



Passion to grow your business™

V.S. INDUSTRY BERHAD

(Registration No. 196201006437 (88160-P))



ADVANCING STEADILY

with RESILIENCE

Annual Report 2025

ADVANCING STEADILY with RESILIENCE



COVER RATIONALE

The cover depicts a latticed diamond—strength forged under pressure—as V.S. Industry Berhad navigates the demands of the Electronics Manufacturing Services ("EMS") sector amid FY2025's macroeconomic uncertainties and a new tariff environment. The hexagonal motif conveys discipline and precision, reinforcing our tagline "Advancing Steadily with Resilience" as we deepen customer partnerships and lay foundations for sustainable growth.

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Corporate Profile

V.S. Industry Berhad (“VS”) was founded in 1982 and listed on the Main Market of Bursa Malaysia Securities Berhad in 1998. Today, VS is a leading integrated Electronics Manufacturing Services (“EMS”) provider in the region, with proven capabilities to undertake the manufacturing needs of global brand names for office and household electrical and electronic products.

In fact, VS is now ranked alongside top global EMS providers – making the list into the world’s top 50 EMS providers for 18 consecutive years from 2007 to 2024.

VS has advanced manufacturing facilities located in Malaysia, Indonesia, and Philippines which collectively employ a workforce of more than 11,000 people. VS Group offers one-stop manufacturing solutions to world-renowned customers from Europe, Japan, and the USA.

Our extensive manufacturing services include plastic injection mould design and fabrication, a wide range of injection tonnage and finishing processes, large scale production of printed circuit boards, automated assembly, and final processes of packaging and logistics.

VISION & MISSION

We will remain relevant to our customers. We will continue putting in our best efforts to be our customer’s partner be it developing and designing new products or ramping up production to enable them to expand their market share and/or penetrate new markets.



“

With facilities strategically located in Asia’s key manufacturing hubs, VS today serves the EMS requirements for an ever-expanding international customer base.

”

Corporate Information

BOARD OF DIRECTORS

Datuk Beh Kim Ling
Executive Chairman

Datuk Gan Sem Yam
Managing Director

Dato' Gan Tiong Sia
Executive Director

Ng Yong Kang
Executive Director

Beh Chern Wei (Ma Chengwei)
Executive Director

Gan Pee Yong
Executive Director

Chong Chin Siong
Alternate Director to Beh Chern Wei (Ma Chengwei)

Tan Pui Suang
Independent Non-Executive Director

Wong Cheer Feng
Independent Non-Executive Director

Dr. Lim Boh Soon
Independent Non-Executive Director

Wee Beng Chuan
Independent Non-Executive Director

Dato' Lai Kim Seong
Independent Non-Executive Director

Lee Li Ming
Independent Non-Executive Director

REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel No. : 603 – 2783 9299
Fax No. : 603 – 2783 9222

REGISTERED OFFICE

Suite 5.11 & 5.12, 5th Floor, Menara TJB
No. 9 Jalan Syed Mohd. Mufti
80888 Ibrahim International Business District
Johor Darul Takzim
Tel No. : 607 – 224 2823
Email : plc@cisgroup93.com

HEADQUARTERS

No. 88 Jalan I-Park SAC 5
Taman Perindustrian I-Park SAC
81400 Senai
Johor Darul Takzim
Tel No. : 607 – 552 8888
Fax No. : 607 – 552 8899

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Bursa Code : 6963
Reuters Code : VSID.KL
Bloomberg Code : VSI MK

ONLINE LINKS

Corporate Website : www.vs-i.com

PRINCIPAL BANKERS

AmBank (M) Berhad
CIMB Bank Berhad
Citibank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia
Malayan Banking Berhad
United Overseas Bank (Malaysia) Berhad

AUDIT COMMITTEE

Wee Beng Chuan (Chairman)
Tan Pui Suang
Lee Li Ming

REMUNERATION COMMITTEE

Wong Cheer Feng (Chairman)
Dr. Lim Boh Soon

RISK MANAGEMENT AND COMPLIANCE COMMITTEE

Tan Pui Suang (Chairman)
Wong Cheer Feng
Dato' Lai Kim Seong

JOINT COMPANY SECRETARIES

Pow Juliet
(MAICSA 7020821 / SSM Practicing Cert. No. 202008001248)
Chiam Mei Ling
(MIA 12128 / SSM Practicing Cert. No. 202308000591)

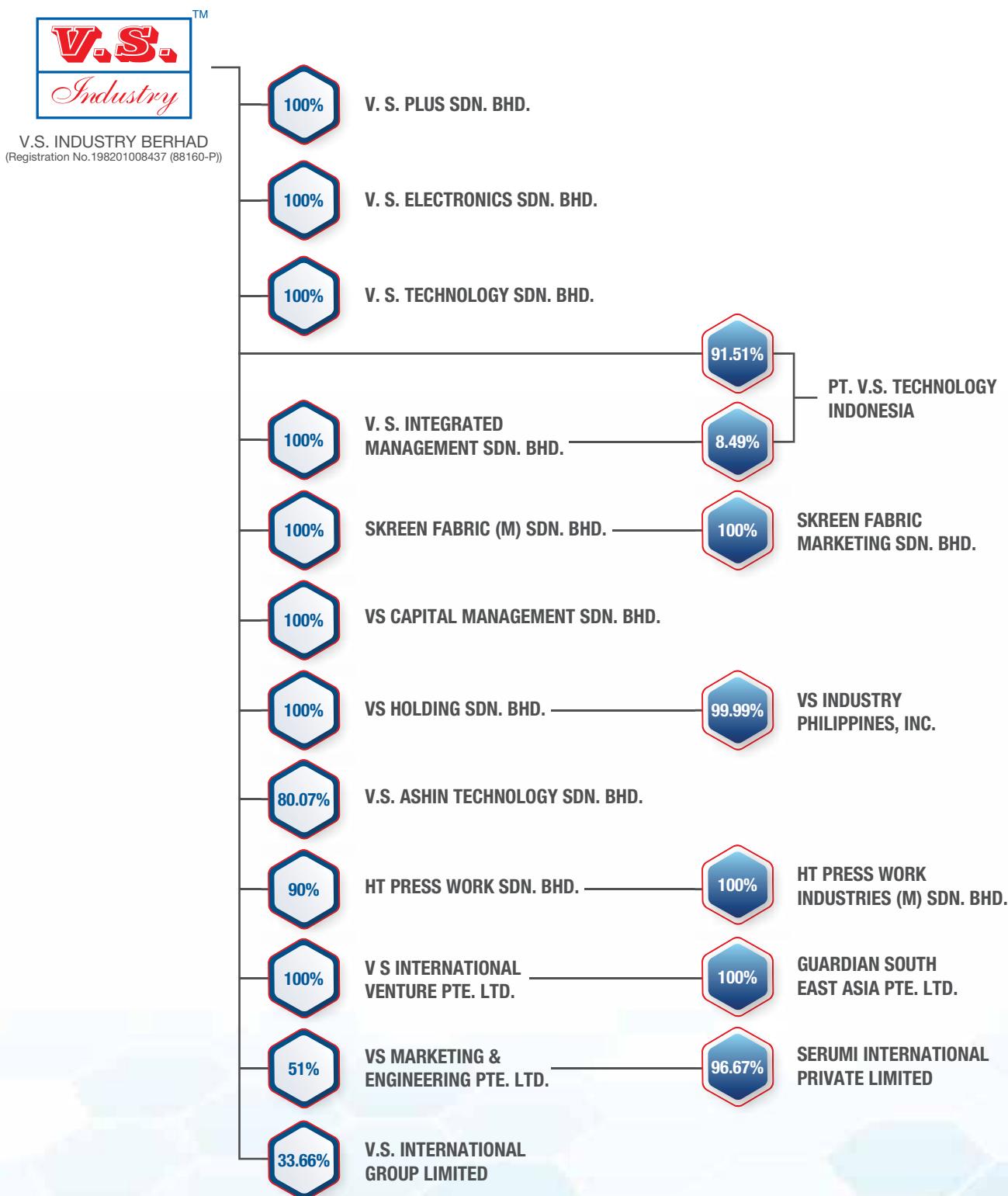
NOMINATION COMMITTEE

Wong Cheer Feng (Chairman)
Dr. Lim Boh Soon
Wee Beng Chuan

AUDITORS

PricewaterhouseCoopers PLT
Suite 16A2 &16B,
Level 16, Menara Ansar
No. 65 Jalan Trus
80888 Ibrahim International Business District
Johor Darul Takzim
Tel No. : 607 – 218 6000

Corporate Structure



Financial Highlights

FINANCIAL SUMMARY

For the Financial Year Ended 31 July (RM '000)	2025	2024	2023	2022	2021
Revenue	3,787,833	4,248,052	4,555,221	3,914,059	4,002,281
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	222,656	401,445	400,158	334,673	438,587
Earnings before Interest and Tax ("EBIT")	95,600	286,850	291,960	215,968	337,116
Share of Results of Associates	(1,127)	-	-	(520)	(663)
Profit before Tax ("PBT")	74,959	268,467	262,914	205,759	329,130
Net Profit after Minority Interest	36,706	246,017	178,793	170,760	245,351
Total Dividends Paid	51,876*	84,782	84,661	76,590	113,815
<hr/>					
AS AT 31 JULY (RM '000)					
Shareholders' Funds	2,153,112	2,293,072	2,147,190	2,071,621	2,040,513
Share Capital	946,335	933,644	873,515	855,306	842,358
Reserves (Net of Treasury Shares at Cost)	1,206,777	1,359,428	1,273,675	1,216,315	1,198,155
Total Assets	3,725,545	4,077,751	4,042,539	3,792,209	3,598,384
Net Current Assets	1,305,072	1,742,582	1,668,271	1,103,741	1,032,359
Total Borrowings	787,162	908,073	854,951	600,073	404,610
Cash and Cash Equivalents	858,723	753,891	689,273	278,607	402,404
<hr/>					
PER SHARE					
Basic Earnings per Share (sen)	1.0	6.4	4.7	4.5	6.6
Total Tax-Exempt Dividend per Share (sen)	1.4*	2.2	2.2	2.0	3.0
Net Tangible Assets per Share (RM)	0.56	0.59	0.56	0.54	0.54
<hr/>					
RETURNS (%)					
Return on Average Shareholders' Equity (%)	1.7	11.1	8.5	8.4	13.1
Return on Average Total Assets (%)	0.9	6.1	4.6	4.7	7.6
<hr/>					
FINANCIAL ANALYSIS					
Gross Margin (%)	6.1	9.3	9.6	10.4	13.2
Operating Margin (%)	2.5	6.8	6.4	5.5	8.4
PBT Margin (%)	2.0	6.3	5.8	5.3	8.2
Net Margin (%)	1.0	5.8	3.9	4.4	6.1
Gearing (Net of Cash) (times)	Net cash	0.1	0.1	0.1	0.0
Interest Coverage (times)	2.7	7.4	7.6	17.8	46.0
Dividend Payout Ratio (%)	141.3*	43.4^	47.4	44.9	46.4

* Inclusive of a share dividend distribution of treasury shares on the basis of 1 treasury share for every 125 existing ordinary shares held, translating to 0.60 sen per share or RM21,004,417

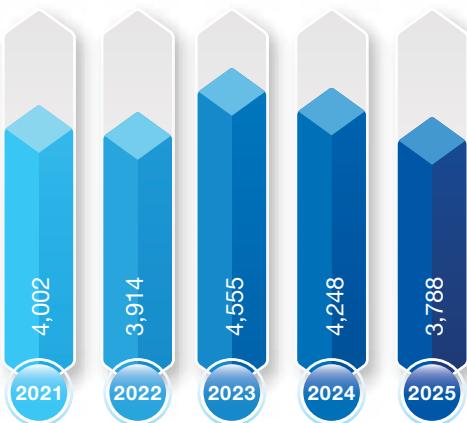
^ Excludes one-off non-cash accounting net gain of RM50.5 million resulting from the dilution of the Group's equity interest in V.S. International Group Limited ("VSIG") and becoming an associate company

Financial Highlights

(Cont'd)

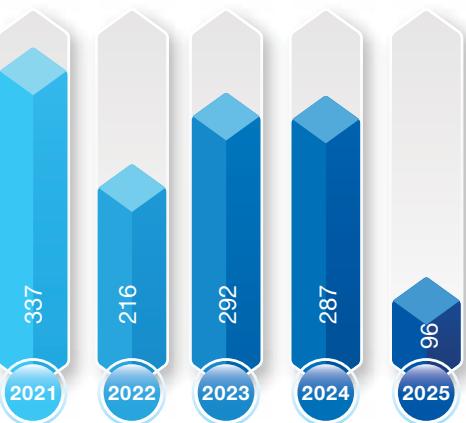
REVENUE

(RM'million)



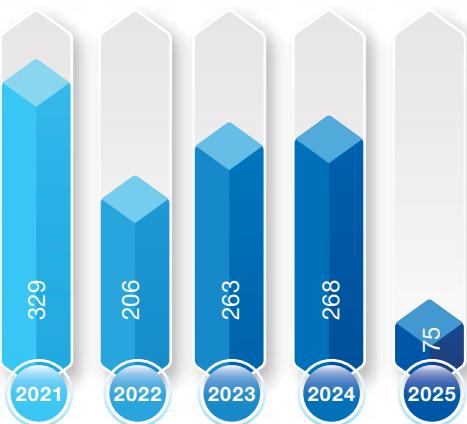
EARNINGS BEFORE INTEREST AND TAX

(RM'million)



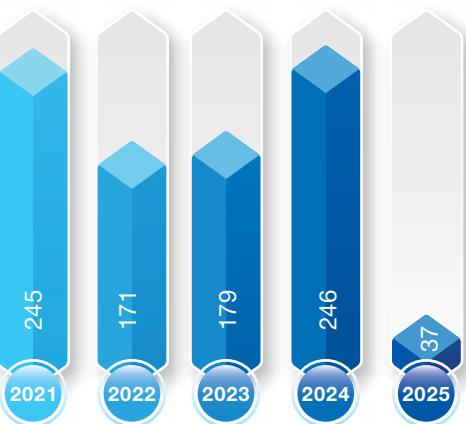
PROFIT BEFORE TAX

(RM'million)



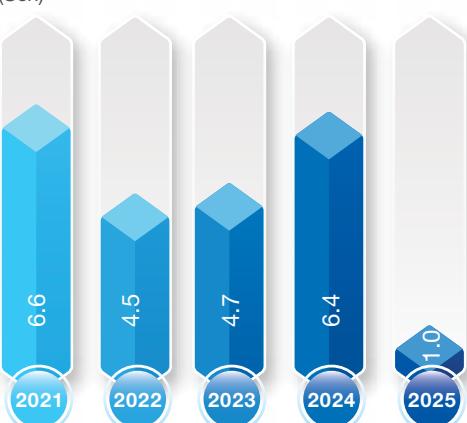
NET PROFIT

(RM'million)



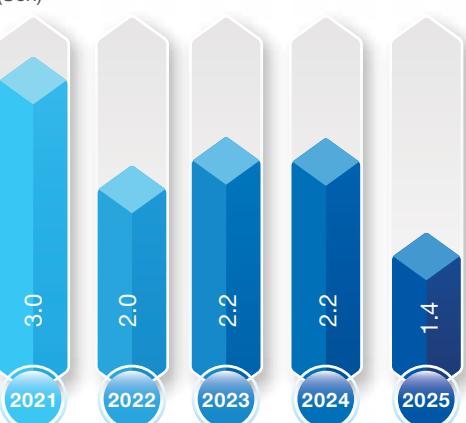
BASIC EARNINGS PER SHARE

(Sen)



TAX-EXEMPT DIVIDEND PER SHARE

(Sen)



Chairman's Statement

“

Dear Valued Shareholders,

It is my pleasure, on behalf of the Board of Directors (“the Board”) of V.S. Industry Berhad (“VS” or “the Group”), to present the Annual Report for the financial year ended 31 July 2025 (“FY2025”).

”



FY2025 was a very challenging year for the global manufacturing sector, shaped by renewed trade tensions, evolving policy shifts, and subdued consumer sentiment. Despite these headwinds, VS remained resilient and forward-looking. Through prudent financial management, disciplined cost control, and continued strengthening of our operational foundation, the Group successfully navigated the year and achieved meaningful progress, including a major regional milestone – the commencement of mass production at our new facility in the Philippines.



The Group recorded a revenue of RM3.79 billion and a profit attributable to the owners of the Group (“net profit”) of RM36.7 million for FY2025. While the year presented short-term challenges, our long-term fundamentals, diversified regional base, and solid balance sheet continue to provide a strong platform for sustainable growth.

We are also proud to share that VS has, in October 2025, won the Gold Award in the Industrial Products & Services category at The Edge Malaysia ESG Awards 2025, a testament to our leadership in responsible business practices. Our improved FTSE4Good Bursa Malaysia Index score of 4.8 out of 5.0, together with our “BBB” MSCI rating and Low Risk Sustainalytics assessment, reflects our continued progress in embedding ESG excellence across our operations and supply chain.



ECONOMIC OVERVIEW

The global economy in FY2025 remained complex, showing tentative signs of improvement following several years of volatility. While elevated interest rates, muted consumer demand, and prolonged trade frictions continued to weigh on sentiment, the United States (“US”) Federal Reserve’s rate cuts in late 2024 and subsequent monetary easing across major economies have gradually supported a more accommodative environment for investment and trade.

Nevertheless, new policy developments such as reciprocal tariffs and export controls have reintroduced uncertainty, particularly for export-oriented sectors. Global supply chains, however, continued to adapt as manufacturers diversified production bases and recalibrated sourcing strategies to mitigate tariff exposure and currency fluctuations.

Closer to home, Malaysia’s economy has remained relatively resilient amid these evolving conditions. While Bank Negara Malaysia revised its 2025 GDP growth forecast to between 4.0% and 4.8%, from 4.5% to 5.5% previously, easing inflation, firm private consumption, and ongoing investment activity are expected to lend stability to domestic industries, offering a supportive backdrop for gradual industrial recovery over the medium term.

Chairman's Statement

(Cont'd)

BUSINESS & OPERATIONAL SUMMARY

Against this backdrop, the Group navigated a year of adjustment as customers recalibrated orders in response to trade uncertainties. Despite these short-term pressures, we maintained steady operational progress and continued to strengthen its long-term fundamentals.

During the year, we secured several new models from existing customers, underscoring their continued confidence in our capabilities. Production for some of these models has since commenced, contributing to improved utilisation rates.

A key highlight of FY2025 was the operational launch of our facility in the Philippines, where production began in May 2025. Our asset-light approach, renting production facilities to ensure agility and efficient capital deployment, proved effective in accelerating market entry while optimising investment returns. Supported by a five-year tax exemption, this facility enhances our regional manufacturing flexibility and positions the Group to better serve customers across markets.

Back home in Malaysia, we continued to advance our vertical integration and value chain capabilities, including in-house development of several processes that have improved efficiency and cost competitiveness. Meanwhile, our operations in Indonesia, though affected by temporary inventory adjustments, remain strategically significant and well-positioned to support future growth.

These operational initiatives are underpinned by the Group's solid balance sheet and healthy liquidity position. As at 31 July 2025, cash and cash equivalents stood at RM858.7 million. Subsequent to the financial close, VS redeemed the first tranche of its RM1.0 billion Sukuk Wakalah Programme in cash upon maturity in September 2025, underscoring prudent financial discipline and sound liquidity management.

OUTLOOK FOR FY2026

Looking ahead, the global outlook remains fluid, shaped by ongoing trade policy realignments and a cautious investment climate. The International Monetary Fund projects global growth of around 3.2% in 2025 and 3.1% in 2026, indicating a slower pace of recovery. Nonetheless, recent monetary easing by major economies may help support consumer demand and business activity.

VS enters FY2026 with cautious optimism. The Group has begun production for several new models, with more scheduled to come onstream progressively. We will also proceed with the construction of our automated warehouse in the Philippines, a critical investment that will enhance logistics efficiency, inventory management, and scalability.

In Indonesia, steady customer orders are expected to support a stable performance in the new financial year, while business development efforts continue to strengthen our customer base.

Overall, the Group remains confident in our fundamentals and capacity to deliver long-term value. Our strong balance sheet, diversified manufacturing base, and enduring customer relationships provide the foundation to navigate headwinds and capture new opportunities as the global environment stabilises.

APPRECIATION

On behalf of the Board, I wish to convey my sincere appreciation to our management and employees for their dedication, professionalism, and resilience throughout the year. Your collective commitment has been instrumental in maintaining operational excellence despite a challenging landscape.

I would also like to extend my deepest gratitude to our shareholders, customers, business associates, and partners for their continued trust and support. Your confidence in VS drives our determination to pursue growth responsibly and sustainably.

Finally, I wish to acknowledge my fellow Board members for their guidance and invaluable contributions. Their strategic insight and stewardship continue to strengthen the Group's governance and long-term direction.

Together, we will continue to build on our strengths, pursue sustainable value creation, and reinforce VS's position as a leading homegrown electronics manufacturing services provider in the region.

DATUK BEH KIM LING

Executive Chairman

Management Discussion and Analysis

OVERVIEW

The global economy grappled with enduring challenges throughout the year. Elevated interest rates and the prolonged effects of earlier anti-inflationary measures placed continued pressure on household spending and overall economic momentum. While the United States (“US”) Federal Reserve’s interest rate cut in late 2024 initially provided some relief to businesses, the positive sentiment was soon dampened by the US administration’s introduction of reciprocal tariffs, export controls, and supply chain restrictions in 2025. These measures reignited market uncertainty and effectively offset the benefits of earlier monetary easing, further complicating an already fragile global economic landscape.

It was certainly a taxing year for us at VS given our export-based nature of business with the US being one of our key markets. The imposition of reciprocal tariffs compounded the already challenging business environment, exerting additional pressure on operations and impacting the Group’s financial performance for

the financial year ended 31 July 2025 (“FY2025”). The Group reported revenue of RM3.79 billion in FY2025 with a profit attributable to the owners of the Group (“net profit”) of RM36.7 million. Meanwhile, operationally, we reached a key milestone in the Group’s history with the commencement of mass production at our new facilities in the Philippines.

On the global stage, VS is recognised as the 32nd largest electronics manufacturing services (“EMS”) company in the world, according to the latest rankings by the Manufacturing Market Insider. The Group has maintained our presence on this prestigious list for 18 consecutive years since 2007. Within the ASEAN region, VS stands as the 3rd largest EMS provider and proudly holds the distinction of being Malaysia’s largest homegrown EMS company.

In addition, we are also ranked 293rd among the top 500 companies in Southeast Asia by revenue, and 51st among the 92 Malaysian companies featured on the Fortune Southeast Asia 500 list.

FY2025 Achievement Highlights

FY2025 DIVIDEND PAYOUT RATIO: 141.3%*

**included a share dividend distribution of treasury shares on the basis 1 treasury share for every 125 existing ordinary shares held*

GENERATED STRONG NET OPERATING CASH FLOW OF RM616.1 MILLION

NET CASH POSITION WITH GROSS CASH HOLDINGS OF RM858.7 MILLION

THE LARGEST HOMEGROWN EMS PROVIDER IN MALAYSIA

RANKED 3RD IN MANUFACTURING MARKETING INSIDER’S 2024

TOP 50 EMS IN THE ASEAN

RANKED 32ND IN MANUFACTURING MARKETING INSIDER’S 2024

TOP 50 EMS IN THE WORLD



Management Discussion and Analysis

(Cont'd)

BUSINESS AND OPERATIONAL REVIEW

The challenging global economic environment weighed heavily on already demanding operating conditions. Persistent cost pressures remained one of the key headwinds throughout the financial year under review, further compounded by volatile foreign currency movements that added complexity to business operations. Moreover, the introduction of tariffs by the US in 2025 has heightened uncertainty across the global trade landscape, creating headwinds for investment and manufacturing decisions. As a result, businesses adopted a more cautious approach in their strategic planning and operational direction, potentially affecting long-term capacity expansion.

Amid the evolving tariff landscape, certain customers adjusted their orders and delivery timelines in response to cost uncertainties and potential supply chain disruptions. Following the finalisation of reciprocal tariffs, these customer reactions had a larger-than-expected adverse impact on the Group's 4th quarter FY2025 results, as the extent of customer adjustments proved more pronounced than initially envisaged.



On a brighter note, the Group secured a number of new models from existing customers, reflecting our strong technical capabilities and established track record. Production for some of these models has since commenced, with utilisation rates gradually improving. Additionally, we charted good progress on our value chain enhancement initiatives in the financial year under review, with mass production started for our key customer for some of these processes.

These solutions were successfully developed in-house, further strengthening the Group's vertical integration capabilities and operational efficiency. Apart from that, our enhanced vertical integration capabilities have enabled us to pursue new collaborative opportunities with our existing key customers, ensuring continued growth and value creation.

Switching focus to our newly established operations in the Philippines, renovation works were completed in the 3rd quarter of FY2025, and production for the first model has commenced in May 2025. To recap, the Group adopted an asset-light strategy in the country, whereby factory spaces are rented to facilitate faster setup, optimise capital allocation, and enhance agility in meeting evolving market demand. More importantly, the production currently enjoys a five-year tax exemption.



Meanwhile, for our operations in Indonesia, certain customers undertook inventory adjustments, which affected the Group's performance during the financial year under review.

CORPORATE DEVELOPMENTS

To recap, the Group's wholly owned subsidiary, VS Capital Management Sdn. Bhd. ("VSCM"), had in July 2022 lodged a submission with the Securities Commission Malaysia ("SC") for the establishment of an Islamic medium-term notes ("Sukuk Wakalah") programme of up to a limit of RM1.00 billion in nominal value, structured based on the Shariah principle of Wakalah Bi Al-Istithmar and guaranteed by VS ("Sukuk Wakalah Programme").



Subsequently, in September 2022, VSCM issued the Sukuk Wakalah in two tranches. The first tranche amounted to RM200.0 million and was utilised primarily for working capital requirements, capital expenditure, and general corporate purposes of the Group. These included the refinancing of existing borrowings or financings of VS, as well as the provision of Islamic intercompany financing.

Management Discussion and Analysis (Cont'd)

VSCM has since redeemed the first tranche of its Sukuk Wakalah Programme, amounting to RM200.0 million, upon its maturity on 22 September 2025. The redemption of the first tranche of the Sukuk Wakalah underscores VS' strong financial discipline and liquidity management. We are pleased to honour our commitments and further reinforce confidence in our financials among our investors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”)

The Group regards sustainability as a fundamental pillar of our business strategy and operational excellence. We recognise that robust ESG practices not only strengthen our resilience but also enhance our competitiveness and long-term value creation. Guided by our sustainability framework and governance structure, we continue to embed ESG considerations across our operations — from responsible supply chain management and energy efficiency initiatives to employee welfare and community engagement. Through these collective efforts, we aspire to deliver sustainable growth while contributing positively to our stakeholders and the broader environment in which we operate.



In October 2025, VS was honoured with the Gold Award under the Industrial Products & Services category at The Edge Malaysia ESG Awards 2025 — a recognition that reflects our steadfast commitment to advancing excellence in sustainability across the organisation. Among our key achievements, we are most proud of adopting a more impactful and holistic approach by extending our ESG efforts beyond our operations to encompass the entire supply chain. Over the past year, we have expanded our Scope 3 carbon footprint measurement, enhanced monitoring processes, and deepened engagement with suppliers to better align with our sustainability objectives and strengthen overall compliance.



Another key milestone we achieved on the ESG front was our improved ESG rating on the FTSE4Good Bursa Malaysia (“F4GBM”) Index. Our ESG score improved to 4.8 out of 5.0, up from 4.7 previously, based on the latest semi-annual review published in June 2025. This marks another year of improvement, reflecting the Group's continuous progress in strengthening its sustainability practices. In addition, VS achieved a 96th-percentile ranking, positioning the Group among the top 4% of global performers within the Industrial Goods & Services supersector. Notably, we attained full scores in both the Social and Governance pillars, underscoring our strong commitment to responsible business conduct and stakeholder well-being.



FTSE4Good

ESG Score: 4.8

ICB Supersector : Industrial Goods & Services

Percentile rank : 96

Management Discussion and Analysis

(Cont'd)

Meanwhile, VS maintained its “BBB” rating from the MSCI ESG Ratings, which evaluate how effectively companies manage ESG risks and opportunities that may influence their long-term financial resilience and performance. In addition, our Morningstar Sustainalytics rating remained within the “Low Risk” category. Morningstar Sustainalytics is widely recognised as a global leader in ESG research and analytics, providing insights that support leading institutional investors and corporations worldwide.



We also wish to highlight that VS has been a proud member of the Responsible Business Alliance (“RBA”) since 2018, the world’s largest industry coalition dedicated to promoting corporate social responsibility across global supply chains. Our continued participation underscores our commitment to fostering a responsible and sustainable value chain. By aligning our practices with the RBA Code of Conduct, we actively contribute to

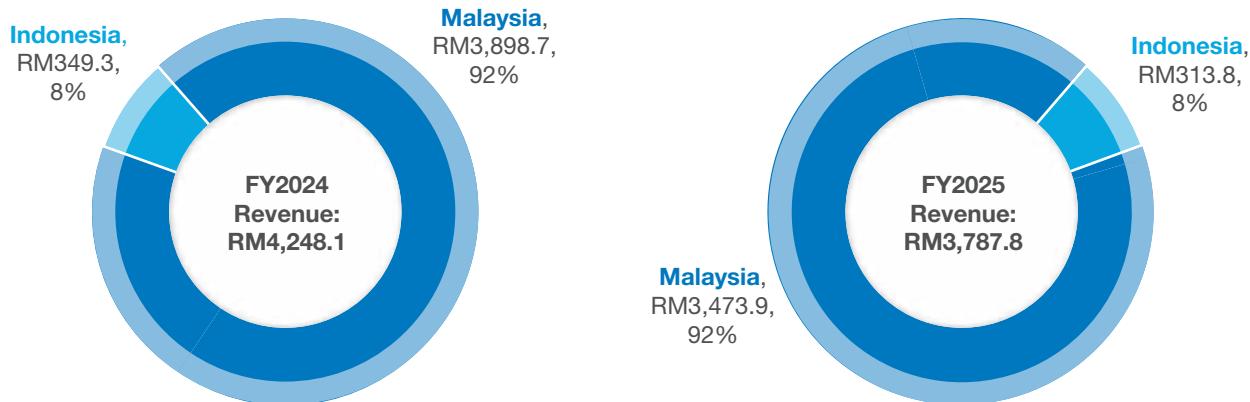
advancing positive change within the electronics industry through the promotion of fair labour practices, safe and healthy workplaces, and environmentally responsible manufacturing.

FINANCIAL PERFORMANCE REVIEW

For the financial year under review, the Group reported a revenue of RM3.79 billion versus RM4.25 billion a year ago. This was largely attributable to lower sales orders, as well as the effects of deferred order deliveries at the request of customers in the 4th quarter of FY2025, following the announcement of reciprocal tariffs that had resulted in market uncertainties and dampened sentiment.

In terms of revenue breakdown by country, Malaysia continued to be the primary revenue driver, contributing 91.7% or RM3.47 billion to total FY2025 sales (FY2024: RM3.90 billion). Profit before tax (“PBT”) for the Malaysia segment in FY2025 stood at RM75.8 million vis-à-vis RM257.3 million in FY2024. The subdued performance was mainly due to lower sales orders and deferred delivery, further compounded by cost-down pressures from customers as well as impairments incurred.

Revenue Breakdown by Country (RM million)



On a positive note, the Group recognised its first contribution from the Philippines, which is classified under the Malaysia segment as it serves as an extension of the manufacturing facility for a key customer in Malaysia. However, as mass production at the plant only commenced in May 2025, the operation remains in its gestation period, with the utilisation rates yet to reach the breakeven level required to cover fixed costs.

Management Discussion and Analysis (Cont'd)

The Indonesia segment delivered a revenue of RM313.8 million or 8.3% of total sales for the financial year under review (FY2024: RM349.3 million). FY2025 PBT was at RM1.1 million versus RM6.3 million in the prior year. The performance was chiefly attributed to lower demand from customers.

At the Group level, we delivered a PBT and net profit of RM75.0 million and RM36.7 million respectively vis-à-vis RM268.5 million and RM246.0 million in the preceding year. Note that FY2024 performance included a one-off non-cash accounting gain of RM50.5 million resulting from the dilution of the Group's equity interest in VSIG, though partially offset by a RM13.5 million impairment on plant and equipment.

