



感恩·关怀  
*Gratitude & Care*

SUSTAINABILITY REPORT 2022

# PURPOSE

**To contribute to the advancement of society and well-being of humankind through compassionate innovation.**

The Purpose statement of ViTrox reflects the soul of the company. It is the embodiment of our spirit and energy for our existence. We strive to achieve sustainable growth and profitability in our business yet we are mindful not to be overly attached to the material gains. We want to contribute back to the society that we are part of the force for good to shape this world into a harmonious and peaceful world for everyone.

This is achieved through compassionate innovation, which entails the spirit of love, care, empathy, and altruism. The innovations that we create through research and development shall bring about advancement and breakthroughs in technology that create leading-edge solutions for humankind.

# VISION

**Be the world's most trusted technology company.**

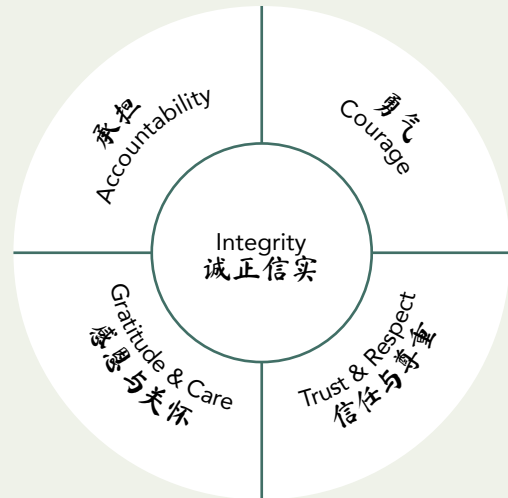
We aspire to be trusted by all our stakeholders — customers, employees, suppliers, investors, and the community, by practising and upholding our I.A.C.T.G. core values. We intend to earn and maintain a high level of trust with the altruistic spirit in our relationship with them.

By consistently delivering what we promise, they see ViTrox as the most credible and reliable company to work with. We conduct our business with uncompromised integrity and with the utmost respect for our stakeholders so that they feel comfortable and confident in our relationships.

# MISSION

**We are committed to providing the most innovative, advanced and cost effective machine vision solution of excellent quality to our customers through integration of our technology, our people and our strategic alliances.**

# CORE VALUES



# OBJECTIVES

We aim to achieve:-

- Excellent & world class products and services
- Total customer satisfaction
- Continuous growth and profitability
- Long-term partnership with our customers, alliances and employees

# STRATEGIES

## INNOVATION

Initiate new ideas and technological breakthroughs. We believe thinking "outside the box" leads to innovation.

## CUSTOMER FOCUSED

Make our customers our first priority. We offer our customers the best value products and services in a timely manner, without sacrificing quality.

## CONTINUOUS IMPROVEMENT

Continuously improve our products, services, and our organisation as a whole.



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## COVER RATIONALE



This year's Annual Report and Sustainability Report covers are designed as a set that aptly portrays ViTrox as an Environmental, Social and Governance ("ESG") driven organisation backed by its core values. With the theme "Gratitude & Care", the Annual Report features two hands forming the shape of a heart, symbolic of love and appreciation. The gesture of a hand reaching out to another on the Sustainability Report is symbolic of care and kindness. These are all hands from people of different ethnicities as ViTrox is a community that embraces diversity.

The supportive arms spread across both covers feature a montage of images that offers a glimpse into the caring, innovative and passionate culture of ViTrox. Campus 3.0 can be seen clearly in the background, signifying the company's continuous growth and thriving future.

# LETTER FROM ESG STEERING COMMITTEE CHAIRMAN



“ViTrox believes that the Company’s existence is to be a force for good, contributing to the advancement of the society and well-being of humankind through technological innovation and breakthroughs.”

**Chu Jenn Weng**  
 Managing Director/President/CEO  
 ESG Steering Committee Chairman



At the start of 2022, we stepped into the year with divergent economic recovery from the pandemic and escalated geopolitical tension. These occurrences deepened global divisions at a time when societies and the international community urgently needed to be in solidarity for a sustainable future.

Since late 2020, the market we served has faced prolonged material shortages and supply chain disruptions affected by the pandemic. The economic rebound from COVID-19 has also created labour shortages and high attrition rates across the technology industry. These challenges have reminded us that sustainability should always be fundamental to every step we take.

In our 2022 Sustainability Report, we outline the many initiatives we continue to take to achieve carbon neutrality and other priority sustainability matters. The report also displays our sustainability highlights in the new section, ESG Feature Stories. In the following and our ESG website at [www.vitrox.com/esg/](http://www.vitrox.com/esg/), we laid out how our ESG initiatives strengthen our resiliency in the face of the adversities mentioned above.

## **Our Care for Nature**

The health of the planet is the most concerning sustainability matter. According to the Global Risks Report 2022 published by the World Economic Forum (“WEF”), environmental risks such as “climate action failure”, “extreme weather” and “biodiversity loss” are among the top three (3) most severe risks over the next ten (10) years. Despite the volatility of technological, economic and societal change, ViTrox is committed to pursuing a sustainable future by driving key initiatives.

In 2022, we took an important step towards becoming a net-zero (0) emissions business with a new target to achieve net-zero (0) carbon emissions under Scope 2 by the end of 2030. We are determined to improve energy consumption efficiency by 2% every year through various innovative ways, such as using big data analytics to monitor and optimise electricity usage, room temperature and light intensity. Meanwhile, we are committed to continuing the investment in renewable energy and carbon credit certificates offered by authorised electricity providers.



# LETTER FROM ESG STEERING COMMITTEE CHAIRMAN

## Our Initiatives to Nurture Talents

In August 2021, ViTrox kicked off our ten (10)-year expansion plan (2021-2030) to build the new ViTrox Campus 3.0. The development plan is a vision to build an innovation park that includes a research and development centre for Industry 4.0 technology, smart manufacturing floors, startup accelerators and other facilities. Paving the way to develop further, ViTrox sets a target to grow 15% of employee headcount every year to recruit talents with the right skillset, mindset and heartset to this innovation hub as part of the expansion plan.

However, the significantly higher demand for skilled talent due to the increasing semiconductor-related manufacturing facilities and the acceleration of technology advancements has further exacerbated the talent shortage. There is also a downward trend in the number of students pursuing studies in science, technology, engineering and mathematics ("STEM") in Malaysia. To address these challenges, we have set up our own educational institution to nurture future talent.

In December 2022, we officially established ViTrox College to bridge the aforementioned gaps and enrich the talent pool in STEM. Currently, ViTrox College offers three (3) engineering diploma programmes; Mechatronics Engineering, Electrical and Electronic Engineering, and Electronic Engineering (Machine Vision). The programmes are integrated with work-based learning ("WBL") to provide students with an industry-centric, inspiring and inclusive education with a strong emphasis on engaging and practical learning environments.

## Our Venture in Innovation

ViTrox endeavours to create solutions for our customers and make valuable contributions that truly impact society and humanity through compassionate innovation. We mindfully integrate clean technology principles during the product design phase. Ultimately, our goal in creating machine vision technologies is to diminish the electronic waste produced worldwide by manufacturing operations.

For ViTrox to stay competitive in relevant industries, each business unit commits to launching at least two (2) innovative products (new or enhanced features) annually. These innovative products are expected to contribute at least 20% of the Group revenue. In 2022, ViTrox successfully launched more than 13 new products in the back-end semiconductor and electronic assembly sector. Our agricultural endeavour also continued to research and develop smart agriculture solutions, including precision farming semi-auto machines and a farm management software system integrated with Artificial Intelligence of Things ("AIoT") Cloud.

## Our Structured Commitments to Human Rights and Cybersecurity

As a caring employer and a trusted corporation, we recognise and protect the dignity of all human beings. To this end, we introduced our Human Rights Policy, which documents our commitment to and respect for human rights as well as the guiding principles to protect these rights. Another new policy we launched was the Information Security Management Policy, setting out a framework for the cybersecurity issue that concerned our stakeholders and our implementation plans for managing the risks.

## A Capture of Our Achievements

Our dedicated efforts to sustainable development have been recognised in Malaysia and overseas, showing that we have achieved a balanced development of our business performance and ESG. ViTrox is a winner of Malaysia's Best Managed Companies for 2022, being recognised as an outstanding private company across key management areas in strategy, innovation, capabilities, commitment and excellent financial performance. Our ESG performance was recognised with the silver award for "Most Improved Performance Over Three Years" at The Edge ESG Awards 2022. In addition, ViTrox is listed in Forbes Asia's 200 Best Under A Billion 2022, reflecting the resiliency of long-term sustainable performance in a fast-changing environment. This is the sixth (6<sup>th</sup>) time ViTrox has been recognised by Forbes Asia; the previous recognitions were in 2011, 2015, 2017, 2019 and 2021.

## Our Determination for a Sustainable Future

Despite the ongoing uncertainties and foreseen recession, we are proud of the progress our Company has made and grateful for the recognition we have received. Yet, we recognise we have more to do and look forward to building a resilient future and making a net-positive impact on the world. Building a harmonious relationship with all stakeholders, including customers, employees, shareholders, suppliers and the community, is a fundamental aspect of our operations. We are committed to supporting and adopting the United Nations Sustainable Development Goals ("UN SDGs") to end poverty, protect the planet and ensure prosperity for all. This commitment is well-aligned with ViTrox's purpose, vision and mission. Guided by our core values I.A.C.T.G. (Integrity, Accountability, Courage, Trust & Respect, Gratitude & Care), our continuous progress made is in service of achieving long-term, systemic change that contributes to the advancement of society and the well-being of humankind.

With deepest gratitude, I would like to thank our Board of Directors ("Board") for their support and guidance in the ESG initiatives and our ViTroxians for continuously doing the right things with I.A.C.T.G. core values in serving our customers and all stakeholders for a better world. Together, we build a sustainable and net-positive future.

“

Guided by our core values I.A.C.T.G. (Integrity, Accountability, Courage, Trust & Respect, Gratitude & Care), our continuous progress made is in service of achieving long-term, systemic change that contributes to the advancement of society and the well-being of humankind.

”

# ABOUT THIS REPORT

We are delighted to welcome you to our second standalone Sustainability Report (the "Report") of ViTrox Corporation Berhad ("ViTrox" or the "Company" or the "Group"). This annual Sustainability Report is an opportunity for us to illustrate how we bring our mission in sustainability to life through our business operations. It is a valuable management tool for internal Environmental, Social and Governance ("ESG") activities as well as a means of disclosing mid- and long-term strategies, practices and advancement.

This Report covers the state of sustainability at ViTrox, documents our goals, strategies and performances and highlights the efforts and initiatives taken for the calendar year of 2022. The coverage focuses on the issues we have identified to be of material importance from the Environmental, Social and Governance ("ESG") perspectives.

## REPORTING SCOPE AND BOUNDARIES

The information disclosed in this Report encompasses the sustainability performance of our primary operations in Penang, Malaysia, which contributed to 97.7% of our revenue for the financial year ended ("FYE") 31 December 2022. This Report excludes performance information of ViTrox's foreign subsidiaries and its associates. This Report's scope remains the same as the previous reporting year, covering the following:-

- ViTrox Corporation Berhad
- ViTrox Technologies Sdn. Bhd.
- ViTrox International Sdn. Bhd.
- ViE Technologies Sdn. Bhd.
- ViTrox Academy Sdn. Bhd.
- ViTrox Agritech Sdn. Bhd.
- ViTrox Green Sdn. Bhd.

Any boundary adjustments made to the scope of data above will be separately explained in the text of the Report.

Economic performance and financial information have been prepared on a consolidation basis, which includes the financial performance of our foreign subsidiaries and our interest in associates. Data from our annual financial report are used in this Report, and our financial statements are audited by independent auditors and prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

## REPORTING PERIOD

The reporting period is from 1 January 2022 to 31 December 2022, unless stated otherwise. Information from past reporting cycles have been included, where available. Our Sustainability Reports are published annually in April and are available on ViTrox's ESG website (<https://www.vitrox.com/esg/>).

## REPORTING GUIDELINES AND STANDARDS

This Report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards and meets the criteria of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on sustainability reporting.

This Report is also guided by United Nations Sustainable Development Goals ("UN SDGs"). We utilise UN SDGs to

identify relevant material sustainability matters and integrate UN SDGs with our five (5) ESG Core Themes into our organisational culture and business operations to achieve our sustainability goals. In addition, we have aligned this Report with the requirements of S&P Global ESG Ratings, FTSE4Good Bursa Malaysia ("F4GBM") Index and FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index requirements.

## FORWARD-LOOKING STATEMENT

This Report involves forward-looking statements relevant to our objectives and strategies connected to our operations and financial or non-financial performance. On certain occasions, these statements can be identified by terminology such as "would", "expect", "endeavour", "goals", "pursue", "intend", "anticipate", "target" and variations of similar expressions that do not relate to historical matters. Forward-looking statements are based upon ViTrox's current expectations, beliefs and assumptions and therefore do not guarantee future performance. It is inherently subject to uncertainties, risks, trends or factors that are difficult to predict and out of our control. Global economic conditions, changes in government regulations and evolving customer expectations, among others, are the contributing factors affecting the actual performance, results or materiality indicated in the forward-looking statement.

## EXTERNAL ASSURANCE

This Report has not been externally assured. Nonetheless, the Group's sustainability reporting processes are subject to internal validation, assessments and third-party audits disclosed in this Report.

In preparing this Report, we conducted internal validation to verify the accuracy and integrity of the data disclosed. The content of this Report has been reviewed and endorsed by our Board of Directors ("Board") and ESG Steering Committee ("ESC"), who have ensured the Report's relevance to the Group's business and that current and material issues are covered. We will consider obtaining external assurance for our sustainability reports in the future years.

## FEEDBACK

We value your opinions and feedback for our continuous improvement in sustainability initiatives and reporting approaches. Please reach out to us through the following engagement channels to share your views or follow us on our social media page for the latest development of our sustainability programmes.

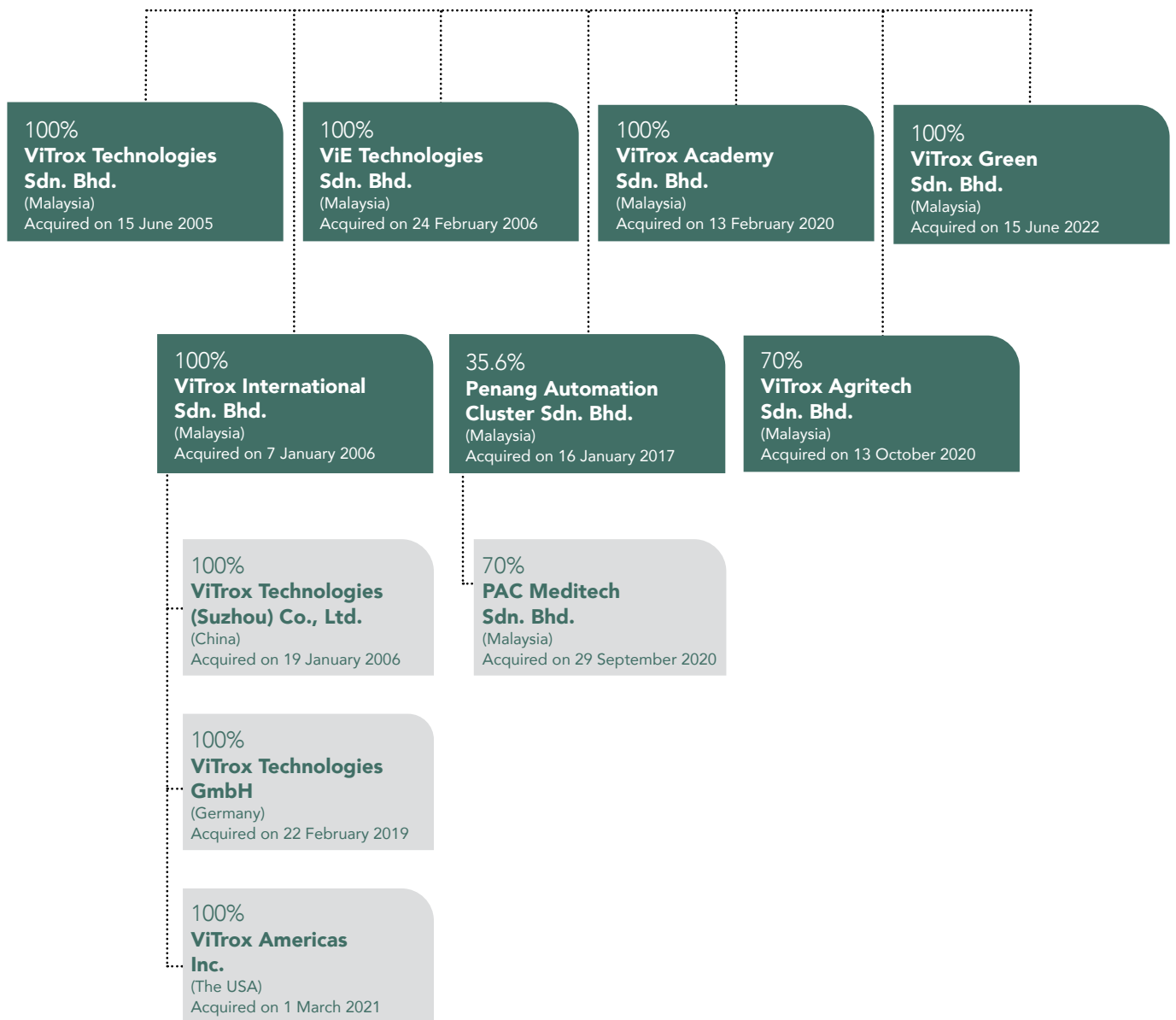
Tel	604 545 9988
Fax	604 545 9987
Email	esg@vitrox.com
Social media QR code	

# ABOUT VITROX CORPORATION BERHAD

## CORPORATE STRUCTURE

The Group is principally engaged in the design, development and production of automated vision inspection systems, digital automated vision inspection equipment and modules as well as printed circuit board assemblies for microprocessor applications. Our customer base includes outsourced assembly and test companies, printed circuit board manufacturers, electronic assembly companies, original equipment manufacturers, original design manufacturers, electronic manufacturing service providers and contract manufacturers.

Our corporate structure as of 6 April 2023 is presented below:-



# ABOUT VITROX CORPORATION BERHAD

## LOCATION OF HEADQUARTERS

### ViTrox Corporation Berhad

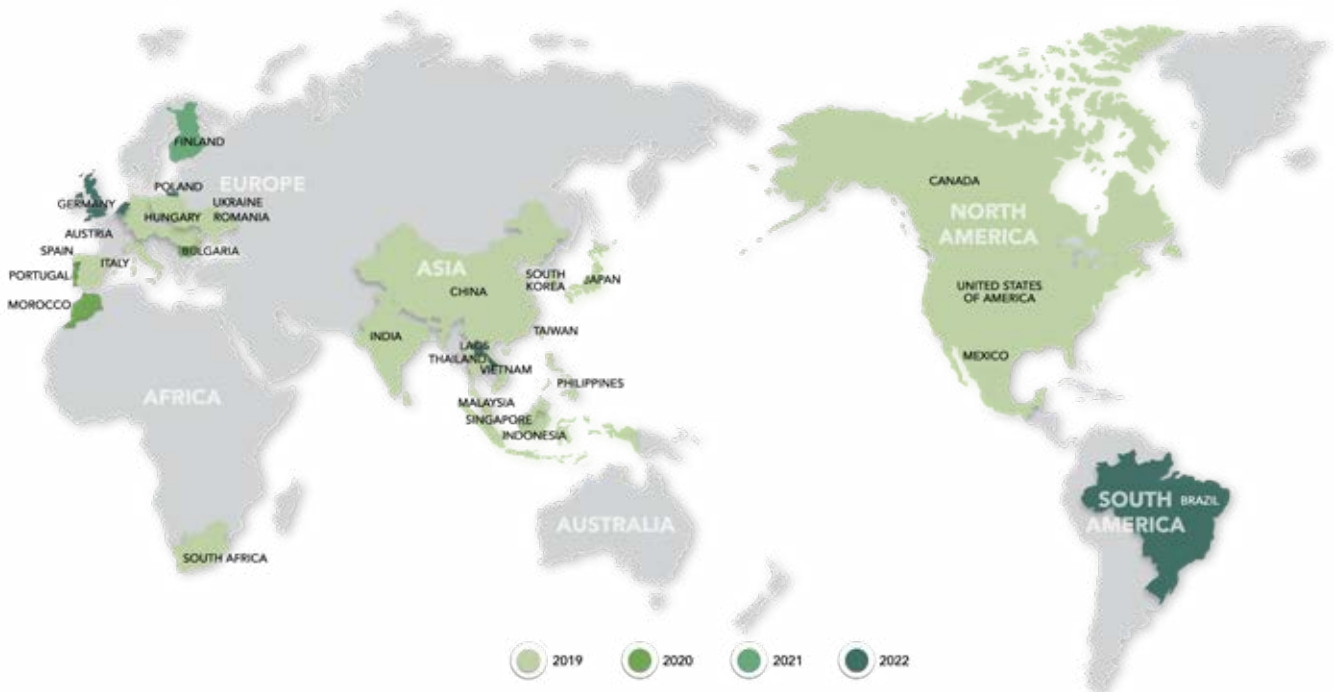
746, Persiaran Cassia Selatan 3,  
Batu Kawan Industrial Park,  
14110 Bandar Cassia, Penang, Malaysia.  
Tel : 604 545 9988  
Fax : 604 545 9987  
Website : [www.vitrox.com](http://www.vitrox.com)

## LOCATION OF OPERATIONS

ViTrox continues expanding our global market footprint as a solution provider of innovative, advanced, cost-effective automated vision inspection systems. We have offices worldwide, in Malaysia, China, Germany and the United States of America, to extend our service to customers around the world. We continue to ride on a solid growth trajectory as a market leader by serving 793 customers from more than 40 countries worldwide. We remain grateful to have engaged with more than 50 entities of trusted sales channel partners through the years that reinforced our sales and support capacities to meet our customers' needs better. As of 31 December 2022, we have 890 employees in the Group. Please refer to pages 2 and 3 of our Annual Report 2022, published in April 2023, for further information on our global presence.

## MARKETS SERVED

ViTrox thrives on exploring new and adjacent market segments every year. We illustrate a snapshot of our market expansion for 2019 to 2022 below:-

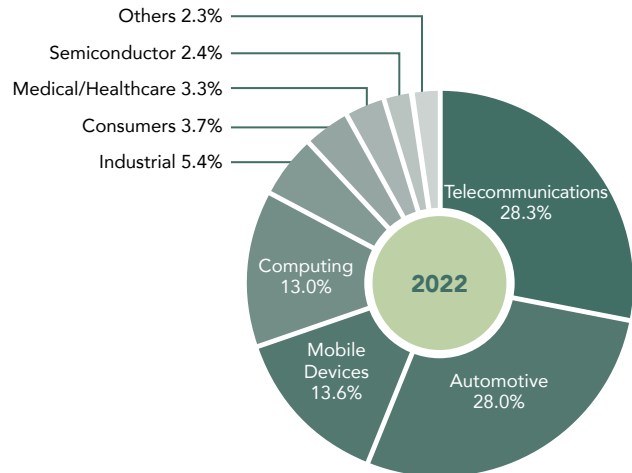
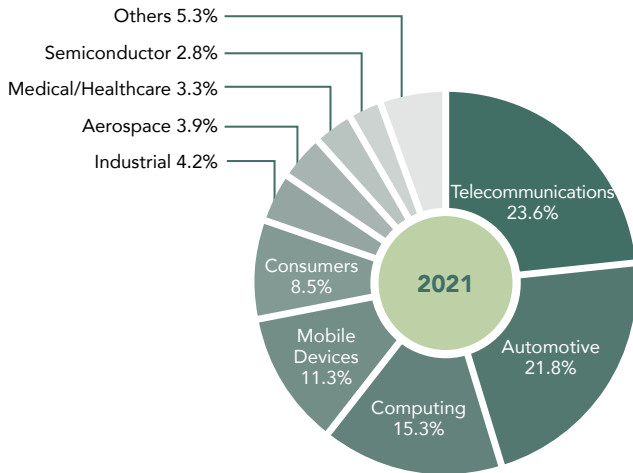




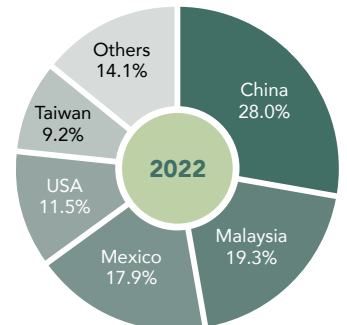
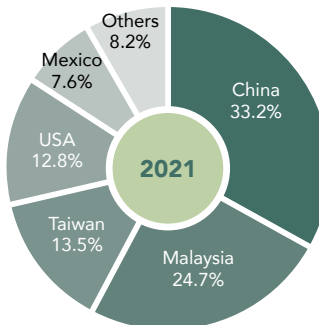
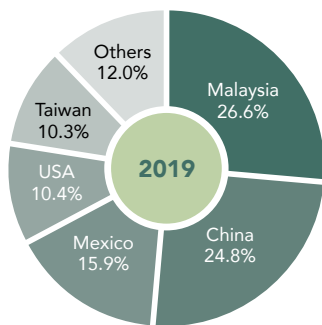
# ABOUT VITROX CORPORATION BERHAD

## MARKETS SERVED (CONT'D)

### Revenue by Market Segment



### Revenue by Geographical Segment



## PRODUCTS AND SERVICES

We design and manufacture innovative, leading-edge and cost-effective automated vision inspection equipment and system-on-chip embedded electronic devices. We offer our products and services through our Group's core business units:-

Machine Vision System - Standard ("MVS-S")	Machine Vision System - Tray-based ("MVS-T")	Automated Board Inspection ("ABI")	Electronics Communication Systems ("ECS")
Machine Vision System for back-end semiconductor component inspection	Tray-based Vision Handler for back-end semiconductor component inspection	Optical, x-ray and robotic vision inspection system for electronic board assembly inspection	Electronics Communication Systems for machine automation mainly used in data communication and motion control

Our Group remains committed to serving our customers with the installation of our machine vision solutions, sales and support. We spare no effort to go the extra mile to deliver technical and remote expertise through our business development team and sales and support team.

