

Sustainability Statement



Sustainability Statement

ABOUT THIS STATEMENT

VSTECS Berhad (“**VSTECS**” or “the **Group**”) presents its Sustainability Statement (“**SS2025**”) for the financial year ended 31 December 2025 (“**FYE 2025**”). This statement sets out how the Group manages and responds to its key economic, environmental, social and governance (“**EESG**”) matters within the context of its ICT distribution and enterprise systems operations.

During FYE 2025, VSTECS continued to integrate sustainability considerations into its business practices, particularly in areas such as warehousing & logistics efficiency, supply chain management and responsible business conduct. As the Group supports the digital ecosystem and digital adoption across Malaysia and the region, it remains mindful of the environmental and social impacts associated with its operations. VSTECS will continue to strengthen its sustainability practices in line with business growth, regulatory expectations and the transition towards a more sustainable, low-carbon economy.

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REPORTING STANDARDS & GUIDELINES

This Sustainability Statement has been prepared based on available internal information and in accordance with Paragraph 29, Part A of Appendix 9C and Practice Note 9 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements (MMLR). The Board of Directors of VSTECS Berhad ("**Board**") acknowledges that SS2025 has been prepared with reference to the requirements applicable to Group 2 entities under the National Sustainability Reporting Framework ("**NSRF**"), which is aligned with the IFRS Sustainability Disclosure Standards and other internationally recognised sustainability frameworks and standards. In applying these requirements, VSTECS has adopted the NSRF transition relief under the climate-first approach, consistent with IFRS S2.

With Reference

National Sustainability Reporting Framework (NSRF), following the International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards



Global Reporting Initiative (GRI) 2021 (Core Option)



FTSE4Good Bursa Malaysia (F4GBM) Index



Task Force on Climate-Related Financial Disclosures (TCFD)



Sustainability Accounting Standards Board (SASB) Sector-Specific Disclosures



United Nations Sustainable Development Goals (UNSDGs)



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REPORTING SCOPE AND BOUNDARY

This report covers VSTECS' operations across its three primary business segments:

ICT Distribution

Distributes a wide range of consumer ICT products (notebooks, PC, smartphones, tablets, wearables, printers and software).

Enterprise Systems

Provide systems and solutions for enterprises including network and communication infrastructure, servers, and enterprise software.

ICT Services

Offers data center projects and cloud services, helping businesses with their digital transformation need.

VSTECS operates within the information and communications technology ("ICT") sector. This Sustainability Statement covers all operations under the Group's managerial control, comprising VSTECS Berhad and its four wholly-owned subsidiaries:

Subsidiary	Principal Business Activities
VSTECS Astar Sdn. Bhd.	<ul style="list-style-type: none"> • Distribution of ICT products, including hardware, software, and value-added product support and technical services, to resellers across Malaysia. • Supply of project-based sales across key market segments, including telecommunications providers, public infrastructure (e.g. education sector), and mass-market channels such as large-format IT retail outlets and chain stores.
VSTECS Pericomp Sdn. Bhd.	<ul style="list-style-type: none"> • Distribution of enterprise business solutions, including servers, networking, storage, backup systems, cybersecurity solutions, software integration and cloud offerings, to partners across Malaysia. • Provision of project-based services, including presales consultation, architecture design and planning and system sales. • Representation and collaboration on technology solutions and business initiatives to enhance market awareness and strengthen engagement with vendors and business partners in Malaysia. • Provision of solutions services, including AI and data centre equipment, to data centre operators.
VSTECS KU Sdn. Bhd.	<ul style="list-style-type: none"> • Provision of a full range of IT products and services, including hardware, software and related services, to resellers of VSTECS Astar and VSTECS Pericomp. • Delivery of professional services, including consultation, assessment, architecture design, implementation, system integration, and ongoing hardware and software support and maintenance. • Distribution of cloud subscriptions, services and support to resellers in Malaysia and Brunei, primarily within the commercial sector. • Services delivered through System Integrator partners and enterprise resellers to public and private sector clients, including government-linked companies, financial institutions, immigration authorities, hospitality operators and other government service departments. • Post-sales technical support and maintenance services.
VSTECS Kush Sdn. Bhd.	<p>VSTECS Kush Sdn. Bhd. provides in-house operational and administrative shared services to support the Group's operations, including the following:</p> <ul style="list-style-type: none"> • Human resource management • Financial and accounting services • Inventory and purchasing management • Warehousing, logistics and delivery assurance • Corporate and legal affairs services • Internal IT systems management • In-house property management

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This statement excludes any activities involving our associate company i.e. ISATEC Sdn. Bhd. and our joint venture company, Enrich Platinum Sdn. Bhd..

We have a 40% equity interest in ISATEC Sdn. Bhd. which operates independently, providing end-to-end application performance management solutions, custom application and enterprise workflow development, and mobile application software to corporate, government and financial sector clients.

We hold a 50% equity interest in Enrich Platinum Sdn. Bhd., an investment holding company involved in the provision of specific property management services and the letting for facilities to the Group. As these entities are not consolidated within the Group's sustainability governance and data management processes, they are excluded from the reporting boundary of this Statement.

The Statement encompasses all functions and divisions that materially contribute to the Group's sustainability performance, providing a comprehensive view of its EESG impacts. Sustainability-related, non-financial data is collected and consolidated from designated data owners across the Group.

Beyond its direct operations, VSTECS engages its extended value chain, including more than 4,000 resellers, global brand principals, vendors, customers and channel partners, to encourage responsible and sustainable business practices.

REPORTING PERIOD

This reporting period is from 1 January 2025 to 31 December 2025 ("**FYE 2025**"). Where available, up to three years of historical data are included to support comparability and provide insight into performance trends.

STATEMENT OF USE

The Board of Directors ("**Board**"), as the Group's highest governing body, has overall oversight and accountability for this Sustainability Statement. The Sustainability Statement for the financial year 2025 has been prepared with due care and in accordance with the GRI Standards and was issued pursuant to a resolution of the Board dated 3 April 2026.

Sustainability-related data disclosed in SS2025 was collected, verified and validated by the relevant business units under the oversight of the Group's Chief Executive Officer ("**CEO**") to ensure accuracy, consistency and reliability. Upon completion, the Statement was reviewed by the Environmental, Social and Governance Committee and subsequently approved by the Board of Directors.

MEMBERSHIP IN ASSOCIATIONS

As a major industry player in the ICT Distribution sector, VSTECS participates in relevant industry associations and collaborative platforms within the ICT distribution sector to remain attuned to industry developments, contribute to discussions on shared challenges, and support the dissemination of material sustainability considerations across its value chain and the wider industry. Through these engagements, the Group seeks to strengthen industry alignment and responsible business practices. VSTECS maintains memberships with the following organisations:

- PIKOM (The National Tech Association of Malaysia / Persatuan Industri Komputer dan Multimedia Malaysia);
- Malaysian Employers Federation (MEF / Persekutuan Majikan-Majikan Malaysia); and
- MIM (Malaysian Institute of Management / Institut Pengurusan Malaysia).

DATA QUALITY AND ASSURANCE

All SS2025 performance data has been reviewed and validated by respective business units and designated data owners to ensure consistency and reliability. Selected sustainability disclosures were further subjected to an internal review by the Internal Audit function and approved by the Audit Committee of VSTECS Berhad. This review covered key indicators across identified sustainability matters within the Group's Malaysian operations. While this process enhances the credibility of the reported information, it is limited in scope and does not constitute a full audit or independent assurance engagement. VSTECS will continue to strengthen its data management processes to support transparent and reliable sustainability reporting. Further details are available in the Statement of Assurance on page 141 of SS2025.

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EXCLUSIONS AND LIMITATIONS

VSTECS recognises that certain data collection challenges remain for selected indicators, particularly where reliance is placed on external data sources or non-standardised measurement methodologies. While efforts have been made to ensure data accuracy and completeness, limitations in data availability and consistency persist in some areas. The Group continues to strengthen its data governance processes and systems to address these gaps and support more robust, consistent and decision-useful disclosures in future reporting cycles.

FORWARD-LOOKING STATEMENTS

This SS2025 outlines VSTECS' strategic direction, setting targets and goals for the future. While these plans are based on realistic assessments and reasonable assumptions, their execution involves inherent risks and uncertainties. Actual results may differ materially from expectations due to factors beyond management's control, including changes in business conditions or regulatory developments. SS2025 includes forward-looking statements regarding strategic priorities and anticipated performance, reflecting current conditions and assumptions at the time of reporting.

REPORT AVAILABILITY & FEEDBACK

VSTECS is committed to open communication and engagement with its stakeholders. SS2025 is available digitally on the VSTECS corporate website at: www.vsteecs.com.my.

Feedback, suggestions, inquiries and concerns are welcome to help improve future reporting. Please contact us at: <https://www.vsteecs.com.my/reach-us/>.

CEO's MESSAGE ON SUSTAINABILITY

At VSTECS, sustainability continues to be a core pillar of our business, reinforcing our commitment to enabling Malaysia's digital transformation while creating long-term value for our stakeholders. In FYE 2025, we made meaningful strides in embedding EESG considerations into our operations, reflecting our belief that sustainable business practices and economic growth go hand in hand.

This year, we conducted a Double Materiality Assessment ("DMA") to better understand and prioritise sustainability matters from both an impact and financial perspective. The assessment has provided invaluable insights into the sustainability-related risks and opportunities most relevant to our business and stakeholders, strengthening our decision-making processes and informing future disclosures.

FYE 2025 was also a year of proactive alignment with emerging regulatory requirements. The Securities Commission Malaysia's National Sustainability Reporting Framework ("NSRF") underscores the increasing formalisation of sustainability reporting practices. In response, we are aligning our disclosures with IFRS S2 Climate-related Disclosures, ensuring our reporting meets international standards and provides transparency for our stakeholders.

Our efforts this year span multiple dimensions of sustainability. From expanding renewable energy adoption and enhancing operational energy efficiency to advancing talent development and promoting electric vehicle adoption, we have continued integrating responsible practices across our operational activities. These initiatives are complemented by targeted community and social programmes that aim to create lasting, positive impacts.

Looking ahead, we remain focused on optimising resource efficiency, reducing environmental impact, and enhancing community engagement. We will continue to refine our EESG strategy based on stakeholder expectations and global trends, leveraging the insights from our DMA to guide our actions and investments.

At VSTECS, our commitment to sustainability is unwavering. By embedding responsible policies and practices across all levels of the organisation, we aim to build a more resilient, inclusive, and sustainable future—creating value not only for our business and stakeholders but for society and the environment as a whole.

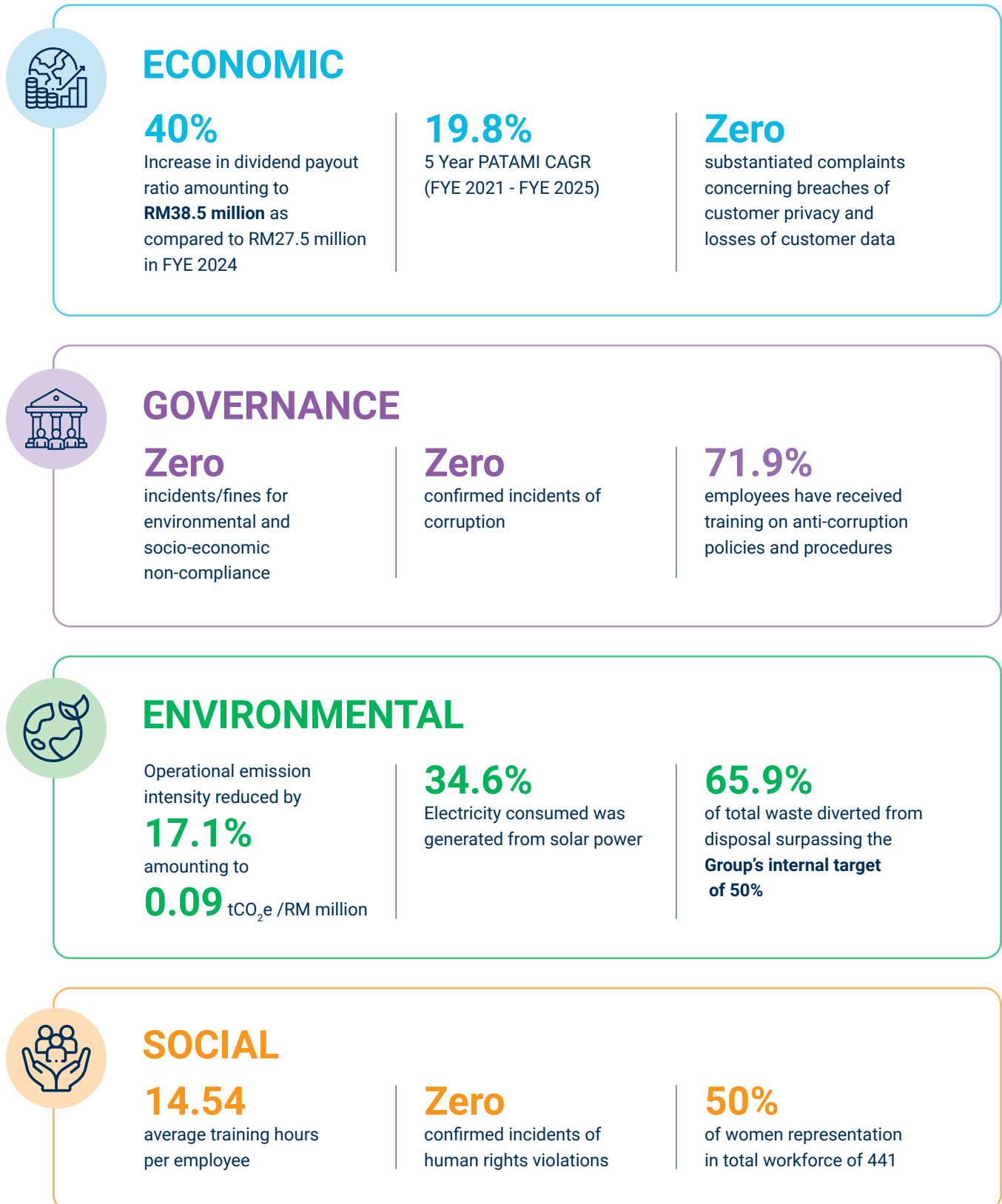
SOONG JAN HSUNG

Executive Director/Chief Executive Officer



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FYE 2025 HIGHLIGHTS & ACHIEVEMENTS



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SUSTAINABILITY WITHIN THE CONTEXT OF VSTECs

As one of the leading provider and distributor of information and communications technology (“ICT”) products and services for both consumers and enterprises in Malaysia, VSTECs plays an important role in supporting the national economy through digital enablement. The Group’s extensive business network, distribution channels, and service capabilities underpin mission-critical infrastructure that supports the continuity of consumer lifestyle, public services, enterprise operations, and broader social and economic activities. By enabling digital transformation and virtual connectivity, VSTECs also contributes to greater resource efficiency by reducing reliance on manual physical processes, travel, and paper-based systems, thereby helping to mitigate environmental impacts.

Recognising the growing importance of sustainability risks and opportunities, VSTECs is committed to integrating EESG considerations into the way it manages its business and delivers lasting value. Sustainability forms an integral part of the Group’s management and operating framework and is embedded into corporate strategy, risk management, and executive processes. The Group is committed to conducting its operations responsibly, in compliance with applicable laws and regulations governing environmental protection, occupational health and safety, labour practices, and corporate governance, while continuously strengthening its ESG practices to support sustainable business growth and resilience.



COMPANY VISION

- To be the leading provider of Information & Communication Technology products and value-added services.
- We strive for sustainable growth to achieve optimum returns to shareholders.



OUR MISSION



We shall strive to be a leading provider within Malaysia of reputable, quality computer systems, hardware, software, services and support for our customers.



We shall conduct business with our valued customers and suppliers with professionalism and integrity.



We shall have an environment to develop, motivate and reward our staff by providing training and incentives for productivity.



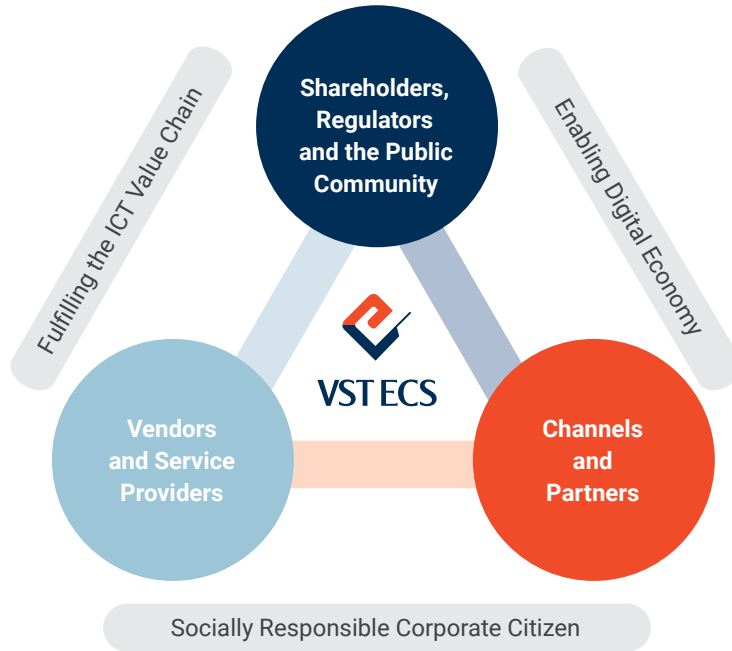
We shall achieve profitability for future growth and to give an adequate return to shareholders.