Meanwhile, contributing factors to the weaker FY2025 results included the aforementioned lower revenue, cost-down pressures from customers along with plant setup costs and losses from the Philippines plant. In addition, there were one-off impairment losses on trade receivables amounting to RM6.1 million and net impairment losses on plant and equipment totalling RM7.1 million. Adjusting for these exceptional items, FY2025 PBT would have been higher at RM88.2 million.

CAPITAL STRUCTURE AND RESOURCES

A strong and solid balance sheet continues to underpin the Group's ability to weather market volatility and operate effectively amid evolving business conditions. It also provides the financial capacity and stability necessary to capitalise on new opportunities and drive sustainable growth.

As of 31 July 2025, total assets stood at RM3.73 billion vis-à-vis RM4.08 billion in the previous year. This was primarily driven by the reduction in inventory coupled with trade and other receivables. The Group's total cash and cash equivalents rose to RM858.7 million as at end-FY2025, compared to RM753.9 million a year ago.

Following this positive trend, total borrowings lowered to RM787.2 million versus RM908.1 million as at end-FY2024. This, coupled with the reduction in trade and other payables, resulted in total liabilities of RM1.57 billion at the end of FY2025 against RM1.79 billion in the previous year. With the rise in total cash and cash equivalents combined with the pared down borrowings, the Group closed the financial year in a net cash position versus a net gearing of 0.07 times last year.

On the other hand, equity attributable to owners of the Group was at RM2.15 billion as of 31 July 2025, marginally lower than the RM2.29 billion in the prior year mainly due to reduction in reserves. Meanwhile, total equity (including non-controlling interests) amounted to RM2.15 billion as compared to RM2.29 billion as at the end of FY2024.

Turning to capital expenditure ("CAPEX"), the Group invested approximately RM187.9 million during the financial year under review. This was primarily for the investments in our Philippines plant, covering renovation works, machinery purchases, and the establishment of an automated warehouse. Additionally, a portion of the funds was utilised for maintenance CAPEX. These investments were financed through a combination of internally generated funds and bank borrowings.

For the financial year under review, VS generated yet another year of positive net cash flow from operating activities ("NOCF"), totalling RM616.1 million, an improvement over RM311.5 million in the previous year.

Balance Sheet Highlights as at 31 July 2025



TOTAL ASSETS
RM3.73
BILLION



TOTAL EQUITY
RM2.15
BILLION



TOTAL LIABILITIES
RM1.57
BILLION



TOTAL CASH AND CASH EQUIVALENT
RM858.7
MILLION



NET CASH PER SHARE
1.8
SEN



NET OPERATING CASH FLOW
RM616.1
MILLION

Management Discussion and Analysis

(Cont'd)

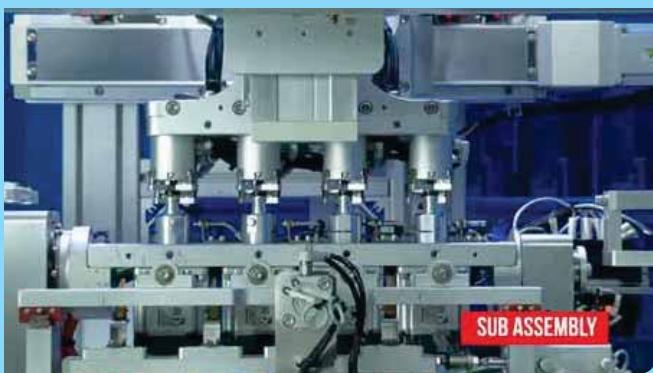
OUTLOOK AND PROSPECTS

Looking ahead, global macroeconomic conditions are expected to remain fluid as the world adjusts to a new operating landscape shaped by evolving policy measures and shifting trade dynamics. The International Monetary Fund ("IMF") projects global growth at 3.2% in 2025 and 3.1% in 2026, both marginally below the estimated 3.3% recorded in 2024. This signals a more cautious global outlook amid enduring uncertainties.

Contributing factors include heightened trade policy risks stemming from the US' reciprocal tariffs, which have disrupted supply chains, dampened investor confidence and added complexity to the global trading environment. Nonetheless, the recent interest rate cuts by the US Federal Reserve signal a shift towards a more accommodative monetary stance, potentially easing financing costs and in turn, supporting business investment and consumer demand.

For Malaysia, the reciprocal tariff rate has been fixed at 19%, broadly consistent with other export-oriented manufacturing nations in ASEAN. While this provides a measure of clarity for businesses navigating trade policies, the potential impact on consumer sentiment remains uncertain as markets continue to assess the broader implications of these developments. The interplay between trade costs, inflationary pressures and market expectations will likely shape spending behaviour and investment decisions in the near term.

Reflecting these external headwinds, Bank Negara Malaysia ("BNM") has revised its 2025 GDP growth forecast to between 4.0% and 4.8%, moderating from its earlier estimate of 4.5% to 5.5%. The adjustment underscores BNM's view of a softer external environment, slower trade recovery and the ongoing influence of global policy realignments on domestic economic activity.



Against this demanding backdrop, the Group is adopting a prudent yet forward-looking approach. We remain highly focused on lean production, enhancing operational efficiency, and exercising prudent cost control. In addition, with the clarity on the reciprocal tariff, barring any unexpected decision from the Supreme Court, we expect greater visibility on order flows to emerge going forward.

On that note, we are pleased to share that the Group has started the production of several new models secured from existing customers, with some commencing ahead of schedule. At the same time, several additional new models remain in the pipeline and are scheduled to enter production progressively. Meanwhile, additional value chain enhancement initiatives have been initiated alongside the production of the new models.

Management Discussion and Analysis (Cont'd)

In the Philippines, utilisation rates for the first model continue to improve, and the Group is on track to commence manufacturing of the second model. As operations are still relatively new, certain processes have been receiving support from Malaysia. Nevertheless, several of these functions have since transitioned to the

Philippines, which is expected to enhance overall cost efficiency. Building on this progress, the Group plans to initiate the printed circuit board ("PCB") assembly there in the coming months, bringing the facility closer to full operational self-reliance.



In addition, construction of our automated warehouse is progressing well. This development is a crucial component of our operations, enabling better inventory management, faster material handling, and improved space utilisation while supporting higher throughput and scalability.

As for our operations in Indonesia, we expect a steady flow of orders from customers, which should support a healthy performance in FY2026. On the business development front, we have made significant progress in securing a prospective customer and remain in active discussions with other potential clients. When identifying new customers, we take a measured and selective approach, seeking partnerships where we can add value and grow together.

All in all, the Group is confident to weather through the headwinds and emerge stronger than before. We are leveraging our proven capabilities, established track record, and experience. Operations continued to be backed by a solid balance sheet with strong cash holdings.

ANTICIPATED OR KNOWN RISKS

Dependence on Major Customers

Historically, the Group's revenue has largely been concentrated among a small number of key customers, without the assurance of long-term contractual arrangements. This dependency posed potential risks to the Group's financial performance in the event of customer attrition or payment defaults.

To address this, the Group has taken proactive measures to diversify its customer portfolio, resulting in a more balanced mix of customers and revenue contributions. Efforts to attract new customers and further broaden the client base remain ongoing.

In tandem, the Group continues to enhance its competitive edge through sustained investment in innovation and research and development ("R&D"). These efforts have led to the successful development of several in-house capabilities, strengthening vertical integration and reinforcing the Group's value proposition to both existing and prospective customers.

Management Discussion and Analysis

(Cont'd)

Fluctuation in Foreign Currency Exchange Rates

As an export-oriented manufacturer, the Group engages in transactions denominated in multiple currencies, including the US Dollar (“USD”), Singapore Dollar (“SGD”), and Euro, among others. Consequently, unfavourable or sharp fluctuations in exchange rates may have an adverse impact on the Group’s financial performance. To mitigate this, the Group closely monitors currency movements and may adopt hedging strategies as and when deemed necessary to manage potential foreign exchange risks.

Operational Risk

Maintaining operational efficiency is vital to the Group’s performance, as any form of disruption or unplanned downtime could adversely affect production output and overall results. To safeguard against such risks, the Group has in place comprehensive insurance coverage for its assets and employees, providing protection against incidents such as fire, burglary, and workplace accidents. Beyond internal operational risks, the Group remains mindful of external factors that are beyond its control, including natural disasters, pandemics, and sociopolitical uncertainties. At the same time, the Group continues to advance its automation initiatives, where appropriate, to lessen dependence on manual labour and enhance productivity across its operations.

Supply Chain Disruptions

The Group, like many others in the industry, remains exposed to supply chain risks that may disrupt operations and affect overall performance. To mitigate such risks, the Group actively engages with suppliers to monitor potential disruptions and ensures that inventory levels are managed efficiently to support production continuity. Leveraging long-established supplier relationships, the Group is better positioned to navigate market uncertainties and minimise the impact of any supply interruptions.



FY2025 DIVIDEND PER SHARE

1.4 sen*

*a share dividend distribution of treasury shares amounting to 0.6 sen per share



FY2025 DIVIDEND PAYOUT

141.3%

DIVIDENDS

The Board of Directors (“the Board”) declared a total dividend per share of 1.4 sen for FY2025, amounting to RM51.9 million. This comprised a share dividend distribution of treasury shares on the basis of one treasury share for every 125 existing ordinary shares held, equivalent to 0.6 sen per share or RM21.0 million.

This works out to a payout ratio of 141.3% based on FY2025 net profit of RM36.7 million, above the Group’s dividend policy of distributing 40% of net profit. The higher ratio compared to prior years reflects the softer performance recorded during the year. Despite this, the Group’s strong balance sheet and healthy liquidity position allowed us to continue rewarding shareholders with dividends.

DATUK GAN SEM YAM

Managing Director

Directors' Profile

DATUK BEH KIM LING

Executive Chairman

Age	67
Gender	Male
Nationality	Malaysian

Datuk Beh Kim Ling was appointed to the Board on 4 August 1982. He brings to the Board more than 40 years of contract manufacturing experience in the plastic injection and electronics & electrical assembly industries.

Datuk Beh started his career in 1976 as a plastic injection moulding technician in Singapore. In 1979, he set up V.S. Industry Pte. Ltd. in Singapore, manufacturing cassettes and video tapes. In 1982, he relocated the entire business operations from Singapore to Johor Bahru and, together with his spouse, incorporated V.S. Industry Berhad. His leadership and entrepreneurial skills have helped advance the Group to be an international player in the field of Electronics Manufacturing Services.

Datuk Beh holds directorship positions in various subsidiary companies of the Company and also in other private limited companies. Datuk Beh is the brother-in-law to Datuk Gan Sem Yam and Dato' Gan Tiong Sia. He is also the father to Beh Chern Wei (Ma Chengwei). Datuk Beh has no other conflict of interest with the Group except for those transactions as disclosed in Note 31 to the financial statements and Circular to Shareholders dated 28 November 2025. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

DATUK GAN SEM YAM

Managing Director

Age	69
Gender	Male
Nationality	Malaysian

Datuk Gan Sem Yam is the Managing Director of V.S. Industry Berhad.

Datuk Gan joined the Group in 1982 and played the key role in setting up the plastic finishing and electronic assemblies division. He was promoted to General Manager and appointed as an Executive Director of the Company on 27 February 1988.

Datuk Gan was instrumental in the business integration and expansion of the Group since 1990. He sits on the board of various subsidiary companies of the Company and also holds directorship in other private limited companies. Datuk Gan is the brother to Dato' Gan Tiong Sia and brother-in-law to Datuk Beh Kim Ling. He is also the father to Gan Pee Yong. Datuk Gan has no other conflict of interest with the Group except for those transactions as disclosed in Note 31 to the financial statements and Circular to Shareholders dated 28 November 2025. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

DATO' GAN TIONG SIA

Executive Director

Age	65
Gender	Male
Nationality	Malaysian

Dato' Gan Tiong Sia was appointed to the Board on 27 February 1988. He joined the Company in 1982 as a Management Trainee and was promoted to Marketing Manager in 1986. He is responsible for the overall marketing function of the Group.

Dato' Gan also sits on the board of various subsidiary companies of the Company. Dato' Gan is the brother to Datuk Gan Sem Yam and brother-in-law to Datuk Beh Kim Ling. Dato' Gan has no other conflict of interest with the Group except for those transactions as disclosed in Note 31 to the financial statements and Circular to Shareholders dated 28 November 2025. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

Directors' Profile

(Cont'd)

NG YONG KANG

Executive Director

Age	64
Gender	Male
Nationality	Malaysian

Ng Yong Kang joined the Board on 1 August 2005.

Mr. Ng comes with extensive engineering and operations experience in the manufacturing sector, with multinational corporations like General Electric (TV) Sdn. Bhd., Thomson Audio Muar Sdn. Bhd., Lion Plastic Industry Sdn. Bhd., and Likom Group of Companies. He also sat on the board of several private companies in Malaysia, Singapore, People's Republic of China, United States of America and Mexico.

Mr. Ng joined the Group in 2002 as a Group General Manager and was subsequently promoted to his current position. He graduated from the National Taiwan University, Taiwan, Republic of China with a Bachelor of Science in Mechanical Engineering in 1985, obtained a Diploma in Management from the Malaysian Institute of Management in 1992, and has a Master in Business Administration from the Heriot-Watt University, Edinburgh, Scotland, United Kingdom in 2002.

Mr. Ng also sits on the board of various subsidiary companies of the Company. Mr. Ng does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

BEH CHERN WEI (MA CHENGWEI)

Executive Director

Age	40
Gender	Male
Nationality	Malaysian

Beh Chern Wei (Ma Chengwei) was appointed to the Board on 2 April 2018 as an Alternate Director and was re-appointed as an Executive Director on 1 July 2020. He obtained his Executive Master of Business Administration from Columbia Business School, London Business School and Hong Kong University in 2018 and Bachelor of Science in Industrial Engineering Degree from the State University of New York at Buffalo, USA in 2006.

In 2007, Mr. Beh served at the Group's business development division for a year, and later joined V.S. International Group Limited ("VSIG"), an associate of the Group listed in Hong Kong. At VSIG's production facility in Qingdao, the People's Republic of China, he assumed the role of Project Manager and Business System Manager, where he was involved in various capacities relating to management enterprise resource planning, business development, sales and marketing, supply chain management, operational management, financial experience and project and product development for a year prior joining the operations in Zhuhai. In addition to his operational and management experience, Mr. Beh is responsible for the finance and corporate planning of the Group.

Mr. Beh also sits on the board of subsidiary companies of the Company and also in VSIG. Mr. Beh is the son of Datuk Beh Kim Ling and the nephew of Datuk Gan Sem Yam and Dato' Gan Tiong Sia. Mr. Beh has no conflict of interest with the Group except for those transactions as disclosed in Note 31 to the financial statements and Circular to Shareholders dated 28 November 2025. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

Directors' Profile (Cont'd)

GAN PEE YONG

Executive Director

Age	40
Gender	Male
Nationality	Malaysian

Gan Pee Yong was appointed to the Board on 2 April 2018 as an Alternate Director and was re-appointed as an Executive Director on 1 July 2020. He holds a Bachelor (Hons) in Electronic System Engineering Degree from the University of Manchester, United Kingdom in 2008. He then furthered his studies and obtained a Master in International Business from the Grenoble Graduate School of Business, United Kingdom in 2012.

Mr. Gan joined the Group as a Programme Manager, upon completing his studies. He has played an active role in business development activities at the Group. He was also instrumental in formulating and managing various strategic cross-project initiatives to ensure successful outcome for the Group.

Mr. Gan also sits on the board of various subsidiary companies of the Company. He is the son of Datuk Gan Sem Yam and also the nephew of Datuk Beh Kim Ling and Dato' Gan Tiong Sia. Mr. Gan has no conflict of interest with the Group except for those transactions as disclosed in Note 31 to the financial statements and Circular to Shareholders dated 28 November 2025. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

TAN PUI SUANG

Independent Non-Executive Director

Age	54
Gender	Female
Nationality	Malaysian

Ms. Tan Pui Suang was appointed to the Board on 15 March 2019. She is the Chairman of the Risk Management and Compliance Committee, and a member of the Audit Committee.

Ms. Tan is a Fellow of the Association of Chartered Certified Accountants ("FCCA") and committee member of Malaysian Institute of Accountants ("MIA") – Johor Regional office. She has extensive corporate experience in the areas of corporate finance and planning, financial management and audit. She is currently an Independent Non-Executive Director of Guan Chong Berhad, a company listed on the Main Market of Bursa Securities Malaysia Berhad.

Ms. Tan's past roles include Director of Finance and Corporate Services of University of Reading, Malaysia, Asia Pacific Regional Operations Controller with TechnipFMC Asia Pacific, a multinational oil and gas services group listed on both the New York Stock Exchange ("NYSE") and Euronext Paris ("EN-Paris"), Corporate Planning Manager with Malaysia Marine and Heavy Engineering Holdings Berhad, a company listed on the Main Market of Bursa Securities Malaysia Berhad and Senior Audit positions in Deloitte & Touche in Singapore.

Ms. Tan does not have any family relationships with any director or major shareholders of the Company, nor does she have any conflict of interest with the Company. She has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

Directors' Profile

(Cont'd)

WONG CHEER FENG

Independent Non-Executive Director

Age	69
Gender	Male
Nationality	Malaysian

Wong Cheer Feng was appointed to the Board on 10 December 2020. He is the Chairman of the Nomination Committee, and the Remuneration Committee, as well as a member of the Risk Management and Compliance Committee.

Mr. Wong graduated from Hertfordshire University (United Kingdom) with a Bachelor of Arts (Hons) in 1980. Upon graduation, he was called to the English Bar by the Honourable Society of Lincoln's Inn in 1981 and subsequently joined the Malaysian Bar in 1982.

Mr. Wong brings with him over 40 years of experience in litigation and conveyancing cum corporate matters. He is a senior lawyer and has been in active practice since establishing his own legal firm, Messrs C.F. Wong & Co. in 1982, where he is the managing partner. Currently, he is also a legal adviser to several companies, schools and associations. Previously, he had served as the Chairman and committee member of The Disciplinary Committee under the Advocates and Solicitors Disciplinary Board in Malaysia.

Mr. Wong does not have any family relationships with any director or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

DR. LIM BOH SOON

Independent Non-Executive Director

Age	69
Gender	Male
Nationality	Singaporean

Dr. Lim Boh Soon was appointed to the Board on 30 May 2022. He is a member of the Nomination Committee and the Remuneration Committee.

Dr. Lim has vast experience of more than 28 years advising and holding various key positions in the venture capital and private equity industry in Asia.

Dr. Lim currently sits on the Board of several companies, including publicly listed OUE Limited in Singapore and Tomi Environmental Solutions Inc. in United States.

Dr. Lim holds a PhD and Bachelor of Science (First Class Honours) in Mechanical Engineering from University of Strathclyde, United Kingdom. He is a Fellow of the Singapore Institute of Directors, a Fellow of the Institute of Corporate Directors of Malaysia and a Fellow of the Chartered Management Institute in United Kingdom.

Dr. Lim does not have any family relationships with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

Directors' Profile (Cont'd)

WEE BENG CHUAN

Independent Non-Executive Director

Age	63
Gender	Male
Nationality	Malaysian

Wee Beng Chuan was appointed to the Board on 25 November 2022. He is the Chairman of the Audit Committee, and a member of the Nomination Committee.

Mr. Wee obtained his ACCA qualification in 1988, and was admitted as a Fellow of the ACCA in 1997. He is a registered Chartered Accountant with the Malaysian Institute of Accountants, Malaysia since 1994.

Mr. Wee brings to the Board more than 30 years of experience in accounting and audit services. His professional training commenced in an audit firm based in London, England in 1989. Upon his return to Malaysia in 1993, he joined KPMG Malaysia and was admitted as an audit partner of KPMG Malaysia in 2003, until his retirement from the firm on 31 December 2017.

Mr. Wee has extensive experience in the audit of a broad array of companies that include public listed companies and multinationals across various industries, such as the manufacturing of industrial products, consumer products and services, plantation, property development and construction, transportation and logistics. He is also an experienced reporting accountant who has been involved in numerous Initial Public Offerings and fund-raising exercises in the capital market.

Currently, Mr. Wee is the Executive Director of Tuju Setia Berhad and the Independent Non-Executive Director of QL Resources Berhad and I REIT Managers Sdn. Bhd., manager of AME REIT.

Mr. Wee does not have any family relationships with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

DATO' LAI KIM SEONG

Independent Non-Executive Director

Age	62
Gender	Male
Nationality	Malaysian

Dato' Lai Kim Seong was appointed to the Board on 1 August 2023. He is a member of the Risk Management and Compliance Committee.

Dato' Lai holds a Bachelor of Science (Mathematics) from Campbell University in North Carolina, United States of America. He has amassed significant expertise through his leadership and management roles within multinational manufacturing operations landscape. This experience underscores his ability to provide valuable insights and strategic direction to V.S. Industry Berhad.

Dato' Lai does not have any family relationship with any directors or major shareholders of the Company. He does not have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

Directors' Profile

(Cont'd)

LEE LI MING

Independent Non-Executive Director

Age	64
Gender	Female
Nationality	Malaysian

Ms. Lee Li Ming was appointed to the Board on 1 August 2023. She is a member of the Audit Committee.

Ms. Lee graduated from Queens' University of Belfast in Northern Ireland, United Kingdom with a Bachelor of Science in Computer Science and a Master of Business Administration. She is a member of Institute of Chartered Accountants in England and Wales, the Malaysian Institute of Accountants, and Chartered Tax Institute of Malaysia. Additionally, she is a licensed tax agent under Income Tax Act, 1967, and approved by the Malaysian Minister of Finance.

Ms. Lee brings more than 35 years of experience in taxation and statutory financial audit industries, of which 25 years were in taxation. Upon graduation, she worked in a Chartered Accountants practice in London for three years. Following that, she started her career in Malaysia at Arthur Andersen in 1993, and subsequently, joining Ernst & Young in 2002. She was a Partner with Ernst & Young and headed the tax practice for the Southern Region, Johor and Melaka before retiring in July 2022.

Currently, Ms. Lee serves as an Independent Non-Executive Director of Khind Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

Ms. Lee does not have any family relationship with any directors or major shareholders of the Company. She does not have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

CHONG CHIN SIONG

*Alternate Director to
Beh Chern Wei (Ma Chengwei)*

Age	58
Gender	Male
Nationality	Malaysian

Chong Chin Siong was appointed to the Board on 1 August 2014.

Mr. Chong graduated from Universiti Sains Malaysia with a Bachelor of Management (Accounting and Financial Management) Degree in 1992.

Mr. Chong has extensive experience in internal audit, corporate finance and financial management, started his career with Deloitte KassimChan in 1992, and later joined Leong Hup Holdings Berhad as an Assistant Accountant. In 1997, he joined Harta Packaging Industries Sdn. Bhd. as a Financial Analyst, where he was promoted to Internal Audit Manager, and subsequently Financial Controller. He assumed the position of Deputy General Manager with HARTA Packaging Industries (Cambodia) Ltd. in 2005, before becoming Assistant General Manager with PCCS Garments Ltd., Cambodia.

Mr. Chong joined V.S. International Group Limited as Corporate Financial Controller in 2009, before assuming the role of Group Financial Controller in 2014.

Mr. Chong does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

Senior Management Team

MOHAMAD BIN YUSOF

President Director, PT. V.S. Technology Indonesia

Age 60 | Male | Malaysian

Mohamad bin Yusof joined the Group in 1991 as a Production Executive, and was subsequently promoted to Factory Manager in 1995. He was appointed as Vice President Director of PT. V.S. Technology Indonesia in 2002, and was subsequently promoted to President Director in 2005.

Mr. Mohamad holds a Certificate in Electronic. Prior to joining the Group, he held production roles in various companies in the electronics sector.

Mr. Mohamad does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

LIM MING CHOY

Senior General Manager

Age 58 | Male | Malaysian

Lim Ming Choy joined the Group in 2005 as an Assistant General Manager, and was subsequently promoted to General Manager in 2007. In 2020, he was appointed as Senior General Manager. He has accumulated more than 30 years of experience in the electronics manufacturing industry.

Mr. Lim holds an Executive Master of Business Administration from the United Business Institutes in Belgium and a Diploma in Business Management from the Malaysian Institute of Management.

Mr. Lim does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

GARY LIM SEOW PING

Senior General Manager

Age 57 | Male | Malaysian

Gary Lim Seow Ping joined the Group in 2013 as a General Manager and was subsequently promoted to Senior General Manager in 2024. He has more than 30 years of experience in the electronics manufacturing industry.

Mr. Gary Lim holds a Degree in Mechanical Engineering from University Technology of Malaysia.

Mr. Gary Lim does not have any family relationship with any directors or major shareholders of the Company, nor does he have any conflict of interest with the Company. He has not been convicted of any offences within the past five (5) years other than traffic offences (if any), or been imposed with any public sanction or penalty by regulatory bodies during the financial year.

Sustainability Statement

ABOUT THIS SUSTAINABILITY STATEMENT

The VS 2025 Sustainability Statement documents our progress and outlines our future direction. As ESG requirements become more stringent and advanced, VS continues to strengthen transparency and accountability across its operations.

This Statement reflects how:

- Sustainability is firmly embedded in our business model and long-term strategy rather than treated as a compliance exercise.
- We are accelerating climate action, supporting communities and advancing a more sustainable future as a trusted, integrated Electronics Manufacturing Services (EMS) partner.

Our approach is guided by Economic, Environmental, Social and Governance (EESG) principles, balancing business performance with environmental responsibility, social progress and sound governance.

Reporting Scope, Reference and Boundary	This statement covers the operations of V.S. Industry Berhad ("VS") and its Malaysian subsidiaries, collectively referred to as "the Group".
Reporting Cycle	Annually
Reporting Period	1 August 2024 to 31 July 2025 ("FY2025")
Reporting Guidelines, Principles and References	<ul style="list-style-type: none"> • Global Reporting Initiative (GRI) Universal Standards • Bursa Malaysia Main Market Listing Requirements on Sustainability Reporting • Malaysian Code on Corporate Governance (MCCG), Securities Commission Malaysia • International Financial Reporting Standards (IFRS) • International Organization for Standardization (ISO) 26000:2010 – Guidance on Social Responsibility • United Nations Sustainable Development Goals (UNSDGs) • Science-Based Targets initiative (SBTi) • Taskforce on Nature-related Financial Disclosures (TNFD) • ESG ratings, including: <ul style="list-style-type: none"> - FTSE4Good Bursa Malaysia ESG Index - Morningstar Sustainalytics' ESG Risk Ratings
Reporting Approach	<p>Our reporting approach is comprehensive, data-driven and future-focused. At its core is our materiality assessment, which captures the expectations of stakeholders, the priorities of our business and the broader sustainability issues shaping our industry. This approach ensures that what we disclose is both relevant and impactful, reflecting matters that influence decision-making, risk management and long-term value creation.</p> <p>We align our disclosures with global ESG frameworks and reporting requirements, embedding consistency, comparability and accountability into every section of this statement. Backed by credibility, our robust data management system enables the tracking of performance trends, monitoring of baselines and the provision of transparent, verifiable information to stakeholders.</p> <p>Our future approach is not just about reflecting on the past year; it is about charting the path ahead. By setting clear targets and measurable indicators, we connect current performance with future ambitions, strengthening our contribution to global climate action, social progress and responsible governance.</p>

Sustainability Statement (Cont'd)

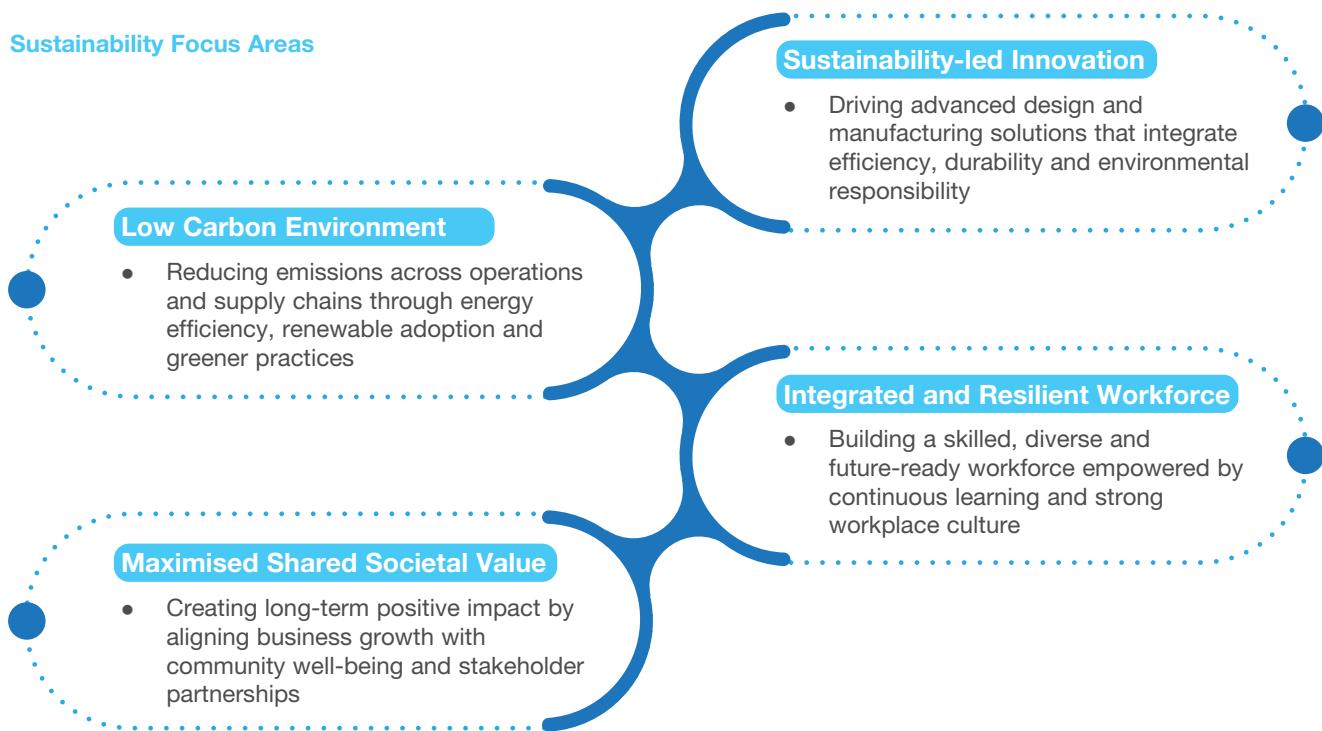
Reliability of Information Disclosed	To ensure the integrity, accuracy and credibility of our disclosures, the contents of this statement have undergone a structured assurance process including: <ul style="list-style-type: none"> <i>A comprehensive review by the Sustainability Committee</i>, which assessed the relevance, alignment and completeness of the disclosures against the Group's sustainability priorities and reporting obligations. <i>An independent audit by EnviroSolutions & Consulting Sdn. Bhd. (ESC)</i>, providing third-party verification of data accuracy, reliability of methodologies and consistency with recognised reporting standards (audit scope and findings detailed on page 107 to 115). <i>Formal endorsement and approval by the Board of Directors</i>, affirming the Group's accountability at the highest governance level and reinforcing the Board's oversight of sustainability performance and reporting.
Feedback	Sustainability is a shared journey and every voice matters. We invite you to share your perspectives, ideas or questions with our Sustainability Management Team, led by Ms Chelynn Lim, through the Contact Us page on our website. Your feedback helps us refine our strategy, strengthen our reporting and expand the positive impact we create together.

EMPOWERING CHANGE, SUSTAINING GROWTH

VS has embedded sustainability into its core business model, ensuring that every stage of the value chain—from design and sourcing to manufacturing and delivery—reflects responsible, transparent and forward-looking practices.

Our sustainability strategy focuses on four key areas that address the material issues most relevant to our business and stakeholders.

Sustainability Focus Areas



Sustainability Statement

(Cont'd)

VS Sustainability Policy

Our business practices are designed to create value in both short and long term, maximising positive impacts and minimising eventual negative impacts on society and the environment throughout our value chain through ethical and transparent conduct.

We aim to satisfy the growing demand for transformation in the electronic manufacturing services field by optimising our contribution to sustainable development.

