

## **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 6963  
**COMPANY NAME** : V.S. INDUSTRY BERHAD  
**FINANCIAL YEAR** : July 31, 2023

### **OUTLINE:**

#### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

#### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors ("<b>the Board</b>") takes full responsibilities for the overall corporate governance and strategic direction of V.S. Industry Berhad ("<b>VSI</b>" or "<b>the Company</b>") and its subsidiaries (collectively referred to as "<b>VSI Group</b>" or "<b>the Group</b>"). In discharging its fiduciary duties within a framework founded on transparency, integrity and accountability, the Board ensures that it aligns the interests of the Board and Management with that of shareholders and all stakeholders.</p> <p>The Board provides thought leadership and advice in fine-tuning corporate strategies and business model, championing good corporate governance practices, overseeing risk management and internal control system to ensure an optimum balance of a sound and sustainable business operation. The Board also ensures that the necessary resources are in place for the Company to meet its objectives and review management performance.</p> <p>Currently, the Board is assisted by four (4) Board Committees, namely, Audit Committee ("<b>AC</b>"), Nomination Committee ("<b>NC</b>"), Remuneration Committee ("<b>RC</b>") and Risk Management and Compliance Committee ("<b>RMCC</b>") to ensure appropriate checks and balances in discharging its oversight function. Each Committee operates under clearly defined Terms of Reference ("<b>TOR</b>") as approved by the Board to oversee and deliberate matters within their purviews. The ultimate responsibility for the final decision on all matters, however, lies with the Board. The Board is guided by its Board Charter, which outlines the Board's, Executive Chairman's and Managing Director's responsibilities, the principles and practices of corporate governance for adherence.</p> <p>The AC and the Board met with representatives from Management on a quarterly basis where Management reported on the performance and results of the business of the Company and the Group which are benchmarked against the previous reporting period / year, as applicable.</p> <p>During financial year ended 31 July 2023 ("<b>FY2023</b>"), the Board in discharging its responsibilities has:</p> <p>i. Conducted reviews, held extensive and in-depth discussion on new investments, projects and/or award of significant contracts by taking into consideration the benefit versus risk factor in making informed decision to maximise the success of such ventures and add value to the Group and its stakeholders;</p>

	<p>ii. Conducted periodic reviews of the Group existing major projects and investments as a means to ensure proper conduct of the Group's business affairs;</p> <p>iii. Discussed and set the tone for the Group on matters in relation to environmental, social and governance ("ESG") to create sustainable business landscape and long-term development;</p> <p>iv. Reviewed and discussed on succession planning for the key senior positions and executive leadership; and expansion of independent voice on the Board;</p> <p>v. Reviewed and endorsed the Non-Assurance Services Policy recommended by the AC which sets forth procedures and conditions whereby permissible non-assurance services provided by the independent auditor;</p> <p>vi. Reviewed reports from the various Board Committees and approved the recommendations proposed by the Board Committees such as:</p> <ul style="list-style-type: none"> <li>• Appointment and re-election of Directors.</li> <li>• Directors' fees including remuneration package of Executive Directors.</li> <li>• Interim and annual financial reporting.</li> <li>• Related party transactions.</li> </ul> <p>The above are some of the activities carried out by the Board in discharging its responsibilities, which are non exhaustive.</p> <p>The drive for excellence throughout the Group is driven by tone from the top as enshrined in the Group's Vision and Mission Statements. The Board has also established clear functions reserved for the Board, Board Committees, Directors and those delegated to Management. The Board is responsible for the overall business framework within which the Group operates.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is led by Datuk Beh Kim Ling, Executive Chairman. His profile is outlined under the Profile of Directors in the 2023 Annual Report. The Chairman leads in formulating pivotal policies, charting strategic course, cultivates exemplary corporate governance practices by the Board and enhance the overall Board's functions effectively and cohesively. The Chairman is also responsible for instilling leadership including navigating the Group's business directions, effectiveness, conducts and governance practice of the Company.</p> <p>The Chairman leads the governance activities on the Board, creates a conducive environment geared towards building and enhancing the Board's effectiveness by ensuring the Board members receive timely, complete and accurate information as well as all strategic and critical issues are discussed by the Board in a timely manner.</p> <p>The Chairman also acts as a facilitator at Board meetings to ensure that no Board member dominates discussion for healthy discussion to take place by fostering free expression of views and constructive debate on all issues pertinent to the welfare and future of the Group to achieve optimum decision-making by the Board.</p> <p>The Chairman leads the Board in embracing good corporate governance practices throughout the Group, addressing the Board's developmental needs, promoting constructive relations between the Board and management and providing unbiased assessment on management proposals to ensure the Board decisions made are in the Group's best interest and fairly reflect the Board's consensus.</p> <p>The above-mentioned roles and responsibilities of the Chairman of the Board are stated in the Board Charter, which is available on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a>.</p>	
Explanation for departure	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
Measure	:		
Timeframe	:		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.3**

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The roles and responsibilities of CEO in the Company is assumed by the MD (Managing Director). The Board has always made the distinction that the position of the Chairman and MD does not reside with the same person to ensure organisational check and balance for better governance. The MD is Datuk Gan Sem Yam. Their respective roles and responsibilities are distinct and segregated to engender accountability and avoid unfettered powers in decision-making.</p> <p>The MD is responsible for the executive management of the Group's business and implementing operational decisions and managing day-to-day operations. He is supported by the Executive Directors and management team in implementing the Group's strategic plan and overseeing the operations and business development of the Group</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

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

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the Board is not a member of the Audit Committee, Nomination Committee and Remuneration Committee. The Chairman of the Board did not participate in any of the aforesaid Board Committees' meetings.</p> <p>All the members of the Company's Board Committees are comprised of Independent Non-Executive Directors. These allow the Board Committees to deliberate on matters and put forth its recommendations to the Board independently.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.5**

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by independent professionally qualified and competent Company Secretaries. All the Company Secretaries of the Company are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016 as they are members of MAICSA (Malaysian Institute of Chartered Secretaries &amp; Administrators) or a member of MIA (Malaysian Institute of Accountants), as applicable.</p> <p>The Directors have ready and unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively.</p> <p>The Board is regularly updated and advised by the Company Secretaries who are professionally qualified, experienced and knowledgeable on new or revised regulatory requirements as well as corporate governance best practice. In this respect, the Company Secretaries play an advisory role to the Board, particularly with regards to the Company's Constitution, Board policies and procedures, corporate disclosure obligations, compliance with statutory and regulatory requirements as well as adoption of corporate governance best practices.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.6**

