

# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5216  
**COMPANY NAME** : DATASONIC GROUP BERHAD  
**FINANCIAL YEAR** : March 31, 2022

## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board determined the vision, mission, setting strategy and structure of the Company and exercising accountability to shareholders and being responsible to relevant stakeholders.</p> <p>In discharging its duties and responsibilities, the Board has established and delegated the authority to the Board Committees, namely, the Audit Committee ("AC"), Nomination and Remuneration Committee ("NRC"), Risk Management Committee ("RMC") and Employees' Share Option Scheme Committee ("ESOSC"), to monitor and evaluate the implementation of policies, strategies and business plans, internal control systems and risk management and implementation and administering of the Employees' Share Option Scheme.</p> <p>The Chairman of the respective Board Committees will updates or reports the proceedings of the Board Committee meetings to the Board.</p> <p>The Managing Director takes responsibility for the day-to-day operations and management of the Group and reports to the Board. The Managing Director is authorised and responsible to supervise and assess the Management's performance and its operations by way of a delegated authority from the Board. The Managing Director is supported by the Deputy Managing Director and Executive Director as well as the Group Management Committee and Group Tender and Procurement Committee.</p> <p>The Managing Director attends all Board meetings and ensured that the Board is provided with sufficient accurate information on a timely basis in regard to the Group, its operations, business and affairs, and in particular with respect to the Group's corporate performance, financial condition, operations and prospects, so as to reasonably position the Board to fulfil its governance responsibilities.</p>

	<p>The respective roles and responsibilities of the Board, Board Committees, individual Directors and Management and issues and decisions reserved for the Board are set out in the Company's Board Charter, which is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p> <p>In May 2021, the Board through its NRC reviewed and assessed the candidate, Encik Azrul bin Yahaya for the proposed appointment as Non-Independent Non-Executive Director as well as the Director's fee and other benefits payable. In November 2021, the NRC reviewed and assessed the candidate, Encik Azrul bin Yahaya for the proposed appointment as a member of the AC of the Company.</p> <p>In May 2022, the NRC carried out annual evaluation on the effectiveness of the Board, Board Committees and Directors' Self-Assessment. The NRC also carried out annual review on the terms of office and performance of the AC and its members to determine whether the AC and its members have carried out their duties in accordance with their Terms of Reference. Based on the recommendation by the NRC, the results of the evaluation were adopted by the Board.</p> <p>In May 2022, NRC also reviewed and recommended to the Board for approval the proposed remuneration package of the Managing Director, Deputy Managing Director and Executive Director, namely, Encik Wan Zalizan bin Wan Jusoh, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus respectively.</p> <p>In August 2021, the RMC reviewed and recommended to the Board for approval the proposed revision of the Anti-Bribery and Anti-Corruption ("ABAC") Policy and Whistleblowing System ("WBS") Policy of the Group.</p> <p>In February 2022, the RMC reviewed the progress update for the ABAC and WBS Policies of the Group. The RMC also reviewed the Terms of Reference of the Integrity and Governance Committee ("IGC").</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is led by General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd) who is an Independent Non-Executive Chairman.</p> <p>The Chairman provides strong leadership skills and is responsible for instilling good corporate governance practices and overall effectiveness of the Board and individual Director. He ensures that all key and appropriate issues are discussed by the Board in a timely manner.</p> <p>The Chairman is accountable to the Board and acts as a direct liaison between the Board and the management of the Company, through the Managing Director. The Chairman acts as the communicator for Board decisions where appropriate. The Chairman ensures the Board is effective in its task of setting and implementing the Group's directions and strategies.</p> <p>The Chairman sets the Board agenda and reviews minutes of Board meeting prior to circulation to the Board members. The Chairman leads the Board meeting and encourages participation and contribution from the Board members.</p> <p>The roles and responsibilities of the Chairman of the Board have been specified in the Company's Board Charter, which is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of the Chairman and the Managing Director are held by different individuals. The position of Chairman is held by General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd) who is an Independent Non-Executive Chairman, whilst the position of Managing Director is held by Encik Wan Zalizan Bin Wan Jusoh.</p> <p>The separation of roles ensures there is a balance of power and authority, such that no one individual has unfettered decision-making powers.</p> <p>The division of roles between the Chairman and Managing Director are clearly defined in the Company's Board Charter, which is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Chairman of the Board is not a member of the AC, NRC, RMC and ESOSC nor he participate in any of these committees' meetings in order to ensure there is check and balance as well as objective review by the Board.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by a suitably professionally qualified, experienced and knowledgeable Company Secretary. The Company Secretary is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators and is registered with the Companies Commission of Malaysia under Section 241 of the Companies Act, 2016.</p> <p>The Company Secretary is keeping abreast of the regulatory changes and corporate governance development, and had attended various training programmes during the year under review.</p> <p>The Board members have unrestricted access to the advice of the Company Secretary to enable them to discharge their duties and responsibilities effectively. The Board is regularly updated by the Company Secretary on new and amendments to the regulatory requirements and practices from time to time.</p> <p>The roles and responsibilities of the Company Secretary is set out in the Company's Board Charter.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 1.6**