VS Sustainability Policy covers the following commitment:

1. Ensuring suppliers' compliance with the highest ethical standards
2. Complying to regulations with regards to the environment, occupational, safety and health
3. Practising green procurement and manufacturing
4. Responsible waste management and disposal
5. Maintaining a safe and healthy working environment at all times
6. Fair treatment of employees
7. Contributing to local authorities and communities
8. Upholding business excellence and continuity
9. Continual research and development efforts to achieve product innovations
10. Developing long-term partnerships with clients
11. Complying with recommended practices under the Malaysia Code of Corporate Governance

Key Sustainability Pillars



Economic
Objective: Business Continuity



Environment
Objective: Reducing Carbon Footprint



Social
Objective: Responsible Employer Social Responsibility



Governance
Objective: Responsible Business

Focus Areas:
Sustainable Value Chain
Product and Service Quality

Focus Areas:
Waste, Water and Noise Management
Greenhouse Gas (GHG) Emissions
Renewable Energy

Focus Areas:
Responsible Employment
Respecting Human Rights
Occupational Health and Safety
Corporate Social Responsibility

Focus Areas:
Transparency and Engagement Management System
Data Privacy, Ethics and Protection

Alignment with Sustainability Standards and Guidelines



Engagement with Stakeholders

- Board
- Major Shareholders
- Customers
- Suppliers
- Employees
- Industry Peers
- NGO
- Analysts/Media
- Local Communities

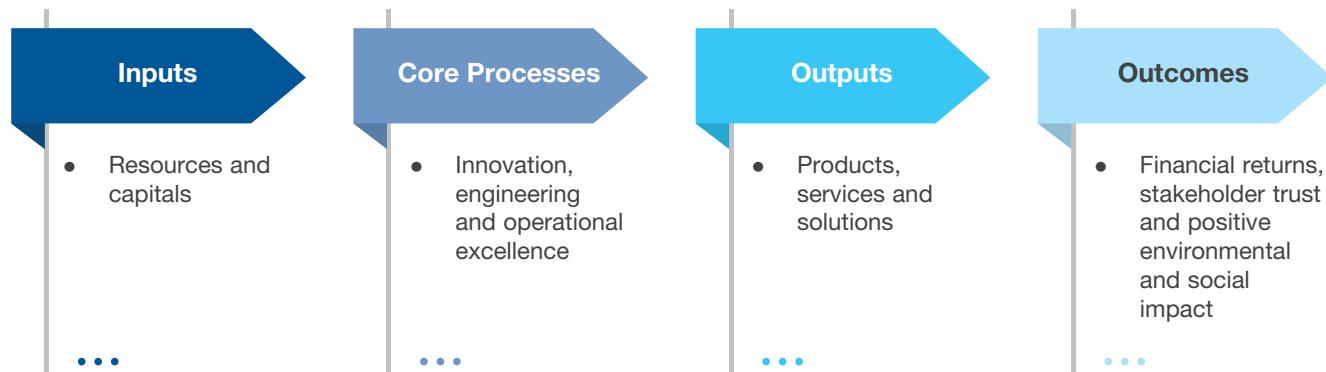
Governance and Risk Management

Sustainability Statement (Cont'd)

VS' HOLISTIC APPROACH TO VALUE CREATION

VS Industry drives value creation through a structured six capitals framework that systematically manages the flow of resources, activities and outcomes across integrated operations. By transforming financial, manufactured, human, intellectual, social and natural capitals into high-value outputs, VS builds a sustainable, resilient value chain that supports business growth and stakeholder needs.

VS Value Creation Model



Through this integrated model, VS achieves a balance between economic performance and sustainable impact, reinforcing its role as a forward-thinking electronics manufacturer that creates enduring value across the entire ecosystem.

Capital	Key Inputs	Key Outputs	Key Outcomes/KPIs (FY2025)	Linked UNSDGs
Financial Capital 	<ul style="list-style-type: none"> Shareholders' equity RM3.79 Billion Revenue RM3.73 Billion total assets RM2.15 Billion net assets 57.7% equity ratio Investments in technology and automation 	<ul style="list-style-type: none"> Profitable operations Reinvestment in R&D and innovation Expansion of customer base 	<ul style="list-style-type: none"> Sustained earnings growth Enhanced shareholder value Capacity expansion and tech upgrades Profitability maintained despite market headwinds 	 
Manufactured Capital 	<ul style="list-style-type: none"> 12 sites Modern assembly lines and logistics Supply chain infrastructure 	<ul style="list-style-type: none"> High-quality, specification-compliant products Increased efficiency and shorter lead times 	<ul style="list-style-type: none"> 17.3% improvement in energy efficiency (vs 2021) Zero non-compliance in QC audits (97% supplier compliance) Improved product reliability 	 
Intellectual Capital 	<ul style="list-style-type: none"> Proprietary technology and patents Product design & R&D expertise Certifications (ISO 9001, ISO 14001, etc.) 	<ul style="list-style-type: none"> Innovative solutions and product differentiation Compliance with global standards 	<ul style="list-style-type: none"> Strengthened market competitiveness Higher customer trust and retention Market expansion potential 	 

Sustainability Statement

(Cont'd)

Capital	Key Inputs	Key Outputs	Key Outcomes/KPIs (FY2025)	Linked UNSDGs
Human Capital 	<ul style="list-style-type: none"> 11,479 skilled employees Training and development programmes Safety and wellness initiatives 	<ul style="list-style-type: none"> Productive, innovative and engaged workforce Safe working environment 	<ul style="list-style-type: none"> LTIR 0.28; Zero fatalities 32% female managers (outpacing 30% target) 556 employees trained in H&S 0 confirmed HR violations 	
Social & Relationship Capital 	<ul style="list-style-type: none"> Long-term customer and supplier partnerships CSR, philanthropy and community engagement 	<ul style="list-style-type: none"> Strengthened supplier resilience and customer loyalty Tangible community impact 	<ul style="list-style-type: none"> RM0.03 million community investment benefiting non-profit organisations and students 63.2% local suppliers (54.5% spend) Zero corruption incidents (100% operations assessed) 	
Natural Capital 	<ul style="list-style-type: none"> Energy, water and raw materials Solar energy investment Waste reduction and recycling initiatives 	<ul style="list-style-type: none"> Efficient resource consumption Lower carbon footprint Sustainable waste management 	<ul style="list-style-type: none"> 16% reduction in Scope 1+2 GHG emissions (vs 2021 baseline) 26.8% decrease in water use 7,883 MWh solar generation (6,997 MWh consumed) 	

OUR STAKEHOLDERS UNIVERSE

Stakeholder engagement is a core component of strategic governance and sustainable value creation. We adopt a systematic stakeholder engagement framework:

Systematic Stakeholder Engagement Framework



Sustainability Statement

(Cont'd)

Multi-dimensional engagement covers governance, workforce, supply chain, community, customers and capital markets, each with distinct expectations and concerns. To ensure relevance and credibility, we employ:

- Formal mechanisms such as Board deliberations, investor briefings and customer audits
- Continuous, real-time interactions (including supplier evaluations, employee surveys and digital engagement platforms)

This structured approach enables us to:

- Anticipate and respond to risks, such as climate change, regulatory shifts and supply chain vulnerabilities.
- Unlock opportunities through collaboration on sustainable product design, workforce development and industrial advancement.
- Strengthen long-term resilience by aligning our commitments with global sustainability standards and investor expectations.

Stakeholder Group	Key Expectations & Interests	Engagement Channels	VS' Response and Commitments
Board of Directors 	Strategic direction, governance effectiveness, risk oversight and ESG integration	<ul style="list-style-type: none"> • Board meetings • Annual General Meetings • Company-organised events 	Strengthened governance structures, robust risk management, regular ESG updates and long-term value creation focus
Major Shareholders 	Sustainable returns, transparency, sound governance and responsible business practices	<ul style="list-style-type: none"> • Annual General Meetings • Investor presentations and meetings • Media releases • Corporate website 	Consistent disclosures, strategic growth updates, transparent ESG performance reporting and active shareholder engagement
Employees 	Fair compensation, training and career growth, workplace safety, diversity and inclusion	<ul style="list-style-type: none"> • Induction training • Learning and development programmes • Employee performance appraisals • Corporate-organised events 	Structured learning pathways, competitive rewards, health & safety initiatives, inclusive culture and well-being programmes
Customers 	Quality and reliability, cost efficiency, innovation, ethical and sustainable supply chain	<ul style="list-style-type: none"> • Face-to-face interactions • Manufacturing collaborations • Feedback surveys • Customer audits 	Continuous improvement in product quality, innovation in solutions, sustainable manufacturing and strong customer partnerships
Suppliers 	Fair procurement, long-term partnerships, compliance with standards and business growth opportunities Transparent procurement practices, supplier training, ESG compliance support and collaborative innovation project	<ul style="list-style-type: none"> • Interviews • Evaluations and re-evaluations • Face-to-face interactions 	Transparent procurement practices, supplier training, ESG compliance support and collaborative innovation projects

Sustainability Statement

(Cont'd)

Stakeholder Group	Key Expectations & Interests	Engagement Channels	VS' Response and Commitments
Local Communities 	Employment opportunities, social contribution and environmental stewardship	<ul style="list-style-type: none"> Online platforms (e.g., corporate website and online job applications) Corporate volunteering programmes (e.g. community events, knowledge-sharing initiatives & partnerships with non-governmental organisations) 	Job creation, social investment, environmental conservation and community welfare programmes
Analysts/Media 	Timely updates, transparency, access to information and credibility	<ul style="list-style-type: none"> Press conferences and events Media releases Media interviews Analyst briefings 	Transparent communication, proactive disclosures, thought leadership and reputation management
Industry Peers 	Collaboration, best practice sharing, collective advocacy and standard setting	<ul style="list-style-type: none"> Annual reports Industry collaborative programmes Industry organisations 	Active participation in industry platforms, collaboration on sustainability issues and contribution to industry standards
Non-Governmental Organisations (NGOs) 	ESG accountability, environmental and social impact, partnership opportunities	<ul style="list-style-type: none"> Public events Face-to-face interactions 	Partnerships on community and environmental initiatives, open dialogue on ESG performance and support for advocacy efforts

REDEFINING PRIORITIES THROUGH DOUBLE MATERIALITY

In FY2025, VS Industry enhanced its materiality assessment process by adopting a double materiality perspective, which evaluates both:

- Impact materiality: how our business activities affect the environment, people and society
- Financial materiality: how sustainability matters may influence VS' financial performance, business resilience and long-term value creation

This advancement reflects VS's commitment to greater accountability and transparency while embedding sustainability more deeply within strategic decision-making.

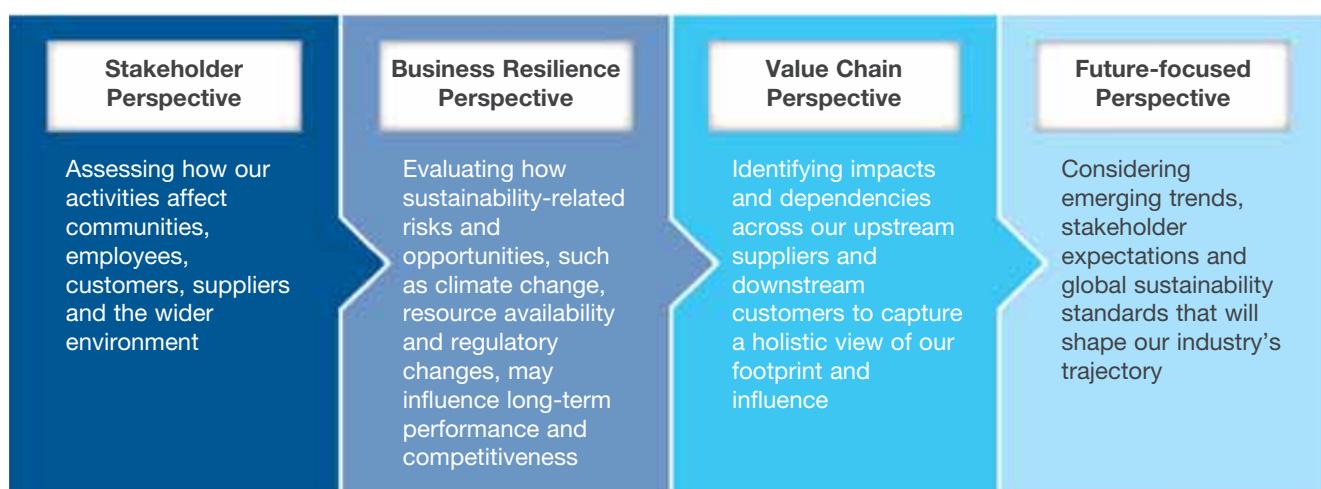
Sustainability Statement (Cont'd)

Stakeholders Engaged in the Materiality Exercise



VS engaged a diverse range of stakeholders across its value chain to capture a broad spectrum of perspectives. Their insights helped ensure that the assessment reflected both internal and external expectations on sustainability performance and disclosure.

METHODOLOGY AND PROCESS



VS conducted a comprehensive materiality assessment guided by two complementary pillars:

1. Stakeholder Input

Key stakeholder groups were invited to participate in an online materiality survey. Respondents rated each sustainability topic from “very unimportant” to “very important”, helping determine the relative significance of each issue from the perspective of those most affected by or engaged with the business.

Sustainability Statement

(Cont'd)

2. Internal Business Impact Assessment

A structured survey was distributed to the Board of Directors and senior leadership team, who evaluated each topic for its potential financial, operational and reputational implications for VS.

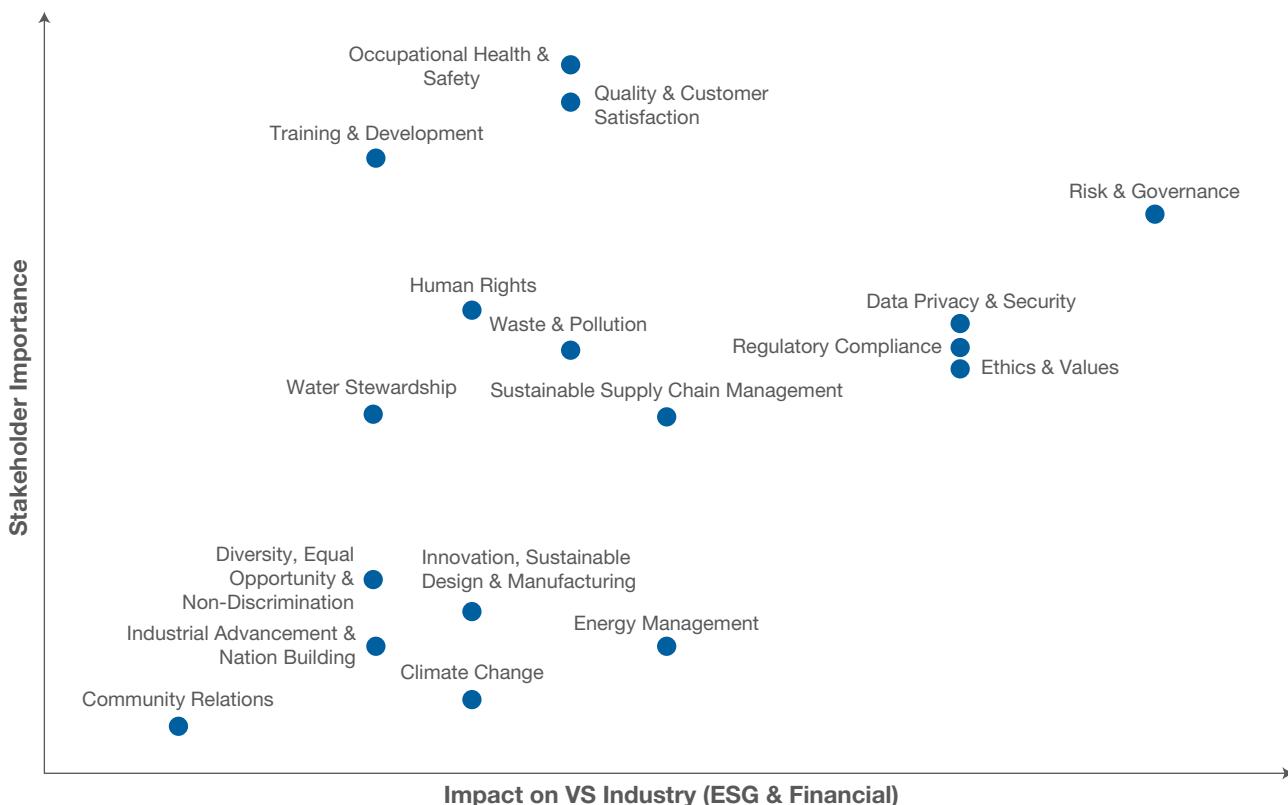
This assessment applied the double materiality lens to capture:

- Financial materiality (outside-in): how each sustainability issue could influence VS' costs, revenues, competitiveness and long-term resilience.
- Impact materiality (inside-out): how VS's operations, products and value chain activities may affect employees, communities, customers, suppliers and the wider environment.

ANALYSIS AND OUTCOMES

VS consolidated and analysed insights from both assessments using the double materiality framework. The resulting double-materiality matrix plots each topic by its importance to stakeholders (X-axis) and its impact on VS (Y-axis), combining ESG and financial considerations.

Double Materiality Matrix: Mapping stakeholder importance against impact on VS Industry (ESG and Financial).



This matrix highlights the issues most critical to both stakeholders and VS's long-term business success, guiding management on where to prioritise attention, resources and disclosures.

Sustainability Statement (Cont'd)

GOVERNANCE

VS SUSTAINABILITY GOVERNANCE FRAMEWORK

OVERSIGHT AND STRATEGIC DIRECTION

Leadership at VS drives sustainability from the top. The Board of Directors is the highest governance body responsible for setting the strategic direction and integrating sustainability into the Group's long-term value creation. The Risk Management and Compliance Committee (RMCC) and the Audit Committee (AC) support the Board in fulfilling its oversight responsibilities. The Board Charter formally defines the Board's role regarding sustainability-related risks and opportunities.

All Board members completed the Mandatory Accreditation Programme (MAP) Part II before the 1 August 2025 deadline, demonstrating their commitment to governance excellence. VS strengthens leadership capabilities across the Group by extending sustainability-related training to Business Unit Management Teams.

DECISION-MAKING AND RISK MANAGEMENT

Sustainability risks, related actions and target progress of each business units were presented and discussed during the quarterly Risk Management and Compliance Committee Meeting. The RMCC deliberates these matters and escalates them to the Board for further consideration during quarterly Board Meetings.

When evaluating major strategies, investment projects and business plans, the Board incorporates ESG risks and opportunities alongside financial and operational factors. Significant decisions, such as mergers, acquisitions, major investments and new product launches, undergo ESG impact assessments to ensure responsible growth.

EXECUTION AND IMPLEMENTATION

The Sustainability Executive Committee (SEC), which consists of Executive and/or Alternate Directors, acts as a bridge between the Board and management, ensuring alignment between oversight and operational execution.

The Sustainability Management Team, led by the Risk and Compliance function, drives implementation. The Team embeds sustainability into strategies, operations and corporate functions and exercises oversight by:

- Recommending the approach to sustainability
- Delivering company-wide sustainability programmes
- Guiding and supporting Business Units and corporate functions
- Monitoring and reporting the progress of initiatives and targets

At the operational level, Business Units and departments execute sustainability initiatives aligned with Group priorities to achieve measurable outcomes.

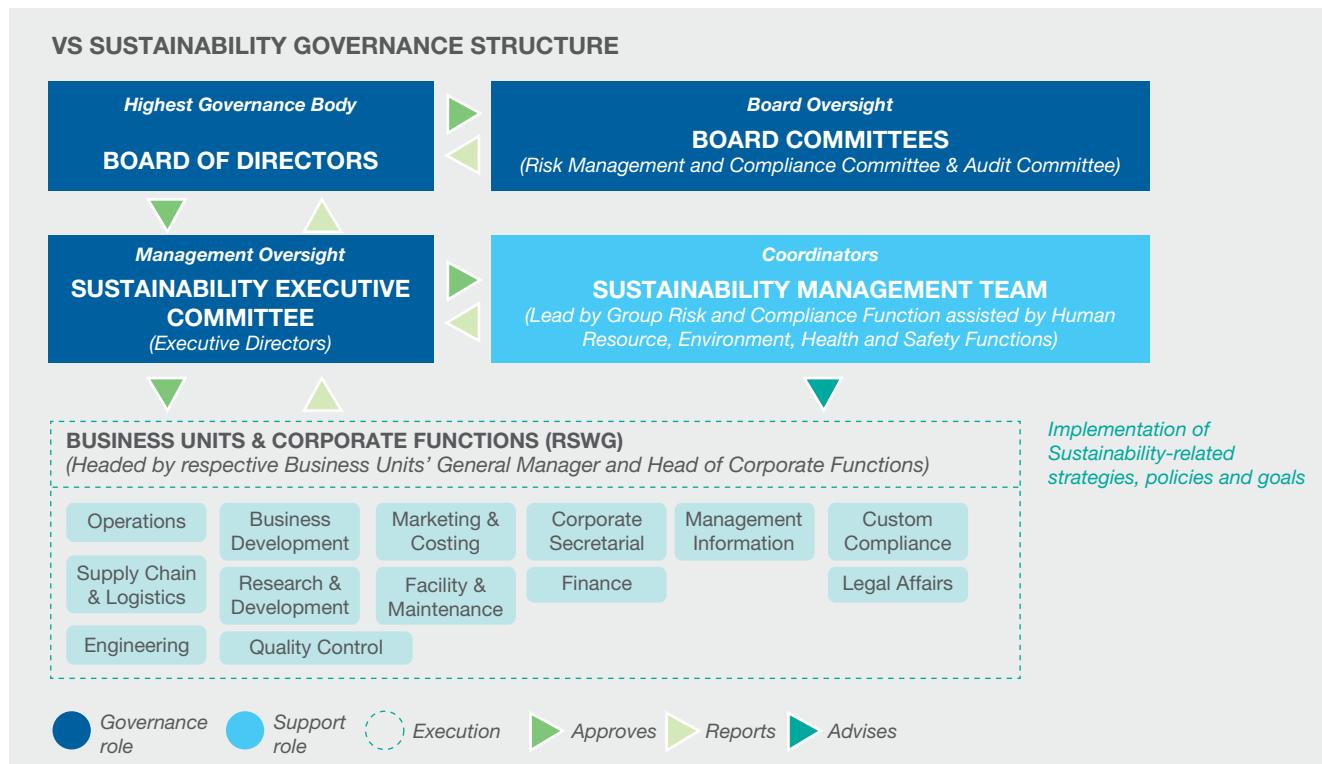
REVIEW AND ACCOUNTABILITY

The Materiality Assessment sets targets and KPIs by identifying the sustainability pillars most critical to the Company and its stakeholders. The RMCC and the Board review these targets and KPIs quarterly, ensuring transparent progress tracking and reinforcing accountability.

Sustainability Statement

(Cont'd)

VS Sustainability Governance Structure



The Board retains ultimate accountability for climate-related oversight and delegates detailed review to the Risk Management and Compliance Committee (RMCC). The RMCC meets quarterly to assess climate-related risks and reports its findings to the Board. The Operations Director is accountable for implementing climate initiatives and ensuring alignment with strategic targets, while the Sustainability Management Team consolidates performance data and prepares IFRS S2-aligned disclosures. Board oversight covers the approval of climate targets, scenario analysis outcomes and major resilience investments, in line with IFRS S2 and FTSE 4Good governance expectations.

ALIGNING SUSTAINABILITY TARGETS, KPIs AND REWARDS FOR IMPACTFUL ACTION

The company recognizes the importance of integrating sustainability objectives into performance management to drive meaningful and lasting impact. While this alignment process is currently in progress, efforts are underway to embed sustainability-related targets and key performance indicators (KPIs) across relevant functions and management levels. The aim is to link these measurable goals to the company's strategic priorities—such as resource efficiency, climate action and responsible business practices—and ultimately connect them to performance evaluations and reward mechanisms. This approach will ensure that employees and leaders are incentivised to deliver tangible progress towards the company's sustainability commitments. As part of the ongoing implementation, the company is developing frameworks to monitor performance, enhance accountability and foster a culture where sustainability is viewed as a shared responsibility contributing to both business success and positive environmental and social outcomes.

Sustainability Statement (Cont'd)

ETHICS GOVERNANCE

VS Industry upholds a steadfast commitment to integrity, ethics and transparency, ensuring that its actions create long-term value for customers, employees, suppliers and communities.

The Business Code of Conduct and Ethics anchors the governance framework, defining the Group's values and principles. The Board of Directors oversees governance and compliance, supported by structured policies and monitoring mechanisms that ensure alignment with ethical standards.

Ongoing training, leadership development and strong anti-corruption practices safeguard integrity across all operations and partnerships, reinforcing a culture of accountability.

Ethics Governance Framework

Code of Conduct

- Defines vision, rules, values and ethical principles.
- Applies to all employees and extends to suppliers and business partners.

Governance Oversight

- The Board of Directors provides oversight of governance and compliance with regard to comprehensive anti-corruption measures, including bribery
- Anti-corruption policies, procedures and monitoring mechanisms ensure adherence to ethical standards.

Training and Capacity Building

- Mandatory Code training for new employees with regular refreshers.
- Formal acknowledgement of obligations through the Employee Handbook.
- Board members completed the Mandatory Accreditation Programme (MAP) Part II ahead of the 1 August 2025 deadline.
- Sustainability-related training extended to Business Unit Management Teams.

Anti-Corruption Framework (ACF)

- Zero-tolerance policy against anti-corruption and bribery including but not limited to facilitation payments, fraud and money laundering.
- ACF endorsed by the Board and aligned with the MACC Act 2009 Section 17A(5) and RBA Code of Conduct.
- Communicated to all stakeholders — directors, employees, contractors, intermediaries, joint ventures and third parties — ensuring universal compliance.

Sustainability Statement

(Cont'd)

ENVIRONMENTAL GOVERNANCE

VS embeds strong environmental governance across its operations under the guidance of the Sustainability Executive Committee, integrating sustainability principles into daily decision-making. A dedicated Environmental Management Team supports the Committee in advancing energy efficiency, resource optimisation and long-term operational resilience.

100%

Outpacing

2021

2025

facilities are accredited with
ISO 14001: 2015

All facilities are accredited with
ISO 14001: 2015 by 2025

A data-driven approach underpins VS's environmental management, supported by digital monitoring systems and continuous reviews. The Group remains committed to expanding certification coverage, strengthening environmental controls and ensuring full compliance with all applicable environmental laws and regulations.

Environmental Governance Framework

Governance and Oversight

- Sustainability Executive Committee sets energy reduction targets and monitors progress.
- Environmental Management Team analyses energy trends, identifies efficiency opportunities and integrates sustainability into operations.

Monitoring and Data Systems

- Centralised electricity dashboard tracks real-time consumption across factories.
- Facility-level energy reports provide detailed insights and support continuous performance reviews.

Operational Actions and Efficiency Measures

- Insights translated into practical actions such as optimising lighting and ventilation systems.
- Broader assessments of resource consumption guide efforts to reduce waste and improve energy intensity.

Compliance and Certification

- 100% of key facilities certified under ISO 14001:2005, demonstrating alignment with global standards.
- Monthly EHS inspections and routine air emissions testing maintain certification.
- Continuous commitment to strengthen environmental controls and expand accreditation coverage.

Sustainability Statement (Cont'd)

HUMAN CAPITAL GOVERNANCE

VS ensures that employment practices uphold fairness, inclusivity and compliance with all applicable labour standards. The Group aligns with the RBA Code of Conduct and the International Labour Organization's (ILO) fundamental conventions, embedding these principles throughout its operations and supply chain.

Continuous improvement, transparent communication and collaboration with external partners drive responsible labour practices and safeguard employee welfare across the organisation.

Human Capital Governance Framework

Governance and Compliance

- Ensures employment terms and conditions comply with local, national and international labour laws.
- Aligns with the RBA Code of Conduct and ILO conventions.
- Labour Standards and Code of Conduct are communicated globally to all employees, contractors, business partners and related third parties, accessible in multiple languages to ensure understanding among international employees and partners.

Responsible Employment Practices

- Conducts due diligence on recruitment agencies to enforce the Zero Recruitment Fees policy.
- Clearly communicates company policies and procedures to employees and business partners.
- Performs annual internal audits and self-assessments to identify improvement areas.

Capacity Building and Collaboration

- Provides ESG-related training to strengthen employee understanding of labour standards.
- Collaborates with customers, NGOs and industry-specific initiatives through workshops and projects to improve labour practices in Malaysia's manufacturing sector.
- Membership in RBA, which upholds labour standards in line with recognised international frameworks.

Monitoring and Assurance

- Regularly reviews labour practices of existing and potential partners to ensure alignment with the Code of Conduct.
- Risk assessment regarding labour standards carried out for potential and existing operations and projects as part of VS due diligence.
- Recorded no instances of non-compliance with labour standards during the reporting period.

Sustainability Statement

(Cont'd)

HUMAN RIGHTS GOVERNANCE

VS champions human rights oversight at the highest level. Operations Director and Board member, Mr. Ng Yong Kang, leads human rights compliance across our operations, supported by designated management roles to ensure consistent, day-to-day adherence. The Code of Conduct contains our Human Rights Policy and all employees undergo annual training to strengthen awareness and understanding of these standards. While training materials are currently in English, we are exploring translations to meet the needs of our diverse workforce.

Internationally recognised human rights frameworks guide our approach, including:

- The United Nations Universal Declaration of Human Rights
- The International Covenants, which comprise the International Bill of Human Rights
- The United Nations Guiding Principles on Business and Human Rights
- The International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work
- The OECD Guidelines for Multinational Enterprises
- OECD Due Diligence Guidance for Responsible Business Conduct
- The Ten Principles of the United Nations Global Compact
- Guidance provided by ISO 26000 on social responsibility

SAFETY AND HEALTH GOVERNANCE

Safety governance is directed from the top and overseen by the Board of Directors. The Safety and Health Committees, led by the Operations Director, Mr. Ng Yong Kang, who also serves on the Board, are responsible for:

- Devising and overseeing the implementation of Environmental, Health and Safety (EHS) programmes
- Managing EHS risks.

Primary Responsibilities of the Committees

Promote	• Best practices in safety and health
Investigate	• Incidents and accidents
Recommend	• Corrective and preventive measures

A dedicated Safety and Health Committee operates at every property, comprising a Chairman, Advisors, a Secretary and balanced representation from both Employers and Employees. The Group achieved ISO 45001:2018 certification for Occupational Health and Safety Management Systems in February 2025 across all key facilities. Compliance with key legislation, including OHSA 1994, FMA 1967, EQA 1974 and other relevant regulations, remains a core requirement across our operations.

In line with the Occupational Safety and Health (Amendment) Act 2022, VS has appointed a dedicated, registered Safety and Health Officer at each facility. These officers are professional personnel assigned to higher-risk or specific facilities, serving as internal coordinators to ensure workplace safety and health compliance.

Embedding the RBA Code into our Environmental, Health and Safety (EHS) Management System strengthens governance and ensures robust protection across every manufacturing facility. Annual internal audits cover areas such as emergency preparedness, chemical and electrical safety, occupational injury and illness, storage safety, food hygiene, sanitation, housekeeping and ergonomics. All findings are recorded in NCR reports with corrective measures taken, while employees undergo annual training to reinforce safety awareness and compliance.

As of FY2025, 100% of VS's key facilities are ISO 45001 certified, following the upgrade from OHSAS 18001

Sustainability Statement (Cont'd)

SAFETY RISK ASSESSMENT AND STRATEGIC OVERSIGHT

We conduct systematic risk assessments for both new projects and ongoing operations to identify potential hazards and guide preventive measures. These assessments are benchmarked against industry standards and aligned with our safety targets, ensuring regulatory compliance while promoting continuous improvement. Insights from internal and external audits directly inform our action plans, enabling us to maintain high standards and mitigate operational risks.

INFORMATION SECURITY GOVERNANCE

VS recognises the importance of safeguarding personal data in line with the Personal Data Protection Act (PDPA) 2010 and its Amendment Act 2024, effective from 1 June 2025.

The Group strengthens accountability by appointing a Data Protection Officer (DPO) to oversee data protection and ensure compliance. The Board of Directors provides strategic oversight, supported by management through a structured governance framework and policies aligned with regulatory and international best practices.

The Group embeds compliance across the organisation through annual training, third-party requirements and regular audits. Clear procedures guide data breach reporting and incident response to maintain trust and transparency.

Data Protection Governance Model

Oversight and Accountability

- Board of Directors provides overall oversight.
- Data Protection Officer leads compliance and serves as liaison with the Commissioner.