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice of Board and Board Committees meeting together with Board papers are circulated to the Directors at least one (1) week prior to each meeting. This is to accord sufficient time for the Directors to review and evaluate the matters to be discussed and obtain further information and/or clarification from the Management or the Company Secretaries, where necessary, prior to meeting to enable them to duly discharge their duties and ensure that deliberations at the meeting are effective, constructive, focused and expedite decision-making process.</p> <p>However, exceptions may be made for certain ad hoc or urgent instances when Directors unanimously consent to short notice.</p> <p>All Board Committee meetings are held separately from the main Board meeting, which enable objective and independent discussion during the meeting. The Chairman of the Board Committee will then report significant matters discussed during the Board Committee meetings to the Board during the main Board meeting.</p> <p>The Company Secretaries always ensure proper minutes of all proceedings of the meetings such as the issues raised, deliberations and decisions of the Board and Board Committees, including matters where Directors abstained from voting or deliberation. The minutes of the meetings will be circulated to the Directors and confirmed by the respective Chairman at the subsequent meetings.</p> <p>Any matters arising from the meeting including suggestion and request by the Board and Board Committee's members are communicated to the Management for appropriate action. In subsequent meetings, the Board and Board Committee will follow up on any matters arising and receive any relevant updates on the aforesaid matters.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		



## Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website.

The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>There is a Board Charter which serves as a guiding literature to the Board in the fulfilment of its fiduciary and leadership functions. The Board Charter clearly delineates the respective roles and responsibilities of the Board, Board Committees and Management as well as a schedule of matters reserved for collective decision of the Board.</p> <p>The Board Charter is reviewed and updated periodically in accordance with the needs of the Company to ensure its relevancy, effectiveness and consistency with the Board's objectives and corporate vision as well as ensuring compliance with current laws and/or regulations.</p> <p>In latest review of the Board Charter in November 2022 had incorporated the enhanced governance practices on the Board in line with the principles of good corporate governance in the Malaysian Code on Corporate Governance ("MCCG"); the requirements of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any new / revised regulations that may have an impact on the discharge of the Board's duties.</p> <p>The updated Board Charter is published on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.1**

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board observes the Company Directors' Code of Ethics as established by the Suruhanjaya Syarikat Malaysia (Companies Commission of Malaysia or "SSM") and published on SSM's website.</p> <p>In compliance with the requirements set forth in the Guidelines on Adequate Procedures to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Anti-Corruption Framework Policy has been adopted as part of the Company's commitment against all forms of bribery and corruption. The Policy aims to set out the main principles, policies and guidelines upon which the Company practices in relation to anti-corruption.</p> <p>Adherence this and the Whistleblowing Policy under Principle 3.2 by all in the performance of their duties is essential to maintain the Group's reputation for fair and ethical practices among customers, suppliers, shareholders, employees, communities and other stakeholders. Working with a strong sense of integrity is essential to achieve the Group's business goals in an open, honest, ethical and principled manner.</p> <p>The basic principles of the Code of Ethics take into appropriate consideration of the Company's customers, shareholders, people, business partners and the broader community in which the Company operates. The Business Code of Conduct &amp; Ethics is available on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

**Practice 3.2**

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has put in place a Whistleblowing Policy which allows the whistle blower(s) to raise concerns about actual or potential corporate fraud or breach of ethics involving any Directors, management or employees of the Group.</p> <p>The policy fosters an environment in which integrity and ethical behaviour are maintained through protocols which allow for the exposure of any illegal acts; violations; unethical behaviour; improper conduct; failure to comply with regulatory requirements; wrongdoing; or any possible serious violations of internal policies, procedures or external laws by the perpetrators within the Group. In order to facilitate fair and equitable investigation, all whistleblowing reports are channelled to the Whistleblowing Unit that is under the purview of the Audit Committee Chairman who is an Independent Non-Executive Director.</p> <p>During FY2023, there were no cases of breaches in ethics and integrity practices reported through the whistleblowing reporting channel.</p> <p>In November 2022, the Board had reviewed and approved amendments to the Whistleblowing Policy and the said updated policy is available on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.1**

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

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

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has the overall responsibility for sustainability and considers ESG matters in the Group's strategy development. The Board recognises the importance of responsible growth and sustainable development / future and is committed to incorporate sustainability principles and values into the Group's strategy plans, targets, business processes and risk management. The Group is set to build its business on clear principles and sound governance that help maintain trust and reduce risk throughout the value chain. The Group organises and governs its sustainability work promoting transparency and accountability.</p> <p>The Sustainability Executive Committee helps the Board fulfil its oversight sustainability responsibilities, including strategy, operational model, reporting and frameworks. The RMCC also aids the Board in fulfilling its oversight responsibilities for managing risks, related frameworks, controls and processes, including ESG factors as drivers of existing risk.</p> <p>At the executive level, the Sustainability Management Team ("<b>SMT</b>") supports the Committee. As the backbone of the Group's sustainable development, the SMT drives initiatives across the Group, sets Key Performance Indicators (KPIs) and targets in consultation with relevant stakeholders and monitors ESG risks and opportunities.</p> <p>At the operational level, the Risk and Sustainability Working Group ("<b>RSWG</b>"), at each operating facility headed by the respective facility's General Manager and supported by Department Heads from Finance, Supply Chain, Marketing, Human Resources and Operations meets quarterly to discuss and updates on sustainability performance.</p> <p>The Sustainability Statement in the Company's 2023 Annual Report demonstrates how the Group evolve on its practices especially in ESG areas. The aforesaid statement articulates the Group's commitment to sustainability, transparency, the interests of key stakeholders and pragmatic responses to these interests. Comprehensive, accessible information on the Group's strategy towards sustainability, key issues and data are presented in this report.</p> <p>As part of its continuous effort to ensure good corporate governance practice, the Board will take the necessary steps to include an annual</p>

