

## SOCIAL: LABOUR PRACTICES AND DECENT WORK

At Datasonic, we are dedicated to creating a sustainable and enjoyable workplace. Our workforce statistics were reported as follows:-

	FY16	FY17	FY18	FY19	FY20
<b>Total number of employees</b>	<b>521</b>	<b>619</b>	<b>688</b>	<b>653</b>	<b>678</b>
Executives	317	408	353	364	385
Non-Executives	204	211	335	289	293
<b>By Gender</b>					
Female	195	229	261	258	261
Male	326	390	427	395	417
<b>Women in Management</b>					
% Women in Management	0.5%	0.5%	0.5%	0.5%	0.5%
% Women in Top Management	0.4%	0.4%	0.4%	0.4%	0.4%
<b>By Age Group</b>					
<30	139	281	313	230	216
30-40	246	216	255	277	305
40-50	90	77	75	99	107
>50	46	45	45	47	50
<b>Diversity</b>					
Malay	410	492	568	525	541
Chinese	81	86	83	83	85
Indian	23	36	29	38	44
Others	3	2	4	5	6
Foreigners	4	3	4	2	2

### Diversity and Inclusivity

Datasonic encourages diversity and ensures that the Group has an appropriate mix of skills and talent to conduct its business and achieve its goals. Our *Gender Diversity Policy* provides a framework for the Group to balance the different skills, competencies, experience, background, gender and age of its workforce.

### Benefits

	FY19	FY20
Datasonic's employee turnover rate	5.22%	3.76%

Year-on-year, we have reported lower employee turnover rate due mainly to employee benefits, which include bonus and/or annual increments, medical & insurance benefits, welfare and various types of leaves as stipulated in the *Employee's Handbook*, that support employee well-being and financial security.

## Occupational Health & Safety (“OH&S”)

Datasonic is committed to eliminate hazard and reduce OH&S risks, provide a safe and healthy working environment to all our employees, involve consultation and participation of employees, fulfil applicable legal requirements and other interested parties requirements and continually improve OH&S performance. *(Source: Extracts of DMSB’s OH&S Policy)*

We aim to provide a safe working environment in which our people and colleagues are protected from harm and actively encouraged to adopt healthy lifestyles.

Our Safety Performance, by location of our factory operations, were reported as follows:-

Description	FY16	FY17	FY18	FY19	FY20
<b>Manufacturing Centre, Petaling Jaya</b>					
No. of Incidents <sup>N5</sup>	N/A	N/A	N/A	N/A	1
<b>Manufacturing Centre, Port Klang/ Meru</b>					
Lost Time Injury (Hour)	-	1	-	-	-
Safe Man hours	118,395	107,432	124,973	107,433	93,900

**N5** Commenced tracking of OH&S incidents from January 2020 onwards. Based on internal procedures, occurrence of incidents (*e.g. Injury, Fire, Occupational Disease, Others*), if any, are investigated and reported to comply with the OSH Act 1994 and the *Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease Regulations 2004* (“NADOPOD”) issued by the Department of Occupational Safety and Health (“DOSH”) and Ministry of Human Resources Malaysia.

## Training and Development

Average Hours of Training per Employee, according to Job Grade & Gender (Ref: GRI 404-1):

