

Sustainability Statement

ABOUT THIS REPORT

VSTECS Berhad (“**VSTECS**” or “**the Group**”) wishes to present its Sustainability Statement for FYE 2024 (“**SS2024**”), highlighting the Group’s ongoing progress in initiatives to address Environmental, Social & Governance (“**ESG**”) agendas. Our efforts throughout the year, as reflected in this report, underscores our continued commitment to generating sustainable value for all stakeholders in the pursuit of long-term growth.

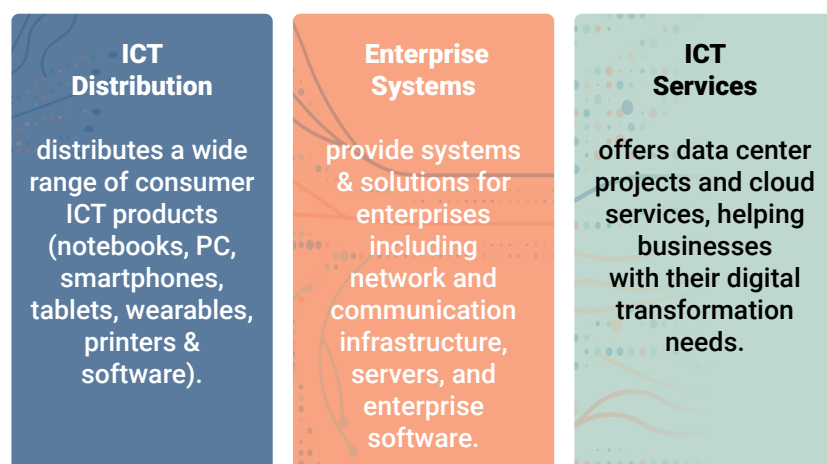
FRAMEWORKS APPLIED

VSTECS’ Board of Directors (“**Board**”) acknowledges that this SS2024 is prepared in reference to the following guidelines and framework listed below:

- Global Reporting Initiative (“**GRI**”) Standards 2021
- Bursa Malaysia’s Sustainability Reporting Guide 3rd Edition as part of the Main Market Listing Requirements
- United Nations Sustainable Development Goals (“**UN SDGs**”)
- FTSE4Good Bursa Malaysia (“**F4GBM**”) Index

SCOPE & MATERIAL BOUNDARY

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



VSTECS operates in the Information and Communications Technology (“**ICT**”) sector. The report includes all operations under the Group’s managerial control, encompassing VSTECS Berhad and its four wholly-owned subsidiary companies – VSTECS Astar Sdn. Bhd., VSTECS Pericomp Sdn. Bhd., VSTECS KU Sdn. Bhd., and VSTECS Kush Sdn. Bhd. – and excludes outsourced activities, our associate company i.e. ISATEC Sdn. Bhd. and our joint venture i.e. Enrich Platinum Sdn Bhd. VSTECS gathers and consolidates non-financial, sustainability-related data from the respective data owners within the Group.

We remain committed to engaging with our extended value chain including more than 4,000 resellers and global brand principals, as well as vendors, customers and channel partners, to promote sustainability practices.

MEMBERSHIP IN ASSOCIATIONS

As a major industry player in the ICT Distribution sector, VSTECS ensures it is active in related industry associations and initiatives to better keep up with, and help address, any salient industry challenges while spreading awareness on material issues along the Group’s value chain and among industry peers. The association(s) that VSTECS associates with include:

- 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).

REPORTING PERIOD

This reporting period of the Report is from 1 January 2024 to 31 December 2024 (“**FYE 2024**”). Where relevant, comparative data from previous years is provided to highlight performance trends.

LIMITATIONS

VSTECS is fully aware of certain data collection challenges persisting for some indicators and the Group is continuously making effort to ensure the accuracy of data and address these gaps in future reporting cycles.

ASSURANCE STATEMENT

Data quality remains a priority for VSTECS. All non-financial data and sustainability related data has been reviewed and assured internally by management and the respective data owners. Looking forward, VSTECS plans to secure independent external verification of its non-financial data and sustainability related data as part of its dedication to maintain transparency and accountability. VSTECS will also continue to enhance its data collection processes to improve reporting accuracy.

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FORWARD-LOOKING STATEMENTS

SS2024 sets forth VSTECS' path toward the future by defining strategic targets along with specific goals and declarations. These plans depend on realistic assessments and reasonable assumptions, yet their implementation faces natural risks alongside uncertainties. The actual results can vary significantly beyond our management control.

REPORT AVAILABILITY & FEEDBACK

VSTECS is committed to transparent communication and engagement with its stakeholders. SS2024 is available in digital format and can be accessed on the VSTECS corporate website at: www.vsteecs.com.my.

The Group welcomes any feedback, suggestions, inquiries and concerns to further improve our reporting practices. Please contact us at: <https://www.vsteecs.com.my/enquiry.php>.

CEO'S MESSAGE ON SUSTAINABILITY

At VSTECS, sustainability is a fundamental pillar of our business operations, reinforcing our vital role in accelerating Malaysia's digital transformation journey. In FYE 2024, we advanced our ESG efforts, demonstrating our commitment to creating value for stakeholders through economic growth, sustainable environmental practices, and planetary stewardship.

Our business strategies are linked to United Nations Sustainable Development Goals so we can actively contribute meaningfully towards global agenda.

In FYE 2024, our Group continued to drive success in sustainability initiatives by expanding solar energy utilisation, enhancing operational energy efficiency and promoting talent development, skills and Electric Vehicle ("EV")-related programmes such as replacing petrol-operated cars with EV models and installing EV chargers to encourage employee's adoption of EVs. These achievements signify our commitment of embracing sustainable practices across our business operations enabling us to continue grow sustainably.

Moving forward, we aim to further enhance our resource usage efficiency, indirectly reducing our carbon footprint while implementing community initiatives that create a lasting, positive impact. In order to ensure our ESG priorities align with our stakeholders' expectations and the ongoing global trends, we plan to conduct a thorough evaluation in this regard via a double materiality assessment in FYE 2025.

As we move forward, our commitment to sustainability remains unwavering. We will continue to integrate responsible practices across our operations, ensuring long-term value for our stakeholders, communities, and the environment. Together, we can drive meaningful change and build a more sustainable, inclusive, and prosperous future for all.

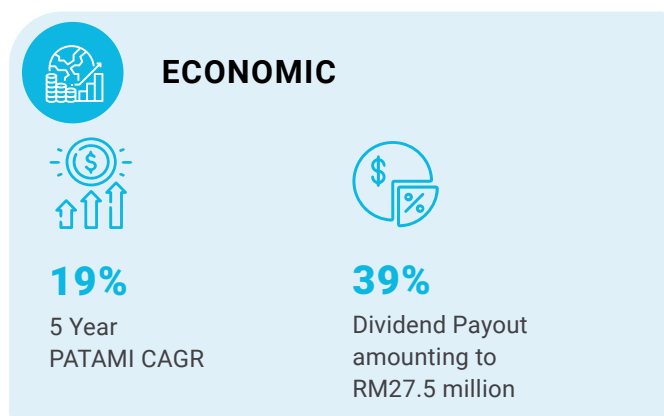
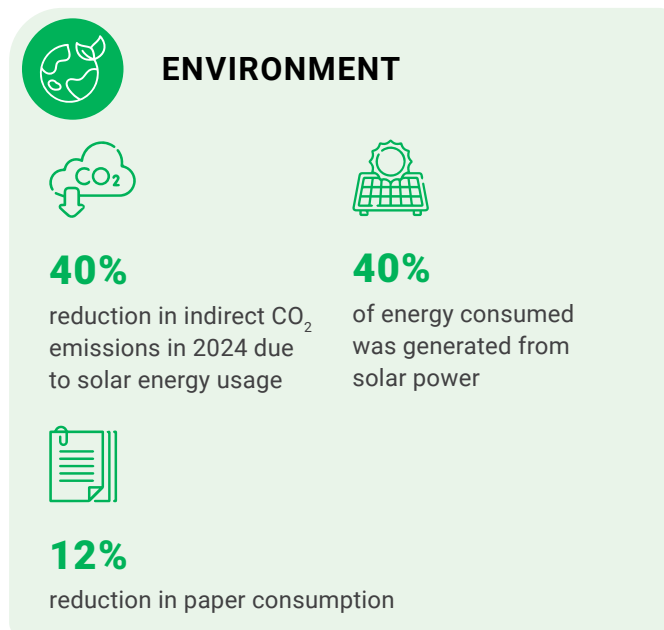
JH Soong

Executive Director/Chief Executive Officer



Sustainability Statement

FYE 2024 HIGHLIGHTS & ACHIEVEMENTS



SUSTAINABILITY WITHIN THE CONTEXT OF VSTECs

As a leading provider and distributor of ICT products and services for consumers and enterprises, the strength of our business network and channels plays a continuously vital role in supporting the national economy through digital enablement. The products we distribute and the services we implement form the building blocks of mission-critical infrastructure in enabling uninterrupted public, enterprise and social activities. The digital transformation and acceleration of virtual presence communications have a positive effect of reducing resource consumption such as paper, physical commuting and transportation and subsequently its impact on the environment.

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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.

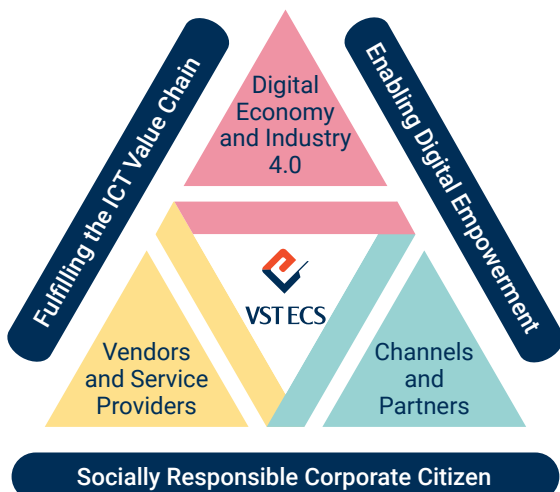


We shall be good corporate citizens with social responsibilities to our communities.



While fulfilling our role as one of the technology enablers in the country, the Group is also committed to maintaining the highest environmental, social and governance standards to ensure the sustainable development of our business. The Group has complied with all relevant laws and regulations applicable to its business, including health and safety, workplace conditions, employment, and the environment.

MALAYSIA ICT INDUSTRY AND COMMUNITY



Our major stakeholders that form part of our business and social ecosystems:

- Workforce and human capital
- Brand vendors/Principals whose brand and products we represent
- Channel, and product and services' partners;
- Non-trade suppliers and service providers
- Shareholders
- Government and regulatory authorities
- Communities where we operate

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COMMUNICATIONS AND STAKEHOLDERS' ENGAGEMENT

The Group values the stakeholders' opinions and considers them seriously as part of the Group's strategic formulations. We believe the Group's long-term growth and success is inseparable from understanding stakeholders' views and opinions, thus we uphold an open and honest relationship with our stakeholders. We engage with our stakeholders through a range of channels to collect valuable input on a variety of topics, including ESG matters.