# ABOUT VITROX CORPORATION BERHAD

## CORPORATE OBJECTIVES

ViTrox is committed to continuing our two (2) pronged corporate objectives, achieving sustainable 15% year-on-year growth in revenue and profit and delighting our customers with superior products and services in a timely manner. To achieve these goals, the Group relentlessly strives for:-

- Strategic market expansion
- Continuous product innovation
- Lean operation

In 2022, ViTrox's revenue reached RM750.2 million, setting a new record since our incorporation date. While we strive for more significant business milestones, we aim to develop strong relationships with employees, shareholders, customers and suppliers. We continue to dedicate ourselves to environmental protection, society and corporate governance to create a sustainable future.

## MEMBERSHIP OF ASSOCIATIONS

Over the years, ViTrox has contributed to the development of ESG sustainability matters individually and collectively via business, industry and technology associations. Such participation helps ViTrox achieve business and citizenship goals by enabling ViTrox to work with other companies on issues that affect the industry. Memberships also allow us to keep abreast of industry issues, emerging trends and best practices.

### Association Involvement

ViTrox participates in the following associations to promote industry dialogue and development:-

Association	ViTrox's Representation
Federation of Malaysian Manufacturers	ViTrox Technologies Sdn. Bhd.
Institute of Printed Circuit	ViTrox Technologies Sdn. Bhd.
Malaysia Semiconductor Industry Association	ViTrox Technologies Sdn. Bhd.
Malaysian Employers Federation	ViTrox Technologies Sdn. Bhd.
Penang Skills Development Centre	ViTrox Technologies Sdn. Bhd.
Semiconductor Equipment and Materials Institute	ViTrox Technologies Sdn. Bhd.
Small and Medium Enterprises Association of Malaysia	ViTrox Technologies Sdn. Bhd.
Surface Mount Technology Association ("SMTA")	Seow Zi Yang, Treasurer, SMTA Penang Chapter  Tan Piet Gek, Committee Member, SMTA Penang Chapter
The Free Industrial Zone, Penang, Companies Association	ViTrox Technologies Sdn. Bhd.
The International Electronics Manufacturing Initiative	ViTrox Technologies Sdn. Bhd.

### Cost of Associations Participation

Category	Unit	2019	2020	2021	2022
Lobbying, interest representation or similar	RM'000	0	0	0	0
Local, regional or national political campaigns/organisations/candidates	RM'000	0	0	0	0
Other (e.g. spending related to ballot measures or referendums)	RM'000	0	0	0	0

ViTrox has always followed relevant legal requirements and maintained political neutrality. ViTrox did not make any political donations or contributions in the reporting period or other spending related to ballot measures or referendums.

# PERFORMANCE HIGHLIGHTS 2022

## IMPORTANT MILESTONES

The growing concerns of climate change, inequalities in wealth and dwindling food supplies across the world serve as reminders to step up our efforts in ESG for the well-being of future generations. In order to achieve long-term sustainable growth, we strive to balance short-term economic performance and long-term strategic plans. As such, ViTrox is committed to advancing the three (3) aspects of ESG. In 2022, ViTrox set a new start to set short-term targets and long-term goals. Our short-term targets are set for the year 2023, while our long-term goals are set for the year 2030.

<p><b>Our Environmental Endeavour</b></p>	<p><b>Net-zero (0) Carbon Emissions, Scope 2, by 2030</b></p> <p>We aim to coexist with nature and strive to pursue practices that will preserve the well-being of the environment and sustain natural resources for the current and future generations. This also promotes the Company's longevity for future growth and expansion. We care for the environment by increasing our energy and resource efficiency, producing superior products with lower energy consumption and longer lifespans, which improves the quality of our products. We also adopt an earth-friendly meatless diet for campus meals to reduce CO<sub>2</sub> emissions and save animal lives to preserve our planet.</p> <p>In 2022, ViTrox announced our full commitment to achieving net-zero (0) carbon emissions, Scope 2, by the end of 2030. We are determined to improve the energy consumption efficiency by 2% every year through various innovative ways, such as using big data analytics to monitor and optimise electricity usage, room temperature and light intensity. Meanwhile, we are committed to continuing the investment in renewable energy and carbon credit certificates offered by authorised electricity providers.</p>
<p><b>Our Social Involvement</b></p>	<p><b>Talent Pipeline Development</b></p> <p>Having top talents in the Company helps us stay competitive and grow over time. We can improve our branding and reputation and gain the community's trust through an array of initiatives and community engagement to achieve our vision. This would place the Company in a better position, thus earning a competitive advantage and being trusted by stakeholders. As such, in 2022, we set our target to increase our workforce by at least 15% on a year-on-year basis from 2023 onwards.</p> <p><b>Giving Back to Society</b></p> <p>At ViTrox, we embrace the culture of volunteerism and encourage our people to practise humanistic stances in our communities. We practise voluntary service as a decisive trait to develop a healthy and meaningful life for each other. ViTrox regularly conducts volunteering activities, such as the V-Serve programme. The V-Serve programme encourages our people to volunteer and give back to society, which promotes humility and a sense of gratitude among our people. Making progress in ESG will also enable the Company to recruit and retain top-level talent who consider working for humanistic and righteous companies. Accordingly, we commit to contribute at least 18 volunteer hours per employee by 2023 and 20 volunteer hours per employee by 2030.</p>
<p><b>Our Governance Management</b></p>	<p><b>New Product Introduction ("NPI")</b></p> <p>Our product innovation is always about adding distinctive values to our customers in the semiconductor and electronic assembly industries. We commit to launch at least two (2) products (new or enhanced features) annually into the market by each business unit, namely MVS-S, MVS-T, ABI and ECS. We also aim to maintain the attribution of NPI revenue to our Group revenue to at least 20%. This strategy will continue and be further strengthened in the next ten (10) years to support our customers' growth amidst the supercycle of the semiconductor industry in the next few years.</p> <p><b>Female Composition on the Board of Directors</b></p> <p>We support women in leadership in the Group, and as such, ViTrox sets our 2023 target and 2030 goal to have at least 30% females on the Board. This commitment is aligned with one of the best practices recommended by the Malaysian Code of Corporate Governance ("MCCG"). As of 31 December 2022, 44% of the Board consists of females.</p>

Please refer to [Our Sustainability Goals](#) for 2023 targets and 2030 goals set.

# PERFORMANCE HIGHLIGHTS 2022

## IMPORTANT AWARDS AND RECOGNITIONS



FTSE4Good

### Constituent of the FTSE4Good Bursa Malaysia ("F4GBM") Index and FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index

ViTrox has continued to be a constituent of the F4GBM Index and F4GBMS Index since December 2021. The inclusion in both indexes demonstrates our commitment to ESG practices and disclosures. We have successfully maintained a healthy FTSE4Good ESG rating under the Industry Classification Benchmark: Technology for the financial year under review. This has placed us within the Top 25% of Public Listed Companies in FTSE Bursa Malaysia EMAS by ESG Ratings amongst other listed issuers assessed by FTSE Russell.



### Forbes Asia's Best Under A Billion 2022

ViTrox is listed in Forbes Asia's 200 Best Under A Billion 2022 as one of the seven (7) Malaysian companies among 20,000 companies in the Asia-Pacific region, reflecting the resiliency of long-term sustainable performance in a fast-changing environment.



### Malaysia's Best Managed Companies for 2022

ViTrox is a winner of Malaysia's Best Managed Companies for 2022, sponsored by Deloitte Private. ViTrox was one of 11 Malaysian companies to receive the prestigious award, recognising organisational success and achievement. This internationally-recognised programme evaluates businesses based on four (4) pillars: strategy and quality management, capabilities and innovation, culture and commitment, and governance and financials.



### The Edge Malaysia ESG Awards 2022: Equity Award

ViTrox takes the honour of being awarded The Edge Malaysia ESG Awards 2022. The Edge ESG Awards aim to promote ESG adoption amongst Malaysian companies by recognising their contributions and successes in adopting good ESG practices. It also encourages ESG leadership amongst industry leaders and professionals in delivering a positive impact on their business, society and the environment.





# ESG FEATURE STORIES

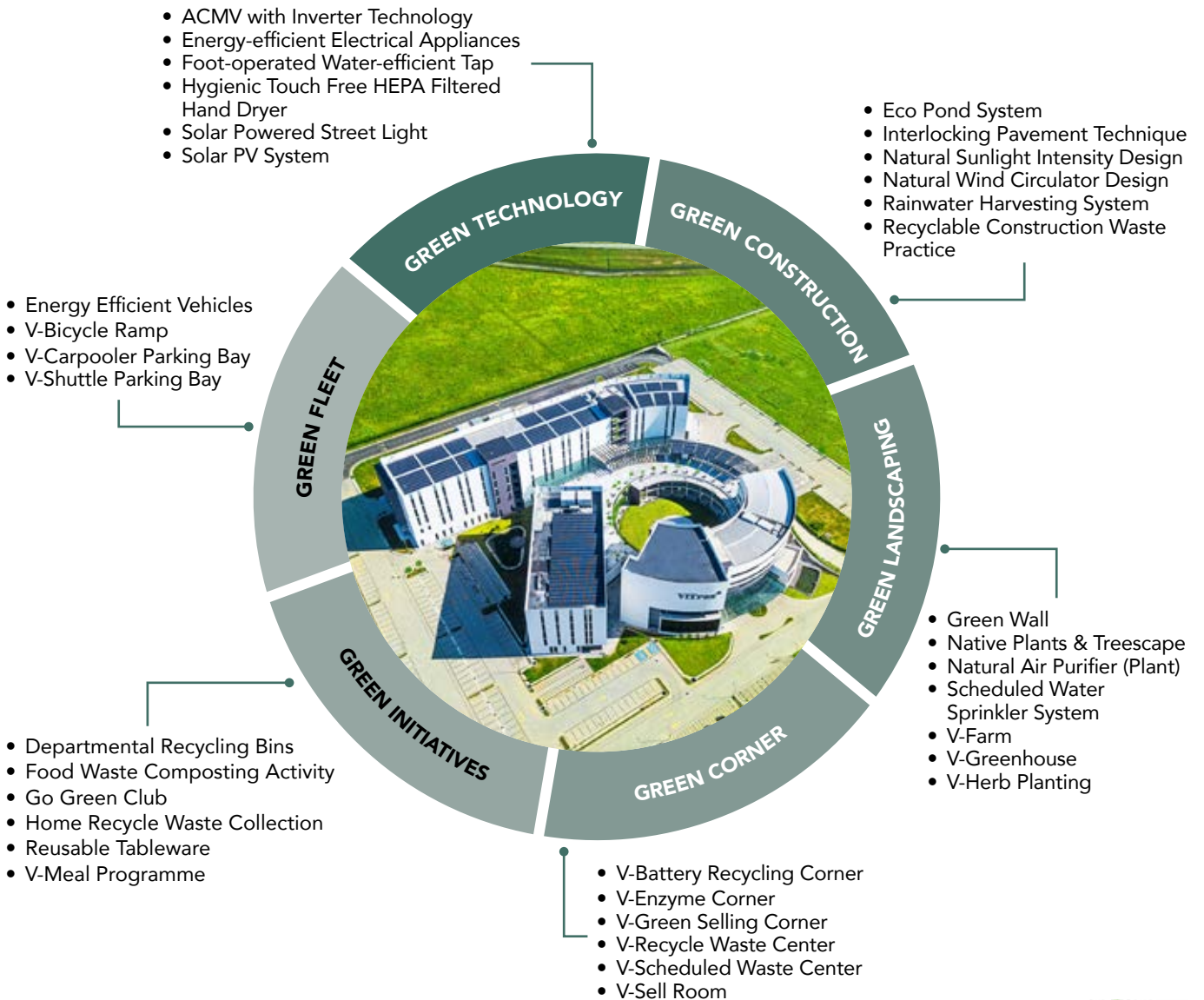
## Environmental

### BUILDING GREEN CAMPUS FOR ENVIRONMENTAL SUSTAINABILITY

Today, the most important climate goal of the world is limiting the Earth’s warming to 1.5°C. It’s the agreement made by world leaders at the United Nations Climate Change Conference in 2021. As a signatory of the Paris Agreement, Malaysia has increased its mitigation ambition with an unconditional target to cut carbon intensity against GDP by 45% compared to 2005 levels by 2030.

In alignment with the global goals and national agenda, ViTrox is taking action and implementing initiatives to mitigate and adapt to climate change and its impacts. This year, ViTrox made a commitment to achieving net-zero (0) carbon emissions, Scope 2, by the end of 2030.

Taking all the above into account, ViTrox designed and constructed Campus 2.0 and the future Campus 3.0 with green initiatives. Located in Batu Kawan Industrial Park, Penang, ViTrox Campus 2.0 has obtained Green Building Index Certification and Penang Green Office Certification since its establishment in 2018.



# ESG FEATURE STORIES

## BUILDING GREEN CAMPUS FOR ENVIRONMENTAL SUSTAINABILITY (CONT'D)

### Green Technology

We reduce energy consumption and carbon dioxide emission by adopting energy-saving technology, water-efficient fittings and renewable resources such as solar power and rainwater.

#### Energy-efficient Electrical Appliances

Using such appliances is one of the easiest ways to eliminate energy waste and lower energy costs. At the same time, it is among the most cost-effective ways to combat climate change and reduce air pollution. The procurement of electrical appliances for our offices is based on the Energy Efficiency Label ("EEL") certified by the Energy Commission. On top of costs, electrical appliances labelled with three (3) stars and above are prioritised in procurement.

#### Foot-operated Water-efficient Tap

All common washrooms in ViTrox Campus 2.0 feature a water-saving system, also known as a foot-operated water-efficient tap. By using the foot levers to control the flow of water, excessive water usage can be effectively reduced. The touchless feature also helps to ensure better hygiene, as the water tap is only operated by foot-stepping on the lever.



### Green Construction

We designed the building architecture based on geographical features, such as the sun's position and wind gap direction. We turn construction waste into useful resources that can be used to generate new products.

#### Interlocking Pavement Technique

We use interlocking pavement bricks due to its sustainable elements under infrastructure construction materials. Bricks require minimal maintenance as the interlocked blocks levitate stress from brick to brick. As such, it has longer durability compared to conventional tar roads, which requires regular maintenance. It also allows the rainwater to seep through the bricks and reach the ground beneath, leading to little to no runoff water on the surface that requires extra drainage.



#### Natural Sunlight Intensity Design

While considering the architectural design, we selected a suitable glass wall to allow the maximum penetration of natural sunlight while preserving the strong building structure. The sunlight penetration enhances the indoor light intensity and reduces the usage of artificial lighting inside the offices to light up the working area. The glass wall is treated with a selected colour where contrast is enhanced. This reduces the eye fatigue of individuals working inside the buildings.



#### Natural Wind Circulator Design

The drafted design concept comes with a feature that creates a wind gap to capture the circulation of air from external into the building. This architectural design eliminates the solar gain and reduces the loading of the air conditioning and mechanical ventilation ("ACMV") system used to cool down the indoor building. The enhanced ventilation within the building creates a refreshing atmosphere for people walking around the building.



# ESG FEATURE STORIES

## BUILDING GREEN CAMPUS FOR ENVIRONMENTAL SUSTAINABILITY (CONT'D)

### Green Landscaping

We design, develop and maintain compound landscapes to preserve biodiversity and reduce air, soil and water pollution.

#### V-Greenhouse, V-Farm and V-Herb Planting

We have several agricultural settings at ViTroX Campus 2.0 to produce pesticide-free and chemical-free vegetables, fruits and herbs. The products are harvested and post-processed for the V-Meal Programme, a free lunch meal benefit for all employees.

By producing our own locally grown vegetables and fruits, we reduce the carbon emissions from burning fossil fuels for transportation and logistics. No plastic packaging is required when we harvest vegetables and fruits straight from the greenhouse and farm, which also reduces fossil fuel inputs.



### Green Corner

We create a platform that inculcates environmental conservation and preservation in our people's daily practices.

#### V-Enzyme Corner

We set up a working space for enzyme-making activities, which allows us to turn organic food waste collected from our campus into organic fertilisers. We use homemade enzyme solutions to replace chemical detergents for cleaning purposes.



#### V-Green Selling Corner

The initiative to set up the V-Green Selling Corner is to promote a healthy plant-based diet and encourage the consumption of local agricultural products.



#### V-Sell Room

V-Sell Room is a platform for employees to buy and sell pre-loved items. Partial earnings from the sales are donated to charity organisations.



# ESG FEATURE STORIES

## BUILDING GREEN CAMPUS FOR ENVIRONMENTAL SUSTAINABILITY (CONT'D)

### Green Initiatives

We create activities and programmes that promote and encourage the adoption of the go-green concept and initiatives through daily life routines.

#### Departmental Recycling Bin

We provide centralised recycling bins in offices and common areas to encourage waste segregation, which changes how materials are segregated into their respective types.



#### Reusable Tableware

We encourage employees to use reusable or returnable containers in the Company cafeteria to minimise the usage of single-use plastics.



#### Go Green Club

Go Green Club is a platform for employees to share knowledge about environmental sustainability within ViTrox, and club members organise recycling activities to collect recyclable items.



#### V-Meal Programme

We provide free earth-friendly meals to our employees. The meatless diet can prevent the carbon footprints of the livestock industry. In 2022, a total of 479,279kg of CO<sub>2</sub> emission was reduced.



#### Home Recycle Waste Collection

We organise quarterly home recyclable waste collection events to encourage employees to collect recyclable waste from their homes and bring it to the on-campus recycling centre. In 2022, a total of 739.9kg recycle waste was collected.





# ESG FEATURE STORIES

## BUILDING GREEN CAMPUS FOR ENVIRONMENTAL SUSTAINABILITY (CONT'D)

### Green Fleet

We organise a V-Carpooling programme platform to eliminate air pollution and traffic congestion. We prioritise the procurement of energy-efficient vehicles to improve environmental sustainability and reduce the carbon footprint of the fleet vehicles.

#### Energy Efficient Vehicles ("EEV")

As an initial step towards sustainable transportation on Campus, we diverted from internal-combustion-engine ("ICE") vehicles to Electric Vehicle ("EV"), which is under EEV. We acquired an EV buggy car operated by an electrical battery in 2022. A buggy car requires minimum maintenance services compared to a gasoline-operated buggy. It is also a greener choice than the traditional gasoline-operated buggy because it does not emit greenhouse gases ("GHG") or noise during operation.

In 2022, we switched one (1) of our diesel forklifts to an electric forklift. We aim to change our remaining one (1) unit of diesel forklift in 2023. Through this initiative, we saved 1,560kg of carbon emissions in 2022. With electric forklifts in place from 2023 onwards, 3,664kg of carbon emissions can be avoided, and a total of 56,218kg of carbon emissions by 2030 can be avoided.



#### V-Carpooler Parking Bay

Transportation is one of the largest sources of carbon emissions. As part of our efforts to act responsibly and sustainably, ViTrox encourages employees to carpool for daily commute. Carpooling can have great positive effects on employee productivity as they arrive at work more energised and ready to take on the challenges of the day. On top of that, carpooling can save employees' financial expenses by reducing fuel costs and vehicle wear and tear.

At ViTrox, carpoolers are privileged to use reserved parking spots. As of the year end, 14 car parking spots were reserved for those who joined the carpooling programme with a total of 160 ViTroxians participated in this programme.

Besides that, we also designate another 14 parking lots as green vehicle parking spots for those who own an EEV as their primary vehicle as of year end.



# ESG FEATURE STORIES

## Social

### CULTIVATING STEM TALENTS IN MALAYSIA

Industry 4.0 is the digital transformation of manufacturing and value-creation processes across industries. It brings a fundamental shift to our everyday life and the world we live in. As Malaysia embarks on its journey towards greater digitalisation and sustainable development, the nation is pouring efforts into ensuring the current workforce remains relevant in targeted highly skilled segments.

As a local homegrown Company, ViTrox acknowledges the importance of a healthy local talent pool in science, technology, engineering and mathematics ("STEM"). We believe that a STEM-driven generation is influential in shifting Malaysia towards Industry 4.0. Therefore, we have been taking initiatives to cultivate and empower the young generation, especially in our local communities, hoping to address the urgent needs of STEM talents. In 2022, ViTrox engaged with 1,076 students through STEM-related activities. By 2030, we aim to engage and touch the lives of 3,000 students to embrace STEM.

The initiatives also address three (3) of the UN SDGs, including No Poverty (Goal 1), Quality Education (Goal 4) and Reduce Inequalities (Goal 10).

ViTrox dedicates our efforts to cultivating students in all educational stages. For more initiatives and details about how we contribute to STEM talent cultivation, please refer to [Talent Attraction and Retention](#).

#### Primary Education – Fostering Interests in STEM within Young Students

Our education arm, ViTrox Academy Sdn. Bhd. ("VA"), organises technical skill and soft-skill programmes in a variety of workshops, short and long courses, exploratory events and competitions. We leverage ViTrox Makerspace as an innovation playground for young students to explore the amazement of "making" under the guidance of coaches and industry engineers. Besides, VA joined efforts with Arus Academy to run a six (6)-month V-Apprentice workshop.



#### Secondary Education – Encouraging the Younger Generation to Pursue STEM Education

To enhance the exposure of students to STEM fields, ViTrox supported STEM initiatives through educational programmes and event sponsorship. Furthermore, we also strive to empower future female talents in technology by sponsoring Girls in Engineering and Technology ("GET") 2022 and Women In Zcience ("WIZ") 2022. WIZ is a six (6)-month programme whereby ViTrox collaborated with Tech Dome Penang to share STEM knowledge with 40 female students from Penang Chinese Girls' High School.





# ESG FEATURE STORIES

## CULTIVATING STEM TALENTS IN MALAYSIA (CONT'D)

### Tertiary Education – Bridging the Education and Industry Systems

We established ViTrox College to provide industry-centric, inspiring and inclusive education with a strong emphasis on engaging and practical learning environments. ViTrox College is the first institution in Malaysia to integrate the work-based learning (“WBL”) teaching method into diploma programmes. The College graduates will be equipped with practical experience, hence, making them ready to immediately join the workforce.



### Robotics Competition – Mentoring Future Engineers and Scientists



ViTrox co-sponsored the robotics competition FIRST® Tech Challenge 2021/2022, an event organised by Penang Science Cluster (“PSC”) with the aim to create a culture of innovation and entrepreneurship among the young in Malaysia. Five (5) engineers from ViTrox stepped forward to volunteer and coach two (2) groups of participating students from secondary schools to design and build a robot that can execute specific tasks, like picking up objects and placing them in their rightful place. The mentors coached participants in robotics skills, such as computer-aided design (“CAD”) drawing, electronic drawing and three-dimensional (“3D”) printing, at ViTrox Makerspace during the weekends. The four (4)-month project was a long journey because the students had minimal knowledge of industrial design, computer programming and electrical and electronic engineering.

Both teams coached by our volunteer engineers received significant recognition in the competition. Students from Chung Ling Butterworth (N.T.) High School, with a team named Team Robodes, had won the championship and received the “Motivate Award”. The team is recognised for working together as a team and embracing the culture and spirit of FIRST together as a team. Additionally, Team Zero from Convent Dato Keramat Secondary won the “Honourable Mention” award, ranking in the top five (5). The team mentors also secured the “Compass Award” and were recognised as being the most helpful and inspiring ones.

### Penang International Science Fair – Exploring Science Beyond Textbooks at ViTrox



ViTrox participated in Penang International Science Fair (“PISF”) 2022 as a venue partner, showcasing the wonders of science through various hands-on activities and exhibitions.

Over the six (6)-day event, there were 493 primary and secondary school students taking part in the activities.

Our people volunteered to organise “V-See the 3D World” workshops for primary students to create a 3D hologram and a cool pair of paper 3D glasses to master the basic theories of light reflections and anaglyph 3D.

Under the guidance of our workshop coaches, secondary students participating in the “V-Inspection Machine” workshop built an inspection machine prototype to spot the defects in items and learn about the optics, lights and refraction.

Besides workshops, ViTrox also held a career fair “V-Inspire You” to further strengthen the young generation’s interest in the field of science and technology.

# ESG FEATURE STORIES

## Governance

### INNOVATING SMART SOLUTIONS FOR A SUSTAINABLE FUTURE

Like most business organisations, innovation is one of the most important aspects as we strive to achieve our goals and objectives. Different types of innovations will directly affect the company's product or process. At ViTrox, we innovate to convert traditional systems into new and improved methods, upgrading business operation systems and launching Industry 4.0 technologies.

As enterprises endeavour to achieve higher productivity through better quality control, ViTrox is also looking for ways to reduce unplanned downtime. As an experienced machine manufacturer, we know that piecemeal technology investment will no longer be enough for manufacturers to flourish in Industry 4.0. Therefore, the interconnected machine network with a real-time monitoring system is the key to sustainable success.

With Industry 4.0 foreseeing a greater reliance on machine learning, machine vision technology plays an essential role in capturing the environment and converting it into networked digital data.

#### V-ONE® Smart Solution

As an Industry 4.0 Smart Solution, V-ONE® caters to providing insightful analytics to users on a real-time basis with many innovative features, including big data, data analytics, status monitoring, an alert plan feature, ticketing for maintenance purposes and a fully configurable dashboard. Big data is complex and only useful if it can be acquired, stored, and processed quickly and economically. As a result of improved data use, the ability to gather deep knowledge about manufacturing processes and the accessibility of real-time data, prescriptive and predictive analytics are now possible at many levels of production facilities.

We believe that V-ONE® can help users to proceed towards digital transformation and prepare their businesses for Industry 4.0.