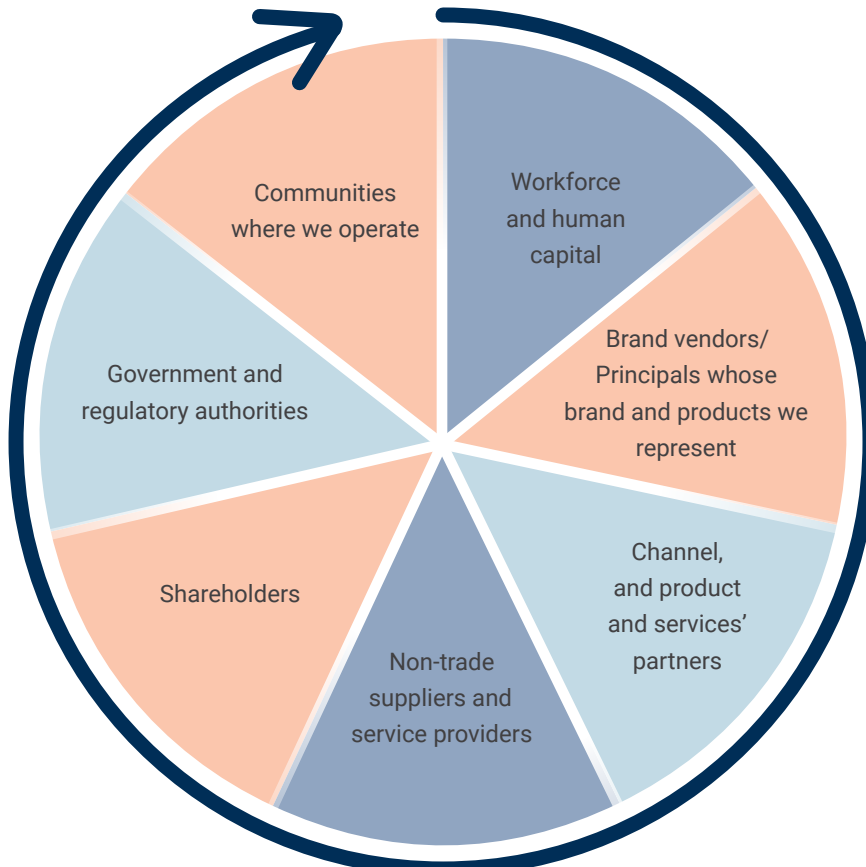
We shall be good corporate citizens with social responsibilities to our communities.

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MALAYSIA ICT INDUSTRY AND COMMUNITY



Our major stakeholders that form part of our business and social eco-systems are the following:



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COMMUNICATIONS AND STAKEHOLDERS' ENGAGEMENT

VSTECS regards stakeholder perspectives as the bedrock of its strategic formulations, recognising that the Group's growth and success are closely tied to a deep understanding of stakeholders' needs. The Group upholds its commitment to maintaining open, transparent relationships and utilise a diverse range of channels to gather valuable input on critical topics, including ESG matters.

As one of Malaysia's leading distributors of Information, Communication and Technology ("ICT") products and services, VSTECS prioritises seamless communication to secure lasting advantages for all stakeholders. The Group's framework is designed to effectively balance stakeholder expectations with the overarching requirements for sustainable growth. To ensure engagement remains robust, the Group rigorously reviews and assesses its methodologies for effectiveness and sufficiency, ensuring the calibration of strategies to meet the evolving objectives of both VSTECS and its stakeholders.

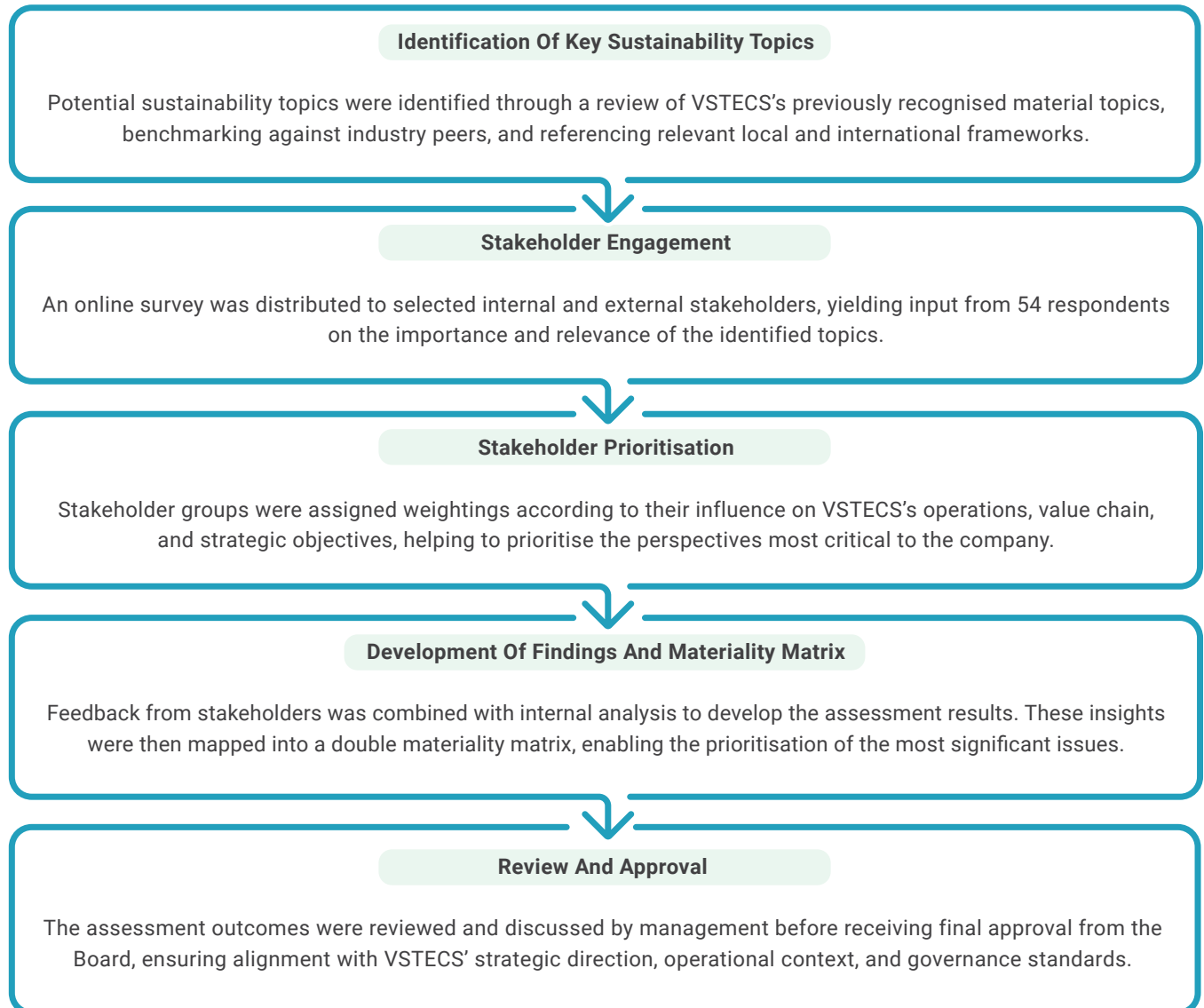
Stakeholders	Areas of Concerns	Engagement Channels
Workforce & Human Capital	<ul style="list-style-type: none"> • Career development • Job security • Remuneration and benefits • Training and development • Workplace health and safety • Labour and human rights • Work-life balance • Recognition and incentives for employees' children's achievements 	<ul style="list-style-type: none"> • Annual staff performance evaluation • Training Programmes • Company intranet, email, memos • Internal Operational Policy and Process Manuals • Employee engagement surveys • Company related events and bulletin • Annual Employee Children Education Incentive Scheme • Sports Club
Brand Vendors/ Principals	<ul style="list-style-type: none"> • Sales Target Performance • Ethical Business Practices • Distribution Infrastructure • Quality Service Assurance 	<ul style="list-style-type: none"> • Scheduled performance review sessions • Supplier audit and evaluation • Product sharing events and networking
Customers/ Channel Partners	<ul style="list-style-type: none"> • Product and services quality and safety • Customer relationships • Privacy protection • After Sales Services 	<ul style="list-style-type: none"> • Scheduled reviews & project tracking milestones • Annual customer satisfaction survey • On-site visits • Training & Support
Shareholders and Investors	<ul style="list-style-type: none"> • Business outlook & growth strategies • Financial performance • ESG practices and sustainability 	<ul style="list-style-type: none"> • Annual General Meeting • Extraordinary General Meeting • Quarterly financial announcements & the Annual Report • Corporate website • Bursa announcements • Investor Briefings
Government/ Regulatory Authorities	<ul style="list-style-type: none"> • Compliance • Health, Safety and Environment (HSE) practices • Certifications and awards • Corporate governance 	<ul style="list-style-type: none"> • Independent and Internal Audits • Dialogues • Meetings • Compliance Committee
Community	<ul style="list-style-type: none"> • Job and business opportunities • Community support & development • ESG practices & commitments 	<ul style="list-style-type: none"> • Employment Opportunities • CSR activities • Social outreach programmes • Internships

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MATERIALITY ASSESSMENT PROCESS

In FYE 2025, VSTECS took a proactive step by undertaking a Double Materiality Assessment (“**DMA**”) – a process designed to uncover the sustainability topics that are most significant in terms of their impact on society and the environment and their financial implications for the company.

Guided by the dual perspectives of impact materiality and financial materiality, the DMA provides a structured framework to balance stakeholder expectations with the factors that affect VSTECS’s ability to generate enduring stakeholder value. Conducted with the expertise of an external sustainability advisory partner, the assessment followed a systematic, multi-step methodology, ensuring its findings were robust, consistent, and actionable.

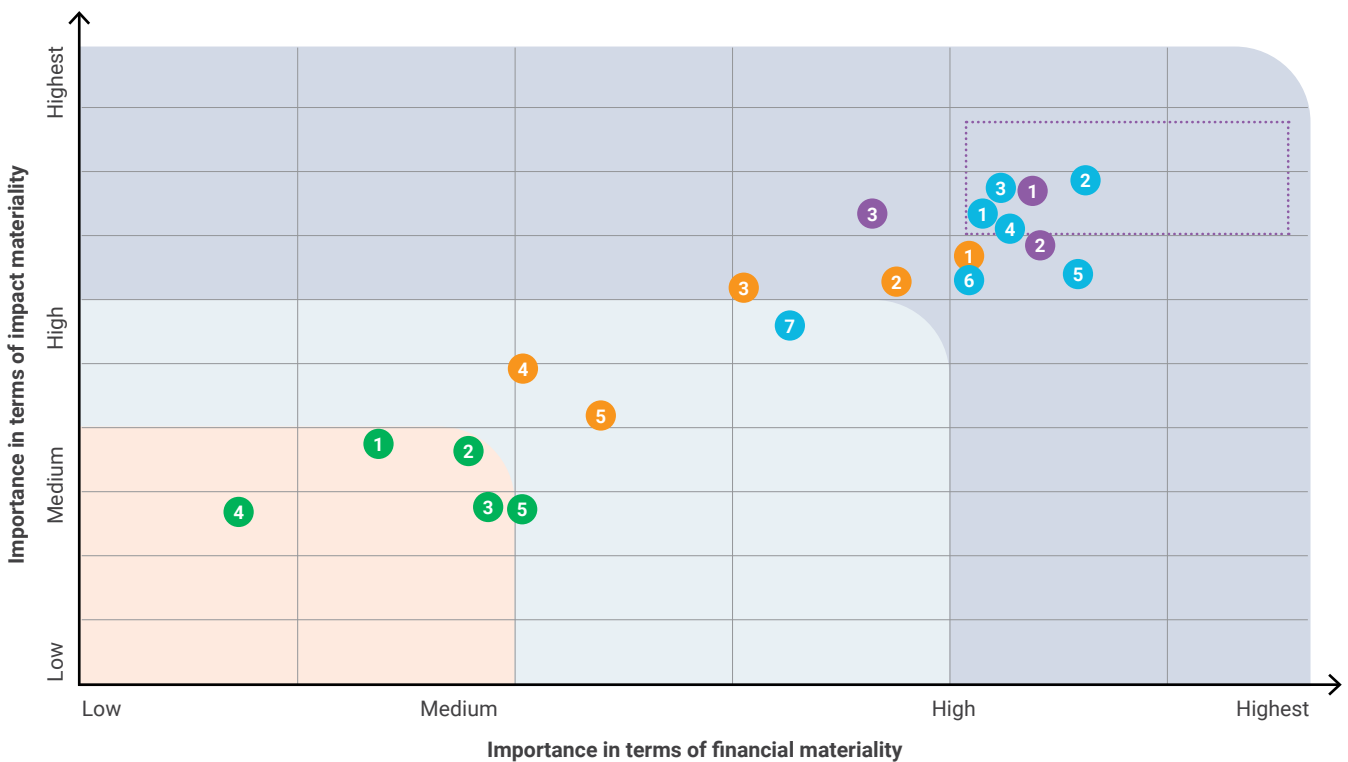


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By identifying and prioritising these critical topics, VSTECS strengthens its ability to pursue responsible business practices while supporting sustainable growth and organisational resilience.

The outcome of this assessment is a materiality matrix that highlights the most significant sustainability-related risks and opportunities (“SRRO”s). This matrix underpins VSTECS’s sustainability strategy for 2025 and beyond and aligns with IFRS S1 principles, integrating material issues into strategy, risk management, and reporting.

Double Materiality Matrix



Economic	Environmental	Social	Governance
<ul style="list-style-type: none"> 1 Product Quality and Customer Satisfaction 2 Economic Performance 3 Information Security and Data Privacy 4 Innovation and Technology 5 Strategic Vendor Partnerships 6 Supply Chain Management 7 Market Expansion 	<ul style="list-style-type: none"> 1 Waste Management 2 Resource Consumption 3 Energy Efficiency and Management 4 Water Consumption 5 Climate Change and Emissions Management 	<ul style="list-style-type: none"> 1 Talent Management and Development 2 Occupational Health and Safety 3 Human Rights and Labour Standards 4 Community Development 5 Diversity, Equity and Inclusion (“DEI”) 	<ul style="list-style-type: none"> 1 Anti-Corruption and Corporate Governance 2 Risk Management 3 Regulatory Compliance

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UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UNSDGs)

The United Nations Sustainable Development Goals (“UNSDGs”) comprise 17 global objectives designed to advance sustainability, social equity, and inclusive growth on a global scale.

VSTECS has mapped the SDGs most relevant to its sustainability priorities and strategic focus. The company is committed to embedding these goals into its operations, driving tangible progress toward broader sustainable development outcomes.

Governance



Material Topics

- Anti-Corruption and Corporate Governance
- Risk Management
- Regulatory Compliance

Our Strategies

- Uphold good corporate governance, ethical business practices and adhere to all applicable laws and regulations.
- Conduct rigorous supplier assessments and adopt sustainable procurement practices.
- Ensure robust cybersecurity measures to protect stakeholder data.
- Maintain a corruption and bribery-free business environment.

Economic



Material Topics

- Product Quality and Customer Satisfaction
- Economic Performance
- Information Security and Data Privacy
- Innovation and Technology
- Strategic Vendor Partnerships
- Supply Chain Management
- Market Expansion

Our Strategies

- Strengthen local employment by prioritising the hiring of local workers.
- Support the local economy by sourcing operational and administrative supplies exclusively from local vendors and service providers.
- Sustain long-term financial growth through consistent revenue and profit expansion.
- Drive sustainable shareholder returns through a strategic and effective dividend payout approach.
- Maximise return on equity through an effective capital structure, enhanced operational efficiency, and sustainable growth initiatives.
- Maintain high customer and vendor satisfaction through annual audits and performance evaluations.

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Environmental



Material Topics

- Waste Management
- Resource Consumption
- Energy Efficiency and Management
- Water Consumption
- Climate Change and Emissions Management

Our Strategies

- Optimise energy consumption by reducing electricity withdrawal from the main grid.
- Transition towards cleaner energy by increasing reliance on solar power.
- Implement circular economy principles to minimise resource use and maximise efficiency.
- Target to reduce grid electricity consumption intensity by 5% by 2028, using 2023 as the baseline.
- Target to cut paper usage by 5% by 2028 through digitalisation and waste reduction initiatives.
- Target to lower water consumption per employee to 7m³ by 2028.
- Sustain recycling efforts to ensure at least 50% of total waste is diverted from landfills.
- Adopt and reinforce the 3R (Reduce, Reuse, Recycle) principles to minimise waste generation.

Social



Material Topics

- Talent Management and Development
- Occupational Health and Safety
- Human Rights and Labour Standards
- Community Development
- Diversity, Equity and Inclusion (DEI)

Our Strategies

- Maintain a zero-workplace fatality record through stringent safety measures.
- Foster a holistic work environment with programmes promoting mental and physical well-being.
- Uphold gender balance by maintaining a 50:50 male-to-female employee ratio.
- Employee Growth & Recognition.
- Enhance workforce capabilities through targeted technical training and skills development.
- Celebrate and encourage employee achievements by recognising their children's academic and non-academic accomplishments.
- Strengthen local employment commitments by prioritising community-based hiring.
- Support social progress through community programmes and local engagement initiatives.

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GOVERNANCE

VSTECS is committed to maintaining a strong governance framework that supports transparency, accountability, and responsible business practices. This framework underpins the Group's ability to make informed decisions, manage risks effectively, and ensure that sustainability considerations are integrated across the organisation.

