders during the AGM.
- 7.1.4 The Chairman shall respond to shareholders' queries during the meeting. Where necessary, the Chairman will undertake to provide a written answer to any significant question that cannot be readily answered at the meeting.

### **7.2 Extraordinary General Meeting (EGM)**

- 7.2.1 The Directors shall consider requisitions by shareholders to convene an EGM or any other urgent matters requiring immediate attention of the Company in accordance with the

# **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

## **BOARD CHARTER**

requirements of the Companies Act, 2016 and the Company's Articles of Association.

### **8. INVESTOR RELATIONS AND SHAREHOLDER COMMUNICATION**

8.1 The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group and, as such, shall adopt an open and transparent policy in respect of its relationship with shareholders and investors.

8.2 The Board ensures the timely release of financial results on a quarterly basis to provide shareholders with an overview of the Group's performance and operations in addition to the various announcements made during the year.

### **9. RELATIONSHIP WITH OTHER STAKEHOLDERS**

In the course of pursuing the vision and mission of the Company, the Board recognises that no company can exist by maximising shareholders' value alone. In this regard, the needs and interests of other stakeholders are also taken into consideration during Board's deliberation on matters affecting the Company and Group.

#### **9.1 Employees**

9.1.1 The Board acknowledges that the employees are invaluable assets of the Company in playing a vital role towards achieving the vision and mission of the Company.

9.1.2 The Company shall adopt comprehensive and documented policies and procedures with respect to the following:

- a) Occupational safety and health with the objective of providing a safe and healthy working environment for all employees; and
- b) Industrial relations with the objective of managing employees' welfare and well-being in the workplace.

#### **9.2 Environment**

9.2.1 The Board acknowledges the need to comply with regulatory requirements in order to safeguard and minimise the impact to the environment in the course of achieving the Company's vision and mission.

9.2.2 The Company shall adopt comprehensive and documented policies and procedures as part of its commitment to protect the environment and contribute towards sustainable development.

#### **9.3 Social Responsibility**

9.3.1 The Board agrees that the Company shall play a role in contributing towards the welfare of the community in which it operates.

## **ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

### **BOARD CHARTER**

- 9.3.2 The Company shall adopt comprehensive and documented policies and procedures towards responsible marketing and advertising of its products and services.
- 9.3.3 The Company shall support charitable causes and initiatives on community development projects.

## **10. COMPANY SECRETARY**

- 10.1 The Board appoints the Company Secretary, who plays an important advisory role, and ensures that the Company Secretary fulfils the functions for which he/she has been appointed.
- 10.2 The Company Secretary is accountable to the Board through the Chairman of the Board and Committees on all governance matters.
- 10.3 The Company Secretary is a central source of information and advice to the Board and its Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Company.
- 10.4 The Company Secretary shall advise Directors of their obligations to adhere to matters relating to:
- a) Disclosure of interest in securities;
  - b) Disclosure of any conflict of interest in a transaction involving the Company and/or the Group;
  - c) Prohibition on dealing in securities;
  - d) Restrictions on disclosure of price-sensitive information; and
  - e) Changes in regulatory requirements that affect the Company and/or Directors in the discharge of their responsibilities.
- 10.5 The Company Secretary shall keep abreast of, and inform, the Board of current governance practices.
- 10.6 The Board members have unlimited access to the professional advice and services of the Company Secretary.

## **11. APPLICATION AND REVIEW OF CHARTER**

- 11.1 This Charter was approved by the Board on 13th February 2018 and shall be adopted by the Board in the Annual Report 2018.
- 11.2 The principles set out in this Charter are:
- a) Kept under review and updated as practices on Corporate Governance continue to be developed and further guidelines on Corporate Governance are issued by the relevant regulatory authorities;

**ATA IMS BERHAD (FORMERLY KNOWN AS DENKO INDUSTRIAL CORPORATION BERHAD)**

(190155-M)

**BOARD CHARTER**

- b) Applied in practice having regard to their spirit and general principles (i.e. in substance) rather than to the letter alone (i.e. form); and
- c) Summarised in the Annual Report as part of a narrative statement by the Directors on Corporate Governance.

The Board endeavours to comply at all times with the principles and best practices as set out in this Charter.