#### V-ONE®

- Gathers data automatically from different inspection and production systems and visualises real-time statistical analysis
- Allows users to access and monitor their personalised dashboards from anywhere using smart devices
- Allows users easily read and work on the charts, analyse the machine data and be automatically triggered before the machine breaks down





# ESG FEATURE STORIES

## INNOVATING SMART SOLUTIONS FOR A SUSTAINABLE FUTURE (CONT'D)

### Smart Agriculture Solutions

Besides facilitating the adaptation of manufacturing processes to Industry 4.0, we also design smart agriculture solutions to mitigate pressing challenges such as high foreign labour dependencies and unreliable yields impacted by unpredictable weather conditions in our country.

ViTrox Agritech Sdn. Bhd. ("VAG") aims to deliver solutions to increase farming yields while reducing labour costs, minimise the harm of pesticides on humans and reduce water consumption in agricultural processes.

In 2022, we carried out research and development ("R&D") on four (4) products and solutions: Spiral Integrated Planting System ("SIPS") machine, V-Gutter growing system, V-Seeder machine and V-ONE® with AIoT Cloud.

#### SIPS Machine

The machine could speed up the process of transplanting and simplify post-harvest planting bed preparation by allowing effective plant residue removal.



#### V-Gutter Growing System

The system allows the planting of vegetables in multi-tiered systems in an easier manner.



#### V-Seeder Machine

The machine greatly reduces the sowing time and the labour required during the seeding process.



#### V-ONE® with AIoT Cloud

The solution combines farm management software and Internet of Things ("IoT") devices to provide farmers with actionable information on factors such as the real-time monitoring conditions of crops, soil and weather.



As ViTrox adopts Industry 4.0 technologies, our Company could expect a higher increase in productivity and competitiveness in the future. We believe that the combination of innovation and automation can help businesses reach exponential growth.

# SUSTAINABLE PRACTICES

## SUSTAINABLE GOVERNANCE

In July 2021, ViTrox’s Board of Directors (“Board”) established the ESG Steering Committee (“ESC”) to serve as the highest level of authority in the planning and supervision of sustainability-related strategies and facilitate the accomplishment of sustainability management policies and goals. The ESC comprises ViTrox’s directors and top management and is chaired by ViTrox’s Managing Director/President/Chief Executive Officer.

The Chairman of ESC reports to the Board on the Company’s sustainable performance and plans, as well as key issues and countermeasures that stakeholders are concerned about. The Board also plays a supervisory and guiding role in determining the likelihood of success of the strategy, regularly reviewing the improvement progress and guiding the management team to make adjustments as needed. Meanwhile, the ESG Working Group (“EWG”) supports ESC and the Board in integrating and implementing sustainability practices into their day-to-day operations.

A snapshot of ViTrox’s sustainability governance and their respective duties are presented below:-

Governance Structure	Duties and Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>Oversee the overall responsibility of ViTrox’s ESG strategies</li> <li>Review the terms of reference, policies and procedures relevant to ViTrox’s sustainability agenda</li> <li>Expand adequate resources to ESC to perform its duties and provide professional consultancy services for them</li> </ul>
Environmental, Social and Governance Steering Committee  Chairman: Chu Jenn Weng Member : Siaw Kok Tong Yeoh Shih Hoong Lim Kim Seng Wee Kah Khim	<ul style="list-style-type: none"> <li>Advocate sustainability strategies, policies and goals to the Board, in consultation with the management</li> <li>Evaluate the effectiveness of the sustainability strategies, policies and goals</li> <li>Provide oversight and input on the Group’s sustainability agenda to align with the Group’s values and commitment</li> <li>Review the Report and other issues arising from independent auditors, regulators or consultants</li> <li>Advise and recommend strategic positioning to the Board on emerging sustainability risks and opportunities</li> </ul>
Environmental, Social and Governance Working Group	<ul style="list-style-type: none"> <li>Assist ESC in integrating the Group’s sustainability strategies into business operations and implementing initiatives towards achieving the Group’s sustainability ambition</li> <li>Identify sustainability matters and formulate action plans</li> <li>Supervise interdepartmental communication and coordinate resource integration</li> </ul>

ViTrox believes that maintaining a good degree of communication and understanding with all the internal and external stakeholders involved is highly essential in its journey to be good corporate governance and a reputable sustainable business entity. Hence, the Group recognises the need to conduct a continuous dialogue and information sharing with the relevant stakeholders in a timely, effective and transparent manner. The Board is mindful of consistently updating all stakeholders with the understanding and knowledge of sustainability matters to effectively discharge its role in ESG oversight, including climate-related risks and opportunities.

Through the formation of our ESC, we aim to create a seamless collaboration among our people to adapt our ESG strategies to each asset class while driving ownership and accountability across the Group.

# SUSTAINABLE PRACTICES

## MATERIALITY ANALYSIS

Materiality analysis is an important directive for compiling the Report, formulating long-term sustainability goals and communicating with stakeholders. The materiality analysis process allows us to determine our stakeholders' needs and disclosure preferences regarding sustainability information, thereby enhancing the transparency of sustainability matters on different communication channels.

ViTrox views the review frequency of materiality analysis would be much depending on the changing trends in ESG topics. As such, we will continue collecting and responding to stakeholder feedback and suggestions through diverse communication channels and tracking progress toward long-term sustainability goals.

Identification of Sustainability Matters	Categorisation and Prioritisation of Sustainability Matters	Review and Validation	Endorsement
<ul style="list-style-type: none"> <li>Identify, gather and consolidate the relevant inputs from discussions and interviews with our internal stakeholders, such as employees and representatives of different functional departments who frequently engage with the external stakeholders</li> <li>Refer to the sustainability matters that we identified in our materiality assessment in previous years</li> </ul>	<ul style="list-style-type: none"> <li>Assess the materiality level of each sustainability matter by functional managers</li> <li>List out stakeholders relevant to the Group, assess the impact of each ESG topic on the Group's operations and the degree of influence from the stakeholders' decision-making process and their expectations</li> <li>The impact analysis of various topics on the operation of the Company considered multiple factors such as "revenue/cost", "risk of reputation/legal compliance," "environmental impact", "social impact" and "economic impact"</li> <li>The importance of each issue is ranked according to two (2) main facets: the concerns of external stakeholders and internal impact assessments</li> <li>Identify ESG topics to our business by analysing internal documents and processes, peer reviews and Risk and Opportunity register ("R&amp;O") on ESG matters</li> <li>Review the R&amp;O periodically as part of our risk assessment to ensure our sustainability practice addresses our key ESG concerns</li> <li>To secure the R&amp;O to comply with legislative requirements and industry best practices while addressing stakeholders' interests</li> </ul>	<p>Review existing Group policies, related compliance requirements, R&amp;O registers and examine sustainability trends in the industry sector and the reporting practices of peer companies</p>	<p>ESC reviews and the Board approves the materiality assessment</p>

In 2021, we re-prioritised and conducted our materiality assessment with members of the EWG to identify material ESG factors that may significantly impact ViTrox's business or substantially influence the decisions of stakeholders. Over 15 sustainability matters were identified, out of which 11 were prioritised. In 2022, we updated the list of materiality matters using desktop research. Based on the review, we established that the issues identified in 2021 were still relevant to our business and stakeholders. Differences as compared to the previous year are explained in a later section.

The identified sustainability matters are illustrated in the materiality matrix, plotted against the x-axis, which shows the importance of each matter to the business, and against the y-axis, which indicates how critical each issue influences the stakeholder's decision on our business engagements.



# SUSTAINABLE PRACTICES

## MATERIALITY ANALYSIS (CONT'D)

### Materiality Matrix



Notes:-

- <sup>1</sup> Stakeholders scored differently in their degree of concern and influence for each issue. (10 points=highly concerned, 8 points=concerned, 6 points=somewhat concerned, 4 points=mildly concerned, 2 points=not concerned)
- <sup>2</sup> ViTrox ESG representatives score for impact on ViTrox's operations. (10 points=highly impacted, 8 points=impacted, 6 points=moderately impacted, 4 points=not much impacted, 2 points=not impacted)
- <sup>3</sup> Impact factors include "revenue/cost", "risk of reputation/legal compliance", "cost efficiency", "environmental impact", "social impact" and "economic impact."

### Explanation of differences from the previous year's Materiality Matrix

- This year, ESC took responsibility for relooking into the impact assessment. At the same time, the main points of concern of the international ESG rating agencies regarding the semiconductor industry and our sustainability strategy were included for discussion and consideration. As such, there are differences between the 2022 and 2021 results.
- The differences include renaming "Energy Management and GHG Emissions" to "Climate Change and Energy Management" and the inclusion of "Environmental Conservation and Preservation" as a material topic in 2022. As such, there are 11 material topics and four (4) secondary topics in 2022.

# SUSTAINABLE PRACTICES

## MATERIALITY ANALYSIS (CONT'D)

### Materiality Matrix (Cont'd)

We categorised our sustainability matters according to the ESG pillars as follows:-

Our Environmental Endeavour	Our Social Involvement	Our Governance Management
<b>Material Topics</b>		
<ul style="list-style-type: none"> <li>• Climate Change and Energy Management</li> <li>• Environmental Conservation and Preservation</li> </ul>	<ul style="list-style-type: none"> <li>• Employee Well-being</li> <li>• Human Rights</li> <li>• Talent Attraction and Retention</li> <li>• Talent Development</li> <li>• Workplace Health and Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Governance and Ethical Practices</li> <li>• Economic Performance</li> <li>• Innovation and Product Excellence</li> <li>• Supply Chain Management</li> </ul>
<b>Secondary Topics</b>		
<ul style="list-style-type: none"> <li>• Waste Management</li> <li>• Water Management</li> </ul>	<ul style="list-style-type: none"> <li>• Community Engagement</li> <li>• Diversity and Inclusion</li> </ul>	

ViTrox integrates our sustainability strategies into five (5) core themes: A Go-Green Practitioner, An Accountable Purchaser, A Caring Employer, A Trusted Corporation and A Sustainable Governance.






# SUSTAINABLE PRACTICES

## MATERIALITY ANALYSIS (CONT'D)

### Materiality Matrix (Cont'd)

#### Material Topics

Core Theme	Sustainability Matter	Significance to ViTrox's Operations	Potential Impact to ViTrox's Operations	GRI Specific Topic
 <b>A Go-Green Practitioner</b>	Climate Change and Energy Management	<ul style="list-style-type: none"> <li>Good energy management practices improve operational performance and reduce environmental burdens and carbon footprint</li> </ul>	<ul style="list-style-type: none"> <li>Operational performance will deteriorate and environmental burdens will increase</li> <li>Unstable power supply will cause a direct impact on production capacity and Company reputation</li> </ul>	GRI 302: Energy GRI 305: Emissions
	Environmental Conservation and Preservation	<ul style="list-style-type: none"> <li>Clean technology initiatives minimise operations and value chain's environmental impact to promote sustainable consumption</li> </ul>	<ul style="list-style-type: none"> <li>Failure to meet customer needs might compromise customer trust and affect the Company's market image</li> </ul>	GRI 304: Biodiversity
 <b>An Accountable Purchaser</b>	Supply Chain Management	<ul style="list-style-type: none"> <li>A sustainable and responsible supply chain secures stable sourcing of materials, cost competitiveness, delivery of quality products and is critical to business continuity</li> </ul>	<ul style="list-style-type: none"> <li>Disruptions in the supply chain will impact Company operations and our commitment to customers</li> </ul>	GRI 203: Indirect Economic Impacts GRI 204: Procurement Practices GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment
 <b>A Caring Employer</b>	Talent Attraction and Retention	<ul style="list-style-type: none"> <li>Talented employees support our global competitiveness and maintain our competitive advantages, thereby contributing to sustainable and long-term business growth</li> </ul>	<ul style="list-style-type: none"> <li>The outflow of talented employees will directly affect our competitiveness</li> </ul>	GRI 201: Economic Performance GRI 401: Employment
	Talent Development	<ul style="list-style-type: none"> <li>Good training and development programmes help to retain talents and improve employee performance through regular education and training</li> </ul>	<ul style="list-style-type: none"> <li>The Company's competitive advantage and growth momentum will suffer if talents fail to progress with evolving landscapes</li> </ul>	GRI 404: Training and Education
	Workplace Health and Safety	<ul style="list-style-type: none"> <li>Maintaining employee safety and health and providing a good workplace environment are conducive to improving productivity and quality</li> </ul>	<ul style="list-style-type: none"> <li>Safety and health risks may lead to significant economic or social loss for the Company and hence undermine competitiveness</li> </ul>	GRI 403: Occupational Health and Safety
	Employee Well-being	<ul style="list-style-type: none"> <li>Providing physically and psychologically safe and conducive working environment where our people are recognised, appreciated and treated with care and respect</li> <li>Positive workplace encourages employees to stay healthy, happy and motivated</li> </ul>	<ul style="list-style-type: none"> <li>Safeguard ViTroxians' health and well-being to build a positive physical and mental working environment</li> </ul>	GRI 403: Occupational Health and Safety






# SUSTAINABLE PRACTICES




## MATERIALITY ANALYSIS (CONT'D)

### Materiality Matrix (Cont'd)

#### Material Topics (Cont'd)

Core Theme	Sustainability Matter	Significance to ViTrox's Operations	Potential Impact to ViTrox's Operations	GRI Specific Topic
 <b>A Caring Employer</b>	Human Rights	<ul style="list-style-type: none"> <li>Upholding the fundamental rights and interests of employees and providing a harmonious working environment</li> </ul>	<ul style="list-style-type: none"> <li>Company reputation, employee morale and talent recruitment could suffer from the lack of proper protection for the human rights of our people</li> </ul>	GRI 402: Labour/ Management Relations GRI 406: Non-discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labour GRI 409: Forced or Compulsory Labour GRI 412: Human Right Assessment
 <b>A Trusted Corporation</b>	Innovation and Product Excellence	<ul style="list-style-type: none"> <li>Continuous innovation of technologies to lower costs, improve efficiency and strengthen our core competencies to meet customer demands</li> </ul>	<ul style="list-style-type: none"> <li>Continuous innovative breakthroughs can increase revenue and remain sustainable</li> </ul>	GRI 201: Economic Performance GRI 203: Indirect Economic Impacts GRI 418: Customer Privacy
 <b>A Sustainable Governance</b>	Economic Performance	<ul style="list-style-type: none"> <li>Adopting prudent business plans, disciplined capital management and financial performance to create long-term economic value and build a solid financial foundation</li> </ul>	<ul style="list-style-type: none"> <li>Lost of investors' confidence in our long-term investment value</li> </ul>	GRI 201: Economic Performance GRI 207: Tax
	Corporate Governance and Ethical Practices	<ul style="list-style-type: none"> <li>Creating good corporate ethics to drive long-term business success</li> </ul>	<ul style="list-style-type: none"> <li>Good business conduct and ethics ensure sustainable operation, avoid operational risks and enhance corporate image</li> </ul>	GRI 205: Anti-corruption GRI 405: Diversity and Equal Opportunity

#### Secondary Topics

Core Theme	Sustainability Matter	Management Approach	GRI Specific Topic
 <b>A Go-Green Practitioner</b>	Water Management	Adopting water management initiatives to reduce water consumption and use intensity	GRI 303: Water and Effluents
	Waste Management	Executing the 5R principles – Refuse, Reduce, Repair, Reuse and Recycle – in the waste management programme and adherence to environmental regulations in the handling of waste disposal	GRI 306: Waste
 <b>A Caring Employer</b>	Diversity and Inclusion	Enhancing workforce diversity and inclusion to unlock the full potential of human resources available as we respect differences and believe that equal employment opportunities strengthen our competitiveness	GRI 202: Market Presence GRI 405: Diversity and Equal Opportunity
 <b>A Trusted Corporation</b>	Community Engagement	Cultivating volunteerism through our activities and supporting the local communities through our corporate social responsibility programmes	GRI 203: Indirect Economic Impacts GRI 413: Local Communities

# SUSTAINABLE PRACTICES

## STAKEHOLDER ENGAGEMENT

At ViTrox, we believe that consistent communication and understanding with all internal and external stakeholders are essential in our journey to becoming a reputable sustainable business entity with good corporate governance. The Group conducts continuous dialogues and information sharing with the relevant stakeholders in a timely, effective and transparent manner. The invaluable feedback from our stakeholders provides direction to our business as we grow to become a responsible corporate citizen.

We empower respective business divisions to assess the best approach to engage our stakeholders in our mission to achieve meaningful engagements that fulfil our stakeholders' needs. We engage with our stakeholders across various channels and frequencies, from daily communications and weekly updates to quarterly follow-ups and annual meetings.

In the context of sustainability, we place high importance on key stakeholders who significantly influence our business or are affected by our operational activities. We compiled information regarding the concerns of each group of stakeholders, the methods and frequency of engagements and our responses to the concerns raised in the table below.

Stakeholder	Engagement Channel/ Frequency	Sustainability Concern	Main Focus of Sustainability Matters	Responses from ViTrox
Customers	Annually <ul style="list-style-type: none"> <li>Annual operations audit</li> <li>Exhibition and roadshow</li> </ul> Ongoing <ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Customer meeting</li> <li>Online customer support system (V-Care)</li> </ul>	<ul style="list-style-type: none"> <li>Product innovation</li> <li>Product quality</li> <li>Customer service</li> <li>Purchase experience</li> <li>Sustaining long-term relationships</li> <li>Information security</li> <li>Demonstration of good ESG adherence and practices</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and Product Excellence</li> <li>Corporate Governance and Ethical Practices</li> <li>Environmental Conservation and Preservation</li> </ul>	<ul style="list-style-type: none"> <li>Discussed product innovation and information during customer visit</li> <li>Conducted regular customer satisfaction surveys and collected feedback from customers on our products and services to strengthen long-term customer relationships</li> <li>Planned for technology and product development and stimulated the sales and marketing strategies according to customers' feedback</li> <li>Executed Customer Experience Recovery Action programme to strengthen the customer experience</li> <li>Ongoing upskilling training programmes for employees to enhance customer service quality and satisfaction</li> <li>Conducted site installation and provided constructive consultation</li> <li>Shared our core values with worldwide sales channel partners</li> </ul>
Employees	Annually <ul style="list-style-type: none"> <li>Annual appraisal and performance review</li> </ul> Quarterly <ul style="list-style-type: none"> <li>Employee satisfaction survey</li> <li>Employee suggestion programme</li> <li>Quarterly meetings</li> <li>Quarterly one-on-one meetings</li> </ul> Ongoing <ul style="list-style-type: none"> <li>Volunteering activities</li> <li>Training and development programmes</li> <li>Formal meetings and discussions</li> <li>Special interest club activities</li> <li>Employee engagement programmes</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable growth and development of organisation</li> <li>Career development and training</li> <li>Frequent communication, discussion and engagement</li> <li>Equal opportunity for career advancement</li> <li>Law-abiding operations</li> <li>Safe and healthy working environment</li> <li>Employee relationship enhancement</li> </ul>	<ul style="list-style-type: none"> <li>Talent Attraction and Retention</li> <li>Talent Development</li> <li>Workplace Health and Safety</li> <li>Human Rights</li> <li>Employee Well-being</li> <li>Corporate Governance and Ethical Practices</li> </ul>	<ul style="list-style-type: none"> <li>Continued to uphold the fundamental principles of ViTrox's shared core values: I.A.C.T.G.</li> <li>Identified and worked on improvement plans by respective business unit heads</li> <li>Conducted Training Needs Analysis to meet the learning requirements of ViTroxians</li> <li>Executed various learning and development initiatives with the support of learning and development platforms</li> <li>Updated new policies in the employee handbook and our intranet in a timely manner</li> <li>Held club meetings and activities to improve employee relationships and well-being</li> <li>Established Emergency Response Team for a safe and healthy working environment</li> </ul>

# SUSTAINABLE PRACTICES

## STAKEHOLDER ENGAGEMENT (CONT'D)

Stakeholder	Engagement Channel/ Frequency	Sustainability Concern	Main Focus of Sustainability Matters	Responses from ViTrox
Investors/ Shareholders	<p>Annually</p> <ul style="list-style-type: none"> <li>Annual report</li> <li>Annual General Meeting</li> </ul> <p>Quarterly</p> <ul style="list-style-type: none"> <li>Quarterly financial results</li> <li>Quarterly analyst briefing</li> </ul> <p>Ongoing</p> <ul style="list-style-type: none"> <li>Corporate website</li> <li>Investor relationship channel</li> </ul> <p>As required</p> <ul style="list-style-type: none"> <li>Regular meetings and correspondence</li> <li>Feedback to media enquiries</li> </ul>	<ul style="list-style-type: none"> <li>Business growth and expansion plans</li> <li>Impact from the global economy on the Company's operations</li> <li>Timely communication of information</li> <li>Demonstration of good ESG adherence and practices</li> <li>Transparency in financial reporting</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Innovation and Product Excellence</li> <li>Corporate Governance and Ethical Practices</li> <li>Climate Change and Energy Management</li> <li>Environmental Conservation and Preservation</li> </ul>	<ul style="list-style-type: none"> <li>Responded to investors' enquiries regarding issues that are material to the business in a timely manner</li> <li>Issued press releases as and when needed to communicate important Company announcements</li> <li>Conducted regular meetings with investors to explain the Company's growth, expansion plans and adherence to ESG practices</li> <li>Published financial reports regularly in a transparent manner</li> <li>Published our ESG commitments, initiatives and key achievements on our ESG website (<a href="http://www.vitrox.com/esg/">www.vitrox.com/esg/</a>)</li> </ul>
Suppliers	<p>Annually</p> <ul style="list-style-type: none"> <li>Vendor performance assessment</li> <li>Supplier Code of conduct questionnaires</li> </ul> <p>Ongoing</p> <ul style="list-style-type: none"> <li>Supplier selection via pre-qualification and registration</li> <li>Regular meetings and correspondence</li> </ul>	<ul style="list-style-type: none"> <li>Strategic partnership</li> <li>Raw material quality</li> <li>Ethics, integrity and regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Governance and Ethical Practices</li> <li>Supply Chain Management</li> <li>Environmental Conservation and Preservation</li> <li>Human Rights</li> </ul>	<ul style="list-style-type: none"> <li>Established good supplier relationships and fostered strategic partnerships</li> <li>Communicated the Anti-Bribery and Corruption Policy and the Supplier Code of Conduct to our suppliers</li> <li>Set up the whistleblowing channel for non-compliance cases to be reported</li> <li>Established a fair supplier sourcing process and conducted the regular performance assessment</li> </ul>
Regulators	<p>Annually</p> <ul style="list-style-type: none"> <li>Audit conducted by relevant authorities on Company's assets</li> </ul> <p>As required</p> <ul style="list-style-type: none"> <li>Official correspondences and site visits</li> <li>Participation in programmes organised by government bodies</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Supporting the country's economic growth</li> <li>Ethical business practices</li> <li>Good corporate governance practices</li> <li>Environmental and social impact</li> </ul>	<ul style="list-style-type: none"> <li>Economic Performance</li> <li>Innovation and Product Excellence</li> <li>Corporate Governance and Ethical Practices</li> <li>Workplace Health and Safety</li> <li>Human Rights</li> <li>Environmental Conservation and Preservation</li> </ul>	<ul style="list-style-type: none"> <li>Complied with rules and regulations applicable to the Company's business operations</li> <li>Conducted proper planning before the scheduled inspections</li> <li>Took corrective measures to improve areas highlighted in audit and inspection reports</li> </ul>
Community	<p>Ongoing</p> <ul style="list-style-type: none"> <li>Community engagement and corporate social responsibility programmes</li> <li>V-Serve programme</li> <li>ViTrox Foundation</li> </ul>	<ul style="list-style-type: none"> <li>Environmental protection</li> <li>Local community activities involvement</li> <li>Employee engagement and employee bond enhancement</li> <li>Good corporate citizenship</li> <li>Financial and non-financial contributions to local communities</li> </ul>	<ul style="list-style-type: none"> <li>Community Engagement</li> <li>Human Rights</li> <li>Waste Management</li> <li>Water Management</li> <li>Environmental Conservation and Preservation</li> </ul>	<ul style="list-style-type: none"> <li>Made contributions to medical donation, fundraising, education donation and sponsorship</li> <li>Organised volunteering activities involving employees</li> <li>Took relevant steps to respond to social issues and major events in the local community and recorded the impact of those steps</li> <li>Made progress in environmental protection projects</li> </ul>

# SUSTAINABILITY AT VITROX

## OUR CORE THEMES

ViTrox integrates our sustainability strategies into five (5) core themes.



### A Go-Green Practitioner

Preserving Mother Nature is one of the ultimate goals of ViTrox. ViTrox has carried out numerous efforts and initiatives in environmental conservation over the years. We believe that environmental protection is every company's responsibility, as it weighs the same as company growth. There are a few main focuses of ViTrox in ecological protection, including clean technology ("cleantech") solutions, climate change management, efficient energy usage, air pollution control, water management and waste management, for ensuring a sustainable world.



### An Accountable Purchaser

ViTrox is committed to being an accountable purchaser by sourcing environmentally conscious, safe, legal and high-quality products and services from our worldwide suppliers. To sustain our supply chain ecosystem, we expect our suppliers and their employees to fulfil the requirements stated in our standard policy for protecting the environment, guaranteeing product and service quality and ensuring cost control, human rights, health and safety are all in place. We believe that the collective efforts of all the stakeholders could make a big difference.



### A Caring Employer

ViTrox aims to provide a harmonious, trusted and caring working culture and environment for our people, as their efforts and contributions are unmeasurable. We believe that by providing an enjoyable workplace, practising fair treatment and offering numerous learning opportunities to our people, these efforts will ignite their innovative ideas and promote continuous growth in their career path. ViTrox is committed to upholding and protecting the human rights of everyone and treating everyone with dignity and respect.



### A Trusted Corporation

Our core values are the fundamental principles of ViTrox that guide us to think, talk and do the right things every day in the pursuit of both individual and Company greatness. ViTrox performs social responsibilities by upholding heartfelt engagement with customers, cultivating the spirit of volunteerism among our people and organising numerous donation and fundraising initiatives for people in need. The ultimate goal is to create a net-positive impact within the community through our continuous efforts.