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.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Partial departure given that the meeting materials were circulated less than five (5) business days in advance of the Board meeting.</p> <p>The notice of meetings and meeting materials with the relevant and adequate information are distributed at least seven (7) days and four (4) days respectively in advance, to allow the respective Board and Board Committees members' sufficient time to review and analyse the materials.</p> <p>All proceedings of meetings including issues raised, deliberations and decisions of the Board are properly minuted and filed in the statutory records of the Company by the Company Secretary.</p> <p>The Company Secretary will communicate the Board's decisions or recommendations to the relevant management via circulation of draft minutes of meetings in a timely manner upon conclusion of the meetings for appropriate actions to be taken.</p> <p>The Company Secretary will ensure the meeting materials are distributed electronically and uploaded onto an Application as soon as practicable upon receipt of the same from the Management. The Board and Board Committees members are able to access meeting materials and relevant information in a timely and efficient manner, thus improving Board performance and overall effectiveness of decision-making.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.



**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's Board Charter provides guidance and clarity regarding the roles and responsibilities of the Board and the Board Committees, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board's operating practices.</p> <p>In February 2022, the Board reviewed and approved the revision to the Board Charter to be aligned with the updated Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission on 28 April 2021.</p> <p>The Board Charter is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established the Code of Conduct and Ethics for Directors (Executive and Non-Executive Directors) which describes the standards of business undertaking and ethical behaviour for Directors in the performance and exercise of their duties and responsibilities as Directors of the Company or when representing the Company.</p> <p>The Code of Conduct and Ethics for Directors was updated and approved by the Board in May 2021 to strengthen the standards of conduct and ethical behaviour for Directors of the Group in the performance and exercise of their duties and responsibilities as Directors of the Group, to be in line with the Securities Commission's revised Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries issued on 12 April 2021.</p> <p>The Group's Employee Handbook governs the terms and conditions of employment and the standards of ethics and good conduct expected of the Executive Directors and employees.</p> <p>In compliance with the Section 17A of Malaysian Anti-Corruption Commission Act, 2009 on corporate liability for corruption offences, the Anti-Bribery and Anti-Corruption ("ABAC") Policy has been adopted as part of the Company's commitment against all forms of bribery and corruption.</p> <p>In August 2021, the Board reviewed and approved the revision to the ABAC Policy of the Group with various improvement and new clauses added.</p> <p>The Code of Conduct and Ethics for Directors and the ABAC Policy are published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>
<b>Explanation for departure</b>	:	

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

**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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The WBS Policy established by the Board applies to all the Directors and employees of the Group and is designed to provide them with proper internal reporting channels and guidance to disclose any wrongdoing or improper conduct relating to unlawful conduct, inappropriate behaviour, malpractices, any violation of established written policies and procedures within the Group or any action that is or could be harmful to the reputation of the Group and/or compromise the interests of the shareholders, clients and the public without fear of reprisal, victimisation, harassment or subsequent discrimination.</p> <p>In August 2021, the Board reviewed and approved the revision to the WBS Policy of the Group with various improvement and new clauses added. A new Whistleblowing Incident Report Form had been incorporated and the RMC delegates to the IGC the responsibility for the administration and implementation of the WBS Policy. The use and effectiveness of the WBS Policy shall be regularly monitored and reviewed by the IGC.</p> <p>The WBS Policy is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.1**

