

Whistle Blowing Policy and Procedures

1.1 Purpose

This policy is intended to address VSTECS Berhad (“VSTECS”) and all subsidiary companies within the VSTECS Group, hereinafter refer to as the Group.

All employees of the Group play an important part in maintaining the highest level of corporate ethics within the Group, and have a professional responsibility to disclose any known malpractices or wrongdoings including bribery and corruption (hereon referred to as “concerns”). The structure adopted by the Group establishes a clear line of communication and reporting of concerns for employees at all levels, and provides alternative lines of communication depending on the person(s) who is/are the subject of such concerns.

Whistle Blowing Policy is implemented to:

- a) Provide an avenue for all employees and member of the public to disclose any improper conduct or any action that is or could be harmful to the Group and/or compromise the interest of stakeholders;
- b) Provide proper internal reporting channel to disclose any improper or unlawful conduct in accordance with the procedures as provided for under this policy;
- c) Address a disclosure in an appropriate and timely manner;
- d) Provide protection for the whistle blower from reprisal as a direct consequence of making a disclosure and to safeguard such person’s confidentiality; and
- e) Treat both the whistle blower and the alleged wrongdoer fairly.

Whistle blowing is an act of voluntary disclosure/reporting to the Management of VSTECS for further action of any improper conduct committed or about to be committed by an employee, officer or management of VSTECS.

This policy shall also similarly apply to any vendors, partners, associates or any individuals, including the general public, in the performance of their assignment or conducting the business for or on behalf of the Group.

1.2 Whistle blower

1. A person or entity making a protected disclosure is commonly referred to as a whistle blower. Whistle blowers provide initial information related to a reasonable belief that an improper activity has occurred. The motivation of a whistle blower is irrelevant to the consideration of the validity of the allegations.
2. The whistle blower’s role is as a reporting party. They are not investigators or finders of fact, nor do they determine the appropriate corrective or remedial action that may be warranted.
3. They do not have a right to participate in any investigative activities other than as requested by investigators
4. The whistle blower must only whistle blow in good faith to enable protection from reprisal or retaliation. Mala fide reporting may result in punitive actions as it may be tantamount to misconduct.

1.2 Safeguards

1. In order for the whistle blower to be protected under the policy; the whistle blower must disclose his/her name, NRIC number and contact details. The disclosure must at least have details of person(s) involved, nature of allegation, when and where the incident took place as well as supporting evidence, if any.
2. Whistle blowers are protected against being dismissed or penalised by the Group, and VSTECs will consider mitigating circumstances if the whistle blower him / herself is involved in the activity that he / she reports.
3. A whistle blower's right to protection from retaliation does not extend immunity for any complicity in the matters that are the subject of the allegations or an ensuing investigation.

1.3 Harassment or Victimization

1. Harassment or victimization for reporting concerns under this policy will not be tolerated.
2. Complete protection will be given to whistle blower against any unfair practice not limited to retaliation, threat or intimidation of termination/suspension of service, disciplinary action, transfer, demotion, refusal of promotion, or including any direct or indirect use of authority to obstruct the whistle blower's rights to continue to perform his/her duties including making further disclosure.

1.4 Confidentiality

1. Every effort will be made to treat the whistle blower's identity with appropriate regard for confidentiality. The identity of a subject should be maintained in confidence to the extent possible given the legitimate needs of law and the investigation.
2. The Group gives the assurance that it will not reveal the identity of the whistle blower to any third party not involved in the investigation or prosecution of the matter. The whistle blower making the allegation will retain anonymity to all other employees and public unless he or she agrees otherwise. Where concerns cannot be resolved without revealing the identity of the employee raising the concern (i.e. if the evidence is required in court), a dialogue will be carried out with the employee concerned as to whether and how the matter can be proceeded.
3. The only exception to this assurance relates to an overriding legal obligation to breach confidentiality. The Group is obligated to reveal confidential information relating to a whistle blowing report if ordered to do so by a court of law.
4. The Group's assurance of confidentiality can only be completely effective if the whistle blower likewise maintains confidentiality.

1.5 Anonymous allegations

1. This policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to:
 - 1.1. The seriousness of the issue raised;
 - 1.2. The credibility of the concern; and
 - 1.3. The likelihood of confirming the allegation from attributable sources.