As one of Malaysia's leading distributors of Information, Communication and Technology ("ICT") products and services, we continuously communicate with all our stakeholders, aiming to maximise their long-term benefits and effectively balancing their respective expectations and needs to achieve sustainable development of the Group.

We review and assess our stakeholder engagement methods from time to time to determine their effectiveness and sufficiency. Stakeholder engagement approaches are adjusted where necessary to suit the needs and objectives of the Group and its stakeholders.

Stakeholders	Areas of Concerns	Engagement Channels
Workforce & Human Capital	<ul style="list-style-type: none"> • Career development • Job security • Remuneration & benefits • Training opportunities & development • Workplace health & safety • Labour and human rights • Work-life balance • Recognition & incentives for employees' children's achievements 	<ul style="list-style-type: none"> • Annual staff performance evaluation • Training programmes • Company intranet, email, memos • Employee engagement surveys • Company related events & 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 & evaluation • Product sharing events & 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 & 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 & Environment ("HSE") practices • Certifications & awards • Corporate governance 	<ul style="list-style-type: none"> • Independent & 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











VSTECs believes that a robust sustainability strategy starts from identifying material matters based on their internal impact on the Group's business and their external impact on stakeholders. In line with Bursa Malaysia's guidelines, VSTECs identified its material matters based on internal deliberations with the management. The identification of these material matters has allowed the Group to more effectively pinpoint and prioritise critical sustainability issues, ensuring effective management and resource allocation.

VSTECs remains committed to continuously enhancing its materiality matters. We will soon develop and adopt a double materiality approach through a refined materiality assessment exercise ("MAE") that aligns with both the International Financial Reporting Standards ("IFRS") and existing Bursa Malaysia frameworks.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ("UNSDGs")

The Sustainable Development Goals ("SDGs"), established by the United Nations (UN), outline 17 global objectives aimed at promoting sustainability and equality on a worldwide scale.

Reflecting this commitment, VSTECs has identified and aligned key SDGs with its core sustainability priorities and strategic direction. Our focus remains on integrating these goals into our business operations, ensuring meaningful contributions to sustainable development.

	Material Topics	Our Strategies
ECONOMIC	<ul style="list-style-type: none"> Economic Value Generated Product Quality and Customer Satisfaction Supply Chain Management Information Security 	<ul style="list-style-type: none"> 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.
		    
ENVIRONMENTAL	<ul style="list-style-type: none"> Climate Change and Emissions Energy and Resource Consumption Water Consumption Waste Management Biodiversity 	<ul style="list-style-type: none"> 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. Reduce grid electricity consumption by 5% by 2028, using 2023 as the baseline. Cut paper usage by 5% by 2028 through digitalisation and waste reduction initiatives. Lower water consumption per employee to 7m³ by 2028. Increase 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.
		    

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	Material Topics	Our Strategies
SOCIAL	<ul style="list-style-type: none"> Diversity and Inclusion Training Development and Management Occupational Health and Safety Human Rights and Labour Standards Corporate Social Responsibility 	<ul style="list-style-type: none"> 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 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.
		    
GOVERNANCE	<ul style="list-style-type: none"> Corporate Ethics and Governance Anti-Bribery and Anti-Corruption Regulatory Compliance 	<ul style="list-style-type: none"> 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.
		 

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GOVERNANCE

SUSTAINABILITY GOVERNANCE STRUCTURE

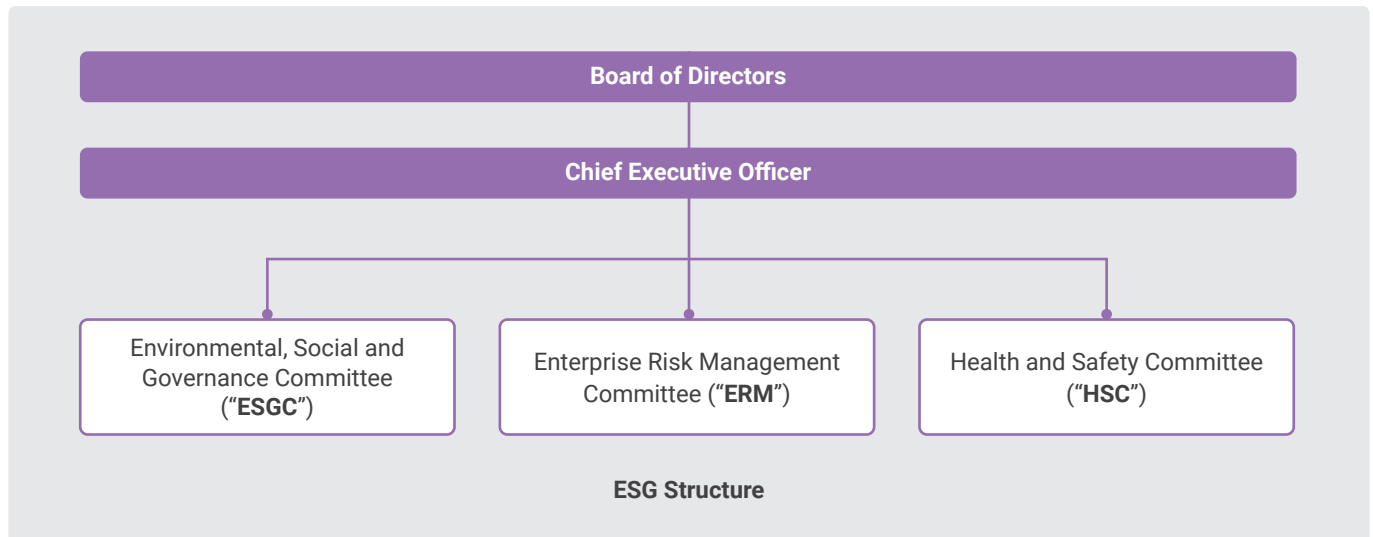
The Group is well aware that a strong sustainability governance structure is essential in our journey towards becoming a socially and environmentally responsible company. Besides that, a solid governance structure will ensure that VSTECS can implement and monitor our sustainability strategies successfully. As such, we integrate the concept of sustainability from the top leadership down to all the employees within the Group.

Sustainability is governed at the highest level by the Board. The Board also discusses and approves important updates and/or the creation of current and new sustainability policies, activities and other initiatives. We have an established ESG structure comprising the following:

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

Our ESG structure reports to and is headed by our Group CEO and Executive Director, Mr. Soong Jan Hsung.

The diagram below illustrates the Sustainability Governance Structure that we have institutionalised:



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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 Executive Officer	Meets on a quarterly basis: <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
ESGC	Chief Financial Officer	Reports to the CEO: <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
HSC	Senior Manager and Safety Officer	Reports to the CFO: <ul style="list-style-type: none"> To monitor and enforce Occupational Safety and Health Act ("OSHA") regulations and workplace safety To continuously improve awareness on workplace safe-practices and staff health

The remuneration and KPIs of the Chief Executive Officer ("**CEO**") (who is also an Executive Director), Chief Financial Officer, Chief Information Officer and some of the Senior Leadership team will be linked to the achievement of the Group ESG KPI, targets and performance from FYE 2025 onwards.

Board policies are published on our website at <https://www.vstecs.com.my/board-policies.php>.

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GOVERNANCE

GOVERNANCE, RISK MANAGEMENT & RESPONSIBLE BUSINESS PRACTICES

Our governance philosophy is based on integrity and values that apply to all our employees. Maintaining high standards of ethics and behaviour allows our business to operate responsibly. We recognise the importance of clearly stating our principles and commitments. The Group's corporate ethics and governance standards serve as a defined framework for the Group in this regard. The Board sets the standards for ethical behaviour, while the Group's systems, processes, procedures, and policies are designed to foster ethical behaviour as a culture within our organisation.

The Board maintains a robust risk management framework and internal control systems to safeguard assets, business, and our shareholders' investment. The Board ensures the integrity of these frameworks and internal control systems are maintained through regular reviews and ongoing risk management updates. The ERM Committee is chaired by our Executive Director and CEO, Mr. Soong Jan Hsung.

These reviews are performed regularly to identify, assess and manage the risks faced by the Group. Reviews are done holistically to also address major risk areas of concern in the sustainability landscape, such as those from the areas of governance, social, economic and environmental risks.

Identified sustainability-related risks are updated. More details can be found in our Statement of Risk Management and Internal Control in this Annual Report.

Our Code of Conduct, Code of Ethics, Anti-Bribery and Corruption Policy, and Whistleblowing Policy are reviewed and revised from time to time to be in line with the changes in laws, regulations, and corporate governance practices. The policies are publicly available on our website: <https://www.vstecs.com.my/>.

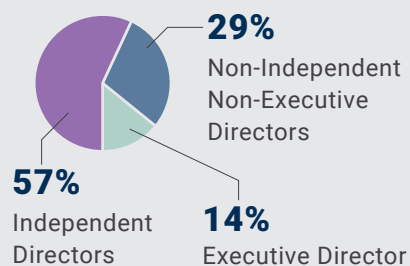
BOARD DIVERSITY FOR EFFECTIVE GOVERNANCE

The Group maintains an effective Board by having diversity in age, ethnicity, and gender while keeping a firm focus on the merit of each Board member. The aim is to provide the necessary range of perspectives, skills, qualifications, experience, and expertise required to strengthen the Board composition to achieve the objectives and strategic goals of the Group. We believe that a diverse board is a step towards better governance.

Information pertaining to the composition of the Board, their skillsets and professional experience as well as gender is provided in the Directors' Profile section of the Annual Report.

Board Demographics

Board Composition



Board Gender Diversity



Female Chairman

43%

Female Directors

Board Meetings



100% overall attendance for

4 board meetings held in FYE 2024

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GOVERNANCE

Board Tenure



3 years average tenure of Independent Directors

Min : 1 year 10 months
Max : 5 years 3 months

Board Committee

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

Additional information on the specific role of the Board in providing the necessary stewardship of the Group and championing good corporate governance is provided in the Corporate Governance Overview Statement for FYE 2024 which forms part of this Annual Report.

ETHICS, COMPLIANCE AND INTEGRITY

The Group is committed to adhering to all applicable laws, regulations, and ethical business principles. We strive to ensure that our employees embody our corporate values and are committed to the highest ethical standards in our business operations.