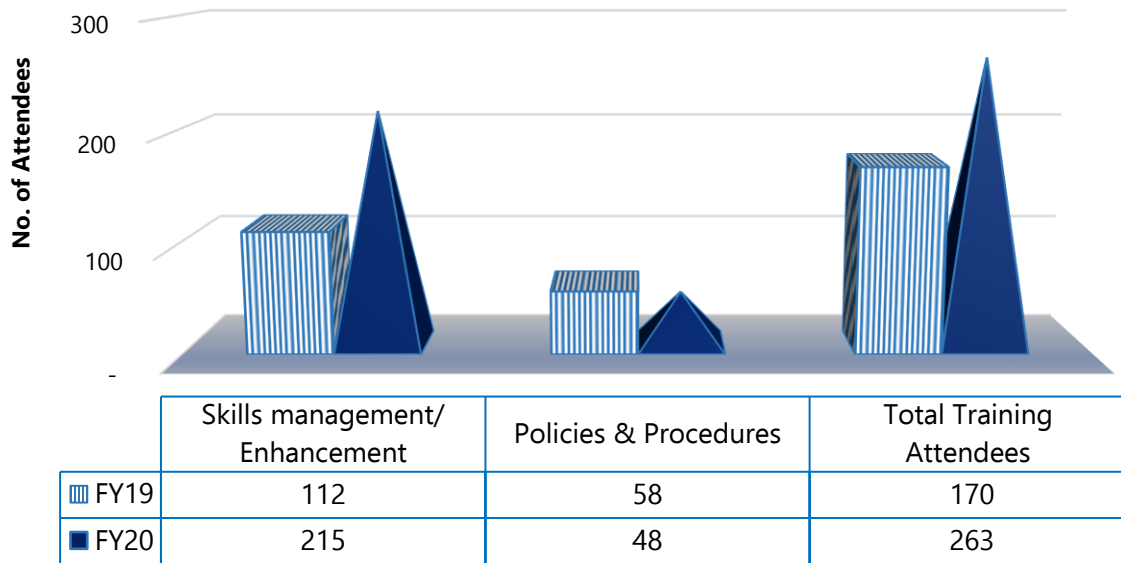
Attendees/ Programme	FY19			FY20		
	Male	Female	Total	Male	Female	Total
<b>No. of Attendees</b>						
a) Top Management	16	7	23	17	12	29
b) Middle Management	15	8	23	15	12	27
c) Executive	39	35	74	102	38	140
d) Non-Executive	29	21	50	47	20	67
<b>Total</b>	<b>99</b>	<b>71</b>	<b>170</b>	<b>181</b>	<b>82</b>	<b>263</b>
No. of Training Hours						
a) Top Management	133	63	196	133	105	238
b) Middle Management	223	168	391	175	147	322
c) Executive	609	497	1,106	3,269	497	3,766
d) Non-Executive	406	364	770	938	259	1,197
<b>Total</b>	<b>1,371</b>	<b>1,092</b>	<b>2,463</b>	<b>4,515</b>	<b>1,008</b>	<b>5,523</b>
<b>Total No. of Employees</b>	<b>395</b>	<b>258</b>	<b>653</b>	<b>417</b>	<b>261</b>	<b>678</b>
<b>Average Training Hours per Employee</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>11</b>	<b>4</b>	<b>8</b>

Total number of training attendees have increased by 93 or 55% (FY20: 263 vs. FY19: 170), mainly due to more Executives attending training in the current year (FY20: 140 vs. FY19: 74).

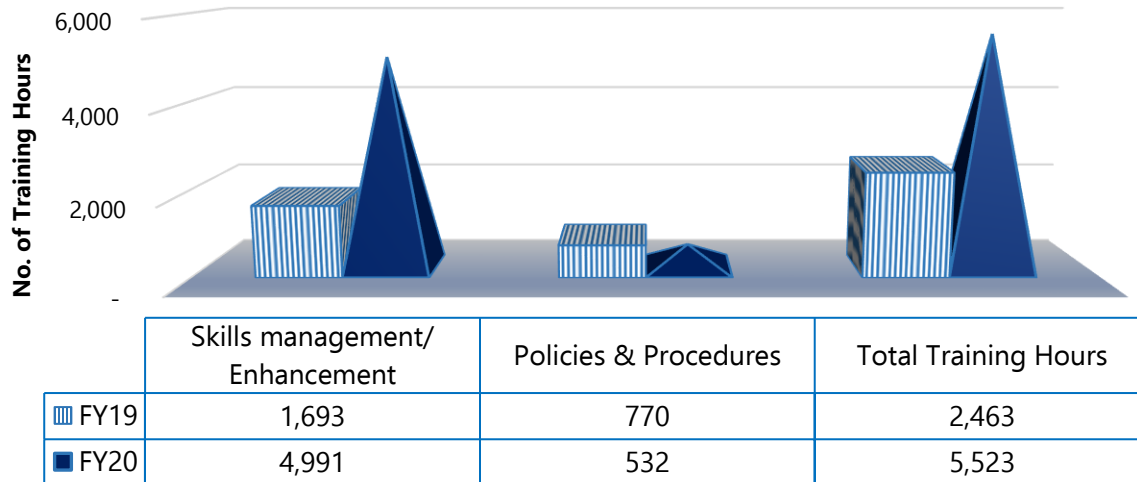
Average training hours per employee had doubled, from 4 hours per employee in FY19 to 8 hours per employee in FY20, due mainly to higher training hours for skills management/enhancement.