### A Sustainable Governance

ViTrox upholds the highest standards of ethics, honesty and integrity throughout our business dealings and conducts. We believe these are significant elements to ensure the Company's sustainable development. Our people are obliged to observe key etiquettes of No Bribe/Cheat, No Blame, No Give Up, No Criticise/Condemn and No Complacent; also known as B.B.G.C.C., at all times.



# SUSTAINABILITY AT VITROX

## OUR SUSTAINABILITY HIGHLIGHTS

 <b>A Go-Green Practitioner</b>	 <b>An Accountable Purchaser</b>	 <b>A Caring Employer</b>	 <b>A Trusted Corporation</b>	 <b>A Sustainable Governance</b>
<b>836MWh</b> Green energy generated <span style="float: right;">E</span>	<b>56%</b> Procurement from local suppliers <span style="float: right;">E-S</span>	<b>11%</b> Year-on-year employee growth <span style="float: right;">S</span>	<b>13</b> New products introduced <span style="float: right;">G</span>	<b>Top 25%</b> Amongst Public Listed Companies in FTSE Bursa Malaysia EMAS assessed by FTSE Russell <span style="float: right;">G</span>
<b>12%</b> Energy generated from solar <span style="float: right;">E</span>	<b>100%</b> Communication with new suppliers on Supplier Code of Conduct <span style="float: right;">G</span>	<b>21%</b> Interns converted to new hires <span style="float: right;">S</span>	<b>23%</b> New Product Introduction revenue <span style="float: right;">G</span>	<b>2nd</b> Consecutive year being included in FTSE4Good Bursa Malaysia indices <span style="float: right;">G</span>
<b>534 tonnes</b> Reduction of CO <sub>2</sub> emissions from solar energy implementation <span style="float: right;">E</span>	<b>49%</b> Active suppliers signed the Supplier Code of Conduct <span style="float: right;">G</span>	<b>95%</b> Employee satisfaction rate <span style="float: right;">S</span>	<b>RM68 million</b> R&D expenditure invested <span style="float: right;">G</span>	<b>10%</b> Year-on-year revenue growth <span style="float: right;">G</span>
<b>75%</b> Employee participation in V-Meal <span style="float: right;">E</span>	<b>100%</b> Assessment on bribery and corruption risks for new suppliers <span style="float: right;">G</span>	<b>1,076</b> Students engaged in STEM-related activities <span style="float: right;">S</span>	<b>+47</b> Customer Net Promoter Score <span style="float: right;">G</span>	<b>44%</b> Female composition on Board of Directors <span style="float: right;">S-G</span>
<b>5,792 tonnes</b> Pesticide-free and chemical-free homegrown plants harvested <span style="float: right;">E</span>	<b>50</b> Suppliers communicated on participation in Self-Assessment Questionnaire <span style="float: right;">G</span>	<b>30%</b> Female composition in managerial positions <span style="float: right;">S</span>	<b>87%</b> Customer trustworthiness level <span style="float: right;">G</span>	<b>0</b> Confirmed incidents of corruption <span style="float: right;">G</span>
<b>155,844</b> Earth-friendly meals served <span style="float: right;">E</span>	<b>100%</b> New and existing buyers trained <span style="float: right;">S</span>	<b>46</b> Training hours per employee <span style="float: right;">S</span>	<b>32%</b> Customer Experience Recovery Rate <span style="float: right;">G</span>	<b>100%</b> Completed Anti-Bribery and Corruption e-Quiz <span style="float: right;">G</span>
<b>54 tonnes</b> Waste materials recycled <span style="float: right;">E</span>	<b>100%</b> Suppliers attended ESG sharing session <span style="float: right;">E-S</span>	<b>99%</b> Local workforce <span style="float: right;">S</span>	<b>25</b> Voluntary hours per employee <span style="float: right;">S</span>	<b>0</b> Major information security incidents <span style="float: right;">G</span>
<b>100%</b> Wood waste diversion <span style="float: right;">E</span>	<b>94%</b> PAC industry lots occupied <span style="float: right;">E-S</span>	<b>0</b> Incidents on human rights violations <span style="float: right;">S</span>	<b>1,102</b> Volunteers <span style="float: right;">S</span>	<b>90%</b> Participation in cybersecurity awareness training <span style="float: right;">G</span>

# SUSTAINABILITY AT VITROX

## OUR SUSTAINABILITY GOALS



In 2022, we set short-term sustainability targets for the year 2023 and long-term sustainability goals for the year 2030 to drive ESG performances. The targets and goals are set to guide our efforts in addressing our sustainability matters and realising the UN SDGs.

ViTrox’s EWG has worked with ESC to link the UN SDGs with ViTrox’s core competitive advantages in demonstrating our commitment to sustainable development. In this regard, we prioritised and selected 14 UN SDGs relevant to us. The ESC set goals and aligned strategies according to our ESG Core Themes and our organisation’s SDGs. We track performances and balance stakeholders’ interests to fully integrate ESG strategies into ViTrox’s daily operations, and we are transparent in reporting our sustainability performances through goal setting.

Sustainability Matters	Measurement	Baseline	Actual Performance				Target	Goal
			2019	2020	2021	2022	2023	2030
<b>Core Theme: A Go-Green Practitioner</b>								
SDG Alignment								
Climate Change and Energy Management	Scope 2 carbon emissions	2021: 3,031.8tCO <sub>2</sub>	2,200.5tCO <sub>2</sub>	2,608.3tCO <sub>2</sub>	3,031.8tCO <sub>2</sub>	3,848.6tCO <sub>2</sub>	Reduce 2.0% per annum	Net-zero (0) carbon emissions
Environmental Conservation and Preservation	Compliance with Restriction of Hazardous Substances (“RoHS”) Directive						<sup>1</sup>	100%
	Employee’s participation in V-Meal	2021: 78.8%	68.8%	72.2%	78.8%	74.9%	≥ 80.0%	≥ 85.0%
Waste Management	Wood waste diversion	Not applicable; we collected data since July 2021.			<sup>2</sup> 100%	100%	≥ 20.0%	100%
	Reduction of non-biodegradable materials used in packaging activities	Not applicable; we will commence this initiative in 2023.					≥ 30.0%	100%

# SUSTAINABILITY AT VITROX

## OUR SUSTAINABILITY GOALS (CONT'D)

Sustainability Matters	Measurement	Baseline	Actual Performance				Target	Goal
			2019	2020	2021	2022	2023	2030
<b>Core Theme: An Accountable Purchaser</b>								
SDG Alignment								
Supply Chain Management	Procurement from local suppliers	2021: 60.1%	61.6%	66.1%	60.1%	55.7%	≥ 62.0%	≥ 65.0%
	Active suppliers signed Supplier Code of Conduct ("SCOC")	2021: 47.2%	Not applicable; we initiated SCOC in 2021.		47.2%	49.3%	≥ 55.0%	≥ 80.0%
	Communication with active suppliers on Self-Assessment Questionnaire ("SAQ")	2022: 50	Not applicable; we initiated SAQ in 2022.			<sup>3</sup> 50	≥ 40.0%	≥ 80.0%
<b>Core Theme: A Caring Employer</b>								
SDG Alignment								
Talent Attraction and Retention	Year-on-year employee growth rate	2022: 890 employees	15.8%	7.9%	17.7%	11.4%	≥ 15.0%	≥ 15.0%
	Intern conversion rate to new hire	2021: 26.7%	24.4%	25.0%	26.7%	20.9%	≥ 20.0%	≥ 20.0%
	Employee turnover rate	2021: 7.5%	8.1%	8.7%	7.5%	15.1%	≤ 10.0%	≤ 8.0%
	Employee Net Promoter Score	2022: +44.7	+47.5	+53.1	+54.3	+44.7	≥ +50.0	≥ +55.0
	Employee satisfaction rate	2022: 94.6%	94.9%	95.4%	95.4%	94.6%	≥ 95.0%	≥ 95.0%
	Number of school students engaged in STEM-related activities	2022: 1,076 students	Not applicable; our initiative to engage students on STEM activities commenced in 2022.			1,076 students	≥ 1,300 students	≥ 3,000 students
Talent Development	Employees completing 20 training hours	2021: 78.1%	81.2%	61.4%	78.1%	80.2%	≥ 80.0%	≥ 90.0%
Workplace Health and Safety	Incident rate <sup>4</sup>	2021: 2.4	1.7	3.1	2.4	5.4	< 2.0	< 1.0
	Lost time injury frequency rate <sup>5</sup>	2021: 1.2	0.6	2.1	1.2	2.1	< 1.0	< 0.5
Human Rights	Human Rights related training	Not applicable; we will commence this initiative in 2023.					≥ 80%	100%

# SUSTAINABILITY AT VITROX

## OUR SUSTAINABILITY GOALS (CONT'D)


Sustainability Matters	Measurement	Baseline	Actual Performance				Target	Goal
			2019	2020	2021	2022	2023	2030
<b>Core Theme: A Caring Employer</b>								
Diversity and Inclusion	Female employee composition	2021: 30.0%	28.8%	29.9%	30.0%	31.3%	≥ 30.0%	≥ 30.0%
	Female composition in managerial positions	2021: 23.3%	20.2%	19.5%	23.3%	29.5%	≥ 23.0%	≥ 28.0%
	Female composition in technical positions	2021: 15.4%	15.7%	16.8%	15.4%	15.5%	≥ 20.0%	≥ 25.0%
	Diversity, Equity and Inclusion ("DEI") programme participation rate for hiring managers	Not applicable; we commenced our first DEI awareness programme in 2022 and set a stretched participation rate for DEI programme for 2023 and 2030.				57.0%	≥ 80.0%	100%

<b>Core Theme: A Trusted Corporation</b>								
SDG Alignment								
Innovation and Product Excellence	Number of new product introduction ("NPI")	At least two (2) NPIs per annum by each business unit	8	13	11	13	8	8
	Revenue contribution from NPI	2021: 21.9%	Not applicable; we started tracking revenue from new products in 2021.		21.9%	22.5%	≥ 20.0%	≥ 20.0%
	Customer Net Promoter Score	2021: +46.5	+47.8	+39.3	+46.5	+47.0	≥ +48.0	≥ +55.0
	Customer trustworthiness level	2021: 84.9%	Not applicable; we started collecting the data in 2021.		84.9%	86.8%	≥ 88.0%	≥ 90.0%
	Customer Experience Recovery Rate ("CERA")	2021: 34.6%	Not applicable <sup>6</sup>	33.9%	34.6%	32.2%	≥ 30.0%	≥ 35.0%
Community Engagement	Average voluntary hours per employee	2021: 13 hours	9 hours	18 hours	13 hours	25 hours	≥ 18 hours	≥ 20 hours



# SUSTAINABILITY AT VITROX

## OUR SUSTAINABILITY GOALS (CONT'D)

Sustainability Matters	Measurement	Baseline	Actual Performance				Target	Goal
			2019	2020	2021	2022	2023	2030
<b>Core Theme: A Sustainable Governance</b>								
SDG Alignment								
Corporate Governance and Ethical Practices	Number of confirmed incidents of corruption	2021: 0	0	0	0	0	0	0
	Female composition on the Board of Directors	Practice 5.9 of the Malaysian Code on Corporate Governance: At least to have 30.0% females on the Board	25.0%	28.6%	28.6%	44.4%	≥ 30.0%	≥ 30.0%

### Notes:-

- <sup>1</sup> In setting our target and goal for RoHS-compliant materials, ViTroX will move into self-declaration and monitoring of RoHS-compliant material starting in 2023. We target to achieve zero (0) use of hazardous material and achieve 100% RoHS-compliant in all ranges of our products by 2024 with the exception of Advanced 3D X-ray Inspection ("AXI") machines.
- <sup>2</sup> This data represented 100% diversion of wooden waste from landfill from July 2021 to December 2021 as we started collecting data from July 2021.
- <sup>3</sup> In 2022, we communicated with 50 key suppliers on Supplier SAQ. For 2023 and 2030, we strive to communicate at least 40% and 80% of active suppliers on the Supplier SAQ.
- <sup>4</sup> Incident rate refers to the number of occupational incidents occurring in a workplace every 1 million hours worked.
- <sup>5</sup> Lost time injury frequency rate refers to the number of lost time injuries occurring in a workplace every 1 million hours worked.
- <sup>6</sup> We launched CERA in October 2020. As such, 2020 CERA represents a three (3)-month rating from October 2020 to December 2020.

# A GO-GREEN PRACTITIONER

ViTroX recognises the importance of addressing climate change and is committed to reducing our carbon footprints. We are fully committed to achieving net-zero (0) carbon emissions, Scope 2, by the end of 2030. This is aligned with the global climate goal of limiting the earth’s warming to 1.5°C and Malaysia’s unconditional target to cut carbon intensity against GDP by 45% compared to 2005 levels by 2030 as a signatory of the Paris Agreement.

ViTroX’s commitment to sustainability is reflected in our efforts to improve energy consumption efficiency through innovative ways such as using big data analytics to monitor and optimise electricity usage, room temperature and light intensity. We are also committed to investing in renewable energy and carbon credit certificates offered by authorised electricity providers to help transition to a low-carbon economy. Being a Go-Green Practitioner, we aim to coexist with nature and strive to pursue practices that will preserve the well-being of the environment and sustain its natural resources for the current and future generations.



## Sustainability Highlights 2022

<b>836MWh</b> Green energy generated	<b>12%</b> Energy generated from solar	<b>534 tonnes</b> Reduction of CO <sub>2</sub> emissions from solar energy implementation	<b>75%</b> Employee participation in V-Meal
<b>5,792 tonnes</b> Pesticide-free and chemical-free homegrown plants harvested	<b>155,844</b> Earth-friendly meals served	<b>54 tonnes</b> Waste materials recycled	<b>100%</b> Wood waste diversion

## Environmental Policy

ViTroX Group continually strives to protect the environment and minimise the environmental impact resulting from the Group’s activities. This is attained through partnerships with our employees, suppliers, contractors and customers. As stated in our [Environmental Policy](#), ViTroX is committed to:-

- Adhering and complying with the relevant Malaysian environmental laws and regulations
- Utilising resources more effectively through the practice of the 5R principles
- Raising awareness among employees towards the environment and encouraging them to follow a healthy diet
- Minimising energy and water usage through various conservation methods
- Preventing incidents involving environmental pollution through training and awareness
- Mitigating environmental pollution through the implementation of an effective emergency response plan
- Providing education and training on environmental protection and responsibilities across all levels within the Company
- Continually improving and enhancing the environmental care responsibilities in the Company

## CLIMATE CHANGE AND ENERGY MANAGEMENT

<b>Management Purpose</b>	ViTroX improves energy efficiency and reduces the Company’s overall energy consumption further to enhance economic benefits and lower GHG emissions.					
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>• Improve the energy consumption efficiency by 2% every year through various innovative ways, such as using big data analytics to monitor and optimise electricity usage, room temperature and light intensity</li> <li>• Continue the investment in renewable energy and carbon credit certificates offered by authorised electricity providers</li> <li>• Formulate plans to promote energy conservation and carbon reduction goals and coordinate relevant strategies and initiatives from various departments</li> </ul>					
<b>Performance</b>	<b>Measurement</b>	<b>Unit</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	Scope 2 carbon emissions	tCO <sub>2</sub>	2,200.5	2,608.3	3,031.8	3,848.6
<b>2023 Target</b>	Improve energy consumption efficiency by 2.0% year-on-year basis. Year 2021 has been established as our base year in which the carbon footprint recorded was 3,031.8tCO <sub>2</sub> .					
<b>2030 Goal</b>	Achieve net-zero (0) carbon emissions for Scope 2.					

# A GO-GREEN PRACTITIONER

## CLIMATE CHANGE AND ENERGY MANAGEMENT (CONT'D)

### Sustainable Governance

Our sustainability governance is led by the ESG Steering Committee ("ESC"). Comprising our Senior Management, of which three (3) are Executive Directors from the Group's Board of Directors ("Board"), the ESC oversees the Group's sustainability strategy and issues, including ESG targets, performance and progress.

Overall, we endeavour to integrate sustainability across our business and value chain to address sustainability risks and opportunities in an integrated and strategic manner to support the Group's long-term strategy and success.

We are pleased to disclose our sustainability integration, in line with the recommendations of Bursa Malaysia Securities Berhad's Listing Requirements and the guidance by the Malaysian Code on Corporate Governance ("MCCG").

<b>Practice 4.1</b>	We strive to embed sustainability in our business management and operations to move towards our Sustainability Goals and Targets, as well as the Net-Zero (0) Carbon Emissions target by 2030. As such, each of our business divisions is responsible for allocating resources to incorporate sustainability initiatives into their annual business plans.
<b>Practice 4.2</b>	We communicate our sustainability strategies, priorities, targets and performance to our internal and external stakeholders regularly via various platforms and channels. Among them are the annual Sustainability Report, employee engagement training and programmes, analyst and investor presentation updates, media releases and ViTrox's corporate website. In 2022, we also rolled out online sustainability sharing through an ESG awareness video as part of our ESG and sustainability awareness initiative. We also reviewed our material topics in 2022, which were identified in 2021, to further align with current trends and risks and industry peers.
<b>Practice 4.3</b>	We take appropriate actions to ensure that the Group stays abreast of and understands the sustainability matters relevant to the Company, including climate-related risks and opportunities.
<b>Practice 4.5</b>	<p>In 2021, our Managing Director/President/CEO Chu Jenn Weng spearheaded the ESC to launch the ESG website. He also teamed with Senior Management to set ESG strategies and roadmap and formulate concrete action plans in promoting ESG practices and culture within ViTrox and our supply chain. The ESG Working Group ("EWG") was also formed to assist ESC in integrating the Group's sustainability strategies into business operations and implementing initiatives towards achieving the Group's sustainability ambition, identifying sustainability topics, formulating action plans, supervising interdepartmental communication and coordinating resource integration.</p> <p>In 2022, the ESC was thrilled to announce that we have achieved a significant milestone by setting ambitious ESG targets for the year 2023 and goals for the year 2030, demonstrating our strong commitment to sustainability and responsible business practices.</p>

### Climate Change

Climate change is one of the world's most significant risks today, and businesses are no exception. In recent years, more companies have been stepping up their efforts to address climate change and its associated risks and opportunities. As a leading provider of automated vision inspection ("AVI") systems, ViTrox is no exception. In this Report, we examine the climate risks and opportunities, as well as our efforts to address these issues.

### Climate Risks

The most immediate and pressing climate risk faced by ViTrox is the physical risk associated with extreme weather events, such as floods, earthquakes, tsunamis and snowstorms, which can disrupt our operations and supply chain. Our manufacturing facilities are located in Malaysia, a country vulnerable to extreme weather events due to our location in the equatorial zone. In addition, our business partners, such as suppliers and customers, are also located in areas prone to climate disasters. To mitigate these risks, we implement measures such as diversifying our supply chain and strengthening our disaster preparedness plans.

Another significant climate risk is the transition risk associated with the shift towards a low-carbon economy. The semiconductor industry is energy-intensive, and the transition to renewable energy sources and low-carbon technologies could have significant implications for the Company's operations and profitability. Addressing this risk, we set a target to reduce our GHG emissions by 2.0% per year, starting in 2023, where 2021 is set as the base year. We have also begun exploring opportunities to integrate renewable energy sources into daily operations.

# A GO-GREEN PRACTITIONER

## CLIMATE CHANGE AND ENERGY MANAGEMENT (CONT'D)

### Climate Change (Cont'd)

#### Climate Opportunities

Despite the climate risks faced by ViTrox, there are also significant opportunities in the transition to a low-carbon economy. One such opportunity is the growing demand for green technologies, such as electric vehicles and renewable energy systems, which require the advanced semiconductor components and manufacturing processes that ViTrox specialises in. ViTrox can position ourselves as a key player in the emerging green technology market by investing in these areas, seizing opportunities in the green technology market and adopting circular economy principles.

In order to achieve the climate goal and manage climate risks, we continue to prioritise sustainability and integrate it into our core business operations. This includes setting clear targets for reducing GHG emissions and investing in renewable energy and low-carbon technologies. By doing so, ViTrox can build a more resilient and sustainable business better equipped to address the challenges and opportunities of the 21<sup>st</sup> century.

#### Energy Management



At ViTrox, we are constantly monitoring and optimising energy consumption to ensure that our facilities and manufacturing processes utilise energy efficiently to mitigate global warming. To achieve our objectives of minimising the environmental impact of energy use and improving energy efficiency, we have implemented a number of energy efficiency measures:-

Energy-efficiency Programmes	Objectives
Installation of an industrial-scale photovoltaic system on our buildings' rooftop	To reduce the effect of climate change; with solar energy powering the building, there are no emissions from energy production and no fuel burning
Conversion of air-cooled split air-conditioners to a centralised air-cooled system, which is known as Variable Refrigerant Flow ("VRF") System, and chilled water air-conditioners	To centralise the air-cooled system to achieve an optimal level of energy consumption and provide flexibility to a different workplace
Installation of high-quality light emitting diode ("LED") lighting based on lighting ergonomics and use of sensors for automatically lighting on/off triggers	To optimise the energy consumption as LED lights produce higher lumens with lower heat generation
Application of automatic power-off timer and sensor in the air-conditioning system	To minimise the energy consumption
Conversion of rotary screw air compressor to variable speed screw air compressor	To optimise energy efficiency with variable speed inverters and eliminate the instant spike to the maximum demand on electricity tariff
Discipline in switching off unused lighting and electronic equipment and installation of motion sensors in toilets to automatically control the lighting on/off in the area	To minimise the energy consumption
Setting an optimum temperature for our air-conditioning units ("ACUs")	To minimise energy consumption, increase cost saving and provide improved comfort



# A GO-GREEN PRACTITIONER

## CLIMATE CHANGE AND ENERGY MANAGEMENT (CONT'D)

### Energy Management (Cont'd)

In 2022, we continue our initiatives on energy efficiency projects as listed below:-

Energy-efficiency Project	Purpose	Target Saving per Year (kWh)	Status	% Saving
Resetting of air conditioners timer	Energy saving	7,001	Completed	0.2%
Zero (0) loss auto drain for compressor system	Energy saving	1,989	Completed	0.1%
Installation of plug fan at air handling unit ("AHU")	Energy saving	587,723	In progress	12.4%
Installation of solar street lights	Green energy	14,454	In progress	0.3%

### Solar Photovoltaic System

Solar energy replaces and reduces the usage of other energy sources that significantly affect the environment. At ViTroX, we implement the concept of solar energy by installing a Solar Photovoltaic ("PV") system in our buildings, which results in zero (0) GHG emissions and zero (0) environmental impact. ViTroX installed a 458kW industrial-scale PV system, which covers our facility's roof and features 1,410 panels.

The PV cells offer clean and green energy, which is natural, free and accessible in plenty for a long time. The photovoltaic arrays are highly reliable even under harsh conditions, making possible the continuous, uninterrupted operation of critical power supplies. PV panels only require regular inspections and occasional repairs, which are low costs compared to conventional fuel systems. As such, with solar energy powering the building, there are no emissions from energy production and no fuel burning, thereby reducing the effect of climate change.

In 2022, a total of 835.6MWh of energy was generated by green energy. With this, ViTroX was able to reduce 534.0 tonnes of CO<sub>2</sub> emissions in 2022.



	Unit	2019	2020	2021	2022
Green energy generated	MWh	720.5	703.5	688.2	835.6
The equivalent reduction of CO <sub>2</sub> emissions	tonne	460.4	449.5	439.8	534.0
The equivalent number of trees planted to absorb the annual CO <sub>2</sub> emissions <sup>1</sup>	tree	38,368	37,459	36,647	44,498

Note:-

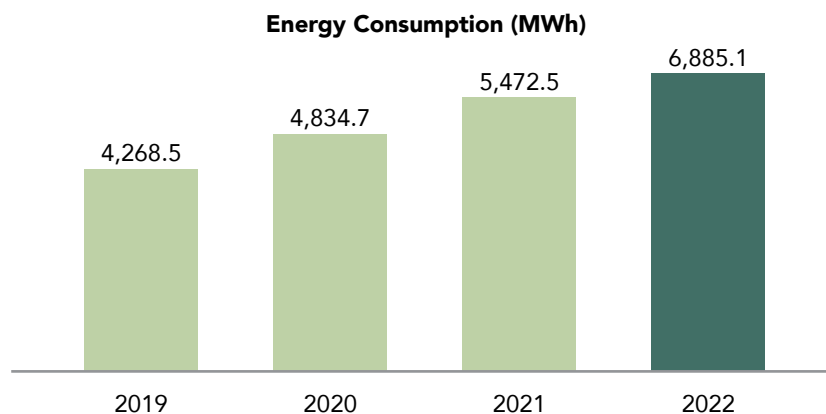
<sup>1</sup> Based on a tree absorbing about 12kg of CO<sub>2</sub> from the atmosphere per year.

# A GO-GREEN PRACTITIONER

## CLIMATE CHANGE AND ENERGY MANAGEMENT (CONT'D)

### Energy Management (Cont'd)

#### Energy Consumption



Energy Consumption	Unit	2019	2020	2021	2022
<b>Electricity consumption</b>					
Electricity consumption	MWh	3,443.7	4,081.8	4,744.6	5,972.2
Solar energy consumption	MWh	720.5	703.5	688.2	835.6
Total electricity consumption	MWh	4,164.2	4,785.3	5,432.8	6,807.8
<b>Fuel consumption</b>					
Petrol	MWh	12.5	7.6	6.2	9.0
Diesel	MWh	91.8	41.8	33.5	68.3
Total fuel consumption	MWh	104.3	49.4	39.7	77.3
Total energy consumption	MWh	4,268.5	4,834.7	5,472.5	6,885.1
Renewable energy over total electricity consumption	%	17.3	14.7	12.7	12.3

In 2022, ViTrox consumed 6,885.1MWh in energy, with electricity making up 86.7% of the total energy consumption, solar coming second at 12.1% and diesel and petrol with 1.2%. Our solar energy consumption is 12.3% (2021: 12.7%) of total electricity consumption in 2022.

