

CORPORATE GOVERNANCE REPORT

STOCK CODE : DSONIC 5216
COMPANY NAME : Datasonic Group Berhad (Registration No. 200801008472
(809759-X))
FINANCIAL YEAR : March 31, 2021

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 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.

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.

Application	:	Applied
Explanation on application of the practice	:	<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>The Board 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.</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 Board through the AC will ensure the integrity of the Company's financial and non-financial reporting, timeliness of reporting and compliance with the relevant accounting standards and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The details of the AC activities were set out in the AC Report of the Annual Report 2021.</p>

	<p>In February 2021, the NRC reviewed and assessed the candidate for the proposed appointment as Managing Director as well as his remuneration package. Subsequently in March 2021, the NRC reviewed and assessed the candidates for the proposed appointment of Deputy Managing Director and Executive Director of the Company as well as their remuneration package.</p> <p>In May 2021, 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>The RMC assists the Board in overseeing the risk management framework and policies of the Group. During the year under review, the RMC reviewed 4 Operational Risks Review Reports and identified 23 risks and accordingly have made some suggestions for improvement and for further action. The RMC also reviewed the Anti-Bribery and Anti-Corruption Policy prior to approval and adoption by the Board on 29 May 2020.</p> <p>In May 2021, the RMC reviewed and recommended to the Board for approval the Discretionary Authority Limits of Datasonic Group and the Terms of Reference of Group Management Committee and Group Tender and Procurement Committee.</p>	
<p>Explanation for departure</p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p>Measure</p>	<p>:</p>	
<p>Timeframe</p>	<p>:</p>	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Chairman provides leadership 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 www.datasonic.com.my.</p>
Explanation for departure	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The positions of the Chairman and the Managing Director are held by different individuals. General Tan Sri (Dr) Mohamed Hashim bin Mohd Ali (Rtd) is the Independent Non-Executive Chairman.</p> <p>Encik Wan Zalizan Bin Wan Jusoh has been appointed as Managing Director of the Company on 24 February 2021 in place of Dato' Razali bin Mohd Yusof who has been redesignated to Non-Independent Non-Executive Director. Dato' Razali subsequently resigned as Non-Independent Non-Executive Director of the Company on 29 March 2021.</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 www.datasonic.com.my.</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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 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.

Application	:	Applied
Explanation on application of the practice	:	<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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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

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.

Application	:	Departure
Explanation on application of the practice	:	<p>The Company Secretary will ensure the meeting materials are distributed electronically and uploaded onto an App 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> <p>The notice of meetings and meeting materials with the relevant and adequate information are distributed at least 7 days and 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>
Explanation for departure	:	<p>Partial departure given that the meeting materials were circulated less than 5 business days in advance of the Board meeting.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied	
Explanation on application of the practice	:	<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>The Board Charter is published on the Company's website at www.datasonic.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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.

Application	:	Applied
Explanation on application of the practice	:	<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. The Code of Conduct and Ethics for Directors was updated and reviewed by the Board in May 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 Corruption Policy has been adopted as part of the Company's commitment against all forms of bribery and corruption.</p> <p>The Code of Conduct and Ethics for Directors and the Anti-Bribery and Anti-Corruption Policy are published on the Company's website at www.datasonic.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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.

Application	:	Applied
Explanation on application of the practice	:	<p>The Whistleblowing 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>The Whistleblowing Policy is published on the Company's website at www.datasonic.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.1

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

Application	:	Applied
Explanation on application of the practice	:	
Explanation for departure	:	<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 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>For the year under review, the Board through the NRC has received affirmation from 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>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

Intended Outcome

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

Practice 4.2

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 justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	: Applied - Annual shareholders' approval for independent directors serving beyond 9 years
Explanation on application of the practice	<p>The Company will be seeking shareholders' approval at the forthcoming Thirteenth Annual General Meeting for General Tan Sri (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 continue to act as Independent Non-Executive Directors of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code on Corporate Governance.</p> <p>In May 2021, the Board through the NRC has undertaken relevant assessment and recommended that General Tan Sri (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">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;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;c) They have contributed sufficient time and exercised due care during their tenure as Independent Non-Executive Directors;d) They have discharged their professional duties in good faith and also in the best interest of the Company and shareholders;

	<ul style="list-style-type: none"> e) They have the calibre, qualifications, experiences and personal qualities to challenge management in an effective and constructive manner; f) They have never compromised on their independent judgement; and g) They have ensured that there were effective checks and balances in Board proceedings.
Explanation for departure :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
Measure :	
Timeframe :	

Intended Outcome

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

Practice 4.3 - Step Up

The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Adopted
Explanation on adoption of the practice	:	The policy limiting the tenure of the Company's independent directors to nine (9) years is set out in the Company's Board Charter. The Board Charter is published on the Company's website at www.datasonic.com.my .