SUSTAINABILITY GOVERNANCE STRUCTURE

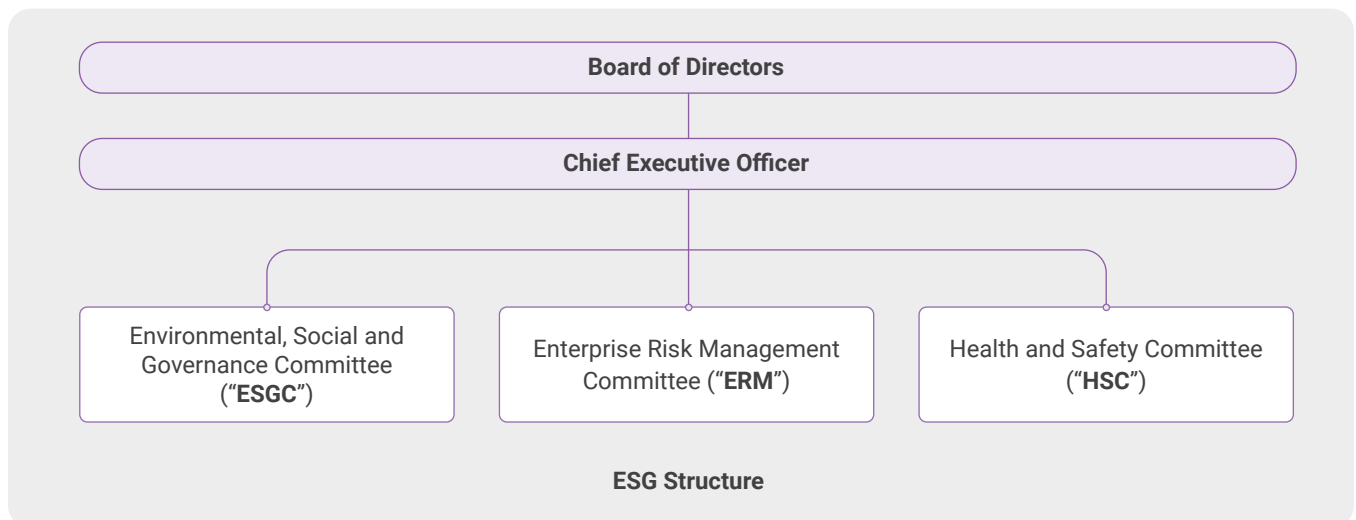
VSTECS recognises that a robust governance framework is fundamental to advancing our commitment to sustainable responsibility. A well-structured governance system enables the Group to effectively implement, monitor, and drive its sustainability plans across all levels of the organisation. Sustainability principles are embedded from the Board to every employee, ensuring alignment with our strategic priorities.

Oversight of sustainability rests with the Board of Directors, which is responsible for reviewing, approving, and updating sustainability policies, initiatives, and programmes. To support this, VSTECS has established a dedicated ESG governance structure comprising:

- Environmental, Social and Governance Committee (“ESGC”)
- Enterprise Risk Management Committee (“ERM”)
- Health and Safety Committee (“HSC”)

The ESG framework is overseen by our Group Chief Executive Officer (“CEO”) and Executive Director, Mr. Soong Jan Hsung, ensuring strategic alignment and accountability.

The following diagram illustrates the institutionalised Sustainability Governance Structure at VSTECS:



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GOVERNANCE

Governing Body	Head	Roles and Responsibilities
Board	Chairman	<ul style="list-style-type: none"> Advisory body overseeing the Group's overall Sustainability Governance Scrutinising, approving and monitoring the overall sustainability initiatives
ESG Structure	Chief Executive Officer	<ul style="list-style-type: none"> Spearheads the overall Group sustainability initiatives, supported by: <ul style="list-style-type: none"> Enterprise Risk Management Committee Environmental, Social and Governance Committee Health and Safety Committee
ERM Committee	Chief Financial Officer	<p>Meets on a quarterly basis:</p> <ul style="list-style-type: none"> To identify both external and internal risks which may affect the business in material manner To evaluate, prioritise, and assess such impacts To formulate the necessary strategic planning, monitoring, control and mitigation to be put in place To identify, evaluate, prioritise and manage enterprise-wide sustainability risks and opportunities To oversee the ESG committee and Health and Safety committee
ESGC	Chief Financial Officer	<p>Reports to the CEO:</p> <ul style="list-style-type: none"> To identify, evaluate and manage environmental impacts arising from business operations To identify, address and improve on workforce environment and social well-being To oversee the compliance, governance of operational and marketing activities as well as financial activities and reporting, in adherence to accounting standards To identify, evaluate, prioritise and manage ESG issues, including community social welfare and charities
HSC	General Manager	<p>Reports to the CEO:</p> <ul style="list-style-type: none"> To monitor and enforce compliance with the Occupational Safety and Health Act ("OSHA") regulations and workplace safety To continuously improve awareness on workplace safe-practices and staff health To identify, evaluate, prioritise and manage health and safety issues To conduct quarterly checks on office, warehouse and compound for safety compliance and overall tidiness

From FYE 2025 onwards, the remuneration and KPIs of the CEO – who also serves as an Executive Director – the Chief Financial Officer, Chief Information Officer, and members of the Senior Leadership team are linked to the achievement of Group ESG targets and performance, incorporating ESG considerations.

For Group General Manager and General Managers, ESG-related KPIs are currently focused on environmental performance, reflecting operational priorities at the functional level. These targets encompass key areas under the purview of both the Board and Executive Management, including environmental management alongside broader considerations such as anti-corruption, corporate governance, regulatory compliance, and risk management. By aligning remuneration with these priorities, VSTECS strengthens leadership accountability and reinforces the effective implementation of the Group's sustainability and governance objectives.

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Internal Policy and Process Manuals

To support the implementation of its governance framework, VSTECs maintains internal policy and process manuals that translate high-level principles into clear, standardised procedures across its operations. These manuals outline workflows, approval structures, and control points across key functions, promoting consistency, accountability, and effective execution.

By embedding control requirements—such as segregation of duties and authorisation limits—into routine processes, the Group strengthens its internal control environment and reduces operational risks. The manuals are reviewed periodically to ensure continued alignment with business needs, regulatory expectations, and process improvements.

GOVERNANCE, RISK MANAGEMENT & RESPONSIBLE BUSINESS PRACTICES

VSTECs's approach to governance is anchored in integrity and shared values that guide conduct across the organisation. By clearly articulating our principles and commitments, the Group establishes a consistent ethical framework that supports responsible business practices. While the Board sets the tone for ethical behaviour, the Group's policies, systems, and procedures are designed to embed these standards into everyday operations and foster an organisation-wide culture of accountability.

Oversight of risk management and internal controls rests with the Board, which is responsible for safeguarding the Group's assets, operations, and shareholders' interests. The Board also provides oversight of the Group's ESG strategy and sustainability-related risks, guided by the ESG Sustainability Policy, which establishes the governance structure, committee responsibilities, and processes for identifying and managing sustainability risks and opportunities. The effectiveness and integrity of these frameworks are monitored through regular reviews and continuous updates.

The Enterprise Risk Management ("ERM") Committee, headed by the Executive Director and Group CEO, Mr. Soong Jan Hsung, is responsible for identifying, evaluating, prioritising, and managing enterprise-wide risks and opportunities, including those related to sustainability. The ERM Committee oversees the ESG Committee and the Health and Safety Committee, ensuring coordinated management of environmental, social, and governance matters in line with the ESG Sustainability Policy.

The Group's risk management approach also aligns with its General Management – Risk Management Policy, which establishes structured programmes to safeguard financial stability, confidential information, and operational continuity. Key measures include:

- Contractual transfer of risk via comprehensive insurance programmes, including marine, personal accident, hospital & surgical, fire, all-risks, burglary and theft, money & fidelity guarantee, and credit insurance.
- Enterprise Risk Management processes that identify, evaluate, and mitigate risks, supported by clear terms of reference for the ERM Committee.
- Business Continuity Planning programmes to ensure rapid recovery and minimal disruption in the event of incidents, with defined Response Time Objectives (RTO).
- Board-supervised audit programmes and embedded internal controls within the ERP system, including segregation of duties, access control, and corporate knowledge management to strengthen risk oversight.
- Protection of corporate confidential information and secure access to facilities, enforced via Non-Disclosure Agreements (NDAs) and visitation reporting protocols.

Risk assessments are conducted on a regular basis, encompassing financial, operational, and sustainability-related risks. This includes risks arising from governance, social, economic, and environmental factors. Identified ESG risks are monitored using structured methodologies, including management programs, measurable targets, action plans, and process adjustments to mitigate adverse impacts while maximising opportunities, as outlined in the ESG Sustainability Policy. Sustainability-related risks identified through this process are continuously monitored and updated accordingly. Further details are set out in the Group's Statement on Risk Management and Internal Control within this Annual Report.

To reinforce ethical conduct, the Group maintains a comprehensive suite of policies, including the Code of Conduct, Code of Ethics, Anti-Bribery and Corruption Policy, and Whistleblowing Policy. These policies are reviewed periodically to ensure alignment with evolving legal requirements, regulatory expectations, and corporate governance practices, and are made publicly available on the Group's website: <https://www.vstecs.com.my/investor-relations/corporate-governance/>.

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GOVERNANCE

BOARD DIVERSITY FOR EFFECTIVE GOVERNANCE

The Group is committed to maintaining a well-balanced and effective Board through diversity in age, ethnicity, and gender, while ensuring that appointments are guided by merit. This approach supports a mix of perspectives, competencies, qualifications, and experience that collectively enhance the Board's effectiveness in overseeing strategy and guiding the Group towards its long-term objectives. The Group views board diversity as an important enabler of sound governance and informed decision-making.

Further details on the Board's composition, including directors' skills, professional backgrounds, and gender representation, are set out in the Directors' Profile section of this Annual Report.

Board Diversity Data

Breakdown by Gender

Category	FYE 2023	FYE 2024	FYE 2025
Female	43%	43%	43%
Male	57%	57%	57%

Breakdown by Age Group

Category	FYE 2023	FYE 2024	FYE 2025
≤30 years old	0%	0%	0%
31-50 years old	0%	0%	0%
51-65 years old	71%	71%	57%
>65 years old	29%	29%	43%



Board Demographics

Independent Directors:

57%

Non-Executive
Directors:

86%



Board Meetings

100%
overall attendance for 4
Board meetings held in
FYE 2025



Board Tenure

4 years average
tenure of Independent
Directors

Min : 2 years 10 months
Max : 6 years 3 months



Board Committee

67%
Independent Directors
in all Board committees

Audit Committee

- 2 Independent Directors out of 3 Directors
- All members have vast financial experience from various fields such as accounting, finance, insurance, corporate finance and risk management

Nominating Committee

- 2 Independent Directors out of 3 Directors
- Members have strong experience in their respective industries ranging from IT, finance and risk consulting

Remuneration Committee

- 2 independent Directors out of 3 Directors
- Members have strong experience in their respective industries ranging from IT, finance and risk consulting

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GOVERNANCE

Further details on the Board's stewardship role and its leadership in promoting strong corporate governance are set out in the Corporate Governance Overview Statement for FYE 2025, which forms part of this Annual Report.

ETHICS, COMPLIANCE AND INTEGRITY

The Group is committed to upholding the highest standards of legal compliance, ethical conduct, and responsible business practice across all operations. This commitment is underpinned by a strong governance culture that expects employees at every level to act in accordance with the Group's values and ethical principles.

To reinforce this culture, the Group has established a Code of Ethics that applies to the Board and individual Directors, setting clear expectations in areas of ethical risk and providing guidance on identifying, managing, and reporting ethical concerns. Complementing this is the Code of Conduct, which applies across the organisation and outlines standards of behaviour for Directors, management, and employees. Together, these frameworks are designed to promote professionalism, integrity, transparency, and accountability, while ensuring alignment with applicable legislation, regulatory requirements, and environmental and social responsibility guidelines. Both Codes are communicated through the Employee Handbook, with employees required to formally acknowledge their understanding and compliance.

Clear accountability structures further support effective governance. The CEO is responsible for implementing the Group's business plans and policies as approved by the Board, and for overseeing the day-to-day management of the Group's operations. In addition, the Group has implemented a Conflict of Interest ("COI") Policy, requiring employees to declare any actual, potential, or perceived conflicts. This process enables conflicts to be identified and managed appropriately, supporting fair, transparent, and well-informed decision-making.

Board policies are published on our website at <https://www.vstecs.com.my/investor-relations/corporate-governance/>.

POLITICAL CONTRIBUTIONS

VSTECs maintains a position of political neutrality and does not engage in political contributions. This approach reflects the Group's commitment to ethical governance, transparency, and integrity across all business activities. Accordingly, no political contributions were made during FYE 2025.

ANTI-BRIBERY & CORRUPTION COMPLIANCE

The Group has established clear measures to ensure compliance with its internal policies, procedures, and control systems. Relevant information is made accessible to employees through both the corporate website and the office intranet, supporting consistent understanding and application across the organisation. In line with the Malaysian Anti-Corruption Commission Act 2009 (Section 17A), which came into effect on 1 June 2020, the Group has strengthened its internal operational policies, including those governing marketing and promotional activities, and enhanced provisions within the employee Code of Conduct relating to gifts and entertainment. The Group's Anti-Bribery and Corruption ("ABC") Policy is publicly available on the Group's website: www.vstecs.com.my.

Sustainability Statement



GOVERNANCE

Aligned with national efforts to combat bribery and corruption, VSTECS upholds stringent standards of legal and ethical compliance. The Group is committed to conducting business with transparency and integrity, including in its dealings with vendors, channel partners, and other third parties. Open and honest communication is embedded within the Group's corporate culture and is viewed as fundamental to sustainable business operations.

Zero Non-Compliance with law & regulations in FYE 2025

VSTECS' business operations rigorously follow all applicable regulations. Through structures like its Enterprise Risk Management Committee, the Group identifies and addresses potential risks by implementing comprehensive mitigation measures.

Corruption Risk Assessment	FYE 2023	FYE 2024	FYE 2025
Percentage of operations assessed for corrupted-related risks	100%	100%	88%
Significant risks related to corruption identified through the risk assessment	1	0	0

Since January 2021, all business partners—including channel partners, retailers, non-trade vendors, and service providers—have been required to acknowledge compliance with the Group's ABC policy requirements through a formal declaration. In addition, 100% of the Board, management, and employees have confirmed their receipt and understanding of the ABC Policy.

	FYE 2023	FYE 2024	FYE 2025
Total number of confirmed incidents of corruption	1	0	0
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	1	0	0
Total number of confirmed incidents when contracts with suppliers and contractors were terminated or not renewed due to violations related to corruption	0	0	0
Public legal cases regarding corruption brought against the organisation or its employees during the reporting period and the outcomes of such cases	0	0	0
Cost of fines, penalties or settlements in relation to corruption (RM)	0	0	0

Sustainability Statement



GOVERNANCE

To reinforce awareness and compliance, the Group conducts regular anti-corruption training for both new and existing employees. Anti-corruption messages are also communicated through various internal channels. During FYE 2025, the Group has undertaken ABC training as part of the onboarding programme for new hires and delivered as refresher training for all employees.

Anti-Corruption Training and Communication	FYE 2023	FYE 2024	FYE 2025
Percentage of employees that have received training on anti-corruption policies and procedures (%)			
- Management	12	99	72
- Executive	16	100	77
- Non-Executive	21	97	54
Number of hours staff have received training on anti-corruption (hours)			
- Management	31.85	143.00	152.00
- Executive	93.10	334.85	371.90
- Non-Executive	36.75	334.85	69.50

Note:

* The percentage of employees who received training on anti-corruption policies and procedures in FYE 2023 reflects new hires only, whereas the FYE 2024 and FYE 2025 figure includes all employees.

** Data on number of hours staff received training on anti-corruption in FYE 2024 and FYE 2023 has been restated following the enhancement of the calculation methodology.

INTERNAL OPERATIONAL COMPLIANCE

The Group's internal compliance framework is underpinned by a comprehensive suite of policies designed to support effective operations and strong internal controls. These policies and procedures are made accessible to all employees, reinforcing consistent application and adherence to compliance requirements across the organisation. They encompass key functional areas, including finance, general management, operations, human resources, information technology, and sustainability, covering economic, environmental, and social considerations.

Responsibility for compliance rests with management at all levels, ensuring that established standards are implemented throughout the Group. Management is supported by the Compliance Committee, which provides guidance, tools, and methodologies to strengthen compliance practices. The Committee also conducts regular reviews to assess the level of awareness, understanding, and effectiveness of compliance controls through structured assessments and targeted enforcement initiatives.

In addition, the Group's internal audit function plays a critical role in strengthening governance. Compliance audits are conducted based on independent risk assessments, with audit findings reported directly to the Board to support oversight and continuous improvement.

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GOVERNANCE

REGULATORY COMPLIANCE

During FYE 2025, VSTECS remained compliant with applicable policies, procedures, laws, and industry standards. No fines or regulatory actions were imposed on the Group in relation to environmental requirements, social obligations, corporate integrity, anti-corruption measures, or governance practices.

	FYE 2023	FYE 2024	FYE 2025
No. of environmental non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	0	0	0
No. of socioeconomic non-compliance incidents in the company and/or subsidiaries that resulted in a fine or censure	0	0	0
Total cost of fines for environmental non-compliance (RM)	0	0	0
Total cost of fines for socio-economic non-compliance (RM)	0	0	0

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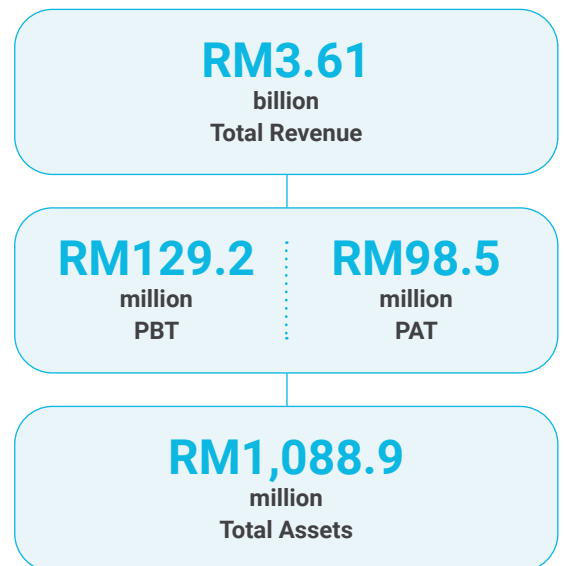
ECONOMIC

In an evolving market landscape, VSTECS regards financial strength as a prerequisite for long-term impact. The Group is committed to a strategy of prudent capital management and operational excellence, ensuring that our business remains a stable economic contributor. By driving profitability growth in FYE 2025, VSTECS continues to fulfil its diverse stakeholder promises from delivering equitable shareholder dividends to supporting community development and national economic growth through responsible tax contributions.

