

ECONOMY

Empowering Digital Transformation with Innovative ICT Solutions

The Board supports a culture that embraces technological change by empowering digital transformation with our innovative ICT solutions to stay ahead of global competition.

In order to enhance our competitive edge, Datasonic continues to pursue the following strategies/initiatives:

- Focus on investing in R&D and human capital to create highly secured, integrated and innovative ICT solutions for various governmental, commercial and financial markets;
- Explored strategic alliances/business ventures in the areas of innovation and expansion of capabilities to remain competitive and relevant in delivering global trending or emerging ICT solutions that are trendy yet cost effective and environment-friendly, such as Internet of Things, machine learning, artificial intelligence, data analytics, etc.; and
- Supported a range of state-of-the-art tools and developments to tap emerging technologies and to drive business value and growth.

During the year under review, the Group had participated in various tenders and continued to invest in R&D and human capital to further develop our technical competencies, and also explored business opportunities in overseas for growth and sustainability of profits.

Our core businesses are as follows:

| Core Business | ICT Products & Services/Solutions |
|--|---|
| Trusted & Secure ID | <ul style="list-style-type: none">• Multipurpose Smart National ID• ICAO Compliant e-Passport• Chip-based Driving License• e-Visa, Pass & Permit System |
| e-Border Control | <ul style="list-style-type: none">• Auto Gate with Facial Recognition• Multi-modal Biometric Solutions |
| Security & Surveillance System | <ul style="list-style-type: none">• Integrated System with Video Analytics and ANPR (Automated Number Plate Recognition) System• L-PoD (Light Portable Observation Device)• M-PoD (Mini Portable Observation Device) |
| Financial & fintech (financial technology) | <ul style="list-style-type: none">• Payment cards:<ul style="list-style-type: none">○ Dynamic CVV2 Card○ Biometric Card (Enhanced Biometric Authentication)○ Recycled PVC Card (rPVC)• e-KYC (electronic Know Your Customer) for e-verification, access control, secured payment, etc.• Self-service Terminal/Kiosk for banking & commercial• Instant Credit Card Issuance System• One-stop personalised picture card printing solution |

| Core Business | ICT Products & Services/Solutions |
|---------------------------------------|---|
| | <ul style="list-style-type: none"> • Financial Self-service Solutions including Multi-function Cash Recycling Machine (CRM), Video Teller Machine (VTM), etc. • Electronic Reservation & Payment Solutions (ERPS) • Microfinance Phygital Platform • e-Wallet and e-Payment Applications • Multi-Application e-ID with EMV Payment Specification • Multimodal Biometrics-based Student Outing & Attendance System |
| Customised Security Related Solutions | <ul style="list-style-type: none"> • SiSPAA (Sistem Pengurusan Aduan Awam) • Extract, Transfer & Load ("ETL") Tool • Mobile applications |
| e-Healthcare | <ul style="list-style-type: none"> • Cloud-based Hospital Information Systems ("HIS") • Cloud-based Electronic Medical Record ("EMR") • Cloud-based Personal Health Record ("PHR") |
| Telco and Utility Management | <ul style="list-style-type: none"> • Broadband over Powerline ("BPL") |

Innovative ICT Solutions for Enhancement of Internal Processes

We have also implemented the following in-house developed solutions for enhancement of our internal processes:

- *Datasonic's Facial Recognition Attendance System* for contactless screening of facial temperature and automated recording of attendance of employees & visitors at our offices using Datasonic's facial recognition system;
- *Inventory Tracking System*, for more efficient tracking on the movement of spare parts and consumables within inter-divisions, from downstream to upstream. Also, this system increases the accuracy and traceability of records in *real-time*; and
- *Staff Claims System*, for reducing human input errors, standardisation of documentation and ease of monitoring of claims by the HCD at headquarters.



Strategic Alliances and/or Business Ventures

We have explored various strategic alliances and/or business ventures for the expansion of business overseas, particularly in Indonesia and the Philippines.