	review on the Board's effectiveness and performance relating to sustainability and the ESG aspects.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 4.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board is committed to transparent and consistent communication of sustainability strategies, priorities and targets to its internal and external stakeholders. The detailed narrative as well as specific disclosures on strategies, priorities and achievements on how the company has continued to make progress on its journey of sustainability are communicated to its stakeholders through its annual report and Sustainability Statement published annually.</p> <p>The latest Sustainability Statement is published on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 4.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>One of the responsibilities of the Board of the Company is to develop and approve sustainability strategies and to ensure all business strategies address sustainability matters and major business operations are embedded with sustainability considerations in line with the changes in the external business environment and interests of the stakeholders.</p> <p>The Board is committed to creating business practices that are designed to create value in both the 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.</p> <p>The Group aims to satisfy the growing demand for transformation in the electronic manufacturing services field by optimising its contribution to sustainable development including climate-related matters.</p> <p>The Board is updated quarterly on the Group's sustainability performance to stay abreast with and understanding the sustainability issues relevant to the Company and its business, including environmental / climate-related risks and opportunities. In addition, the Group's Sustainability Policy among others included the following environmental / climate-related policy such as:</p> <ul style="list-style-type: none"> <li>• Complying with regulations with regards to the environment, occupational, safety and health</li> <li>• Practising green procurement and manufacturing</li> <li>• Responsible waste management and disposal</li> </ul> <p>On an annual basis, the Board is provided with a detailed presentation on the Sustainability Statement which covers specific knowledge and updates on the integration of sustainability matters into the Group's business plan / strategies. The Board considered the results of the sustainability assessment, material sustainability matters identified and responses implemented (including sustainability strategies formulated). With such escalation mechanisms in place, the Board were kept informed of the sustainability risks and opportunities faced by the Group, and the relevant responses and monitoring mechanisms in place such that sustainability risks are minimised and opportunities optimised for the long-term sustainability of the Group. The Sustainability Statement in the Company's 2023 Annual Report also provides an insight to the environmental related issues and steps taken to address such issues.</p> <p>The Board recognises the importance of continuing professional development, training and learning to sustain its knowledge and effective participation in Board deliberations.</p>

	<p>The Board takes cognisance of the circulars relating to the amendments to the MMLR issued by Bursa Malaysia on 6 June 2023 in relation to sustainability training for directors by expanding the MAP to two (2) parts, comprising MAP Part I and MAP Part II as follows:</p> <ul style="list-style-type: none"> <li>i. MAP Part I - The existing training for directors in relation to corporate governance and a director's roles, duties and liabilities; and</li> <li>ii. MAP Part II (new) - Focusing substantively on sustainability.</li> </ul> <p>The Board takes strict adherence to the time frame stipulated by the MMLR in complying with the MAP Part I and II.</p> <p>During FY2023, the Company's Directors continue to attend a wide range of training programmes and/or seminars, the details of which are as set out in the CG Overview Statement of the 2023 Annual Report.</p>	
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 4.4**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Sustainability related performances currently does not form part of the performance evaluation of the Board and senior management for FY2023.</p> <p>The Key Performance Indicators ("KPIs") of Executive Directors and Senior Management's performance in addressing the Company's material sustainability risks and opportunities has not been incorporated in the annual performance evaluation.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	<p>The Board will take necessary steps:</p> <ul style="list-style-type: none"> <li>i. to improve the evaluation structure to consider senior management performance relating to addressing the Company's material sustainability risks and opportunities; and</li> <li>ii. to incorporate suitable sustainability KPIs to be adopted into the performance review process in the future.</li> </ul>
<b>Timeframe</b>	:	<div>Within 1 year</div> <div></div>

**Intended Outcome**

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

**Practice 4.5- Step Up**

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

<i>Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	:  Mr Ng Yong Kang, the Operations Director of the Company is tasked to manage sustainability strategically, including the integration of sustainability considerations in the operations of the Company.  The roles of Mr Ng Yong Kang include but not limited to: <ul style="list-style-type: none"><li>• overseeing the management team in devising strategies to manage and minimise our environmental footprint;</li><li>• devising and overseeing the implementation of Environmental, Health and Safety (“EHS”) programmes and management of EHS risks; and</li><li>• overseeing the Company’s human rights compliance by aligning the Company’s conduct with the United Nations Guiding Principles on Business and Human Rights.</li></ul> Apart from taking charge of the above-mentioned roles and function, Mr Ng Yong Kang also manages the integration of automation and ESG factors into the Group’s operations.

**Intended Outcome**

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

**Practice 5.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NC had reviewed and evaluated the effectiveness of the Board as a whole based on the summary of results from the evaluation completed by the Directors and was satisfied that the Directors have discharged their responsibilities in a commendable manner. The NC was also of the view that all the Directors have contributed to robust deliberation and decision making during the Board and Board Committees meetings.</p> <p>It is also the duty of the NC to ensure that the composition of the Board is refreshed periodically based on the results of the Board evaluation and performance and the tenure of each Director. Further, the annual re-election of Directors should be based on a satisfactory evaluation of the Director's performance and contribution to the Board.</p> <p>During the FY2023, the NC recommended the appointment of a new Independent Non-Executive Director after assessing the suitability of the candidate based on the criteria set out in the Director's Fit and Proper Policy for the Board's consideration and approval.</p> <p>The NC, pursuant to Chapter 7.26 of the MMLR and Clause 103 of the Company's Constitution which states that at least one-third (1/3) of the Directors or the number nearest to one-third (1/3), shall retire by rotation at each AGM and at least once every three (3) years but are eligible for re-election by the shareholders, had decided on the Directors who were due for retirement by rotation and the Director's eligibility to stand for re-election. All retiring Directors seeking for re-election at the Company's AGM are assessed individually based on the criteria set out in the Director's Fit and Proper Policy by the NC and recommendations are made for the Board's consideration based on the assessment performed by the NC.</p> <p>Based on the NC's review and recommendations and upon due consideration and deliberation, the Board resolved to approve the proposed re-election of the retiring Directors, Tan Pui Suang, Beh Chern Wei (Ma Chengwei), Gan Pee Yong, Dr Lim Boh Soon and Wee Beng Chuan at the Company's Fortieth ("40th") AGM held on 6 January 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