Training Programs according to Training Category/Scope of Training (GRI 404-2):

**TRAINING CATEGORY/SCOPE OF TRAINING**



**TRAINING CATEGORY/SCOPE OF TRAINING**



**SOCIAL: HUMAN RIGHTS**

Datasonic supports and upholds the elimination of discriminatory practices in its employment and occupations. The Group promotes and embraces diversity in all aspects of its business operations. Our practices prohibit discrimination based on gender, age, ethnicity, culture, religion, disability or socio-economic backgrounds.

We are pleased to report that there have been no human rights grievances filed, addressed and resolved through formal grievance mechanisms during FY20.

## SOCIAL: SOCIETY

As a good corporate entity, we strive to be an economic, intellectual and social asset to the nation and communities in which we operate.

Our involvement in community-related programmes are driven by our commitment to share what we have been blessed with and give back how best we can to society. These participations help improve the vitality of the communities in which we operate.

During the year, some of the key contributions/donations/corporate social responsibility ("CSR") activities include:

1. Donation to *Bulan Sabit Merah Malaysia Kuala Lumpur* in support of its *Charity Golf Tournament 2019*.
2. Sponsorship of *Program Fun Run Imigresen 2019* organised by *Majlis Kebajikan dan Sukan Jabatan Imigresen Malaysia (MAKSIM)*;
3. Sponsorship to *Yayasan Universiti Malaysia (YUM) Charity Hi-Tea with Tun Siti 2019* in support of YUM's effort to help less fortunate students and researchers to overcome their financial setbacks and improve their academic & economic well-being;
4. Sponsored 3 units automated external defibrillator to *St John's Ambulance Malaysia*; and
5. Gold sponsorship of the *Kayuhan Wanita* event organized by *Pertubuhan Pembangunan Wanita Putrajaya (PEWARNA)* held on 26 October 2019.

### **Challenges Ahead: Managing the Global Impact of the Coronavirus Disease ("COVID-19")**

The profound impact of COVID-19 is being deeply felt across all companies and industries. In the face of this unprecedented situation, as a Company that values its employees as invaluable asset for success, Datasonic has continued to pay all employees full salaries for the months of March 2020 and April 2020, and also liaised with the respective government bodies and agencies for deferment of some of the monthly deductions, including PTPTN (*Perbadanan Tabung Pendidikan Tinggi Nasional*) and MBSB (Malaysia Building Society Berhad), as temporary reliefs for all employees.

So far, the Company has not laid-off any of its employees arising from the impacts of COVID-19. However, due to the slowdown in economy, we have implemented *hiring freeze* and carried out re-designation and/or re-structuring exercises to streamline our operations. We have also executed several cost-cutting measures and re-assessed priorities for internal CAPEX investments (e.g. solar system and ERP for factory automation) for monitoring and control of costs.