Our Code of Ethics is formulated for the Board and each Director to be committed on areas of ethical risk; to provide guidance to Directors to help them recognise and deal with ethical issues; to provide mechanisms to report unethical conduct and help foster a culture of honesty and accountability. Besides that, we have an institutionalised Code of Conduct which is aimed at Directors, management and employees of the Group. Both of these Codes were designed to enhance the standard of corporate governance and corporate behaviour with the intention of, amongst others upholding the spirit of professionalism, integrity, responsibility, loyalty, commitment, dedication, transparency, and accountability in line with the legislation, regulations and environmental and social responsibility guidelines governing a company. These codes are also communicated to our employees via the Company's Employee Handbook with each employee confirming their understanding and acknowledgment.

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GOVERNANCE

Ensuring the proper operation of the governance body is crucial to VSTECs' success and long-term sustainability. The CEO is responsible for the implementation of the Group's business plan and policies established by the Board as well as to manage the daily conduct of the business and affairs to ensure its smooth operation. There is also Conflict of Interest ("**COI**") Policy in place, with COI declaration by employees required to ensure that actual, potential and perceived COIs are identified and managed effectively.

POLITICAL CONTRIBUTIONS

VSTECs maintains a strict stance on political neutrality and does not make any political contributions. We are committed to ethical governance, transparency, and operating with integrity in all our business activities. In FYE 2024, the Group has not made any donations to any political parties.

ANTI-BRIBERY & CORRUPTION COMPLIANCE

To ensure compliance with our Group's policies, procedures, and internal system processes, we have made the necessary information available on both our corporate website and office intranet for the benefit of all employees. Additionally, in alignment with the MACC Act 2009 - Section 17A, which came into effect on 1 June 2020, we have updated internal operational policies regarding marketing and promotional activities, as well as enhanced the employee code of conduct related to gifts and entertainment expenses to reflect the requirements of the Act. Our Group's Anti-Bribery and Corruption ("**ABC**") policy is publicly accessible at www.vstecs.com.my.

In line with the nation's goal of eradicating bribery and corruption, we hold our workforce to the highest standards of legal compliance. We are committed to transparency in all business dealings with our vendors and channel partners. Open, honest, and transparent communication is embedded in our corporate culture, which we believe is essential for long-term sustainability.

Since January 2021, our Group has required all business partners, including channel partners, retailers, non-trade vendors, and service providers, to sign a Notice of ABC Compliance Acknowledgement. Furthermore, 100% of our Board members, management, and employees have confirmed their receipt and understanding of the ABC policy.

VSTECs conducts regular training on anti-corruption for both existing and new employees. Additionally, anti-corruption messages are disseminated across various channels to further raise awareness. For FYE 2024, the Group has undertaken ABC training as part of the orientation programme for all new employees, as well as refresher ABC training for all employees.

Number of hours staff have received training on anti-corruption (hours)

Anti-Corruption Training	FYE 2022	FYE 2023	FYE 2024
a. Management	104	107	115
b. Executive	216	231	259
c. Non-Executive	73	72	67
Total anti-corruption training hours	393	410	441

INTERNAL OPERATIONAL COMPLIANCE

The Group's internal compliance framework is supported by well-established policies that ensure efficient and effective operations. These policies and procedures are available to all employees, promoting sound internal control and adherence to compliance standards. They cover key areas such as finance, general management, operations, human resources, information technology, and sustainability, including economic, environmental, and social policies.

Management at all levels is responsible for upholding these standards, ensuring they are applied across the organisation. The Compliance Committee supports management by providing guidance, tools, and methodologies, and regularly reviews the level of awareness, understanding, and application of compliance controls through structured evaluations and tailored enforcement programmes.

The Group's internal audit team also plays a key role, performing compliance audits based on independent risk assessments and reporting their findings directly to the Board.

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REGULATORY COMPLIANCE

VSTECS maintained full compliance with all relevant policies, protocols, laws and industry standards throughout FYE 2024. While the Group received zero (0) fines or regulatory actions relating to environmental standards, social requirements, corporate integrity, anti-corruption measures or governance frameworks for FYE 2024, the Group did make a payment to LHDN amounting to RM800 for compounds related to 2019 and 2021.

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**Non-Compliance with
law & regulations in
FYE 2024**

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.

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ECONOMIC

VSTECS believes that achieving a strong financial performance is crucial not only in driving continued business operations but also delivering sustainable and diverse economic value to our stakeholders, including solid returns to our shareholders, fulfill tax responsibilities and contribute to employee welfare and community development.

ECONOMIC VALUES GENERATED

VSTECS ICT Distribution, Enterprise Systems and ICT Services segments serve the consumer market and remain key growth drivers for the business in FYE 2024, contributing to a healthy financial and operational performance. Highlights of our direct economic values created are shown here, with our Management Discussion and Analysis showcasing our financial performance in more detail:

**RM93.1 million PBT and
RM70.6 million PAT**

**RM877.9 million
Total Assets**

**RM2.90 billion
Total Revenue**

VSTECS also ensures value distribution to various stakeholders from its generation of economic returns. The table shows the indirect values created and distributed by the Group:

	FYE 2024 (RM'000)
Economic value generated (revenue)	2,912,701
Economic value distributed	2,863,327
- Total procurement spend	2,753,146
- Total payout to employees (salaries and benefits)	65,442
- Total taxes paid to government	20,137
- Dividends to shareholders	24,602
Economic value retained	49,383

Note: The economic value generated & retained include Enrich Platinum Sdn Bhd (JV) & ISATEC Sdn Bhd (associate).

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ECONOMIC

PRODUCT QUALITY AND CUSTOMER SATISFACTION

As a leading distribution hub for ICT products, enterprise systems as well as ICT services in Malaysia, providing exceptional customer service and delivering top-quality products are vital for building brand loyalty and trust.

Quality and Responsibility

In pursuing quality excellence in the Group, VSTECS strives to always carry products and represent brand vendors/ principals that are of high reputation and good standing within the ICT industry. Before the Group takes on the role of a brand representative or fulfilment agent of a brand, the following key areas are assessed for quality and responsibility:

- The product should provide or facilitate a positive function for the end user;
- The product should be of a certain quality, reliability and certified by the relevant governing standards (i.e. SIRIM, MCMC);
- The brand vendors/ principals shall be of reputable standing within the industry; and
- The product's main function and purpose should not be offensive in nature or dangerous to society in general.

Customer and Vendor Satisfaction

Customer and vendor satisfaction are a cornerstone of the Group's operations. It is essential that we continue to foster mutually beneficial, enduring and sustainable relationships with both our customers and vendors to ensure long-term retention, which remains a key advantage in an increasingly competitive ICT industry. VSTECS remains committed to always improving its platforms and services to tailor to the needs of its customers and vendors, so that customers and vendors satisfaction is enhanced and sustained.

SUPPLY CHAIN MANAGEMENT

As a leading ICT product distributor, supply chain management is essential for the Group. Our product vendors, who are mostly brand vendors/principals, are one of the key stakeholders in the Group. We value our relationship with suppliers and are actively developing a sustainable supply chain that meets the Group's ethical, environmental, health and safety standards.

VSTECS ensures good and fair governance and business practices are always stringently observed in its supply chain for non-trade suppliers. This is mainly propagated through the Notice of ABC Compliance Acknowledgement for compliance purposes, as well as the necessary screening of suppliers by the relevant personnel and/or departments. We maintain a supplier list that is updated regularly.

Furthermore, the necessary due diligence on new and existing suppliers is done by screening them thoroughly prior to any engagement. This ensures that VSTECS only deals with external parties that follow an acceptable standard of integrity in the conduct of their business.

Group procurement of non-trade suppliers (businesses providing goods that do not form part of our trade inventories) administrative and operational supplies and services are subject to a stringent procurement policy based on tiered approval matrices and open-tender Request for Proposal (RFP) evaluation processes. The procurement committee includes members from the finance department, the ERP/IT department, and the relevant departments in which the purchased supply or services is intended to serve.

Our Brand Vendors/Principals

Within the context of our core business, most of our brand vendors/principals are well-established and well-known international brands. The majority of our brand vendors/principals operate in the U.S. and other developed countries, which have the highest standards pertaining to safety, environmental management, labour and human rights standards. They are expected to consistently comply with the applicable regulations. In turn, we are required to conduct our business in accordance with the world-class policies set by our suppliers. By way of our distributorship agreements with leading U.S. brand vendors/principals, we maintain compliance with the following legislations:

- US FCPA (Foreign Corrupt Practice Act);
- USC Title 19 on Forced Labour;
- UK Modern Slavery Act 2015; and
- ILO, Protocol of 2014 to the Forced Labour Convention, 1930.

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ECONOMIC

In order to increase the efficiency and effectiveness of our supply chain management, different brand vendors/principals are managed by our designated product managers so that they can take full care of each principal. Our team will have regular meetings with these principals to discuss market trends and order volumes.

Our Channel Partners (Customers/Resellers)

As part of our business social responsibility to always conduct business with reputable entities and in a responsible manner, the Management adopts a strict vetting mechanism in terms of sign-up of new retailers with the following key aspects:

- Creditworthiness evaluation (for retailers);
- Background reputation within the industry;
- Financial track-record.

Retailers and channel partners agree to be subjected to sales audit by the brand vendors/principals that VSTECS represents.

Since January 2021, our Group strictly enforces a Notice of Anti-Bribery and Corruption (ABC) Compliance Acknowledgement signed by the corporate representative of all our business partners including channel partners, retailers, non-trade suppliers, and other service providers. The acknowledgement includes a pledged awareness of Section 17(A) of the MACC Act 2009 on corporate liability.

Environmental and Social Compliance in the Supply Chain

The Group recognises and respects the different customs and practices that our suppliers and vendors in different operating environments might have. However, it is important that in working with VSTECS, our suppliers and vendors should also comply not only with domestic and international laws but also ensure they obey the necessary social and environmental legislation, such as those that relate to pollution, labour, health and safety and more.

Current suppliers and vendors for VSTECS are required to comply to the following sustainability-related commitments outlined by the Group in order to remain

VSTECS' business partner and continue bidding for contracts.

For Social Standards

- Suppliers and vendors should be committed to upholding good social practices within their operations including the prevention of child labour and forced labour, promotion of non-discrimination or equal opportunities, right to freedom of association and collective bargaining in compliance with local laws, the reduction of excessive working hours, supporting the right to a minimum or living wage as well as good health and safety standards.

For the Environment

- Suppliers and vendors should be committed to the preservation and positive well-being of the environment in relation to the related company's energy use, water use, climate change impacts such as GHG emissions released, biodiversity impacts such as the protection of the nature, waste management, material and resource use, pollution as well as other pertinent environmental-related issues.

The environmental and social policies and commitment statements disclosed above are communicated to all our suppliers and vendors via their contracts, and translated into the relevant languages for them if required. When needed, certain supplier and vendor staff are also trained in relevant social and environmental standards upheld by the Group. The Group also encourages its third-party partners to report on their social and environmental performance, and where possible, initiate impact-reduction initiatives to strengthen their social and environmental standards so that the entire value chain contributes positively to a better society and environment.