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

**Intended Outcome**

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

**Practice 5.2**

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

Application	:	Departure										
Explanation on application of the practice	:											
Explanation for departure	:	<p>The current Board comprised of eleven (12) members with six (6) being Independent Non-Executive Directors (“INEDs”) i.e. half of the Board is represented by INEDs.</p> <table><tr><th>Directorate</th><th>Name</th></tr><tr><td>Executive Chairman</td><td>Datuk Beh Kim Ling</td></tr><tr><td>Managing Director</td><td>Datuk Gan Sem Yam</td></tr><tr><td>Executive Directors</td><td>Dato’ Gan Tiong Sia Ng Yong Kang Beh Chern Wei (Ma Chengwei)(his alternate, Chong Chin Siong) Gan Pee Yong</td></tr><tr><td>INEDs</td><td>Tan Pui Suang Wong Cheer Feng Dr. Lim Boh Soon Wee Beng Chuan Lee Li Ming Dato’ Lai Kim Seong</td></tr></table> <p>The Board is in compliance with paragraph 15.02 of the MMLR of Bursa Securities, which requires that at least two (2) Directors or one-third of the Board of the Company, whichever is the higher, are Independent Directors.</p> <p>The Board composition of INED has improved since the last reporting and the Board is mindful that the Board does not comprise a majority of INEDs and continues to source for suitable candidate to join the Board as INED.</p> <p>The Board is of the view that the present INEDs, with the breadth of professional background, have enabled the Board to exercise objective judgement on various issues and decision are made through their sharing of impartial, objective and unbiased opinion and viewpoints.</p> <p>The Board consists of qualified individuals with diverse experience, background and knowledge to enable them to discharge their duties and responsibilities effectively. The Independent Non-Executive Directors are made up of individuals well-versed in the field of auditing, taxation, accounting, finance, law, business development, sales &amp; marketing, business consultancy and advisory. When assessing their independence, the NC focused beyond the candidate’s background, economic and family relationships and considered whether such</p>	Directorate	Name	Executive Chairman	Datuk Beh Kim Ling	Managing Director	Datuk Gan Sem Yam	Executive Directors	Dato’ Gan Tiong Sia Ng Yong Kang Beh Chern Wei (Ma Chengwei)(his alternate, Chong Chin Siong) Gan Pee Yong	INEDs	Tan Pui Suang Wong Cheer Feng Dr. Lim Boh Soon Wee Beng Chuan Lee Li Ming Dato’ Lai Kim Seong
Directorate	Name											
Executive Chairman	Datuk Beh Kim Ling											
Managing Director	Datuk Gan Sem Yam											
Executive Directors	Dato’ Gan Tiong Sia Ng Yong Kang Beh Chern Wei (Ma Chengwei)(his alternate, Chong Chin Siong) Gan Pee Yong											
INEDs	Tan Pui Suang Wong Cheer Feng Dr. Lim Boh Soon Wee Beng Chuan Lee Li Ming Dato’ Lai Kim Seong											

	candidate could bring independent and objective judgment to board deliberations.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	<p>As a safeguard measure, the Board has in place the AC, NC, RC and RMCC to assist the Board with oversight functions in selected responsibility areas.</p> <p>The current composition of the Board Committees, made up of all INEDs affirmed the Board's commitment towards independence in Board leadership, in particular adoption of Step-Up Practice 9.4 for the AC and provide strong check and balance in the Board's governance function. The significant contributions of the Independent Directors in the decision-making process are evidenced by their participation as members of the various Board Committees. Hence, the INEDs are able to carry out their duties and to provide an unfettered and unbiased independent judgement and to promote good corporate governance.</p> <p>There is no individual Director or group of Directors who has unfettered powers or assumes a dominant position in the Board's decision making process.</p> <p>The independence of each INED is reviewed by the NC on an annual basis. Thus far, all INEDs have satisfied the independence criteria as defined under paragraph 1.01 of the MMLR of Bursa Securities and they are able to continue exercise objective judgment in the Board's decision making process.</p> <p>Therefore, the lack of the necessary number of INEDs does not impair and jeopardise the independence of Board deliberations and all decisions have been made in the best interest of the Company and the Group. Nonetheless the Board will consider to appoint additional INED in the near future to ensure that INEDs form a majority of the Board composition.</p>
Timeframe	:	Within 2 years

**Intended Outcome**

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

**Practice 5.3**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Not applicable - Step Up 5.4 adopted	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

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

**Practice 5.4 - Step Up**

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

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

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Board through its Board Charter has a policy which limits the tenure of an independent director shall not exceed a cumulative or consecutive term of nine (9) years without further extension. The Board Charter is published on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a>



**Intended Outcome**

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

**Practice 5.5**

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Diversity at the Board and Senior Management level is one of the essential elements in supporting sustainable and balanced development towards achieving the Group's strategic objectives. All appointments of Board member and Senior Management have been and will be based on objective criteria, merit and also due regard for diversity in experience, skills, age, cultural background and gender.</p> <p>The NC adopts a non-discriminatory policy towards identifying, assessing suitably qualified candidates for appointment to the Board and assesses the performance of the directors with the objective of securing the best composition to meet the objectives of the Company.</p> <p>The present Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as engineering, manufacturing, strategic planning, general management, sales and marketing, finance and accounting, auditing, banking and tax. As such, the Group is essentially led and guided by a competent Board.</p> <p>The Board also considers the board positions held by a director in both non-listed and listed companies to ensure that he / she is able devote the required time to serve the board effectively. In particular, all the Directors do not hold more than 5 directorships in other public listed companies as required under Paragraph 15.06 of the MMLR of Bursa Securities to enable the Directors to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. The Board members must first notify the Chairman together with indication of time to be spent on new appointment before accepting any new Directorship in other public listed companies so as to ensure that time commitment and responsibilities to the Company will not be affected.</p> <p>In accordance with the amendments to Paragraph 15.01A of the MMLR of Bursa Securities, the Board has adopted the Directors' Fit and Proper Policy to set out the criteria for selection of candidates for directorship in the Company, including Directors who are seeking for re-election. Amongst the criteria set or determined for reviewing and assessing the aforesaid candidates and retiring Directors included the probity on "Time and commitment" comprising the ability to discharge role having regard to other commitments and participation and contribution to the Board or track record.</p>

<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

**Intended Outcome**

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

**Practice 5.6**

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>When seeking suitably qualified candidates for appointment of Director, the NC besides considering the recommendations from the existing Board, also considers the potential candidates from external and third-party sources such as Institute of Corporate Directors Malaysia. The Board had engaged independent sources to identify suitably qualified candidates during the year under review.</p> <p>The NC reviewed the suitability of all the potential candidates for directorships against objective criteria, merit with due regard for diversity in experience, skills set, age and cultural background and conducted interviews with shortlisted candidates prior to making any recommendation for the Board's consideration and approval.</p> <p>The NC is open to utilise a variety of approaches and independent sources to identify suitably qualified candidate(s) for consideration as Director and will ensure that the procedures for evaluating and selecting new Director are transparent and formal with the appointment made on merit basis.</p> <p>The Board relies on recommendations from the Nomination Committee on the suitable candidates to be considered for the appointment as Directors that is facilitated through variety of approaches such as recommendations from the existing Directors, Management, business associates and shareholders of the Company and independent external sources.</p> <p>There were appointments of new Independent Non-Executive Directors, namely Wee Beng Chuan to the Board during FY2023 and Lee Li Ming and Dato' Lai Kim Seong, both subsequent to FY2023 on 1 August 2023.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		Please specify number of years.