Policy and Framework

- Data Protection Policy governs data collection, storage, transfer and disposal.
- Regularly reviewed to ensure alignment with PDPA and global best practices.

Implementation and Compliance

- Annual data protection and information security training for employees.
- Contractors and third-party providers bound by contractual data protection obligations.

Monitoring and Incident Response

- Internal audits and compliance reviews assess data management practices.
- Incident response procedures ensure timely management of breaches and security incidents.

Sustainability Statement

(Cont'd)

RISK AND OPPORTUNITY MANAGEMENT

VS fully integrates sustainability-related risks and opportunities into the Enterprise Risk Management (ERM) framework, alongside financial, operational and compliance risks. Guided by ISO 31000:2018, this framework embeds environmental, social and governance (EESG) considerations into risk assessment and decision-making across all levels of the organisation.

Independent audits, including financial, accreditation and customer-led audits, reinforce risk oversight and provide external assurance of governance effectiveness. Robust internal reporting and monitoring processes complement these efforts to ensure governance systems function as intended.

VS applies a top-down and bottom-up approach, combining Board and Committee oversight with Business Unit implementation, fostering a culture of accountability and risk awareness across the organisation.

Integrated Risk and Opportunity Management Framework

Governance and Oversight

- Risk oversight led by the Board and the Risk Management and Compliance Committee (RMCC).
- Sustainability Management Team and Business Units monitor risks monthly.
- Key risks reviewed quarterly and escalated to the Board for action.
- Annual reviews assess control effectiveness, compliance and data reliability.

Risk Identification and Assessment

- Site-level assessments at each Business Unit using ESG checklists derived from local laws, the RBA and international standards.
- Evaluation of physical risks (resource scarcity, climate events, supply chain disruptions) and transition risks (regulatory changes, carbon pricing, shifting customer expectations).
- Scenario analysis used to test resilience against key risks.

Prioritisation and Scoring

- Risks evaluated for likelihood and impact, consolidated into the Group's unified risk register.
- ERM scoring method ($\text{likelihood} \times \text{impact}$) applied, with added weighting for stakeholder materiality and long-term impact.
- Combines qualitative and quantitative approaches.

Response Planning and Monitoring

- Five-step ERM process: identification → prioritisation → response planning → reporting → monitoring/review.
- Monthly monitoring by Business Units and the Sustainability Management Team.
- Framework remained unchanged during the reporting period.

Opportunity Integration

- Materiality assessments and benchmarking analysis identify opportunities, which are integrated into the same ERM framework.
- Captures financial, operational, compliance and strategic risks and opportunities, with ESG-specific dimensions such as reputation, regulation and environmental/social impact.
- Links risks and opportunities to defined metrics and performance targets in areas such as emissions reduction, energy efficiency and supply chain resilience.

Sustainability Statement (Cont'd)

VS STRATEGIC RESPONSE TO RISKS AND OPPORTUNITIES

VS faces a range of sustainability-related risks and opportunities that shape its long-term prospects. Frequent changes in global and local policies, geopolitical shifts and trade disruptions can affect compliance costs, import and export expenses and overall financial sustainability. These factors create uncertainty in capital planning and market expansion, potentially discouraging sustainable investment.

To manage these dynamics, VS assesses risks and opportunities across three time horizons:

- Short term (2 years after reporting, by 2027)
- Medium term (5 years after reporting, by 2030)
- Long term (15+ years after reporting, 2040 and beyond)

This structured approach balances immediate priorities with longer-term strategic considerations.

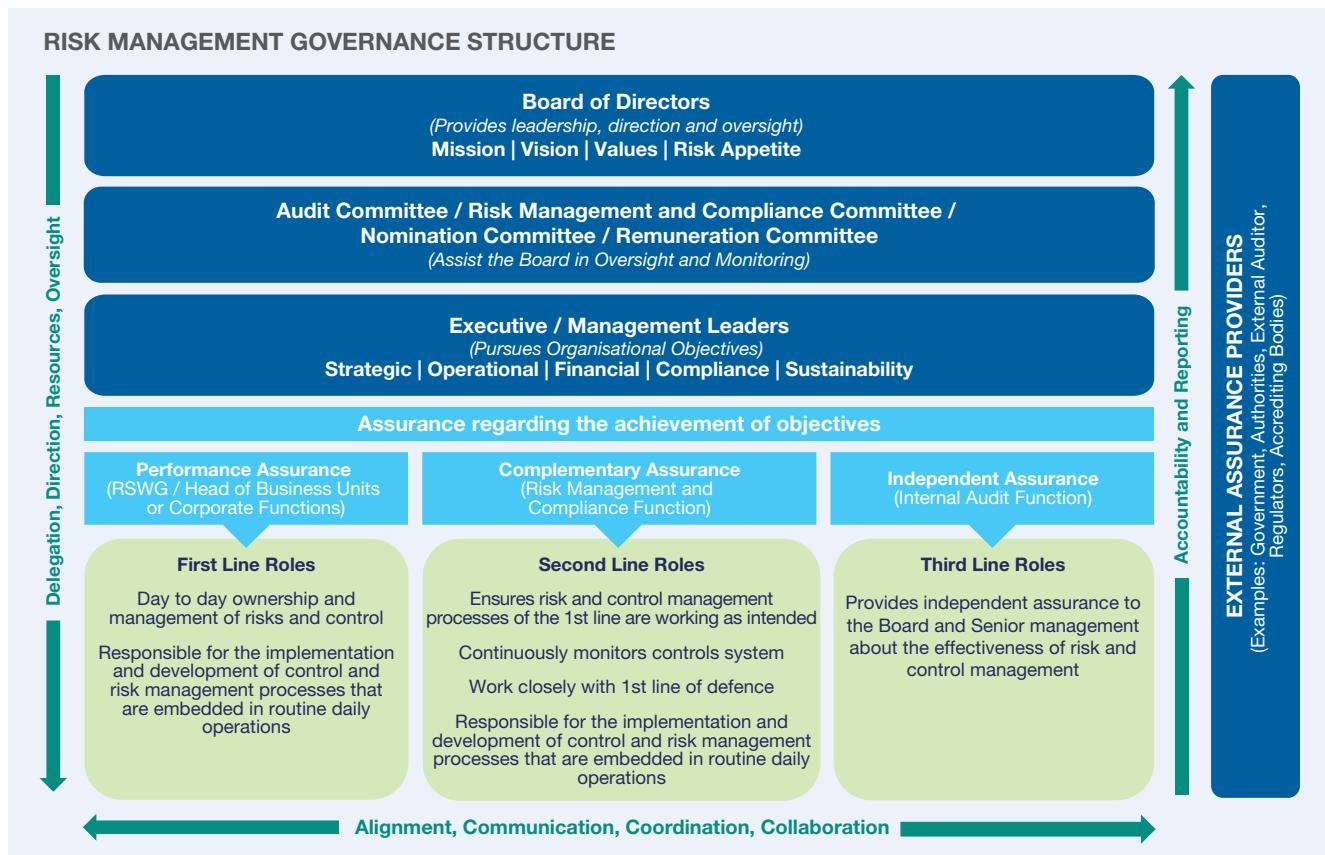
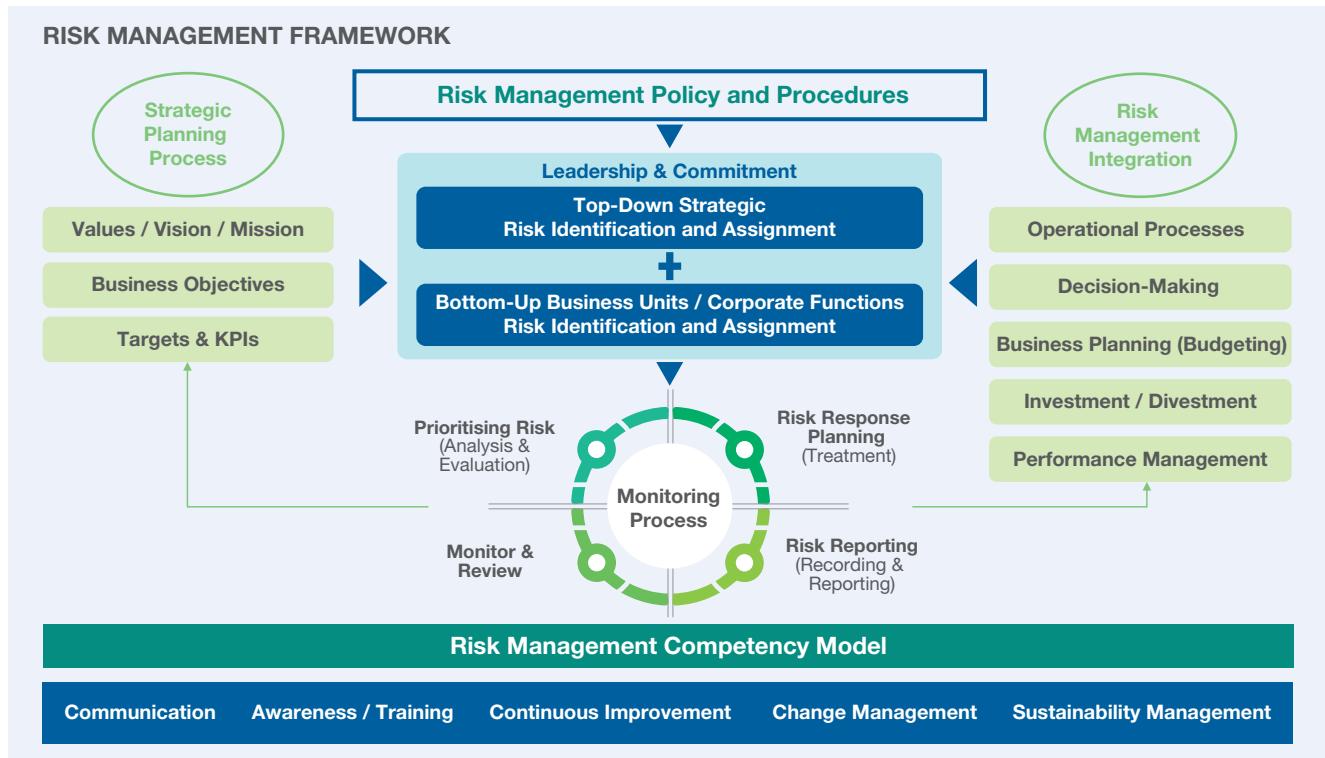
Sustainability risks primarily influence costs, compliance and reputation, while opportunities drive innovation, efficiency and competitiveness. To ensure alignment, the Board has embedded sustainability into core decision-making, linking strategic planning, governance and risk management to long-term value creation.

Strategic Management of Risks and Opportunities

Key Sustainability Risks	<ul style="list-style-type: none"> • Policy and regulatory shifts increasing compliance costs. • Geopolitical and trade disruptions affecting imports, exports and financial stability. • Market and capital uncertainty influencing investment flows. • Operational exposure in supply chain, manufacturing and product lifecycle.
Key Sustainability Opportunities	<ul style="list-style-type: none"> • Process innovation and operational efficiency improvements. • Energy and resource optimisation reducing long-term costs. • Sustainable product design and lifecycle management. • Enhanced stakeholder trust through transparent governance and reporting.
Strategic Time Horizons	<ul style="list-style-type: none"> • Short term (2027): Immediate cost, compliance and reputational management. • Medium term (2030): Integration of sustainability into supply chain and production systems. • Long term (2040+): Climate resilience, technology transformation and market expansion.
Governance and Oversight	<ul style="list-style-type: none"> • Oversight by the Board of Directors, supported by the Risk Management and Compliance Committee (RMCC) and the Audit Committee (AC). • Risks and opportunities assessed under the Enterprise Risk Management (ERM) framework to ensure consistent identification, evaluation and mitigation. • Focus areas include climate change, regulatory shifts, supply chain disruptions and opportunities in innovation and efficiency.

Sustainability Statement

(Cont'd)



Sustainability Statement (Cont'd)

VS embeds sustainability throughout the value chain, from responsible sourcing and supplier audits to initiatives that improve operational efficiency. The Group tracks performance against corporate sustainability targets, reports progress to the Board and discloses results in line with Bursa Malaysia requirements. Due diligence for new investments includes sustainability-related assessments.

The strategy requires upfront OPEX and CAPEX, but over the medium to long term, these investments lower operating costs, improve margins, secure customer revenue and strengthen cash flow resilience. This shift positions sustainability not as a compliance requirement but as a driver of competitiveness and financial value.

The Group has identified the following key sustainability-related risks that may impact its sustainability performance and long-term value creation. These risks are monitored and managed under the Group's ERM framework.

Material Sustainability-related Risks and Opportunities

Key Pillar	Key Sustainability Risks	Time Horizon	Management Response & Oversight	Opportunities
Economic	Energy Price Volatility: Fluctuating global energy costs may impact production cost stability and carbon intensity.	Short–Medium (2027–2030)	Investment in solar energy and energy-efficient machinery; integration of energy cost assumptions in budget and capital planning.	Cost reduction, energy independence and access to green financing.
Economic	Investment Risk: Investments in carbon-intensive or non-compliant assets may become stranded, reducing long-term shareholder value.	Medium–Long (2030–2040)	ESG-aligned investment policy, periodic reviews by the Investment Committee and prioritisation of green projects.	Green innovation, sustainable growth and market diversification.
Environmental	Carbon Emissions and Energy Use: Increased reliance on fossil-based grid energy may raise the Group's emissions footprint and delay renewable targets.	Short–Medium (2027–2030)	Renewable energy adoption, energy efficiency upgrades and continuous monitoring of carbon intensity.	Reduced emissions, improved ESG performance and operational efficiency.
Social	Workplace Safety Incidents: Accidents or unsafe practices may compromise the Group's "Zero Fatalities" commitment and employee wellbeing.	Short–Medium (2027–2030)	Implementation of strict safety procedures, annual and refresher training and continuous performance monitoring.	Higher employee morale, productivity and stakeholder trust.
Social	Supplier ESG Non-Compliance: Breaches by suppliers in labour, ethics, or environmental standards may affect the Group's ESG standing and business continuity.	Short–Medium (2027–2030)	Supplier Code of Conduct, periodic audits, ESG clauses in contracts and capacity-building for suppliers.	Stronger and more resilient supply chain; enhanced customer and investor confidence.
Governance	Compliance & Regulatory Changes: Increasing ESG reporting and disclosure requirements may elevate compliance cost and reputational exposure.	Short–Medium (2027–2030)	Continuous monitoring of new regulations, ESG reporting systems and regular employee training.	Stronger governance practices and improved transparency.
Governance	Corruption & Governance Breaches: Ethical misconduct or non-compliance with anti-bribery standards may erode stakeholder trust and investor confidence.	Short–Medium (2027–2030)	Zero-tolerance anti-corruption policy, whistleblowing mechanism, due diligence checks and regular governance audits.	Reinforced ethical culture and sustainable business reputation.

Sustainability Statement

(Cont'd)

STRATEGY



ECONOMIC

As a leading integrated EMS provider, VS drives economic sustainability by generating long-term stakeholder value while strengthening the broader electronics ecosystem. Through its vertically integrated model, VS delivers end-to-end manufacturing solutions that optimise resource utilisation, reduce operational costs and enhance supply chain efficiency. This model not only improves competitiveness but also supports the resilience and scalability of the regional manufacturing sector.

Operating within a global, technology-intensive industry, VS contributes to national growth by advancing industrial capabilities, creating high-skilled employment opportunities and fostering knowledge transfer across its operations. Continuous investments in research, automation and emerging technologies enable VS to broaden its service offerings, reinforcing Malaysia's position as a hub for advanced electronics manufacturing.

By serving global brand owners, VS integrates local supply chains into international markets, generating multiplier effects that benefit suppliers, partners and communities. Its strong operational base and commitment to innovation ensure that value creation extends beyond immediate stakeholders, contributing to sustainable industry development and national economic progress.

17 PARTNERSHIPS FOR THE GOALS	Rationale	Focused Target	Key Material Topics
	The economic facet of sustainability encompasses optimal asset utilisation for long-term profitability (performance) and adheres to ethical business conduct, transparency and regulatory adherence (governance). Within this pillar, VS prioritises its contribution to SDG 17 by ensuring business continuity, aligned with a commitment to staying relevant and creating value through strong business partnerships.	17.16. Enhance the Global Partnership for Sustainable Development, complemented by multi-stakeholder partnerships that mobilise and share knowledge, expertise, technology and financial resources, to support the achievement of the SDGs in all countries, particularly developing countries	<ul style="list-style-type: none"> • Sustainable Supply Chain Management • Sustainable Design & Manufacturing • Quality & Customer Satisfaction • Industry Disruption & Competition • Regulatory Changes

POWERING EFFICIENCY AND INNOVATION: VS' ERP UPGRADE FOR A SMARTER FUTURE

In the fast-paced electronics manufacturing industry, efficiency, precision and speed are critical to sustaining competitiveness. To strengthen its position as a leading EMS provider, VS has embarked on an Enterprise Resource Planning (ERP) upgrade at its Malaysian facilities. This system integrates procurement, production, logistics, quality control and finance into a single platform, enabling end-to-end visibility across the manufacturing lifecycle. The impact is transformative for operations:

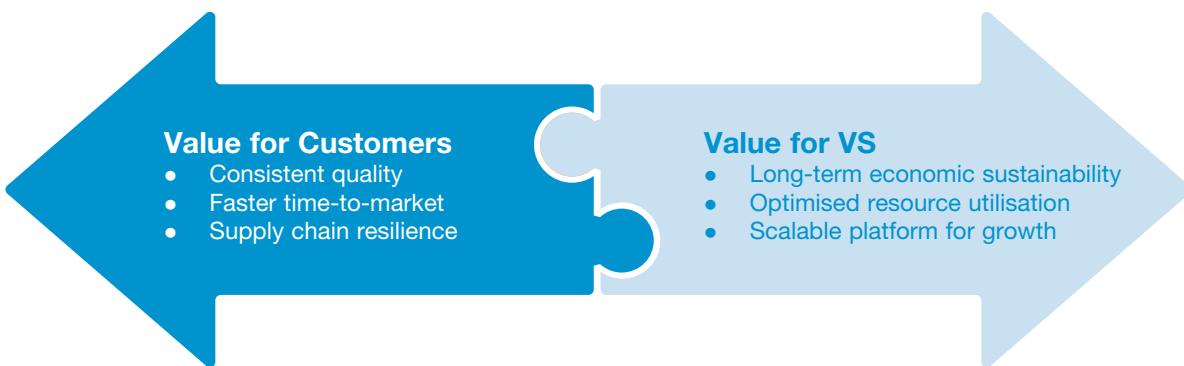
Sustainability Statement (Cont'd)

Key ERP Advantages



By streamlining workflows and reducing errors, the ERP upgrade drives cost efficiency, boosts production reliability and enhances collaboration with customers and suppliers.

Operational Improvements Deliver Shared Value, Enhance Customer Satisfaction and Drive Sustainable Growth



The ERP System Blueprint has been completed during the financial year, with Phase 1 that has gone live at the beginning of FY2026. This milestone will pave the way for a fully digitalised, vertically integrated manufacturing ecosystem, reinforcing VS's role as a trusted partner to world-renowned electronics brands while advancing Malaysia's high-value manufacturing.

Sustainability Statement

(Cont'd)

POWERING LOCAL GROWTH THROUGH JOBS AND OPPORTUNITIES

Every job created at VS helps strengthen livelihoods, sustain communities and build a more resilient local economy. As a global EMS provider, VS balances two priorities: creating meaningful opportunities for local hires while attracting specialised global talent where needed. This balance maintains competitiveness in a fast-moving, innovation-driven industry and supports stable employment across our communities.

VS upholds a strict non-discrimination policy in all hiring processes, ensuring equal opportunity and fair treatment for every candidate.

How VS Drives Local Economic Growth

Local Employment

- Creates sustainable livelihoods and supports household income stability.

Inclusive Hiring Practices

- Ensures equal opportunities and diversity through fair and transparent recruitment.

Local Supply Chain Partnerships

- Stimulates national economic activity, job creation and regional development.

Customer Benefits

- Improves supply chain efficiency and agility while supporting responsible sourcing.

Economic Contribution

- Strengthens Malaysia's industrial ecosystem and local business growth.

VS's focus on local hiring continues to expand in response to recent government measures that have increased the cost of employing foreign workers, including:

- Higher levies
- Additional taxes on healthcare services
- New social security contributions

These measures have increased the overall cost of maintaining foreign labour, reinforcing the business case for localisation.

As these dynamics evolve, VS's proactive localisation strategy is delivering tangible results.

- The proportion of local suppliers remained consistent in FY2025 (63%), reflecting the Company's continued commitment to strengthening domestic supply chains and supporting local industry participation. These efforts support Malaysia's long-term economic development and enhance VS's supply chain resilience.

Sustainability Statement (Cont'd)

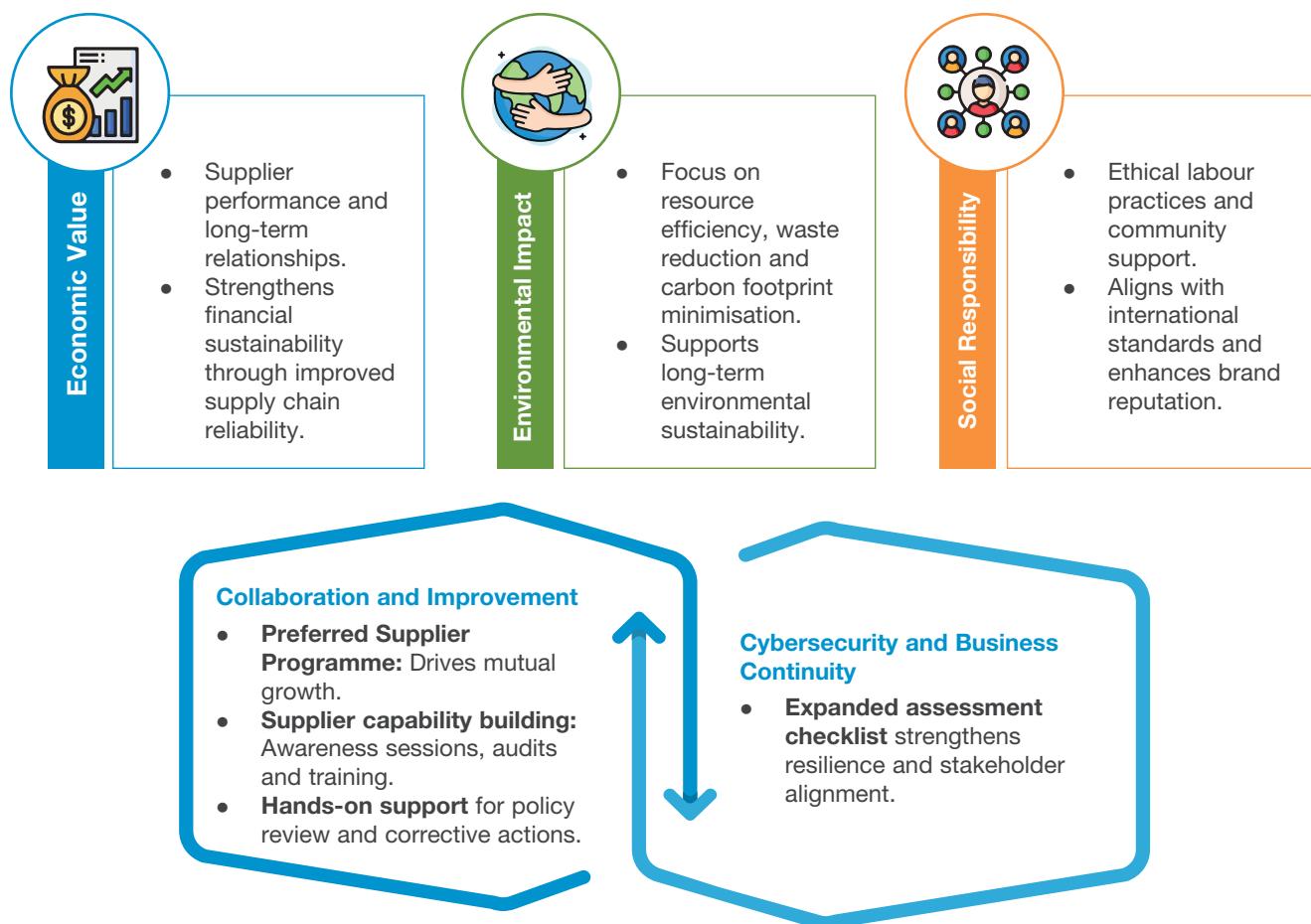
BUILDING A RESPONSIBLE AND RESILIENT SUPPLY CHAIN

VS operates within a complex supply chain—from component sourcing to product delivery—driven by strict product specifications and customer requirements. To manage this complexity, we integrate sustainability at every stage of our operations, ensuring quality, responsibility and long-term resilience remain central.

Our Sustainable Supply Chain Strategy prioritises three key outcomes:

1. Economic Value: Strengthening supplier performance, reliability and long-term partnerships.
2. Environmental Impact: Efficient resource use, waste minimisation and carbon footprint reduction.
3. Social Responsibility: Ethical labour practices and supporting local communities.

VS rigorously monitors supplier performance and works closely with partners to drive improvement. We support suppliers through the Preferred Supplier Programme, long-term partnerships and prioritising those with ESG certifications. Compliance with the Business Code of Conduct is a prerequisite for all supplier onboarding and engagement. Additionally, this year, our supply chain assessment checklist expanded to include cybersecurity and business continuity, strengthening resilience and aligning with stakeholder expectations.



VS builds long-term resilience across its supply chain by investing in supplier capability and aligning them with sustainability expectations. Following each site audit, the Company conduct ESG briefing to help them address audit findings, align with the Company's sustainability expectations and enhance their compliance with international standards and best practices, ensuring alignment with the RBA Code of Conduct and customer requirements. This proactive engagement fosters long-term partnerships and drives collective progress towards a more sustainable and resilient supply chain.

Sustainability Statement

(Cont'd)

UPHOLDING INTEGRITY IN OUR SUPPLY CHAIN

Ethical conduct and sustainable practices are non-negotiable expectations for every supplier we engage. VS anchors its commitment in global standards, including the UN Global Compact principles on human rights, labour, environment and anti-corruption. These principles, together with the VS Business Code of Conduct and Ethics, shape the way we manage supply chain relationships and set a clear benchmark for responsible business practices.

Since 2018, VS has also been a member of the RBA, the world's largest industry coalition promoting corporate social responsibility in supply chains. The RBA Code of Conduct provides additional guidance for fair labour practices, safe working conditions and environmentally sound manufacturing in the electronics sector, values we actively apply across our network.

VS ensures alignment by requiring major suppliers to review and formally adopt the Company's Code of Conduct and Anti-Corruption Policy during onboarding. Compliance is mandatory; any breach may result in termination of the contract. This rigorous approach grounds all partnerships in accountability, transparency and mutual respect.

RBA Code of Conduct

A. LABOR

- A. 1 Prohibition of Forced Labour
- A. 2 Young Workers
- A. 3 Working Hours
- A. 4 Wages and Benefits
- A. 5 Non-Discrimination/
Non-Harassment/Humane
Treatment
- A. 6 Freedom of Association and
Collective Bargaining

B. HEALTH AND SAFETY

- B. 1 Occupational Health and Safety
- B. 2 Emergency Preparedness
- B. 3 Occupational Injury and Illness
- B. 4 Industrial Hygiene
- B. 5 Physically Demanding Work
- B. 6 Machine Safeguarding
- B. 7 Sanitation, Food and Housing
- B. 8 Health and Safety Communication

E. MANAGEMENT SYSTEMS

- E. 1 Company Commitment
- E. 2 Management Accountability and Responsibility
- E. 3 Legal and Customer Requirements
- E. 4 Risk Assessment and Risk Management
- E. 5 Improvement Objectives
- E. 6 Training
- E. 7 Communication
- E. 8 Worker/Stakeholder Engagement and Access
To Remedy
- E. 9 Audits and Assessments
- E. 10 Corrective Action Process
- E. 11 Documentation and Records
- E. 12 Supplier Responsibility

- D. 1 Business Integrity
- D. 2 No Improper Advantage
- D. 3 Disclosure of information
- D. 4 Intellectual Property
- D. 5 Fair Business, Advertising and
Competition
- D. 6 Protection of Identity and
Non-Retaliation
- D. 7 Responsible Sourcing of Minerals
- D. 8 Privacy

- C. 1 Environmental Permits and
Reporting
- C. 2 Pollution Prevention and Resource
Conservation
- C. 3 Hazardous Substances
- C. 4 Solid Waste
- C. 5 Air Emissions
- C. 6 Materials Restrictions
- C. 7 Water Management
- C. 8 Energy Consumption and
Greenhouse Gas Emissions

D. ETHICS

Source: RBA Code of Conduct www.responsiblebusiness.org

C. ENVIRONMENTAL

Sustainability Statement (Cont'd)

ENVIRONMENTAL SUPPLY CHAIN

Our supply chain is an extension of our own responsibility. Quality, efficiency and strong environmental and social considerations guide our sourcing decisions. We assess suppliers on key factors such as energy use, GHG emissions, water consumption, biodiversity impacts, environmental issues, pollution prevention, waste reduction and responsible resource management.

We have embedded strong environmental policies into our supply chain operations and ensure that these expectations are consistently communicated to major suppliers through regular updates, engagement sessions and training for relevant supplier staff.

All existing and potential new suppliers undergo an ESG risk and impact assessment, combining self-assessment questionnaires with on-site inspections. This due diligence process applies to new, potential and current suppliers, allowing us to evaluate economic, environmental, social and governance risks across the chain. In FY2025, we exceeded our target of 20 site assessments, completing 27. Additionally, 59.3% of suppliers submitted self-assessment questionnaires, keeping us on track to reach 50% participation by FY2025 and full coverage by FY2030.

When gaps are identified, VS issues corrective action plans and promptly monitors progress to ensure alignment with the Code of Conduct and regulatory requirements.

Environmental Supply Chain Action and Framework

Supplier Assessment and Engagement

- ESG assessments for all suppliers: self-assessment and on-site inspections.
- 27 supplier site assessments completed in FY2025 (target 20).
- 59.3% of suppliers submitted self-assessment questionnaires, targeting 50% by FY2025.

Audits and Corrective Actions

- ESG physical inspection supplier audits assess compliance with ISO 14001 and environmental laws. No incident of non-compliance was recorded in FY2025.
- Evaluation of energy and water efficiency, pollution control and waste reduction practices.
- Corrective actions required when gaps are identified, reinforcing VS's commitment to sustainability.

Sustainability Integration

- Encouraging suppliers to monitor, record and report environmental performance as well as impact reduction.
- Risk-based assessment framework for existing and new suppliers, focusing on high-risk environmental issues.

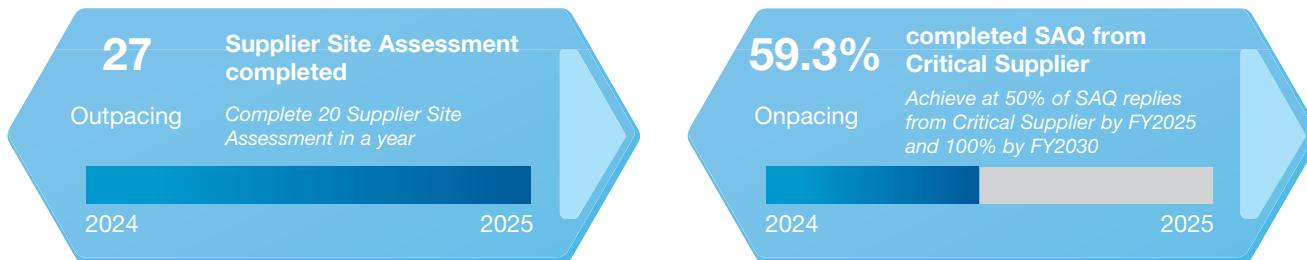
Collaboration and Industry Partnerships

- Participation in workshops and industry-specific initiatives for continuous improvement.
- MPMA membership to strengthen industry-focused environmental sustainability strategies.

Sustainability Statement

(Cont'd)

VS encourages suppliers to join us on our sustainability journey, focusing on environmental performance and impact reduction. We will extend our risk-based assessments to new suppliers and continue working with existing partners to ensure compliance, sustainability and long-term resilience across the supply chain.