Risk assessments are also done on potential new and current suppliers and vendors based on social and environmental standards, with current suppliers undergoing inspection audits by VSTECS when needed to ensure our business partners are operating with integrity on the sustainability front as well as business front.

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ECONOMIC

We also evaluate non-trade suppliers based on various criteria including their commitment towards minimising environmental impact and their management of energy and resource use. Additionally, we ensure that our non-trade suppliers strictly adhere to human rights laws concerning minimum wage, child and forced labour, working hours, as well as health and safety standards of their employees.

Local Procurement

VSTECs believes in sourcing locally when possible. Not only does it benefit the Group in cost and time efficiency but also in the larger positive impacts it brings in generating the local economy, reducing carbon footprint in logistics as well as contributing to nation-building and the surrounding communities through more job opportunities created in the country.

On Inventory	FYE 2022	FYE 2023	FYE 2024
Proportion of Spending on Local Procurement (%)	73%	76.2%	70.6%
Proportion of Suppliers Who Are Local (%)	68%	66%	70%

On Non-trade Creditors	FYE 2022	FYE 2023	FYE 2024
Proportion of Spending on Local Procurement (%)	100%	99.7%	99.9%
Proportion of Suppliers Who Are Local (%)	100%	99.8%	99.8%

Total Group Procurement	FYE 2022	FYE 2023	FYE 2024
Proportion of Spending on Local Procurement (%)	73.5%	76.6%	71.2%

INFORMATION SECURITY



Confidential Information Risk Management

Being a channel-centric organisation in the ICT industry means that VSTECs is naturally the custodian of a highly diverse and substantial quantum of customer database information with an even greater volume of transactional data. We have strict policies and enforcement procedures in handling such information as required by law and the Group's policies. Furthermore, product pricing and promotional information are closely guarded due to the sensitive nature of the market's competitive landscape.

While the Group's nature of business does not generally involve information relating to private individuals, we have system-controlled (via our ERP system) measures in place to safeguard sensitive commercial information and data in our dealings with internal and external parties. Access to external and transactional data is categorised and only made available to specific job roles requiring access to such information.

Data Security and Protection Policy

The Group complies with the Personal Data Protection Act ("PDPA") 2010 and has implemented the Data Security and Protection Policy to safeguard or protect data or information from corruption, theft or loss. Our IT department continues to safeguard the integrity of our IT infrastructure and systems to ensure our cybersecurity defences remain robust and resilient against current and future cyber threats. We achieve this by:

-  Actively engaging in surveillance practices for system security
-  Conducting periodic third-party penetration testing
-  Providing comprehensive cybersecurity training to our staff

We also prevent any data loss by undertaking system redundancy tests including fail over testing activities, and company-issued notebooks are secured with storage encryption.

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

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ENVIRONMENTAL

At VSTECs, we are committed to growing our business responsibly while safeguarding the environment. We continuously strive to minimise the environmental impact of our operations and implement concerted strategies to reduce our carbon footprint.

CLIMATE CHANGE

VSTECs acknowledges the growing threat that climate change poses to both the environment and social well-being. Although our core business focuses on distributing ICT products, enterprise systems, and providing ICT Services—activities that inherently generate minimal emissions—we remain steadfast in our efforts to reduce emissions wherever possible and contribute to global environmental sustainability. Our commitment to combating climate change reflects our broader environmental responsibility to reduce greenhouse gas (“GHG”) emissions.

Our strategy incorporates targeted initiatives, such as optimising energy consumption to reduce wastage and enhance efficiency, exploring potential to increase the share of renewable energy, adopting digital solutions to minimise internal paper usage, fostering a sustainability culture among employees, and enhancing overall operational sustainability. By embedding sustainability into our business operations, we aspire to mitigate climate-related risks, unlock emerging opportunities, and contribute to a more climate-resilient and sustainable future. This has also led us to craft new environmental pledges and commitments that may better address climate change, since we are committed to reducing our climate change impacts and emissions where possible.

TASKFORCE ON CLIMATE-RELATED FINANCIAL 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.

The governance of all sustainability matters, including climate-related risks and opportunities, is embedded at the highest levels of the organisation under the oversight of the Board of Directors. The Board is supported by the Environmental, Social, and Governance Committee (“ESGC”) and the Enterprise Risk Management Committee (“ERMC”).

Chaired by the Chairman, the Board serves as an advisory and governing body, overseeing and approving the organisation’s overall sustainability strategy. Key matters, such as energy and emissions performance, waste management, and other sustainability-related initiatives, are regularly presented to the Board through periodic updates.

The Chief Executive Officer (“CEO”) leads the overall ESG governance structure and plays a pivotal role in assessing and managing climate-related risks and opportunities. This is achieved through a clearly defined organisational framework and structured processes.

The ESGC and ERMC work in tandem to identify risks, including climate-related risks, and develop appropriate sustainability strategies. Quarterly meetings ensure that management remains informed of all relevant sustainability matters, including emerging sustainability risks, including climate-related risks, evolving regulatory requirements, and opportunities for innovation.

For further details on the governance structure, please refer to page 86.

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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.

The Group remains cognisant of climate-related risks and opportunities across the short, medium, and long term, each with potential implications for its business, strategy, and financial planning. These risks fall into two primary categories: transition risks, such as regulatory changes and evolving market expectations, and physical risks, such as extreme weather events and rising temperatures.

In the short term (0–2 years), the Group may face increasing regulatory requirements and enhanced reporting obligations. In response, the Group views improving operational efficiency and enhancing sustainable practices as key opportunities to strengthen resilience and remain at the forefront of sustainability reporting developments.

Over the medium term (2–10 years), risks are expected to include stricter regulatory standards, potential carbon pricing mechanisms, and increased stakeholder scrutiny. Physical risks, such as flash floods, may reduce the distribution capabilities due to limited route access, thereby affecting supply chains and operational continuity.

In the long term (>10 years), physical risks, including more frequent and severe weather events, are expected to intensify, potentially causing operational delays. Opportunities during this period lie in aligning with global Net Zero targets, tapping into renewable energy sources, and forming strategic partnerships to drive large-scale sustainability initiatives.

By continuously assessing and responding to these risks and opportunities, we remain well-positioned to adapt our business model and build long-term resilience in a changing climate.

RISK MANAGEMENT

Recommended Disclosure a)

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

Recommended Disclosure b)

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

Recommended Disclosure c)

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

The Group adopts a comprehensive Enterprise Risk Management ("ERM") Framework to identify, assess, and manage risks, including sustainability risks such as climate-related risks. This three-tier system is overseen by the Board, supported by the ERM Committee led by the Executive Director/CEO.

The Group's ERM framework integrates sustainability risks, including climate-related risks, into its overall risk assessment. Risks are identified and evaluated through materiality assessments, management meetings, and cross-departmental input. These processes take into consideration changes in the business environment, regulatory developments, and emerging sustainability issues. A detailed risk register is maintained and regularly updated to reflect the current risk landscape, ensuring that identified risks are prioritised and appropriately addressed.

The ERM Committee assists the Audit Committee ("AC") and the Board in implementing mitigation measures and monitoring significant risks, including climate-related risks. Risk assessment templates are used to record incidents, impacts, and corresponding mitigation actions. The quarterly ERM reports, which include updates on new sustainability initiatives and risk management procedures, are presented to the AC for review. Additionally, the Group has developed a Business Continuity Management ("BCM") programme to manage crisis and disaster scenarios, ensuring operational resilience and safeguarding business continuity in the face of climate-related events and other critical risks.

Sustainability risks are fully embedded within the Group's overall risk management framework. Climate-related risks are evaluated alongside other key risks—such as governance, social, and economic risks—to provide a holistic view of the Group's risk exposure. This integrated approach ensures that sustainability considerations are factored into strategic planning and operational decision-making.

For further details, please refer to the Sustainability Governance (page 86) and Statement of Risk Management and Internal Control (page 114 - 118) sections.

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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.

The Group measures its GHG emissions by accounting for direct (Scope 1) and indirect emission (Scope 2) stemming from its business operations. Scope 1 emissions are quantified as tonnes of CO₂e per litre of fuel consumed, while Scope 2 emissions are measured as tonnes of CO₂e per kWh of electricity used. The accounting of Scope 3 emissions encompasses the employee commuting and business travel categories, quantified as tonnes of CO₂e per passenger kilometre, considering various transportation modes.

VSTECS calculates its emissions in line with the GHG Protocol Corporate Accounting and Reporting Standard ("**GHG Protocol**"), using the emission factors from the 2006 IPCC Guidelines for National Greenhouse Gas Inventories and US Environmental Protection Agency Climate Leaders. The global warming potential ("**GWP**") factors for all greenhouse gases are consistent with the Intergovernmental Panel on Climate Change ("**IPCC**") Sixth Assessment Report, 2023 (AR6) based on a 100-year timeframe.

Refer to Emissions Management at page 98 - 99 and Energy Management at page 100 - 101 for more information on climate-related metrics.

EMISSIONS MANAGEMENT

Given our business model, that is primarily focused on the trading of ICT products, Enterprise Systems, and the provision of ICT Services, our operations do not generate significant quantities of greenhouse gas ("**GHG**") emissions. However, we are committed to improving transparency and enhancing our reporting practices by tracking and reporting emissions across Scopes 1, 2, and 3.

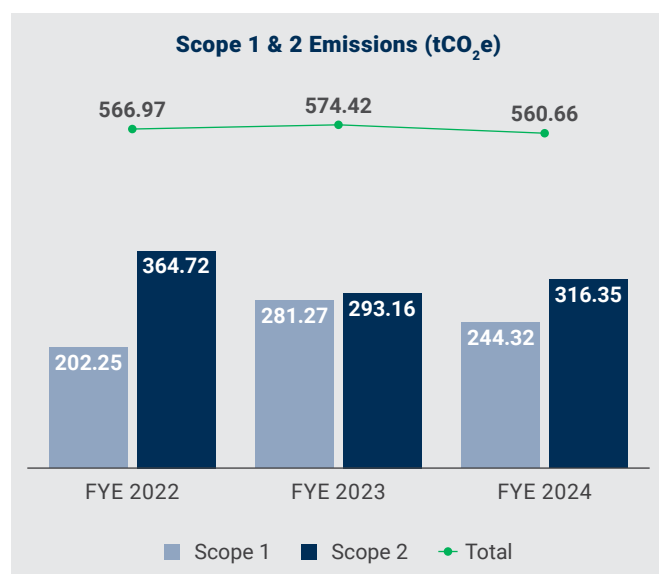
We have begun tracking, quantifying, and reporting Scope 1 emissions, stemming from the combustion of fossil fuels for operational activities. Building on previous disclosures of grid electricity consumption for warehousing and office facilities, we revised our Scope 2 calculation approach in FYE 2024 to align with the GHG Protocol's accounting methods. This has resulted in the restatements of past year data. To gauge overall operational efficiency, we also compare our operational emissions against revenue performance, providing an emissions intensity metric that offers valuable insights into our efficiency improvements over time.

