

Sustainability Statement (Cont'd)

SOCIAL: LABOUR PRACTICES AND DECENT WORK

At Datasonic, we are dedicated to creating a sustainable and enjoyable workplace. Our efforts in this have successfully been achieved as reflected in our all-time low turnover rate. Datasonic's turnover rate for FY18 was 0.25%.

Benefits

Our rewards are offered to all eligible employees and our human resource practices comply with local legal requirements. Additional benefits such as health and welfare, retirement plans and various types of leave provide a foundation to support employee well-being and financial security.

We engaged a third-party HR expert, Tower Watson, to conduct a benchmarking study in November 2017. This industry survey compared our salary with the industry average. We discovered that our salary packages are commensurate with the market rate.

Occupational Safety and Health

We set ourselves high personal safety standards across all operations. 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.

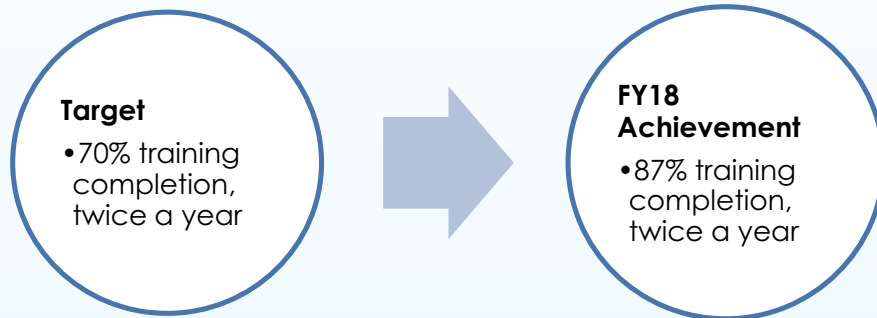
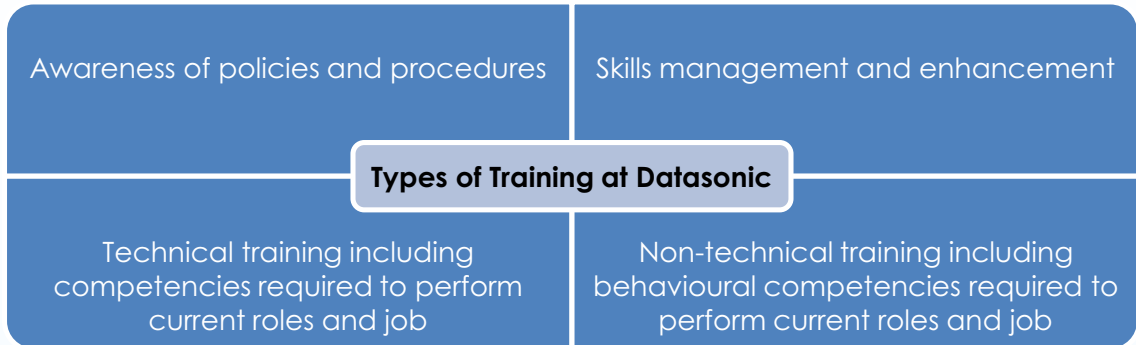
We do not have a centralised OSH Committee at our headquarters. However, our sites in Petaling Jaya and Port Klang have their own Occupational Safety and Health (OSH) Committees. Each committee comprises a chairman, secretary and both employer and employee representatives. We hope to establish a formal, centralised OSH Committee at the Group level in the future.

Our Safety Performance: The total safe man-hours worked in FY18 improved by 4.42% from 118,091 hours in FY17 to 123,313 hours in FY18.

Sustainability Statement (Cont'd)

Training and Development

Employees develop individually and collectively by enhancing their skills and knowledge to achieve current and future business objectives. Employee development at Datasonic is a collaborative process between a manager and an employee.



Indicator	FY16	FY17	FY18
Average training hours per year per employee	2	3	3
Total investment in training (RM) excluding project training without HRDF	132,474	155,998	127,622
Total investment in training (RM) including project training and HRDF	338,572	372,164	559,637

Performance Measurement

The fundamental goal of performance management is promoting and improving employee effectiveness. Performance management is more than a mere annual performance review at Datasonic; it is the continuous process of setting objectives, assessing progress and providing ongoing coaching and feedback to ensure that employees are meeting their objectives and career goals.