## Our Preventive Measures and the “New Normal”

Global uncertainties resulting from the COVID-19 pandemic is likely to affect the future performance and sustainability of most businesses, including Datasonic’s. Nonetheless, we have implemented crisis management for business continuity and taken necessary preventive measures in excess of government guidelines to protect our employees and hopefully prevent the spread of the virus, as follows:

- 1) Prior to the commencement of Movement Control Order (“MCO”):
  - i. Implemented *Business Continuity Plan (“BCP”)* on 16 March 2020, to ensure that operations are carried out with minimal disruptions within the scopes of business activities/essential services as approved by the authorities;
  - ii. Created “Datasonic Dynamic – ERT” WhatsApp Group Chat on 17 March 2020 for dissemination of COVID-19 and/or Occupational Safety & Health related matters via WhatsApp to employees through Heads of Business Unit/Department; and
  - iii. Circulated internal memorandums, “Malaysia – Restricted Movement Order 18 – 31 March 2020” and “Guideline on Working from Home” on 17 March 2020
- 2) Amidst the MCO, from 18 March 2020 to 4 May 2020, i.e. 1 day prior to the resumption of Datasonic’s business operations on 5 May 2020:

Following the Prime Minister’s special announcement on 1 May 2020 in relation to the relaxation of MCO rules which allowed almost all economic sectors and businesses to resume operations starting from 4 May 2020 subject to conditions and compliance to the standard operating procedures, our HCD had on 4 May 2020 circulated the following standard operating procedures (“SOP”):

- i. SOP entitled, “*KESELAMATAN DI TEMPAT KERJA BAGI LANGKAH-LANGKAH PENCEGAHAN COVID-19*”;
  - ii. SOP on “Flexible Working Hours”, to allow employees the flexibility of avoiding congestion while commuting to office during peak hours, so as to reduce the exposure to COVID-19; and
  - iii. Special consideration for employees to continue Working from Home (“WFH”), subject to prior consent from the immediate superior and Head of Department, especially for employees currently residing in the COVID-19 *Red Zones*, as defined by the Ministry of Health, Malaysia, as well as employees who are unable to send their children to day care service during the MCO period to be given priority and flexibility to WFH, or to work on certain staggered/alternate days only.
- 3) Datasonic’s business operations amidst the MCO from 5 May 2020 up to the last practical date/date of report:
    - i. Ensure sufficient supply of PPE (personal protective equipment) e.g. face masks, gloves and hand sanitisers/sterilizers at all our offices;
    - ii. Ensure that the temperature of all employees and visitors are screened and attendance duly recorded in the facial recognition attendance system on daily basis;

- iii. Circulated reminder on "SOP: Safety at workplace to prevent COVID-19", for employees to continue practicing safety standards, including the practice of social distancing, as preventive measure against COVID-19.

## **SOCIAL: PRODUCT RESPONSIBILITY**

### **Operating Responsibly**

Datasonic Group is principally engaged in the provision of Information and Communication Technology (ICT) solutions. As these activities involve the management of highly secure and sensitive data from our customers, we ensure compliance with all relevant Malaysian laws, regulations and requirements of the government bodies governing our operations.

Commitment to Our Customers

•Be conscious of the interests of our customers at all times

### **Privacy and Security**

We view data protection seriously and have implemented preventive measurements to protect the privacy and security of personal data and information in order to comply with the *Personal Data Protection Act 2010*. These include the following security measures that are governed by our standard operating procedures and enterprise risk management framework:-

- 1) To protect security breaches in our networks.
- 2) To prevent unauthorized access into our servers and database systems.
- 3) To implement data backup and disaster recovery process.
- 4) To conduct risk assessments regularly.

Due to an increase in need for digitalisation, the chances for cyber-attack have also increased. Accordingly, we have strengthened our network access controls, firewalls and updated our operating system's vulnerability. At the same time, we ensure that we are constantly equipped with sufficient knowledge to protect our systems against any evolving threats.

Based on the ISO 9001:2015 QMS audit report recently issued in February 2020, the Company had no major incident of noncompliance.

We will continue to monitor, improve and strengthen the information security of the group and company to ensure that information is secure and that there are no breaches.

## Provision of Transparent and Accurate Information

Information provided to/by our customers is governed by the terms and conditions of the Letter of Award, agreement, contract and/or Service Level Agreements signed by both parties.