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to embedding sustainability into business strategies and operations. A holistic business management approach is taken, which considers every aspect of Economic, Environmental and Social ("EES") risks and opportunities. These considerations, alongside financial implications, generate long-term benefits and business continuity.</p> <p>The Executive Committee ("EXCO") oversees the implementation of the Group's sustainability approach, practices and performance according to EES criteria.</p> <p>Sustainability related strategies and information are collated from the respective business units and divisions, reviewed and presented to the EXCO and for the EXCO to report key matters to the Board for further deliberation. This approach ensures that the Group's Core Philosophy of providing integrated information communication technology ("ICT") solutions continues to contribute towards the nation-building.</p> <p>In May 2022, the Board approved the revision to the Terms of Reference of the RMC to include the responsibilities in overseeing the Group's various risks including sustainability and climate-related risks.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Sustainability is an integral part of the Group business strategy. The Group is focusing on five (5) strategic areas of sustainability creates long-term value for its internal and external stakeholders, covering key aspects of the innovation ecosystem, people, responsible supply chain, circular economy and climate and energy.</p> <p>The Group has identified six (6) major categories of stakeholders according to the AA1000 Stakeholder Engagement Standards. The fitness of stakeholder classification and issues of concern are reviewed and adjusted through the identification process of annual stakeholder issues. The description of the Group's stakeholder group, expectation and interests, engagement approaches and frequency of engagement are set out in the Sustainability Statement of the 2022 Annual Report.</p> <p>The Sustainability Statement which form part of the Annual Report discloses the detailed governance processes, sustainability strategies, priorities and performance against targets and international standards, serves as the communication tool of the Group's sustainability to its internal and external stakeholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.3**

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board keeps itself abreast with the sustainability issues which are relevant to the Company and its business by attending several training programmes organised internally for the Board. The details of training programmes attended by the Directors during the year are set out in the Corporate Governance Overview Statement of the 2022 Annual Report.</p> <p>The Company Secretary constantly keeps the Board updated with the latest news related to sustainability practices and issues.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		



**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The relevant sustainability related performance measures and questions had been incorporated into the evaluation form for the effectiveness of the Board and Board Committees, and Director's Self-Assessment. In May 2022, the NRC undertook an evaluation of the performance of the Board and Senior Management in addressing the Company's material sustainability risks and opportunities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>		
<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

**Intended Outcome**

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

**Practice 5.1**

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In May 2022, the NRC reviewed the composition of Board of which comprises eleven (11) members, including seven (7) Independent Non-Executive Directors, one (1) Managing Director, one (1) Deputy Managing Director, one (1) Executive Director and one (1) Non-Independent Non-Executive Director. The Board was of the view that the Board size of eleven (11) members as at 31 May 2022 was appropriate and adequate to effectively govern the organisation.</p> <p>The NRC also reviewed the tenure of each Directors and took note that four (4) Independent Non-Executive Directors have served the Board for a cumulative term of more than nine (9) years.</p> <p>During the year under review, the NRC reviewed and assessed the candidate, Encik Azrul bin Yahaya for the appointment as Non-Independent Non-Executive Director and AC member of the Company on 31 May 2021 and 30 November 2021 respectively. The NRC also undertook an analysis of the Board Skills Matrix based on Encik Azrul's experience and skills as compared to the existing Board members. The NRC was of the view that the appointment would complement and further strengthen the current Board. Encik Azrul is a representative of Urusharta Jamaah Sdn Bhd.</p> <p>In May 2022, the NRC reviewed the tenure of each Director. The NRC also assessed the performance and contribution to the Board of the following Directors who are retiring in accordance with Clause 165 of the Constitution of the Company at the forthcoming Fourteenth Annual General Meeting ("AGM") and recommended to the Board their re-election:-</p> <ul style="list-style-type: none"> <li>i) General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd);</li> <li>ii) Dato' Wan Ibrahim bin Wan Ahmad;</li> <li>iii) Dato' Sri Sharifuddin bin Ab Ghani; and</li> <li>iv) Cik Noor Suhaila binti Saad.</li> </ul>
<b>Explanation for departure</b>	:	