An annual performance evaluation is conducted for all confirmed employees. The Group employs the Performance Evaluation Form method to evaluate employee performance.

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.

The Datasonic Gender Diversity Policy provides a framework for the Group to balance the different skills, competencies, experience, background, gender and age of its workforce.

	FY16	FY17	FY18
Employees			
Total number of employees	521	619	688
Executives	317	408	353
Non-Executives	204	211	335
Permanent Staff	483	536	174
Non-permanent staff	38	83	514
Female	195	229	261
Male	326	390	427
Age group			
<30	139	281	313
30-40	246	216	255
40-50	90	77	75
>50	46	45	45
Diversity (for Malaysia)			
Malay	408	479	552
Chinese	77	87	84
Indian	22	38	33
Others	14	15	19
Percentage of Women in the Management			
% Women in Management	0.50%	0.50%	0.50%
% Women in Top Management	0.40%	0.40%	0.40%

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 FY18.

SOCIAL: SOCIETY

As a good corporate citizen, we strive to be an economic, intellectual and social asset to the nation and communities in which we operate. We are committed to community involvement through many programmes that aim to give back to the community. During the year, some of the key initiatives include the following:

i. Sponsorship of Broadway Musical Performance tickets for NGO’s

Datasonic sponsored a total of 133 tickets ranging from RM168 to RM198 for children and youths from various NGO’s to watch a Broadway Musical Performance entitled, “You’re a Good Man, Charlie Brown the Musical” at Theatre @ DPAC. The musical was screened from 29 September to 8 October 2017. The breakdown of tickets sponsored by Datasonic is as follows:



Broadway Musical Performance, “You’re a Good Man, Charlie Brown the Musical” at Theatre @ DPAC

Name of Non-Governmental Organisation	No. of Tickets
Ozanam Shelter	25
Rainbow School (Rohingya) Human Aids	25
Osai Foundation	25
Bethany Youth Outreach and Rainbow of Love	9
PDK Hulu Kelang	25
Home of Peace	24

ii. Sponsorship of Fun Ride Event in Conjunction with KL Car Free Day

On 4 February 2018, Datasonic employees from various departments took part in the 25km-cycling event. The event, which was jointly organised by Dewan Bandaraya Kuala Lumpur (“DBKL”) and Yayasan Generasi Malaysia (Generation of Malaysian Foundation), was also supported by Polis DiRaja Malaysia (“PDRM”). These employees were among 892 cyclists who took part in the event.

iii. Other/General Sponsorships or Donations

Datasonic is committed to upholding its corporate responsibility by supporting different initiatives and charitable events each year. These contributions help improve the vitality of the communities in which we operate.

SOCIAL: SOCIETY

Fun Ride @ Lembah Pantai, Kuala Lumpur held on 4 February 2018 at Pantai Eco Park in conjunction with Federal Territory and "KL Car-Free day."



Corruption

Corruption is viewed very seriously and we have zero tolerance for bribery in any form. Employees are prohibited from offering, requesting or accepting bribes or other improper financial advantages. We are committed to maintaining a culture of ethics and expect everyone in Datasonic to adhere to it.

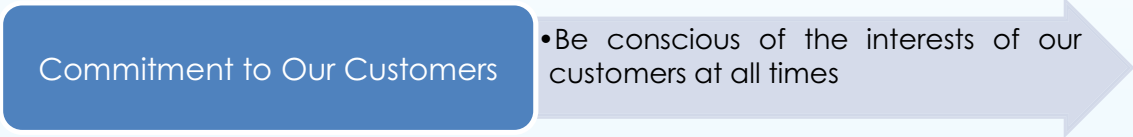
Employees dealing with the Oracle partnership must undergo annual online Breach of Trust Criminal training.

On 13 September 2017, all Board of Directors of Datasonic Group and key management personnel attended an in-house training programme entitled "Malaysian Regulatory Framework on Prevention of Money Laundering and Terrorism Financing in Corporate World" at Sutera Room, Cyberview Resort & Spa.

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.



Privacy and Security

As the demand for digitalization rises, the risk of cyber-attack also increases. We have strengthened our network access controls and firewalls to reduce the risk of cyber-attacks. All recommended updates and patches have been installed to reduce our vulnerability to ransomware. We have also kept abreast with the latest system vulnerabilities so that we can protect our systems against any evolving threats.