In 2022, our electricity consumption increased compared to 2021 due to the higher utilisation of our existing workspace and the installation of new equipment to support our business growth, as shown in the Energy Intensity section.

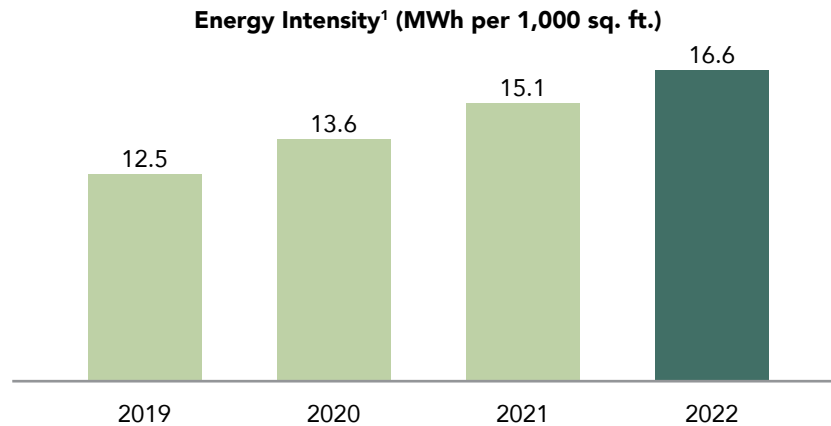
The high consumption of petrol and diesel in 2022 was due to the lifting of movement restrictions during the pandemic in 2021. Currently, ViTrox does not consume fuel from renewable sources.

# A GO-GREEN PRACTITIONER

## CLIMATE CHANGE AND ENERGY MANAGEMENT (CONT'D)

### Energy Management (Cont'd)

#### Energy Intensity



Note:-

<sup>1</sup> Energy intensity is derived based on total electricity consumption divided by the area usage.

### GHG Emissions

Our GHG emissions are measured and disclosed below:-

Scope	Emission Type	Definition	Status
Scope 1	Direct emissions	GHG emissions from sources that are owned, such as company-owned vehicles	Measured and disclosed
Scope 2	Indirect emissions	GHG emissions generated from the consumption of purchased electricity	Measured and disclosed
Scope 3	Indirect emissions	GHG emissions from sources that are not owned or control such as business travel and employee commuting	In progress

GHG Emissions <sup>1</sup>	Unit	2019 <sup>4</sup>	2020	2021	2022
Scope 1	tCO <sub>2</sub>	21.6	11.0	8.9	12.3
Scope 2 <sup>2</sup>	tCO <sub>2</sub>	2,200.5	2,608.3	3,031.8	3,848.6
Total Scope 1 and 2	tCO <sub>2</sub>	2,222.1	2,619.3	3,040.7	3,860.9
GHG emissions intensity ratio <sup>3</sup>	tCO <sub>2</sub> /sqm	0.07	0.08	0.09	0.10
Reduction of GHG emissions based on the usage of solar energy (or green energy) <sup>3</sup>	tCO <sub>2</sub>	460.4	449.5	439.8	534.0

Notes:-

<sup>1</sup> ViTrox only calculates GHG emissions for CO<sub>2</sub>. CO<sub>2</sub> has a global warming potential ("GWP") of 1.

<sup>2</sup> The emission factor used is the Sustainable Energy Development Authority ("SEDA") 2016 Baseline CO<sub>2</sub> for the Peninsular of 0.6 tCO<sub>2</sub>/MWh.

<sup>3</sup> Scope 2 emissions were used for the calculation of the intensity ratio and reduction of GHG emissions.

<sup>4</sup> 2019 was chosen as the base year as we fully relocated to Campus 2.0 in 2019. As a result, more complete and accurate data was available starting from 2019.

The emissions scopes of GHG emissions is disclosed under financial control model for the GHG consolidation approach and location-based method which accounts for 100% of GHG emissions from ViTrox's operations.

In 2022, our GHG emissions recorded a total of 12.3 tonnes of carbon dioxide equivalent ("tCO<sub>2</sub>e") Scope 1 emissions and 3,848.6tCO<sub>2</sub>e Scope 2 emissions, making a total of 3,860.9tCO<sub>2</sub>e. The increase in the total Scope 1 and Scope 2 emissions, as compared to 2021 of 3,040.7tCO<sub>2</sub>e, was mainly due to the higher utilisation of the workspace and expansion of the production floors.

# A GO-GREEN PRACTITIONER

## CLIMATE CHANGE AND ENERGY MANAGEMENT (CONT'D)

### GHG Emissions (Cont'd)

In our next yearly report, we are planning to disclose GHG emissions Scope 3 (indirect emissions) related to business travel and employee commuting. As such, we started an internal discussion on the process of collecting such data.

Additionally, ViTroX does not produce nitrogen oxides (NO<sub>x</sub>) and sulphur oxides (SO<sub>x</sub>) emissions, as none of our business activities involves biomass combustion.

Other than the energy-efficiency programme mentioned above, we also have established various strategic initiatives to limit global warming and preserve natural resources.

Initiative	Sustainability Matter
<p><b>Green Building and Environment</b></p> <p>Reducing the carbon emissions of our facilities is a critical step to mitigate climate change. We include six (6) green features in constructing ViTroX Campus 2.0: Green Technology, Green Construction, Green Landscaping, Green Corner, Green Initiatives and Green Fleet.</p>	<a href="#">ESG Feature Stories</a>
<p><b>Sustainable Consumption</b></p> <p>We produce pesticide-free agricultural products, prepare food ingredients at V-Veggie Salon ourselves, serve our people earth-friendly meals, sell locally grown vegetables, reproduce food waste into enzymes and harvest rainwater with eco ponds.</p>	<a href="#">Environmental Conservation and Preservation</a>
<p><b>Deployment of V-ONE® AIoT Cloud</b></p> <p>Fourth Industrial Revolution is the ongoing evolution of smart manufacturing and digital technologies. As such, we deploy our homegrown V-ONE®, to collect the trend of energy consumption by area. Such data will help us to monitor our daily energy consumption data for better analysis and decision making.</p>	<a href="#">Innovation and Product Excellence</a>
<p><b>Flexible Work Arrangement</b></p> <p>We introduce hybrid work arrangements and extend flexible working hours to improve the work-life harmony of employees and, at the same time, avoid our people being caught in traffic jams thereby reducing carbon emissions.</p>	<a href="#">Talent Attraction and Retention</a>






# A GO-GREEN PRACTITIONER

## CLIMATE CHANGE AND ENERGY MANAGEMENT (CONT'D)

### GHG Emissions (Cont'd)

V-SHARE



**Signatory of Malaysia Digital Climate Action Pledge**

In alignment with the Company’s commitment to achieving net-zero (0) carbon emissions, Scope 2, by the end of 2030, ViTrox signed the Malaysia Digital Climate Action Pledge (“MDCAP”) in 2022 as part of our first cohort. MDCAP is a corporate pledge that aims to build capacity and increase the adoption of sustainability and climate actions by businesses across the digital economy. It was jointly developed by Malaysia Digital Economy Corporation (“MDEC”) in partnership with United Nations Global Compact Network Malaysia and Brunei (“UNGCMYB”).

MDCAP is an initiative to accelerate the number of commitments made by businesses across the digital economy, delivering a measurable reduction in the impact of climate change. MDCAP is in line with the third (3<sup>rd</sup>) pillar of the Twelfth Malaysian Plan (RMK-12): Advancing Sustainability. Upon signing this pledge, we committed to:-

- Share our sustainability best practices in terms of strategies, action plans and initiatives
- Conduct business operations in an environmentally responsible manner through the practices of Reduce, Reuse and Recycle
- Take action to minimise GHG emissions by implementing energy efficiency and/or renewable energy or other emission-reducing measures

## ENVIRONMENTAL CONSERVATION AND PRESERVATION

<b>Management Purpose</b>	ViTrox provides customers with green products to meet their needs and comply with regulations and through the control and improvement of design and production, fulfilling the Company’s corporate social responsibility of protecting the environment.			
<b>Management Approach</b>	We apply clean technology principles in our design and manufacturing processes to avoid environmental damage at the source and ensure sustainable consumption to conserve the environment.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Compliance with Restriction of Hazardous Substances (“RoHS”) Directive	1	1	100%
	Employees’ participation rate in V-Meal	74.9%	≥ 80.0%	≥ 85.0%

Note:-  
<sup>1</sup> In setting our target and goal for RoHS-compliant materials, ViTrox will move into self-declaration and monitoring of RoHS-compliant material starting in 2023. We target to achieve zero (0) use of hazardous material and achieve 100% RoHS-compliant in all ranges of our product by 2024 except for Advanced 3D X-ray Inspection (“AXI”) machines.

### Cleantech

ViTrox applies four (4) major clean technology (“cleantech”) principles in our design and manufacturing processes to avoid environmental damage at the source through significant energy efficiency improvements, the sustainable use of resources and practises to eliminate the creation of pollutants or wastes.

Hazardous substance management is a crucial aspect of a sustainable manufacturing process. At ViTrox, we manage it by creating an internal system to monitor and control the purchase of non-hazardous parts and materials as well as complying with the EU RoHS Directive.

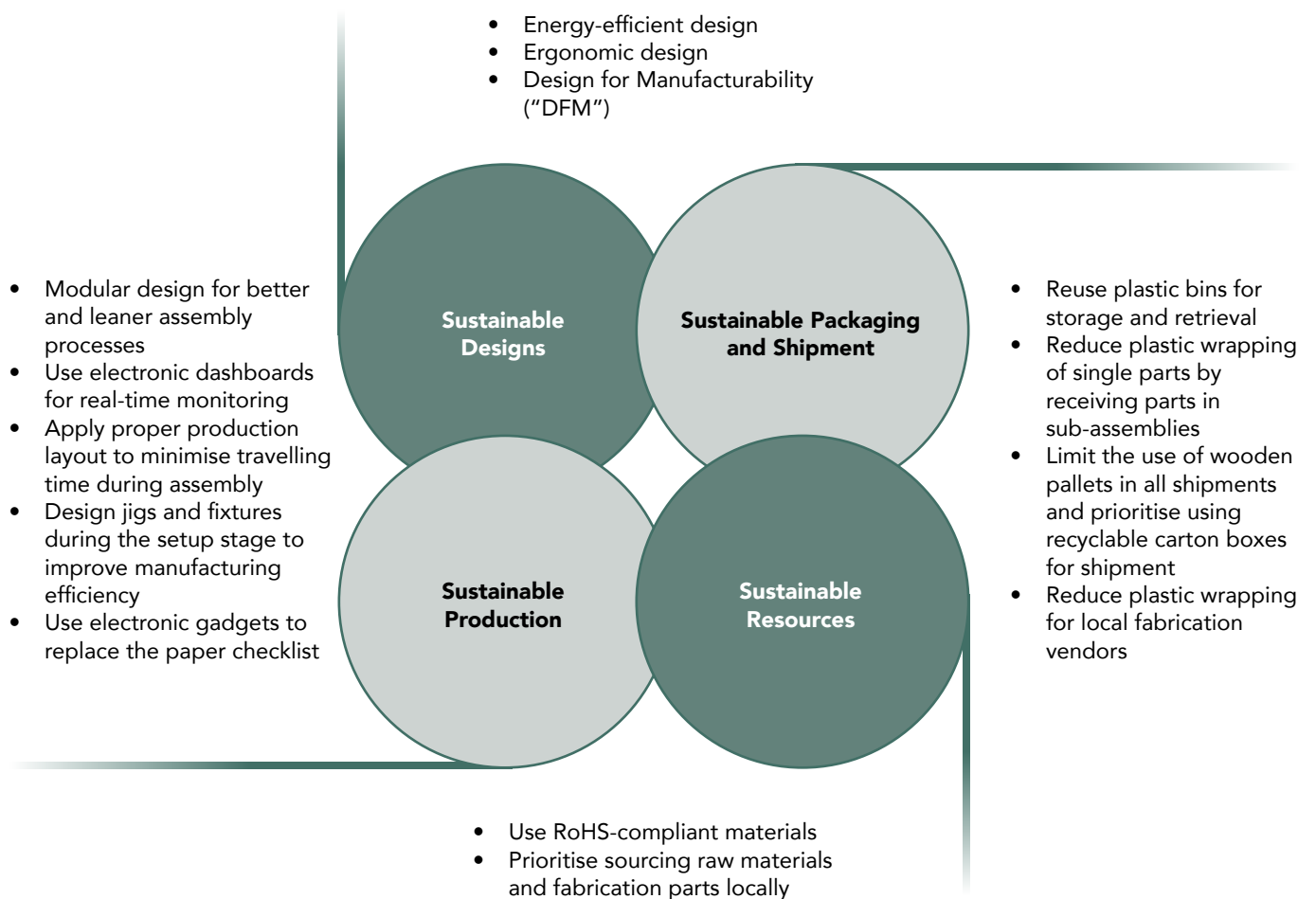
# A GO-GREEN PRACTITIONER

## ENVIRONMENTAL CONSERVATION AND PRESERVATION (CONT'D)

### Cleantech (Cont'd)

Starting in 2023, ViTrox is moving into self-declaration and monitoring of RoHS-compliant materials. The design and selection of parts are internally-controlled to ensure the parts fulfil RoHS requirements. We control from the source, in this case, from the R&D stage. Any parts without the RoHS certification would not be created in the internal part registration; thus, the purchase will be terminated.

We target to achieve zero (0) use of hazardous material and achieve 100% RoHS-compliant in all ranges of our products by 2024. Note that this target would exclude AXI machines.



Embedded in our core and support business functions, cleantech is consistently applied throughout the design, manufacturing and application of our automated machine vision inspection solutions to minimise our operation's environmental footprint and help our customers minimise the impacts of their operations.

# A GO-GREEN PRACTITIONER

## ENVIRONMENTAL CONSERVATION AND PRESERVATION (CONT'D)

### Cleantech (Cont'd)

The following table illustrates the cleantech initiatives taken by our Group's core business units through our products offered:-

Business Unit	Cleantech Initiatives
MVS-S	<ul style="list-style-type: none"> <li>We integrate Artificial Intelligence ("AI") Deep Learning into machine vision, which can reduce over-rejection during production, thus increasing production yield overall.</li> <li>We integrate AI Deep Learning to increase machine overall equipment effectiveness ("OEE"). After implementation, the production output increased by 25% due to less human intervention and lower over-rejection.</li> <li>We develop a generic equipment front-end module ("EFEM") platform for the wafer inspection machine. This creates flexibility for the Wafer Advanced 3D Optical Inspection ("AOI") to accept input from a metal frame or Front Opening Unified Pod ("FOUP"), which is particularly useful for customers with high-mixed-low-volume, where customers need not have additional machines to cater for different input types.</li> </ul>
MVS-T	<ul style="list-style-type: none"> <li>We deploy AI to improve production yield, reduce rework and enhance operational efficiency.</li> <li>We utilise Automatic Nozzle Changer ("ANC") to automate processes, thus improving efficiency and reducing the number of operators involved.</li> <li>Our TR1000S+ and TH1000SE vision handlers improve the machine's throughput, which reduces the environmental impact caused by technology.</li> <li>Our TH1000SE vision handler allows upgrading old onsite machines to improve the machine's performance, prolonging the machine's lifetime.</li> </ul>
ABI	<ul style="list-style-type: none"> <li>Our AOI and Advanced Solder Paste Inspection ("SPI") platforms are RoHS compliant (RoHS 3, Directive (EU) 2015/863).</li> <li>We have successfully launched the Advanced 3D X-ray Inspection Series 3 ("AXI S3") with better resolution, detection capability, and up to 30% inspection throughput improvement over its predecessor platform AXI S2EX which helps customers to improve productivity.</li> <li>Our research and development ("R&amp;D") team continued practising the concept of interchangeability for AOI, SPI and V9 designs to minimise material diversity and reduce the consumption of new materials. In the recent AOI new product introduction ("NPI") releases, Micro AOI and Semicon AOI platforms shared similar machine base hardware as surface-mount technology ("SMT") AOI except for different cameras and lighting. Similarly, the V9i final inspection and V9i conformal coating inspection systems are designed with the same concepts.</li> <li>We extend the repair station's AI coverage up to 95% for false call reduction to lower the over-rejection rate, reduce rework processes and enhance operational efficiency.</li> <li>The latest AI smart programming release extended the AI coverage to include a connector, barcode and Optical Character Verification ("OCV") AI auto programming that brought the program auto setup achieving 95% or higher, which helped to improve the engineer's productivity significantly.</li> <li>We introduce predictive maintenance capability and Artificial Intelligence of Things ("AIoT") module edge devices for machine condition monitoring to achieve the goals of asset lifetime extension, business or operation disruption due to unplanned downtime and resource management optimisation.</li> </ul>
ECS	<ul style="list-style-type: none"> <li>ViE's industrial device products are fully compliant with the RoHS Directive (RoHS Directive 2011/65/EU and (EU) 2015/863 (amendment in Annex II).</li> <li>Industrial Camera - We integrate Internet of Things ("IoT") features to monitor G3.3 camera operating parameters in real-time, such as sensor temperature, to enable early detection of potential failure.</li> <li>Industrial Illumination - We implement DFM practices based on our manufacturing capabilities and requirements in the Printed Circuit Boards Assembly ("PCBA") process to optimise process time and reduce material wastage due to unwanted failure mode.</li> <li>Industrial Digital to Analog Converters ("DAC") - We develop an industrial gateway based on the Nvidia graphics processing unit ("GPU") platform with embedded AI features to empower predictive maintenance for manufacturing industries' asset performance management ("APM") applications such as energy monitoring.</li> <li>Industrial Motion - We integrate IoT features to monitor stepper driver real-time performance to enable users to optimise the motor driving parameters tuning for optimal machine performance.</li> <li>Industrial Software - We develop an Energy Manager plugin on the V-ONE® platform for APM applications in energy monitoring, which covers carbon emissions, maximum demand analysis, energy consumption prediction, etc.</li> </ul>

# A GO-GREEN PRACTITIONER

## ENVIRONMENTAL CONSERVATION AND PRESERVATION (CONT'D)

### Cleantech (Cont'd)



### Sustainable Consumption

Beginning with our daily activities, our core principle to use resources wisely includes reducing emissions, preventing pollution and waste, and reducing energy usage. At ViTrox, we produce pesticide-free agricultural products, prepare food ingredients at V-Veggie Salon ourselves, provide earth-friendly meals to our people, sell locally grown vegetables, reproduce food waste into enzymes and harvest rainwater with eco ponds.

#### V-Farm Programme

We have several agricultural settings at ViTrox Campus 2.0 to produce pesticide-free vegetables, fruits and herbs. The products are harvested and post-processed for the V-Meal programme, a free lunch meal benefit for all employees.

By producing our own locally grown vegetables and fruits, we reduce the carbon emissions from burning fossil fuels for transportation and logistics. No plastic packaging is required when we harvest vegetables and fruits straight from the greenhouse and farm, which also reduces fossil fuel inputs.





# A GO-GREEN PRACTITIONER

## ENVIRONMENTAL CONSERVATION AND PRESERVATION (CONT'D)

### Sustainable Consumption (Cont'd)

#### V-Farm Programme (Cont'd)

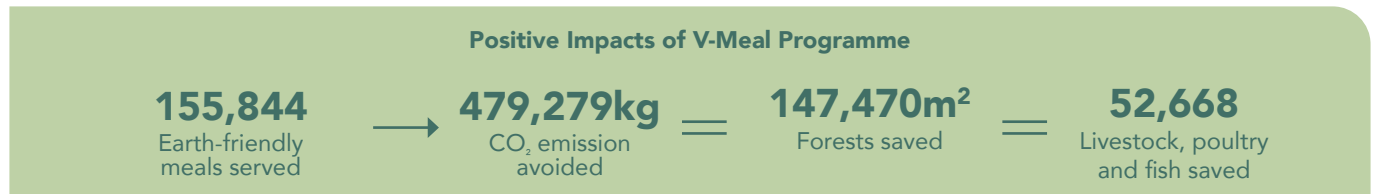
In 2022, our V-Farm programme continued to yield a total of 5,791.5kg of pesticide-free and chemical-free vegetables, herbs and fruits. Out of 5,791.5kg, we utilised 3,485.8kg and 1,135.4kg of the agricultural products in our in-house V-Meal programme and V-Green Selling Corner, respectively.

#### V-Veggie Salon

V-Veggie Salon is a corner set up for food preparation. We clean, cut, peel and process food ingredients there and encourage our people to participate in this daily activity.

#### V-Meal Programme

We provide free earth-friendly meals to our employees and also serve all on-campus visitors the same type of meals. As the global livestock industry is known as one of the main contributors to GHG emissions, V-Meal effectively reduces our carbon footprints, minimises deforestation and protects the lives of livestock, poultry and fish. The livestock industry requires significant natural resources and is responsible for about 14.5% of total human-made GHG emissions. Therefore, avoiding meat and dairy products is the single biggest way to reduce an individual's carbon footprints on the planet and ensure environmental sustainability. Being aware of the benefits, we have extended earth-friendly meal serving to all corporate events and activities. In doing so, we served 155,844 earth-friendly meals to our people in 2022, effectively avoiding 479,279kg of carbon emissions, which is equivalent to saving 147,470m<sup>2</sup> of forests and more than 52,668 livestock, poultry and fish.



Under the advice of our professional nutritionists, our chef team plans meatless menus in various cuisines to ensure a well-balanced diet. We mindfully select premium ingredients for use, such as Himalayan salt, parboiled rice, olive oil and brown sugar. As a complimentary to the set lunch, we serve healthy beverages, which include fruit juice, enzyme drink and grain beverage. We encourage our people to practise a meatless diet because it is not just about observing diet restrictions but instead making healthier substitutions. Our people continue to remain mindful of leaving a positive impact on our environment and physical health. In the year under review, we served free earth-friendly meals to an average of 642 pax daily.

	Unit	2020	2021	2022
Employees' participation in V-Meal	%	72.2	78.8	74.9
Number of earth-friendly meals served	meal	97,892	116,722	155,844
Increase in number of earth-friendly meals served	%	28.1	19.2	33.5
CO <sub>2</sub> avoided	kg	302,257	358,722	479,279

In 2022, the employee participation rate in the V-Meal programme decreased to 74.9% from 78.8% in 2021. However, the total number of V-Meals served is increasing over the years. As a result, the amount of CO<sub>2</sub> avoided is also increasing. As it is common for employees to have lunch outside, it is expected that this practice will continue even after Malaysia transitions to the endemic phase on 1 April 2022, leading to a reduction in the number of meals consumed in the cafeteria. During the pandemic, dining out was discouraged, which may have contributed to higher meal intake in our V-Cafeteria. Employees are likely to resume their normal lunchtime routine after the lifting of movement restrictions. While it can be challenging to promote environmental sustainability practices, we are committed to reducing our carbon footprints and extending these practices to our visitors. To this end, we have set a stretched target of having at least 80.0% of our employees participate in the V-Meal programme by 2023 and at least 85.0% by 2030.

# A GO-GREEN PRACTITIONER

## ENVIRONMENTAL CONSERVATION AND PRESERVATION (CONT'D)

### Sustainable Consumption (Cont'd)

#### V-Meal Programme (Cont'd)

<p><b>V-Farm Programme</b></p> <p>Precision farming yielded a total of <b>5,792 tonnes</b> of pesticide-free and chemical-free plants in 2022</p>		
<p><b>V-Veggie Salon</b></p> <p>We served <b>155,844 free earth-friendly meals</b> in 2022, equivalent to:-</p> <ul style="list-style-type: none"> <li>• Avoided 479,279kg of CO<sub>2</sub> emissions</li> <li>• Saved 147,470m<sup>2</sup> forest</li> <li>• Saved 52,668 livestock, poultry and fish</li> </ul>		
<p><b>V-Meal Programme</b></p> <p>We serve our people with <b>premium ingredients</b> and <b>healthy beverages</b></p> <ul style="list-style-type: none"> <li>• Himalayan salt, parboiled rice, olive oil and brown sugar</li> <li>• Fruit juice, enzyme drink and grain beverage</li> </ul>		

#### V-Green Selling Corner

Besides promoting a healthy plant-based diet, we also encourage the consumption of local agricultural products by setting up a V-Green Selling Corner. Here, we sell homegrown and locally sourced vegetables and fruits to our people for their convenience and to minimise their needs for grocery shopping. These green habits may contribute to environmental conservation and preservation.

#### Zero (0) Waste Agriculture

Zero (0) Waste Agriculture transforms most of our organic waste into organic fertilisers, avoiding chemical processes or substances. We collect the organic food waste, including fruit waste and veggie scrap, from the kitchen, V-Veggie Salon, V-Green Selling Corner and V-Cafe, and turn the food waste into enzymes through the composting method. We composted 6,142.8kg of organic waste in 2022 that would have otherwise ended up in landfills. We also set up a V-Enzyme Corner, which provides a working space for enzyme-making activities from fruit waste. The total enzyme production in 2022 was 82.5 litres.

#### Rainwater Harvesting and Eco Ponds

We water the landscape plants through our sustainable irrigation system. Rainwater harvesting and self-sustainable eco ponds reduce our reliance on water consumption from the direct supply. Rainwater is a great water source for plants and our irrigation system because it has no chemicals such as fluoride and chloramines, which will increase the chance of major health issues like thyroid problems, high blood pressure, etc. Therefore, rainwater harvested in the self-sustainable eco ponds directly ensures the quality of vegetables and fruits in our V-Farm and the health of our employees.

# A GO-GREEN PRACTITIONER

## ENVIRONMENTAL CONSERVATION AND PRESERVATION (CONT'D)

### Biodiversity

Biodiversity refers to the variety of life on the planet, including the diversity of ecosystems, species and genetic variation. Biodiversity conservation is crucial for sustaining the planet's health and supporting human livelihoods. In 2015, the United Nations adopted the 2030 Agenda for Sustainable Development, which includes SDG15 with a focus on protecting, restoring and promoting the sustainable use of terrestrial ecosystems, including forests, wetlands and mountains.