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

**Intended Outcome**

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

**Practice 5.2**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board comprises eleven (11) members, including seven (7) Independent Non-Executive Directors, one (1) Managing Director, one (1) Deputy Managing Director, one (1) Executive Director and one (1) Non-Independent Non-Executive Director. The Independent Non-Executive Directors made up of 64% of the total Board members and complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which requires a minimum of two (2) or one-third (1/3) of the Board, whichever is higher to be Independent Directors.</p> <p>The Directors had given confirmation on a half yearly basis, as to whether they have any family relationship with any director and/or major shareholder of the Company and their directorship/shareholding in other company to enable the Board to assess the Directors' independence as and when any new interest or relationship develops.</p> <p>For the year under review, the Board through the NRC has received affirmation from all the Independent Non-Executive Directors of their independence based on the criteria as prescribed by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company will be seeking shareholders' approval at the forthcoming Fourteenth AGM through a two-tier voting process for General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing who have served the Board for a cumulative term of more than nine (9) years to be retained Independent Non-Executive Directors of the Company.</p> <p>In May 2022, the Board through the NRC has undertaken relevant assessment and recommended that General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd), Dato' Wan Mohd Safiain bin Wan Hasan, Dato' Wan Ibrahim bin Wan Ahmad and Mr Yee Kim Shing @ Yew Kim Sing to continue to serve as Independent Non-Executive Directors based on the following justifications:-</p> <ul style="list-style-type: none"><li>a) They have met the independence guidelines as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Securities and are therefore able to give independent opinion to the Board;</li><li>b) Being Directors for more than nine (9) years have enabled them to contribute positively during deliberations/discussions at meetings as they are familiar with the operations of the Company and possess sound knowledge of the Company's operations;</li><li>c) They have contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Directors;</li><li>d) They have discharged their professional duties in good faith and also in the best interest of the Company and shareholders;</li><li>e) They have the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner;</li><li>f) They have never compromised on their independent judgement; and</li></ul>

	g) They have ensured that there were effective checks and balances in Board proceedings.	
<b>Explanation for departure</b>		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>		
<b>Timeframe</b>		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	Please provide an explanation on the adoption.



**Intended Outcome**

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

**Practice 5.5**

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In May 2022, the Board through its NRC conducts an annual review of its size and composition, to determine if the Board has the right size, balanced composition and independence elements to ensure that the Board can effectively discharge its roles and responsibilities.</p> <p>In reviewing and recommending to the Board of any new Director appointment, the NRC considers the candidate's ability to discharge such responsibilities/function as expected from the Executive Director or Independent Non-Executive Director ("INED"). In the case of the appointment of an INED; the candidate's fit and proper criteria, competencies, commitment, contribution and performance, skills, knowledge, expertise and experience, professionalism, age, cultural backgrounds, leadership qualities and integrity.</p> <p>The Directors are required to notify the Chairman of the Board before accepting any new directorship and to indicate the time expected to be spent on the new appointment. The Directors must not hold more than five (5) directorships in listed companies to enable Directors to have sufficient time to focus and serve the Board effectively.</p> <p>The NRC has conducted an annual review on the diversity in skills, experience, age, cultural background and gender of the Directors and Key Senior Management. The Board is of the view that the current Board members and Key Senior Management have an appropriate mix of skills, knowledge, experience, age, ethnicity and gender with diverse professional backgrounds, a wide range of experience and expertise in security; information technology and engineering; project development; corporate management/business; finance/taxation; accounting/auditing; and legal. This provides a collective range of skills, expertise and experience that fit the Group's objectives and strategic goals.</p>

	<p>The appointment of Key Senior Management is also based on criteria of skill, experience and leadership qualities, driven by their respective job descriptions.</p> <p>During the year under review, the NRC reviewed and assessed the experience, skills, time commitment and expertise of Encik Azrul bin Yahaya for the appointment as Non-Independent Non-Executive Director and AC member of the Company and was satisfied that Encik Azrul had fulfilled the required criteria set by the Board. Based on the recommendation of the NRC, the Board approved Encik Azrul's appointment as the Non-Independent Non-Executive Director and AC member of the Company on 31 May 2021 and 30 November 2021 respectively.</p> <p>In May 2022, the Board had approved the establishment of the Directors' Fit and Proper Policy to ensure that any person to be appointed or elected/re-elected as a Director of the Group shall possess the necessary quality and character as well as integrity, competency and commitment to enable the discharge of the responsibilities required of the position in the most effective manner.</p>	
<b>xplanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 5.6**

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The appointment of new Director to the Board will be decided and approved by the Board members based on the recommendation of the NRC.</p> <p>During the year under review, the Board has approved the appointment Encik Azrul bin Yahaya as a Director of the Company. Encik Azrul is a representative of Urusharta Jamaah Sdn Bhd ("UJSB").</p> <p>It is in the best interests of the Company to offer a Board seat to UJSB with the view that the participation of UJSB as an institution investor in the Board will boost the market's confidence in the Company.</p>	
		<p>In identifying suitable candidate for appointment of Director, the Board generally take into account recommendations from the Directors, management and various other sources. If necessary, the Board may source the suitable candidate from a Directors' registry and open advertisements or the use of independent search firms.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	