Ethical Business Practices

Our Stance Against Bribery and Corruption

Datasonic is committed to conduct business dealing with highest level of integrity and ethics and to comply fully with applicable laws and regulatory requirements on anti-corruption.

The Board has adopted a **zero-tolerance** approach against all forms of bribery and corruption and takes a strong stance against such acts through the adoption of the Group's **Anti-Bribery and Anti-Corruption Policy** ("Policy") on 29 May 2020.

This Policy, which is accessible from the Company's website: www.datasonic.com.my, should be read in conjunction with the *Malaysian Anti-Corruption Commission Act, 2009 and its 2018 amendment* ("MACCA"), as well as the Group's various policies and procedures, namely:

- Code of Conduct and Ethic for Directors (adopted by the Board on 28 February 2014);
- Corporate Disclosure Policy and Procedures (adopted by the Board on 26 February 2016);
- Employee Business Conduct Guidelines (effective 1 November 2018);
- Employee's Handbook and the addendums thereto;
- Financial Authority Limits - 5th revision (effective 1 June 2019); and
- Whistleblower Policy (revised on 27 February 2020).

Each Employee shall uphold high levels of personal and professional values in all business interactions and decisions. Failure to comply with this Policy, whether or not this is intentional, may lead to disciplinary action (up to and including dismissal), and criminal liability for the individual involved (up to and including imprisonment under the provisions of the laws).

Sustainable Supply Chain Management

Supply chain management is an integral part of the Group's procurement practices. We are committed to the principle of sustainability across our operations and place strong emphasis on minimising any adverse impact on society or the environment. Our Procurement Department works with supply chain partners to encourage the use of products that minimise adverse effects on the environment and health. We also consider the environmental costs associated with our full product life cycles.

In respect of the procurement of notebook computers, desktop computers, software applications, IT equipment and other IT related accessories for internal usage, we evaluate our suppliers on yearly basis in order to ensure that the products and services are satisfactory. The overall rating of the assessments performed on our IT Distributors/Resellers/Online service providers were as follows:

| | FY19 | FY20 |
|--|------|------|
| External Provider Assessment rating [#] | 81% | 72% |

[#] Evaluations based on timely delivery of goods/services, in accordance with our requirements/product specifications, prompt services, accurate documentation and competitive/reasonableness in pricing.

Support Local

While our operations continue to provide direct employment opportunities for local people, we encourage local businesses to be part of our supply chain. We work with the government to build local skills and expertise. We prioritise the procurement of goods and services from local suppliers who meet our requirements.

Suppliers are screened to ensure they meet our high standards in the areas of human rights, labour practices and business integrity.

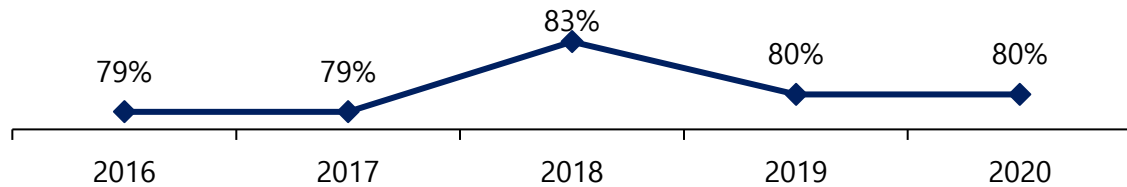
In line with the Bumiputera-status, Datasonic ensures compliance with the following criteria at all times:

At least 51% of the Board of Directors including the Company's Chairman must be *Bumiputera*

The Managing Director and/or Chief Executive Officer must be *Bumiputera*

At least 51% of the management team and both professional and supervisory staff must be *Bumiputera*

Percentage of Bumiputera in the Workforce



The employment of Malaysian citizens is prioritised, due to the high sensitivity and security of our products and solutions. Identification cards such as MyKad and passport services are important to national security; whilst financial products such as ATM and debit cards are also highly sensitive.

Malaysians versus Foreigners in the Workforce