**Intended Outcome**

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

**Practice 5.7**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors' Profile section of the Company's Annual Report discloses the Directors' name, age, nationality, gender, tenure, qualification(s), working experience, directorship in other public companies, declaration that there was no history of conviction of any offences within the past five (5) years, other than traffic offence (if any) and any conflict of interest (if any) as well as any family relationship with any Director and/or major shareholder of the Company.</p> <p>Other information such as meeting attendances, records of training attended, remuneration as well as shareholdings in the Company and its subsidiaries, are set out in the relevant sections of the Annual Report.</p> <p>The recommendation of re-election of retiring Directors at the AGM was subjected to the re-appointment process duly performed by the NC. Based upon the satisfactory results of performance evaluation and independence assessment (for Independent Directors) of such Directors, the NC made its recommendations to the Board for its consideration and decision and recommendation to the shareholders for voting and approval. All Directors seeking re-appointment had abstained from the review, assessment, discussion and decision in relation to their respective re-appointment during the meeting.</p> <p>Based on the above process and satisfactory results from the evaluations wherein the Directors are assessed as fit to serve with no interest that is in conflict with the interests of the Group or that such interest has been satisfactorily mitigated, is able to commit sufficient time to discharge his/her duties and responsibilities as a Director of the Company, is able to contribute positively to the business success and long-term sustainability of the Group and its oversight responsibilities and for Independent Directors, their independence has not impaired in any way, the Board recommends the re-appointment of the retiring Directors and seeking re-election for the shareholders' consideration and approval at the Company's AGM.</p>
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

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

**Intended Outcome**

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

**Practice 5.8**

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

Application	:	Applied				
Explanation on application of the practice	:	The NC comprised of all INEDs. Its present composition is as follows:				
		<table><tr><td>Chairman</td><td>Wong Cheer Feng</td></tr><tr><td>Members</td><td>Dr. Lim Boh Soon Wee Beng Chuan</td></tr></table>	Chairman	Wong Cheer Feng	Members	Dr. Lim Boh Soon Wee Beng Chuan
	Chairman	Wong Cheer Feng				
	Members	Dr. Lim Boh Soon Wee Beng Chuan				
	The Chairman of NC, is an INED.					
	The NC's key activities during FY2023 were as follows:					
		<div><div>(a)</div><div>Considered and reviewed the Board's present size, structure and composition of the Board as well as the required mix of skills, experience, composition, size and competency required.</div></div> <div><div>(b)</div><div>Assessed and recommended to the Board for the continuation of service of the Directors who are eligible to stand for re-election based on the schedule of retirement by rotation. The aforesaid include assessment of the fit and proper criteria of the Directors seeking for re-election.</div></div> <div><div>(c)</div><div>Assessed the independence of the INEDs and recommended to the Board for the continuation of service.</div></div> <div><div>(d)</div><div>Reviewed the term of office and performance of the AC.</div></div> <div><div>(e)</div><div>Reviewed and assessed the contribution of each Director and the effectiveness of the Board and Board Committees.</div></div> <div><div>(f)</div><div>Discussed the character, experience, integrity and competence of the Directors, and MD and to ensure they have the time to discharge their respective roles.</div></div> <div><div>(g)</div><div>Noted the development programmes attended by the Directors for disclosure in the CG Overview Statement in the Annual Report.</div></div> <div><div>(h)</div><div>Recommended for Directors to attend training or seminars particularly those in connection with updates to regulations and financial reporting standards.</div></div> <div><div>(i)</div><div>Considered appointment of additional INED(s) to meet gender diversity and balance of INEDs on the Board and recommended to the Board the appointment of an additional Independent Director.</div></div>				
	The term of reference ("TOR") of NC is published on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a> .					
Explanation for departure	:					

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

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



**Intended Outcome**

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

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Currently, the Board has one (2) female members , namely Tan Pui Suang and Lee Li Ming out of twelve (12) Directors which meet the requirement under Paragraph 15.02(1)(b) of the MMLR.</p> <p>Whilst acknowledging the recommendation of the MCCG on gender diversity, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group.</p> <p>The Board recognises the benefit for having gender diversity and values the different perspectives from women Director during discussions or meetings. While the Board endeavours to improve gender diversity, it is guided by the principle that the appointment of a new Board member should always prioritise merit and with due regard to the candidate's background, experience, and competency so that an appointment would add value to the Board and the Company and shall not be based solely on gender.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The issue of diversity has been discussed and given prominence during deliberations by the NC and the Board. The Company does not set any specific target for gender diversity in the boardroom but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces the aforesaid gender diversity.
<b>Timeframe</b>	:	Within 2 years

**Intended Outcome**

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

**Practice 5.10**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Company does not have a policy on gender diversity for the Board and Senior Management.</p> <p>The Group sees a diverse Board and Senior management as an essential element in supporting the attainment of strategic aims. In this regard, the Company has at all times practices non-discrimination on the basis of, but not limited to, age, gender, ethnicity or religion, educational and cultural background or geographic region when selecting Board member and senior management. It believes that an inclusive culture will enable the Company to leverage differences in perspective, knowledge, skill and experience in achieving a sustainable and balanced development. All appointments have been and will be based on objective criteria, merit and also due regard for diversity in experience, skills set, age and cultural background.</p> <p>The Board has a good balance of members to ensure that no one individual or a small group of individuals can dominate the Board's decision-making process. The present Directors, with their diverse background and professional specialisation, collectively, bring with them a wealth of experience and expertise in areas such as engineering, manufacturing, strategic planning, general management, sales and marketing, finance and accounting, auditing, banking and tax. As such, the Group is essentially led and guided by a competent Board.</p> <p>Whilst acknowledging the recommendation of the MCCG on gender diversity of at least 30% women directors, the Board is of the collective opinion that there was no necessity to adopt a formal gender diversity policy as the Group is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Group recognises the importance of boardroom diversity to enhance decision-making capability and performance of the Company by bringing diverse perspectives. It adheres to the practice of non-discrimination with regard to gender in selection of candidate for directorship or employment. The evaluation of the suitability of candidates is always based on the candidates' competency, skill, character, time commitment, integrity, performance, knowledge and experience to bring value and expertise to the Board.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		

<b>Measure</b>	:	The issue of diversity has been discussed and given prominence during deliberations by the NC and the Board. The Company does not set any specific target for gender diversity in the boardroom but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces the aforesaid gender diversity. In addition, the Board affirmed that in the event of any Board vacancy in future, gender diversity shall be one of the criteria to be considered by the NC during their evaluation and selection process.	
<b>Timeframe</b>	:	Within 2 year	