**Intended Outcome**

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

**Practice 5.7**

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The information on the appointment and reappointment of a Director are available to the Shareholders on the Company's website and Bursa Malaysia Securities Berhad's website.</p> <p>The Company will release an immediate announcement to Bursa Malaysia Securities Berhad in accordance with the prescribed format whenever there is an appointment of new Director. The re-election of Director will be set out in the notice of AGM and announcement to Bursa Malaysia Securities Berhad.</p> <p>The profile of Directors who are due for retirement and eligible for re-election are published in the 2022 Annual Report, which includes their age, gender, date of appointment, year of service, directorships in other companies, qualification, working experience, any conflict of interest with the Company and shareholdings in the Company, if any.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.8**

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

Application	:	Applied	
Explanation on application of the practice	:	The NRC is chaired by Dato' Sri Sharifuddin bin Ab Ghani who is an Independent Non-Executive Director of the Company.	
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**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>As at 31 May 2022, the Company has one (1) woman Director, Cik Noor Suhaila binti Saad out of eleven (11) Directors, representing 9% female representation on the Board.</p> <p>The Board, through the NRC, reviews the gender diversity of Key Senior Management annually. As at 31 May 2022, there were two (2) female Key Senior Management members, representing 25% women participation at the Key Senior Management level.</p> <p>The Board through the NRC will take steps to ensure that women candidates are sought as part of its recruitment exercise with the aim of eventually to achieve the target of 30% female representation on the Board.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	The Gender Diversity Policy is disclosed in the 2022 Annual Report and published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a> .	
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

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

## Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The Company Secretary facilitated the NRC in carrying out the annual evaluation of the effectiveness of the Board, Board Committees and individual Directors based on questionnaires tailor-made for the Company incorporating the following:-</p> <ul style="list-style-type: none"><li>• Board mix and composition;</li><li>• Quality of information and decision making;</li><li>• Boardroom activities;</li><li>• Board's relationship with the management;</li><li>• Performance evaluation on Board Committees;</li><li>• Directors' self-assessment;</li><li>• Performance of the Board in addressing the Company's material sustainability risks and opportunities.</li></ul> <p>In May 2022, the NRC reviewed the results of the evaluation exercise and considered the comments given by the Board and Board Committees members and the areas for continuous improvement. The NRC agreed that the Board, Board Committees and each individual Director have performed well and effectively during the year under review. The overall results of the evaluation exercise were satisfactory with the rating ranging from the lowest of 2.27 points to the highest of 4.64 points, on a 5-point rating scale. Based on the NRC's recommendation, the results of the annual evaluation and the areas for continuous improvement were deliberated and adopted by the Board.</p> <p>In May 2022, the NRC also reviewed and assessed the terms of office and performance of the AC and its members to determine whether the AC and its members have carried out their duties in accordance with their Terms of Reference. The average rating for the performance of the AC and its members were ranging from 3.69 points to 4.97 points. The results of the assessment were tabled to and duly adopted by the Board.</p>



	The Board will consider to engage an independent expert to facilitate in the annual evaluation process of the Board and Board Committees when the need arises.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 7.1**

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company’s Remuneration Framework is designed to increase the motivation level and productivity of the Group’s employees and ensures that the salary levels are commensurate to the individual staff performance level. The Remuneration Framework will be reviewed and updated periodically.</p> <p>The Remuneration Framework is published on the Company’s website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 7.2**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is comprising exclusively of Non-Executive Directors and is responsible to review and recommends the remuneration of the Board and senior management for the approval by the Board. The NRC ensures the remuneration packages are designed to attract, retain and motivate the Directors.</p> <p>The authority and the duties and responsibilities of the NRC are set out in its Terms of Reference which is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p> <p>In May 2022, the NRC reviewed the remuneration package of the Managing Director, Deputy Managing Director and Executive Director, namely, Encik Wan Zalizan bin Wan Jusoh, Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus respectively. When recommending the remuneration package, the NRC took into consideration the performance of the Managing Director, Deputy Managing Director and Executive Director and the salary survey conducted by an independent consultancy firm, accordingly recommended it for the approval of the Board.</p> <p>In May 2022, the Board approved the NRC's recommendation for the Company to seek the shareholders' approval at the Fourteenth AGM for the Directors' fees payable to the Non-Executive Directors of the Company up to an amount of RM1,100,000 from the day after the Fourteenth AGM until the next AGM of the Company, to be paid monthly in arrears; and the Directors' benefits payable to the Non-Executive Directors of the Company up to an amount of RM200,000 from the day after the Fourteenth AGM until the next AGM of the Company.</p>
<b>Explanation for departure</b>	:	