An initial Group-level Security Policy is being implemented following the establishment of our Security Committee in the middle of 2017. The committee addresses both physical and information security policies in collaboration with Corporate MIS at our headquarters.

Data protection is taken seriously. We have implemented preventive measures to protect the privacy and security of personal data and information in compliance with the Personal Data Protection Act 2010. Security measures are governed by the ISO standards, our standard operating procedures and enterprise risk management framework.



There were no major incidents of Management Information Systems ("MIS") noncompliance based on the Group's recent ISO 9001:2015 QMS audited report. 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 customers is governed by the terms and conditions in the Letter of Award, agreement, contract and/or Service Level Agreements signed by both parties.

We have established a Shareholders Communication Policy that governs the standards and requirements of the Company in relation to shareholder communications. The policy aims to ensure fair, timely, effective, transparent, accurate and open communications with shareholders.

Quality First

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

The ISO certifications accorded by SGS (Malaysia) Sdn Bhd and SGS United Kingdom Ltd include:

- On 22 April 2015, Datasonic Manufacturing Sdn Bhd ("DMSB") was certified with ISO 9001:2008 by both SGS (Malaysia) Sdn Bhd and SGS United Kingdom Ltd for the manufacturing of smart cards. On 21 May 2018, the ISO 9001:2008 certification for DMSB was upgraded to ISO 9001:2015.
- On 21 May 2018, Datasonic Technologies Sdn Bhd was certified with ISO 9001:2015 for the manufacturing of Machine Readable Travel Document (MRTD), or more commonly known as passports.

The ISO certifications accorded by Lloyd's Register Quality Assurance Ltd include:

- In January 2017, the existing ISO 9001:2008 certification awarded to DMSB was upgraded to ISO 9001:2015, a Quality Management System of international standards for the manufacturing of printed cards and smart cards for the commercial, financial and government sectors.
- In April 2017, DMSB was awarded ISO/IEC 27001:2013 certification for the provision of information security covering the facilities in the manufacturing plant.
- In April 2017, Datasonic Group Berhad was awarded ISO 9001:2015 certification for the provision of management support services (Finance, Human Resource, Procurement, Administration and Management Information System).

Datasonic Group Berhad Quality Commitment

•Always providing excellent management support services to all subsidiary companies through continual improvement and effective and efficient implementation of the quality management system incorporating the risk management framework to achieve the company's vision and mission.

- In July 2017, Datasonic Corporation Sdn Bhd ("DCSB") was awarded ISO 9001:2015 certification for the sales and personalisation solutions of chip-based smart cards.

Ensuring Satisfaction

We engage with customers to identify opportunities for growth and areas where additional business investment is warranted. Customer suggestions and feedback are used to influence customer experience and product improvement projects.

Customer Satisfaction Results

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

		2016	2017	2018
Total incidents received		554	685	TBA*
SLA on	No. of incidents within SLA	554	685	TBA*
Response time	% of adherence	100%	100%	TBA*
SLA on	No. of incidents within SLA	538	683	TBA*
Resolution time*	% of adherence	97.11%	99.71%	TBA*

* 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.

* To be ascertained ("TBA") for the calendar year ending 31 December 2018.

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

	2016	2017	2018
Customer satisfaction rating [#]	89%	94%	TBA*

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

* To be ascertained ("TBA") for the calendar year ending 31 December 2018.

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

	2016	2017	2018
Grade A (80%-100%)	N/A*	N/A*	73%
Grade B (60%-79%)	N/A*	N/A*	27%
Grade C (40%-59%)	N/A*	N/A*	-

* Not applicable ("N/A"), as no surveys were conducted prior to Datasonic Corporation Sdn Bhd being awarded ISO 9001:2015.

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

	2016	2017	2018
Training on Transfer of Technologies to JPN	88%	89%	TBA*
Personalisation Centre Training to JPN	92%	88%	TBA*
Distributed Printing Project Training to JPN	90%	88%	TBA*
Workshops on Managing Passport Print Quality to JIM	89%	88%	TBA*

* To be ascertained ("TBA") for the calendar year ending 31 December 2018.