SOCIAL SUPPLY CHAIN

VS Industry clearly communicates its Social Supply Chain Commitment to all suppliers, ensuring that major supply chain partners comply with social standards mandated by Malaysian Labour Law and the International Labour Organisation (ILO). Our Ethical and Environmental Code of Conduct for Suppliers outlines the following requirements:

Human and Labour Rights Framework

Fair and Ethical Employment

- **Prevention of Child Labour**
 - Suppliers must comply with Malaysian Labour Law on the minimum legal working age.
 - Suppliers must verify the age of workers through legal documentation and background checks.
- **Prevention of Forced Labour**
 - Employment must always be freely chosen.
 - No threat, coercion or confiscation of personal belongings.
 - No deposits or surrendering of identity papers.
- **Fair Wages**
 - Suppliers must meet or exceed Malaysia's minimum living wage standards.

Equal Treatment and Worker Representation

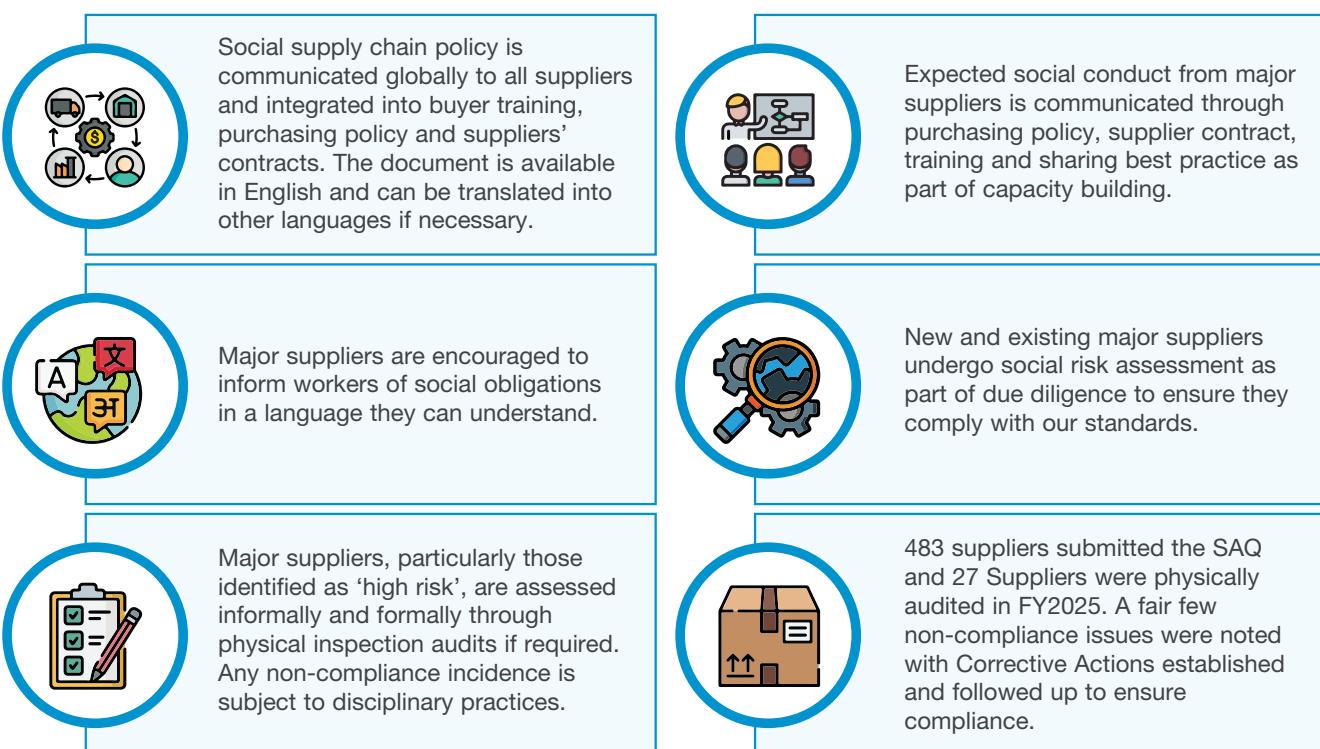
- **Equal Opportunity and Non-Discrimination**
 - No discrimination in hiring, pay, training, promotion, overtime, termination or retirement.
- **Freedom of Association**
 - Workers may join organisations of their choice in line with local laws.
- **Collective Bargaining Rights**
 - Workers have the right to union representation and dialogue with the company on employment matters.

Sustainability Statement (Cont'd)

Working Conditions

- **Working Hours and Overtime**
 - Suppliers must comply with local labour laws.
 - Eliminate excessive working hours.
 - Overtime must be voluntary and compensated at premium rates.
 - Weekly working hours are monitored for compliance with RBA and Malaysian Law.
 - Maximum of 60 working hours per week including overtime (except emergencies).
- **Health and Safety**
 - Suppliers must maintain safe and healthy workplaces.
 - Compliance with all applicable health and safety laws supported by clear policies and codes.

VS Industry's ESG on-site supplier audits place strong emphasis on social responsibility, ensuring ethical recruitment, fair wages, safe working and living conditions, and equal treatment for all workers. The audits verify compliance with the Employment Act 1955, prohibit worker-paid recruitment fees and child or forced labour and check that grievance mechanisms, non-discrimination and freedom of association are in place. Suppliers are graded and required to close any gaps through corrective actions, strengthening human rights across VS's supply chain.



VS works closely with suppliers to address key social issues in the electronics manufacturing industry. Regular engagement, such as best-practice sharing, training and mentoring, creates a platform for discussing challenges and strengthening the social supply chain. Beyond first-tier supply chain partners, VS also extends its monitoring to the second layer of the supply chain, covering suppliers' and contractors' workers, such as canteen staff and outsourced service providers, to ensure compliance with labour standards on working hours, working conditions and fair treatment.

Sustainability Statement

(Cont'd)

VS assesses suppliers' workers' accommodations as part of its ESG on-site audits to ensure compliance with legal and ethical standards. The audit covers safety, hygiene and comfort requirements, including occupancy limits, ventilation, sanitation and access to clean water and electricity. It also reviews fire safety, medical facilities, pest control and grievance mechanisms to safeguard workers' welfare. Regular inspections verify that dormitories meet the Certificate of Accommodation (COA) and other statutory requirements.

RESPONSIBLE SOURCING OF MATERIALS AND LABOUR

VS is committed to ensuring that human rights and sustainability principles extend throughout our supply chain. We require suppliers to:

- Source materials and minerals responsibly in line with environmental and social standards
- Provide safe and fair working conditions
- Respect workers' rights and freedom of choice in employment
- Comply with local, national and international regulations, including conflict minerals regulations, REACH and RoHS

We monitor compliance regularly and submit annual declarations on conflict minerals to maintain accountability and transparency.

CONFLICT MINERALS

As a member of the RBA, VS adopts industry-leading practices to eliminate conflict minerals from its supply chain. In response to growing expectations from key customers for responsible mineral sourcing, we have strengthened our due diligence and set stricter requirements for suppliers.

Our due diligence process, aligned with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (CAHRAs), includes:

- Monitoring mineral sources and supply chain custody through supplier declarations and traceability mechanisms
- Engaging suppliers to strengthen responsible sourcing practices and encourage compliance with recognised international standards
- Supporting credible industry certification programmes such as the Responsible Minerals Assurance Process (RMAP)

To promote transparency and consistency, VS requires every supplier to submit the Conflict Minerals Reporting Template (CMRT) developed by the Responsible Minerals Initiative (RMI). The CMRT allows suppliers to disclose the country of origin of minerals and identify smelters and refiners in their supply chains.

VS continues to set clear expectations that all minerals must be sourced responsibly and works closely with suppliers and RBA partners to raise industry-wide standards and strengthen supply chain traceability.

MONITORING SUPPLIER PERFORMANCE

VS conducts thorough evaluations of all major suppliers, contractors and subcontractors to verify compliance with local regulations, industry standards and customer requirements. With growing expectations from key customers for responsible sourcing and ethical business practices, VS has strengthened its oversight processes to ensure full compliance with the RBA Code of Conduct and customer-specific requirements.

Sustainability Statement (Cont'd)

Each supplier, contractor and subcontractor completes a Self-Assessment Questionnaire before on-site audits. Comprehensive evaluations follow these assessments, covering:

- Quality Management Systems
- Document Control and Process Control
- Receiving and Inspection
- Material Handling and Traceability
- Non-Conforming Material Management
- Corrective and Preventive Actions
- Procurement Systems and Statistical Process Control (SPC)
- Change Control and Measurement Analysis
- 6S Workplace Organisation

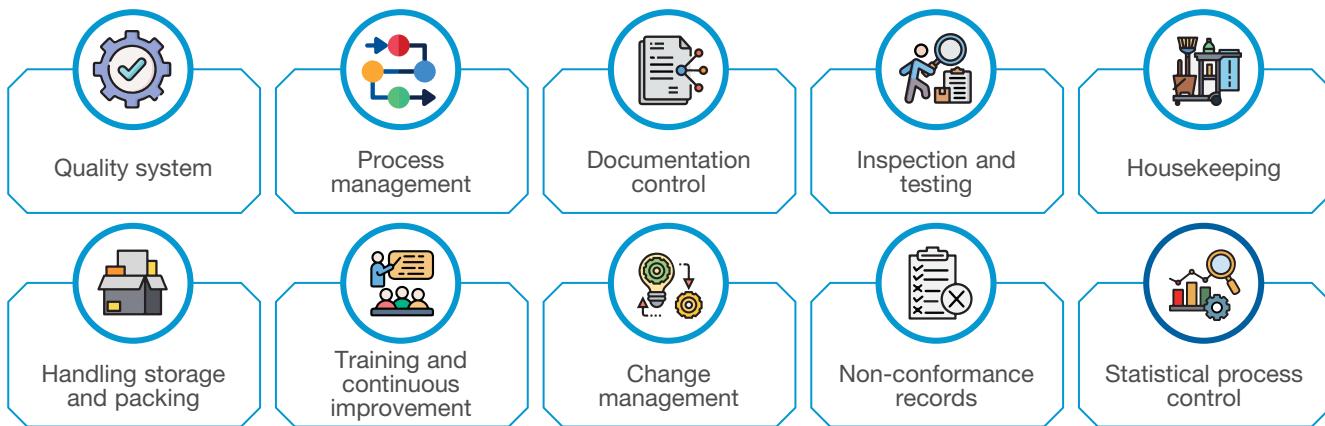
Supplier Performance Oversight Cycle



In FY2025, VS monitored and audited 100% of key suppliers, contractors and subcontractors across all critical areas. No non-compliance incidents were identified, reflecting the effectiveness of VS's supplier oversight framework and its commitment to maintaining high operational and ethical standards.

VS also supports suppliers in strengthening sustainability performance through training and guidance on risk management. A supplier evaluation matrix assesses performance across multiple dimensions, ensuring alignment with VS's sustainability objectives and promoting continuous improvement throughout the supply chain.

Key Business Performance Areas Audited



Process compliance audits further ensure suppliers adopt best practices in line with industry regulations. Of the 342 suppliers evaluated during QC audits in FY2025, 97% met the required compliance standards.

Sustainability Statement

(Cont'd)

ETHICS STRATEGY

VS's integrated approach to ethics spans employee training, anti-corruption enforcement, supply chain due diligence and ongoing audits. This approach prepares the Company to address emerging risks while capturing opportunities in a rapidly evolving regulatory and stakeholder environment, positioning VS as a trusted and responsible partner in the global electronics manufacturing industry, enabling sustainable growth and value creation for all stakeholders.

In FY2025, VS developed and circulated Anti - Corruption Awareness Refresher video to all employees. This video serves as a continuous reminder of the Company's ethical standards and expectations, allowing employees to review the content at any time to reinforce awareness and uphold integrity across daily operations.

Ethics Strategy Framework

Employee Training	<ul style="list-style-type: none"> • Regular communication of comprehensive anti-corruption policies to all employees including elements of bribery • Ethics Awareness Refresher video for all employees and business partners • Comprehensive training on VS anti-corruption policies including elements of corruption and bribery • Continuous reminder of ethical standards and expectations
Anti-Corruption Enforcement	<ul style="list-style-type: none"> • Measures and systems in place to ensure anti-corruption practices are upheld. • Due diligence of new business partners covering comprehensive elements of anti-corruption and bribery • Comprehensive corruption risk assessment including bribery on all intermediaries including contractors, especially in operations that are assessed to be "high risk"
Supply Chain Due Diligence	<ul style="list-style-type: none"> • Ensuring suppliers align with ethical standards
Ongoing Audits	<ul style="list-style-type: none"> • Regular audits to ensure compliance and identify potential gaps

VS WHISTLEBLOWING POLICY

VS has established a 24/7 independent reporting channel, providing a safe and confidential platform for employees, suppliers, customers and other third parties to report anti-corruption concerns comprehensively. This whistleblowing policy is communicated to all employees and made available in multiple local languages to ensure inclusivity. We strictly enforce a non-retaliation policy to protect individuals who report issues in good faith.

Concerns can be reported through the Whistleblowing channel or directly to the Chairman of the Audit Committee via email or in writing. The Whistleblowing Unit compiles a summary report, ensuring the whistle-blower's anonymity and presents it to the Audit Committee Chairman. Senior officers trained in handling reports of bullying, harassment, corruption, bribery, financial misconduct and other offences will manage and address the concerns raised.

Sustainability Statement (Cont'd)



ENVIRONMENTAL

As a leading Electronic Manufacturing Services (EMS) provider, VS recognises its responsibility to minimise environmental impacts while supporting global efforts towards a low-carbon future. The nature of electronics manufacturing demands significant energy, materials and resource use, making environmental stewardship a core priority in our operations and supply chain.

Our approach focuses on efficient resource management, pollution prevention and continuous adoption of sustainable technologies to reduce greenhouse gas emissions, conserve water and minimise waste. We work closely with suppliers, customers and partners to embed sustainability principles throughout the value chain, ensuring that every stage—from product design to manufacturing and delivery—reflects our commitment to environmental responsibility.

VS ENVIRONMENTAL POLICY

Nurture our desire to make V.S. Industry Berhad a world-class, environmentally responsible business partner.

Adhere to the applicable environmental, legal and other requirements.

Train and communicate with our employees on the environmental policy and the requirements of the Environmental Management System.

Utilise our affordable resources in the prevention of pollution.

Review our environmental objectives and targets strategically for continual improvement.

Ensure that our environmental policy is made available to the public at all times.

	Rationale	Focused Targets	Key Material Topics
12 RESPONSIBLE CONSUMPTION AND PRODUCTION  13 CLIMATE ACTION 	<p>Responsible consumption and production and Climate Action are pertinent to electronic manufacturing, fostering eco-friendly production, efficient resource use and reduced carbon footprint, aligning with sustainability goals.</p> <p>Reducing negative impacts on SDG12 and SDG13 involves enhancing operational and process efficiencies, minimising waste and adopting sustainable supply chain practices to mitigate environmental impact and lower costs throughout the value chain.</p>	<p>12.5: By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse</p> <p>13.1: Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries</p> <p>13.2: Integrate climate change measures into national policies, strategies and planning</p> <p>13.3: Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning</p>	<ul style="list-style-type: none"> • Energy and Climate Change • Pollution Control • Waste Management • Water Management

Sustainability Statement

(Cont'd)

ENERGY MANAGEMENT

Energy efficiency is a core focus at VS, where operational optimisation, adoption of energy-saving technologies, efficiency improvement and exploration of alternative energy sources drive performance improvements. In line with long-term decarbonisation goals, VS integrates renewable energy where feasible while ensuring that all plant equipment operates safely and reliably, in full compliance with environmental regulations.

To maintain transparency and accountability, VS submits a biannual Energy Compliance Report to the Malaysian Government under the Malaysian Energy Management Regulation. This report details energy usage, regulatory compliance and the efficiency measures implemented across facilities, reinforcing our commitment to responsible energy stewardship.

Through continuous monitoring, process optimisation and targeted conservation initiatives, VS strengthens both operational efficiency and environmental performance, positioning the Group as a responsible and sustainable partner in the global electronics manufacturing value chain.

Energy Conservation Practices Implemented at VS

Optimised Air Conditioning:	<ul style="list-style-type: none"> Maintain room temperatures between 24-26°C
Efficient Lighting:	<ul style="list-style-type: none"> Use energy-saving light bulbs, especially LEDs, and switch off unnecessary lights
Equipment Shutdown:	<ul style="list-style-type: none"> Power down unused devices such as computers, laptops, fans and photocopy machines
Awareness Programmes:	<ul style="list-style-type: none"> Conduct regular briefings for workers to enhance energy-saving awareness and place "Switch Off" and "3R" notices to encourage users to turn off lights and appliances when not in use
Automated Control Systems:	<ul style="list-style-type: none"> Use auto timers for air conditioners in the canteen and production areas
Sensor-Based Lighting:	<ul style="list-style-type: none"> Install motion sensor lighting in corridors and toilets to reduce wasted energy
Solar-Powered Outdoor Lighting:	<ul style="list-style-type: none"> Install solar LED lights for outdoor spaces to harness renewable energy
Solar Panels Installation:	<ul style="list-style-type: none"> Ongoing installation of rooftop solar panels to generate renewable energy

17.3% improved energy efficiency

Outpacing

Target to improve energy efficiency by 10% by FY2025, 20% by FY2030 and 30% by FY2040, indexed to Sales

2021

2025

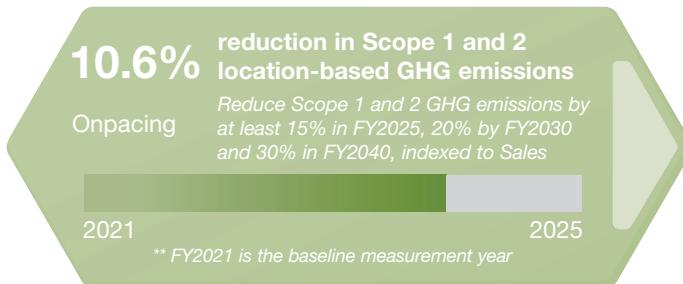
40.7% increased Renewable Energy Consumption

Onpacing

Increased in Renewable Energy Consumption by 5% in FY2025, 10% in FY2030 and 20% in FY2040

2021

2025



Scaling Up Renewable Energy

VS is progressively expanding renewable energy across its operations, with solar power as a central focus. To date, the Group has invested RM30 million in renewable initiatives, installing 7,716.24 kWp of solar capacity across 5 facilities. These efforts strengthen VS's clean energy infrastructure and advance its commitment to green manufacturing, while simultaneously reducing climate impact, lowering long-term operating costs and enhancing energy resilience.

CLIMATE CHANGE MANAGEMENT

VS recognises the issues posed by climate change and is committed to reducing its impact while improving efficiency. The Company acknowledges that climate change presents risks to its operations, supply chain and communities, but also offers opportunities for innovation and competitiveness.

VS also remains committed to aligning its disclosures and practices with the Task Force on Climate-related Financial Disclosures (TCFD) framework. Work has commenced on tracking Scope 1 and 2 greenhouse gas emissions, with plans to expand coverage across the value chain, establish climate targets and enhance reporting transparency. This section outlines the Company's governance, strategy, risk management and metrics in accordance with the TCFD framework and provides an initial assessment of climate risks and opportunities. As data quality and systems improve, VS will continue refining its approach to strengthen long-term resilience and stakeholder confidence.

CLIMATE GOVERNANCE

Climate change presents a growing risk to societies, economies and businesses globally. At VS, we recognise the urgency of addressing climate-related risks and opportunities and have established a structured climate response strategy, guided by our Climate Change Policy introduced in June 2022. This policy outlines our approach to embedding climate considerations into business decision-making and long-term value creation.

BOARD OVERSIGHT

The Board of Directors is accountable for climate-related matters and ensures alignment with strategic objectives.

- The Board Charter and Sustainability Policy articulate the Board's oversight of sustainability and climate risks.
 - Specific responsibilities for managing climate-related risks have not yet been formally defined.
 - All Board members have completed Part II of the Mandatory Accreditation Programme (MAP) ahead of the 1 August 2025 deadline.
 - Sustainability training has also been extended to Business Unit management teams to build internal capacity.

Sustainability Statement

(Cont'd)

OPERATIONAL LEADERSHIP

The Operations Director, Mr. Ng Yong Kang, leads the integration of climate considerations into:

- Capital allocation
- Strategic planning
- Research and development (R&D)

The Board receives regular updates on progress, supported by financial metrics and return on investment (ROI) analysis.

GOVERNANCE AND OVERSIGHT FRAMEWORK

VS integrates climate-related risks within its broader governance and risk management framework. Oversight is provided by:

- Risk Management and Compliance Committee (RMCC)
- Audit Committee (AC)
- Sustainability Executive Committee (SEC)

The RMCC reviews climate issues quarterly and escalates key matters to the Board through reports by the RMCC Chairman.

SUPPORTING GOVERNANCE FUNCTIONS

The Sustainability Management Team, led by the Risk and Compliance function, supports these governing bodies in developing and implementing the Group's sustainability and risk management framework, including oversight of climate-related issues.

Several governance measures strengthen this framework:

- A quarterly Regulatory Watchlist tracks developments in climate-related regulations and standards, enabling timely compliance.
- The Group reviews key internal policies every two years or as required to remain aligned with regulatory expectations, covering finance, compliance, sustainability, human resources and IT.

SYSTEMS AND ACCOUNTABILITY

With the implementation of the ERP system, the process of data collection is expected to gradually become more efficient and reliable. Through progressive system integration, the ERP will enable centralized and digital data capture, improve consistency and traceability and enhance the overall efficiency of monitoring and reporting. Over time, this will support more accurate and timely sustainability disclosures and strengthen the group's data governance framework. The Group ensures credibility and transparency by independently verifying ESG data to meet the requirements of frameworks such as those of Bursa Malaysia and the ISSB.

To promote ongoing awareness of climate-related risks and regulatory developments, VS conducts regular training sessions for employees, Board members and suppliers.

The Group also establishes internal metrics to monitor progress, although it has not yet incorporated these into executive remuneration frameworks.

Sustainability Statement (Cont'd)

Climate Governance Framework

Governance and Accountability

- Board of Directors: Overall accountability for climate-related matters.
- Board Charter and Sustainability Policy: Guide climate-related risk oversight.
- MAP Part II Completion: Strengthening governance capability.

Operational Responsibility

- Operations Director (Mr. Ng Yong Kang): Leads integration of climate considerations into capital allocation, strategic planning and R&D.
- Regular Updates to the Board: Monitored through financial metrics and ROI analysis.

Oversight and Review

- RMCC, SEC and Audit Committee: Provide oversight of climate-related matters.
- Quarterly Reviews: By RMCC, with key matters escalated to the Board.

Governance Measures and Compliance

- Regulatory Watchlist: Tracks climate-related regulations and standards.
- Policy Reviews: Every two years, or as required, across key functions (finance, HR, IT, etc.).

Data and Reporting

- ERP System: Gradually improves data accuracy and streamlines disclosures and reporting.
- ESG Data Assurance: Meets Bursa Malaysia and ISSB requirements.
- Training: Regular sessions for employees, Board members and suppliers to raise awareness.

CLIMATE-RELATED RISKS

VS has integrated climate-related risks into its company-wide risk scorecard, which guides strategic decisions, operational planning and investment priorities. Both physical and transition risks are routinely assessed as part of this process. VS conducts specific climate-related risk evaluations alongside environmental, health and safety (EHS) reviews, supported by established frameworks that manage elevated risks and advance the Company's decarbonisation journey towards net zero.

VS recognises the critical importance of managing climate-related risks to ensure long-term resilience and sustainability. In alignment with the IFRS S2 standards, these risks are classified into two key categories:

- Physical Risks
- Transition Risks

Each category can influence operational continuity, financial performance and strategic direction.

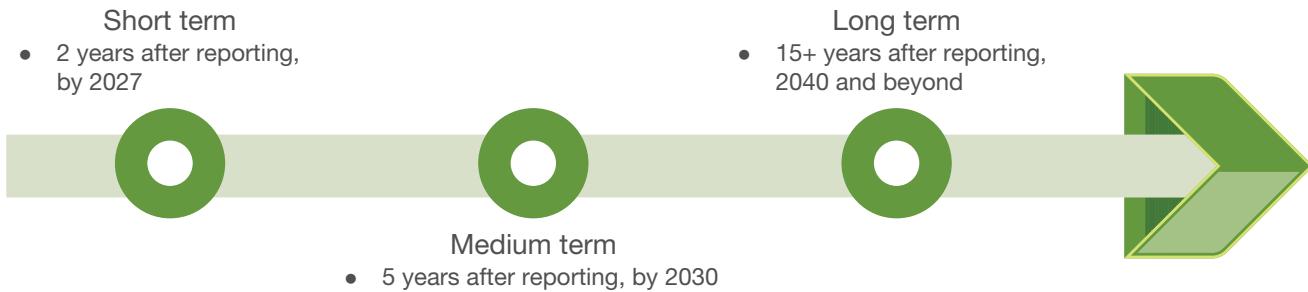
Sustainability Statement

(Cont'd)

Physical Risks	These arise from the direct consequences of climate change, such as:	Extreme weather events (e.g., flooding, heatwaves). Water scarcity. These risks can disrupt operations and supply chains .
Transition Risks	These emerge as we shift towards a low-carbon economy, including:	Regulatory changes (e.g., carbon taxes, emission reduction targets). Shifts in market demand. Integration of new technologies.

TIME HORIZON FRAMEWORK FOR RISK ASSESSMENT

To support effective climate risk management and scenario analysis, we apply the following time horizon framework:



These time frames guide our assessment of potential climate impacts and ensure alignment between our risk management activities, strategic planning cycles and decarbonisation targets.

CLIMATE RISK ASSESSMENT PROCESS

The Group has conducted a comprehensive climate risk assessment covering:

- Main manufacturing and office facilities.
- Selected suppliers.

The assessment examined:

- Physical risks:
 - Extreme heat and flooding.
- Transition risks:
 - Regulatory changes and energy cost volatility.

These findings provided valuable insights into areas of elevated exposure and informed the Group's climate risk management approach.

Sustainability Statement (Cont'd)

INTEGRATION INTO ENTERPRISE RISK MANAGEMENT (ERM)

Climate-related risks have been integrated into the Enterprise Risk Management (ERM) framework to ensure they are systematically identified, assessed and managed alongside other strategic, operational and financial risks. This integration supports a structured, forward-looking approach to managing both physical and transition risks, in alignment with the ISSB S1 and S2 standards.

ASSESSMENT PROCESS AND MITIGATION STRATEGIES

The Group's assessment process draws on:

- Regulatory monitoring (e.g., carbon pricing scenarios such as RM50 and RM100 per tonne)
- Policy developments
- Industry benchmarks

Internal financial modelling evaluates potential business impacts, including operating and capital expenditure projections. Based on these insights, VS applies a combination of:

- Mitigation strategies
- Transfer strategies
- Control measures
- Acceptance strategies

The strategies depend on the likelihood and severity of each risk.

Mitigation	<ul style="list-style-type: none"> • Renewable energy projects, energy-efficiency initiatives, phased CAPEX for low-carbon technologies, and policy engagement.
Transfer	<ul style="list-style-type: none"> • Insurance coverage for acute physical risks and contractual risk-sharing in supply chains.
Control	<ul style="list-style-type: none"> • Quarterly monitoring of regulatory changes, establishment of governance committees and embedding risk controls within internal policies.
Acceptance	<ul style="list-style-type: none"> • Applied where risks are immaterial or mitigation costs are not proportionate.

Sustainability Statement

(Cont'd)

Risk	Risk Description	Impact	Likelihood	Time Horizon	Mitigation Actions
Physical Risks					
Floods & Extreme Weather	Climate change is increasing the frequency and severity of extreme weather events (e.g., floods, storms). These events pose a direct threat to operations, assets, workforce safety and supply chain continuity.	<ul style="list-style-type: none"> Facility shutdowns, logistics delays and raw material shortages due to disrupted supply chains. Employee safety risks during extreme weather events. 	Moderate likelihood, but significant due to exposure in high-risk regions.	Medium-Long Term (2030–2040)	<ul style="list-style-type: none"> Investment in climate-resilient infrastructure (flood barriers, drainage). Business Continuity Plan (BCP) in place. Scenario planning for floods and extreme weather.
Water Scarcity	Increased water scarcity due to climate change, urbanisation and industrial competition. This affects manufacturing operations that rely heavily on water.	<ul style="list-style-type: none"> Disruption in production processes, higher operational costs from increased water tariffs, or water rationing. 	Moderate likelihood with medium to long-term impact, especially with higher tariffs or occasional shortages.	Medium-Long Term (2030–2040)	<ul style="list-style-type: none"> Investment in water recycling, rainwater harvesting and treatment technologies. Setting water usage efficiency targets.
Transition Risks					
Carbon Pricing & Emissions Regulations	Increasing carbon pricing mechanisms, such as carbon tax, emissions trading scheme and border carbon adjustment mechanism pressuring emission reductions.	<ul style="list-style-type: none"> Higher operating costs due to carbon pricing mechanisms. Tariffs on carbon emissions in exports (CBAM) starting in 2026 may affect competitiveness. 	Likely in the short to medium term, as regulations evolve.	Short – Medium Term (2027–2030)	<ul style="list-style-type: none"> Adoption of energy-efficient technologies, transition to renewable energy sources. Reduction of emissions intensity target: -10% by 2030, -15% by 2040.
Low-Carbon Technology Transition	Adoption of new low-carbon technologies requiring significant capital expenditure and operational adjustments.	<ul style="list-style-type: none"> Upfront costs could strain finances. Operational expenditures may increase until efficiency savings are realised. Risk of asset impairment for obsolete technologies. 	Likely to occur periodically as technologies are adopted to meet regulatory/customer demands.	Short - Medium Term (2027-2030)	<ul style="list-style-type: none"> Phased investment in low-carbon technologies. Priority on projects with short payback periods. Exploring green financing options like sustainability-linked loans.

Sustainability Statement

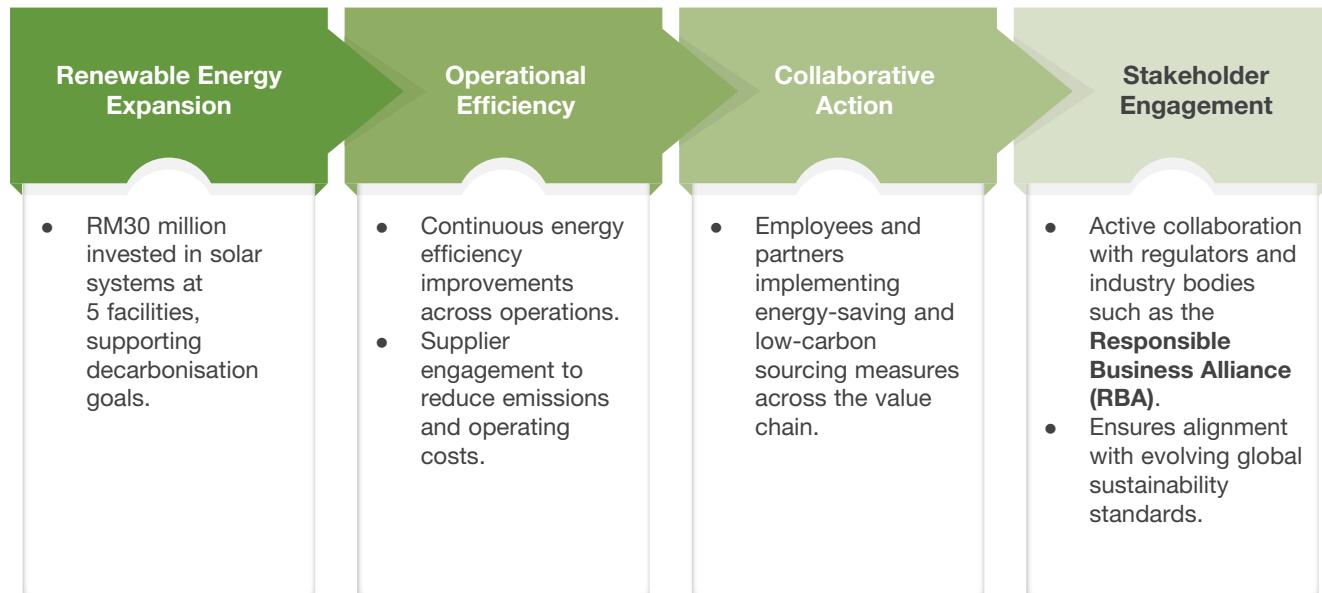
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Risk	Risk Description	Impact	Likelihood	Time Horizon	Mitigation Actions
Transition Risks (Cont'd)					
Market and customer preference shift	Changing preferences towards low-carbon and sustainable products and services.	<ul style="list-style-type: none"> Potential loss of market share if unable to meet environmental, social and governance criteria. 	Moderate to high likelihood due to growing ESG focus.	Short-Medium Term (2027–2030)	<ul style="list-style-type: none"> Innovate product offerings and enhance ESG disclosure and engagement.
Reputation and litigation risks	Rising risk of reputational damage and legal action related to climate change disclosure compliance or impact.	<ul style="list-style-type: none"> Financial penalties, legal costs and damage to brand reputation. 	Emerging risk with increasing regulatory scrutiny and stakeholder awareness.	Short-Medium Term (2027–2030)	<ul style="list-style-type: none"> Strengthen ESG governance, improve transparency and engage stakeholders proactively.