1.6 Procedures

1.6.1 Process for Disclosure

I) Impropriety

1. It is important to note that in determining whether to report impropriety conduct, harm is not only measured in terms of monetary value lost, or damage to a particular business or project, but harm may also be done to the integrity and reputation of the Group itself.
2. This policy covers:-
 - a) Improprieties or irregularities in matters of financial reporting and disclosure of false information to regulators;
 - b) Auditing matters including disclosures or subversions of any internal or external audit process;
 - c) Suspected fraud or criminal offences;
 - d) Unlawful activities not limiting to such as corruption, bribery, blackmail and money laundering;
 - e) Misuse of the Group's funds or assets;
 - f) Deliberately or accidentally steal, damage, or misuse the data stored within the Group's computer systems and throughout the organization;
 - g) Failure to comply with a legal or regulatory requirements;
 - h) Breach of confidentiality;
 - i) Miscarriage of justice;
 - j) Breach of the Group's Code of Ethics or Conduct; or non-compliance with Group policies and procedures;
 - k) Sexual assault, sexual harassment, including mild annoyances;
 - l) Conduct of unfair competition internally or externally, by using of an individual's position or opportunity arising from/ available within the Group and that the gains/ advantages of the individual are conditional on the losses of others, where the gains/ advantages are made in ways which are illegitimate or unjust;
 - m) Dangers to health and safety of employees or the public or the environment; and
 - n) Suspected counterfeiting and infringement of intellectual properties; and
 - o) Concealment of any or a combination of the above.

II) Reporting

1. Managers, officers and employees in supervisory roles shall report to the reporting person stated below any allegations of suspected improper activities — whether received as a protected disclosure, reported by their subordinates in the ordinary course of performing

their duties, or discovered in the course of performing their own duties — when any of the following conditions are met:

- 1.1. The matter is the result of a significant internal control or policy deficiency that is likely to exist at other units within the Group or across the internal control system;
 - 1.2. The matter is likely to receive media or other public attention;
 - 1.3. The matter involves the misuse of the Company's resources or creates exposure to a liability in potentially significant amounts;
 - 1.4. The matter involves allegations or events that have a significant possibility of being the result of a criminal act (e.g., committing bribery and corruption, disappearance of cash or asset);
 - 1.5. The matter involves a significant threat to the health and safety of employees and/or the public; or
 - 1.6. The matter is judged to be significant or sensitive for other reasons.
2. Such disclosures, including those relating to financial reporting, unethical or illegal conduct, may be reported directly to:
- 2.1. Audit Committee Chairman
En. Abdul Aziz Bin Zainal Abidin at aazizzabidin59@gmail.com; or
 - 2.2. Non-Executive Chairman*
Mdm. Lee Marn Fong @ Wu Marn Fong at mffoo@vstecs.com.my; or
 - 2.3. Chief Executive Officer (CEO)
Mr. Soong Jan Hsung at jhsoong@vstecs.com.my
3. Employment-related concerns can be reported to:
- 3.1. Head of Human Resources
Ms. Shirley Yee at cyyee@vstecs.com.my; or
 - 3.2. CEO
Mr. Soong Jan Hsung at jhsoong@vstecs.com.my
- Disclosures can be verbal or in writing and forwarded in a sealed envelope to the abovementioned contact person(s) labelling with a legend such as "To be opened by the Audit Committee Chairman/ Non-Executive Chairman/ CEO/ Head of Human Resources only, or any Director of the Group".

The earlier a concern is expressed, the easier it is to take action.

III) Evidence

The whistle blower is not expected to prove the truth of an allegation, however his/her written testimony will be required as evidence.

IV) Handling of a reported allegation

The action taken by the Group in response to a report of concern under this policy will depend on the nature of the concern. The Audit Committee of the Board of Directors shall receive information on each report of concern and follow-up information on actions taken.

1.6.2 Investigator

1. The Chief Financial Officer supported by the investigation committee shall be the named Investigator unless otherwise assigned by the Audit Committee based on reasons stated below.
2. An investigation committee comprising of 3 HODs must be/appear impartial and independent to all parties concerned, have a duty of fairness, objectivity, thoroughness, ethical behaviour, and observance of legal and professional standards.
3. Investigations should be launched only after preliminary consideration by the investigation committee lead by CFO to establish that:
 - 3.1. The allegation, if true, constitutes an improper act¹, and either:
 - 3.2. The allegation is accompanied by information specific enough to be investigated, or
 - 3.3. The allegation has or directly points to corroborating evidence that can be pursued. Such evidence may be testamentary or documentary.
4. The Investigator is required to report all concerns raised, the status of all pending and on-going investigations, and any action taken or to be taken as a result of the investigations to the Audit Committee.