ECONOMIC VALUES GENERATED

A definitive trajectory of growth marked the financial year, underpinned by broad-based expansion across all core business segments. The Group successfully capitalised on the accelerating digital economy, strategically pivoting to capture the surge in demand for Artificial Intelligence (AI) infrastructure, data centre fit outs, and cloud computing adoption.

This alignment with high-growth technology vectors has been instrumental in delivering resilient financial performance. For FYE 2025, the Group recorded a 24% increase in revenue to RM3.61 billion, while net profit climbed 40% to RM98.5 million. This exceptional momentum reflects the Group's strategic agility in capturing the continuous replacement cycle of end-point devices and the revival of public sector digitalisation projects. Key highlights of the Group's direct economic value generated are presented below, while further details on financial performance are covered in the Management Discussion and Analysis.



VSTECS also channels the economic returns it generates to a broad range of stakeholders. The table below summarises the economic value created and distributed by the Group:

	FYE 2023 (RM'000)	FYE 2024 (RM'000)	FYE 2025 (RM'000)
Economic Value Generated	2,737,802	2,915,804	3,621,137
- Revenue	2,727,185	2,901,716	3,608,157
- Other income ¹	10,617	14,088	12,980
Economic Value Distributed	2,689,341	2,866,421	3,545,679
- Operating Expenses	2,594,228	2,752,240	3,405,913
- Non-Operating Expenses	1,336	1,171	5,692
- Employee Wages and Benefits	55,031	65,442	75,449
- Tax Payments to Government	15,370	22,579	30,663
- Finance Costs	1,269	387	508
- Dividends to Shareholders	22,107	24,602	27,454
Economic Value Retained	48,461	49,383	75,458

Note:

¹ 'Other Income' comprises other income, share of results from JV, share of profit of equity-accounted associate, and finance income, and can be cross-referenced with the Audited Financial Statements at page 164 of Annual Report 2025.

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ECONOMIC

PRODUCT QUALITY AND CUSTOMER SATISFACTION

VSTECS is a leading distributor of cutting-edge ICT products, services, software and infrastructure solutions in Malaysia, enabling consumers and organisations to remain competitive and connected as digitisation and deep AI integration accelerates across industries. Leveraging a portfolio of over 50 brands, the Group delivers trusted, world-class products and value-added services that supports long-term customer outcomes and sustainable business growth.

Quality and Responsibility

VSTECS acts as a critical bridge between global technology innovators and the Malaysian market. The Group views its role not merely as a logistics provider, but as a gatekeeper of quality and safety. VSTECS's responsibility is to ensure that every product flowing through its supply chain from enterprise infrastructure to consumer smart devices, meets stringent international standards and local regulatory requirements. The Group's commitment to product responsibility begins at the source. VSTECS practices a selective trade and procurement strategy, partnering with reputable global technology principals who demonstrate established governance in manufacturing excellence. Before onboarding a new brand or product line, the Group conducts quality assessment covering four key dimensions:

- **Regulatory Compliance:** Ensuring all hardware possesses necessary certifications from local governing bodies (e.g., SIRIM for electrical safety, MCMC for communications standards) and adheres to international directives such as RoHS (Restriction of Hazardous Substances).
- **Functional Integrity:** Prioritising products with constructive functionality and meaningful user value to enhance consumer digital lifestyle and enterprise business efficiency.
- **Safety & Reliability:** Distributing and representing reputable brand manufacturers to ensure durability and user safety.
- **Cybersecurity Standards:** For the Enterprise Systems segment, the Group ensures software and hardware partners meet or exceed industry-standard security protocols to protect end-user data privacy.

Customer and Vendor Satisfaction

Customer and vendor satisfaction are fundamental to market resilience and long-term growth within Malaysia's competitive ICT ecosystem. VSTECS focuses on building enduring, mutually beneficial relationships across the value chain by continuously enhancing its platforms and service delivery to meet evolving ecosystem needs.

Upstream, VSTECS works closely with global technology principals, aligning with established product standards offerings and intended user audiences. These partnerships ensure that the Group distributes products that are widely recognised for their quality, reliability, and adherence to industry standards. Downstream, VSTECS drives customer satisfaction through the product availability, service availability and accessibility of its offerings, supported by ongoing enhancements to its B2B digital platforms and distribution channels. VSTECS represents global technology principals whose products are well-established and widely recognised for their quality, reliability, and adherence to industry standards. Through these efforts, VSTECS remains committed to continuously strengthening its products, services, and partnerships to better meet the evolving needs of both customers and vendors, reinforcing satisfaction and sustaining long-term relationships.

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ECONOMIC

SUPPLY CHAIN MANAGEMENT

As a leading ICT distributor, effective supply chain management is the backbone of VSTECS's operational success. The Group views its supply chain not merely as a logistics network, but as an ecosystem of shared value and responsibility. VSTECS is dedicated to developing a sustainable supply chain that upholds the Group's rigorous ethical, environmental, and health and safety standards.

The Group's procurement approach is structured around two distinct supplier groups which are the trade brand principals (global technology brands whose products are distributed by VSTECS) and non-trade suppliers (providers of administrative, operational, and logistics services such as renovation contractors, security services, and office supplies).

VSTECS maintains a zero-tolerance stance on unethical conduct and has embedded integrity expectations through the Notice of Anti-Bribery and Corruption ("**ABC**") Compliance Acknowledgement. All registered non-trade suppliers are required to acknowledge and comply with the Group's anti-corruption requirements, supported by due diligence checks on new and existing suppliers to assess financial stability, legal standing, and overall integrity.

Furthermore, the necessary due diligence on new and existing suppliers is conducted through thorough screening prior to any engagement, ensuring that VSTECS only deals with non-trade suppliers and external parties that meet acceptable standards of integrity in the conduct of their business. For non-trade procurement covering administrative, operational, and logistics supplies and services that do not form part of trade inventories purchasing is governed by a stringent Procurement Policy anchored on tiered approval matrices and open-tender Request for Proposal (RFP) evaluation processes. Significant tenders are assessed by a cross-functional Procurement Committee comprising members from Finance, ERP/IT, and relevant user departments to support transparent, fair, and merit-based decision-making.

OUR BRAND VENDORS/PRINCIPALS

VSTECS operates at the intersection of global innovation and local market access. The Group recognises that its responsibility extends beyond its immediate operations as it involves orchestrating a value chain that is ethical, compliant, and resilient. By aligning with the world's leading technology principals and enforcing strict governance on downstream channel partners, VSTECS ensures that its ecosystem operates according to the highest standards of business integrity.

The Group's brand portfolio mainly consists of top global technology manufacturers headquartered in developed jurisdictions including the U.S., China, Europe, and Japan. They are expected to operate under stringent regulatory frameworks regarding quality management systems, environmental management, human rights, and labour standards. VSTECS does not view these external requirements as passive obligations but as benchmark standards for its own governance. Through its distributorship agreements, the Group effectively adopts and enforces compliance with critical global legislations, including but not limited to:

- **Anti-Corruption:** U.S. Foreign Corrupt Practices Act (FCPA) and UK Bribery Act.
- **Human Rights & Labour:** U.S.C. Title 19 on Forced Labour, UK Modern Slavery Act 2015, and the ILO Protocol of 2014 to the Forced Labour Convention (1930).

To ensure seamless alignment with these global standards, the Group employs a dedicated principal management structure. Specific product managers are assigned to principal brands, acting as custodians of the relationship. These managers engage in regular meetings and dialogue with principals covering not just commercial trends and volume forecasts but also supply chain compliance and policy updates ensuring that VSTECS remains a trusted, compliant extension of the brand in Malaysia.

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ECONOMIC

Our Channel Partners (Customers/Resellers)

As part of its commitment to responsible business conduct, VSTECS enforces a rigorous mechanism for all new channel partners (resellers and retailers). The Management adopts a strict vetting process to ensure the Group engages only with reputable entities. Key assessment criteria include:

- **Financial Integrity:** Comprehensive creditworthiness evaluation and financial track-record analysis.
- **Market Reputation:** Assessment of the partner's standing within the industry and historical business conduct.
- **Operational Transparency:** Agreement by retailers to be subjected to sales audits by the VSTECS/Brand Principals, ensuring supply chain visibility and adhering to the Brand Principals and Vendors' strict requirement for serving the local market exclusively. As part of our distributorship agreement, the Group does not sell nor trans-ship products to overseas markets.

Since January 2021, the Group has institutionalised its defence against corruption through the mandatory Notice of Anti-Bribery and Corruption (ABC) Compliance Acknowledgement. This policy applies to the corporate representatives of all business partners, including channel partners, retailers, non-trade suppliers, and service providers. The acknowledgement mandates a pledged awareness of Section 17(A) of the MACC Act 2009, explicitly binding partners to the Group's zero-tolerance stance on corruption. This measure effectively mitigates corporate liability risks and fosters a culture of integrity across the distribution network.

Environmental and Social Compliance by the Service Providers

VSTECS recognises that a resilient operational supply chain is anchored in integrity and shared responsibility, particularly as suppliers and vendors operate across different jurisdictions. The Group is committed to building a sustainable supply chain that upholds high standards of ethical conduct, environmental stewardship, and occupational health and safety. This commitment is operationalised through a robust screening and due diligence framework applied consistently across all non-trade suppliers and vendors. Our current non-trade suppliers, service providers and vendors are required to adhere to the Group's anti-corruption policies to remain eligible as VSTECS business partners and to continue participating in contract bidding opportunities.

ABC Compliance across VSTECS operational supply chain

- Non-trade suppliers and vendors are required to pledge adherence to the Group's ABC policies at all times and must report any incidents of fraud, bribery or policy violations to the Group's Compliance department in all matters of business transactions with the Group.

The Group continues to view its operational supply chain assessments as an evolving area of focus, with opportunities to further enhance the integration of environmental and social criteria into supplier screening processes. The assessment of environmental impacts across suppliers, including new supplier evaluations, represents a key opportunity for the Group to further strengthen its responsible sourcing framework over time.

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ECONOMIC

Local Procurement

VSTECS prioritises local sourcing where feasible, recognising both operational and broader socio-economic benefits. Beyond improving cost and lead-time efficiency, local procurement supports the domestic economy, reduces logistics-related emissions, and contributes to nation-building by strengthening local supply ecosystems and creating employment opportunities within surrounding communities.

Local Procurement on Non-trade Suppliers and Service Providers	FYE 2023	FYE 2024	FYE 2025
Proportion of Spending on Local Procurement (%)	99.7%	99.9%	99.9%
Proportion of Local Suppliers (%)	99.8%	99.8%	98.7%

INFORMATION SECURITY

Confidential Information Risk Management

At the centre of Malaysia's ICT distribution landscape, VSTECS safeguards commercially sensitive information spanning transaction records, customer database information and market information and strategies. As the nexus between global technology innovators and the local market, the Group recognises that the integrity of this data is not merely an operational requirement but a strategic asset that underpins our competitive advantage and market trust.

Given the sensitive nature of the ICT market's competitive landscape, protecting commercial intelligence is a top priority for VSTECS. Although the Group operates primarily within a B2B framework, we strictly enforce stringent Information Risk Management protocols to safeguard proprietary assets ranging from transaction records to critical pricing and promotional strategies against unauthorised visibility. This risk management adoption ensures confidentiality, integrity, and availability of its information assets. The Group has institutionalised the following security measures:

- **Access Control & Visibility Restriction:** The Group enforces strict role-based access control (RBAC) within its ERP systems and transactional databases, guided by the principle of least privilege. This approach ensures that sensitive commercial intelligence is only accessible to authorised personnel based on their job responsibilities, thereby preventing unauthorised visibility.
- **Secure Transmission & Encryption:** The Group implements encryption protocols and secure communication channels to safeguard company-confidential and proprietary data, particularly for data in transit and remote access scenarios. These measures are designed to preserve the integrity and confidentiality of information and mitigate risks associated with unauthorised access or data leakage.

Beyond data confidentiality, VSTECS is committed to ensuring data availability by proactively preventing data loss through rigorous Business Continuity Protocols (BCP), which include routine system redundancy tests, regular Disaster Recovery (DR) and failover testing activities. The Group ensures that critical business functions can persist or recover rapidly during any disruption, maintaining our reliability as a supply chain partner.

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ECONOMIC

Data Security and Protection Policy

VSTECS is fully committed to adhering to the Personal Data Protection Act (PDPA) 2010. The Group has implemented a comprehensive Data Security and Protection Policy to safeguard data from corruption, theft, or unauthorised access. Although the Group's operations do not involve broad-scale consumer data processing, we rigorously protect the personal data of our employees and the contact details of our business partners.

The Group also minimise the risk of data loss through the implementation of robust system security and resilience measures, supported by continuous monitoring and data protection controls, thereby reducing reliance on manual intervention and periodic failure testing. In addition, company-issued notebooks are protected with storage encryption to safeguard data in the event of loss or theft.

Building on these mechanisms, in FYE 2025, the Group consistently maintained a robust security posture, with zero cybersecurity and customer related breaches.

	FYE 2023	FYE 2024	FYE 2025
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	0	0	0
Number of identified leaks, thefts, or loss of customer data	0	0	0

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ENVIRONMENTAL

VSTECS is committed to growing the business responsibly while strengthening environmental stewardship across both our operations and value chain. Beyond managing our direct footprint, we work with our partners to support more sustainable practices throughout the supply chain. Internally, the Group continuously improves operational controls and implements targeted initiatives to reduce energy use, minimise waste, and progressively lower our carbon footprint. Externally, the Group seeks to embed our environmental expectations across its non-trade suppliers and resellers, promoting alignment on regulatory compliance, responsible resource use, and emissions-conscious logistics through engagement and collaboration, where feasible. Through this combined approach, VSTECS seeks to deliver long-term value while contributing to a more resilient and sustainable ICT ecosystem.

CLIMATE CHANGE

VSTECS recognises the profound influence of climate change on business strategy and operational resilience, and the need to systematically assess exposure to both physical and transition risks. While the Group's core role as a leading ICT distributor involves relatively lower direct emissions compared to fuel-intensive sectors, the Group acknowledges that extreme weather events such as intensifying rainfall and flash floods alongside evolving regulatory and market shifts, can create material challenges for logistics networks and the broader value chain. Accordingly, managing climate-related risks remains a strategic imperative to protect business continuity, preserve competitiveness, and support durable value creation.

The Group's climate strategy is aligned with national and global aspirations, including the Malaysian government's 12th Malaysia Plan, Malaysia's National Energy Transition Roadmap (NETR) and the Paris Agreement, which acts as a guide to VSTECS's transition toward a lower-carbon business model. These priorities are reflected in operational initiatives to improve energy efficiency and scale renewable energy adoption, including the Group's rooftop solar photovoltaic system, which generated approximately 34.6% of total electricity consumptions in FYE 2025. Collectively, these initiatives support efforts to reduce reliance on grid electricity while also mitigating exposure to energy price volatility and carbon-related transition costs over time.

As a critical enabler of Malaysia's digital economy, VSTECS is positioned to support sustainability across the ICT ecosystem by advancing supply chain circularity and decarbonisation. Beyond operational measures,

the Group also demonstrates its commitment to robust climate governance through proactive alignment with the National Sustainability Reporting Framework ("NSRF") and IFRS S2 requirements. Through scenario-based climate risk assessments and transparent disclosures, VSTECS aims to strengthen stakeholder confidence and enhance access to sustainable capital. This disciplined approach reflects the Group's intent to navigate climate-related complexities while unlocking opportunities aligned with the global transition toward a net-zero economy.

Climate-Related Strategic Disclosures

In response to the escalating climate challenge, VSTECS has strengthened its climate-related disclosures by drawing on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations as it transitions towards adoption of IFRS S2 Climate-related Disclosures (issued by the International Sustainability Standards Board). This approach supports clearer governance, more decision-useful disclosures, and more structured tracking of climate-related risks, opportunities, metrics, and targets.

In FYE 2025, the Group carried out a Climate Risk Assessment ("CRA") to identify and evaluate its exposure to key climate-related physical and transition risks and their potential implications for operations and strategy. The assessment was informed by cross-functional inputs from relevant business units, complemented by external technical expertise, to ensure both practical operational context and robust analytical rigour. Findings from the assessment help strengthen VSTECS' climate resilience and support more informed planning and decision-making.

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IFRS S2 Climate-Related Disclosures

Governance

Recommended Disclosure

- a) Describe the board's oversight of climate-related risks and opportunities.

Recommended Disclosure

- b) Describe management's role in assessing and managing climate-related risks and opportunities.

VSTECS Berhad has established a governance framework to oversee sustainability matters, including climate change-related risks and opportunities. The Board of Directors is responsible for setting the Group's strategic direction to ensure long-term value creation and sustainable performance. This includes embedding sustainability considerations within the corporate strategy, risk management, and operational decision-making.