ViTrox recognises the importance of biodiversity and has taken several measures to support its conservation. We made diligent checks when selecting our current operation site, the industrial zone in Batu Kawan Industrial Park, Penang, Malaysia. ViTrox ensures our operation sites are not located near any reserved forest or protected habitat to minimise the risk of causing biodiversity loss and the region's ecological balance. We will continue to avoid locating new manufacturing facilities adjacent to or neighbouring these areas.

Furthermore, ViTrox has obtained the Green Building Index certificate, a benchmark for designing and constructing green and sustainable buildings that provide energy savings, water savings and a healthier indoor environment. This certification reflects ViTrox's commitment to sustainability practices and reducing the negative environmental impact of our operations.



In addition to these initiatives, ViTrox also promotes a healthy and earth-friendly diet plan for our people in day-to-day operations and Company events, such as the Annual Dinner which hosted 718 pax and Gratitude Night which hosted 203 pax. According to the Food and Agriculture Organization of the United Nations, the livestock industry plays an important role in contributing directly or indirectly to all these drivers of biodiversity loss at the local and global levels. As such, our approach to adopting a meatless diet plan can encourage a sustainable lifestyle and mitigate the biodiversity crisis.

As of 31 December 2022, our Campus 2.0 is home to a diverse array of 2,260 plants, consisting of 13 different species, which create a lush and vibrant atmosphere for our employees. Pollination is a crucial mechanism in maintaining biodiversity and sustaining life on the planet. The harmonious relationship between Animalia and Plantae is a fundamental aspect of the ecosystem that makes up our beautiful natural world. Some notable species include 88 variegated Bucida plants, 38 Happiness trees and 28 Podocarpus Macrophyllus plants, all thoughtfully incorporated into our landscape design. Additionally, over 1,000 Vernonia elliptica plants are situated around our buildings, further enhancing the ecological value of our workspace.

In conclusion, ViTrox's commitment to biodiversity conservation is commendable, and our actions serve as a positive example for other organisations.



# A GO-GREEN PRACTITIONER

## WATER MANAGEMENT

<b>Management Purpose</b>	ViTrox is committed to maximising water utilisation efficiency, conserving water and reducing water consumption through water-efficient fittings for a more sustainable future.	
<b>Management Approach</b>	ViTrox adopts water management initiatives to reduce water consumption and use intensity and improve the overall water efficiency for building and irrigation consumption.	
<b>Performance</b>	<b>Measurement</b>	<b>2022 Performance</b>
	Water consumption intensity	96.4m <sup>3</sup> /1,000 sq. ft.

In recent years, climate change has impacted the world’s water resources considerably, increasing the frequency of floods and droughts. Water is an invaluable resource to the world and the source of life for all living beings. Unfortunately, the lack of adequate water management over the years has constituted potentially life-threatening problems to humankind, such as diminishing clean, fresh water supply and water pollution that leads to environmental pollution.

ViTrox strives to be a responsible and sustainable corporate entity that plays a part in water conservation and mitigating environmental and social impacts associated with corporate water use. ViTrox supports the collective efforts to create a sustainable supply of clean water to ensure that the community will have access to clean water sources. Even though water conservation is not one of the most critical sustainability matters, we remain cautious about tracking our water consumption and envisage reducing water usage in our products and processes.



### Our Commitment to Water Management

Our water management initiatives are related to reducing water usage through water-efficient fittings such as sensor taps, new faucets and water-efficient taps in our primary operations in Penang, Malaysia. Our water usage occurs in support areas such as washrooms, pantries and the kitchen.

ViTrox is committed to:-

- Reviewing and addressing water-related risks and opportunities
- Ensuring regulatory compliance
- Optimising water consumption by installing water-efficient fittings

### Water Withdrawal

In 2022, ViTrox’s water withdrawal from Perbadanan Bekalan Air Pulau Pinang Sdn. Bhd. (“PBA”) was 39.5 megaliters (“ML”) from municipal potable water. ViTrox owns two (2) eco ponds in ViTrox Campus 2.0 to reduce our reliance on clean water sources. The water withdrawal increased due to a rise in employee headcount leading to more daily operational activities and also a higher volume of visitors when we transitioned to the endemic phase starting from 1 April 2022. In 2022, we had more than 1,076 students visiting our Campus to take part in plant tours and learn about the programmes offered by ViTrox Academy Sdn. Bhd. (“VA”), our academic arm.



# A GO-GREEN PRACTITIONER

## WATER MANAGEMENT (CONT'D)

### Water Withdrawal (Cont'd)

Source of Water Withdrawal	Unit	2019	2020	2021	2022
External wastewater	ML	0.0	0.0	0.0	0.0
Groundwater from wells, boreholes	ML	0.0	0.0	0.0	0.0
Municipal potable water	ML	27.2	27.7	32.4	39.5
Sea water, water extracted from the sea or the ocean	ML	0.0	0.0	0.0	0.0
Surface water from rivers, lakes, natural ponds	ML	0.0	0.0	0.0	0.0
Used quarry water collected in the quarry	ML	0.0	0.0	0.0	0.0
Total water withdrawal	ML	27.2	27.7	32.4	39.5

Note:-

<sup>1</sup> Data provided after excluding the withdrawal for the Centralised Labour Quarter ("CLQ") by an external party.

### Water Consumption

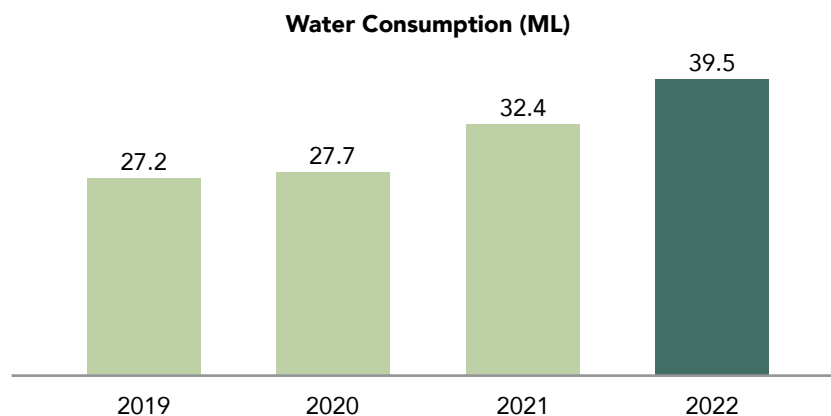


Our water consumption for the year under review amounted to a total of 39.5ML and experienced an increase of 21.9% compared to the last reporting year. This was mainly due to the increase in headcount and expansion to cope with our daily operational activities. However, water consumption intensity still had a negative trend over the last four (4) years. ViTrox utilises the water supply only for domestic usages such as cooking, drinking, cleaning, irrigation and cooling facilities at our sites. In order to set data-driven targets in improving the water consumption efficiency, we will install flow metre(s) to track the usage as mentioned above by 2023.

	Unit	2019	2020	2021	2022
Domestic water consumption <sup>1</sup>	ML	27.2	27.7	32.4	39.5

Note:-

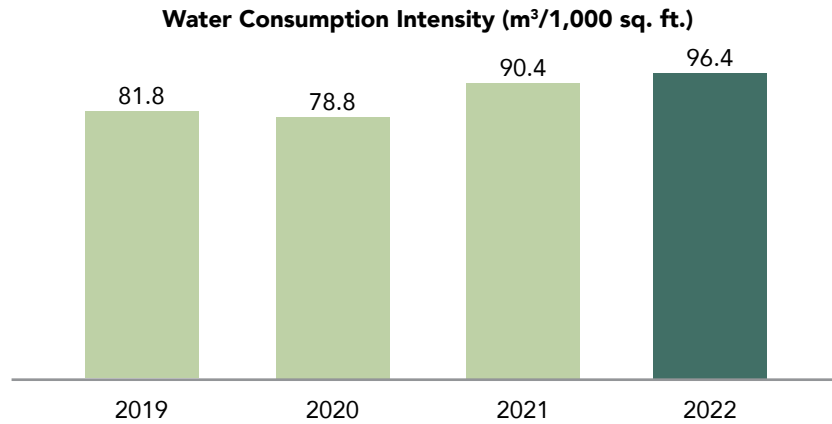
<sup>1</sup> Water consumption = Water withdrawal.



# A GO-GREEN PRACTITIONER

## WATER MANAGEMENT (CONT'D)

### Water Consumption (Cont'd)



### Water Discharge

Our manufacturing processes do not consume water and produce no wastewater. Besides, our manufacturing processes do not require the use of ultra-pure water. The grey water is directly discharged to the sewage drainage and flows with rainwater to our eco ponds and storm drain as per building standards without any water treatment as they are not contaminated with chemicals.

Destination of Water Discharge	Unit	2019	2020	2021	2022
Beneficial/Other use	ML	0.0	0.0	0.0	0.0
Ocean	ML	0.0	0.0	0.0	0.0
Off-site water treatment	ML	0.0	0.0	0.0	0.0
Subsurface/Well	ML	0.0	0.0	0.0	0.0
Surface water	ML	0.0	0.0	0.0	0.0
Total water discharge	ML	0.0	0.0	0.0	0.0

### Water Conservation

Rainwater harvesting is one of the most efficient ways of reducing water consumption and improving our environmental footprints. ViTrox harvests rainwater for consumption as one of our initiatives to go green and to reduce our usage of treated water supply that is drawn from the river. We take an innovative approach to reduce our reliance on clean water sources by installing two (2) eco ponds at ViTrox Campus 2.0.

The eco ponds are designed to be self-sustainable and self-renewable mini-ecosystems. The setup is a primary method of capturing and storing rainwater, which reduces water wastage and allows us to recycle water for non-essential usage at our Campus.

The first (1<sup>st</sup>) eco pond is located near the R&D office block with a collection capacity of approximately 59m<sup>3</sup>. The second (2<sup>nd</sup>) eco pond, situated close to the visitor hosting block, can hold approximately 62m<sup>3</sup> of rainwater. With a combined capacity of more than 120m<sup>3</sup>, the rainwater from the eco ponds becomes a sustainable water supply source for the irrigation of our Campus landscape and the V-Farm.

# A GO-GREEN PRACTITIONER

## WATER MANAGEMENT (CONT'D)

### Water Conservation (Cont'd)



ViTrox installed a Hands-Free Water Conservation System and a scheduled plant watering system to enhance water consumption efficiency. The Hands-Free Water Conservation System has a water-saving ratio of 65% and helps to reduce the spreading of germs and viruses. Besides, the scheduled plant watering system irrigates plants with optimised water usage to avoid wastage.

ViTrox is determined to reduce water consumption by exploring various water conservation methods. As a responsible and sustainable corporate entity, ViTrox will continue to play a part in water conservation and the mitigation of environmental and social impacts associated with corporate water use. ViTrox supports the collective efforts to create a sustainable supply of clean water to ensure that the community will have access to clean water sources.

## V-SHARE



### Car Washing for 1013 Charity Event

In conjunction with our annual 1013 Charity Event, a group of ViTroxians delivered their support through a volunteer programme, by offering a charity car wash service within the Company on 10-12 October 2022 to raise charity funds. Aligned with our commitments to environmental conservation, ViTroxians are mindful of minimising the environmental impact in every initiative and event we hold. In this car washing event, we minimise water use in our consumption from municipal potable water and rainwater harvesting to ensure ecological, social and economic sustainability. The volunteers only used a total of 4,455 litres of water to wash 123 cars. Generally, an automatic car wash machine uses approximately 160 litres of water per car<sup>1</sup>, which is four (4) times the average volume ViTroxians used to wash a car.

Being cautious about sustainable energy consumption, our ViTroxian volunteers insisted on not using electricity in the car washing process. Instead, they offered a hand-washed car service, which consumed no electricity, in comparison to an automatic car wash service equipped with a high-pressure water spray gun, which caused a large amount of electricity consumption. As a result of the efforts of volunteers, ViTrox managed to raise about RM7,013 in this campaign, contributing to our charity fund pool.

Note:-

<sup>1</sup> Source from Istobal and Spanish Foundation for Development and the Environment ("ECODES").

# A GO-GREEN PRACTITIONER

## WATER MANAGEMENT (CONT'D)

### Water Stress Management

Presently, our operational site is not located in a water-stressed area. ViTrox's water source is from the PBA, which is a licensed water supply operator in Penang. The PBA water supply is mainly sourced from Sungai Muda through the Lahar Tiang intake situated in Kepala Batas, Penang. In the event of any water supply disruption, the respective local water providers will supply a water tanker. To date, we do not have any major water disruption issues within our operation.

## WASTE MANAGEMENT

<b>Management Purpose</b>	Proper waste management helps to conserve natural resources and prevent pollution by reducing the need to consume new materials, reducing waste generation and lessening the negative environmental impact of operations.			
<b>Management Approach</b>	We execute the 5R principles – Refuse, Reduce, Repair, Reuse and Recycle – in the waste management programme and adhere to environmental regulations in handling waste disposal.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Percentage of wood waste diversion	100%	≥ 20.0%	100%
	Percentage of reduction of polyethylene foam and foam peanuts used in packaging activities	<sup>1</sup>	≥ 30.0%	100%

Note:-

<sup>1</sup> We will implement this initiative in 2023.

Waste management has proven to have a vast and lasting impact on every business area, environment and community. As such, ViTrox strives to comply with all applicable environmental regulations according to the Environmental Quality Act 1974 or any other relevant legislation. We also refer to guidelines under ISO 14001:2015 for our environmental management systems to minimise negative environmental impact.

To drive effective waste management and efficient resource utilisation, we optimise waste management through proper disposal and frequent monitoring of our waste generation. At ViTrox, we practise the 5R principles – Refuse, Reduce, Repair, Reuse and Recycle – in managing the waste generated from our operations. Our waste typically comprises hazardous and non-hazardous wastes.

### Hazardous and Non-hazardous Waste

We handle hazardous wastes according to the Environmental Quality (Scheduled Wastes) Regulations 2005. Our operating facilities are fully aligned with the strict local laws and regulations pertaining to hazardous waste management. We have deployed necessary steps to set up stringent procedures and policies, in compliance with locally applicable laws and regulations, for safe storage and handling, management and disposal of hazardous waste, including e-waste, in collaboration with carefully assessed and selected licensed local waste recovery contractors with expertise in recycling electronics and scheduled waste.

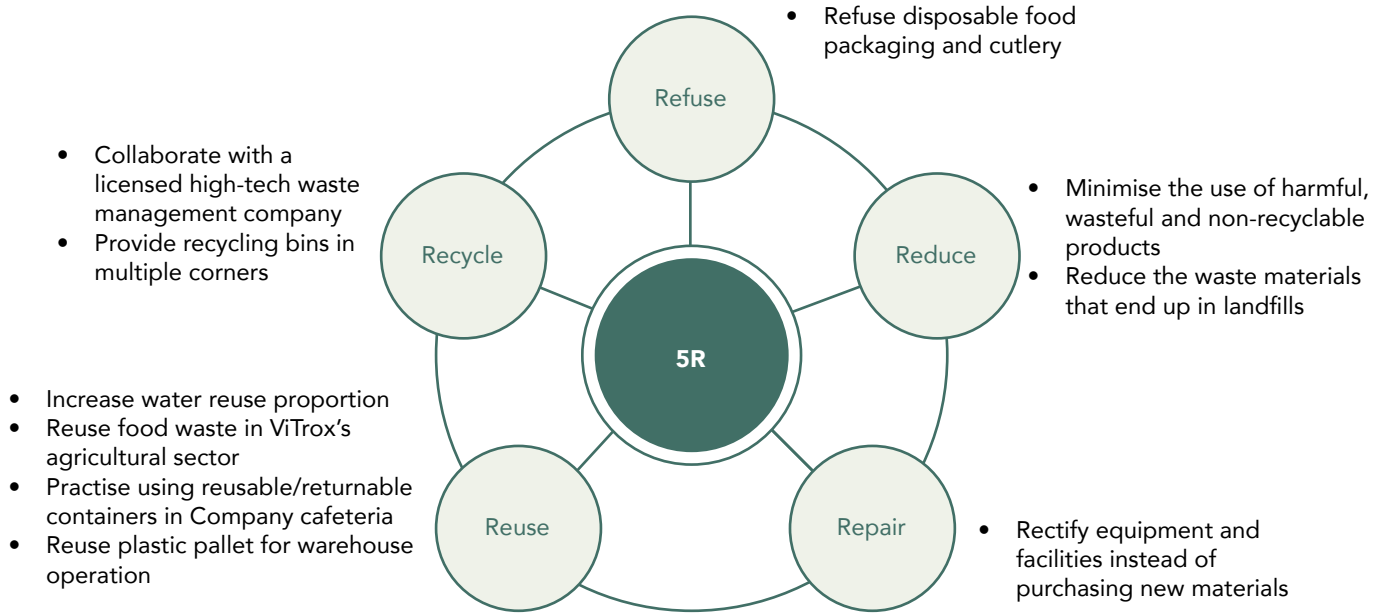
We handle non-hazardous waste through:-

- Efficient usage of raw materials, natural resources and energy
- Dedicated 5R principles
- Proper waste management practices
- Systematic promotion, education and training on environmental protection and responsibilities across all levels within ViTrox

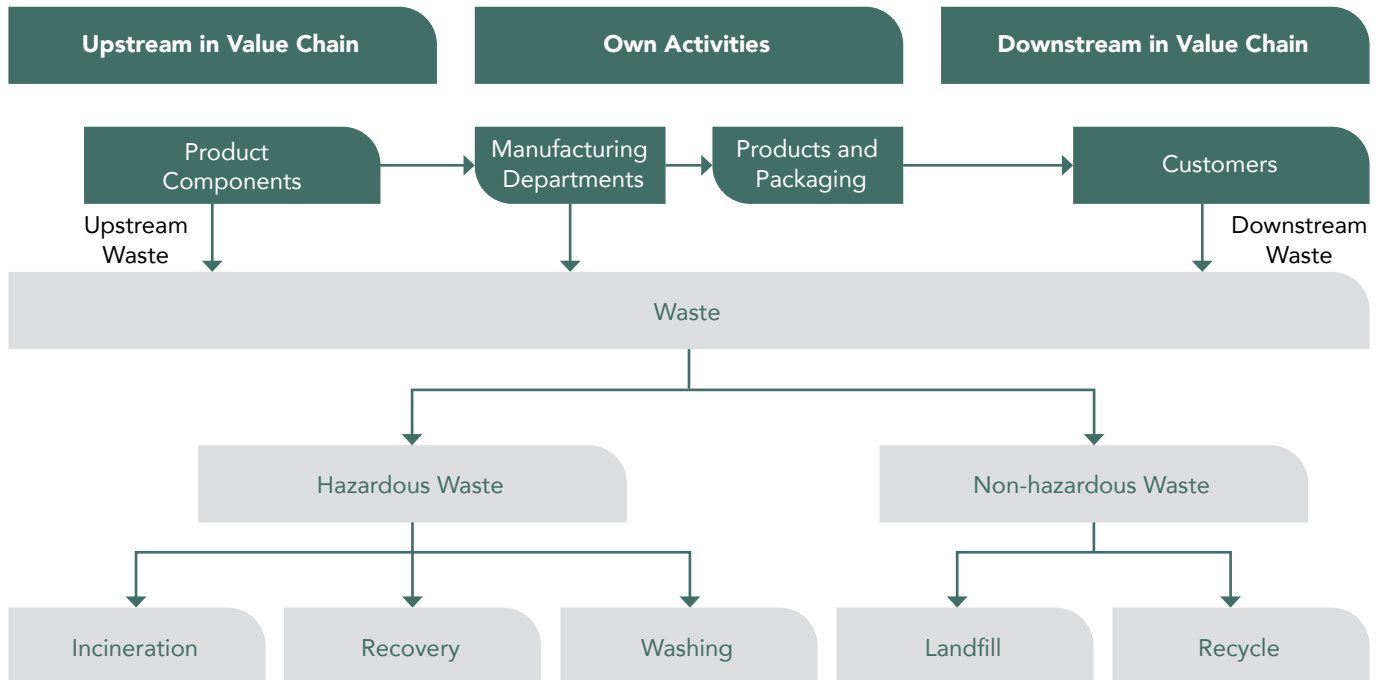
# A GO-GREEN PRACTITIONER

## WASTE MANAGEMENT (CONT'D)

### Our 5R Principles



### Waste Generation Process Flow





# A GO-GREEN PRACTITIONER

## WASTE MANAGEMENT (CONT'D)

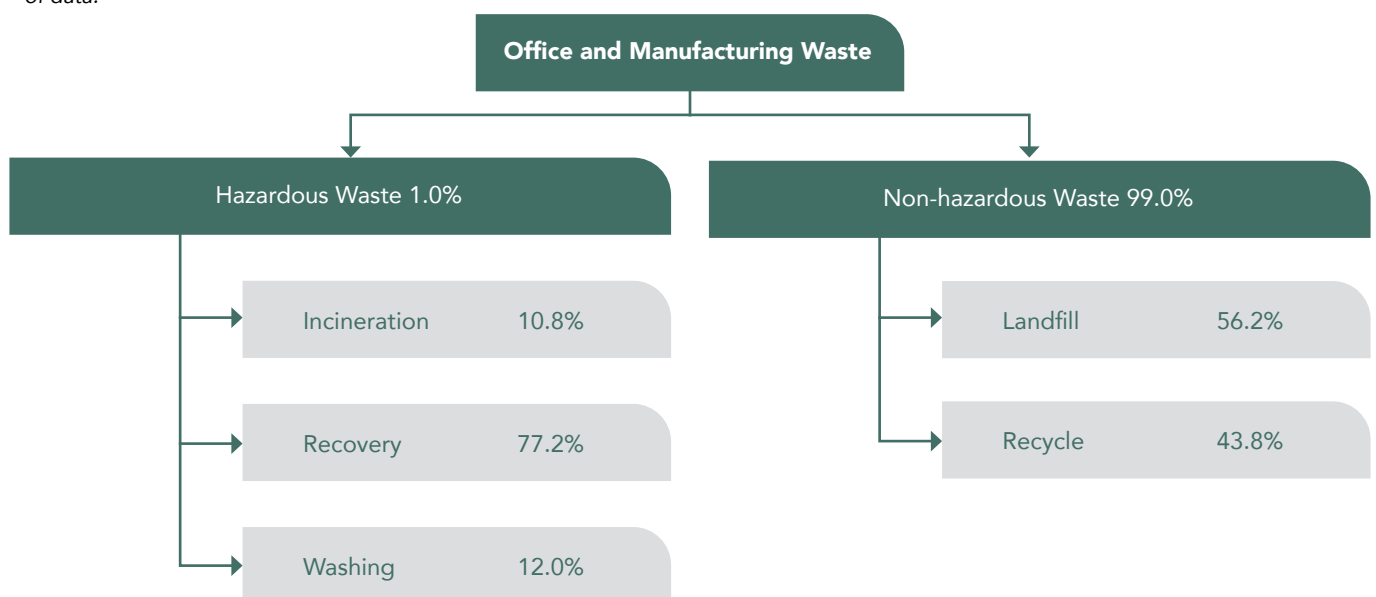
### Waste Generation and Recycling

Waste Generated	Unit	2019	2020	2021	2022
Hazardous waste	tonne	0.1	0.1	0.3	1.2
Non-hazardous waste	tonne	19.8	28.7	81.8	121.0
Total waste generated	tonne	19.9	28.8	82.1	122.2
Waste diverted from disposal - Hazardous waste	tonne	-	-	-	1.1
Waste diverted from disposal - Non-hazardous waste <sup>1</sup>	tonne	19.8	28.7	49.7	53.0
Total waste diverted from disposal	tonne	19.8	28.7	49.7	54.1
Waste directed to disposal - Hazardous waste	tonne	0.1	0.1	0.3	0.1
Waste directed to disposal - Non-hazardous waste <sup>2</sup>	tonne	-	-	32.1	68.0
Total waste directed to disposal	tonne	0.1	0.1	32.4	68.1
Total waste generated	tonne	19.9	28.8	82.1	122.2
Waste generated onsite	tonne	19.9	28.8	82.1	122.2
Waste generated offsite	tonne	-	-	-	-

Notes:-

<sup>1</sup> This consists of recycled waste.

<sup>2</sup> We started to collect data in July 2021. As such, six (6) months of data were collected for 2021; whilst 2022 represented a full year of 12 months of data.



In 2022, we generated 122.2 tonnes of waste. We segregated hazardous waste, including clinical waste, from non-hazardous waste. All the waste that is not reusable or recyclable is disposed of according to local laws and regulations. Meanwhile, the hazardous waste is managed by appointed and licensed vendors. We diverted 100% of wood waste to the plywood manufacturer. This reflects the Group's commitment to reducing waste being sent to landfills.

# A GO-GREEN PRACTITIONER

## WASTE MANAGEMENT (CONT'D)

### Hazardous Waste

ViTrox has two (2) vendors appointed to manage hazardous waste (scheduled waste) generated. Our appointed hazardous waste management companies will collect and properly manage the hazardous waste through incineration, recovery and washing methods.

Code	Waste Description	Unit	2019	2020	2021	2022
SW103	Waste of batteries containing cadmium and nickel or mercury or lithium	kg	-	-	-	286.2
SW110	Waste from electrical and electronic assemblies containing components such as accumulators, mercury switches, glass from cathode-ray tubes and other activated glass polychlorinated biphenyl-capacitors or contaminated with cadmium, mercury, lead, nickel, chromium, copper, lithium, silver, manganese or polychlorinated biphenyl	kg	-	3.6	35.4	668.4
SW302	Flux waste containing a mixture of organic acids, solvents or compounds of ammonium chloride	kg	-	-	8.6	15.5
SW404	Pathogenic wastes, clinical wastes or quarantined materials	kg	-	-	94.7	118.3
SW409	Disposed of containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	kg	30.4	20.0	36.7	44.9
SW410	Rags, plastics, papers or filters contaminated with scheduled wastes	kg	74.0	93.9	144.6	103.1
Total		kg	104.4	117.5	320.0	1,236.4

In 2022, we recorded an increase in hazardous waste generation mainly due to business growth and housekeeping of all damaged electrical appliances. As ViTrox's manufacturing capacity continues to expand in the future to meet customer demand, waste management will be more challenging than before. ViTrox is prepared and committed to upholding and strengthening our sustainable waste management framework to support us in attaining our environmental goals.