CLIMATE-RELATED OPPORTUNITIES

While climate-related risks present operational and financial challenges, they also offer significant opportunities for business growth, operational resilience and long-term market differentiation. These opportunities arise particularly in areas such as renewable energy adoption, energy efficiency improvements and innovation in low-carbon technologies. We have embedded climate-related opportunities into our business strategy through the following actions:

Embedding Opportunities in Our Business Strategy



Sustainability Statement

(Cont'd)

Results and Business Impact

Efficiency Gains

- Lower long-term operational costs through clean energy and process optimisation.

Market Differentiation

- Strong ESG performance positions VS as a preferred supplier to sustainability-driven customers.

Reputation and Resilience

- Proactive climate action enhances trust with customers, investors and regulators.

MOVING FORWARD: OUR LONG-TERM STRATEGY

VS is committed to advancing climate resilience and decarbonisation across its value chain. Our Responsible Business Alliance (RBA) membership:

- Provides a platform for engaging in global climate discussions
- Ensures that we remain informed about emerging risks, opportunities and regulatory developments in the electronics sector
- Allows us to contribute to shaping public policy and regulation

VS ensures alignment between its Climate Change Policy and the positions taken by the RBA and other climate change associations of which it is a member. We respond appropriately when trade associations' positions contradict the Company's. In such instances, we act promptly to resolve conflicts and ensure consistency with our policy commitments.

We monitor, measure and disclose climate-related data in alignment with IFRS S2 requirements. Current practices include:

- Tracking and reporting Scope 1 and Scope 2 GHG emissions.
- Monitoring energy consumption, water usage and waste generation through a centralised system.
- Implementing a phased solar panel installation strategy to increase renewable energy adoption.
- Setting emissions reduction targets through our Climate Change Policy, focusing on operational efficiency and the adoption of green technologies and fuel efficiency measures.

Long-Term Climate Adaptation Strategies

Decarbonisation

- Working towards renewable energy adoption and low-carbon manufacturing practices.
- Aiming to meet net-zero goals by 2030–2050.

Restructuring Supply Chains

- Sourcing materials from sustainable suppliers.
- Localising supply chains to mitigate climate-related transport risks.

Circular Economy

- Moving towards waste reduction, recycling and product take-back programmes.
- Ensuring alignment with ESG standards and regulatory requirements.

Sustainability Statement (Cont'd)

SCENARIO ANALYSIS

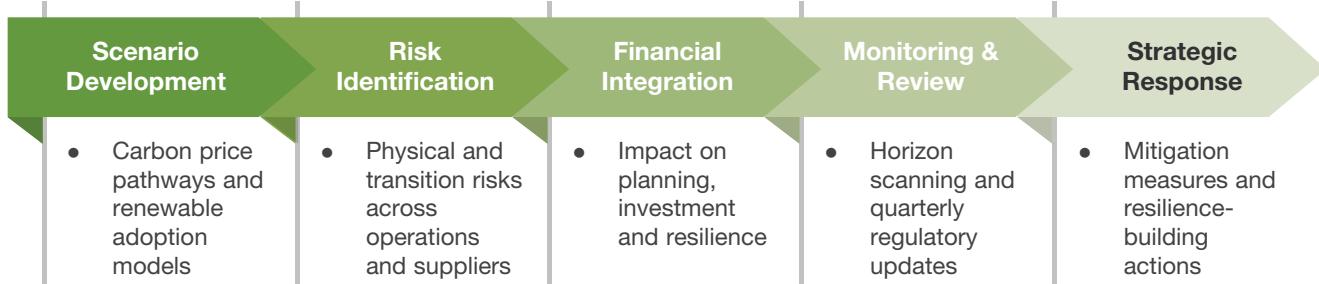
VS conducted its climate-related scenario analysis in accordance with IFRS S2 requirements on strategy and resilience. The analysis incorporates both transition and physical-risk perspectives. These assessments modelled IPCC AR6 data under SSP 2-4.5 and SSP 5-8.5 scenarios, drawing on datasets from the World Bank Climate Change Knowledge Portal, WRI Aqueduct Floods, ThinkHazard, NASA Landslide Viewer and NOAA Hurricane Database. Projection outputs represent the 50th percentile (median) of multi-model ensembles and will be refreshed biennially to reflect updated CMIP data.

Scenario analysis, incorporating varying carbon price assumptions and renewable energy adoption pathways, informs VS's financial planning, capital allocation and long-term resilience strategies. Emerging risks are tracked through horizon scanning and quarterly regulatory reviews, ensuring that mitigation measures remain adaptive and forward-looking. This analysis serves as a critical tool for strategic planning, enterprise risk management and the long-term resilience of VS's operations and value chain.

In FY2025, VS completed its first climate change risk assessment, covering core manufacturing and office facilities, as well as key suppliers across China, Malaysia and Singapore. The exercise marked an essential step in understanding how physical and transition risks could affect operational continuity, supply resilience and overall business sustainability.

The assessment found that in the near term, transition risks such as evolving regulations, changing customer expectations and energy cost fluctuations are likely to intensify. Over the medium to long term, physical risks, including flooding, extreme heat and rising sea levels, may pose material challenges to operations and supply chains, particularly in areas vulnerable to more severe climate conditions. These findings underscore the importance of embedding climate considerations into strategic decision-making and advancing proactive measures to build long-term resilience.

Scenario Analysis Framework



CLIMATE MODELLING APPROACH

VS developed its climate projections using a GHG-emission pathways model, modelled under scenarios consistent with the Intergovernmental Panel on Climate Change (IPCC). Actual emissions depend on multiple factors, including global climate action, demographic shifts, social trends, geopolitics and technological progress.

For this assessment, VS applied the IPCC's Shared Socioeconomic Pathways (SSP) 2-4.5 and SSP 5-8.5 to evaluate climate-related risks and opportunities across two time horizons: 2030 (short-term) and 2050 (medium-term). The analysis covered five key physical hazards: extreme heat, flooding (riverine and coastal), landslides, tropical cyclones and sea level rise. The study assessed their directional impacts on both transition and physical risk factors.

In line with the ESC findings, the following climate-related hazards are most relevant to VS's operations and supply chain:

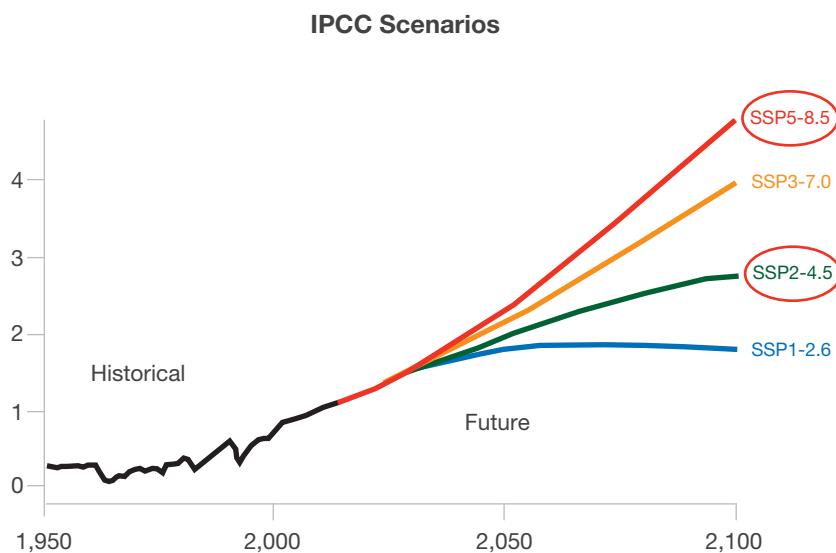
- Extreme heat: Expected to rise from low to medium risk by 2030 and to high risk by 2050 in Johor and Selangor, with "extreme" heat days projected for China supplier locations.
- Flooding: Moderate to high risk at Malaysia and China sites by 2050 under RCP 8.5; low risk in Singapore.
- Sea-level rise: Up to about 34 cm by 2050 under RCP 8.5; may intensify coastal and drainage risks in Johor and China port areas.
- Landslides: Low likelihood at all VS facilities; medium at Ningbo, China supplier locations.
- Cyclones: Low in Malaysia and Singapore but high in China, where suppliers operate within historical cyclone paths.

Sustainability Statement

(Cont'd)

The assessment drew on publicly available datasets and projections from reputable sources, including the World Bank Climate Change Knowledge Portal (CCKP), the World Resources Institute (WRI) Aqueduct Tools, ThinkHazard, NASA Landslide Viewer and NOAA. Climate data from the CCKP, based on the IPCC's Sixth Assessment Report and the Coupled Model Intercomparison Project (CMIP), informed country- and subnational-level projections of current and future climate conditions.

CLIMATE SCENARIOS



VS selected two scenario pathways to evaluate how climate change could evolve and affect its operations. These scenarios enabled the company to explore a range of possible futures, from moderate to severe climate trajectories.

- SSP2-4.5: Middle-of-the-road scenario: CO₂ emissions remain close to current levels before declining by mid-century. Socio-economic factors continue along historical trends with slow progress towards sustainability and uneven development. Global temperatures are projected to rise by 2.7°C by 2100.
- SSP5-8.5: Fossil fuel-driven development scenario: Often described as the “worst case”, this pathway assumes CO₂ emissions double by 2050. Economic growth accelerates but is powered by fossil fuels and energy-intensive lifestyles, leading to a temperature increase of about 4.4°C by 2100.

Where projection data from CMIP6 models were unavailable, CMIP5 projections were used instead. Two Representative Concentration Pathways (RCPs) were assessed:

- RCP 4.5: Moderate scenario: Emissions peak around 2040 before declining.
- RCP 8.5: High-emissions scenario: Emissions continue to increase throughout the twenty-first century.

RESILIENCE OF STRATEGY

Incorporating the CRA and scenario-modelling results, VS has mapped both transition and physical risk channels to their financial implications across short-, medium- and long-term horizons (2030, 2050 and beyond). This meets IFRS S2 §15-21 on strategy and resilience. Aligned with TCFD recommendations, VS plans to incorporate a 2°C or lower scenario in future analyses to assess its exposure under a more stringent global decarbonisation pathway. This addition will allow a deeper evaluation of how accelerated policy changes, carbon pricing and shifting market expectations could influence the Group's long-term resilience and strategic planning.

Sustainability Statement (Cont'd)

Where practicable, VS quantifies potential financial effects as ranges:

1. Transition-cost sensitivity to carbon prices (RM x-y million per annum at RM A-B per tCO₂e)
2. Physical-risk costs (RM p-q million for drainage upgrades, RM r-s per day of flood-related downtime).

These analyses inform capital planning and insurance strategies. Resilience measures include drainage upgrades, renewable-energy procurement, supplier diversification and business-continuity protocols. The results are progressively integrated into the Group's enterprise risk management processes, supporting alignment with IFRS S2 climate-related disclosure requirements and FTSE criteria on climate-risk assessment and supply-chain engagement.

VS has completed an initial assessment of climate-related financial impacts to understand how identified risks and opportunities shape financial planning and capital allocation. For instance, the company has quantified the electricity cost and carbon savings from its solar photovoltaic (PV) installation, demonstrating how targeted investments can:

- Improve operational efficiency
- Reduce emissions
- Lower exposure to grid volatility and energy security risks

VS will continue integrating such analyses into investment decisions and strategic planning, ensuring that climate considerations remain embedded in business resilience and long-term value creation.

FINANCIAL IMPLICATIONS

We recognise both short- and long-term risks posed by climate change, including potential impacts on business strategy, OPEX, CAPEX and asset performance. Changes in climate conditions can reduce equipment efficiency, necessitating additional investments in upgrades, repairs and adaptation measures.

We integrated the financial impact of climate-related risks into our financial planning. Some key financial implications include:

- **Increased Operating Costs:** Compliance with carbon-pricing regulations and rising energy costs may significantly erode operating margins.
- **Capital Expenditures:** The adoption of low-carbon technologies and climate-resilient infrastructure will require substantial investment in the short- to medium-term.
- **Revenue and Cash Flow Risks:** Disruptions in supply chains, reduced production capacity due to water scarcity and the potential loss of contracts due to weak ESG performance may impact revenues and cash flow in the long run.

GHG METRICS: TARGET TRACKING AND REPORTING

SCOPE 1

VS calculates its direct emissions from fuel consumption across machinery, generators and company-owned vehicles. Emissions from diesel and petrol were derived using the Greenhouse Gas Protocol's Stationary Combustion Emission Factors, ensuring consistency with internationally recognised methodologies.

VS also improved its Scope 1 accounting in FY2025 by including fugitive emissions from fire extinguishers and cooling systems. The Group now collects, records and monitors detailed data on refrigerant types, charge sizes, top-up volumes and extinguishing agent refills. These improved controls strengthen data completeness, reinforce reporting accuracy and demonstrate VS's commitment to continuous improvement.

SCOPE 2

VS calculates its indirect emissions from electricity consumption using the grid emission factor published by the Energy Commission for Peninsular Malaysia (2022 dataset). This methodology provides a reliable reflection of the carbon intensity associated with VS's purchased electricity.

Sustainability Statement

(Cont'd)

ENHANCED SCOPE 3 COVERAGE AND GHG METRICS

VS remains committed to strengthening its value-chain emissions reporting and improving the accuracy and completeness of its greenhouse gas inventory. In FY2025, the Group expanded its Scope 3 boundary to include the following categories:

- 1: Purchased Goods and Services
- 2: Capital Goods
- 3. Fuel- and Energy-Related Activities
- 4: Upstream Transportation and Distribution
- 5. Waste Generated in Operations
- 7: Employee Commuting
- 8: Upstream Leased Assets
- 13: Downstream Leased Assets

These categories represent the most material parts of VS's value chain and reflect the Group's steady progress towards complete alignment with the GHG Protocol, IFRS S2 and TCFD expectations. VS calculates these emissions using DEFRA 2025 conversion factors and EXIOBASE emission factors, selecting the most appropriate factors by activity, region and fuel type. Where activity data is available, VS applies it directly to improve accuracy and ensure methodological consistency.

VS continues to strengthen its monitoring of climate-related performance through systematic tracking of key environmental metrics. The recent climate-risk assessment highlighted the need to improve data quality and coverage across the supply chain, and the expanded Scope 3 disclosure directly addresses this recommendation. For business air travel, calculations consider the number of employees per journey and flight distance, differentiated into domestic, short-haul and long-haul categories, using USEPA business-travel emission factors. A significant portion of these emissions relates to the recruitment and repatriation of foreign workers.

VS applies the operational control consolidation approach, accounting for 100% of emissions where it has authority over operational policies. The Group's environmental data undergoes independent verification through a biennial RBA audit, conducted in accordance with standards such as ISO 14001 and the Eco-Management and Audit Scheme (EMAS). These audits assess compliance with environmental permits, resource efficiency, pollution prevention, waste and emissions management and water and energy use, reinforcing the company's environmental governance and data integrity.

VS will continue to refine its methodologies, strengthen data collection processes and broaden its Scope 3 coverage in line with international best practices and data availability. This progressive expansion ensures greater visibility of climate impacts across the value chain, while supporting robust and transparent disclosures across all scopes.

ENERGY AND EMISSIONS INTENSITY

VS evaluates operational efficiency through energy intensity (kWh per unit of output) and emissions intensity (tCO₂e per unit of output). These metrics normalise total energy consumption and GHG emissions to production volumes, providing a more accurate measure of efficiency than absolute figures alone.

Calculations draw on verified plant-level energy consumption data and corresponding emissions derived from recognised emission factors. By monitoring these indicators, VS benchmarks performance across facilities, tracks year-on-year trends and identifies efficiency gains from equipment upgrades, process optimisation and energy-saving initiatives.

Emissions and Energy Intensity

Indicator	FY2021	FY2022	FY2023	FY2024	FY2025
Energy Intensity (MJ/kg of product)	0.44	0.66	0.69	0.75	0.74
Emissions Intensity (kgCO ₂ e/kg of product)	0.09	0.14	0.15	0.15	0.15

Note: The rise in intensity is mainly due to energy-intensive product requirements and increased equipment usage, while ongoing efficiency measures moderated the trend in FY2025.

Sustainability Statement (Cont'd)

WATER

Although VS does not operate in water-stressed regions, the Company remains committed to reducing consumption and improving efficiency by embedding best practices across operations. In electronics manufacturing, where water is essential for cooling systems, cleaning processes and facility maintenance, efficiency measures are vital to minimise both cost and environmental impact.

VS implements a comprehensive water management programme to document, monitor and manage water sources, usage and discharge while identifying opportunities for conservation and preventing contamination. VS characterises, monitors, controls and treats all wastewater before discharge or disposal. Routine checks of treatment and containment systems ensure optimal performance and full regulatory compliance.

The Company promotes responsible use through:

- Awareness campaigns and 3R (Reduce, Reuse, Recycle) education.
- Reminders to avoid unnecessary consumption.
- Technical measures such as dual-flush systems, portable filtration for water reuse and regular inspections to detect and repair leaks in pipes, fixtures and equipment.

VS has expanded its rainwater harvesting systems across multiple locations, capturing rainwater for cooling tower operations and reducing reliance on the municipal supply. Monitoring the harvested water with meters and valves ensures optimal utilisation and system performance.

As of July 2025, VS has harvested a total of 518.24 m³ of rainwater at the VSIM Hostel and various Group facilities.

POLLUTION PREVENTION AND CONTROL

VS proactively addresses pollution risks by embedding impact-reduction and efficiency-improvement measures into its manufacturing practices. Rather than relying solely on end-of-pipe treatment, VS prevents emissions at the source through cleaner production methods, rigorous maintenance and optimised facility operations. Wherever possible, VS reduces, reuses, recycles and responsibly disposes of natural resources, including water, fossil fuels, minerals and virgin forest products.

To ensure high standards of control, accredited contractors conduct comprehensive air-emission sampling for volatile organic compounds (VOCs), aerosols, corrosives, particulates, ozone-depleting substances and combustion by-products. Emissions are systematically monitored, controlled and treated before release to safeguard air quality. VS manages ozone-depleting substances in accordance with the Montreal Protocol and relevant regulations, with ongoing monitoring of emission control systems to ensure compliance and effectiveness.

26.8% decrease in water usage

Outpacing

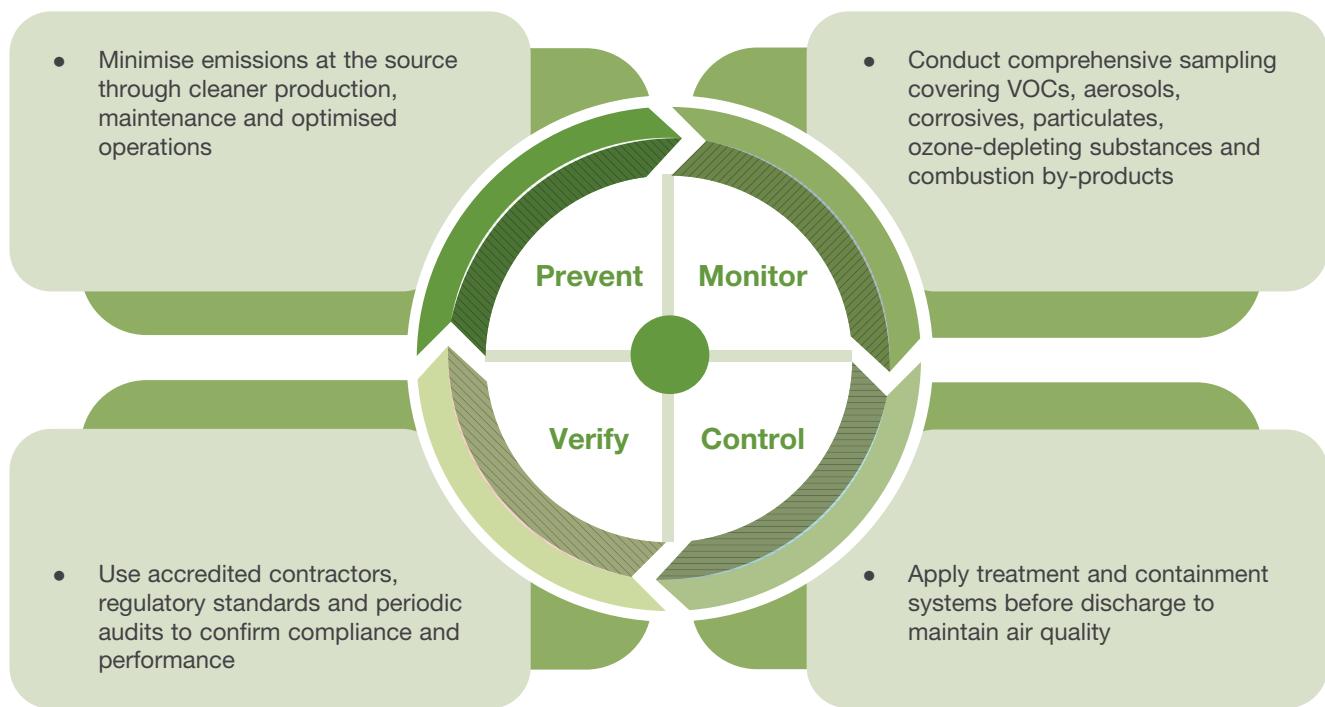
Reduce Water Usage by 10% by FY2025, 20% by FY2030 and 25% by FY2040, indexed to sales

2021

2025

Sustainability Statement

(Cont'd)



In FY2025, air quality monitoring across 5 plants confirmed full compliance with the Environmental Quality (Clean Air) Regulations 1978 and 2014. All measured parameters — including ammonia, sulphur dioxide, nitrogen dioxide, non-methane VOCs, hydrogen sulphide, total particulates and heavy metals — remained well below regulatory thresholds. The results reaffirm VS's strong commitment to sustainable manufacturing and maintaining a clean, safe working environment.

RESOURCE USE AND WASTE

VS applies a structured approach to waste management and resource efficiency, focusing on reducing impact, ensuring regulatory compliance and improving operational performance.

The company segregates waste into three categories: scheduled, general and recyclable. VS manages waste in accordance with the Environmental Quality Act 1974 (EQA 1974) and the Environmental Quality (Scheduled Wastes) Regulations 2005.

Scheduled waste is stored in approved containers, clearly labelled and disposed of exclusively through licensed contractors. All disposal activities comply with storage limits of six months or 20 metric tonnes, whichever comes first. VS reduces waste generation by replacing spray paints with brush paints, minimising consumables such as rags and gloves (SW410), and providing ongoing training on safe handling practices. A Scheduled Waste Awareness Training session held on 23 July 2025 further strengthened compliance and reinforced employee awareness.

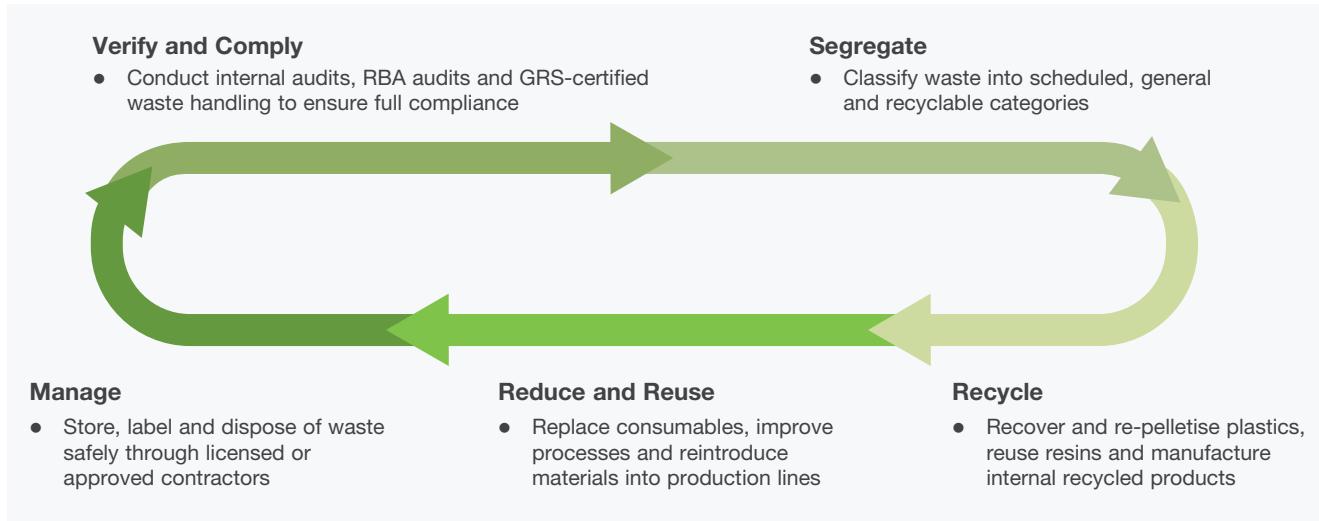
General waste, including non-recyclable plastics, packaging and scraps, is labelled, stored in designated bays and collected by local authority-approved contractors for disposal.

Recyclable waste, such as plastics and runners, is recovered, crushed and re-pelletised for reuse or sale as secondary material. VS also implements process modifications to minimise by-products, recycles production residues and promotes environmental awareness among employees to embed sustainability across all operations.

Sustainability Statement

(Cont'd)

Waste Management and Circular Resource Flow



VS continues to strengthen its circular economy practices by manufacturing plastic bins from recycled resins generated during operations for internal use, including materials recovered from rejected products. Instead of disposal, these resins are reprocessed and reused within production lines, transforming them into valuable by-products that reduce waste and optimise resource utilisation.

To uphold high standards in environmental stewardship, VS verifies its waste management performance through a combination of external and internal assessments. These include external audits such as RBA assessments, ISO certification and surveillance audits, and compliance audits initiated by Customer or regulators. Complementing these are annual internal audits and evaluations of waste handlers to ensure ongoing compliance and continuous improvement in waste management practices. During the reporting period, manufacturing waste increased in absolute terms, due to the disposal of scrapped materials carried forward from previous periods, undertaken as part of the initiative to improve storage efficiency and housekeeping standards. This one-time exercise temporarily increased total waste volume but does not reflect ongoing operational inefficiencies.

As customers increasingly set KPIs on waste diversion and recycling performance, VS has enhanced its waste management approach to ensure full traceability and responsible recycling. Key initiatives include:

- Engaging waste collectors certified under the Global Recycled Standard (GRS) to ensure waste is diverted from landfill and reintroduced into the value chain as recycled content.
- Supporting circular economy principles by closing material loops and meeting customer sustainability requirements.
- Ensuring recycled materials are traceable, ethically handled and compliant with environmental and social responsibility standards.

These initiatives reinforce VS's commitment to sustainable manufacturing, resource efficiency and responsible partnerships across its supply chain.

SMARTER, GREENER PACKAGING

VS continues to improve the sustainability of its packaging practices in line with growing customer demand for circular-economy solutions. All packaging now meets recognised recycling and eco-labelling standards, ensuring materials can be reused or reprocessed responsibly.

Customer sustainability specifications drive these initiatives, prioritising recyclable, reusable and low-impact packaging. By aligning packaging design with these expectations, VS reduces environmental footprint while strengthening collaboration with environmentally conscious partners.

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WATER EFFLUENT

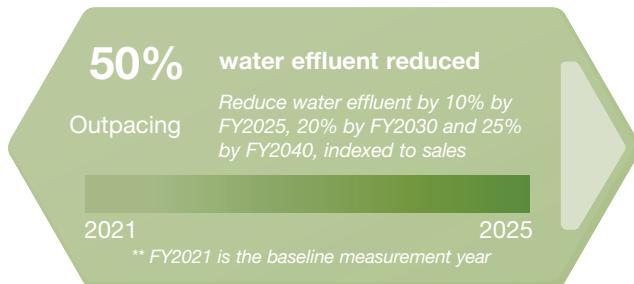
VS maintains strict controls to ensure all effluent discharges comply with the Environmental Quality Act 1974 and the Environmental Quality (Industrial Effluent) Regulations 2009.

Many facilities operate Industrial Effluent Treatment Systems (IETS) that enable 100% water recycling and prevent treated water from entering external drainage systems. The quality of recycled water is verified monthly through laboratory testing to ensure consistency and safety.

Facilities without IETS closely monitor stormwater discharges to ensure compliance with Department of Environment (DOE) requirements and relevant EQA effluent regulations.

VS conducts annual testing of water discharges from all plants to confirm ongoing compliance. Discharge sources, including oil traps, main drains, sewage systems, moulding oil-filtering units, waste collection systems (3PB) and canteen operations, are systematically managed to meet Standard A parameters, ensuring full regulatory compliance and protecting surrounding ecosystems.

Annual laboratory analyses confirm that all FY2025 water samples met Standard A limits, reinforcing VS's commitment to responsible water stewardship and environmental protection.

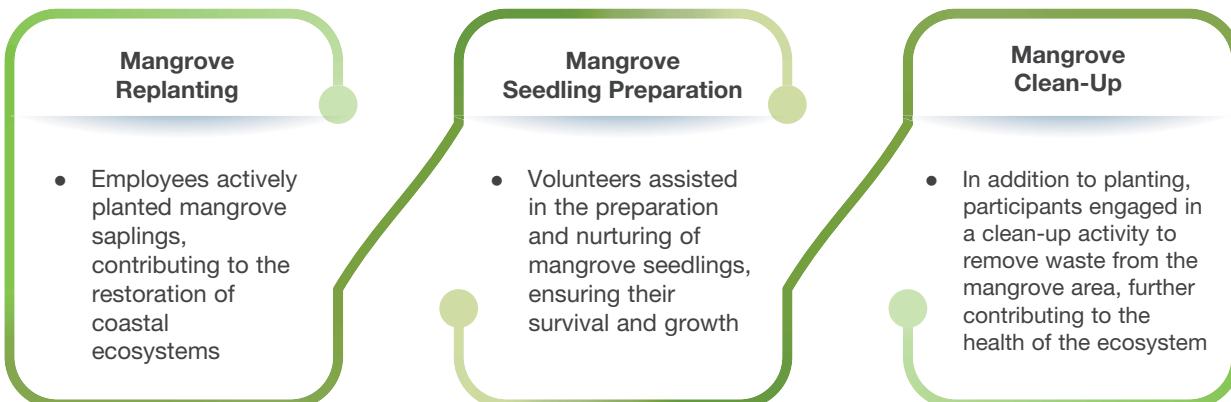


BIODIVERSITY CONSERVATION: MANGROVE REPLANTING PROGRAMME AT TANJUNG PIAI NATIONAL PARK

As part of our ongoing commitment to environmental sustainability, VS successfully carried out a Mangrove Replanting Program at Tanjung Piai National Park on 6 February 2025. The initiative aimed to support local biodiversity, enhance coastal protection and promote ecological balance within the region.

A total of 80 employees participated in the event, including members of our Core Sustainability Team and three Executive Directors, reflecting the company's strong leadership and employee engagement in sustainability efforts.

VS conducted the following activities during the replanting programme:



Sustainability Statement (Cont'd)



TOGETHER WITH OUR PEOPLE

From modest beginnings, we have grown into one of the world's leading electronics manufacturing services providers, serving renowned clients from Europe, Japan and the USA with a dedicated workforce of nearly 12,000 employees across Malaysia and Indonesia.

Even as we expand globally, our philosophy remains unchanged: to grow hand in hand with our people. We create meaningful career opportunities, invest in skills development and foster a safe, inclusive and empowering workplace where our employees can thrive and contribute to collective success.

In this way, we ensure that as we grow globally, we continue to uplift locally.