### Intended Outcome

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

### Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

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

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NC conducts an annual review of the effectiveness of the Board and Board Committees as well as the performance of each individual Director. The assessment is administered via customised questionnaires, using a self and peer-rating model for continuous improvement.</p> <p>The Committee reviews annually the required mix of skills and experience for Directors and assesses the contributions of each individual Director and the effectiveness of the Board Committees and the Board as a whole. Furthermore, the NC reviews the size and composition of the Board with particular consideration on the impact on the effective functioning of the Board.</p> <p>Annual assessment on effectiveness of the Board and Board Committees as a whole has been conducted based on specific criteria, include, among others, individual Director's knowledge and experience in the Group's core business, personal qualities, professional skills and business development skills.</p> <p>The NC had also reviewed and assessed the independence of the Independent Directors based on the Directors' professionalism and integrity in the decision-making process, ability to form independent judgments, as well as objectivity and clarity in deliberations in addition to the specific criteria of independence as set out in the MMLR of Bursa Securities.</p> <p>Based on the outcome of evaluation for the financial year under review, the NC and the Board were satisfied that the Board and Board Committees have discharged their duties and responsibilities effectively; the contribution and performance of each individual Director is satisfactory; and hence, contributed to the overall effectiveness of the Board and Company.</p> <p>The NC believes that the current Board composition is well balanced with the right mix of high-calibre individuals with the necessary skills, qualification, experience, knowledge, credibility, independence and core competencies.</p> <p>Thereafter, the results and deliberations at the NC are noted by the Board. All assessments and evaluations carried out by the NC in the</p>

	discharge of all its functions are documented. The aforesaid assessments and evaluations carried out by the NC were without the facilitation of an independent professional firm. However, the Board is open to the option of engaging independent experts to conduct such board assessments and evaluations if deem fit.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

**Practice 7.1**

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has an executive remuneration package in place to attract, retain, motivate and reward Directors of the calibre needed to lead the Group towards success. Essentially, the Board took the approach for the remuneration to be reward based in which remuneration packages will fairly remunerate the executive Board members for their contribution to the Group.</p> <p>The components of the remuneration package for the Executive Directors include fixed salary, fixed fees, allowance, bonus, performance incentive and benefits-in-kind. The Executive Directors played no part in deciding their own remuneration and the respective Board members shall abstain from all discussion pertaining to their remuneration. The Board will review the recommendation from the RC on the remuneration packages of Executive Directors.</p> <p>As for Non-Executive Directors, the level of remuneration is reflective of their experience, expertise, knowledge, level of responsibilities and the onerous challenges in discharging their fiduciary duties. The determination of Directors' fees for all Directors shall be a matter for the Board as a whole. The remuneration for Non-Executive Directors consists of fixed annual Directors' fees. All Directors' Fees payable are tabled for shareholders' approval at the AGM of the Company prior to payment.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

## Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The RC comprised of all INEDs. Its present composition is as follows:	
		Chairman	Wong Cheer Feng
		Members	Dr. Lim Boh Soon
		The RC's key activities during FY2023 were as follows: (a) Reviewed and recommended the fee structure and allowances for Directors. (b) Reviewed and recommended the annual bonus and performance incentive for Executive Directors. (c) Reviewed and recommended remuneration package of Executive Directors.  The TOR of the RC is published on the Company's corporate website at <a href="http://www.vs-i.com.my">www.vs-i.com.my</a> .	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	In line with the best corporate governance practice, the disclosure of the Directors' remuneration on a named basis has been made in the Corporate Governance Overview Statement in the 2023 Annual Report and given in the table below.



No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Datuk Beh Kim Ling	Executive Director	18	96	649	189	13	991	1,956	18	96	4,538	630	13	3,353	8,648
2	Datuk Gan Sem Yam	Executive Director	18	96	828	552	0	1,010	2,504	18	96	4,042	2,086	64	3,566	9,872
3	Dato' Gan Tiong Sia	Executive Director	18	96	325	95	16	730	1,280	18	96	1,832	535	16	2,967	5,464
4	Ng Yong Kang	Executive Director	18	71	766	236	21	1,577	2,689	18	71	766	236	21	1,577	2,689
5	Chong Chin Siong	Executive Director	9	168	846	224	13	1,593	2,853	9	168	846	224	13	1,593	2,853
6	Beh Chern Wei (Ma Chengwei)	Executive Director	9	60	602	127	28	1,413	2,239	9	60	1,088	127	28	1,413	2,725
7	Gan Pee Yong	Executive Director	18	60	605	184	16	1,422	2,305	18	60	1,151	184	16	1,463	2,892
8	Wee Beng Chuan	Independent Director	77	0	0	0	0	0	77	77	0	0	0	0	0	77
9	Tan Pui Suang	Independent Director	126	0	0	0	0	0	126	126	0	0	0	0	0	126
10	Wong Cheer Feng	Independent Director	168	0	0	0	0	0	168	168	0	0	0	0	0	168
11	Dr Lim Boh Soon	Independent Director	131	0	0	0	0	0	131	131	0	0	0	0	0	131
12	Diong Tai Pew	Independent Director	61	0	0	0	0	0	61	101	0	0	0	0	0	101

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.2**

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board is aware of the need for transparency in the disclosure of the remuneration of its Senior Management. Nonetheless, it is of the view that such disclosure could be detrimental to its business interests given the highly competitive human resource environment in which the Group operates where intense headhunting for personnel with the right expertise, knowledge and relevant working experience is the norm. As such, disclosure of specific remuneration information of senior management personnel (who are not the Directors) could give rise to recruitment and talent retention issues going forward.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will constantly review the above situation annually and at the appropriate time will make the appropriate disclosure as required.  The Board also assures that the remuneration of the Senior Management commensurate with the level of responsibilities, experience, expertise, skills, individual performance and the overall performance of the Group. The Board opines that the current remuneration package is competitive to attract, retain and motivate its Senior Management to lead and operate the Company successfully. Excessive remuneration pay-out is not made to the Senior Management personnel in any instance. The Company believes that the non-disclosure will not affect the interest of its shareholders.	
<b>Timeframe</b>	:	Others	As and when required