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

**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 8.1**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	Detailed disclosure on named basis for the remuneration of individual Directors is set out in the table below.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd)	Independent Director	216,000	Input info here	Input info here	Input info here	6,000	Input info here	222,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	222,000
2	Dato' Wan Mohd Safiain bin Wan Hasan	Independent Director	102,000	Input info here	Input info here	Input info here	13,000	Input info here	115,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	115,000
3	Dato' Wan Ibrahim bin Wan Ahmad	Independent Director	84,000	Input info here	Input info here	Input info here	10,000	Input info here	94,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	94,000
4	Dato' Sri Sharifuddin bin Ab Ghani	Independent Director	102,000	Input info here	Input info here	Input info here	12,000	Input info here	114,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	114,000
5	Dato' Ibrahim bin Abdullah	Independent Director	84,000	Input info here	Input info here	Input info here	9,000	Input info here	93,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	93,000
6	Yee Kim Shing @ Yew Kim Sing	Independent Director	120,000	Input info here	Input info here	Input info here	10,000	Input info here	130,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	130,000
7	Noor Suhaila binti Saad	Independent Director	96,000	Input info here	Input info here	Input info here	12,000	Input info here	108,000	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	108,000
8	Azrul bin Yahaya	Non-Executive Non-Independent Director	64,193.55	Input info here	Input info here	Input info here	5,000	Input info here	69,193.55	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	69,193.55
9	Wan Zalizan bin Wan Jusoh	Executive Director	547,773.40	Input info here	Input info here	Input info here	Input info here	Input info here	547,773.40	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	547,773.40
10	Chia Kok Khuang	Executive Director	418,223.40	Input info here	Input info here	Input info here	Input info here	Input info here	418,223.40	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	418,223.40

11	Safian bin Mohd Yunus	Executive Director	417,479.05	Input info here	Input info here	Input info here	Input info here	Input info here	417,479.05	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	417,479.05
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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 8.2**

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	:	The Company has disclosed the top 8 Key Senior Management's remuneration component in bands of RM50,000 but not on named basis due to confidentiality and sensitivity of each remuneration package.	
		The remuneration of the 8 Key Senior Management of the Company for the financial year ended 31 March 2022 in the bands of RM50,000 are as follows:-	
		Range Remuneration per annum	Number of Senior Management
		RM50,000 up to RM100,000.00	1
		RM200,000.01 up to RM250,000.00	1
		RM250,000.01 up to RM300,000.00	1
		RM350,000.01 up to RM400,000.00	1
		RM400,000.01 up to RM450,000.00	3
		RM500,001.00 up to RM550,000.00	1
	Total	8	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
Timeframe	:	Choose an item.	



No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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 8.3 - Step Up**

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

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**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 9.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the AC and the Chairman of the Board are held by two (2) distinct individuals which allows the Board to objectively review the AC's findings and recommendations.</p> <p>The AC is led by Mr Yee Kim Shing @ Yew Kim Sing whilst the Chairman of the Board is General Tun (Dr) Mohamed Hashim bin Mohd Ali (Rtd), both of whom are Independent Non-Executive Directors.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 9.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The requirement of a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC is reflected in the Term of Reference of the AC.</p> <p>The Terms of Reference of the AC is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC has adopted the External Auditors Assessment Policy to assess the suitability, objectivity and independence of the external auditor.</p> <p>The AC conducted an annual assessment of the suitability and independence of the external auditors, Messrs. Crowe Malaysia PLT in respect of the financial year under review. The AC was satisfied with the performance and independence of the external auditors as well as the fulfillment of criteria based on several factors, which includes, inter-alia, the quality processes/performance based on international auditing standards or practices, adequacy of the firm's expertise and its resources to carry out the audit work, as set out in the External Auditors Assessment Policy.</p> <p>The external auditors confirmed their independence on an annual basis through their audit engagement in accordance with their firm's requirements and with the provisions of the By-Laws on Professional Independence of the Malaysian Institute of Accountants.</p> <p>Based on the outcome of the annual assessment of external auditors and the AC's recommendation, the Board is in a position to recommend for the shareholders' approval, the re-appointment of Messrs. Crowe Malaysia PLT as auditors of the Company at the forthcoming Fourteenth AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b> :	Not Adopted
<b>Explanation on adoption of the practice</b> :	