The Board receives periodic updates on sustainability matters, including climate-related issues, and ensures that key risks and opportunities are adequately addressed within the Group's overall business strategy. Climate-related considerations are incorporated into strategic discussions, such as energy and emissions performance, and the review of major business initiatives. The Board also oversees the effectiveness of sustainability governance, ensuring alignment with regulatory expectations and industry's best practices.

The Board has delegated the implementation and management of sustainability strategies to the Management Team, which plays a key role in embedding sustainability practices across the organisation. The Management Team, led by the Chief Executive Officer and supported by the Environmental, Social, and Governance Committee and the Enterprise Risk Management Committee is responsible for assessing sustainability/climate-related risks, setting sustainability targets, and monitoring progress against these objectives.

The ESGC and ERMC work in tandem to ensure the effective implementation of sustainability strategies and initiatives across the Group. This includes evaluating sustainability/climate-related risks and opportunities, monitoring regulatory developments, and recommending revisions to the Group's sustainability strategy.

At the operational level, on-ground teams ensure that sustainability processes and controls are in place within respective departments, providing performance updates and supporting the execution of sustainability initiatives. These structured governance mechanisms enable VSTECS to proactively manage sustainability-related risks, including climate change, while ensuring long-term resilience and business continuity.

For further details on the governance structure, please refer to pages 98 to 100.

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Strategy

Recommended Disclosure

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Recommended Disclosure

- b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

VSTECS recognises sustainability, including climate change, as a relevant risk and opportunity to our business. We have identified relevant climate risks, categorised into physical and transition risks by short (2025-2027), medium (2027-2035), and long-term (2035-2050) time horizons, considering the useful life of our assets and infrastructure, as well as the manifestation periods of climate-related issues.

The identified climate-related risks could potentially affect various aspects of business operations including existing logistics and warehousing operations, workforce mobility, access to financing and markets, as well as the availability and costs of necessary inputs for the business model. The Group's climate risk assessment integrates internationally recognised scenarios, including SSP2-4.5 and NGFS Net Zero 2050, to model potential climate trajectories and their implications on business operations.

For instance, under the SSP2-4.5 scenario, annual precipitation is expected to intensify, coupled with an increase in heavy rainfall days, amplifying the risk of flash floods over the medium to long term. VSTECS anticipates the risk rating for extreme rainfall to increase from Low (Short Term) to Moderate (Long Term), reflecting the potential for more severe climate impacts over this extended timeframe. Emerging risks may necessitate enhanced measures such as deeper coordination with third-party logistics (3PL) partners, diversified warehousing strategies, and robust Business Continuity Plans (BCP) to address increasingly unpredictable weather patterns. These adaptations are critical as disruptions to warehousing and distribution activities may delay revenue recognition and compress sales cycles.

Conversely, in an NGFS Net Zero 2050 scenario where stringent climate policies drive global warming mitigation, transition risks are heightened, necessitating proactive regulatory compliance and market adaptation strategies. For instance, over the medium-to-long term, the cumulative effect of regulatory developments particularly regarding environmental policy shifts and compliance obligations, may begin to materialise, resulting in heightened operational expenditures. The financial impact will largely depend on the introduction of carbon pricing mechanisms and VSTECS's ability to manage indirect cost transmissions through its supply chain. VSTECS anticipates the risk rating for Environmental and Energy Policy Shifts to evolve from Very Low (Short Term) to Moderate (Medium to Long Term). Although the Group is not a high emitter, ongoing investments in renewable energy, energy efficiency, and ESG data governance will be necessary to uphold operational resilience and regulatory conformity.

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Strategy

Recommended Disclosure

- a) Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term.

Recommended Disclosure

- b) Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.

Physical Risks

Extreme Rainfall Pattern **S** **M** **L**

Intensifying rainfall patterns may lead to logistics disruptions, temporary warehouse inaccessibility, and workforce mobility challenges. While digital products are unaffected, physical distribution delays can impact revenue recognition and downstream cashflow cycles.

Rising Temperature **M** **L**

Rising temperatures may reduce workforce productivity in warehouse environments and increase cooling energy demand. The risk remains lower than flood risks but requires long-term attention to ventilation and employee well-being.

Transition Risks

Environmental and Energy Policy Shifts **M** **L**

Potential introduction of carbon taxes, fuel subsidy rationalisation, and electricity tariff reforms could increase indirect operating costs (logistics and utilities). The Group faces pass-through cost pressures from 3PLs and suppliers.

Market and Reputation **L**

Growing ESG expectations from investors, lenders, and enterprise customers may influence access to capital and tender competitiveness. Failure to demonstrate credible decarbonisation progress could lead to reputational risks.

Compliance and Legal Risks **L**

Tightening disclosure standards (e.g., NSRF, IFRS S2) will require increased investment in data governance, personnel, and assurance to avoid non-compliance penalties.

Transition to Low-Carbon **L**

The need to align with net-zero supply chains involves opportunity costs and capital expenditure for green logistics, energy-efficient facilities, and low-carbon technologies to maintain market relevance.

Opportunities

Adoption of Renewable Energy **S** **M** **L**

Expanding on-site solar generation reduces reliance on grid electricity, hedges against tariff volatility, and lowers Scope 2 emissions, offering cost savings and improved energy resilience.

Supply Chain Circularity **M** **L**

Engaging in e-waste reintegration, refurbishment, and responsible recycling strengthens value chain collaboration, improves resource efficiency, and aligns with Group's and stakeholders' sustainability goals.

Transition to Low-Carbon **M** **L**

Viewed as a supplementary, "last-mile" measure to address residual emissions that cannot be technically eliminated through direct operational improvements. Strategic participation in voluntary carbon markets (e.g., Bursa Carbon Exchange) signals governance maturity to stakeholders, reinforces the Group's ESG positioning, and supports future access to sustainability-linked financing.

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ENVIRONMENTAL

Risk Management

Recommended Disclosure

- a) Describe the organisation's processes for identifying and assessing climate-related risks.

In October 2025, VSTECS undertook a comprehensive Climate Risk Assessment (“**CRA**”) workshop facilitated by an external ESG Guidance and Advisory firm, to guide the Management and heads of the Group's various operations in identifying the Group's climate change risks and opportunities. With the collective input of this cross-functional workshop, involving 16 representatives from Finance, Human Resources, Logistics, and ICT, the Group has assessed the potential impacts of various physical and transition risks. The impact was mapped to different timeframes and appropriate mitigation measures was formulated. Based on climate scenarios like the NGFS Net Zero 2050 and IPCC SSP2-4.5, VSTECS has also developed adaptation and resilience plans to address the various potential business and operational challenges arising from these scenarios.

Recommended Disclosure

- b) Describe the organisation's processes for managing climate-related risks.

The Group adopts a comprehensive Enterprise Risk Management (“**ERM**”) framework to identify, assess, and manage risks. The ERM Committee assists the Audit Committee and the Board in implementing mitigation measures and monitoring significant risks, including climate-related risks. With the identification of climate-related risks across short-, medium-, and long-term horizons, the findings of the CRA are intended to be integrated into VSTECS's enterprise risk register. This initiation aims to systematically integrate climate considerations into the Group's strategic and operational planning by prioritising mitigation measures and resource allocation. The criteria for identifying and prioritising climate risks are based on a dual-rating system evaluating likelihood and severity, utilising a 5x5 Risk Matrix to generate overall risk scores. Once integrated, these risks and their corresponding mitigation strategies will be assessed to ensure sustained relevance and alignment with the Group's business model.

Recommended Disclosure

- c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management.

To further safeguard operational resilience, VSTECS plans to incorporate climate mitigation measures into existing Business Continuity Plan (“**BCP**”) as part of its broader risk management strategy addressing climate risks. This plan is designed to ensure the continuity of critical business functions such as warehousing, distribution, and workforce productivity during disruptive events. The BCP includes protocols for activating remote work arrangements and redirecting distribution activities through unaffected logistics networks, which have proven effective in mitigating impacts during past extreme weather incidents.

Additionally, the Group's assessment is anchored in Malaysia's National Sustainability Reporting Framework (NSRF) to ensure alignment with IFRS S2 disclosure standards, identifying material climate-related risks and opportunities across the value chain. Climate-related risks undergo continuous monitoring and oversight by the Environmental, Social, and Governance Committee (ESGC) and the ERM committee, ensuring proactive identification, assessment, and management in harmony with our broader risk management strategy.

For further details, please refer to the Sustainability Governance (pages 98 to 100) and Statement of Risk Management and Internal Control (pages 142 to 145) sections.

Sustainability Statement



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Metrics and Targets

Recommended Disclosure

- a) Disclose the metrics used by the organisation to assess climate related risks and opportunities in line with its strategy and risk management process.

Recommended Disclosure

- b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.

In FYE 2025, VSTECS continued its emissions management approach by undertaking a comprehensive greenhouse gas (“GHG”) inventory that encompasses Scope 1, Scope 2, and broader Scope 3 emissions. Scope 1 covers direct emissions primarily arising from fuel consumption in operational activities. Scope 2 reflects indirect emissions from the generation of purchased electricity used across VSTECS’s facilities. Meanwhile, Scope 3 includes emissions from employee commuting and business travel, allowing the Group to better understand and manage its broader value chain footprint.

To better quantify emissions in relation to business performance, VSTECS refined its carbon intensity metric by introducing revenue as a benchmark parameter. This enhancement enables a more accurate reflection of the relationship between operational growth and energy efficiency, offering deeper insights into the Group’s environmental impact relative to its economic expansion, with the current operational emission intensity recorded at 0.09 tCO₂e/RM million.

For a more in-depth understanding of the Group’s energy and emissions management practices, please refer to the Emissions Management and Energy Management sections (pages 118 to 121) of this report.

The emission factor and Global Warming Potential (GWP) values for Scope 1 emission calculations are retrieved from the Intergovernmental Panel on Climate Change (IPCC) database and the IPCC Sixth Assessment Report (AR6). The emission factor used for grid electricity is based on the United Nations Framework Convention on Climate Change (UNFCCC) Harmonised Grid Factors 2021.

In FYE 2025, our CO₂e emissions across Scope 1, 2, and 3 are as below:

Scope 1 = 23.7 tCO₂e
 Scope 2 = 298.2 tCO₂e
 Scope 3 = 636.6 tCO₂e

Total Operational Emissions (Scope 1 + 2) = 321.9 tCO₂e. VSTECS has set clear targets to manage climate-related risks and opportunities, specifically to reduce grid electricity consumption intensity by 5% by 2028, using 2023 as the baseline.

Refer to Emissions Management at pages 118 to 119 and Energy Management at pages 120 to 121 for more information on climate-related metrics.

Sustainability Statement



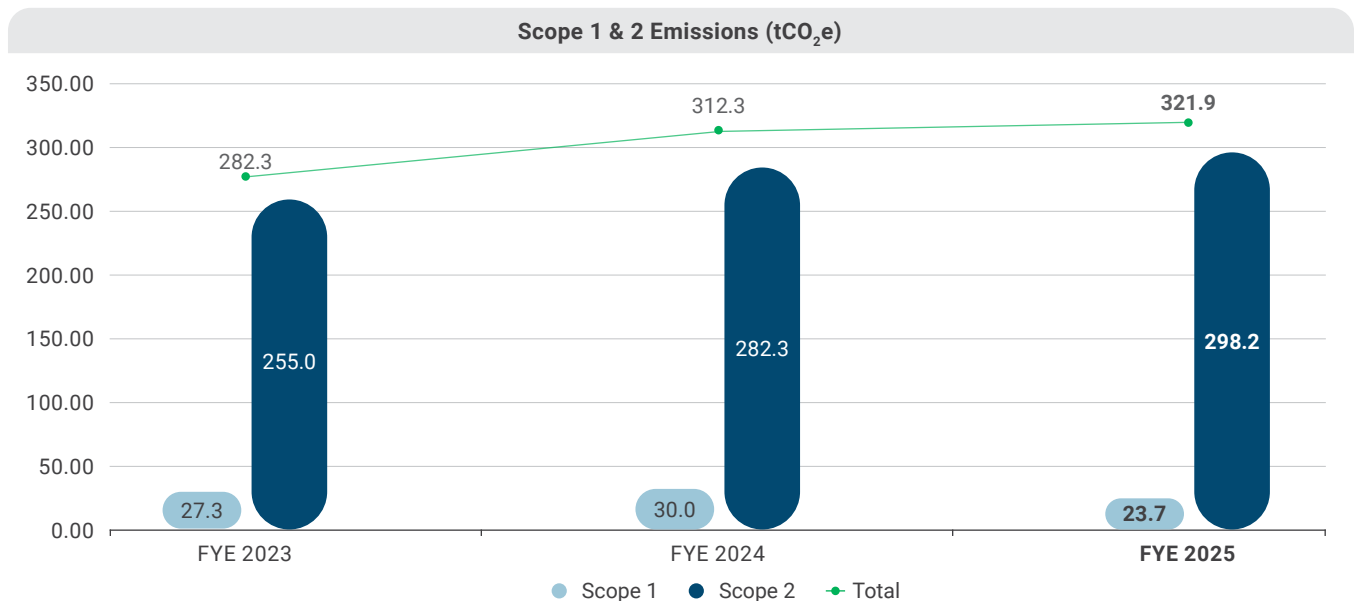
ENVIRONMENTAL

EMISSIONS MANAGEMENT

As a leading ICT distributor, VSTECS operates at the nexus of the technology supply chain. While the Group's direct operational footprint is lower compared to manufacturing sectors, VSTECS recognises its responsibility to decouple business growth from its carbon impact. The Group is committed to enhance its robust decarbonisation strategy that focuses on operational efficiency and data transparency across Scopes 1, 2, and 3.

VSTECS continues to strengthen its oversight of Scope 1 emissions, which are primarily derived from the combustion of fossil fuels in its company-owned vehicles. VSTECS achieved a significant reduction in of 24.4% petrol consumption compared to FYE 2024, partially offset by an increase in diesel consumption to support higher business activities particularly delivery services. Nevertheless, Scope 1 emissions declined to 23.7 tCO₂e, representing a 20.8% year-on-year reduction and demonstrating measurable progress in lowering direct emissions.

Meanwhile, for Scope 2 emissions, VSTECS remains focused on energy efficiency measures across its warehousing and office facilities. This includes previously implemented daylight designs in warehouse, energy saving light bulbs, timer functions for HVAC system to maximise energy savings coupled with adoption of renewable energy. In FYE 2025, Scope 2 emissions were recorded at 298.2 tCO₂e, bringing the Group's total operational footprint to 321.9 tCO₂e when combined with Scope 1, representing a 3.07% increase compared to previous year. This increase was primarily attributable to higher sales activity, including expanded delivery operations and increased sales volumes, which drove a corresponding rise in electricity consumption and overall energy demand across operations. VSTECS will continue to minimise our direct operational carbon footprint to ensure that we will be able to grow business sustainably while avoiding any environmental penalties. Despite slight increase in operational emissions, the Group achieved an improvement in its emission intensity for the current year, which decreased to 0.09 tCO₂e per RM million revenue, representing a 17.1% reduction from the previous year. This trajectory effectively demonstrates the Group's ability to decouple commercial growth from carbon impact, signalling a more resilient and efficient operational model.



Note:

1. Past years' data have been restated to reflect enhancements in data collection methodologies for Scope 1 emissions, where improved tracking of petrol and diesel consumption has been implemented while Scope 2 emissions utilised more accurate electricity data calculation methodologies.
2. Scope 2 emissions are calculated using emission factors based on the United Nations Framework Convention on Climate Change (UNFCCC) Harmonised Grid Factors 2021, while Scope 1 emissions are calculated using emission factors and Global Warming Potential (GWP) values derived from the Intergovernmental Panel on Climate Change (IPCC) database, ensuring alignment with internationally recognised methodologies.

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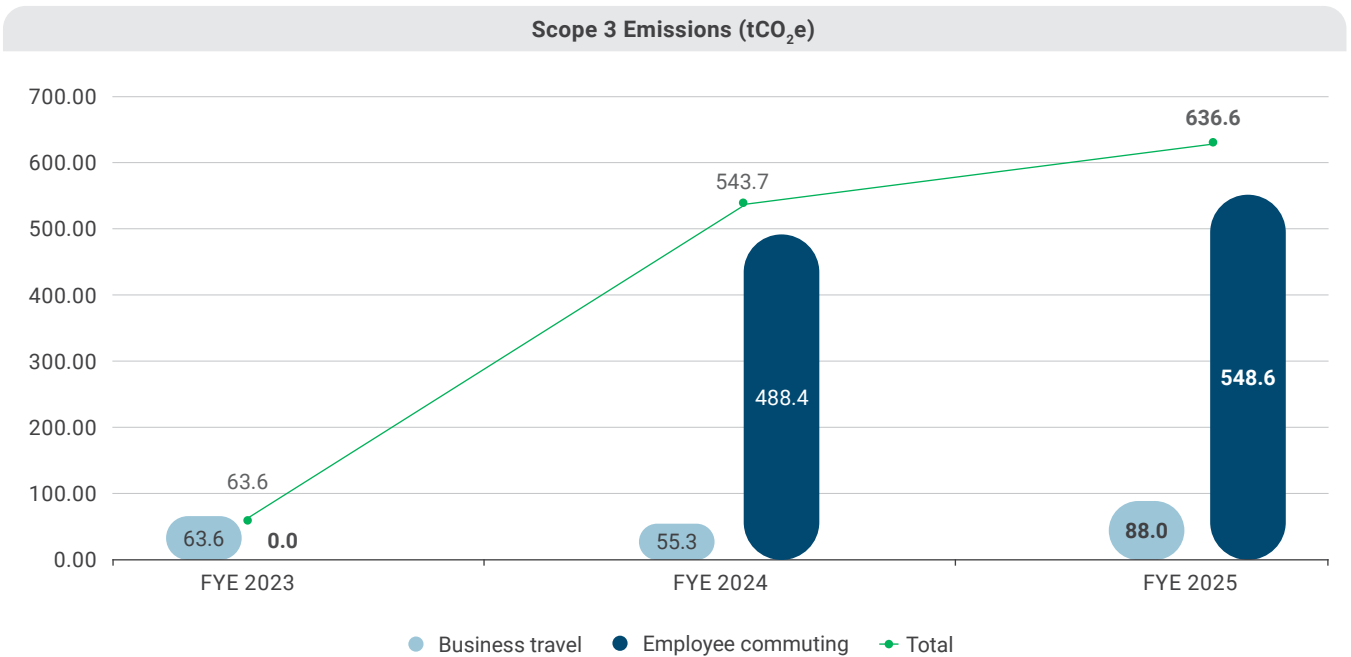
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	FYE 2023	FYE 2024	FYE 2025
Operational emission intensity (tCO ₂ e/RM million)	0.10	0.11	0.09

VSTECS acknowledges that a large share of its emissions sits beyond direct operations, particularly across the value chain, and therefore continues to apply the strengthened reporting approach introduced in the prior financial year. By retaining the expanded Scope 3 reporting, the Group maintains a consistent view of its overall carbon footprint.