The Company recognises the importance of privacy and will not disclose stakeholders' information without their consent, unless required by the authorities, or by applicable laws and regulations to do so.

On 25 May 2017, the Board has adopted the *Shareholders Communication Policy* which sets out the standards and requirements of the Company in relation to shareholders communications, with the objective of ensuring fair, timely, effective, transparent, accurate and open communications with the shareholders of the Company.

Subsequent to the Third *DatasoniCares* Employee Engagement Session held on 10 April 2019, a *Strategic Communication Department* was established on 1 September 2019 to help the Company transmit coherent, credible and ethical corporate messaging, as well as to provide integrative communication structure linking various stakeholders/investors to the Company.

## Quality First

Value is created by maintaining relevant certifications and licenses:

- The Group's ISO certifications ensure that our products and services meet the most demanding standards in the industry which in turn, improves the ability of the Group's operations to meet customers' requirements and expectations.
- We comply with relevant legislation to operate our businesses as a secure ID/smart card manufacturer, responsible Network Service and Facilities Service Provider and licensed national security printer.

Our manufacturing practices and processes deliver consistent high-quality products and services in accordance with local and international standards. The following certifications are a testament to the internal procedures and processes being adopted by our Group:-

Certifications	For	Description/Purpose	Certified on
ISO 9001:2015 <i>by SGS (Malaysia) Sdn Bhd &amp; SGS United Kingdom Ltd</i>	DMSB PJ	Manufacturing of smart cards.	21 May 2018
	DTSB PJ	Manufacturing of Machine-Readable Travel Document ("MRTD"), or more commonly known as passports.	21 May 2018
ISO 9001:2015 <i>by Lloyd's Register Quality Assurance Ltd ("LRQA")</i>	DMSB Klang	Quality Management System ("QMS") for the manufacturing of printed cards and smart cards for the commercial, financial and government sectors.	16 January 2017
	DGB	The provision of management support services <i>(Accounting &amp; Finance, Human Resource Management, Procurement, Administration and Management Information System)</i>	29 March 2017
	DCSB	The sales and personalisation solutions of chip-based smart cards.	7 July 2017



Certifications	For	Description/Purpose	Certified on
ISO/IEC 27001:2013 <i>by LRQA</i>	DMSB Klang	The provision of information security management system ("ISMS") covering the facilities in the manufacturing plant.	22 May 2017
ISO/IEC 15408 <i>by CyberSecurity Malaysia</i>	DSSSB	Common Criteria EAL4+ <sup>#</sup> ALC_FLR.2, ALC_DVS.2 (Information Technology Security Evaluation) for Datasonic's Chip Operating System ("DCOS")	2 May 2019

**DGB** *Datasonic Group Berhad*

**DCSB** *Datasonic Corporation Sdn Bhd*

**DMSB** *Datasonic Manufacturing Sdn Bhd*

**DTSB** *Datasonic Technologies Sdn Bhd*

**DSSSB** *Datasonic Smart Solutions Sdn Bhd*

Note # Products evaluated against a Common Criteria ("CC") standard exhibit a clear chain of evidence that the process of specification, implementation, and evaluation has been conducted in a rigorous and standard manner. DCOS is certified to protect different types of tampering including Physical Tampering, Side Channel Attack, Memory Tampering, Instruction Tampering and Card Acceptance Device ("CAD") Domain Tampering.

In addition to the above certifications, we are currently pursuing the following ISO certifications:

Certifications (Pending)	For	Description/Purpose	Remarks
ISO 14000: 2018	DMSB Klang	Environmental Management System ("EMS")	Audit in progress. Expected to complete audit and attain certification from Lloyd's Register Quality Assurance Ltd by August 2020.
ISO 45001:2018	DMSB Klang	Occupational Health & Safety ("OSH") Management System	
ISO14298:2013	DMSB PJ	Intergraf Certification Requirements ("ICR")/ Management of security printing processes	Audit in progress. (Delayed due to the MCO)

## Ensuring Satisfaction

We engage with customers to identify opportunities for growth and areas where additional business investment is warranted. Suggestions and/or feedback from our customers are used to influence customer experience and product improvement projects.