8 DECENT WORK AND ECONOMIC GROWTH	Rationale	Focused Targets	Key Metrics
	VS promotes decent work and contributes to economic growth in line with UNSDG 8. VS aims to support these objectives through responsible employment practices, community engagement and social responsibility, positively impacting its workforce and the broader economy.	<p>8.5: By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities and equal pay for work of equal value.</p> <p>8.7: Take immediate and effective measures to eradicate forced labour, end modern slavery and human trafficking and secure the prohibition and elimination of the worst forms of child labour, including recruitment and use of child soldiers and end child labour in all its forms by 2025.</p> <p>8.8: Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women and those in precarious employment.</p>	<ul style="list-style-type: none"> ● Diversity, Equal Opportunity & Non-discrimination ● Occupational Health & Safety ● Training & Development ● Human Rights ● Employee Engagement and Retention ● Community Contribution

DIVERSITY, EQUITY AND INCLUSION

VS integrates diversity and inclusion into its operations to better serve a global customer base and strengthen workforce capability. Our Board and management are directly accountable for driving diversity initiatives, supported by training and guidance to ensure inclusive practices.

We recognise and celebrate cultural and religious festivities across our workforce, including minority traditions. We treat foreign employees as equal members of the workforce, with respect for their rights and cultural backgrounds.



Sustainability Statement

(Cont'd)

VS is committed to providing accessible and safe work environments for employees with disabilities and to making necessary accommodations where possible.

Our inclusive hiring policy extends opportunities to underrepresented and disadvantaged groups, ensuring equal access to employment across all levels. To address youth unemployment, we offer internships and graduate placement programmes that provide hands-on industry experience and create pathways for long-term employability, even for those lacking formal education or qualifications.

VS actively engages with young talent through career talks, recruitment drives and campus visits to raise awareness of career opportunities in the electronics manufacturing industry. The Group also strengthened its outreach and engagement efforts during the year by participating in several career events and university programmes, including:

- Career Talk at Southern University College
- Recruitment Fair at the University of Southampton Malaysia
- SOCSO Career Fair
- Career Carnival at Tunku Abdul Rahman University of Management and Technology (TARUMT)
- Career Fair at Universiti Tun Hussein Onn Malaysia (UTHM)
- Career Fair at Universiti Teknologi Malaysia (UTM)
- Visits to ADTEC Melaka, Industrial Training Institute (ILP) Bukit Katil and KKTMC College

These initiatives reflect VS's continued commitment to supporting youth employability, developing future talent and building strong partnerships with educational institutions across Malaysia.

VS' Promises to Diversity, Equality and Inclusion

Equal Opportunity Employment

- All job descriptions offer equal opportunities, prohibit discrimination based on gender identity, ethnicity, or sexual orientation and provide accessible opportunities for candidates with disabilities. We practise our stand on equal opportunity in all recruitment efforts to hire diverse talent.

Equal Pay for Equal Work

- We have issued a formal principle and code that ensures fair wages, regardless of gender and provides equal compensation for equivalent roles and experience.

Empowering Female Leadership

- We promote gender equality in succession planning, recognising and supporting female leadership.

Career Development

- We provide equal opportunities for career growth through on-the-job learning, in-house certification programmes and external qualification opportunities.

Sustainability Statement

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STRENGTH IN DIVERSITY, BALANCE IN LEADERSHIP

Effective governance depends on a Board that reflects balance, diversity and inclusivity. We are committed to advancing gender balance and empowering women in leadership, in line with the UN Sustainable Development Goal (SDG) 5: Gender Equality. Actively increasing female representation at the highest decision-making levels ensures that women's voices contribute meaningfully to shaping corporate direction and strategy.

Our Board composition framework also embraces inclusivity across ethnicity, background and technical expertise. This approach strengthens governance, enhances decision-making quality, drives innovation and builds organisational resilience in a rapidly evolving global environment.

18.6% **female Senior Management position**

Achieve 20% ratio of female Senior Management position by FY2025 and 30% by FY2030

Onpacing
2024

2025

16.7%

female director

Achieve 20% ratio of female directors by FY2025 and 30% by FY2030

Onpacing
2024

2025

VS' YEAR OF FUN AND PURPOSEFUL ENGAGEMENT

Fostering unity and engagement remains central to creating a thriving workplace. VS has established dedicated structures to strengthen employee connection and participation, promoting collaboration and pride across all levels.

Throughout the year, a variety of activities brought employees together, reinforcing teamwork, creativity and a shared sense of purpose.

- **Cleaning Competition (June 2025):** Teams competed to design the cleanest and most organised workspaces, combining creativity with responsibility. The friendly competition strengthened teamwork while encouraging ownership of the workplace environment.
- **Blood Donation Campaign (13 August 2024):** Employees enthusiastically supported this meaningful initiative, contributing to the community and embodying VS's culture of care and compassion.
- **Festive Corner Displays:** Each festive season, VS transformed a dedicated space into a vibrant celebration of cultural diversity. Employees participated in decorating, sharing traditions and fostering an inclusive, joyful atmosphere that reflects the company's collective spirit.

Together, these activities demonstrate how VS blends fun with purpose, creating meaningful experiences that connect people, celebrate diversity and strengthen engagement across the organisation.

A COMMITMENT TO EMPLOYEES' GROWTH AND SUCCESS

VS actively prioritises employee growth through continuous training and development programmes designed to meet industry needs and customer expectations. As a manufacturing partner to world-renowned brands, we ensure our workforce stays ahead of evolving demands and specialised requirements by equipping them with the latest skills and expertise.

Our training framework combines internal and external initiatives, including technical workshops, seminars and expert-led sessions that support both career advancement and operational excellence. Beyond technical expertise, we also emphasise personal development in areas such as communication, time management, leadership and adaptability.

Employees gain the capabilities to excel in their roles while advancing their careers through this integrated approach, ensuring VS continues to deliver the quality and precision trusted by global customers.

Sustainability Statement

(Cont'd)

Examples Of Training Programmes Held or Attended During The Year

Understanding and Implementation of ISO 22301:2019	Measurement System Analysis (MSA)	Plastic Injection Molding: Design and Manufacture of Plastic Parts	Statistical Process Control (SPC)
Process Failure Mode Effect & Analysis (PFMEA)	Automation Manufacturing	Troubleshooting Industrial Machine Circuit Faulty	Intermediate Skill Micro Welding Training on Plastic Mould Repair
Import/Export Documentation & Custom Procedures	Mastercam Mill Advanced	ESG Awareness	IATF16949:2016 Automotive Management System

In addition to occupational training, VS also offers personal development training that goes beyond career-focused skills. Examples of professional training programmes provided to employees throughout the year include 'How to Lead, Motivate and Develop Staff', 'Emotional Intelligence' and 'Time and Stress Management'.

VS EDUCATION ASSISTANCE PROGRAMME

VS supports continuous learning to strengthen employee growth and business capabilities. Through our Education Assistance Programme, employees are encouraged to pursue further studies in fields relevant to their careers and the company's needs, including business, engineering, computing and manufacturing. Each year, department heads and HR review staffing needs and allocate Study Assistance Pool Funds to nominate eligible employees. In 2025, 4 employees benefited from this programme, enhancing their skills to meet current and future business challenges while growing alongside VS.

EXPANDING OUR REACH IN DRIVING INDUSTRY EXCELLENCE

In a significant step forward, a subsidiary of the Group is registered as a Training Provider. This registration enables us to offer HRDF-claimable training programmes for employees and suppliers.

Officially recognised as a Training Provider, the Group can now have a broader, more lasting impact on workforce development across the entire supply chain. This initiative strengthens our commitment to elevating industry standards, enhancing the skills of internal teams and external partners and equipping suppliers to meet evolving market demands. As a result, we are fostering a culture of excellence that extends beyond V.S. to the broader industry, reinforcing our position as a leader in quality manufacturing.

SUCCESSION PLANNING

VS has established a structured Succession Planning strategy to ensure leadership continuity, long-term stability and sustained business performance. The Board of Directors, supported by the Nomination Committee, oversees this process through the Succession Planning Committee (SPC), which identifies and develops successors for critical positions across all facilities.

Using an Advanced Planning Model, VS identifies potential successors well ahead of planned retirements and key transitions. This proactive approach enables targeted leadership development, mentoring and exposure to cross-functional responsibilities, ensuring that successors are equipped with the necessary skills and experience to assume future leadership roles.

During the year, SPC has identified potential successors for key management and technical roles, each supported by tailored development plans and ongoing performance assessments. This structured pipeline strengthens organisational resilience and supports smooth transitions, ensuring that the Group maintains operational excellence and strategic momentum.

Through this forward-looking approach, VS safeguards its leadership bench strength and positions itself for continued success in a rapidly evolving business environment.

Sustainability Statement (Cont'd)

PRIORITISING HEALTH AND SAFETY

Health and safety are fundamental to responsible operations and sustainable performance. VS's Health and Safety Policy applies to all employees, contractors and stakeholders, ensuring a safe and secure working environment across all facilities.

This commitment is reinforced through recognised certifications and alignment with international best practices, reflecting VS's dedication to maintaining high operational standards. Continuous improvement remains a core focus; the company regularly reviews procedures, upgrades controls and enhances awareness to minimise workplace risks and incidents.

VS conducts comprehensive health and safety risk assessments across all operations, including both potential new projects and existing facilities, as part of its due diligence process. These assessments identify hazards, evaluate mitigation measures and ensure compliance with all relevant laws and regulations.

Through this proactive and systematic approach, VS protects its people, promotes well-being and fosters a culture where safety is everyone's responsibility.

Committed to promoting a balanced work-life environment, the Company tracks and evaluates overtime patterns to ensure that working hours remain within statutory limits and RBA guidelines. Through proactive monitoring and management oversight, we strive to safeguard employee welfare and uphold responsible business conduct.

The average weekly overtime hours during the year have slightly increased primarily attributed to a temporary rise in production activities and project deliverables during certain peak periods, which required additional working hours to meet customer delivery timelines. Despite the increase, the overall overtime level remains within acceptable operational limits and continues to comply with statutory requirements and the RBA Code of Conduct, ensuring employees' work-life balance and well-being are not compromised.

	FY2022	FY2023	FY2024	FY2025
Average Weekly Overtime Hours per employee	18	15	11	12

SAFETY TRAINING

Each employee and contractor undergoes core safety training, complemented by role-specific modules tailored to their work environment. These programmes ensure comprehensive awareness of hazards, safe work procedures and emergency protocols across the organisation.

VS Core Safety Training

Safety Standards

- Keep employees updated on regulations, compliance and best practices

Safety Work Processes

- Provide clear instructions to prevent accidents and injuries

Personal Protective Equipment (PPE)

- Ensure proper use, maintenance and storage for effective protection

Sustainability Statement

(Cont'd)

Unsafe Behaviours

- Address common unsafe habits that could cause harm

During the year, safety training covered a range of topics including Forklift and Reach Truck Safety, Emergency Spillage Response, Fire Drills, Hearing Conservation, Chemical Handling, Working at Height and Ergonomics.

EMERGENCY PREPAREDNESS AND RESPONSE

Emergency preparedness is central to protecting employees, assets and business continuity. The Facility General Manager leads the Emergency Response Team (ERT) and collaborates with department heads to proactively identify risks and develop scenario-based response plans.

Specialised units, including firefighting, evacuation, first aid and chemical spill response teams, receive rigorous training to ensure rapid, coordinated action. This structured approach enables each department to respond effectively to emergencies, minimising harm and operational disruption.

In FY2025, VS dedicated a total of 120 training hours to Occupational First Aid, CPR and AED. The programme equipped employees with essential lifesaving knowledge and practical emergency response skills to manage workplace injuries and medical incidents effectively.

NOISE AND ENVIRONMENTAL RISK MITIGATION

VS proactively manages noise and environmental risks through regular risk assessments and environmental monitoring, fully complying with the OSH (Noise Exposure) Regulation 2019 and the Environmental Quality Act. Continuously monitoring boundary noise levels and applying practical controls, such as silencers, mufflers and routine equipment maintenance, reduce exposure at the source.

On 23 October 2024, VS conducted a Noise Risk Assessment, followed by a Medical Examination and Pure Tone Audiometric Test (PTA) on 28 and 29 May 2025. These assessments evaluated potential noise hazards and monitored employees' health and well-being.

All results were satisfactory, confirming the effectiveness of VS's noise control measures and demonstrating its commitment to maintaining a safe, healthy and well-managed working environment for all employees.

HOLISTIC MIND AND BODY HEALTH

VS promotes employees' physical and mental well-being through a holistic health strategy. Our health awareness programmes cover stress management, mental health, nutrition and lifestyle-related conditions, with specialised sessions to support foreign workers as they adapt to life away from home.

During FY2025, we hosted an insightful workshop on fertility awareness and common myths. The workshop, held on 25 September 2025, was attended by 21 employees. Participants gained an understanding of key aspects of reproductive health and fertility, learned about factors affecting fertility in both men and women and received practical lifestyle and family planning advice. With such awareness, we hope to empower participants to make informed decisions about their health.

We encourage active living and social engagement through Sports Day, fitness sessions and departmental tournaments, cultivating healthy habits and a supportive workplace culture.

Sustainability Statement (Cont'd)

TACKLING GLOBAL HEALTH CHALLENGES

In electronics manufacturing, close working environments can increase the risk of communicable diseases. VS addresses these challenges through a comprehensive health management approach that covers COVID-19, HIV, tuberculosis, malaria and dengue.

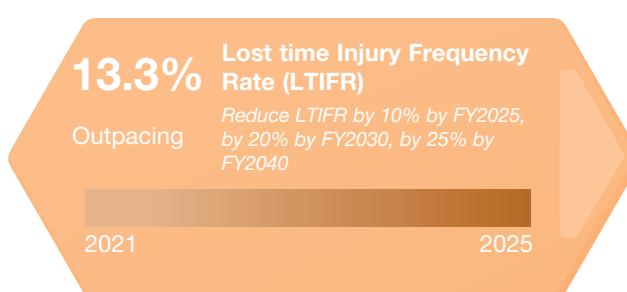
The company runs targeted programmes, awareness campaigns and educational initiatives that engage employees and nearby communities to strengthen collective health awareness and prevention. Interventions include sanitation drives, regular health screenings, vaccination campaigns and vector control measures such as fogging.

These actions safeguard employee well-being, protect surrounding communities and ensure the continuity of safe, resilient operations.

SAFETY PERFORMANCE AND BENCHMARKING

VS continuously monitors performance against established health and safety targets and benchmarks its programmes against industry standards. Where possible, the company discloses results to demonstrate the effectiveness of its risk management strategies and to guide future improvements.

The Company's LTIFR reduction targets are aligned with global health and safety practices in the manufacturing and electronics sector and are consistent with recognised industry approaches and the continuous-improvement principles of ISO 45001 and the RBA.



SAFETY INSPECTIONS AND AUDITS

VS conducts regular safety inspections and audits to maintain compliance and identify areas for improvement. In FY2025, the company carried out the following key assessments:

- DOSH Annual Inspection on one Unfired Pressure Vessel – 7 March 2025
- DOSH Audit on Ergonomics, Noise and Chemical Management – 10 March 2025
- Department of Environment (DOE) Spot Check – 21 May 2025

These inspections and audits confirm that VS' operations meet all regulatory requirements and uphold the company's commitment to a safe and compliant workplace.

VS also emphasises strong safety and health practices across its supply chain. On-site ESG audits evaluate suppliers for compliance with ISO 45001 and local OSH regulations, and for the presence of safety policies, committees and regular risk assessments (HIRARC, CHRA and NRA). The audits review training records, emergency preparedness, PPE management and machinery safety to ensure hazards are controlled.

VS also assesses suppliers on incident reporting, medical surveillance and contractor safety management. This structured approach strengthens VS's zero-harm culture and drives continuous safety improvement throughout its supplier network.

Sustainability Statement

(Cont'd)

UPHOLDING HUMAN RIGHTS WITH INTEGRITY

VS's human rights strategy is rooted in the belief that respect for human rights must be integral to everything we do. We focus on embedding human rights considerations across our operations and supply chain, fostering a culture of accountability and mitigating risks before they arise.

To translate this strategy into practice, we have taken a series of proactive steps:

- Integrating human rights into management and operational processes to build compliance into everyday practices.
- Enforcing a Zero Recruitment Fees Policy, protecting employees from any recruitment-related costs.
- Establishing a Robust Grievance Mechanism to identify, prevent and resolve human rights risks.
- Delivering continuous training programmes to deepen employee understanding and awareness.
- Engaging stakeholders, including experts, NGOs and partners across our value chain, to collaboratively address risks and implement equitable solutions.
- Conducting regular supplier assessments to ensure compliance with human rights standards throughout our business partnerships.

Through these measures, we not only uphold international standards but also embed respect for human rights into the very fabric of our operations.

SALIENT HUMAN RIGHTS RISKS

Recognising the potential impact of our operations, VS has carefully assessed our business and supply chain to identify key human rights issues relevant to the electronics manufacturing industry. These salient risks guide our policies and actions:

Right to Life and Health	We prioritise worker safety and well-being through rigorous occupational health and safety standards, regular risk assessments, emergency preparedness, on-site medical services, health screenings and wellness programmes.
Right to Freedom of Movement	Workers retain complete freedom of movement. We never withhold passports and identity documents, and all employees can enter and exit workplaces or accommodations freely and without restriction.
Right to Work and Fair Conditions	VS upholds fair recruitment, non-discrimination and equal opportunity. Forced labour, child labour and exploitative practices are strictly prohibited. Employees enjoy fair wages, regulated working hours and safe working conditions in compliance with local laws and ILO standards. We extend these expectations to our supply chain through our Business Code of Conduct and Ethics.
Right to an Adequate Standard of Living	Beyond statutory compliance under the Workers' Minimum Standards of Housing and Amenities Act 1990, we provide safe, hygienic and comfortable hostels equipped with medical services, sports facilities and on-site groceries, ensuring holistic support for workers' well-being.
Right to Freedom of Association and Collective Bargaining	We respect freedom of association and the right to collective bargaining. Employees are free to join or form trade unions and engage in dialogue with management without fear of retaliation.
Right to Social Security	Statutory social protection schemes such as EPF and SOCSO cover all employees, safeguarding against workplace injury, illness and retirement insecurity.

Sustainability Statement (Cont'd)

EMBEDDING HUMAN RIGHTS INTO GLOBAL ELECTRONICS SUPPLY CHAINS

In the global electronics manufacturing industry, where supply chains are vast and deeply interconnected, protecting human rights is both a moral responsibility and a business imperative. The sector faces heightened risks of forced labour, child labour, excessive working hours and unsafe working conditions, driven by the scale and diversity of suppliers involved.

VS addresses these challenges through a comprehensive human rights management system that screens, trains and monitors labour practices across its operations and supply chain. All suppliers must comply with the company's Principles on Labour Practices and Human Rights, which:

- Prohibit exploitative practices such as forced or child labour
- Promote fairness, safety and equal opportunity for all workers

These expectations are communicated clearly to stakeholders and reinforced through regular training sessions for employees and supply chain partners.

VS's approach is grounded in the Responsible Business Alliance (RBA) Code of Conduct, which defines global standards for ethical and responsible operations within the electronics sector. As an RBA member, VS applies rigorous due diligence processes to identify, assess and manage human rights risks, including:

- RBA Self-Assessment Questionnaire (SAQ): used to evaluate supplier practices and risk levels
- RBA Risk Assessment Tool: applied to prioritise and monitor high-risk areas

Compliance is validated through independent third-party audits, ensuring all operations and suppliers align with international best practices. This process supports continuous improvement in labour and human rights performance across the value chain.

Through these measures, VS strengthens responsible sourcing and contributes to building an ethical and resilient global electronics supply chain.

VS Principles, Codes and Actions with Regards to Human Rights and Labour

	Freely chosen employment	We strictly comply with local laws prohibiting forced, involuntary, or exploitative labour, including prison, indentured, bonded (debt bondage), trafficked or slave labour. We do not retain workers' identity documents or passports.
	Prevention of Child Labour	We maintain a zero-tolerance policy against child labour and fully comply with local laws on the legal minimum age for employment. All applicants undergo thorough identity checks.
	Working Hours	We comply with local laws on working hours and overtime, ensuring employees do not exceed 60 hours per week, including overtime. We actively minimise excessive overtime.
	Wages and Benefits	Our compensation practices comply with wage laws and exceed minimum requirements through competitive pay, benefits and overtime. In FY2025, we made salary adjustments across all levels to maintain market competitiveness.
	Humane Treatment	We uphold humane treatment of all workers, protecting them from sexual harassment, abuse, corporal punishment, mental or physical coercion, and verbal abuse.

Sustainability Statement

(Cont'd)



Notice Period

We provide reasonable notice periods in line with operational changes, ensuring employees have sufficient time to prepare and adjust, reflecting our commitment to fairness and responsible communication.



Equality and Non-discrimination

We ensure equal opportunity in recruitment and employment, free from discrimination based on race, colour, religion, age, gender, sexual orientation, gender identity and expression, ethnicity, nationality, disability, pregnancy, political affiliation, union membership, veteran status, genetic information or marital status.

The Company has taken action to improve workforce diversity and equal opportunities and reduce discrimination, including that based on the following:

Race and Traits	Excluding questions on race, sexual orientation and nationality from recruitment forms ensures a fair and unbiased hiring process.
Religion	Providing dedicated prayer rooms accommodates employees of diverse faiths and supports inclusivity.
Gender	Supporting nursing mothers through designated breastfeeding rooms promotes family-friendly workplace practices.
Age	Offering equal training, promotion and appraisal opportunities across all age groups ensures fairness in career development.
Disabilities	Promoting disability inclusion through non-discriminatory hiring and workplace support reinforces VS's commitment to equal opportunity for all.



Freedom of Association and Collective Bargaining

We comply with local laws protecting freedom of association and collective bargaining, and we respect and support the right to do so. Employees may form or join unions, engage in peaceful assembly, or opt out, without fear of retaliation. Our open-door policy encourages workers to voice concerns about workplace conditions freely.



Health and Safety

We operate a structured Health and Safety Management System aligned with the RBA Code of Conduct and ILO Guidelines on Occupational Safety and Health.



Welfare Arrangements

We provide quality accommodation with toilets, sanitary facilities, potable water and safe areas for food preparation, storage and dining. Our housing exceeds the Workers' Minimum Standards of Housing and Amenities Act 1990 (Act 446). In FY2024, we upgraded hostels with improved living conditions, including a new gym to promote health and well-being.



Talent Development

We invest in training and development, enabling employees to build skills and advance their careers.



Open and Transparent Communication

We provide formal channels for stakeholders—including workers, individuals and communities impacted by our operations—to engage with management and raise grievances. Our whistleblowing platform ensures anonymity and accessibility. We are committed to remediation, which aims to identify adverse human rights impacts.

Sustainability Statement (Cont'd)



STRENGTHENING COMMUNITY BONDS

Community investment at VS reflects the company's long-term strategy and is deeply rooted in our motto, "Passion to Grow." We focus on building sustainable neighbourhoods while nurturing future talent, ensuring every initiative contributes to lasting, meaningful progress.



In FY2025, VS contributed RM0.03 million in non-profits and schools to support development and enhance communities' welfare. A primary focus of this investment is children, underpinned by our commitment to uphold children's rights. Our approach follows the Children's Rights and Business Principles framework, which ensures that respect for children's rights is embedded in all initiatives and aligned with VS's overall business strategy.

VS also champions children's right to education by supporting academic excellence. Employees' children who achieve outstanding results are encouraged to apply for the Achievers Reward offered by the Malaysian Plastics Manufacturers Association (MPMA), for which they are eligible through VS's membership. This recognition strengthens our commitment to education and talent development.

Beyond financial contributions, VS continues to build long-term relationships with local communities through engagement and collaboration, ensuring that our efforts translate into trust, empowerment and shared growth.

INSPIRING ACTION: RECOGNISING VOLUNTEERISM

VS views volunteerism as a vital part of social responsibility and community care. Employees are encouraged to contribute their time, skills and energy to causes that make a meaningful difference.

The company recognises and supports these efforts through:

- Volunteer leave that enables employees to participate in charitable or community activities
- Financial contributions and fundraising to support causes close to employees' hearts
- Organised group volunteer programmes that bring teams together to serve the community

By fostering a culture where volunteerism is both encouraged and celebrated, VS strengthens team spirit, nurtures compassion and extends its positive impact well beyond the workplace.

How VS Inspires Volunteerism



Sustainability Statement

(Cont'd)

STRENGTHENING BONDS BEYOND BORDERS

VS deeply values the contributions of its foreign workers, who make up the majority of its workforce. The company recognises the challenges they face being away from their families and remains committed to supporting their well-being both in Malaysia and in their home countries.

In FY2025, VS extended its commitment to responsible recruitment and worker welfare through a Corporate Social Responsibility (CSR) visit to Central Java, Indonesia, covering Pekalongan, Klaten, Sukoharjo and Wonogiri.

During the visit, the CSR team, together with the appointed Indonesian recruitment agent PT Karyatama Mitra Sejati, engaged directly with the families of five Indonesian employees working in Malaysia. The visits aimed to reassure families that their loved ones are safe and well cared for while employed at VS Industry, strengthening trust and transparency across borders.

Key Areas Evaluated During CSR Family Visits

Family Welfare

- Family well-being and living conditions in home communities
- Social and financial impact of employment with VS Industry

Recruitment Integrity

- Effectiveness of the “Zero Recruitment Fees” policy, ensuring no hiring costs are charged to workers
- Compliance of recruitment agents, confirming all expenses are borne by the company and no personal documents are withheld

Interviews confirmed full compliance with ethical recruitment requirements. Families expressed confidence in the company's transparent practices and gratitude for the care extended to their children abroad.

The visits also revealed positive outcomes of overseas employment, including home renovations, education support and improved financial stability for workers' families. Each family received a token of appreciation of RM500 in recognition of their trust and continued support.

The CSR team further verified that all Indonesian recruitment activities fully align with VS's ethical recruitment standards and the Responsible Business Alliance (RBA) Code of Conduct.

Responsible Recruitment in Action

Family Engagement

Living Condition Assessment

Policy Verification

Impact Evaluation

Relationship Building

Sustainability Statement (Cont'd)

CREATING A HOME AWAY FROM HOME: ELEVATING OUR HOSTEL EXPERIENCE

VS is committed to providing employees with a safe, comfortable and supportive living environment. The company continually invests in improving its workers' quality of life, recognising the strong link between well-being and performance.

Our hostel facilities currently comprise 14 blocks and 638 units, accommodating 7,254 workers. The completion of a new hostel this year has further expanded overall capacity and amenities. Continuous upgrades and refurbishments throughout the year have improved living conditions, ensuring clean, well-maintained spaces that support both comfort and dignity.

Enhancing the Hostel Experience

Infrastructure Upgrades

- Expansion of hostel blocks and living units, improved amenities and facilities

Continuous Maintenance

- Regular refurbishments to ensure safety, cleanliness and comfort

Community Well-Being

- Programmes that promote physical, mental and emotional health

Beyond physical improvements, VS prioritises the mental and emotional well-being of its workers. Various programmes and activities are organised throughout the year to address their needs and foster a strong sense of community.

A key initiative was the Hostel Dialogue held in February 2025, which created a platform for open discussion on important topics such as:

- Living condition improvements
- Medical SOPs and healthcare access
- Banking matters and salary transactions
- FOMEMA and passport renewals
- Contract renewals and employment documentation
- Sexual harassment awareness and reporting procedures

These efforts demonstrate VS's holistic approach, improving not only the physical environment of the hostels but also supporting employees' social, emotional and practical well-being.

Sustainability Statement

(Cont'd)



DELIVERING EXCELLENCE WITH PASSION TO GROW BUSINESSES

Precision, quality and reliability define how we operate. The company integrates sustainable practices, ethical standards and continuous innovation into every stage of its operations, ensuring that responsibility and performance go hand in hand.

We engineer our production processes to meet the exacting specifications of global customers while maintaining the highest standards of efficiency, safety and quality. This commitment goes beyond delivering world-class products; it extends to creating a positive impact in the communities and environments where we operate.

Our Commitment to Operational Excellence



Quality Assurance

- Adhering to ISO 9001:2015 standards for systematic quality management.



Environmental Responsibility

- Upholding ISO 14001:2015 standards for sustainable operations.



Business Continuity

- Maintaining resilience through ISO 22301:2015 certification.

To safeguard these standards, VS conducts annual internal audits, supported by Non-Conformance Reports (NCRs) and summary audits to document findings and corrective actions.

Regular employee training further strengthens awareness and accountability, driving a culture of continuous improvement across all operations.

VS INTEGRATED MANAGEMENT SYSTEM (IMS)

VS has successfully integrated its Management System certifications, consolidating the following standards into a unified framework:

- ISO 9001: Quality Management
- ISO 14001: Environmental Management
- ISO 45001: Occupational Health and Safety
- ISO 22301: Business Continuity Management

This Integrated Management System (IMS) covers all key manufacturing facilities in Senai, ensuring consistency, efficiency and compliance across the Group. The integration has:

- Streamlined operations through unified systems and shared processes
- Improved cost efficiency by reducing duplication and resource overlap
- Enhanced compliance with international standards and customer expectations
- Strengthened sustainability and risk management through cohesive oversight

Sustainability Statement (Cont'd)

To support this transition, NIOSH Certification Sdn. Bhd. facilitated the implementation and alignment of these certifications, ensuring a smooth and effective rollout.

As part of the IMS implementation, VS conducted a comprehensive review of all related policies, resulting in updates, amendments and the introduction of new policies to ensure continued alignment with international standards and evolving business needs.

Together, these measures reinforce VS's commitment to operational excellence, compliance and long-term sustainability.

VS Integrated Management System (IMS)

Integrated Standards

- ISO 9001: Quality Management
- ISO 14001: Environmental Management
- ISO 45001: Occupational Health and Safety
- ISO 22301: Business Continuity Management

Coverage

- Applies to all key manufacturing facilities in Senai, ensuring consistency, efficiency and compliance across the Group

Key Outcomes

- Streamlined operations through unified systems and shared processes
- Improved cost efficiency by reducing duplication and resource overlap
- Enhanced compliance with international standards and customer expectations
- Strengthened sustainability and risk management through cohesive oversight

DRIVING OPERATIONAL EXCELLENCE WITH SAP S/4HANA

VS has embarked on a comprehensive two-year Enterprise Resource Planning (ERP) transformation programme to implement the SAP S/4HANA system across its global operations. This strategic initiative enhances operational efficiency, improves data-driven decision-making and standardises processes across all business units.

The programme officially began on 1 September 2024, with Phase 1 targeting the successful go-live of six key facilities on 1 August 2025. Subsequent phases will extend to additional entities, with each rollout carefully planned to ensure a seamless transition and minimal disruption to business operations.

SAP S/4HANA, a next-generation ERP system, provides real-time insights, streamlines processes and fosters improved collaboration across functions. This transformation enables VS to leverage advanced analytics, automation and artificial intelligence to drive improvements in:

- Finance: Real-time visibility and faster closing cycles
- Supply Chain Management: Optimised inventory, logistics and procurement
- Production: Enhanced efficiency and predictive maintenance

Sustainability Statement

(Cont'd)

ERP Transformation Journey

Programme Launch

- 1 September 2024: SAP S/4HANA implementation begins

Phase 1 Rollout

- Six key facilities go live on 1 August 2025

Subsequent Phases

- Progressive expansion across global entities

Continuous Improvement

- Data-driven optimisation and future scalability

A dedicated governance framework oversees the transformation, ensuring both strategic alignment and smooth execution across all phases. Key elements of the governance structure include:

- Project Steering Teams comprising functional experts, business leaders and IT specialists.
- Workstream Oversight to ensure implementation aligns with best practices.
- Configuration Reviews to confirm the system meets both current and future business requirements.

Through this transformation, VS is building a unified digital backbone that connects people, processes and performance, positioning the company for sustainable growth and long-term operational excellence.

PRECISION MANUFACTURING AND CUSTOMER-DRIVEN QUALITY ASSURANCE

VS delivers products to customers' exact specifications, ensuring that every component and finished product meets the highest standards of quality and precision. Our operations combine advanced manufacturing technologies with rigorous process controls to deliver reliable, efficient and scalable solutions to clients worldwide.

We embed quality and precision throughout our production cycle and:

- Apply design-for-manufacturability principles to ensure production efficiency and product reliability.
- Use state-of-the-art automation, robotics and digital tools to minimise errors and enhance accuracy.
- Conduct real-time monitoring and quality checks at every critical stage of assembly and testing.