1.6.3 Investigation Subjects

1. A subject is a person who is the focus of investigative fact finding either by virtue of an allegation made or evidence gathered during the course of an investigation. The decision to conduct an investigation is not an accusation; it is to be treated as a neutral fact finding process. The outcome of the investigation may or may not support a conclusion that an improper act was committed and, if so, by whom.
2. The identity of a subject should be maintained in confidence to the extent possible given the legitimate needs of law and the investigation.
3. Subjects have a duty to cooperate with investigators to the extent that their cooperation will not compromise self-incrimination protections under state or federal law. Subjects have a right to consult with a person or persons of their choice. This may involve representation, including legal representation.

¹ Matters that do not meet this standard may be worthy of management review, but should not be undertaken as an investigation of an improper conduct or malpractice.

1.6.4 Initial Inquiries

Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved without the need for investigation.

1.6.5 Further Inquiries

1. The amount of contact between the whistle blower and the Investigator will depend on the nature of the issue and the clarity of information provided.
2. Further information may be sought from or provided to the person reporting the concern.
3. If an investigation leads the Investigator to conclude that a crime has probably been committed, the results of the investigation shall be reported to the Police or other appropriate law enforcement agency.
4. If an investigation leads the Investigator to conclude that the suspect has engaged in conduct that may be a violation of the Group's Code of Ethics or Conduct, the results of the investigation shall be reported to the CEO or Head of Human Resources in accordance with the applicable procedures for company conduct and the administration of discipline. Any charges of misconduct brought as a result of an investigation under this policy shall comply with established disciplinary procedures.
5. Consultation with the Audit Committee is required before negotiating or entering into any restitution agreement resulting from the findings of an investigation.

1.7 Duties and Responsibilities of Audit Committee

1. The Audit Committee is committed to investigate and address all cases of reported misconduct. The Audit Committee shall:
 - 1.1. Receive and filter complaints;
 - 1.2. Determine actions to be taken;
 - 1.3. Assign investigations;
 - 1.4. Ensure closures and conclusion;
 - 1.5. Report to the Board of Directors for further action; and
 - 1.6. Report to the relevant authorities.
2. The Audit Committee Chairman shall determine the channel for investigation and follow-up action. In order to ensure independence to the inquiry, the Audit Committee shall assign the Chief Financial Officer as the investigator, unless for reasons of conflict of interest, inadequate competence, or enhancing corporate governance, may form an Investigation Committee if deemed necessary.
3. The Investigation committee shall determine the resources including appointment of external expertise as the case required to complete the investigation within a time set.
4. The Audit Committee shall delegate the authority to the Investigator on unrestricted access to the Group's records and premises, whether owned or rented, without prior knowledge or consent of any person who have custody of any such records when it is within the scope of the investigation.
5. The whistle blower may seek follow-up information about an investigation of a report or any consequent action taken. Subject to legal limitation, the whistle blower will be kept informed of the final outcome of the investigation upon completion of the investigation.

1.8 Monitoring and Periodic Review of Policy

1. The Audit Committee is responsible for the interpretation and supervision of the enforcement of this Policy.
2. The Group will diligently monitor these procedures to ensure that they meet the objectives of relevant legislations and remain effective for the Group, and, if necessary, implement changes subject to the approval of the Group's Board of Directors.
3. This policy will be reviewed by the Audit Committee and the Board of Directors every two years to assess its effectiveness.

* Updated on 25 March 2022 subsequent to the appointment of Madam Lee Marn Fong @ Wu Marn Fong as Non-Independent Non-Executive Chairman with effect from 16 February 2022.

Version 1 – Effective Feb 2013
Version 2 – Updated Effective Oct 2014
Version 3 – Updated Effective Feb 2015
Version 4 – Updated Effective 29 May 2020
Version 5 – Updated Effective 16 June 2020
Version 6 – Updated Effective 25 March 2022