In FYE 2025, total Scope 3 emissions rose in 17.1% (636.60 tCO₂e), mainly reflecting a deliberate increase in business activity. The uptick aligns with the return of in-person engagements and essential business travel, including flights, as the Group deepens market outreach. VSTECS views this not as a regression, but as a clear and transparent representation of day-to-day operations.

Looking ahead, the Group will further enhance the depth and detail of its Scope 3 disclosures. VSTECS will assess and progressively incorporate additional emissions categories that are material to its supply chain, ensuring climate reporting continues to mature alongside the evolving scale and complexity of the business.



Note:

- The emission factors used are based on the United States Environmental Protection Agency (EPA) GHG Emission Factors Hub, while Global Warming Potential (GWP) values are retrieved from the Intergovernmental Panel on Climate Change (IPCC) database.
- Scope 3 emissions for FYE 2023 exclude employee commuting, as employee commuting data was not monitored during that reporting period.

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ENERGY MANAGEMENT

For VSTECS, energy management is a dual lever for environmental stewardship and operational resilience. While the Group's energy intensity is relatively low compared to manufacturing industries, VSTECS views efficient energy consumption as a critical component of its cost-control strategy and climate risk mitigation. The Group's approach focuses on two primary objectives which includes reducing reliance on grid electricity through renewable assets and optimising fuel consumption within logistics operations.

The cornerstone of VSTECS energy strategy is the adoption of renewable energy at its headquarters. Since August 2022, VSTECS has operated a 290 kWp rooftop solar photovoltaic (PV) system with an annual generation capacity of up to 360,000 kWh. This asset is not merely a supplementary power source, it is one of the important pillar of the Group's effort in reducing our carbon footprint.

The impact of this infrastructure is evident with continued reduction in electricity withdrawal from the main grid since the solar PV system installation in FYE 2022. In FY2025, VSTECS recorded a net consumption of 541,288 kWh of grid electricity across its operations. During the same period, the Group generated 349,625.2 kWh of solar energy from its on-site photovoltaic systems, of which 286,025.2 kWh was utilised for on-site consumption, while 63,600 kWh surplus was exported back to the grid. This contributed to the Group's efforts to reduce reliance on grid-supplied electricity. The Group's total electricity consumption amounted to 827,313.2 kWh, of which on-site solar electricity generation contributed 34.6 % as renewable energy. This underscores the Group's ability to progressively reduce dependence on fossil fuels while supporting operational growth. The minor decline (0.63%) in solar consumption during the year was primarily attributable to environmental factors such as system performance variability and weather conditions and increased operational activities, which resulted in a slightly higher reliance on grid electricity. Nevertheless, the solar PV system continues to play a key role in supporting the Group's long-term efforts to reduce dependence on grid electricity and transition towards cleaner energy sources.

	FYE 2023	FYE 2024	FYE 2025
Petrol Consumption (L)	8,801.7	9,667.7	7,310.2
Diesel Consumption (L)	977.2	1,060.9	1,196.5
Net Grid Electricity Consumption (kWh)	462,780	512,350	541,288
Solar Power Consumption (kWh)	294,329.9	287,834.4	286,025.2
Total Energy Consumption (GJ)	3,051.0	3,237.7	3,262.3
Percentage of Renewable Energy (%)	34.7	32.0	31.6
Energy Intensity (GJ / RM million)	1.12	1.12	0.90

Note:

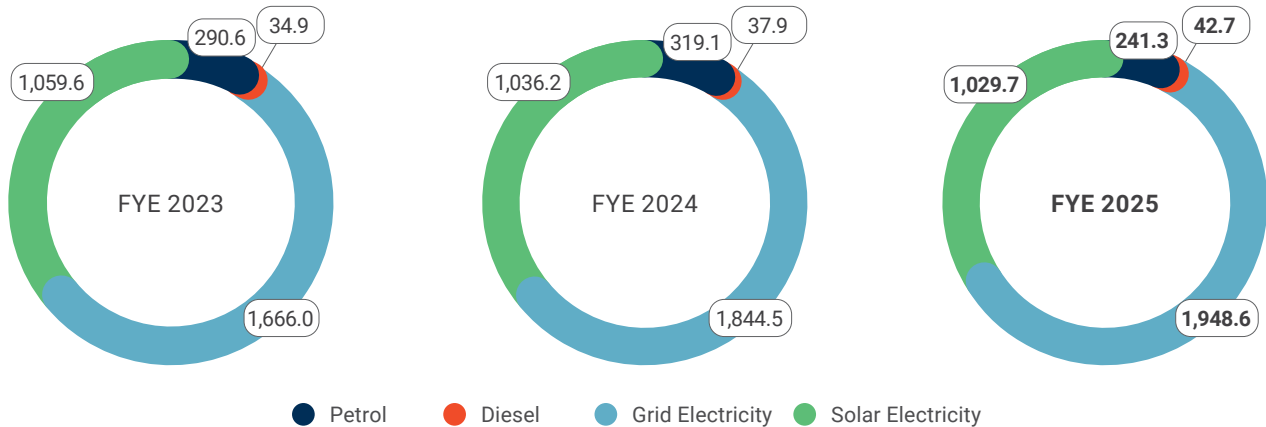
1. Past years' data have been restated to reflect improvements in data collection, with petrol and electricity consumptions updated and diesel consumption newly incorporated across the past three years to provide a more complete and accurate representation of energy consumption across the Group's operations.
2. The electricity data presented excludes branch offices (e.g., Johor and Kuantan), as contribution is less than 2% of total electricity consumption, and therefore not included in the overall calculation.
3. The conversion factor used to convert consumption to energy values are based on the Malaysia Energy Statistic Handbook 2020.

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Energy Consumption Breakdown



Note:

Past years' data have been restated to reflect improvements in data collection, with petrol and electricity consumption updated and diesel consumption newly incorporated across the past three years to provide a more complete and accurate representation of energy consumption across the Group's operations.

	FYE 2023	FYE 2024	FYE 2025
Headcount (staff + 3rd party personnel)	436 (410 + 26)	464 (441 + 23)	466 (441 + 25)
Grid electricity utilised per person (kWh / person / year)	1,061.42	1,104.2	1,161.6
Building Energy Intensity (BEI) (kWh / m² / year)	60.6	67.1	65.2

Furthermore, the Group continues to monitor its Building Energy Intensity (BEI) against industry standards to ensure optimal performance. In FYE 2025, VSTECS recorded a BEI of 65.2 kWh/m²/year. Similar to previous years, this performance remains substantially below the Green Building Index (GBI) benchmark of 150 kWh/m²/year, validating the continuous efficiency of the Group's facility management.

Despite significant investments in energy efficiency technologies and renewable energy infrastructure, VSTECS remains steadfast in its pursuit of continuous improvement. Accordingly, the Group maintains its target to reduce grid electricity consumption intensity by 5% over the four-year period from 2025 to 2028 (using FYE 2023 as the baseline). The Group will also continuously evaluate and refine its targets in line with business expansion and the enhancement of its sustainability stewardship. This commitment ensures that even as the business expands, its demand on the national grid is systematically managed with the Group's commitment to sustainability and environmental stewardship.

Parallel to these electricity initiatives, VSTECS is also actively reducing its reliance on fossil fuels by optimising the consumption of its company-owned vehicles includes petrol-powered cars for business use as well as diesel-powered van utilised for service and delivery operations. In FYE 2025, the Group achieved a remarkable 24.4% reduction in petrol consumption, dropping to 7,310.2 litres.

Meanwhile, the Group's warehouse operations are fully electric inclusive of all its forklifts. This adoption eliminates direct exhaust emissions within the warehouse, improving indoor air quality for employees while reducing reliance on fossil fuel-based equipment. Moving forward in 2026, all motorized electric forklifts in the warehouse are being charged by an off-grid Solar Power System with an attached Battery-powered Energy Storage System (BESS). With the off-grid system's utilisation being fine-tuned continuously, the Group shall explore further usage cases for the off-grid system to further reduce the energy consumption from the main grid.

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WATER MANAGEMENT

While VSTECS's operations as an ICT distributor do not involve water-intensive manufacturing processes, the Group recognises water as a vital natural capital. VSTECS is dedicated to responsible resource management, focusing on optimising consumption efficiency for domestic use (hygiene, canteen, and cleaning) and building resilience by diversifying its withdrawal sources.

In FYE 2025, the Group's total water consumption at 3,636.4 m³, representing a 5.77% decrease compared to the previous financial year. This reduction was primarily attributed to increased awareness among employees on water conservation and the adoption of more mindful usage practices across its office activities. The Group continues to closely monitor consumption patterns and promote responsible water use to support ongoing efficiency and long-term resource sustainability.

All our water withdrawal is sourced from municipal potable water. To mitigate the impact of this increased demand on the municipal supply, VSTECS has integrated rainwater harvesting into its operations. In FYE 2025, the Group successfully harvested 2.40 m³ of rainwater for non-potable applications, such as landscaping and exterior cleaning. This initiative allowed VSTECS to displace an equivalent volume of treated potable water, effectively reducing its usage of Air Selangor's municipal sourcing. Besides that, the Group does not operate in water-stressed environments or locations and therefore does not engage in water withdrawal or discharge activities in water-stressed areas.

Meanwhile, on wastewater discharge, VSTECS confirms zero industrial wastewater discharge from its operations. As our nature of business generally do not utilise water as a raw material resource, all discharge is limited to domestic sewerage (e.g., for staff hygiene and in-house food canteen utilisation only) and is managed through municipal mandated treatment systems (Indah Water Konsortium) in full compliance with applicable environmental regulations.

	FYE 2023	FYE 2024	FYE 2025
Water Withdrawal by Source (m³)			
- Surface water from rivers, lakes, natural ponds	0	0	0
- Groundwater from wells, boreholes	0	0	0
- Used quarry water collected in the quarry	0	0	0
- Municipal potable water	3,354	3,859	3,634
- External wastewater	0	0	0
- Harvested rainwater	0	0	2.40
- Sea water, water extracted from the sea or the ocean	0	0	0
Total Water Consumption at VSTECS Main Office (m³)	3,354.0	3,859.0	3,636.4
Water Utilised per person (m³)	7.69	8.32	7.80
Water Intensity (m³ / RM million)	1.23	1.33	1.01
Total Water Discharge (m³)	0	0	0

The Group remains steadfast in its commitment to continuous improvement in water efficiency. VSTECS upholds its primary quantitative target to reduce water utilised per person to 7 m³ by 2028. In FYE 2025, this metric was recorded at 7.80 m³/person, and the Group is actively implementing water conservation measures to drive this figure down towards the 2028 goal.

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WASTE MANAGEMENT

Given our nature of business, the Group's direct waste footprint is inherently minimal. The Group's operations focus on channel management, distribution, logistics and warehousing, meaning no industrial by-products, hazardous sludge, or scheduled manufacturing wastes are generated. The primary waste streams are non-hazardous, consisting largely of packaging materials (cardboard, plastic film) and municipal waste from office and canteen operations.

In FYE 2025, VSTECS continues to refine its waste inventory processes to capture waste streams consistently throughout the year. Reflecting this improved data coverage, the total waste generated in FYE 2025 was recorded at 47.4 tonnes. While this figure represents a numerical increase, it is largely indicative of more comprehensive reporting rather than a degradation of waste reduction practices. Crucially, as data capture improved, so did recovery capabilities. VSTECS successfully diverted 31.2 tonnes of materials from landfills, achieving a diversion rate of 65.87% surpassing the Group's internal target of 50%.

VSTECS also recognises its responsibility in managing electronic waste (e-waste) and has strengthened its approach beyond basic compliance. The Group prioritises the 3Rs by repurposing usable packaging where feasible and implements a strict sorting system to segregate defective ICT products, internal IT assets, and employee-brought e-waste. These items are then channelled exclusively to specialised, licensed waste management providers to maximise recovery and ensure safe handling of waste components. In addition, the Group has implemented an employee e-waste take-back channel supported by internal awareness initiatives and intends to progressively engage vendors through training on sustainable packaging and e-waste protocols to strengthen upstream alignment with waste minimisation objectives. In December 2025, VSTECS has expanded and formalised these initiatives across its wider supply chain and operations, in partnership with our retailers and licensed e-waste recyclers.

	FYE 2024	FYE 2025
Waste generated (Tonnes)	32.24	47.36
Waste diverted from disposal (Tonnes)	22.87	31.20
Waste directed to disposal (Tonnes)	9.37	16.16

Note:

Past years' data for waste have been recalculated and restated to ensure accuracy and consistency, providing a more reliable representation of the Group's waste generation and management performance. In addition, the historical data for the prior year covers only the period from April 2024 to December 2024.

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MATERIALS AND RESOURCES MANAGEMENT

VSTECS has accelerated the digitalisation of its procurement and administrative ecosystems, fundamentally shifting away from paper-intensive workflows. By integrating end-to-end e-document approval systems, the Group has not only streamlined its supply chain interactions but also achieved a significant decrease in paper usage since 2019. Looking ahead, VSTECS aims to achieve an additional 5% reduction in paper consumption between 2024 and 2028, using FYE 2023 as the baseline.

Materials Used (Tonnes)	FYE 2023	FYE 2024	FYE 2025
Recycled Paper Packaging	1.83	1.60	1.56
Recycled Cardboard	10.30	9.76	8.48
Recycled Plastic Packaging and Straps	0.41	0.10	0.15
Total weight or volume of materials that are used to produce and package products and services / Total weight of materials used	12.54	11.46	10.19

Note:

1. The past years' data for materials have been restated to represent quantities in tonnes, ensuring consistency and clarity in reporting.
2. The weight of recycled paper packaging is estimated using a conversion factor of 1 ream = 2.5 kg. As a result, this updated representation of data is applied to revise the previous year's data for consistency.

In FYE 2025, material consumption recorded a notable decline, particularly packaging materials including cardboard and paper. Total material consumption decreased by approximately 11.1% compared to the FYE 2024 and 18.7% compared to FYE 2023 as the baseline. This reduction was driven by a continuation and enhancement of previous initiatives, including:

Optimisation of printing processes, such as printing on smaller paper formats where feasible, reducing paper usage and associated costs.

Continued use of e-document approval workflows to minimise physical paperwork and improve operational efficiency.

Circular practices for packaging materials, including the recycling and reuse of cardboard cartons and plastic wrappings for protective packaging and shipment fillers.

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ENVIRONMENTAL COMPLIANCE

VSTECS maintains a zero-tolerance approach towards non-compliance, viewing strict adherence to legal frameworks not merely as a statutory obligation, but as a reflection of its commitment to responsible corporate citizenship. While the Group's ICT distribution model entails a relatively lower direct environmental footprint compared to manufacturing industries, VSTECS remains vigilant regarding the regulatory landscape. The Group's operations are governed by adherence with local environmental regulations and requirements. The Group also continuously monitors its operations to identify and mitigate potential environmental liabilities before they materialise.

In FYE 2025, VSTECS successfully maintained its environmental compliance track record. The Group reported zero incidents of non-compliance with environmental laws and regulations. Consequently, VSTECS incurred zero costs related to environmental fines, penalties, or non-monetary sanctions during the financial year.

	FYE 2023	FYE 2024	FYE 2025
Total costs of environmental fines and penalties during financial year	0	0	0
Number of incidents of non-compliance with environmental permits, standards or regulations	0	0	0

BIODIVERSITY

Given the nature of VSTECS's business operations are conducted strictly within established industrial and commercial zones. Consequently, the Group has no direct operational footprint in or near critical habitats, protected areas, or sites of high biodiversity value. Our activities do not result in land conversion or deforestation, rendering our direct impact on biodiversity negligible.

Despite this low-impact profile, VSTECS supports broader ecosystem health through responsible corporate citizenship. The Group is exploring initiatives to enhance urban biodiversity within its existing premises, such as integrating green spaces, while collaborating with external partners on reforestation efforts to support national and regional conservation goals.