**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 9.5**

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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>The Board regards the members of AC collectively are financially literate and able to understand matters under the purview of the AC which includes the financial reporting process. The AC assists the Board in its oversight over management in the implementation and monitoring of financial reporting, risk management and internal control systems.</p> <p>The training attended by the AC members during the year under review are set out in the Corporate Governance Overview Statement of the 2022 Annual Report.</p> <p>In addition, to keep abreast of relevant developments in accounting and auditing standards, the AC is regularly briefed by the External Auditors on key changes in accounting standards, practices and rules.</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**

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 10.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board has established an Enterprise Risk Management Framework to provide on-going and consistent process for identifying, assessing, monitoring and reporting of significant risks faced by the respective business units and ultimately the Group, so as to effectively deal with uncertainties associated with risks and opportunities.</p> <p>The Board is supported by the RMC in overseeing risk management and internal control policies and procedures in order to manage the overall risk exposure of the Group.</p> <p>The Statement on Risk Management and Internal Control set out in the 2022 Annual Report outlines the main features of the Group's risk management and internal control system for the financial year ended 31 March 2022.</p> <p>The Terms of Reference of the RMC is published on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 10.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The features of the Group's risk management and internal control framework, and the adequacy and effectiveness of the framework are set out in the Statement on Risk Management and Internal Control of the 2022 Annual Report of which was reviewed by the External Auditors and the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 10.3 - 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The Board established the Risk Management Committee ("RMC") which comprises of three (3) members, all of whom are Independent Directors to oversee the Group's risk management framework and policies.</p> <p>In May 2022, the RMC has reviewed and recommended to the Board for approval the revision to the Terms of Reference of RMC with various improvement and new clauses added.</p>

**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 11.1**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Company has established an Internal Audit Department which is independent from the operations of the respective operating units. The internal audit function is led by the Chief Internal Auditor who reports directly and functionally on audit issues to the AC whilst the administrative matters are dealt with by the Managing Director.</p> <p>The AC reviewed and approved the Audit Planning Memorandum of the Internal Audit Department with emphasis on the audit scopes of work, audit activities and planned of work, adequacy of resources and sufficiency of coverage of auditable areas selected on the practice of risk-based audit approach.</p> <p>The AC also reviewed and discussed the Internal Audit Reports which consists of the audit findings, recommendations and the corrective actions agreed and committed upon by the Management which will ensure that all key risks are addressed on a timely basis and that the mitigating controls are in place.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 11.2**

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.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The internal audit work which formed part of the internal audit function is governed by the Internal Auditor Charter.</p> <p>The Internal Audit Department is made up of 6 personnel headed by the Chief Internal Auditor, Puan Norreen binti Mohd Salim is a member of the Malaysian Institute of Accountants and Institute of Internal Auditors with over 17 years of professional experience.</p> <p>The internal audit function conduct auditing in a manner that meet the requirements of the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**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 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has always recognised the importance of accurate and timely dissemination of information to shareholders and investors about the Group's operations, strategies, performance and prospects to maintain credibility and build stronger relationships with the investment community.</p> <p>The Board has put in place the corporate information of the Company and is accessible to the shareholders and investors at the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a>. The Investor Relations section which provides all the relevant information on the Company's shares, financial information, announcements made by the Company to Bursa Malaysia Securities Berhad, latest media news on the Company as well as the Directors' profile, Board Charter, Terms of Reference of the Board Committees, Corporate Disclosure Policy and Procedures, Code of Conduct and Ethics for Directors, Whistleblowing System Policy, Shareholders Communication Policy, Gender Diversity Policy, External Auditors Assessment Policy, Anti-Bribery and Anti-Corruption Policy, Corporate Governance Report, Remuneration Framework and Directors' Fit and Proper Policy. The Company has continuously leveraged on information technology for broader and effective dissemination of information to the shareholders and investors. The contact details of the Investor Relations can be found at the Company's website as well.</p> <p>During the Fourteenth AGM of the Company, the Chairman will provide a brief overview of the Group's annual operating and financial performance, followed by a Questions and Answers session during which the Chairman encourages shareholders' active participation including clarifying and questioning on the Company's financial performance, Group's strategic direction, performance and business operations.</p>
<b>Explanation for departure</b>	:	