These capabilities enable VS to consistently meet stringent performance and safety requirements set by international customers while staying agile in response to evolving industry demands.

To ensure continuous improvement, customers regularly conduct external audits of our processes to verify compliance with relevant industry regulations and customer-specific standards. Performance scores are issued by major customers on a quarterly or monthly basis, reflecting VS's unwavering commitment to quality excellence and sustained improvement.

Sustainability Statement (Cont'd)

DELIVERING EXCELLENCE THROUGH TECHNOLOGY AND INNOVATION

Innovation drives VS's competitive edge. We integrate cutting-edge technologies, optimise manufacturing processes and foster a culture of continuous improvement to achieve operational excellence. Our innovation approach focuses on three key areas:

- **Technology Integration:** Applying automation, robotics and data analytics to enhance accuracy, speed and production efficiency.
- **Process Optimisation:** Streamlining workflows and resource use to reduce waste, lower energy consumption and support sustainability targets.
- **Product Differentiation:** Translating technological breakthroughs into innovative solutions that meet evolving customer needs and strengthen market confidence.

Through this structured approach, VS transforms ideas into practical outcomes that improve efficiency, advance sustainability goals and reinforce our position as a trusted partner to global brands.

ENHANCING EFFICIENCY THROUGH SMARTER WAREHOUSING

VS enhances warehouse efficiency, accuracy and safety by adopting automated racking systems. These systems automate the storage and retrieval of goods with minimal manual handling, enabling faster operations and optimal use of space. VS currently operates two automated racking systems in Malaysia, each designed to:

- Optimise warehouse capacity through intelligent, high-density storage.
- Improve inventory management using precise, computer-controlled movement.
- Reduce human error and reliance on labour while strengthening workplace safety.

By integrating automation into its logistics operations, VS improves speed, consistency and traceability across the supply chain, reinforcing its commitment to operational excellence and continuous innovation.

SAFEGUARDING DIGITAL INTEGRITY IN MANUFACTURING

Protecting intellectual property, production systems and customer data is mission-critical. Cyber threats such as ransomware, phishing and data theft pose serious risks not only to business continuity but also to the trust that clients place in VS. Our cybersecurity programme anticipates these threats and implements strong, adaptive defences that safeguard operations and supply chains.

MANAGING KEY RISKS

We focus on mitigating risks most relevant to our industry:

- **Intellectual Property Theft:** Secured by Multi-Factor Authentication (MFA) across all external-facing applications and advanced encryption of sensitive files.
- **Production Downtime:** Addressed through endpoint detection and response (EDR), next-generation anti-virus (NGAV) and an encrypted backup and recovery system.
- **Supply Chain Vulnerabilities:** Reduced through regular vulnerability scans, phishing simulations and supplier-facing awareness programmes.
- **Insider Threats:** Controlled with automated password management, access monitoring and rapid deactivation of departing employees' accounts.

Sustainability Statement

(Cont'd)

STRENGTHENING OUR CYBER DEFENCES

Over the past year, VS has made significant advancements:

- Established a dedicated Cybersecurity Team to oversee protocols and ensure resilience.
- Implemented NGAV and EDR solutions for proactive threat detection.
- Applied firmware and patch updates across external-facing systems within strict timelines.
- Renewed and upgraded firewall, email spam filters and secure file transfer systems.
- Conducted third-party vulnerability assessments alongside internal phishing awareness campaigns.
- Activated a Cybersecurity Helpline for real-time incident reporting and response.
- Building Awareness and Resilience.

Employees are the first line of defence. New hires receive phishing awareness training; all staff receive regular updates on evolving threats. Through continuous communication and simulations, we have strengthened cyber vigilance across the organisation.

ENGINEERED FOR QUALITY AND PERFORMANCE

VS embeds quality into every stage of manufacturing, from design and material sourcing to assembly and testing. Our systems integrate ISO certifications, Six Sigma methodologies and advanced testing technologies to ensure precision, consistency and full compliance with customer specifications.

Quality management is central to producing reliable, high-performance electronic components and devices. We invest in state-of-the-art testing equipment and leverage the expertise of skilled technicians to validate product performance and reliability.

Through continuous improvement programmes, VS optimises efficiency, reduces defects and drives innovation across all operations. These practices reinforce VS's position as a trusted partner for world-class, high-performance electronic solutions.

Comprehensive ISO Certifications Achieved by Our Factories

Factory	ISO 9001:2015	ISO 14001:2015	ISO 45001:2018	IATF 16949:2016	ISO 13485:2016	ISO 22301:2019
VSE 47	✓	✓	✓	✓	✓	✓
VSI 18 & 20	✓	✓	✓			✓
VSP 39	✓	✓	✓	✓		✓
VSP 89	✓	✓	✓			✓
VSI 88	✓	✓	✓			✓
VSP 129	✓	✓	✓			✓
SF 46	✓	✓	✓			✓
VSP 28	✓	✓	✓			✓
VST 7	✓	✓	✓			✓
VSI 78	✓	✓	✓			✓
VSI 98	✓	✓	✓			✓

Sustainability Statement

(Cont'd)

METRICS AND TARGETS

VS measures sustainability-related risks and opportunities using clearly defined metrics and targets across its Economic, Environmental, Social and Governance (EESG) pillars. These indicators are reported as absolute figures or ratios, and the underlying data is audited by an independent third party to ensure accuracy and credibility.

The Sustainability Management Team actively monitors performance through:

- Standardised data collection and baselines to ensure consistency across business units
- Dashboards, thresholds and regular governance cycles for timely oversight
- Internal audits and external assurance to verify data integrity
- Integration with CAPEX planning and executive KPIs to link performance with accountability

VS has tracked its sustainability targets since FY2021, using that year as the baseline for measuring ongoing progress and improvement.

Progress against Targets

RISK/OPPORTUNITIES AREA	METRIC	PROGRESS	TARGETS
Environmental			
GHG Emissions	Tons CO ₂ e per year/ per unit of production	<p>On Pacing. As of FY2025, VS managed to reduce its emissions intensity by 3.5% comparing with FY2024.</p> <p>Note: FY2025 targets are benchmarked against FY2024 as operations in FY2021 were impacted by pandemic, rendering data from the baseline year not comparable</p>	<p>Reduce emissions intensity</p> <ul style="list-style-type: none"> ➢ by 5% by 2025 ➢ by 10% by 2030 ➢ by 15% by 2040
	Scope 1 and 2 emissions reduction	<p>On Pacing. Using FY2021 as the baseline, VS achieved a 12.7% reduction on a location-based basis as of FY2025.</p>	<p>Reduce scope 1 and 2</p> <ul style="list-style-type: none"> ➢ by 15% by FY2025 ➢ by 20% by FY2030 ➢ by 30% by FY2040
Energy Intensity	kWh per RM revenue or per unit output	<p>On Pacing. As of FY2025, VS has managed to reduce its energy intensity by 1.4% comparing with FY2024</p> <p>Note: FY2025 targets are benchmarked against FY2024 as operations in FY2021 were impacted by pandemic, rendering data from the baseline year not comparable.</p>	<p>Reduce energy intensity</p> <ul style="list-style-type: none"> ➢ by 5% by 2025 ➢ by 10% by 2030 ➢ by 15% by 2040

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RISK/OPPORTUNITIES AREA	METRIC	PROGRESS	TARGETS
Renewable Energy Usage	% electricity from renewable sources	Outpacing. By FY2025, renewable energy consumption reached 40.7%, surpassing the interim target.	Increased renewable energy consumption <ul style="list-style-type: none"> ➤ by 5% in 2025 ➤ by 10% in 2030 ➤ by 20% in 2040
Water Usage	m³ used	Outpacing. Using FY2021 as the baseline, VS achieved a 26.8% reduction in water usage	Reduce Water Usage <ul style="list-style-type: none"> ➤ by 10% by 2025 ➤ by 20% by 2030 ➤ by 25% by 2040 indexed to sales
Waste Reduction	% hazardous/non-hazardous waste recycled	Below Target. Temporarily increased due to one – time exercise in disposal of scrapped materials	Reduce manufacturing waste <ul style="list-style-type: none"> ➤ by 10% by 2025 ➤ by 20% by 2030 ➤ by 25% by 2040 indexed to sales
Social			
Health & Safety	No. of Fatalities	On Pacing. No employee or contractor deaths occurred due to work-related incidents during the reporting period	Achieve Zero Fatalities
Health & Safety	Lost Time Injury Frequency Rate (LTIFR)	Outpacing. By FY2025, VS managed to reduce LTIFR by 13.3%	Reduce LTIFR <ul style="list-style-type: none"> ➤ by 10% by 2025 ➤ by 20% by 2030 ➤ by 25% by 2040
Employee Training	Hours of training per employee	On Pacing. During FY2025, each employee has attended at least 4.95 hours training	At least ≥ 6 hours per employee annually
Supplier Social Compliance	% suppliers audited against Social Compliance	On Pacing. Achieved 59.3% on SAQ by Critical Suppliers and audited 27 suppliers	<ul style="list-style-type: none"> ➤ Achieve 50% Self Assessment on Critical Suppliers ➤ Audit 20 suppliers annually
Diversity & Inclusion	% of employee diversification	On Pacing. As of FY2025, VS has achieved 32% ration of female employees in Managerial position	<ul style="list-style-type: none"> ➤ Achieve a 30% ratio of female employees in Managerial positions by 2025
Governance			
Anti-Corruption & Ethics	Hours of Ethics training per employee	Outpacing. During FY2025, VS has conducted 228 training hours on ethics	At least 200 training hours on ethics annually
Certifications & Standards	ISO 14001: 2015 Accreditation	Outpacing. 100% of key facilities have achieved ISO 14001:2015	All key facilities to be accredited with ISO 14001:2015 by 2025
Certifications & Standards	ISO 45001: 2028 Accreditation	Outpacing. 100% of key facilities have achieved ISO 45001: 2018	All key facilities to be accredited with ISO 45001:2018 by 2025

Sustainability Statement

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Metric Tables

Values listed have been rounded up or down from the actual values. These metric tables show a three-year history which is calculated by including all manufacturing sites in Malaysia and Hostels.

Indicator	Unit	FY2023	FY2024	FY2025
Economic				
Supply Chain				
Proportion of local suppliers	%	64.23%	64.5%	63.20%
Proportion of spending on local suppliers	%	44.79%	56.17%	54.51%
Corruption				
Total amount of political contributions	RM	0	0	0
Total cost of fines, penalties or settlements in relation to corruption	RM	0	0	0
Number of staff disciplined or dismissed due to non-compliance with anti-corruption policy	No.	0	0	0
Directors receiving anti-corruption training	No. (%)	0 (0.00%)	0 (0.00%)	2 (16.67%)
Top management receiving anti-corruption training	No. (%)	4 (10.26%)	4 (8.70%)	40 (90.91%)
Management receiving anti-corruption training	No. (%)	52 (14.36%)	49 (11.81%)	368 (88.46%)
Staff receiving anti-corruption training	No. (%)	121 (1.07%)	61 (0.52%)	869 7.89%
Total employees who have received training on anti-corruption	No. (%)	177	114	1279
Total confirmed incidents of corruption	No.	0	0	0
Percentage of operations assessed for corruption-related risks	%	100%	93%	100%
Environmental				
Energy				
Non-renewable electricity consumption	MWh	118,144	128,533	124,465
Renewable energy generation (solar)	MWh	931	4,818	7,883
Renewable energy consumption (solar)	MWh	573	3,428	6,997
Renewable energy sold (solar)	MWh	357	1,389	886
Total electricity consumption	MWh	118,717	131,962	131,461
Direct energy *	GJ	9,723	9,840	8,703
Indirect energy consumption (electricity) *	GJ	427,382	475,062	473,261
Total energy consumption*	GJ	437,105	484,902	481,965
Energy intensity	MJ/kg of product	0.69	0.75	0.74

* Conversion coefficients for diesel and petrol to GJ are derived from the stationary combustion emission factors from Cross Sector Tools by the GHG Protocol

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(Cont'd)

Indicator	Unit	FY2023	FY2024	FY2025
Environmental (Cont'd)				
Water and effluent				
Total municipal water consumption	m ³	819,976	918,437	1,040,219
Total surface water from rivers, lakes and natural ponds	m ³	0	0	0
Total groundwater from wells, boreholes	m ³	0	0	0
Harvested rainwater	m ³		296	518
Total water consumption	m ³	819,976	918,733	1,040,737
Total volume of effluent discharge	m ³	6,596	17,062	18,368
Materials				
Weight of materials used to produce and package products and services	kg	21,351,467	26,152,341	22,859,642
Waste				
Total solid waste disposed	tonnes	1,995	2,750	3,140
Non-recycled waste *	tonnes	155	388	508
Total recycled solid waste	tonnes	1,839	2,362	2,632
Total scheduled waste disposed	tonnes	2,137	2,023	2,223

* Food waste

Carbon emissions				
Scope 1 Emissions				
Fuel combustion CO ₂ *	tCO ₂ e	707.36	715.52	632.72
Fuel combustion CH ₄ *	tCO ₂ e	2.71	2.75	2.43
Fuel combustion N ₂ O *	tCO ₂ e	1.59	1.61	1.43
Fuel combustion CO ₂ e emissions	tCO ₂ e	711.66	719.88	636.57
Fugitive emissions (refrigerants, fire extinguishers, etc.)	tCO ₂ e	0.00	0.00	499.49
Total Scope 1 emissions	tCO ₂ e	711.66	719.88	1,136.06
Total Scope 2 emissions **	tCO ₂ e	89,553	97,428	94,344
Total operational emissions (Scopes 1 & 2)	tCO ₂ e	90,265	98,148	95,480
Emissions intensity	kgCO ₂ e/kg of product	0.15	0.15	0.15

Sustainability Statement (Cont'd)

Indicator	Unit	FY2023	FY2024	FY2025
Environmental (Cont'd)				
Carbon emissions (Cont'd)				
Scope 3				
1: Purchased Goods and Services				
CO ₂	tCO ₂ e	NA	NA	71,936.95
CO ₂ biogenic	tCO ₂ e	NA	NA	6,238.10
CH ₄	tCO ₂ e	NA	NA	275.38
N ₂ O	tCO ₂ e	NA	NA	7.45
HFC	tCO ₂ e	NA	NA	3,267.64
PFC	tCO ₂ e	NA	NA	92.14
SF ₆	tCO ₂ e	NA	NA	0.00
Total (fossil only)	tCO ₂ e	NA	NA	75,579.56
2: Capital Goods				
CO ₂	tCO ₂ e	NA	NA	397.38
CO ₂ biogenic	tCO ₂ e	NA	NA	14.23
CH ₄	tCO ₂ e	NA	NA	0.27
N ₂ O	tCO ₂ e	NA	NA	0.01
HFC	tCO ₂ e	NA	NA	2.76
PFC	tCO ₂ e	NA	NA	0.04
SF ₆	tCO ₂ e	NA	NA	0.00
Total (fossil only)	tCO ₂ e	NA	NA	400.46
3. Fuel- and energy-related activities	tCO ₂ e	2,275	2,502	2,445
4. Upstream transportation and distribution				
CO ₂	tCO ₂ e	NA	NA	5,750
CO ₂ biogenic	tCO ₂ e	NA	NA	11
CH ₄	tCO ₂ e	NA	NA	0.53
N ₂ O	tCO ₂ e	NA	NA	0.08
HFC	tCO ₂ e	NA	NA	12
PFC	tCO ₂ e	NA	NA	0.48
SF ₆	tCO ₂ e	NA	NA	0.00
Total (fossil only)	tCO ₂ e	NA	NA	5,764
5. Waste generated in operations				
General waste	tCO ₂ e	155	388	508
Scheduled waste	tCO ₂ e	2,137	2,023	2,223
Total emissions (fossil only)	tCO ₂ e	2,292	2,411	2,731
6. Business Travel				
CO ₂	tCO ₂ e	361	364	348
CH ₄	tCO ₂ e	0.04	0.05	0.04
N ₂ O	tCO ₂ e	3.14	3.17	3.03
Total emissions	tCO ₂ e	364	367	351

Sustainability Statement

(Cont'd)

Indicator	Unit	FY2023	FY2024	FY2025
Environmental (Cont'd)				
Carbon emissions (Cont'd)				
Scope 3 (Cont'd)				
7: Employee commuting				
CO ₂	tCO ₂ e	NA	8,822	9,967
CH ₄	tCO ₂ e	NA	41	42.36
N ₂ O	tCO ₂ e	NA	23	23.60
Total emissions	tCO ₂ e	8,430	8,886	10,033
8. Upstream leased assets				
Activity data (properties)	tCO ₂ e	NA	NA	728
CO ₂	tCO ₂ e	NA	NA	74
CO ₂ biogenic	tCO ₂ e	NA	NA	37
CH ₄	tCO ₂ e	NA	NA	2
N ₂ O	tCO ₂ e	NA	NA	0
HFC	tCO ₂ e	NA	NA	0
PFC	tCO ₂ e	NA	NA	0
SF ₆	tCO ₂ e	NA	NA	0
Total (fossil only)	tCO ₂ e	NA	NA	805
13. Downstream leased assets				
14. Franchises		NA	NA	1,275
Total Scope 3 emissions	tCO ₂ e			99,384

Scope 1 – Direct Emissions

- Fuel Combustion (B7 diesel and petrol):
- Emissions calculated using emission factors from the IPCC Guidelines for National Greenhouse Gas Inventories, covering CO₂, CH₄ and N₂O.
- Refrigerants (fire extinguishers and cooling systems):
- Fugitive emissions calculated using DEFRA 2025 emission factors.

Scope 2 – Purchased Electricity

- Emissions calculated using grid emission factors published by the Energy Commission (2022) for the Peninsular Malaysia grid.

Scope 3 – Other Indirect Emissions

- Purchased Goods and Services; Capital Goods; Upstream Transport and Distribution: Calculated using EXIOBASE emission factors selected by activity, country and region, adjusted for inflation and foreign exchange.
- Upstream Leased Assets: Calculated using a hybrid method combining EXIOBASE (for spend-based items) and Energy Commission grid factors (for activity-based electricity use).
- Fuel- and Energy-Related Activities; Business Travel; Employee Commuting: Calculated using DEFRA 2025 Greenhouse Gas Reporting Conversion Factors.
- Waste Generated in Operations: Calculated using U.S. EPA WARM emission factors.
- Downstream Leased Assets: Calculated using grid emission factors published by the Energy Commission (2022).
- Franchises: Not applicable as the Group does not operate a franchising model.

Sustainability Statement (Cont'd)

Indicator	Unit	FY2023	FY2024	FY2025
Social				
Diversity, Equity & Inclusion				
Total employees	No.	11,755	12,189	11,479
<i>Employees by contract</i>				
Permanent employees	No. (%)	11,755 (100.00%)	12,189 (100.00%)	11,479 (100.00%)
Contractors/temporary employees	No. (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
<i>Employees by nationality</i>				
Local	No. (%)	5,052 (42.98%)	4,245 (34.83%)	4,512 (39.31%)
Overseas	No. (%)	6,703 (57.02%)	7,944 (65.17%)	6,967 (60.69%)
<i>Employees by gender</i>				
Female	No. (%)	6,479 (55.12%)	7,460 (61.20%)	6,887 (60.00%)
Male	No. (%)	5,276 (44.88%)	4,729 (38.80%)	4,592 (40.00%)
<i>Employees by age</i>				
<30	No. (%)	8,597 (73.13%)	9,138 (74.97%)	8,283 (72.16%)
30-50	No. (%)	2,884 (24.53%)	2,747 (22.54%)	2,864 (24.95%)
>50	No. (%)	274 (2.33%)	304 (2.49%)	332 (2.89%)
Employees by ethnicity				
Malay	No. (%)	3,668 (31.20%)	3,062 (25.12%)	3,303 (28.77%)
Indian	No. (%)	674 (5.73%)	628 (5.15%)	637 (5.55%)
Chinese	No. (%)	348 (2.96%)	255 (2.09%)	275 (2.40%)
Others	No. (%)	7,065 (60.10%)	8,244 (67.63%)	7,264 (63.28%)
<i>Employees by category</i>				
Directors	No. (%)	10 (0.09%)	12 (0.10%)	12 (0.10%)
Top management	No. (%)	39 (0.33%)	46 (0.38%)	44 (0.38%)
Management	No. (%)	362 (3.08%)	415 (3.40%)	416 (3.62%)
Staff	No. (%)	11,344 (96.50%)	11,716 (96.12%)	11,007 (95.89%)

Sustainability Statement

(Cont'd)

Indicator	Unit	FY2023	FY2024	FY2025
Social (Cont'd)				
Employees by ethnicity (Cont'd)				
<i>Gender by category</i>				
Directors: Female	No. (%)	1 (10.00%)	2 (16.67%)	2 (16.67%)
Directors: Male	No. (%)	9 (90.00%)	10 (83.33%)	10 (83.33%)
Top management: Female	No. (%)	6 (15.38%)	8 (17.39%)	8 (18.18%)
Top management: Male	No. (%)	33 (84.62%)	38 (82.61%)	36 (81.82%)
Management: Female	No. (%)	106 (29.28%)	129 (31.08%)	133 (31.97%)
Management: Male	No. (%)	256 (70.72%)	286 (68.92%)	283 (68.03%)
Staff management: Female	No. (%)	6,366 (56.12%)	7,321 (62.49%)	6,744 (61.27%)
Staff management: Male	No. (%)	4,978 (43.88%)	4,395 (37.51%)	4,263 (38.73%)
<i>Age by Category</i>				
Directors:<30	No. (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Directors: 30-50	No. (%)	2 (20.00%)	2 (16.67%)	2 (16.67%)
Directors: >50	No. (%)	8 (80.00%)	10 (83.33%)	10 (83.33%)
Top management:<30	No. (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Top management:30-50	No. (%)	7 (17.95%)	11 (23.91%)	9 (20.45%)
Top management:>50	No. (%)	32 (82.05%)	35 (76.09%)	35 (79.55%)
Management:<30	No. (%)	5 (1.38%)	10 (2.41%)	5 (1.20%)
Mangement:30-50	No. (%)	272 (75.14%)	311 (74.94%)	308 (74.04%)
Management:>50	No. (%)	85 (23.48%)	94 (22.65%)	103 (24.76%)
Staff:<30	No. (%)	8,592 (75.74%)	9,128 (77.91%)	8,278 (75.21%)
Staff:30-50	No. (%)	2,601 (22.93%)	2,423 (20.68%)	2,545 (23.12%)
Staff:>50	No. (%)	151 (1.33%)	165 (1.41%)	184 (1.67%)

Sustainability Statement (Cont'd)

Indicator	Unit	FY2023	FY2024	FY2025
Social (Cont'd)				
Employees by ethnicity (Cont'd)				
<i>Employees by union membership</i>				
Union members	No. (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Non-union members	No. (%)	11,755 (100.00%)	12,189 (100.00%)	11,479 (100.00%)
<i>Disabilities</i>				
Disabled employees	No. (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
Employee turnover				
Total turnover	No. (%)	4,780 (44.87%)	5,116 (42.73%)	3,515 (29.70%)
<i>Turnover by gender</i>				
Female	No. (%)	1,875 (28.94%)	2,283 (30.60%)	1,618 (23.49%)
Male	No. (%)	2,905 (55.06%)	2,833 (59.91%)	1,897 (41.31%)
<i>Turnover by age group</i>				
<30	No. (%)	3,665 (42.63%)	3,874 (42.39%)	2,644 (31.92%)
30-50	No. (%)	1,080 (37.45%)	1,204 (43.83%)	827 (28.88%)
>50	No. (%)	35 (12.77%)	38 (12.50%)	44 (13.25%)
<i>Turnover by employment category</i>				
Directors	No. (%)	1 (10.00%)	0 (0.00%)	0 (0.00%)
Top management	No. (%)	1 (2.56%)	3 (6.52%)	5 (11.36%)
Management	No. (%)	33 (9.12%)	33 (7.95%)	44 (10.58%)
Senior management	No. (%)	4,745 (41.83%)	5,080 (43.36%)	3,466 (31.49%)
Director Diversity				
<i>Directors by gender</i>				
Female	No. (%)	1 (10.00%)	2 (16.67%)	2 (16.67%)
Male	No. (%)	9 (90.00%)	10 (83.33%)	10 (83.33%)

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(Cont'd)

Indicator	Unit	FY2023	FY2024	FY2025
Social (Cont'd)				
Director Diversity (Cont'd)				
<i>Directors by age Group</i>				
<30	No. (%)	0 (0.00%)	0 (0.00%)	0 (0.00%)
30-50	No. (%)	2 (20.00%)	2 (16.67%)	2 (16.67%)
>50	No. (%)	8 (80.00%)	10 (83.33%)	10 (83.33%)
Training & Development				
Total time spent on employee development training to enhance knowledge or individual skills	Hours	2,736	4,452	3,632
Total time spent on employee development training for top management	Hours	NA	54	720
Total time spent on employee development training for management	Hours	NA	747	14,496
Total time spent on employee development training for staff	Hours	NA	3,651	41,624
Total employees attending training	Number	2,328	1,895	3,205
Average training per employee	Hours	1.18	2.35	4.95
Community				
Total amount of corporate or group donations/ community investments made to registered not-for-profit organisations	RM	293,500	3,011,000	28,500
Total number of beneficiaries of the investment in communities	Number of communities	6 (No. of Organisation)	1,975 (No. of Students / Beneficiaries)	4 (No. of Organisation)
Health and Safety				
Fatalities	Number	0	0	0
Lost time incident rate *	Rate	0.12	0.32	0.28
Employees trained on health and safety standards	Number	952	406	556
Employees receiving general training, which includes safety	Number	952	406	556

* Number of lost time injuries in the reporting period / total number of hours worked in the reporting period * 200,000

Human Rights				
Substantiated complaints concerning human rights violations	Number	0	0	0
Data Privacy and Security				
Total substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0

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GRI CONTENT INDEX

Statement of use	VS has reported the information cited in this GRI content index for its FY2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	2
	2-2 Entities included in the organization's sustainability reporting	2
	2-3 Reporting period, frequency and contact point	24
	2-4 Restatements of information	No restatement during the year
	2-5 External assurance	107-111
	2-6 Activities, value chain and other business relationships	4, 10-11
	2-7 Employees	97-98
	2-8 Workers who are not employees	97
	2-9 Governance structure and composition	33-34
	2-10 Nomination and selection of the highest governance body	3
	2-11 Chair of the highest governance body	3
	2-12 Role of the highest governance body in overseeing the management of impacts	33-34
	2-13 Delegation of responsibility for managing impacts	34
	2-14 Role of the highest governance body in sustainability reporting	33-34
	2-15 Conflicts of interest	17-19
	2-16 Communication of critical concerns	29-32
	2-17 Collective knowledge of the highest governance body	17-22
	2-18 Evaluation of the performance of the highest governance body	130 - 133
	2-19 Remuneration policies	130 - 133
	2-20 Process to determine remuneration	130 - 133
	2-21 Annual total compensation ratio	1:1
	2-22 Statement on sustainable development strategy	25-27
	2-23 Policy commitments	26
	2-24 Embedding policy commitments	27-28
	2-25 Processes to remediate negative impacts	31-32
	2-26 Mechanisms for seeking advice and raising concerns	29-30
	2-27 Compliance with laws and regulations	77, 80, 81
	2-28 Membership associations	48
	2-29 Approach to stakeholder engagement	29-30
	2-30 Collective bargaining agreements	50

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 3: Material Topics 2021	3-1 Process to determine material topics	30-32
	3-2 List of material topics	32
	3-3 Management of material topics	27-28
GRI 102: Climate Change 2025	102-1 Transition plan for climate change	59-61, 66-67
	102-2 Climate change adaptation plan	64
	102-3 Just transition	66-67
	102-4 GHG emissions reduction targets and progress	57
	102-5 Scope 1 GHG emissions	94
	102-6 Scope 2 GHG emissions	94
	102-7 Scope 3 GHG emissions	95
	102-8 GHG emissions intensity	94
GRI 103: Energy 2025	103-1 Energy policies and commitments	56
	103-2 Energy consumption and self-generation within the organization	93
	103-3 Upstream and downstream energy consumption	93
	103-4 Energy intensity	93
	103-5 Reduction in energy consumption	93
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	5
	201-2 Financial implications and other risks and opportunities due to climate change	69
	201-3 Defined benefit plan obligations and other retirement plans	80
	201-4 Financial assistance received from Government	No financial assistance received from the Government
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	1:1
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	83-85
	203-2 Significant indirect economic impacts	83-84
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	94
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	93
	205-2 Communication and training about anti-corruption policies and procedures	35
	205-3 Confirmed incidents of corruption and actions taken	93
GRI 207: Tax 2019	207-1 Approach to tax	10, 12
	207-2 Tax governance, control, and risk management	10, 12
GRI 301: Materials 2016	301-1 Materials used by weight or volume	94

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	69
	303-2 Management of water discharge-related impacts	72
	303-3 Water withdrawal	94
	303-4 Water discharge	94
	303-5 Water consumption	94
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	94
	305-2 Energy indirect (Scope 2) GHG emissions	94
	305-3 Other indirect (Scope 3) GHG emissions	95
	305-4 GHG emissions intensity	68
	305-5 Reduction of GHG emissions	94-96
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	70-71
	306-2 Management of significant waste-related impacts	70-72
	306-3 Waste generated	95
	306-4 Waste diverted from disposal	94
	306-5 Waste directed to disposal	94
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	49
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	99
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	81
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	82
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	77-79
	403-2 Hazard identification, risk assessment, and incident investigation	39, 78
	403-3 Occupational health services	38-39
	403-4 Worker participation, consultation, and communication on occupational health and safety	38
	403-5 Worker training on occupational health and safety	77
	403-6 Promotion of worker health	77-78
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	77-79
	403-8 Workers covered by an occupational health and safety management system	38-39
	403-9 Work-related injuries	100
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	100
	404-2 Programs for upgrading employee skills and transition assistance programs	76
	404-3 Percentage of employees receiving regular performance and career development reviews	100%

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GRI STANDARD	DISCLOSURE	LOCATION
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	97-99
	405-2 Ratio of basic salary and remuneration of women to men	1:1
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	74, 80
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	80
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	80-81
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	80-81
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	83-85
	413-2 Operations with significant actual and potential negative impacts on local communities	84-85
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	50-52
	414-2 Negative social impacts in the supply chain and actions taken	50-52
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	52, 86
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	86-87, 90
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	39, 100

Sustainability Statement

(Cont'd)

BURSA ESG PERFORMANCE TABLE

Indicator	Measurement Unit	2025
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Directors	Percentage	16.67
Top Management	Percentage	90.91
Management	Percentage	88.46
Staff	Percentage	7.89
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	28,500.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	4
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Directors Under 30	Percentage	0.00
Directors Between 30-50	Percentage	16.67
Directors Above 50	Percentage	83.33
Top Management Under 30	Percentage	0.00
Top Management Between 30-50	Percentage	20.45
Top Management Above 50	Percentage	79.55
Management Under 30	Percentage	1.20
Management Between 30-50	Percentage	74.04
Management Above 50	Percentage	24.76
Staff Under 30	Percentage	75.21
Staff Between 30-50	Percentage	23.12
Staff Above 50	Percentage	1.67
Gender Group by Employee Category		
Directors Male	Percentage	83.33
Directors Female	Percentage	16.67
Top Management Male	Percentage	81.82
Top Management Female	Percentage	18.18
Management Male	Percentage	68.03
Management Female	Percentage	31.97
Staff Male	Percentage	38.73
Staff Female	Percentage	61.27
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	83.33
Female	Percentage	16.67
Under 30	Percentage	0.00
Between 30-50	Percentage	16.67
Above 50	Percentage	83.33

Internal assurance

External assurance

No assurance

(*)Restated

Sustainability Statement

(Cont'd)

Indicator	Measurement Unit	2025
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	133,879.05
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.28
Bursa C5(c) Number of employees trained on health and safety standards	Number	556
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category	Hours	
Directors	Hours	464
Top Management	Hours	1,184
Management	Hours	14,496
Staff	Hours	41,624
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	0.00
Bursa C6(c) Total number of employee turnover by employee category	Number	
Directors	Number	0
Top Management	Number	5
Management	Number	44
Staff	Number	3,466
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	54.51
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 (Water)		
Bursa C9(a) Total volume of water used	Megalitres	1,040.737240
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	5,363.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	0.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	5,363.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	1,136.06
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	95,480.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	99,384.00