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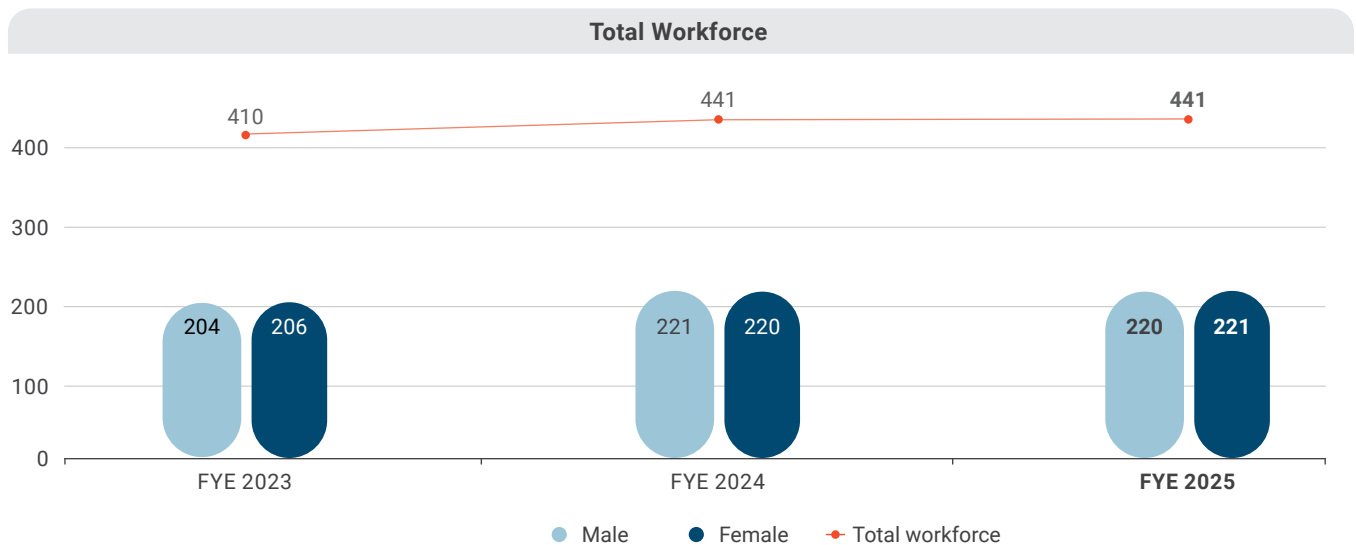
The Group recognises its people as a core asset and a key driver of long-term performance and organisational resilience. Employees are central to our operations, and their skills, commitment, and professionalism underpin our ability to deliver sustainable value. Guided by this belief, the Group is committed to fair employment practices, fostering a diverse and inclusive workplace, and supporting continuous employee development and well-being.

DIVERSITY AND INCLUSION

At VSTECS, diversity and inclusion are integral to who we are and how we operate, reflecting our belief that while technology enables progress, it is people who drive meaningful impact. We recognise that a fair, inclusive, and respectful workplace fosters innovation, strengthens collaboration, and enhances organisational resilience in an evolving business environment. Our commitment is to provide equal opportunities for all individuals to grow and succeed based on merit, capability, and contribution.

We strive to cultivate a workplace where diverse perspectives are respected, and employees are empowered to contribute authentically. Our people practices are guided by the principles of equity and fairness, ensuring that recruitment, remuneration, performance evaluation, and career progression are conducted without bias and anchored in performance and potential. Diversity is embraced across multiple dimensions, including race, gender, ethnicity, age, physical ability, nationality, religion, sexual orientation, and cultural background.

In support of this commitment, the Group actively seeks to expand access to employment and development opportunities for underrepresented and disadvantaged groups, including individuals with limited formal education or those facing social and economic barriers. These efforts are led by the Talent Management team, which plays a central role in advancing inclusive workforce practices and broadening pathways to meaningful employment.

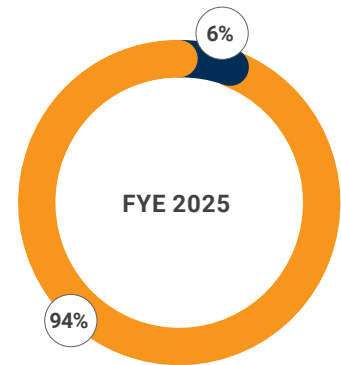
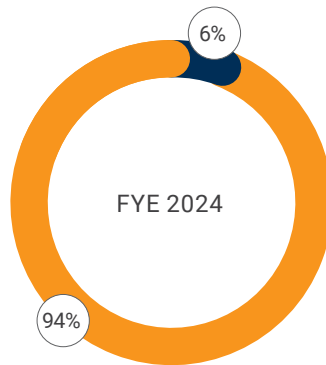
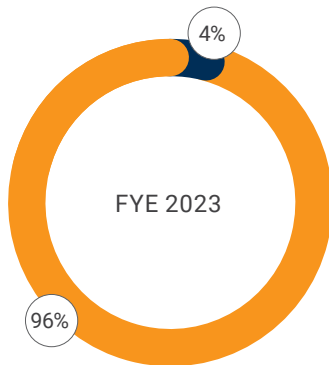


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Employee Type



● Permanent/Full-time ● Temporary/Contract

Gender Breakdown by Employee Category

Employee Categories	Gender	FYE 2023		FYE 2024		FYE 2025	
		%	Number	%	Number	%	Number
Management	Male	67.3	72	61.7	71	62.0	75
	Female	32.7	35	38.3	44	38.0	46
Executive	Male	45.0	104	47.5	123	46.8	118
	Female	55.0	127	52.5	136	53.2	134
Non-executive	Male	38.9	28	40.3	27	39.7	27
	Female	61.1	44	59.7	40	60.3	41

Age Breakdown by Employee Category

Employee Categories	Age	FYE 2023		FYE 2024		FYE 2025	
		%	Number	%	Number	%	Number
Management	30 and below	-	-	-	-	2.5	3
	31-50	80.4	86	79.1	91	76.0	92
	51-64	19.6	21	20.9	24	21.5	26
	65 and above	-	-	-	-	-	-
Executive	30 and below	22.1	51	37.1	96	37.3	94
	31-50	51.9	120	60.6	157	58.3	147
	51-64	25.5	59	1.9	5	4.0	10
	65 and above	0.4	1	0.4	1	0.4	1
Non-executive	30 and below	58.3	42	49.3	33	47.1	32
	31-50	33.3	24	37.3	25	45.6	31
	51-64	8.3	6	13.4	9	7.4	5
	65 and above	-	-	-	-	-	-

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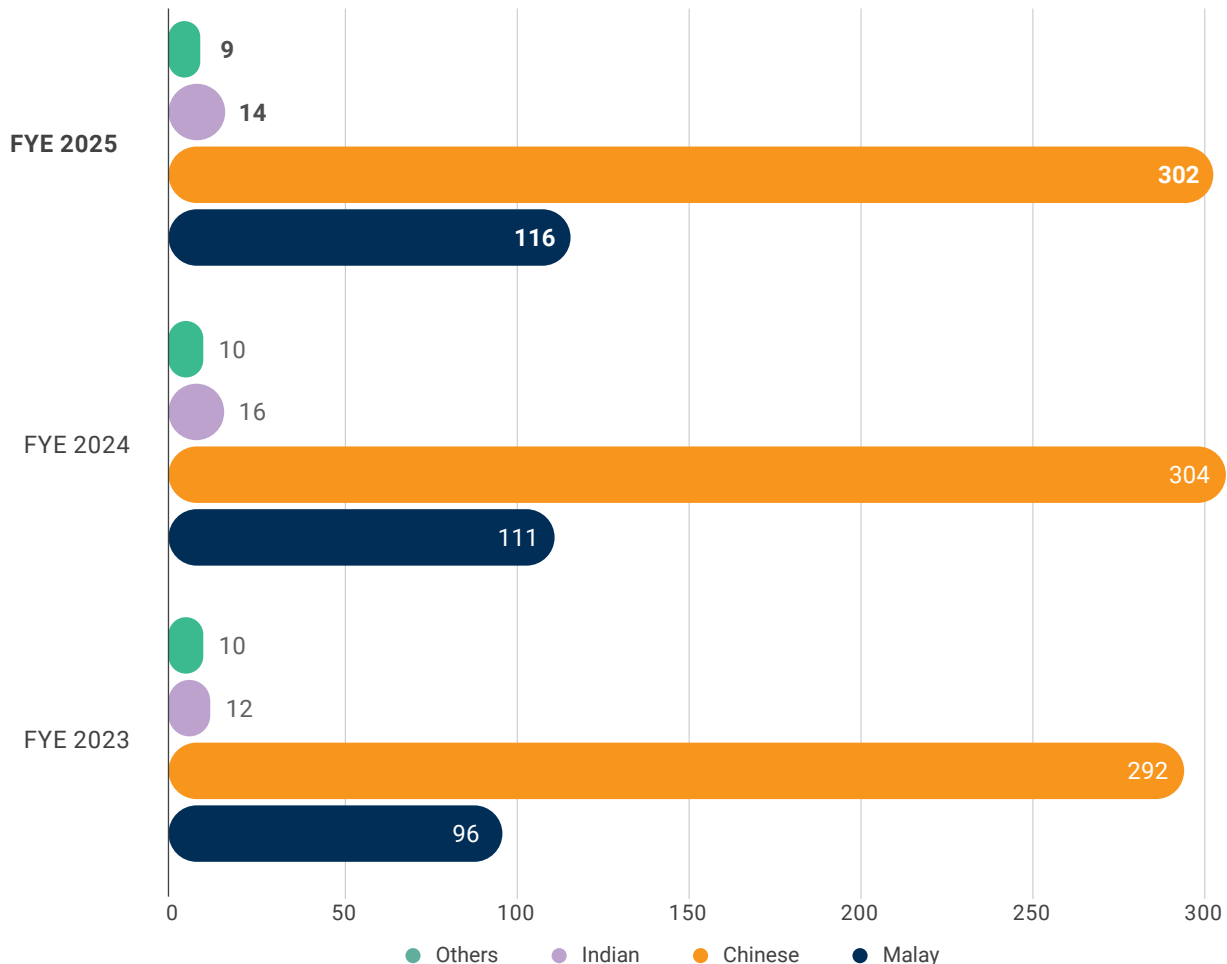
The Group prioritises local hiring to support socio-economic development within the communities in which it operates and to maintain strong alignment with local market conditions and cultural contexts. This approach reflects the Group’s commitment to building a workforce that is closely connected to its operating environment.

As at FYE 2025, 100% of the Group’s workforce comprised local hires. By leveraging talent with strong local market knowledge, the Group enhances operational effectiveness while also reducing environmental impacts associated with long-distance commuting and employee relocation.

In relation to non-employee workers, certain operational activities, such as warehouse tasks, are performed by a combination of outsourced workers and direct employees. These arrangements are adopted to support operational efficiency and are managed in accordance with established policies and oversight processes.

	FYE 2023	FYE 2024	FYE 2025
Malaysian	100%	100%	100%
Other nationalities	0%	0%	0%

Local workforce by ethnicity



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Hiring and Attrition

In FYE 2025, VSTECS continued to strengthen its workforce through the recruitment of new employees, reflecting the Group's focus on attracting qualified talent from diverse backgrounds. Our hiring practices are guided by principles of fairness, inclusivity, and merit, supporting balanced representation across age groups, gender, backgrounds and experience levels in line with the Group's workforce needs.

Employee Categories	Gender	FYE 2023	FYE 2024	FYE 2025
New Hires	Male	40	51	38
	Female	42	38	34
	30 and below	52	45	41
	31 - 50	29	42	31
	51 - 64	1	2	0
	65 and above	0	0	0

Note:

Data for FYE 2023 new hires female have been restated to reflect enhancements in data collection methodologies.

During the reporting period, the Group monitored employee turnover and workforce movement data to support effective talent management and workforce planning. This ongoing review enables VSTECS to identify trends, strengthen retention efforts, and enhance employee engagement over time. All new employees undergo a structured orientation programme to ensure a smooth onboarding experience and alignment with the Group's values, policies, and workplace expectations. Employees who leave the organisation are requested to complete an exit interview, allowing the Group to gather feedback and continuously improve people management practices.

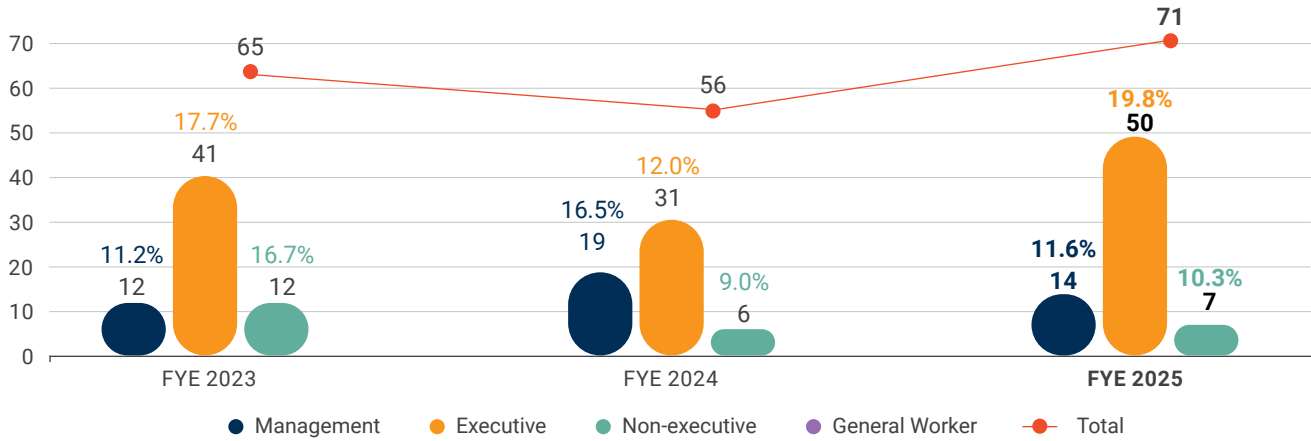
Employee Categories	Gender	FYE 2023	FYE 2024	FYE 2025
Attrition	Male	34	35	36
	Female	31	21	35
	30 and below	32	15	32
	31 - 50	33	38	35
	51 - 64	0	3	3
	65 and above	0	0	1

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Turnover by Employee Category



Full-Time Employee Turnover Rate



EMPLOYEE TRAINING & TALENT DEVELOPMENT

VSTECS places strong emphasis on employee training and development as a core pillar of its talent management approach. Guided by a Group-wide Training and Development Policy, the Group is committed to providing continuous, structured and relevant learning opportunities that support operational stability, organisational change and long-term business growth. Human capital is recognised as a key asset, and training is positioned as a strategic enabler rather than a reward. Continuous upskilling is prioritised to enhance job performance, support career progression, and strengthen succession planning across the Group. Through structured training programmes, VSTECS aims to build critical competencies, address skill gaps, and prepare employees for evolving roles. Oversight and accountability for training and development are shared across senior management, Heads of Departments, the Human Resource function and employees, ensuring consistent implementation across the Group. These efforts are championed by the Talent Management Team.

Training begins at onboarding, with all new hires undergoing a comprehensive orientation programme on their first day

of employment, complemented by on-the-job training and a buddy system to facilitate a smooth transition into their roles. Ongoing supervision and regular guidance further reinforce role clarity, performance expectations, and compliance with health and safety requirements. Training needs are systematically identified through a formal Training Needs Analysis, informed by business requirements, statutory and regulatory obligations, and outcomes of performance review exercises. Training coverage includes technical and professional competencies, professional certifications, soft skills, leadership development, succession planning, and other role-relevant competencies. Mandatory compliance training, including Anti-Bribery and Corruption training for new hires, is embedded within the learning framework to reinforce ethical conduct and regulatory compliance.

Employee performance is assessed through structured appraisal processes, including an annual performance review for eligible employees and a mid-year performance exercise for back-end staff. In FYE 2025, performance appraisals were conducted for 84.58% of employees, representing an improvement from 80.27% in FYE 2024. Performance review outcomes are used as key inputs to identify development needs and inform future training plans.

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	FYE 2023	FYE 2024	FYE 2025
Total training hours	4,821	5,768	6,410.50
Total training spend (RM)	315,893	242,838	235,070
Average training hours per employee	11.76	13.08	14.54
Average training day per employee	1.47	1.63	1.82
Average training spend per employee (RM)	770.47	550.65	533.04

* Note: Past year data have been restated following the enhancement of the calculation methodology.

Gender	FYE 2023	FYE 2024	FYE 2025
Total Employees Attended Training			
Male	158	167	143
Female	120	169	181
Average Training Hours			
Male	13.96	11.94	13.18
Female	9.58	14.22	15.89
Total Training Hours			
Male	2,848	2,639.50	2,899
Female	1,973	3,128.50	3,512

* Note: Past year data have been restated following the enhancement of the calculation methodology.

Employee Category	FYE 2023	FYE 2024	FYE 2025
Average Training Hours			
Management	21.50	13.61	11.67
Executive	10.07	13.51	16.31
Non-Executive	2.69	10.50	13.08
General Worker	0	0	0
Total Training Hours			
Management	2,300	1,565.50	1,411.5
Executive	2,327	3,499	4,109.5
Non-Executive	194	703.50	889.5
General Worker	0	0	0

* Note: Past year data have been restated following the enhancement of the calculation methodology.

In FYE 2025, VSTECS delivered targeted training programmes aligned with business priorities and workforce development needs, supporting continuous upskilling and operational effectiveness. Key trainings included technology and digital capabilities, governance and compliance, financial and operational excellence, ESG and leadership and professional development. Training was delivered through a combination of on-the-job learning, job rotation, in-house programmes and external courses, seminars and conferences, ensuring flexibility and relevance to different roles. These programmes were designed to strengthen technical proficiency, reinforce ethical and regulatory awareness, and enhance performance, collaboration, and service quality across the Group.

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In parallel, the Group continued to prioritise employee health, safety, and well-being through training on workplace safety, risk awareness, ergonomics, and emergency response. The effectiveness of training programmes is evaluated through pre-and post-training assessments and formal evaluation processes, with training records, attendance and outcomes centrally maintained by the Human Resource function for continuous improvement.

Employee Benefits and Satisfaction

Supporting employee well-being is a core component of the Group's people strategy. To promote a healthy work-life balance, VSTECS operates an active sports club, providing employees with opportunities to engage in recreational and fitness activities. These initiatives demonstrate our ongoing commitment to safeguarding employee health and fostering holistic well-being across all stages of employment.