In FYE 2024, VSTECS recorded an overall decrease of its operational emissions by 2.40% compared to FYE 2023, amounting to 560.66 tCO₂e. Despite the marginal increase in Scope 2 emissions, the reduction in Scope 1 emissions stemming from fuel consumption, has translated into an improvement in its emission intensity, now recorded at 0.19, a 8.27% decrease compared to the previous year. The overall improvement is a testament to our commitment to keeping climate change at the forefront of the operations, driven by our concerted efforts in renewable energy adoption.

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Note:

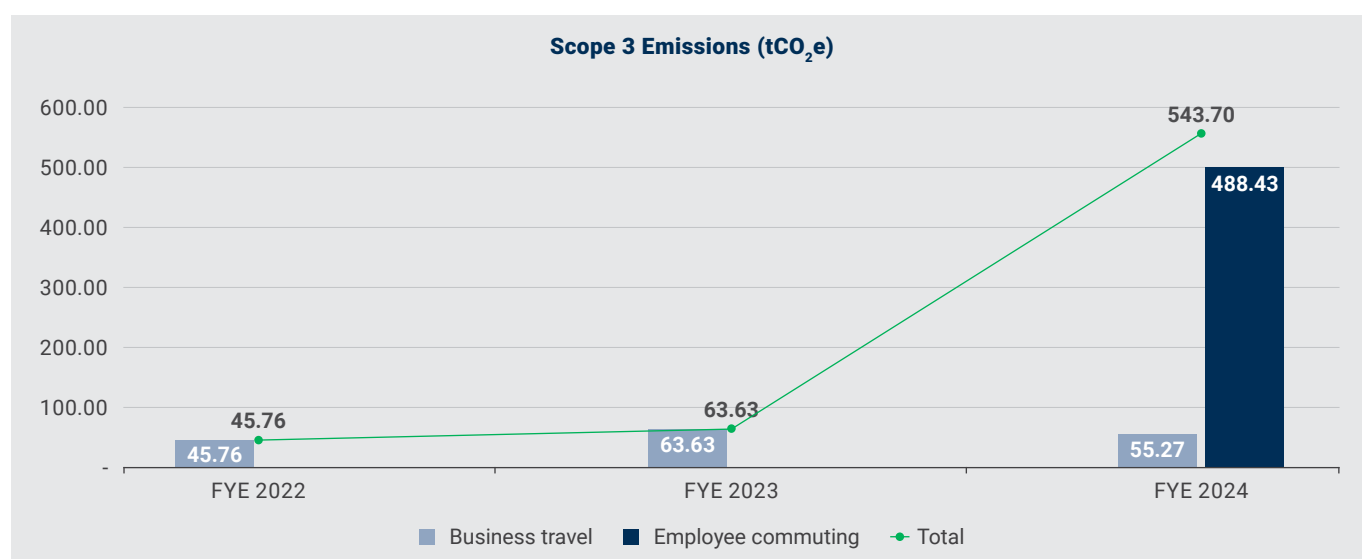
1. Past years data have been restated as the calculations of Scope 2 emissions follow the emission factor based on the United Nations Framework Convention on Climate Change (UNFCCC) Harmonised Grid Factors 2021.
2. For Scope 1 emissions, the emission factor and Global Warming Potential (GWP) values are retrieved from the Intergovernmental Panel on Climate Change (IPCC) database.

	FYE 2022	FYE 2023	FYE 2024
Operational emission intensity (tCO ₂ e/RM 'mil)	0.20	0.21	0.19

Recognising the significance of indirect emissions across our value chain, we continue to report on Scope 3 emissions as part of our enhanced environmental reporting practices.

In FYE 2024, we broadened our Scope 3 boundary to include estimated emissions from employee commuting, offering a more comprehensive account of our carbon footprint.

As a result, our total Scope 3 emissions for FYE 2024 amounted to 543.70 tCO₂e, with employee commuting contributing approximately 89.83% of the total. While this addition has significantly increased our reported Scope 3 emissions, it underscores our commitment to improving data coverage and enhancing transparency.



Note:

1. 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.
2. Following the revision of the emission factors, past year data have been restated accordingly.

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ENERGY MANAGEMENT

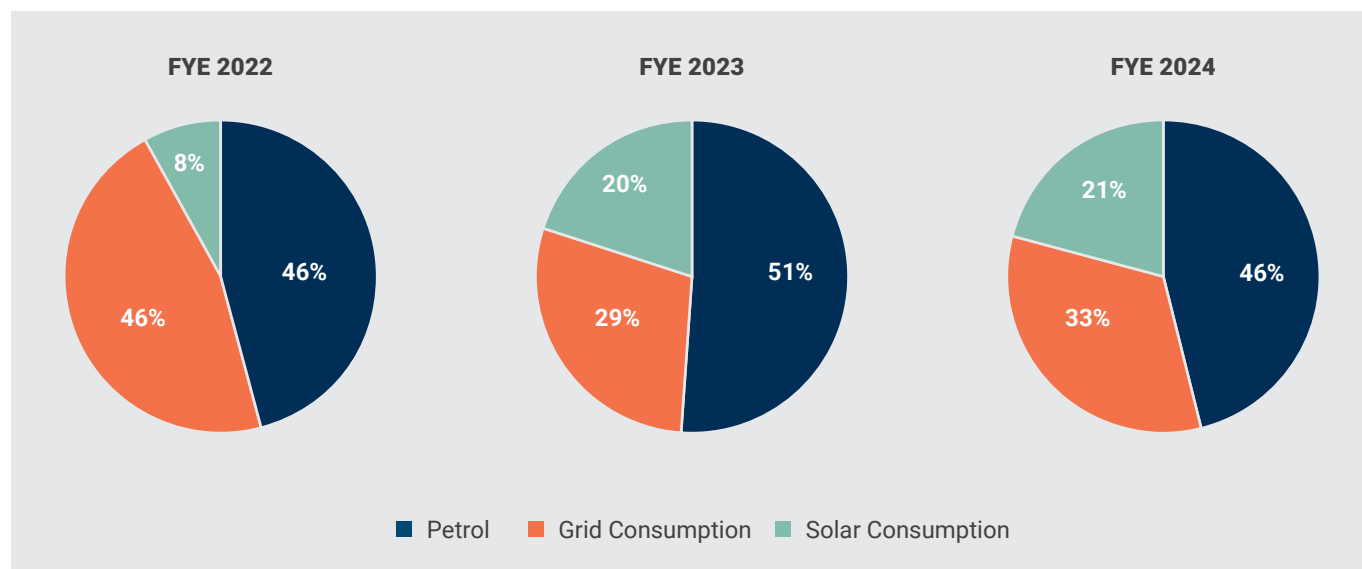
Given the nature of VSTECS operations, our primary energy usage is through petrol consumption and electricity consumption. In FYE 2024, our Building Energy Intensity (BEI) was 78 kWh / m² / year, substantially below the Green Building Initiative (GBI) benchmark of 150 kWh / m² / year. The following chart details grid electricity consumption at our headquarters.

	FYE 2022	FYE 2023	FYE 2024
Petrol consumption (L)	72,175	100,373	87,187
Grid electricity consumption (kWh)	663,130	533,010	575,180
Solar power consumption (kWh)	113,400	364,560	377,753
Total energy consumption (GJ)	5,178	6,545	6,309
% of renewable energy	8	20	22
Energy Intensity (GJ / RM mil)	1.87	2.40	2.17

Note:

The conversion factor used to convert consumption to energy values are based on the Malaysia Energy Statistic Handbook 2020.

Energy Consumption Breakdown



	FYE 2022	FYE 2023	FYE 2024
Headcount (staff + 3 rd party personnel)	423 (393 + 30)	436 (410 + 26)	441 (415 + 26)
Grid electricity utilised per person (kWh / person / year)	1,568	1,223	1,304
Building Energy Intensity (kWh / m ² / year)	89	72	78

Sustainability Statement



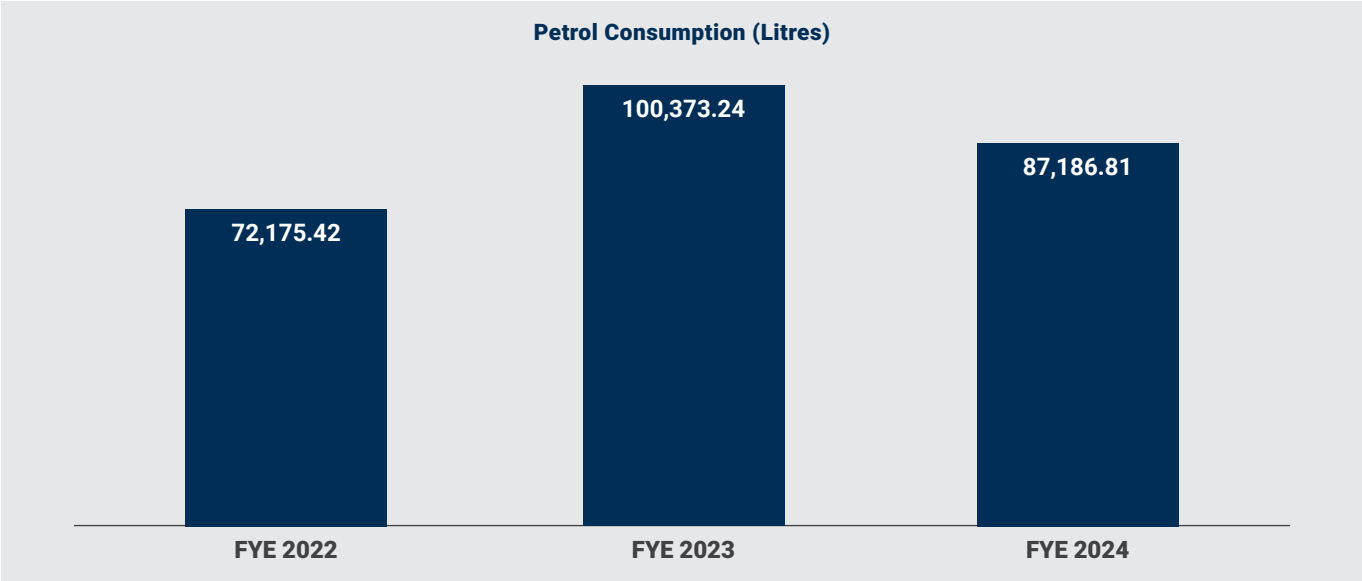
ENVIRONMENTAL

While VSTECS’ current BEI performance is significantly below the GBI benchmark, we will continue to explore opportunities for further optimisation.