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



**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 12.2**

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

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

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The notice of Thirteenth AGM of the Company was issued on 16 August 2021 for the AGM held on 15 September 2021, giving shareholders more than twenty-eight (28) clear days' notice prior to the AGM.</p> <p>The Notice of AGM which sets out the businesses to be transacted at the AGM, was also published in a major local newspaper. The notes to the Notice of AGM also provide detailed explanation for each resolution proposed to enable shareholders to make informed decisions in exercising their voting rights.</p> <p>For the Fourteenth AGM to be held in year 2022, the Company would also give at least twenty-eight (28) days' notice to the shareholders prior to the AGM.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>At the Thirteenth AGM held fully virtual on 15 September 2021, all Directors and senior management attended the AGM.</p> <p>The shareholders present at the Thirteenth AGM were invited to ask questions about the resolutions proposed at the AGM as well as matters relating to the Group’s businesses before putting them to vote by poll.</p> <p>The Company’s responses to questions submitted by the Minority Shareholders Watch Group were shared with the shareholders during the AGM.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As a precautionary measure amid Covid-19 outbreak, the Thirteenth AGM of the Company were conducted through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities, which is in compliance with Section 327 (1) and (2) of the Companies Act, 2016 and Clause 106 of the Company's Constitution.</p> <p>The Administrative Guide for the Thirteenth AGM of the Company set out the procedures for online registration and remote participation and voting was issued together with the Notice of Thirteenth AGM to shareholders. In addition, a step-by-step guide together with a short audio clip on the online voting module was played prior to the commencement of poll voting.</p> <p>At the Thirteenth AGM, the Company had appointed SS E Solutions Sdn Bhd as the Poll Administration to conduct the poll by way of electronic voting and Commercial Quest Sdn Bhd as Scrutineer to verify the poll results.</p> <p>With the RPV facilities, shareholders are able to exercise their right as members of the Company to participate (by voting and posting questions during the AGM) via Securities Services e-Portal's platform. Members who were unable to attend the AGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy to participate at the AGM via the RPV facilities.</p> <p>Upon verification of the poll results, the Independent Scrutineer announced the results for each resolution by displaying on-screen. Subsequently, the poll results were announced to Bursa Malaysia Securities Berhad on the same day.</p>
<b>Explanation for departure</b>	:	

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

### Intended Outcome

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

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman ensures that general meetings serve as a meaningful engagement between the Board, senior management and shareholders.</p> <p>The Group Chief Financial Officer and representatives of Messrs. Crowe Malaysia PLT also attended in the Thirteenth AGM.</p> <p>During the Thirteenth AGM, the Chairman provided sufficient opportunities to shareholders to pose questions relating to the affairs of the Company during the Questions and Answers session.</p> <p>Shareholders were given the opportunity to submit questions prior to the Thirteenth AGM electronically by emailing to <a href="mailto:eservices@sshshb.com.my">eservices@sshshb.com.my</a> or pose questions via real time submission of typed text through a text box within SS e-Portal before the start or during the live streaming. The Managing Director addressed the questions submitted by the shareholders via email and the RPV facilities.</p> <p>The shareholders and investors may also forward all investor relations related inquiries to the Company's dedicated email address at <a href="mailto:kai@capitalfront.biz">kai@capitalfront.biz</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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**Intended Outcome**

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

**Practice 13.5**

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

*Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.*

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the Thirteenth AGM, the Company has appointed SS E Solutions Sdn Bhd ("SSES B") as the service provider of Remote Participation and Voting ("RPV") facilities via the Securities Services e-Portal ("SSeP"). SSeP is SSES B's all-in solution for facilitating RPV at meetings.</p> <p>At the Thirteenth AGM, the Chairman informed the meeting that with the RPV facilities, shareholders may exercise the right as a shareholders of the Company to pose questions to the Board and vote remotely at the Meeting.</p> <p>To ensure effective communication with the shareholders at the fully virtual general meeting, questions posed by shareholders were read out by the Chairman before being answered by the Managing Director.</p> <p>Moving forward, the Board shall ensure that questions posed by the shareholders are displayed to the meeting participants during the meeting.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Minutes of the Thirteenth AGM (including all the questions raised at the AGM and the answers thereto) is available on the Company's website at <a href="http://www.datasonic.com.my">www.datasonic.com.my</a> no later than thirty (30) business days after the AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT 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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