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

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

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

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

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the AC and the Chairman of the Board is not assumed by the same person. The current AC Chairman is Wee Beng Chuan, an Independent Non-Executive Director whereas the Chairman of the Board is led Datuk Beh Kim Ling, an Executive Director.</p> <p>The AC comprises three members all of whom are INEDs. With the position of Board Chairman and AC Chairman held by different individuals, the Board is able to objectively review the AC's findings and recommendations.</p> <p>The composition of the AC, including its roles and responsibilities, number of meetings and attendance of AC and summary of AC's activities during FY2023 are set out under the AC Report in the 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.2**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board is committed to ensuring the effectiveness and independence of its AC. The Company requires a former partner of the Company's external audit firm to observe a cooling-off period of at least three years prior to being appointed as a member of the Board and thus, ensuring that same has been complied for any appointment to the AC.</p> <p>During FY2023, a former partner of the Company's external audit firm, namely Wee Beng Chuan was appointed as an INED to the Board after observing a cooling-off period of more than five (5) years and after due evaluation and assessment by the NC.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.3**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The responsibility on the assessment of external auditors forms part of the AC's TOR.</p> <p>The AC undertakes an annual assessment of the suitability and independence of the external auditors and is satisfied with the level of independent and performance of the external auditors after considering, among others, the following criteria:</p> <ul style="list-style-type: none"> <li>• adequacy of the experience and resources of the external auditor;</li> <li>• persons assigned to the audit;</li> <li>• external auditor's audit engagements;</li> <li>• size and complexity of the audit; and</li> <li>• number and experience of supervisory and professional staff assigned to the audit.</li> </ul> <p>The AC has considered the non-audit services provided by the external auditors during financial year under review and concluded that the provision of these services did not compromise the external auditors' independence and objectivity.</p> <p>The external auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with professional and regulatory requirements. The external auditors of the Company also practise and observe a 5-years engagement partner rotation policy.</p> <p>A summary of activities of the AC during FY2023 was set out in the AC Report in the 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted		
<b>Explanation on adoption of the practice</b>	:	The present composition of the AC comprises solely of INEDs as set out below:		
		Designation	Name	Directorate
		Chairman	Wee Beng Chuan	Independent Non-Executive Director
		Members	Tan Pui Suang	Independent Non-Executive Director
			Wong Cheer Feng	Independent Non-Executive Director

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

### Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC currently comprises members with professional experience in financial, taxation, general management, strategic planning, law, business environment as well as corporate governance. All members are financially literate and are able to read, interpret and understand the financial statements. The diversity in skills set coupled with their financial literacy gave the AC the ability to effectively discharge their roles and responsibilities. Based on the annual board committee assessment by the NC, the Board is satisfied with the performance of the AC and its members in discharging their duties in accordance with its TOR.</p> <p>The Chairman of the AC is a member of Malaysian Institute of Accountants.</p> <p>The AC assists the Board to review the integrity of the Company's financial information for publication such as quarterly and annual financial statements, to ensure compliance with new updates of relevant financial reporting standards, MMLR and other legal and regulatory requirements. The members of the AC will continue to undergo training programmes from time to time to address any skills or knowledge gaps according to their needs.</p> <p>Details of the trainings attended by the AC members for the financial year ended 31 July 2023 are found under the Directors' Training section of the 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its overall responsibility for maintaining a sound risk management framework and internal control system. The Board is accountable for reviewing and monitoring the Group's risk management and internal control system which provides reasonable assurance of an effective and efficient operation, compliance with laws and regulations and to safeguard shareholders' investment and the Group's assets.</p> <p>Recognising the importance of risk management, the Group has established an Enterprise Risk Management Framework ("<b>ERM Framework</b>") to identify, evaluate, control, monitor and manage significant business risks faced by the Group on an ongoing basis. The RMCC meets to review the risks identified and reported and discuss on mitigation actions in place. The RMCC assists the Board in evaluating the adequacy and effectiveness of the system of risk management and internal control.</p> <p>In line with the MMLR of Bursa Securities and the MCCG, the Group has also established its internal audit function by setting up an in-house internal audit team, to carry out internal audits on various operating units within the Group on a risk-based approach based on the annual audit plan approved by the AC.</p> <p>The key features of the ERM Framework and details of the Company's internal control system and internal audit's scope of work during the financial year under review are provided in the Statement on Risk Management and Internal Control ("<b>SORMIC</b>") in the 2023 Annual Report. The Board has expressed in the SORMIC that they are satisfied with the effectiveness and adequacy of the existing level of risk management and internal control systems.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

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

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.2**

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

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board recognises that identification, evaluation and management of significant risks faced by the Group is an ongoing process.</p> <p>Continuous reviews are carried out by the Group's internal audit function and management to identify, evaluate, monitor and manage significant risks affecting the business and ensure that adequate and effective controls are in place. The significant audit findings of the internal audit function and the recommendations for improvement are reported to the AC on a quarterly basis.</p> <p>The Board has received assurance from the Group MD and the Group Financial Controller that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, during the financial year under review and up to the date of this Statement.</p> <p>Based on this assurance, the input from relevant assurance providers, as well as its review, the Board is of the view that the Group's risk management and internal control system is satisfactory to meet the Group's needs and has not resulted in any material losses, contingencies or uncertainties that require disclosure in the Group's annual report.</p> <p>The Statement on Risk Management and Internal Control in the 2023 Annual Report provides an overview on the state of risk management and internal controls within the Group.</p>	
<b>Explanation for departure</b>	:		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The RMCC assists the Board in ensuring adequate and effective risk management and internal controls and processes are in place. The RMCC with support from the risk management team provides support to the Board by reviewing the ERM Framework adopted by the Group and the risk management process employed to identify, evaluate and manage key business risks. The RMCC assists the Board in fulfilling its oversight functions in the risk governance by establishing a sound internal control and risk management framework to manage the various risks faced by the Group with the overall responsibility for overseeing the risk management activities of the Group and approving the appropriate risk management procedures and measurement methodologies across the Group.</p> <p>The RMCC comprised solely of INEDs.</p> <p>The risk management function is supported by the Risk Sub-Committee and Group Risk Team who are tasked to spearhead and co-ordinate the ERM process, while the Heads of Business Units/ Corporate Functions assumed the responsibility to ensure that risk management is embedded in the Group's daily business processes. Further details of the respective functions of the aforesaid Risk Sub-Committee, Group Risk Team and Business Units are provided in the Statement on Risk Management and Internal Control in the 2023 Annual Report.</p> <p>A risk management report summarising the high and significant risks and status of action plans is communicated to the Risk Sub-Committee and RMCC for review, deliberation and recommendation for endorsement by the Board on a quarterly basis.</p>

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 11.1**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Group's internal audit function is handled independently by its in-house Internal Audit Department which is independent of the activities and operations it audits.</p> <p>The internal audit function reports directly to the AC on a quarterly basis. The principal role of the internal audit function is to undertake independent, regular and systematic reviews of the internal control system to provide reasonable assurance on the adequacy and integrity of the risk management system, internal control and governance of the Group to safeguard the Group's assets and resources.</p> <p>The activities of the internal auditors during the financial period are set out in the AC Report in the 2023 Annual Report.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