Intended Outcome

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

Practice 4.4

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.

Application	:	Applied
Explanation on application of the practice	:	<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 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 following candidates for the appointment as Alternate Director/Directors of the Company:-</p> <ul style="list-style-type: none">a) Encik Wan Zalizan bin Wan Jusoh – appointed as Managing Director on 24 February 2021;b) Encik Safian bin Mohd Yunus – appointed as Alternate Director to Dato' Razali bin Mohd Yusof on 24 February 2021;c) Mr Chia Kok Khuang – appointed as Deputy Managing Director on 29 March 2021; andd) Encik Safian bin Mohd Yunus – appointed as Executive Director on 29 March 2021.
Explanation for departure	:	

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

Intended Outcome

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

Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges and recognises the benefits arising from the boardroom and workforce diversity, including enhancing the Group's performance, improving efficiency and employee retention. Gender diversity includes, but is not limited to, gender, age, ethnicity, culture and socio-economic backgrounds. The Board, through the NRC, will take steps to ensure that women candidates are also sought as part of its recruitment exercise. Presently, the number of female Director on the Board is one (1), representing approximately 9% of the total Board composition.</p> <p>The Board will review its composition and size from time to time with the aim of eventually to achieve the target of 30% female representation on the Board.</p> <p>The Gender Diversity Policy is published on the Company's website at www.datasonic.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 4.6

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.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	<p>The appointment of new Directors to the Board are decided and approved by the Board members based on the recommendation of the NRC.</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> <p>During the year under review, the appointment of the following Directors were based on recommendation by management:-</p> <ul style="list-style-type: none">a) Encik Wan Zalizan bin Wan Jusoh;b) Mr Chia Kok Khuang; andc) Encik Safian bin Mohd Yunus.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	The Board will consider utilising independent sources to identify suitably qualified candidate, if such a need arises.
Timeframe	:	No.

Intended Outcome

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

Practice 4.7

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

Intended Outcome

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

Practice 5.1

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 and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Applied
Explanation on application of the practice	:	<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 practices of the Malaysian Code on Corporate Governance.</p> <p>In May 2021, 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 2.78 points to the highest of 3.56 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 2021, 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 4.80 points to 5.00 points. The results of the assessment were tabled to and duly adopted by the Board.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	

Timeframe	:		
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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 6.1

The board has in place 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 experiences required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	<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>In February 2021, the NRC reviewed the remuneration package of Encik Wan Zalizan bin Wan Jusoh who was appointed as the Director and Managing Director. When recommending the remuneration package, the NRC took into consideration Encik Wan Zalizan's years of working experience, knowledge and expertise. The NRC also reviewed the Director's fee payable to Dato' Razali bin Mohd Yusof in respect of his redesignation from Managing Director to Non-Independent Non-Executive Director and accordingly recommended it for the approval of the Board.</p> <p>In March 2021, the NRC reviewed the remuneration package of Mr Chia Kok Khuang and Encik Safian bin Mohd Yunus who were appointed as Deputy Managing Director and Executive Director respectively. The NRC took into consideration their past working experience, knowledge and expertise when recommending their remuneration package for the Board's approval.</p> <p>In May 2021, the Board approved the NRC's recommendation for the Company to seek the shareholders' approval at the Thirteenth Annual General Meeting ("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 Thirteenth 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 Thirteenth AGM until the next AGM of the Company.</p> <p>The Remuneration Framework is published on the Company's website at www.datasonic.com.my.</p>

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

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 6.2

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.

Application	:	Applied
Explanation on application of the practice	:	<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 www.datasonic.com.my.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 7.1

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.

Application	:	Applied	
Explanation on application of the practice	:	Detailed disclosure on named basis for the remuneration of individual Directors is set out in the Corporate Governance Overview Statement of the Company's Annual Report 2021.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 7.2

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	:	Applied
Explanation on application of the practice	:	<p>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.</p> <p>The remuneration of the 8 Key Senior Management of the Company for the financial year ended 31 March 2021 in the band of RM50,000 is set out in the Corporate Governance Overview Statement of the Company's Annual Report 2021.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 7.3 - Step Up

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

Application	:	Not Adopted
Explanation on non-adoption of the practice	:	Due to the confidentiality of the remuneration package of the respective senior management.