We are committed to responsible energy consumption and continuous improvement in electricity efficiency. A key initiative in this effort was the August 2022 installation of a 290 kWp rooftop solar power system. This system generates approximately 360,000 kWh annually, reducing our dependence on grid electricity. In FYE 2024, the solar system provided 40% of our total electricity needs, exceeding our initial target of 35%.

This investment resulted in a 5% reduction in grid electricity consumption by % of total energy consumption in FYE 2024. Building on this progress, the Group has set a further target to reduce grid electricity usage by 5% over the next four years (2025-2028), using FYE 2023 as the baseline. This commitment underscores our dedication to sustainability and minimising our environmental impact.

For VSTECS, tracking petrol use is vital. Fuel is a significant expense, so monitoring consumption aids in controlling costs and budgeting optimisation. Outside of reducing our dependence on fossil fuels, efficient fuel use also indicates efficient operations, highlighting areas like route planning and vehicle maintenance that can reduce utilisation.



Sustainability Statement



ENVIRONMENTAL

WATER MANAGEMENT

VSTECS values water conservation and actively encourage our employees to practise responsible usage. While our water consumption increased by 15% in FYE 2024 due to increase in employees working from the office, our water usage remains primarily for staff hygiene, canteen, cleaning, and landscaping, as our business activities do not involve manufacturing.

	FYE 2022	FYE 2023	FYE 2024
Water Consumption at VSTECS Main Office (m ³)	2,892	3,354	3,859
Water Utilised per person (m ³)	6.84	7.69	8.75
Water Intensity (m ³ / RM mil)	1.04	1.23	1.33

Committed to further improvement, the Group maintains our target to reducing per-employee water consumption to 7m³ by 2028 through efficient resource management. Supplied by Air Selangor from local, non-water-stressed treatment plants, our operations produce zero water discharge. All of our wastewater results from standard building activities, including staff facilities, canteen operations, and cleaning.

WASTE MANAGEMENT

Our ICT-focused operations generate minimal, primarily municipal, waste, collected daily by municipal services. While some packaging is recycled, the remainder, often unrecyclable (like plastic film) or food waste, stems from canteen operations and overseas shipments. No industrial by-products or scheduled waste are produced. The Group prioritises practices the 3Rs, repurposing usable packaging and aiming for a 50% recycling rate. Electronic waste, including employee-brought items, is handled by specialised waste management providers via a strict sorting system.

	FYE 2024
Waste generated (Tonnes)	22,704.27
Waste diverted from disposal (Tonnes)	13,385.80
Waste directed to disposal (Tonnes)	9,318.47

MATERIALS AND RESOURCES MANAGEMENT

The Group has significantly reduced paper consumption across all administrative levels over the past five years through digitalisation programmes. This has resulted in a 56% decrease in paper usage since 2019, demonstrating our commitment to paperless operations as part of its ongoing digital transformation. Looking ahead, VSTECS plans to further digitise processes and aims to achieve an additional 5% reduction in paper consumption (measured in reams) between 2024 and 2028, using 2023 as the baseline year.

FYE 2024 marks our inaugural annual data collection for raw materials used during our business activities, to further consolidate our resource efficiency practices and set meaningful targets in this regard.

	FYE 2022	FYE 2023	FYE 2024
Recycled Paper Packaging (Reams)	990	731	640
Recycled Cardboard (kg)	4,825	10,299	9,757
Recycled Plastic Packaging and Straps (kg)	325	405	100

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Our material usage for FYE 2024 saw a reduction across all of our key packaging materials, with a significant drop in plastic usage of 75%. This was the result of the following initiatives and practices:

- In June 2024, printers were upgraded to enable serial number printing on A5 paper instead of A4 paper, reducing paper usage and cost by 50%.
- Implementation of an e-document approval workflow, streamlining processes, reducing physical paperwork, and accelerating approvals for improved time and cost efficiency.
- Recycle and reuse of cardboard cartons as protective packaging and base material for shipments.
- Reuse of plastic wrappings as packing filler material.
- Recycling of non-reusable plastic straps.

ENVIRONMENTAL COMPLIANCE

We uphold the highest standards of compliance in the aspects of environmental and social, as part of our commitment to responsible business practices. Our operations are guided by stringent adherence to all relevant environmental regulations and requirements. Given the nature of our business in ICT product trading, Enterprise Systems, and ICT Services, our environmental footprint is relatively limited.

Nonetheless, we continuously monitor our practices to meet regulatory requirements and manage environmental risks when they arise. This has enabled us to maintain a clean compliance record, with zero environmental fines or penalties reported to date.

	FYE 2022	FYE 2023	FYE 2024
Total costs of environmental fines and penalties during financial year	0	0	0

BIODIVERSITY

Within our operational context, VSTECS does not operate in or near biodiverse habitats, and our activities have minimal direct impact on biodiversity. However, the Group acknowledges the broader importance of protecting ecosystems and natural resources. We remain committed to responsible business practices that minimise environmental impact and promote sustainable development, aligning with global efforts to preserve biodiversity for future generations.

Looking ahead, VSTECS aims to explore biodiversity-enhancing initiatives, such as integrating green spaces within office premises, supporting reforestation programs, and collaborating with conservation organisations to raise awareness on biodiversity protection. These efforts reflect our proactive approach to contributing to a healthier and more sustainable environment beyond our immediate operations.

Sustainability Statement



SOCIAL

The Group regards talent as one of its core strengths and essential to its continued success. We place employees at the center of our business operations, acknowledging that their dedication and expertise are key drivers of our growth and resilience. The Group is steadfast in its commitment to fostering fair employment practices, nurturing a diverse and inclusive workplace, and investing in employee development.

All employment-related policies, including fair labour practices and the Employee Handbook, are published on the employee intranet for easy access by all staff. As a responsible employer, we strictly comply with all relevant labour laws and regulations in Malaysia.

To promote a healthy work-life balance, the Group has also established an active sports club, providing employees with opportunities to engage in recreational and fitness activities. The Group offers a comprehensive medical test for all staff aged 45 and above, complementing the benefits provided through the medical insurance plan. These initiatives reflect our commitment to the well-being and holistic support of our employees.

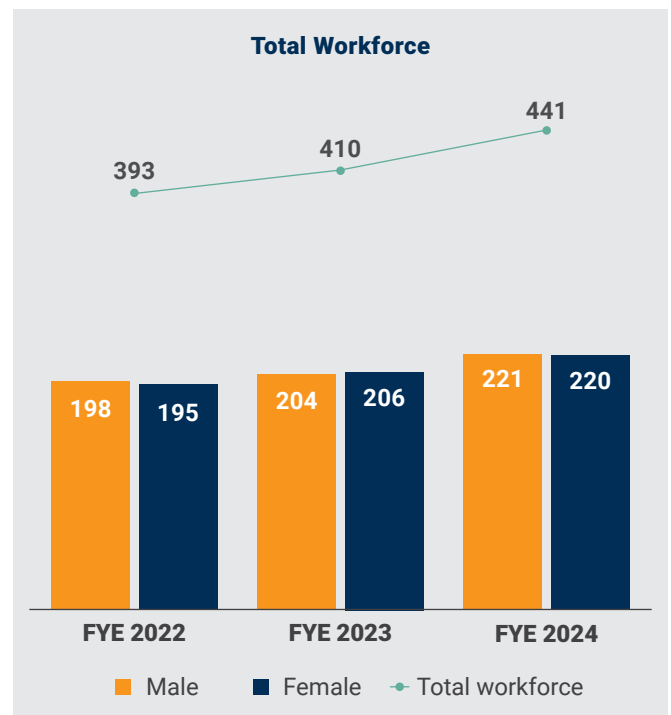
DIVERSITY AND INCLUSION

At VSTECs, diversity and inclusion are not merely policies, but principles deeply embedded in our culture, reflecting our belief that *"technology is a tool, people make the difference"*. We deem that a fair and inclusive workplace fuels innovation, strengthens collaboration, and builds resilience, allowing us to thrive in an ever-evolving business landscape. Our commitment is to ensure that every individual has an equal opportunity to grow and excel based on merit, capability, and contribution.

We are dedicated to fostering an environment where diverse perspectives are valued, empowering our employees to bring their authentic selves to work. Our approach is built on the principles of equity and fairness, ensuring that hiring, promotions, and career advancement are free from bias and rooted in performance and potential. We actively embrace diversity across all dimensions, including race, gender, ethnicity, age, physical ability, nationality, religion, sexual orientation, and cultural background.

In line with this commitment, we continuously seek to broaden opportunities for underrepresented groups. Our initiatives aim to uplift individuals from disadvantaged backgrounds, those with limited formal education, and those facing social or economic barriers. We believe in creating pathways for these individuals, recognising the value and unique perspectives they bring to the workforce.

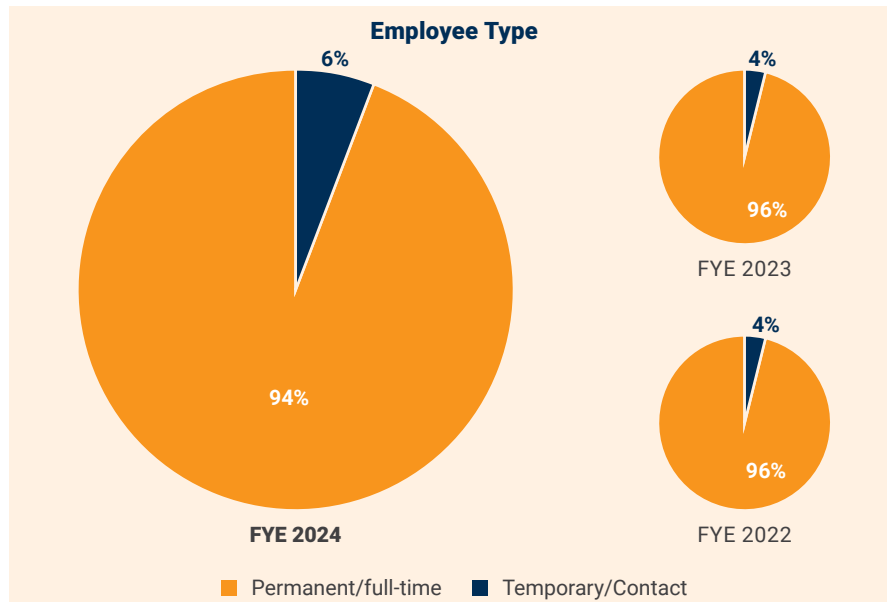
In FYE 2024, our total workforce comprised 441 employees, with an overall commendable gender balance of 50% female and 50% male across the organisation. This reflects our efforts to create an equitable workplace where talent is nurtured and rewarded without bias.