**Practice 11.2**

The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's internal audit function is carried out by its in-house Internal Audit Department which is led by Mr Ng Chee Siang.</p> <p>The total expenses incurred for internal audit amounted to RM1.77 million for FY2023.</p> <p>The AC is satisfied that the internal audit function has sufficient resources and is able to access information to undertake its duties effectively. The internal audit personnel are independent from the operational activities of the Group and do not hold management authority and responsibility over the operations that internal audit covers in its scope of works, which could impair their objectivity and independence.</p> <p>The internal audit is carried out in accordance with the Internal Audit Plan as approved by the AC and all audit findings arising therefrom are reported directly to the AC. The internal audit team adopts a risk-based approach towards the planning and conduct of their audits, and this is consistent with the Group's approach in designing, implementing and monitoring its internal control system.</p> <p>The activities of the internal auditors during the financial period are set out in the AC Report in the 2023 Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the need for comprehensive, timely and accurate disclosures of all material Company information to the public so as to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate the evaluation of securities.</p> <p>However, whilst the Group endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the disseminating and/or release of unpublished material and price-sensitive information.</p> <p>The Board observes the Corporate Disclosure Guide as issued by Bursa Securities which is calibrated in line with the disclosure requirements as stipulated in the MMLR of Bursa Securities, and also setting out the protocols for disclosing material information to shareholders and stakeholders.</p> <p>The shareholders and other stakeholders are kept informed of all major corporate developments and activities of the Group through the timely release of the Company's Annual Reports, quarterly results, circulars to shareholders and various announcements. In addition, the Company through its Group Financial Controller, provides updates on the Group's activities by conducting meetings, dialogues and discussions with fund managers, financial analysts and media.</p> <p>The Board has designated a dedicated section for "Investors" on the Company's corporate website where updates on the corporate information, Group structure, Directors' Profile, announcement and corporate governance can be accessed. The contact details of designated persons to address any queries are also published on the corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a>.</p> <p>Another key avenue of communication with its shareholders is the Company's AGM, which serves as the principal forum for dialogue with shareholders where they may raise question or seek clarification on the Company's performance and business operations.</p> <p>At each AGM, the Board encourages shareholders to participate in the question and answer session. The Board as well as the external auditors are present to answer any questions raised by shareholders.</p> <p>Status of all resolutions tabled at the AGM is announced to Bursa Securities at the end of the meeting day. The key matters, if any, discussed at AGM will be summarized and published on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a> within 30 business days.</p>

<b>Explanation for departure</b>	:			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td> <td></td> </tr> </table>		

**Intended Outcome**

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

**Practice 12.2**

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that the existing Annual Report provides a holistic overview of the Group's business and operational activities as non-financial information are disclosed through the Sustainability Statement, Management Discussion &amp; Analysis and the Audit and Risk Management Committee Report to complement the financial information.</p> <p>The present Sustainability Statement has incorporated certain elements of integrated reporting such as organisation overview, governance policies and performance. These represent the Board's commitment towards sustainability and a more comprehensive reporting going forward.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board will continue to enhance the contents of its Annual Report. and provides more information and clarification, complementing the information in the annual report as and when it necessitates for all stakeholders' benefit via its corporate website and announcements to Bursa Securities.
<b>Timeframe</b>	:	Others
		Three to Five years

**Intended Outcome**

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

**Practice 13.1**

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company's 40th AGM was held on 6 January 2023 and the Notice of the AGM was issued and dated on 29 November 2022. The notice was given to shareholders 28 days prior to the meeting, well in advance of the 21 days requirement in accordance with Section 316 of the Companies Act 2016 and Paragraph 7.15 of the MMLR. In addition, the AGM Notice was published in one (1) nationally circulated English daily newspaper and made available on the Company's corporate website. This allows the shareholders to make the necessary arrangements to participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting.</p> <p>Similarly, the Board is committed in providing the notice of the forthcoming 41st AGM to the shareholders at least 28 days prior to the meeting. The notice of the 41st AGM will be disseminated through electronic format (made available on Bursa Securities' website and the Company's corporate website) and on one (1) nationally circulated daily newspaper.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.2**

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

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board acknowledges its responsibility to engage shareholders' participation at the general meetings and provide meaningful responses to their concerns and queries.</p> <p>During FY2023, the Company held one general meeting i.e. its 40th AGM. The AGM provides a platform for the shareholders to interact or engage directly with the Board and Senior Management. During the AGM, shareholders are invited to enquire or comment about the Company's financial performance and business operations in general. Additionally, shareholders participated in the deliberations of the proposed resolutions are given opportunities to seek clarification before proceeding to poll voting.</p> <p>As a testament to this commitment, all Directors of the Company, including all the Board Committees' Chairman as well as the Company's external auditors had attended the 40th AGM held on 6 January 2023.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

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

**Practice 13.3**

Listed companies should leverage technology to facilitate–

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

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>Based on an analysis of the investors, the Company does not have a large number of shareholders. Also, a large majority of investors are Malaysians. Further, all general meetings are held at a location which is easily accessible to all shareholders. As such, there is no concern over voting in absentia and/or remote shareholders' participation at AGM.</p> <p>As of now, the Company encourages participation of shareholders through the issuance of proxies when there is indication that shareholders are unable to attend and vote in person at general meetings and maintain the same location for the AGM for the past years. During the Company's 40th AGM, there were 32 shareholders/proxies attend in person and 257 proxies totalling 2,436,147,633 shares representing 63.48% of the Company's total number of shares issued as at 30 December 2022 were received by the Company.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.4**

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the 40th AGM held in FY2023, the Chairperson gave ample time and encouraged all shareholders to pose questions before putting resolutions for poll voting. Questions that were submitted prior to the said AGM, namely received from Minority Shareholders Watch Group ("MSWG") and those that were posed during the AGM were addressed by the respective Directors.</p> <p>The questions raised by MSWG and shareholders and responses by the Directors were minuted and the Summary of Key Matters Discussed at the 40th AGM is published on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

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

**Practice 13.5**

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

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Not applicable – only physical general meetings were conducted in the financial year
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



**Intended Outcome**

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

**Practice 13.6**

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

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The Summary of Key Matters Discussed and the Minutes of the 40th AGM held on 6 January 2023 was published on the Company's corporate website at <a href="http://www.vs-i.com">www.vs-i.com</a> within 30 business days after the holding of the said AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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