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 8.1

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

Application	:	Applied
Explanation on application of the practice	:	<p>The Board recognises the important role of the AC as part of the corporate governance process. In this regard, the Board has established an AC which comprises solely Independent Non-Executive Directors to oversee the Company's financial reporting on behalf of the Board.</p> <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 Tan Sri (Dr) Mohamed Hashim Bin Mohd Ali (Rtd), both of whom are Independent Non-Executive Directors.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 8.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company recognises the importance of independence of its external auditors and that no possible conflict of interest whatsoever should arise.</p> <p>The requirement of a former key audit partner to observe a cooling-off period of at least two (2) 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 www.datasonic.com.my.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	<p>The AC has adopted the External Auditors Assessment Policy.</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>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 Thirteenth Annual General Meeting.</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

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 8.4 - Step Up

The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	<p>The AC comprises of three (3) members, all of whom are Independent Non-Executive Directors. Hence, the AC is able to exercise their independent judgement objectively in the best interest of the Company.</p> <p>The details of the Term of Reference of the AC are available for reference at the Company's website at www.datasonic.com.my.</p>

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 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate 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 Company's Annual Report 2021.</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	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 9.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 Terms of Reference of the RMC is published on the Company's website at www.datasonic.com.my</p>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
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 9.2

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

Application	:	Applied	
Explanation on application of the practice	:	The features of the Company'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 Company's Annual Report 2021, which was reviewed by the External Auditors and the Board.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
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 9.3 - 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.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board established the RMC which comprises of three (3) members, all of whom are Independent Directors to oversee the risk management process within the Group.

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 10.1

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

Application	:	Applied	
Explanation on application of the practice	:	<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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 10.2

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.

Application	:	Applied	
Explanation on application of the practice	:	<p>The internal audit work which formed part of the internal audit function is governed by the Internal Auditor Charter.</p> <p>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 16 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>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

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 11.1

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

Application	:	Applied
Explanation on application of the practice	:	<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 www.datasonic.com.my. 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 Policy, Shareholders Communication Policy, Gender Diversity Policy, External Auditors Assessment Policy, Anti-Bribery and Anti-Corruption Policy, Corporate Governance Report and Remuneration Framework. The Company has continuously leveraged on information technology for broader and effective dissemination of information to the shareholders and investors. The contact of Investor Relations can be found at the Company's website as well.</p> <p>During the Annual General Meeting 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>
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

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 11.2

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

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has yet to adopt integrated financial reporting framework, the implementation of which has not been made mandatorily by the authorities.	
		-	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:	-	
Timeframe	:	Choose an item.	

Intended Outcome

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

Practice 12.1

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

Application	:	Applied	
Explanation on application of the practice	:	The Thirteenth Annual General Meeting (“AGM”) of the Company is scheduled on 15 September 2021 and the Notice of AGM will be issued on 16 August 2021, giving shareholders more than 28 clear days’ notice prior to the AGM.	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.2

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

Application	:	Applied	
Explanation on application of the practice	:	<p>At the Twelfth Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) of the Company held on 17 September 2020, all the Directors and senior management attended the Twelfth AGM and EGM.</p> <p>The shareholders present at the Twelfth AGM and EGM were invited to ask questions about the resolutions proposed at the AGM and EGM as well as matters relating to the Group’s businesses before putting them to vote by poll.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

Intended Outcome

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

Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application	:	Applied
Explanation on application of the practice	:	<p>As a precautionary measure amid Covid-19 outbreak, the Twelfth Annual General Meeting (“AGM”) and Extraordinary General Meeting (“EGM”) 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>At the Twelfth AGM and EGM, the Company had appointed Boardroom Share Registrars Sdn Bhd as the Poll Administration to conduct the poll by way of electronic voting and Malaysian Issuing House 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, posting questions during the AGM) via Boardroom Smart Investor Portal. Members who was unable to attend to attend the AGM and EGM, he/she may appoint a proxy or the Chairman of the meeting as his/her proxy to participate at the AGM and EGM 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>
Explanation for departure	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
Measure	:	
Timeframe	:	

**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.

This Section B is not applicable to Datasonic Group Berhad.