To gauge employee satisfaction and monitor workplace engagement, the Group conducts periodic surveys using structured employee survey forms. Feedback collected through these surveys informs initiatives aimed at improving workplace practices, enhancing employee experience, and supporting overall staff satisfaction.

	FYE 2023	FYE 2024	FYE 2025
Total payments made to employees in terms of salaries, bonuses and benefits (RM'000)	51,526	60,223	68,354
Total statutory payments made for employees' retirement benefits (EPF) (RM'000)	0	0	0
Total payments in medical insurance (SOCSO) for employees (RM'000)	363	409	467

Beyond financial incentives, VSTECS promotes work-life balance through policies that comply with the Employment Act 1955, including formal maternity and paternity leave. These measures support gender inclusivity, family welfare, and equal participation in the workplace. Where operationally possible, employees may also be offered flexible working arrangements with managerial approval, allowing them to manage professional duties alongside personal commitments without compromising productivity.

	FYE 2023	FYE 2024	FYE 2025
Employees Entitled to Maternity and Paternity Leave	12	12	18
Employees Who Took Paternity Leave	4	8	12
Employees Who Took Maternity Leave	8	4	6
Return to Work Rate*			
Male	100%	100%	100%
Female	100%	100%	83%
Retention Rate**			
Male	100%	100%	50%
Female	100%	100%	80%

Note:

* *Return-to-work rate: Percentage of employees returning to work after parental leave out of the total employees scheduled to return after parental leave*

** *Retention rate: Percentage of employees retained 12 months after returning to work post-parental leave out of the total employees returning from parental leave in the previous reporting period.*

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OCCUPATIONAL HEALTH AND SAFETY

At VSTECS, the well-being of employees and stakeholders—including vendors, resellers, and customers—is a top priority. This commitment extends to employees, business partners and visitors within the Group's premises, reflecting a holistic approach to workplace safety. We are committed to fostering a safe and healthy work environment through robust internal processes, strict adherence to procedures, and a strong safety-conscious culture. Health and safety form an integral part of the Group's ESG Sustainability framework, with mandatory compliance across all operations. The Health, Safety, and Compliance (HSC) function plays a critical role within our ESG framework. Overseen by the Board and led by the General Manager reporting directly to the CEO, this function is responsible for implementing and monitoring occupational health and safety ("OSH") standards across all operations.

The Health and Safety ("H&S") Committee is structured to ensure balanced representation and inclusive decision-making. Employee representatives, nominated by their peers from across four subsidiaries, make up 27% of the committee, providing a direct voice for the non-management workforce. Company representatives from key departments—including ICT, HR, Logistics & Warehouse, and Building & Maintenance—comprise 46%, while the remaining 27% is held by the Chairman, Deputy Chairman, management representatives, and the safety coordinator. The H&S Committee is responsible for the systematic identification of workplace hazards and the implementation of appropriate risk control measures, procedures and corrective actions. This composition ensures diverse perspectives are considered in workplace safety initiatives and decision-making.

VSTECS' Health, and Safety policy is designed to eliminate or minimise workplace risks, with a clear objective of achieving zero injuries across all locations. This objective is embedded into daily operations through the integration of the Occupational Safety and Health Act 1994 (OSHA) and its amendments into the Group's Standard Operating Procedures (SOPs), ensuring

consistent compliance across all operational activities. All employees are expected to comply with established safety and health procedures in their daily work, fostering a proactive approach to safety. Regular health and safety discussions are conducted to maintain awareness and reinforce compliance, even in the absence of formal worker representatives or trade unions.

OSH performance is actively monitored through routine office walkthroughs, Hazard Identification, Risk Assessment, and Risk Control (HIRARC) assessments, and risk evaluations for both new operations and ongoing projects. In addition, the H&S Committee conducts quarterly walkthroughs of offices, warehouses and office compounds to continuously review safety practices and identify areas for improvement. Preventive measures are developed to address hazards and mitigate risks directly linked to our operations, products, services, or business relationships. Beyond compliance, VSTECS promotes health awareness through talks and initiatives aimed at preventing and controlling significant health issues.

Safety policies are effectively communicated to employees, and non-compliance is addressed through reminders, followed by disciplinary action if required. All reported incidents are investigated using a structured incident and accident reporting process, with findings systematically managed and reported to the Board at regular intervals, ensuring transparency and accountability. To strengthen preparedness and resilience, the Group has a Business Continuity Plan in place and conducts regular training, including fire drills and disaster recovery programmes, to address unforeseen events and minimise operational disruptions.

Through these measures, VSTECS upholds its responsibility to maintain a safe, health-conscious, and compliant workplace while fostering a culture of continuous improvement in occupational health and safety. Ongoing education and training form a core component of the Group's approach, reinforcing health and safety awareness.

	FYE 2023	FYE 2024	FYE 2025
Number of employees trained on health and safety standards	32	108	45
Total manhours worked (Hours)	745,664	853,632	865,080
Number of recordable work-related injuries	0	1	2
Number of Injury Incidents per 100 workers per year (Injury Rate)	0	0.23	0.46
Number of work-related fatalities, both employees and external workers	0	0	0
Number of lost time injuries	0	1	1
Number of injury incidents resulting in lost time per 100 workers per year (LTIR)	0	0.23	0.23

Note:

* Past year data have been restated following the enhancement of the calculation methodology.

Sustainability Statement



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HUMAN RIGHTS AND LABOUR STANDARDS

As a responsible corporate citizen, VSTECS is committed to upholding internationally recognised human rights and labour standards across all its operations. This commitment is formalised through the Group's Labour Standards and Human Rights Policy, which applies to all employees across the Group and reflects its dedication to conducting business responsibly while safeguarding the rights and welfare of its workforce. The Human Resources ("HR") team champions these practices throughout the organisation, ensuring alignment with the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. The Group strives to uphold these principles across its operations and, where relevant, across its value chain. The Group strictly prohibits unethical labour practices, including child labour, forced or compulsory labour, and restrictions on freedom of movement.

In addition, VSTECS is committed to broader human rights principles, including children's rights, freedom of expression and data privacy, reflecting globally recognised standards. These commitments extend to workplace safety and health, non-discrimination, diversity and inclusion, women's rights and empowerment, and freedom of association in accordance with applicable laws. While currently guided by local regulations, the Group continues to review and strengthen policies to align with international initiatives such as the Global Network Initiative and other relevant frameworks.

VSTECS respects the fundamental rights of all employees and enforces this principle through its Labour Standards and Human Rights Policy, approved at the management level and applicable to all staff. The Policy reinforces the Group's commitment to ethical employment practices, equal opportunity, fair treatment, and compliance with labour standards. It is communicated across the organisation translated where relevant to ensure accessibility and understanding among all employees. All employment-related policies, including the Employee Handbook and fair labour practice guidelines, are made accessible via internal platforms such as the intranet to promote transparency and awareness.

The Group fully complies with all applicable labour laws and regulations in Malaysia, reflecting its dedication to ethical employment and workplace standards. This includes compliance with laws governing working hours, overtime, minimum wages, and statutory benefits, alongside the Group's aim to provide competitive compensation. Best practices in preventing excessive working hours, supporting a living wage above statutory minimums, and improving workforce diversity across race, gender, age, sexual orientation, disabilities, nationality, and religion are embedded into HR planning and continuously monitored.

VSTECS respects employees' rights to freedom of association in accordance with Malaysian law. Employees are free to join registered associations, professional bodies, or cultural organisations, provided such participation does not interfere with professional responsibilities or involve unlawful activities. Employees are encouraged to report any human rights concerns or violations through established grievance or whistleblowing channels, which also cover bullying, harassment, and sexual harassment cases. During the reporting period, no such incidents were reported.

VSTECS actively conducts risk assessments for both new and existing operations to identify potential labour and human rights issues. These assessments support the early identification and mitigation of human rights risks across the Group's operations. Mechanisms are in place for employee representatives to engage with management on workplace issues, and structured programmes are being developed to support employee involvement in community initiatives, including charitable engagement aligned with the Group's business strategy.

VSTECS also maintains a zero-tolerance approach to harassment or bullying, including sexual harassment. This stance is supported by formal grievance and whistleblowing mechanisms that are accessible to both employees and external parties, with protections in place against retaliation for individuals who raise concerns in good faith. In line with Section 81(H) of the Employment Act 1955 (Amendment 2022), the Group has displayed awareness posters in all meeting rooms and provides manager training on handling reports, promoting a safe, respectful, and inclusive workplace environment.

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Through these measures, VSTECS demonstrates its commitment to protecting employee rights, fostering ethical employment practices, and supporting a safe and inclusive work environment across the Group and its value chain. The Group continues to review and strengthen its human rights and labour standards framework to remain aligned with evolving regulations, international standards, and best practices.

	FYE 2023	FYE 2024	FYE 2025
Number of substantiated complaints concerning human rights violations	0	0	0

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In FYE 2025, VSTECS continued to strengthen its commitment to responsible corporate citizenship, supporting communities and stakeholders in alignment with our values and business strategy. We recognise that long-term sustainability is achieved not only through business growth but also through meaningful contributions to society. Our CSR initiatives focus on education, sports, health, and support for underprivileged groups, combining charitable contributions with active employee engagement.

Employee participation remains a cornerstone of our CSR approach, with structured programmes that enable staff to contribute their time, skills, and expertise to community projects. These efforts foster inclusivity, build stronger relationships within and beyond the workplace, and enhance personal and professional development. VSTECS continues to explore ways to align community investment with business priorities and social impact, ensuring our CSR initiatives deliver tangible benefits to the communities we serve.

	FYE 2023	FYE 2024	FYE 2025
Total community investments where target beneficiaries are external to VSTECS (RM)	69,000	69,000	67,000
Total number of beneficiaries of community investments	491	486	432

Note:

Total number of beneficiaries of community investments for FYE 2025 does not include number of public members for CSR projects - Sponsorship for Blue Cap Run 2025 for Prostate Cancer, Sponsorship for CSR Health Screening Project and Tree Planting.

Details of specific FYE 2025 initiatives are provided below:

Book Donation - ReadCycle Campaign



Collection of pre-owned books from VSTECS employees and donate to the community through Books for Better World ("BFBW").

No. of beneficiaries

Public

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Tree Planting Activity - Friends of Bukit Kiara



Tree Planting Initiative at Bukit Kiara, aimed at promoting environmental sustainability, enhancing green spaces, and supporting biodiversity in our urban landscape.

Total donation to beneficiary (RM)
3,950.00

No. of beneficiaries
Public

Supports for Kampung Orang Asli - Kampung Lintah/Piong



To support the residents of Kampung Lintah/Piong - in the replacement of zinc roofing for 9 houses in poor conditions.

Total donation to beneficiary (RM)
26,301.95

No. of beneficiaries
9 families

Food & Essentials Donation with Food4U @ Chow Kit



300 packs of food and essential items to individuals and families in need, in collaboration with Food4U for distribution at Pusat Pembelajaran Komuniti Chow Kit.

Total donation to beneficiary (RM)
7,719.40

No. of beneficiaries
300 families

Sponsorship for Farm Fresh Visit with BFBW - Refugee Children



Sponsorship of Educational Visit to Farm Fresh for Raphael Academy Refugee Students.

Total donation to beneficiary (RM)
1,658.20

No. of beneficiaries
30 children & 5 adults

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Employee Children Education Incentive Scheme



VSTECS proudly celebrating the achievement of 39 outstanding children of our employees at our Employees' Children Education Incentive Scheme Award Ceremony held on 18 December 2025.

Total donation to beneficiary (RM)
19,887.50

No. of beneficiaries
39 children

Sponsorship for BIM Run 2025



VSTECS is pleased to support the Malaysian Federation of the Deaf (MFD) in promoting the development of Malaysian Sign Language (BIM), in conjunction with the International Week of the Deaf. VSTECS has sponsored 49 participants for the BIM Run, as well as contributing lucky draw prizes to make the event even more exciting and memorable.

Total donation to beneficiary (RM)
4,930.00

No. of beneficiaries
49 employees

Sponsorship for Blue Cap Run 2025 for Prostate Cancer

Sponsorship for the Blue Cap Run 2025 - community charity run act as a fundraiser and awareness initiative for the Beat Prostate Cancer campaign

Total donation to beneficiary (RM)
2,000.00

No. of beneficiaries
Public

Sponsorship for CSR Health Screening Project

Sponsorship to support Pharmacy students of Taylor's University to organise CSR Health Screening Project for Orang Asli from Kg. Orang Asli Desa Temuan, Bukit Lanjan.

Total donation to beneficiary (RM)
600.00

No. of beneficiaries
Public

Sustainability Statement

Bursa Malaysia Prescribed Table

Date & Time: 2026-04-22T14:07:27
FYE 31/12/2025

VSTECs BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-Corruption	Percentage of employees who have received training on anti-corruption by employee category (Management)	%	Management: 72 Executive: 77 Non-Executive: 54	—	Internal
Anti-Corruption	Percentage of operations assessed for corruption-related risks	%	88	—	Internal
Anti-Corruption	Confirmed incidents of corruption and action taken	—	0	—	Internal
Community and society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	67000	—	No assurance
Community and society	Total number of beneficiaries of the investment in communities	—	432	—	No assurance
Diversity	Percentage of employees by gender for each employee category	%	Management Male: 62.0 Management Female: 38.0 Executive Male: 46.8 Executive Female: 53.2 Non-Executive Male: 39.7 Non-Executive Female: 60.3	—	No assurance
Diversity	Percentage of employees by age group for each employee category	%	Management ≤ 30 years old: 2.5 Management 31 - 50 years old: 76.0 Management 51 - 64 years old: 21.5 Management ≥ 65 years old: 0 Executive ≤ 30 years old: 37.3 Executive 31 - 50 years old: 58.3 Executive 51 - 64 years old: 4.0 Executive ≥ 65 years old: 0.4 Non-Executive ≤ 30 years old: 47.1 Non-Executive 31 - 50 years old: 45.6 Non-Executive 51 - 64 years old: 7.4 Non-Executive ≥ 65 years old: 0	—	No assurance

Sustainability Statement
Bursa Malaysia Prescribed Table

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Percentage of directors by gender and age group	%	Female: 43 Male: 57 ≤ 30 years old: 0 31 - 50 years old: 0 51 - 65 years old: 57 > 65 years old: 43	—	No assurance
Energy management	Total energy consumption	GJ	3262.3	—	Internal
Health and safety	Number of work-related fatalities	—	0	—	Internal
Health and safety	Lost time incident rate	—	0.23	—	Internal
Health and safety	Number of employees trained on health and safety standards	—	45	—	Internal
Labour practices and standards	Total hours of training by employee category	hour	Management: 1411.5 Executive: 4109.5 Non Executive: 889.5 General Worker: 0	—	No assurance
Labour practices and standards	Percentage of employees that are contractors or temporary staff	%	6	—	No assurance
Labour practices and standards	Total number of employee turnover by employee category	—	Management: 14 Executive: 50 Non Executive: 7 General Worker: 0	—	No assurance
Labour practices and standards	Number of substantiated complaints concerning human rights violations	—	0	—	No assurance
Supply chain management	Proportion of spending on local suppliers	%	99.9	—	No assurance
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	—	0	—	Internal
Water	Total volume of water used	cubic meter	3636.4	—	No assurance
Water	Water consumption per employee	cubic meter per employee	78	7 by 2028	No assurance

Sustainability Statement

Bursa Malaysia Prescribed Table

Date & Time: 2026-04-22T14:07:27
FYE 31/12/2025

VSTECs BERHAD
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Waste management	Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	tonnes	4736 (i) 3120 (ii) 1616	At least 50% waste diverted from landfills by 2028	Internal
Emissions management	Scope 1 emissions	tonnes of CO2e	23.7	—	No assurance
Emissions management	Scope 2 emissions	tonnes of CO2e	288.2	—	No assurance
Emissions management	Scope 3 emissions (for the categories of business travel and employee commuting)	tonnes of CO2e	636.6	—	No assurance

Sustainability Statement

Statement of Assurance

In strengthening the credibility of the Sustainability Statement, selected aspects of this Sustainability Statement have been subjected to an internal review by the company's internal auditors and have been approved by Audit Committee of VSTECS Berhad.

SUBJECT MATTER

The subject matters covered by the internal review include the following indicators:

Sustainability Matter	Indicator
Anti-Corruption	<ul style="list-style-type: none"> a) Percentage (%) of employees who have received training on anti-bribery by employee category. b) Percentage (%) of operations assessed for bribery-related risks. c) Confirmed incidents of corruption and action taken.
Energy Management	<ul style="list-style-type: none"> a) Total energy consumption
Health and Safety	<ul style="list-style-type: none"> a) Number of work-related fatalities b) Lost time incident rate c) Number of employees trained on health and safety standards
Data privacy and security	<ul style="list-style-type: none"> a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data
Waste Management	<ul style="list-style-type: none"> a) Total waste generated, and a breakdown of the following: <ul style="list-style-type: none"> (i) Total waste diverted from disposal (ii) Total waste directed to disposal

SCOPE

The boundary of the internal review are operations of VSTECS Berhad in Malaysia, of which comprises of the four (4) wholly-owned subsidiaries as stated below:

- a) VSTECS Astar Sdn. Bhd.
- b) VSTECS KU Sdn. Bhd.
- c) VSTECS Kush Sdn. Bhd.
- d) VSTECS Pericomp Sdn. Bhd.

CONCLUSION

Based on the procedures performed, nothing has come to our attention that causes us to believe that the selected sustainability disclosures are not prepared, in all material respects, in accordance with the Group's established reporting criteria, with reference to the Sustainability Reporting requirements of Bursa Malaysia.

LIMITATION

This internal review is limited in scope and does not constitute a full audit or independent assurance engagement.