Sustainability Statement



SOCIAL



Full-Time Employee Turnover Rate

FYE 2024
13.5%

FYE 2023
15.7%

FYE 2022
21.4%

Gender Breakdown by Employee Category

Employee Categories	Gender	FYE 2022		FYE 2023		FYE 2024	
		%	Number	%	Number	%	Number
Management	Male	65.4	68	67.3	72	61.7	71
	Female	34.6	36	32.7	35	38.3	44
Executive	Male	45.8	99	45.0	104	47.5	123
	Female	54.2	117	55.0	127	52.5	136
Non-executive	Male	42.5	31	38.9	28	40.3	27
	Female	57.5	42	61.1	44	59.7	40

Age Breakdown by Employee Category

Employee Categories	Age	FYE 2022		FYE 2023		FYE 2024	
		%	Number	%	Number	%	Number
Management	30 and below	1.9	2	-	-	-	-
	31-50	78.8	82	80.4	86	79.1	91
	51-64	19.2	20	19.6	21	20.9	24
	more than 65	-	-	-	-	-	-
Executive	30 and below	29.2	63	22.1	51	37.1	96
	31-50	69.4	150	51.9	120	60.6	157
	51-64	0.9	2	25.5	59	1.9	5
	more than 65	0.5	1	0.4	1	0.4	1
Non-executive	30 and below	56.2	41	58.3	42	49.3	33
	31-50	35.6	26	33.3	24	37.3	25
	51-64	8.2	6	8.3	6	13.4	9
	more than 65	-	-	-	-	-	-

Sustainability Statement

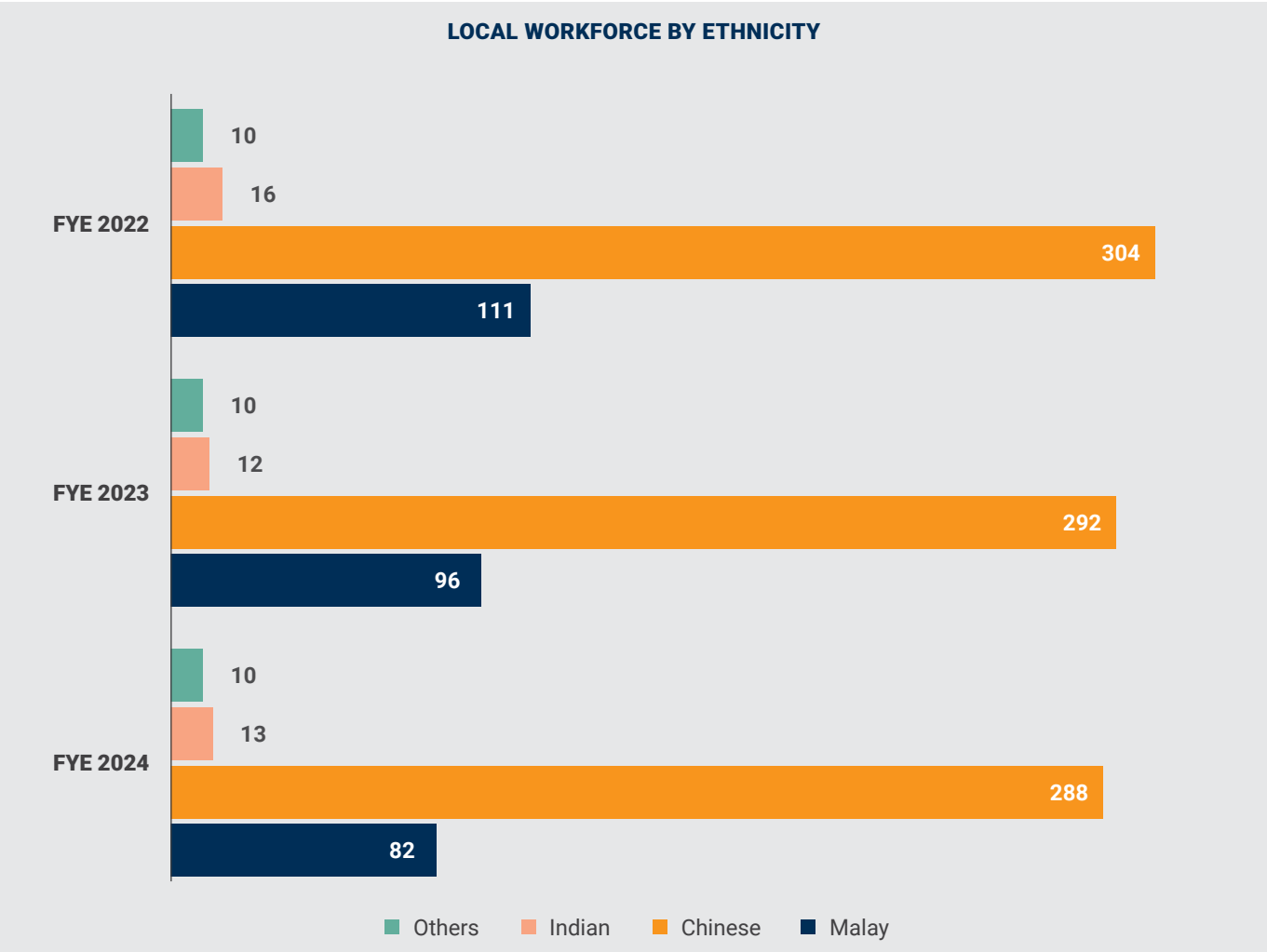


SOCIAL

We are proud of our strong emphasis on local hiring, which contributes to the socio-economic development of the communities in which we operate. By prioritising the recruitment of local talent, we aim to build a workforce that reflects the diversity and richness of our local community, ensuring that our operations remain closely connected to the local context and culture.

In FYE 2024, 100% of our total workforce comprised local hires. Hiring locally allows us to tap into a deep pool of talent with a strong understanding of local market dynamics, while also reducing our environmental footprint related to long-distance employee commuting.

Employee Type	FYE 2022	FYE 2023	FYE 2024
Malaysian	100%	100%	100%
Other nationalities	0%	0%	0%



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SOCIAL

HIRING AND ATTRITION

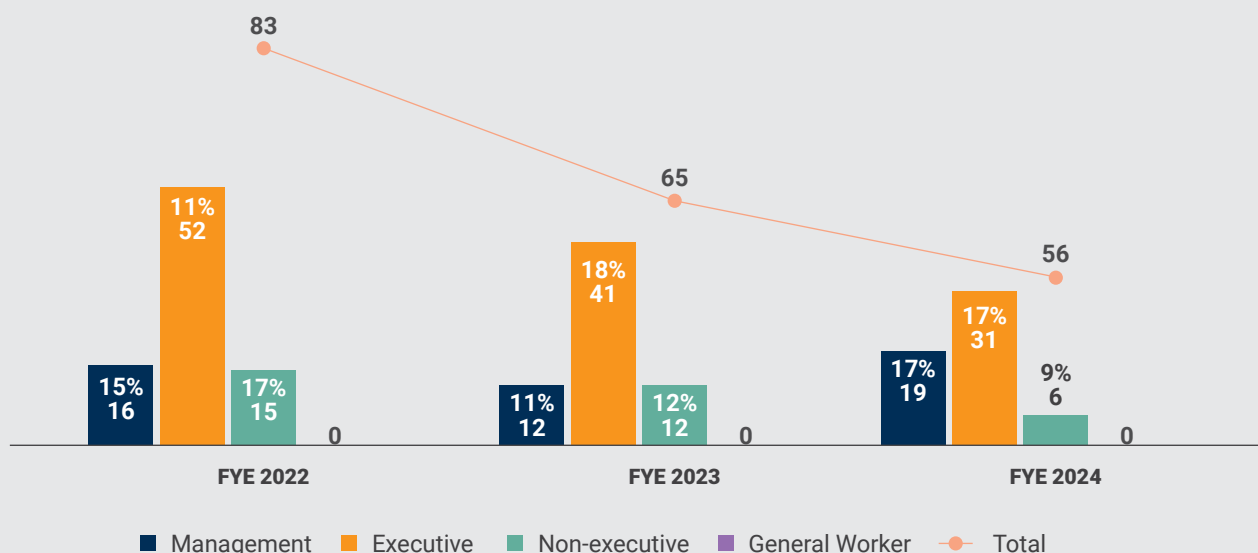
In FYE 2024, VSTECs welcomed a total of 89 new hires, reflecting the Group's strategic focus on attracting diverse and qualified talent. These hires underscore our commitment to inclusive recruitment practices, ensuring a balanced representation across different age groups, genders, and backgrounds.

Employee Categories	Gender	FYE 2022	FYE 2023	FYE 2024
New Hires	Male	45	40	51
	Female	34	32	38
	30 and below	46	52	45
	31 - 50	33	29	42
	51 - 64	0	1	2
	65 and above	0	0	0

During the same period, 56 full-time employees exited the Group, with a voluntary turnover rate at 13.49%. As part of our continuous improvement, we have implemented a more structured approach to tracking and monitoring attrition data. This enables us to better understand turnover patterns and develop targeted interventions, such as strengthening employee engagement, improving workplace satisfaction, and refining our retention strategies to enhance long-term employee retention and growth.

Employee Categories	Gender	FYE 2022	FYE 2023	FYE 2024
Attrition	Male	50	34	35
	Female	33	31	21
	30 and below	40	32	15
	31 - 50	39	33	38
	51 - 64	4	0	3
	65 and above	0	0	0

TURNOVER BY EMPLOYEE CATEGORY



Sustainability Statement



SOCIAL

EMPLOYEE TRAINING & TALENT DEVELOPMENT

VSTECS prioritises employee training and development as a cornerstone of our talent management strategy. We invest in continuous upskilling to enhance job performance, promote career advancement, and support succession planning. Our structured training programs aim to develop competencies, address skill gaps, and prepare employees for future roles within the company.

Training begins with comprehensive orientation and on-the-job training using a buddy system for all new hires, ensuring a smooth transition into their roles. Ongoing review and guidance from supervisors reinforce understanding of responsibilities, including health and safety standards. Training needs are identified through a formal Training Needs Analysis and departmental recommendations, covering a range of areas such as technical skills, professional qualifications, soft skills, leadership development, and other relevant topics.

In FYE 2024, 80.27% of employees had their performance appraisals.