### a) Customer's Service Level Agreement ("SLA") Adherence for Helpdesk (MyKad Projects)

		FY17	FY18	FY19	FY20
Total incidents received		554	685	901	1,476
Response time	No. of incidents within SLA	554	685	901	1,332
	% of adherence	100%	100%	100%	90% <sup>N6</sup>
Resolution time <sup>N7</sup>	No. of incidents within SLA	538	683	899	1,124
	% of adherence	97%	99.7%	99.8%	76% <sup>N6</sup>

**N6** % of SLA adherence have dropped due mainly to changes in customer's requirements, namely much tighter SLA and changed process flows (e.g. customer's SOP for obtaining approvals prior to commencement of repairs/maintenance works and/or budget constraints for replacement of parts, which have resulted in delays.).

**N7** Resolution time is dependent on the time taken by the technical support team to resolve the incident which is beyond the control of the Helpdesk team.

### b) Customers' Feedback on Datasonic's Manufacturing Centre in Port Klang

	FY17	FY18	FY19	FY20
Customer satisfaction rating <sup>N8</sup>	89%	94%	90%	88%

**N8** Customer satisfaction rating is based on total customer feedback received as per the evaluation of price, quality, delivery and service.

### c) Customers' Feedback on Datasonic's Regional Card Personalisation Centre (Wisma RPS)

	FY17	FY18	FY19	FY20
Grade A (80%-100%)	N/A <sup>*</sup>	73%	89%	91%
Grade B (60%-79%)	N/A <sup>*</sup>	27%	11%	9%
Grade C (40%-59%)	N/A <sup>*</sup>	-	-	-

<sup>\*</sup> Not applicable ("N/A"), as no surveys were conducted in FY17.

### d) Customer Feedback on Trainings and/or Workshops Conducted by Datasonic

	FY17	FY18	FY19	FY20
<b><i>Trainings conducted for JPN:</i></b>				
Training on Transfer of Technologies	88%	89%	96%	-
Personalisation Centre Training	92%	88%	-	-
Distributed Printing Project Training	90%	88%	91%	<b>N9</b>
<b><i>Trainings conducted for JIM:</i></b>				
Workshops on Managing Passport Print Quality	89%	88%	91%	90%

**N9** Training initially planned to be conducted in March 2020 was postponed due to the Movement Control Order ("MCO") which commenced on 18 March 2020.

## Internal feedback from Management

The quality of management support services rendered at our headquarters ("HQ") is also assessed through surveys that gather internal feedback from our directors/top management within the Group on an annual basis. The overall rating in respect of the service level, delivery and response (to request) rendered for management support services rendered at HQ were reported as follows:-

	FY19	FY20
Overall rating on the satisfaction level in respect of the management support services rendered at HQ*	81%	78%

\* No surveys prior to FY19, as the ISO 9001:2015 was accredited to only in April 2017.

Year-on-year, the overall rating has dropped by 3% (from 81% in FY19 to 78% in FY20) due mainly to higher expectations from the top management. Based on feedback from the Management, there is room for improvement in the management of talent acquisitions & retention, payroll & claims processing, procure-to-pay processing and internal communications.

## Conclusion

Emerging global risks and EES concerns following the COVID-19 have called for "new normal", as these risks have also impacted business operations worldwide. In response, we have changed our stakeholder engagement approaches to comply with the new SOPs, altered our supply chain management and salient features of work-life in respect of ethical leadership, employee job satisfaction and trust due to allowance for remote working (or working from home, WFH) and Flexible Working Hour arrangements.

Nonetheless, sustainability remains a key component of Datasonic's culture as we explore better ways to sustain our business as well as financial performance in the competitive environment, and promote healthy development and growth for sustenance of our employees, whilst contributing to the pride of our nation for the benefit of our society as a whole. In fact, sustainability has become an integral part of our business activities in order to remain resilient in today's dynamic and challenging business landscape.