	FYE 2022	FYE 2023	FYE 2024
Total training hours	670	3,719	5,832
Total training spend (RM)	94,071	315,893	230,238
Average training hours per employee	1.70	9.07	13.22
Average training day per employee	0.21	1.13	1.65
Average training spend per employee (RM)	239.37	770.47	522.08

Gender	FYE 2022	FYE 2023	FYE 2024
Total Employees Attended Training			
Male	15	160	168
Female	10	120	168
Average Training Hours			
Male	2.26	10.45	12.03
Female	1.14	7.70	14.43
Total Training Hours			
Male	448	2,132	2,659
Female	222	1,587	3,174

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SOCIAL

Employee Category	FYE 2022	FYE 2023	FYE 2024
Average Training Hours			
Management	3.34	16.41	13.42
Executive	1.36	7.92	13.78
Non-Executive	0.41	1.85	10.72
General Worker	0	0	0
Total Training Hours			
Management	347	1,756	1,504
Executive	294	1,830	3,610
Non-Executive	30	133	719
General Worker	0	0	0

Here is the list of trainings that were conducted in the reporting year:

1. ADVANCE FIRST AID
2. ADVANCED ARCHITECTING ON AWS
3. ARCHITECTING ON AWS
4. ARTIFICIAL INTELLIGENCE
5. AWS TECHNICAL ESSENTIALS
6. CERTIFIED DATA CENTRE PROFESSIONAL
7. CERTIFIED ETHICAL HACKER TRAINING BUNDLED WITH EXAM
8. CISCO CERTIFIED NETWORK ASSOCIATE
9. CLOUD OPERATIONS ON AWS
10. COMMUNICATE FOR RESULTS
11. COMPETENCY-BASED INTERVIEW (CBI) TECHNIQUE
12. CRITICAL THINKING IN PROBLEM SOLVING & DECISION MAKING
13. DATA ENGINEERING ON AWS
14. DEVELOPING EFFECTIVE SAFETY AND HEALTH COMMITTEE
15. ELECTRICAL ENGINEERING FOR NON-ELECTRICAL ENGINEERS
16. ESG AUDITING TECHNIQUES
17. EVERYDAY ERGONOMICS
18. FIRST AID AT WORKPLACE
19. FORKLIFT SAFETY TRAINING
20. IDC TRAINING
21. LOGISTIC MANAGEMENT TRAINING
22. MARINE INSURANCE MASTERCLASS
23. MICROSOFT BUILD: AI DAY
24. PRESENTATION SKILLS
25. TALENT 4.0: WINING THE RACE FOR TALENT
26. VISION ONE XDR TRAINING FOR CERTIFIED PROFESSIONALS

OCCUPATIONAL HEALTH AND SAFETY

At VSTECS, the well-being of our employees, stakeholders (inclusive of vendors, resellers and customers) is a top priority. We are committed to fostering a safe and healthy work environment through diligent internal processes, strict adherence to procedures, and a strong safety-conscious culture. Our Health, Safety, and Compliance (“HSC”) function plays a critical role within our ESG framework. Overseen by the Board and led by the Senior Manager and Safety Officer, who report directly to the CEO, this function is responsible for implementing and monitoring occupational health and safety (“OSH”) standards across all operations.

Within our Health and Safety (“H&S”) Committee, a crucial 25% of its composition is dedicated to employee representatives. These individuals, nominated by their peers from across four subsidiaries, serve as the voice of the non-management workforce. Their presence ensures that on-the-ground perspectives and concerns are directly addressed, fostering a collaborative approach to workplace safety. This representation, alongside the 50% allocated to company representatives from key departments like ICT, HR, Logistics & Warehouse, and Maintenance, and the 25% held by the Chairman, Deputy Chairman, management representatives, and the safety coordinator, creates a balanced and comprehensive committee designed to prioritise the well-being of all VSTECS employees.

Sustainability Statement



SOCIAL

Our Environmental, Health, and Safety Management policy is designed to eliminate or minimise workplace risks, with a clear objective of achieving zero injuries across all operating locations. All employees are expected to comply with established safety and health procedures in their daily work, ensuring a proactive approach to workplace safety. Regular health and safety discussions are conducted within the organisation, even though we do not have worker representatives or trade unions.

At VSTECS, we actively assess our OSH performance through routine office walk assessments to identify and mitigate risks in both potential new operations and existing projects. Additionally, our commitment to global health extends beyond compliance—our company organises health talks for employees to raise awareness about prevention and control of significant health issues.

To ensure adherence to safety standards, policies are effectively communicated to employees. In cases of non-compliance, reminders are issued via office mail, followed by necessary disciplinary actions. Any reported incidents undergo thorough investigation using a structured incident/accident reporting form. The outcomes are systematically managed and reported to the Board at regular intervals, reinforcing transparency and accountability in our safety practices.

Through these measures, VSTECS upholds its responsibility to create a safe, health-conscious, and compliant workplace while fostering a culture of continuous improvement in occupational health and safety.

	FYE 2022	FYE 2023	FYE 2024
Number of employees trained on health and safety standards	30	35	73
Total Manhours (Hours)	1,944	1,952	1,976
Injury Rate	-	-	101.21
Number of work-related fatalities, both Employees and external workers	-	-	0
Lost Time Incident Rate	-	-	2,429.15

HUMAN RIGHTS AND LABOUR STANDARDS

As a responsible corporate citizen, we aim to align our human rights practices in line with internationally-recognised principles, standards and practices.

VSTECS and its subsidiaries supports and respects the protection of internationally recognised Human Rights as established in the Universal Declaration on Human Rights and the United Nations Guiding Principles on Business and Human Rights, and the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work. VSTECS does not tolerate unethical labour practices such as child labour, forced or compulsory labour, restriction of freedom of movement.

VSTECS is committed to respecting the fundamental rights of all our employees without discrimination, a principle formalised in our Labour Standards and Human Rights Policy. The Policy is a testament of our commitment towards conducting our business in the

most sustainable manner while respecting the rights and welfare of our workforce. The Group strives to work towards ensuring that basic rights inherent to all human beings are upheld across the businesses within the Group, and across our value chain. The Policy was approved at the Management level and applies to all employees.

Employees can report any human rights violations or abuse through established grievance or whistleblowing mechanisms. No such incidents were reported during the reviewed financial year. The Group supports internationally recognised human rights as outlined in the Universal Declaration on Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO's Declaration on Fundamental Principles and Rights at Work, demonstrating our commitment to sustainable business practices that respect workforce rights and welfare.

Sustainability Statement



SOCIAL

VSTECS strongly prohibits any form of harassment or bullying, including sexual harassment, that could potentially lead to an uncomfortable and unsafe workplace environment at the Group. Sexual harassment in any form, be it verbal, physical, text or visual, at the organisation has no place at any part of the Group's organisation, and in compliance with Section 81(H) of the Employment Act 1955 (Amendment 2022), VSTECS has displayed relevant posters in all its meeting rooms to raise awareness on sexual harassment.

	FYE 2022	FYE 2023	FYE 2024
Number of substantiated complaints concerning human rights violations	0	0	0

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

In FYE 2024, VSTECS reaffirmed its commitment to responsible corporate citizenship, actively supporting communities in need amidst growing socioeconomic challenges. We believe a sustainable future requires investing in both our business and society, which we achieve through impactful CSR initiatives focused on education, sports, health, and assistance for the underprivileged. These initiatives, driven by both charitable contributions and employee volunteerism, aim to make a tangible difference in the communities we serve. We highly value employee participation in these efforts, recognising the personal and professional enrichment it provides through relationship building, increased job satisfaction, and promoting inclusivity.

	FYE 2022	FYE 2023	FYE 2024
Total community investments where target beneficiaries are external to VSTECS (RM)	33,400	69,000	69,000
Total number of beneficiaries of community investments	1,700	491	486

In FYE 2024, our investment in social initiatives totalled approximately RM 69,000. Details of these initiatives are provided below:

- Donation and upgrade of Occupational Therapy Equipment for Hua Ming Autism Centre, a non-profit organisation dedicated to children with autism, to create more effective and inclusive environment. This initiative aims to improve outcomes for those receiving care and contribute to the overall well-being of the autism community.
- Autism Awareness Talk by the Education Consultant from Hua Ming Autism Society for our employees, to promote awareness and understanding of autism with valuable insights and strategies in supporting individuals on the autism spectrum.
- Donation to flood victims in Pekan Dangi, Johor, Negeri Sembilan by providing immediate relief and support to 122 affected families; aiming to alleviate suffering, assist in the recovery process and contribute to rebuilding lives and communities.
- Donation to a full-time mascot frogman in Kuala Lumpur in his effort to support his family, particularly his disabled sister.
- Donation to Persatuan Rumah Caring, Kajang by sponsoring two months' utility bills and celebrated the Mooncake Festival with the elderly residents.
- Recognition of children in both academic and non-economic to reward the employees' children for their exceptional results via Employees Children Education Scheme.
- Sponsored employees' participation in BMW Wheelcorp Premium Charity, a charity walkathon and jogathon to promote health and fitness while supporting fundraising efforts for charitable initiatives.
- Gathering of retired employees to appreciate their contributions, maintain connection and foster ongoing engagement.
- Recycle Day to raise awareness among our employees about the importance of recycling and environment sustainability through the Recycle Day.

ESG Performance Data Table

Indicator	Measurement Unit	2024
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Executive	Percentage	100.00
Non-executive/Technical Staff	Percentage	100.00
General Workers	Percentage	0.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	69,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	486
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management 30 and below	Percentage	0.00
Management 31 - 50	Percentage	79.10
Management 51 - 65	Percentage	20.90
Management 66 and above	Percentage	0.00
Executive 30 and below	Percentage	37.10
Executive 31 - 50	Percentage	60.60
Executive 51 - 65	Percentage	1.90
Executive 66 and above	Percentage	0.50
Non-executive/Technical Staff 30 and below	Percentage	49.30
Non-executive/Technical Staff 31 - 50	Percentage	37.30
Non-executive/Technical Staff 51 - 65	Percentage	13.40
Non-executive/Technical Staff 66 and above	Percentage	0.00
General Workers 30 and below	Percentage	0.00
General Workers 31 - 50	Percentage	0.00
General Workers 51 - 65	Percentage	0.00
General Workers 66 and above	Percentage	0.00
Gender Group by Employee Category		
Management Male	Percentage	61.70
Management Female	Percentage	38.30
Executive Male	Percentage	47.50
Executive Female	Percentage	52.50
Non-executive/Technical Staff Male	Percentage	40.30
Non-executive/Technical Staff Female	Percentage	59.70
General Workers Male	Percentage	0.00
General Workers Female	Percentage	0.00

ESG Performance Data Table

Indicator	Measurement Unit	2024
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	57.00
Female	Percentage	43.00
Under 30	Percentage	0.00
Between 30-50	Percentage	0.00
Above 50	Percentage	100.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	244.32
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	316.35
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	543.70
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	6,309.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	2,429.15
Bursa C5(c) Number of employees trained on health and safety standards	Number	73
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	1,503
Executive	Hours	3,610
Non-executive/Technical Staff	Hours	719
General Workers	Hours	0
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	6.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	19
Executive	Number	31
Non-executive/Technical Staff	Number	6
General Workers	Number	0
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	71.20
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	3,859.000000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	22,704.27
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	13,385.80
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	9,318.47