### Non-hazardous Waste

ViTrox recorded an increase in recycling efforts over the years. In 2022, we set a new record of 53.0 tonnes of waste being recycled. We are dedicated to providing continuous efforts to reduce the use of new materials by adopting our 5R principles. We are also committed to optimising the use of materials while maintaining a safe and healthy environment.

Non-hazardous Waste	Unit	2019	2020	2021	2022
Aluminium	tonne	0.2	0.3	0.2	<sup>1</sup>
Carton box	tonne	12.7	20.8	37.3	37.6
Electrical item	tonne	0.9	1.1	0.9	1.4
Foam	tonne	-	-	<sup>1</sup>	0.3
Metal scrap	tonne	2.5	1.7	1.3	7.7
Mix waste	tonne	0.1	-	<sup>1</sup>	0.1
Plastic	tonne	3.2	4.4	8.8	5.9
Polyethylene	tonne	-	-	<sup>1</sup>	-
PVC wire	tonne	0.1	0.3	1.1	-
Stainless steel	tonne	0.1	0.1	0.1	<sup>1</sup>
Wastepaper	tonne	-	<sup>1</sup>	-	-
Total	tonne	19.8	28.7	49.7	53.0

Note:-

<sup>1</sup> The amount is negligible.

# A GO-GREEN PRACTITIONER

## WASTE MANAGEMENT (CONT'D)

### Non-hazardous Waste (Cont'd)

A common convenient disposal option of using individual bins can incur high disposal costs and low recycling rates. ViTrox takes a step further to encourage our people to segregate waste by centralising the recycle bins. The centralised recycling system achieves a higher recycling rate because it changes how materials are collected and segregated into their respective types. It is much cleaner and organised as the visibly marked recycling containers make sorting materials easy, which retains the quality of valuable recyclables and helps educate our people to identify recyclable waste.

ViTrox has appointed a recycling management company that is an ISO 9001:2008 certified company that collects waste for proper treatment and recovery. This action helps to prolong the life cycle of materials. This exercise also enables our people to understand how impactful responsible waste management is, not only to individuals but to the Company and society as a whole. Our appointed recycling management company disposes of non-hazardous waste to landfills according to the local enforcement authority's regulations. The Company is also responsible for collecting our recyclable waste for recycling purposes, which will exploit the economic value that the waste can bring.



Besides our efforts in recycling, we are looking into initiatives to minimise waste generated through our daily production and non-production activities, among others are as follows:-

<b>Production</b>	Return suppliers' fabrication part packing materials and wooden pallets
	Reuse packaging materials to reduce waste generated and the need for new materials
	Recycle empty boxes to store spare parts:- <ul style="list-style-type: none"> <li>• 2020: 338 pieces cartons recycled</li> <li>• 2021: 783 pieces cartons recycled</li> </ul>
	Replace existing wooden pallets with plastic pallets to extend the life cycle of the pallets and reduce contaminated racking
	Reduce individual packaging with modularisation programme:- <ul style="list-style-type: none"> <li>• Save up to 150 individual fabricated part packaging every year</li> <li>• Replace plastic packaging with reusable bento boxes and crates</li> </ul>
Modularisation programme is an initiative of combining multiple loosen unit fabricated parts to create a leaner process, reduce individual packaging, speed up the kitting process and reduce the number of part ID during purchase.	

# A GO-GREEN PRACTITIONER

## WASTE MANAGEMENT (CONT'D)

### Non-hazardous Waste (Cont'd)

<b>Non-production</b>	<p><b>Recyclable waste collection</b></p> <ul style="list-style-type: none"> <li>• Set up a recycling waste centre, V-Go Green Center, to collect all recyclable items from the office as well as from employees' homes</li> <li>• Organise drive-thru home recyclable waste collection events every quarter</li> </ul>
	<p><b>Food waste management</b></p> <ul style="list-style-type: none"> <li>• Practise waste segregation at source: general waste and food waste</li> <li>• Collect the organic food waste, including fruit skin waste and veggie scrap, from the kitchen, V-Veggie Salon, V-Green Selling Corner and V-Cafe, and turn the food waste into enzymes through the composting method</li> <li>• Use enzyme solutions produced from food waste as a replacement for chemical detergents for dish-cleaning purposes; in 2022, we produced enzyme solutions of 82.5 litres</li> <li>• Use coffee grounds donated by IKEA Batu Kawan and V-Cafe to make fertiliser for our Campus landscape and V-Farm; in 2022, we received 4,554.5kg coffee ground donated by IKEA</li> </ul>
	<p><b>Office operation and facilities</b></p> <ul style="list-style-type: none"> <li>• Provide office printers equipped with automatic double-sided printing features and encourage employees to print on both sides of papers and reuse the papers</li> <li>• Encourage the use of cloud storage and digital communication tools, such as email, to minimise the need for printing</li> <li>• Provide recycling bins in the office and common areas to encourage waste segregation from the source</li> <li>• Eliminate the usage of personal trash bin in all office areas</li> <li>• Set up a battery recycling corner to properly handle hazardous waste and reduce the environmental pollution</li> <li>• Encourage the practice of using reusable or returnable containers among employees in the Company cafeteria to minimise the usage of single-use plastics</li> </ul>
	<p><b>Zero (0) waste awareness promotion</b></p> <ul style="list-style-type: none"> <li>• Utilise Go Green Club as a platform to share knowledge about environmental sustainability within ViTrox and how to handle recyclable items properly</li> <li>• Organise V-Green Journey to create awareness of zero (0) waste living by incorporating 5R principles among our people</li> <li>• Set up V-Sell Corner to encourage employees to sell and buy pre-loved items and donate the money to charitable organisations</li> </ul>

## V-SHARE



### Wood Waste Diversion

In view of the fact that plastic pallets provide a stronger and more resilient platform that is less likely to crack, especially for storing heavy industrial equipment parts in our warehouse, ViTrox has been replacing wooden pallets with plastic pallets since 2021. This initiative was also aimed at reducing the likelihood of product contamination that could lead to a product recall. We also observed that the uniform pallet shape could help to avoid unnecessary injury. To reduce wooden pallets from the source usage and recycle the disposal, we:-

- Return wooden pallets to suppliers to reuse for future delivery if the condition is still good for a longer lifespan, which further helps to clear the working space and prevent injuries due to unserviceable pallets
- Recycle the pallets by handing them to second-hand pallet resellers or any company that can reprocess them for other purposes

We aim to reduce at least 20% of wood waste sent to landfill by the end of 2023. However, we have achieved 100% of wood waste recycled by the end of 2022.

# A GO-GREEN PRACTITIONER

## WASTE MANAGEMENT (CONT'D)

### Non-hazardous Waste (Cont'd)

**V-SHARE**

**Recycling and Converting Waste into Reusable Packaging Materials**

**Process Flow**

Starting in 2023, we will replace some non-biodegradable materials used in packaging activities with recycled paper packaging materials. The non-biodegradable materials identified include polyethylene (“PE”) foam and foam peanuts. We will replace them using our own-developed recycled paper packaging materials, known as Honeycomb Paper Wrapper.

We will gather all waste paper carton boxes on ViTrox Campus 2.0, shred and convert them into Honeycomb Paper Wrapper. The Honeycomb Paper Wrapper provides a sustainable and cost-effective solution to bubble wrap, allows a flexible packing process, neatly wrapping and cushioning shaped products and ensures fragile products are protected. This recycling initiative will reduce paper waste, save our planted trees, increase energy savings and reduce our carbon footprint. During the process, we will also recycle buffer materials, pallets and boxes.

We will replace the PE form and foam peanuts with Honeycomb Paper Wrapper gradually. We set a target to reduce the usage of these materials by at least 30% in 2023 and increase incrementally by 10% every year, reaching 100% by the year 2030. Ten percent (10%) replacement on a year-on-year basis would provide us with some assurance that parts wrapped using Honeycomb Paper Wrapper would reach customers in good condition during shipment.

By taking these initiatives, we would expect to save approximately 330 tonnes of waste paper from 2023 to 2030, which is equivalent to avoiding 753tCO<sub>2</sub> emissions. We will replace non-biodegradable materials and set a goal to replace them 100% by 2030.

### Environmental Fines and Penalties

ViTrox strives to comply with all relevant environmental and waste management regulations. All required environmental permits and relevant supporting documents are obtained, maintained and updated to ensure strict adherence to operational and reporting requirements. ViTrox has not imposed any fines or penalties for environmental or waste management-related issues from 2019 to 2022.



# AN ACCOUNTABLE PURCHASER

ViTrox’s suppliers are required to provide safe working conditions, treat their workers with respect, act fairly and ethically, and use environmentally conscious practices whenever they supply products or services to ViTrox. We work closely with our suppliers to eliminate the risk of non-compliance to ensure that the business operations are environmentally accountable and our suppliers fulfil the ethics requirements, including labour standards, health and safety.



## Sustainability Highlights 2022

<b>56%</b> Procurement from local suppliers	<b>100%</b> Communication with new suppliers on Supplier Code of Conduct	<b>49%</b> Active suppliers signed Supplier Code of Conduct	<b>100%</b> Assessment on bribery and corruption risks for new suppliers
<b>50</b> Suppliers communicated on participation in Self-Assessment Questionnaire	<b>100%</b> New and existing buyers trained	<b>100%</b> Suppliers attended ESG sharing session	<b>94%</b> Penang Automation Cluster Sdn. Bhd. industry lots occupied

## SUPPLY CHAIN MANAGEMENT

<b>Management Purpose</b>	Being an accountable procurement and supply chain team, we are committed to sourcing environmentally conscious, safe, legal and high-quality products and services from our responsible worldwide suppliers.			
<b>Management Approach</b>	ViTrox assesses supplier performance through a supplier evaluation mechanism mainly focusing on quality, cost, delivery, service, sustainability (“QCDSS”) to establish fair supplier sourcing and transparent procurement process and manage inherent risks in the supply chain. We also prioritise local purchases, which promotes a greener supply chain and indirectly contributes to job opportunities and promotes socio-economic development.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Procurement from local suppliers	55.7%	62.0%	65.0%
	Active suppliers signed Supplier Code of Conduct	49.3%	55.0%	80.0%
	Communication with active suppliers on Supplier Self-Assessment Questionnaire	150	40.0%	80.0%

Note:-

<sup>1</sup> In 2022, we communicated with 50 key suppliers on the Supplier Self-Assessment Questionnaire. For 2023 and 2030, we strive to communicate at least 40.0% and 80.0% of active suppliers on the Supplier Self-Assessment Questionnaire.

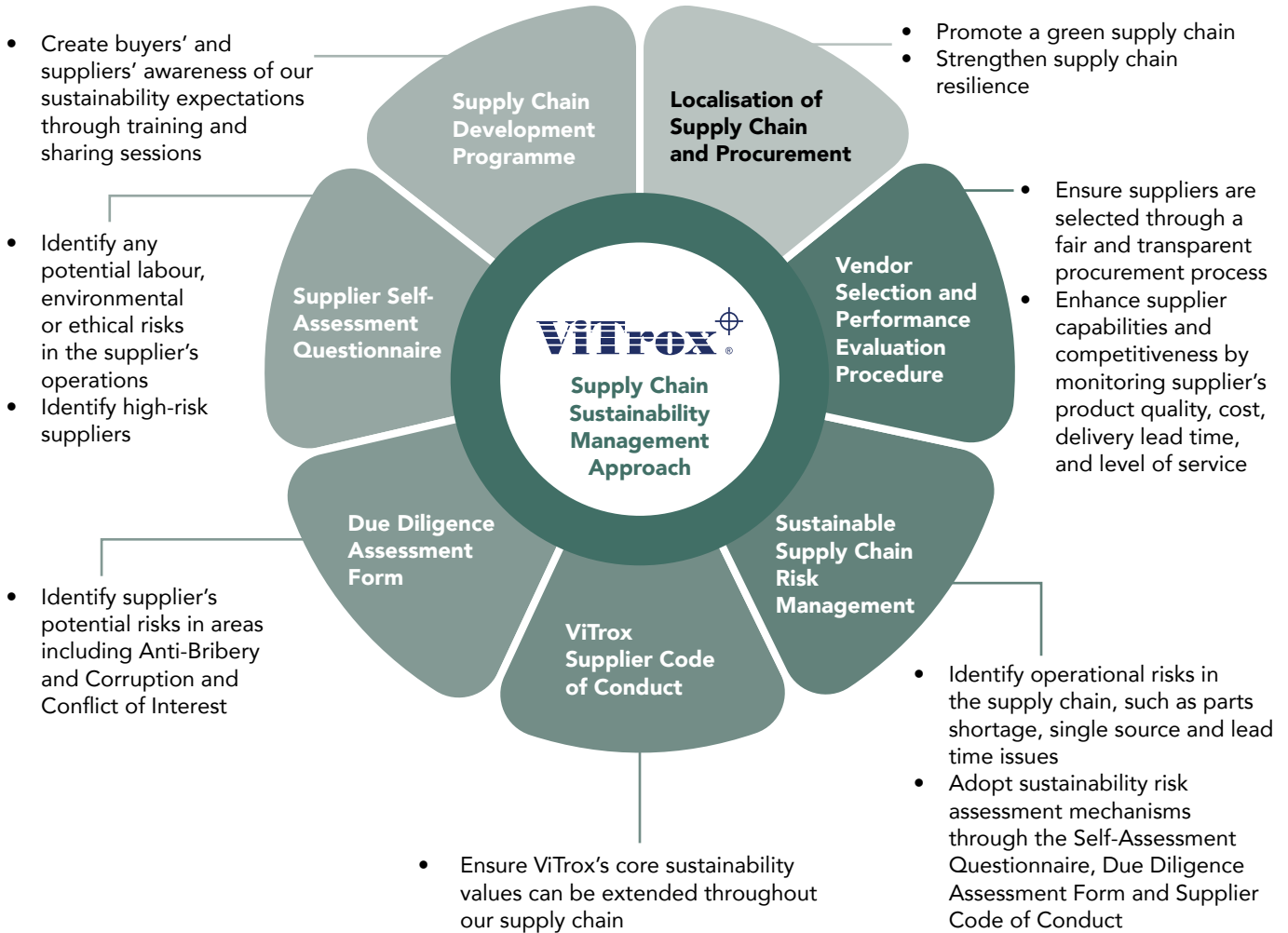
### Supply Chain Sustainability Management Approach

To expand the risk assessment and management of our suppliers, we have developed our Supplier Sustainability Management Approach. We hope to drive suppliers to grow with us and exert more shared value and influence through a series of sustainability management processes, ultimately making a positive impact on the global electronics industry supply chain. Building a sustainable supply chain will lead us to understand risks, assess and monitor how our suppliers are managing those risks, and also diversify our supplier portfolio to reduce vulnerabilities. With that, we drive suppliers to improve economic, social and environmental fulfilment. Developing and maintaining a sustainable, efficient and ethical supply chain enables our long-term growth with suppliers while achieving supply chain competitiveness through strategic cooperation.

# AN ACCOUNTABLE PURCHASER

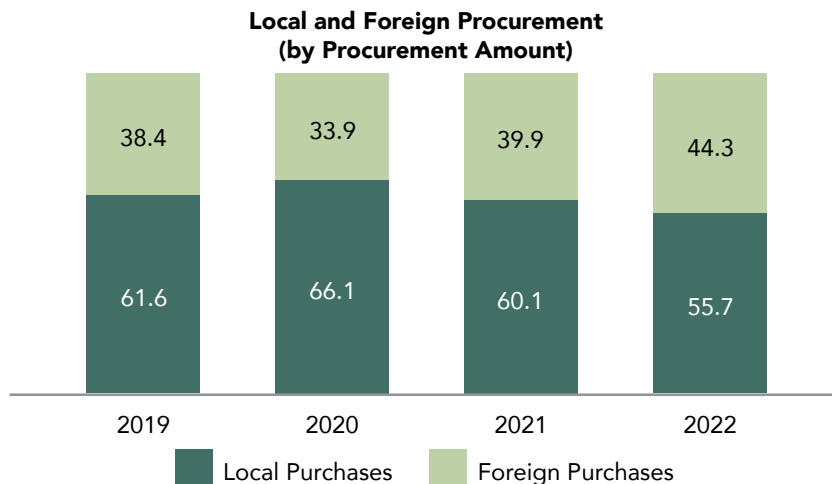
## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Supply Chain Sustainability Management Approach (Cont'd)



### Localisation of Supply Chain and Procurement

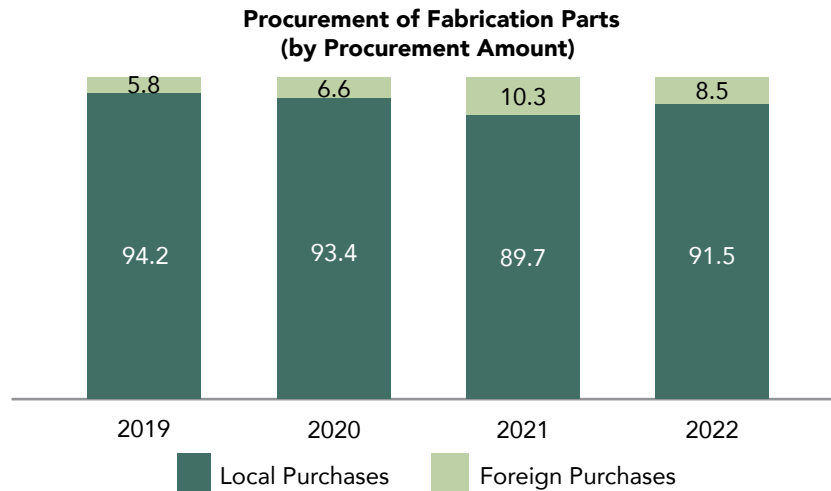
ViTrox supports the growth of the local economy. Thus, we prioritise sourcing from local suppliers, which enhances sourcing efficiency due to shorter lead time, creates domestic employment, supports local business, and reduces the carbon footprint and costs arising from overseas shipment.



# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Localisation of Supply Chain and Procurement (Cont'd)



The majority of our direct suppliers are the suppliers of materials and fabrication parts. ViTrox sets our priority to sourcing from local suppliers. With local sourcing, we look forward to the suppliers providing services and products with higher efficiency, shorter delivery time and smaller carbon footprints of material required. Subsequently, local sourcing also indirectly increases employment opportunities and promotes socio-economic development.

From 2019 to 2021, we sourced more than 60% of our purchases from local companies, out of which more than 85% of our fabrication parts were supplied by local suppliers. However, our percentage of local sourcing dropped below 60% in 2022 due to part shortages in the local market, leading us to purchase some parts from overseas. Nevertheless, we strive to achieve our target to source locally to achieve at least 60% of our purchases from local suppliers.

### Vendor Selection and Performance Evaluation Procedure

ViTrox established a fair supplier sourcing process based on our standard operating procedure ("SOP") for Vendor Selection and Performance Evaluation Procedure. The SOP ensures that all suppliers are selected through a fair and transparent procurement process. Through the evaluation, ViTrox can assess suppliers' ethical values, level of integrity and compliance with ViTrox's ESG commitments. Our fair and transparent procurement process guarantees the excellent quality of products and services to customers and improves the supply chain ecosystem by working together with our suppliers. We provide regular training to our new and existing buyers to understand the Company's procurement guidelines, policies, Supplier Code of Conduct ("SCOC"), due diligence assessment procedure and supplier assessment requirements.

At ViTrox, we conduct regular performance assessments, including due diligence assessments, supplier performance evaluations on quality, cost and delivery lead time. We also conduct quality process audits for direct material suppliers and service provider performance evaluations for service providers to ensure that they act in accordance with our requirements. ViTrox may conduct on-site evaluations and inspections of suppliers' facilities and subcontractors to review their progress towards these principles.

We improve on material lead time and optimise our onhand inventory through business process automation, ViTrox Just-in-Time ("VJIT"), and Vendor Managed Inventory ("VMI") programmes. We also work closely with our associate, Penang Automation Cluster Sdn. Bhd. ("PAC"), as our key strategic partner to aggressively enhance the end-to-end lead time to deliver our products and services to customers in a timely manner within four (4) weeks lead time.

VJIT, e-Kanban and various e-commerce initiatives under the V-ONE® platform are rolled out to our key supply chain to ensure on-time material supplies amidst the global shortage of critical components for the automation industry. The process innovation aims to promote a leaner operation, implement a standardisation process for everyone, reduce e-waste, reduce human-dependent processes, develop more automation in detecting defects and save time. The VJIT and VMI programmes improve the alignment of business objectives between ViTrox and suppliers and optimise operations for all participants.

# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Sustainable Supply Chain Risk Management

Our supply chain is the core of our business, and any business interruption can be devastating to our day-to-day operations. There is a multitude of factors that can cause supply chain disruptions, such as natural disasters, labour shortages, labour disputes, environmental pollution and non-compliance with regulatory requirements.

The key to maintaining a strong supply chain is to create an effective, sustainable Supply Chain Risk Management (“SCRM”) system to help mitigate the inherent risks at play. SCRM is the identification, assessment and monitoring of risk factors, plus the strategies that are deployed to reduce vulnerability and ensure continuity of service and profitability of the business. Risk management in our supply chain prevents disruptions to our business, avoiding profit erosion and unnecessary losses while protecting the business’s reputation.

ViTrox has a comprehensive and proactive approach to managing supplier and supply chain risks, which helps us ensure business continuity and meet the needs of its customers. ViTrox adopts the concept of QCDSS to manage day-to-day risks.



ViTrox’s operational risks are focused on material quality, product cost, delivery lead time, and service rendered by suppliers. We work closely with suppliers to identify potential issues such as parts shortage, single-source risks, and lead time issues. ViTrox also engages in regular supplier assessments and evaluations to ensure that the suppliers meet quality standards and delivery requirements.

In addition to managing operational risks, ViTrox also addresses sustainability risks. These include macro risks such as geopolitical tensions, diseases, and changes in major global events, which may give rise to continuity issues in supplies. To mitigate these risks, ViTrox maintains close relationships with its suppliers and diversifies its supplier base to ensure that it can quickly respond to any disruptions in the supply chain.

ViTrox’s approach to supply chain risk management has been successful in ensuring business continuity and meeting the needs of its customers. By focusing on QCDSS, ViTrox effectively manages day-to-day risks and responds quickly to any disruptions in the supply chain. As a result, ViTrox has established a reputation for reliability and excellence in the industry.

To have an in-depth understanding of the current status of supply chain development and potential risks, we use survey forms and questionnaires and review supplier performance evaluations. We also conduct on-site audits to investigate potential risks of the supplier in labour, health and safety, environment, ethical conduct and management systems and evaluate the risk and capability ratings.

Risk Assessment	Risk Control Mechanisms
<ul style="list-style-type: none"> <li>Suppliers Self-Assessment Questionnaire (“SAQ”)</li> <li>Due Diligence Assessment Form</li> <li>Supplier performance evaluation</li> <li>Quality process audits</li> <li>On-site evaluations and inspections of suppliers’ facilities</li> </ul>	<ul style="list-style-type: none"> <li>Implement SOP for Vendor Selection and Evaluation Procedure</li> <li>Adhere to our SCOC</li> <li>Prioritise local procurement to improve production efficiency, reduce carbon emissions and create local economic growth</li> <li>Establish Business Continuity Planning (“BCP”) to respond to various risks and start an emergency response plan to avoid interruption to operations</li> </ul>



# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Sustainable Supply Chain Risk Management (Cont'd)

#### Operational Risks

We continuously monitor suppliers' performance and perform quality process audits, on-site evaluations and inspections of suppliers' facilities to lower risks of supply chain disruptions. In addition to continuous requirements on the aspects of cost, quality, delivery and service, ViTrox also established related risk management mechanisms such as BCP. When external factors, such as geopolitical tensions, diseases and changes in major global events, result in the risk of running out of materials, ViTrox immediately initiates an emergency response. Related departments, including procurement, material planning, manufacturing, quality assurance, and research and development ("R&D"), jointly and swiftly formulate response plans and review aspects of checking on material inventory, asking backup suppliers for materials, increasing material stock levels and reviewing material consumption in the process to monitor the risk.

#### Sustainability Risks

We perform several risk assessments of our suppliers that enable us to identify, manage, mitigate or avoid sustainability risks within our supply chain. In our attempt to control and lower sustainability risks, we encourage local procurement to support green and low-carbon supply chains. We also impose a stringent vendor selection and evaluation process and require our suppliers to adhere to our SCOC.



### ViTrox Supplier Code of Conduct

ViTrox adheres to the relevant local laws and regulations in the countries we operate. To ensure that all suppliers align with ViTrox's ESG responsibilities, we include the SCOC and Anti-Bribery and Corruption Policy ("ABCP") as part of our standard procurement terms and conditions. Both new and existing suppliers are required to comply and acknowledge and/or sign these documents as their commitment to ViTrox's ESG initiatives. We liaise with our global suppliers to ensure they are well aware of the SCOC and relevant policies. These initiatives improve the sustainability among the suppliers and enhance the quality of the supply chain ecosystem and its sustainability. We require our suppliers to conduct business transactions under transparent, fair and non-discriminative conditions.

The SCOC and relevant policies provide a clear statement of ViTrox's expectations for the suppliers in all procurement dealings. These policies are made available on [our Company website](#) and may be revised from time to time. The SCOC establishes the standards required for conducting business with ViTrox and complies with Global Reporting Initiatives ("GRI") Standards. ViTrox recognises that reaching the standards established in this SCOC is a dynamic rather than a static process. We encourage suppliers to continually improve their workplace conditions and strive to exceed the industry's best practices. We consider these principles in our selection of suppliers and actively monitor each supplier's compliance.

# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### ViTrox Supplier Code of Conduct (Cont'd)

ViTrox expects that suppliers, at a minimum, have established clear goals toward meeting the standards outlined in this SCOC. Suppliers should develop appropriate management systems, have proper documentation to demonstrate compliance with their code of conduct and validate that their employees and subcontractors adhere to the process. Suppliers must perform self-evaluations regularly and with action plans in place. If any supplier fails to do so, it may impact their future ability to do business with ViTrox.

The following table summarises the approaches of each ESG pillar contained in the SCOC:-

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Comply with applicable local laws, regulations and rules regarding the protection of the environment and workers’ health and safety matters</li> <li>• Comply with all international, national and local biodiversity laws to minimise the impact on biodiversity and endangered species</li> <li>• Identify and manage chemical and hazardous materials under safe conditions to reduce the negative impacts on the environment</li> <li>• Monitor and treat wastewater, solid waste and gas emissions before discharge or disposal to minimise the negative impact on climate change, air pollution and water security</li> <li>• Utilise resources efficiently by adopting power and energy management approaches to minimise waste and gas emissions</li> <li>• Carry out a policy statement covering relevant environmental and sustainability matters, which is responsible by a company representative (ideally director level) and supported by management</li> <li>• Implement a written policy and procedure to avoid knowingly acquiring conflict minerals or unsustainable mined minerals produced at high environmental and social costs</li> </ul>	<ul style="list-style-type: none"> <li>• Embrace employment practices consistent with the local labour and employment laws</li> <li>• Uphold the protection of human rights and prohibit any child labour and forced labour</li> <li>• Comply with local minimum wage and working hour laws and regulations to ensure that the employees are fairly compensated</li> <li>• Protect the privacy, personal dignity and rights of each individual</li> <li>• Ensure a workplace free of harassment, harsh, inhumane treatment and discrimination of any kind</li> <li>• Support the freedom of association, expression, opinions and the right to collective bargaining</li> <li>• Identify and evaluate the potential safety and health issues and minimise the impacts by implementing occupational safety and health (“OSH”) procedures, including emergency reporting, employee notification and evacuation procedures, workers training and drills, appropriate fire detection and suppression equipment, adequate exit facilities and recovery plans</li> <li>• Identify and evaluate the risk of workers’ exposure to hazardous, physically demanding work and working environments</li> <li>• Provide workers with reasonably accessible and clean facilities and safe living spaces</li> <li>• Monitor and track training records to confirm the employees have gone through appropriate training to ensure their safety and product quality are meeting the applicable standards</li> </ul>	<ul style="list-style-type: none"> <li>• Conduct business with uncompromising integrity</li> <li>• Adhere to local and international laws, rules and regulations</li> <li>• Prohibit all types of bribery, corruption, gifts and hospitality</li> <li>• Disclose any perceived, potential or actual conflict of interest to ViTrox</li> <li>• Comply with all the applicable laws governing intellectual property rights and assertions, including protection against disclosure</li> <li>• Protect sensitive, confidential and proprietary information of others, including protection of misused personal data/information</li> </ul>

# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### ViTrox Supplier Code of Conduct (Cont'd)

#### Our SCOC Milestones

ViTrox published the SCOC in 2021. ViTrox sent the SCOC to 530 suppliers and received responses from 250 suppliers, or 47.2% of total suppliers. These suppliers consist of those we had transacted with from 2019 to 2021, regardless of the amount of procurement.

In 2022, ViTrox introduced a new terminology: active suppliers. Active suppliers are suppliers with annual purchases of direct materials and fabrication parts of RM300,000 and above. As of 31 December 2022, we received signed SCOC from 49.3% of total active suppliers. In 2023, ViTrox strives to collect at least 55% of signed SCOC from active suppliers. Nevertheless, we set our policy to communicate our SCOC to all new suppliers with effect from 1 January 2022.

#### Due Diligence Assessment Form

The Due Diligence Assessment Form is a process to assess bribery and corruption risks, conflict of interest risks and supplier background screening which covers financial health and civil or criminal violations. This assessment is not entirely focused on sustainability supply chain risks. Still, it is related to a supplier's overall ability to be a reliable supplier that fits with a company's strategic priorities.

Our Due Diligence Assessment Form covers:-

- Anti-Bribery Management System Policy Statement
- Declaration of substantial company ownership and key senior management of the company
- Financial standing of the company
- Code of conduct and ABCP prevention
- Past civil or criminal violations

ViTrox shall take immediate actions to mitigate or remediate risks, potential impacts or violations discovered during the due diligence process. ViTrox will maintain information collected through this Due Diligence Assessment Form as necessary and in accordance with ViTrox's policies and procedures and Personal Data Protection Act 2010 ("PDPA").

#### Communication with Suppliers

We established our ABCP in 2020 and extended it to our business partners, including our suppliers. We communicate with our suppliers regarding ViTrox's ABCP, which sets out the Group's zero (0) tolerance approach against all forms of bribery and corruption, comprehensively covering bribery, anti-corruption, sanctions on non-compliance and other sub-policies. We expect our business partners to follow ViTrox's ABCP in connection with their work for us.

In 2021, we sent out the Due Diligence Assessment Form for the first (1<sup>st</sup>) time and received 172 filled forms. Understanding the importance of ABCP, we set our policy for getting Due Diligence Assessment Form filled in by all new suppliers with effect from 1 January 2022.

#### Supplier Self-Assessment Questionnaire

ViTrox acknowledges that in order to effectively manage our sustainability impacts, which comprise economic as well as ESG impacts, we must ensure our suppliers are doing the same. We aim to engage with suppliers to encourage the integration of ESG sustainability into core decision-making and implementation of leading practices for improving supply chain sustainability performance.




In 2022, we embarked on a new initiative to assess and improve supply chain sustainability performance by introducing the Supplier Self-Assessment Questionnaire ("SAQ") for suppliers. The SAQ is a sustainability risk-assessment tool that enables corporations to evaluate specific inherent supply chain risks in the ESG areas. Suppliers are encouraged to submit supporting or verifying documentation while answering the SAQ to help us better understand their sustainability performance and possible bottlenecks in our supply chains. From the review and analysis of the questionnaire results, we are able to identify potential high-risk suppliers and take appropriate action to ascertain their risk status and reduce the risks.

# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Supplier Self-Assessment Questionnaire (Cont'd)

The following table summarises the elements of each ESG pillar assessed by the SAQ:-

	<ul style="list-style-type: none"> <li>• Presence of Environmental Policy</li> <li>• Commitment to legal compliance</li> <li>• Monitoring of environmental performance</li> <li>• Environmental Policy communicated to all employees and suppliers in appropriate languages</li> <li>• Past convictions for non-compliance with environmental legislation</li> </ul>
	<ul style="list-style-type: none"> <li>• Presence of formal policy or Code of Ethics or Code of Conduct that are assurance mechanisms to audit compliance</li> <li>• Coverage extent of policy regarding human rights and working conditions</li> <li>• Existence of management systems in place for social issues</li> <li>• Channels to communicate social policies to employees</li> <li>• Past convictions for non-compliance with the Code of Conduct</li> </ul>
	<ul style="list-style-type: none"> <li>• Publication and reporting on the supplier’s sustainability efforts or corporate social responsibility</li> <li>• Designated reference person for ESG matters</li> <li>• Presence of formal policy in place regarding Business Conduct and Compliance Policy</li> <li>• Coverage extent of formal policies regarding ethical issues, including anti-bribery and corruption, conflict of interest, fair competition and antitrust, intellectual property rights and data privacy</li> <li>• Channels to communicate governance policies to employees</li> </ul>

We aim to implement a systematic approach to identifying and defining potential sustainability risks in their supply chain. This allows us to properly identify high-risk suppliers, be better positioned to prioritise our risk management measures and proactively detect issues connected to suppliers’ ESG performance.

In our further efforts to build our Supply Chain Sustainability Management Approach to manage and embed sustainability across our supply chain, we strive to recognise and understand supply chain risks and dependencies from a general economic point of view. We focus supply chain monitoring and risk management efforts on our highly dependent key suppliers. To ensure efficient resource allocation and supplier management of materials, we identify key suppliers based on their annual procurement value.

As it was the first year of SAQ introduction, we communicated with 50 key suppliers to participate in the assessment. However, to lower overall supply chain risks in the future, ViTrox will expand the scope of sustainability risk management to a wider selection of suppliers as set out in 2023 targets and 2030 goals.

### Supply Chain Development Programme

To strengthen the sustainability of ViTrox’s supply chain, we have allocated resources to enhance our buyers’ and suppliers’ sustainability knowledge and standards through training and sharing sessions.

#### Buyer Training

At the heart of ViTrox’s supply chain lies our dedicated procurement team. The team plays a pivotal role in selecting our suppliers and sources, building strategic partnerships and leveraging the supply chain to extract value and create a competitive advantage for the Company. As the supply chain begins with a company’s procurement activities, it is vital to strengthen the internal awareness of our procurement team on sustainability risks as an initial step in our systematic approach to lowering the sustainability risks in our supply chain.

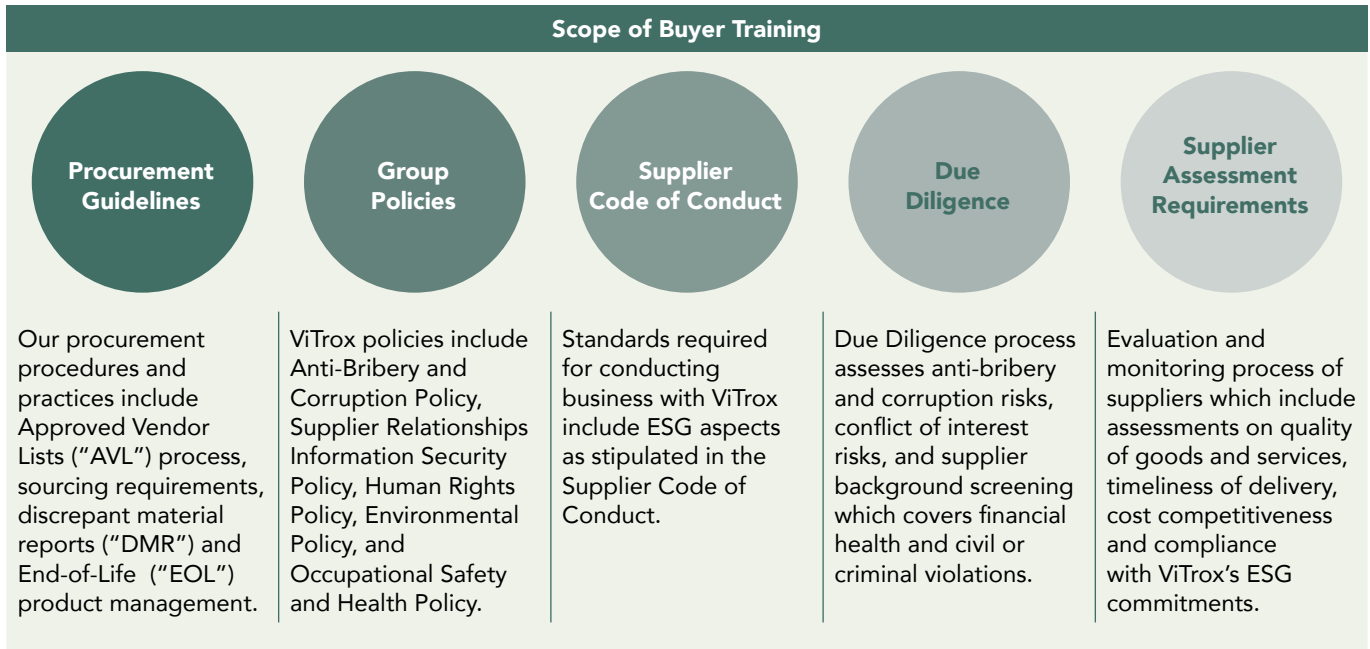
# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Supply Chain Development Programme (Cont'd)

#### Buyer Training (Cont'd)

At ViTrox, we provide regular on-the-job training ("OJT") to all our new and existing buyers to understand the Company's procurement guidelines, policies, SCOC, due diligence and supplier assessment requirements in order to strengthen the engagement process with suppliers on sustainability and to improve the supply chain ecosystem.



#### Supplier Training and Development

ViTrox views our suppliers as long-term and critical partners in our promotion of sustainable development. ViTrox engages with our suppliers through ESG awareness training and sharing sessions to emphasise the importance of managing and minimising potential risks of ESG issues.

The following table summarises the scope of supplier's training and sharing sessions:-

Environmental	Social	Governance
<ul style="list-style-type: none"> <li>• Environmental Policy</li> <li>• Energy use</li> <li>• Climate change</li> <li>• Air emissions</li> <li>• Waste reduction and recycling</li> <li>• Biodiversity</li> <li>• Pollution prevention</li> <li>• Conflict minerals and unsustainable mined materials</li> </ul>	<ul style="list-style-type: none"> <li>• Human rights</li> <li>• Labour standards</li> <li>• Working hours</li> <li>• Safety and health standards</li> <li>• Freedom of association and collective bargaining</li> <li>• Minimum wages</li> </ul>	<ul style="list-style-type: none"> <li>• Prohibit bribery and corruption</li> <li>• Conflict of interest</li> <li>• Information protection</li> </ul>

In order to drive continuous improvement in our supply chain, ViTrox promoted Supply Chain Sustainability Management Approach to our suppliers during our sharing sessions, including VJIT and VMI programmes. In 2022, we kicked-start our sharing sessions by inviting ten (10) local suppliers to our sharing sessions. During the sessions, we shared ViTrox practices in ESG and business process automation. Additionally, we also shared with suppliers on ViTrox's volunteerism culture and contribution to society practices to encourage them to give back to the communities where they operate. The information exchange with suppliers during sharing sessions allows us to jointly move forward on the path to sustainability together.



# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Penang Automation Cluster Sdn. Bhd.

The health of the local semiconductor, electrical and electronics, and automation ecosystem is a vital factor in long-term sustainable growth for ViTrox and the country. Precision metal fabrication is an essential part of the automation ecosystem where fabricated metal components are mission-critical to automation machines. Therefore, ViTrox and other parties have jointly established an associate company, Penang Automation Cluster Sdn. Bhd. ("PAC"), in January 2017 and commenced its operations in October 2019.

PAC is a gated facility with a total of 17 industry lots; 16 industry lots are occupied as of 31 December 2022, and the remaining one (1) unit is to be co-shared between PAC and a new small and medium-sized enterprise ("SME") scheduled to onboard PAC by April 2023. The whole cluster currently provides approximately 253 career opportunities, and more will be employed in the near future, targeting 300 and more workforces.



There are three (3) key objectives in setting up PAC:-

- To build and manage the local supply chain ecosystem to support local large companies ("LLCs") and multinational companies ("MNCs")
- To support and fund the cluster development
- To develop and elevate local SMEs' capabilities to become best-in-class SMART SMEs and world-class standard

The core competency of PAC is manufacturing high-precision metal fabrication components, modules and systems. PAC specialises in precision tooling, computer numerical control ("CNC") machining centres, sheet metal, structural fabrication and metal surface treatment.

With the existence of the PAC ecosystem, ViTrox worked with all SMEs in the cluster to shorten the fabrication lead time by implementing the VJIT programme. Besides, any rework tasks from ViTrox can now be supported and expedited by PAC. From a product quality perspective, PAC managed to help reduce ViTrox's incoming quality assurance ("IQA") workload and resources with its outgoing quality assurance ("OQA") services and Ship-to-Stock ("STS") programmes. This has indirectly improved the lead time for manufacturing use at the customer end. PAC can also support ViTrox for any special inspection requirement using our coordinate measuring machine ("CMM") machines with a maximum size of 3mLx1.5mW. Besides an investment of 54 machines in 2019 and 2021 respectively, PAC added 17 units of new machines comprising electrical discharge machining ("EDM") and CNC for machining and sheet metal operations in 2022. Below are some new machines invested in 2022.



The entire PAC cluster has the strength of approximately 160 machines currently. Design development is one of PAC's key expertise, where they can work closely with ViTrox's R&D team for design improvement, which indirectly helps to save lead times and costs.

# AN ACCOUNTABLE PURCHASER

## SUPPLY CHAIN MANAGEMENT (CONT'D)

### Penang Automation Cluster Sdn. Bhd. (Cont'd)

The SME cluster aspires to expand local SME capabilities to meet world-class standards that support the higher value chain ecosystem championed by LLCs and MNCs. PAC's collaborative effort is a key success factor in attracting high-impact foreign direct investment and supporting the long-term economic growth of various technology sectors and industries in Penang and Malaysia, particularly the semiconductors, electronics, aerospace, medical devices and automation industries.

There are five (5) key aspects that SMEs benefited from joining the PAC cluster.

<b>Technology</b>	Joining PAC brought the SMEs benefits from the government grants, including the addition of new high-technology five (5)-axis CNC machines and turn-mill machines. The SMEs also experienced the implementation of the Industry 4.0 Smart Manufacturing V-ONE® solution for all CNC machines in PAC and some legacy CNC machines of the SMEs.
<b>Legal Requirement Compliance</b>	PAC guides cluster SMEs for the Department of Environment ("DOE") and Department of Occupational Safety and Health ("DOSH") legal requirement compliance and audit.
<b>Knowledge and Skill Development</b>	PAC pools the cluster employees together to organise various types of in-house training.
<b>Entrepreneurship Opportunities</b>	The majority of the SME leaders in the PAC cluster are new to company management, but many have the opportunities to learn from their experienced partners in PAC for leading companies. This is a good example of developing young leaders within SMEs in the metal fabrication industry.
<b>Sales</b>	The SMEs have the privilege of leveraging the PAC ecosystem in order to grow their customer base. Their sales increased by approximately 80% compared between 2018, before they joined PAC, and 2021.

PAC also participated in public events organised by government agencies to promote PAC models to other industry players. On 2 September 2022, PAC was invited by Malaysia Productivity Corporation ("MPC") Johor to participate in the Coffee Talk Session with the following objectives:-

- To propose ideas and previous experiences of the successful establishment of PAC to Johor stakeholders
- To further enhance the local supply chain ecosystem
- To develop local companies to be the global supplier



On 3 November 2022, InvestPenang organised a Supplier Day with the theme "Holding on the aim to strengthen the metal precision & engineering ecosystem in Penang", at The Wembley – A St Giles Hotel, Penang, which was attended by a total of 120 industry players. PAC was invited to share the journey and pointers on elevating the SME's capabilities alongside speakers from Jabil Circuit, SAM Meerkat and Comet Technologies.

# A CARING EMPLOYER

ViTrox aims to provide a harmonious, trusted and caring work culture and environment for our people as their efforts and contributions are unmeasurable.

We believe that by providing an enjoyable workplace, practising fair treatment and offering numerous learning opportunities for our people, these efforts will ignite their innovative ideas and promote continuous growth in their career path. ViTrox is committed to upholding and protecting the human rights of everyone and treating everyone with dignity and respect.



## Sustainability Highlights 2022

<b>11%</b> Year-on-year employee growth	<b>21%</b> Interns converted to new hires	<b>95%</b> Employee satisfaction rate	<b>1,076</b> Students engaged in STEM-related activities
<b>30%</b> Female composition in managerial positions	<b>46</b> Training hours per employee	<b>99%</b> Local workforce	<b>0</b> Incidents of human rights violations

## TALENT ATTRACTION AND RETENTION

<b>Management Purpose</b>	ViTrox aims to strengthen talent attraction and retention through diversified employee benefits and attractive compensation. In addition, the Company actively listens to employees' suggestions, maintains good labour relations and conducts surveys to seek areas for improvement.			
<b>Management Approach</b>	<ul style="list-style-type: none"> <li>Periodically adjust compensation and benefits packages based on industry standards to maintain the Company's competitiveness</li> <li>Issue Share Grant Scheme to employees in recognition of their contributions</li> <li>Track turnover trends and continue to strengthen employee retention</li> </ul>			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Year-on-year employee growth rate	11.4%	≥ 15.0%	≥ 15.0%
	Intern conversion rate to new hire	20.9%	≥ 20.0%	≥ 20.0%
	Employee turnover rate	15.1%	≤ 10.0%	≤ 8.0%
	Employee Net Promoter Score	+44.7	≥ +50.0	≥ +55.0
	Employee satisfaction rate	94.6%	≥ 95.0%	≥ 95.0%
Number of students engaging in STEM-related activities	1,076	≥ 1,300	≥ 3,000	

ViTrox is committed to expanding the talent pool to ensure the long-term business growth and continued success of the Group. ViTroxians are our greatest strength and truly the backbone contributing to our Company's success. Various efforts have been made to attract new talents and retain the existing ones.

In 2022, ViTrox's headcount increased to 890 pax from 799 pax a year ago. The increase of 11.4% in our workforce is in line with our global expansion and growth to support business needs. We strive to increase our number of employees by at least 15% on a year-on-year basis from 2023 onwards. Several key initiatives we took to attract and retain talents include flexible work arrangements, salary adjustment to market standards, allocation of Share Grant Scheme ("SGS") and creating more aggressive platforms such as ViTrox Academy Sdn. Bhd. ("VA") for future talent attraction.

# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

	Unit	2019	2020	2021	2022
Number of employees	pax	629	679	799	890
Year-on-year employee growth rate	%	15.8	7.9	17.7	11.4

### Compensation and Benefits

ViTrox provides competitive compensation and benefits to attract and retain the best talents. ViTrox adheres to all applicable local and national laws and regulations in terms of wages and benefits and the national minimum wage in Malaysia or the country of employment as appropriate. We practise equal remuneration for work of equal value, which means paying men and women fairly for work of equal skills and performance under comparable conditions. As a workforce strategy, pay equity, comprising fixed and variable pay, has become a competitive advantage, especially in retaining our people and attracting future talents.

ViTrox provides three (3) different types of bonuses, including Contractual, Corporate and Performance Bonuses. Additional bonuses will be granted to the top 20% of performers. The Corporate Bonus, Performance Bonus and the bonus for the top 20% of performers are part of the variable pay. Our variable compensation can potentially be up to 26% of the total annual remuneration. The eligibility of increment and variable compensation is based on ViTroxians' performance and work attitudes that align with ViTrox's I.A.C.T.G. values and business performance. When the Company achieves a stretched goal, we will organise overseas incentive trips to motivate the entire workforce.

### Performance-oriented Compensation System

ViTrox practises principles of meritocracy to promote an environment that rewards high-performing individuals. We take multiple initiatives to facilitate a fair, merit-based reward system to motivate employees and retain promising talents. To achieve individual, departmental and Company performance goals as well as assess employees' career development, ViTrox conducts an annual performance evaluation for all employees regardless of gender and job category. In 2022, the completion rate of evaluation reached 100.0%.

The result from the performance evaluation will be used as a reference during employee promotions, training and compensation adjustment. The evaluation includes reviewing previous performance and setting future goals. Managers and employees work together to agree on the priority of focuses and devise developmental plans based on current working style, capability, career goals and project evaluation. We will also supplement employees with poor performance with key improvement plans to improve work efficiency.

We hand out the bonus to the top 20% of performers as an additional token of appreciation for their dedication.

### Employees' Share Scheme

We roll out various share schemes, including the Employees' Share Option Scheme ("ESOS"), to increase our people's loyalty and dedication to ViTrox. Eligible ViTroxians would be entitled to share options by the Company through these schemes, giving employees additional financial incentives for performing well at work beyond their regular salary while contributing to the long-term Company performance.

In 2022, we launched SGS, a share scheme that extends over a decade and aims to foster employee loyalty and recognise outstanding ViTroxians who contribute to the Company's medium-to long-term success. The grant decisions were based on several factors, including job performance, seniority, tenure, potential for future growth and contribution to the Company's progress and development. It is noteworthy that no monetary consideration was required of the grantee to accept the grant or vest the SGS shares. This programme demonstrates our commitment to rewarding and retaining exceptional employees and promoting long-term growth and success. We granted a total of 2,396,000 shares in accordance with the SGS by-laws in 2022.

### Flexible Work Arrangements

Taking care of employees' health and well-being is critical to ensure high job satisfaction, productivity and retention rate. A flexible work scheme that allows employees to adjust their work schedules according to personal needs and commitments can improve morale and productivity and lower absenteeism. It can also augment our human resource programmes to attract and retain top talents and reduce employee turnover rate.

This year, ViTrox expanded the flexible work arrangements by introducing new hybrid work arrangements and extending flexible working hours to improve the work-life harmony of our employees.



# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### Compensation and Benefits (Cont'd)

#### Flexible Work Arrangements (Cont'd)

Work from Home	Flexible Working Hours
<p>Since 2020, we have facilitated work from home arrangements for those employees with potential exposure to the COVID-19, especially at the peak of the COVID-19 pandemic, or employees who are unwell. We also designed guidelines to allow eligible employees to apply for work from home ("WFH") or work remotely on a long-term basis. In 2022, we launched the WFH arrangements to provide flexibility to our people whose jobs can be performed from home and at the same time achieve better work-life harmony while sustaining excellent services to our customers.</p>	<p>We grant flexible working hours by giving our people an option to apply for time off and replace the hours on an earlier or a later date. In 2022, we extended flexible working hours based on the nature of work and personal needs, including family care, to meet the requirements of different work hours or time zones.</p>

With flexible work arrangements, our people can avoid being trapped in traffic jams thereby reducing carbon emissions. The flexible arrangements also accommodate employees for attending to personal matters, as our core values emphasise caring for our people.

#### Benefits Extended to ViTroxians' Family Members

As part of our caring initiative, ViTrox provides Specialist Claims to support ViTroxians' parents, spouses and children's medical expenses. We also extend insurance coverage to our employees' families. ViTrox provides a 90% subsidy of the premium package if an employee wishes to include their spouse or family members in our Group's Hospitalisation & Surgical Insurance Plan.

#### New Employees

Our recruitment is 100% local hiring, mainly consisting of those aged below 30 years old, since 2019. Our new employees' profile is as follows:-

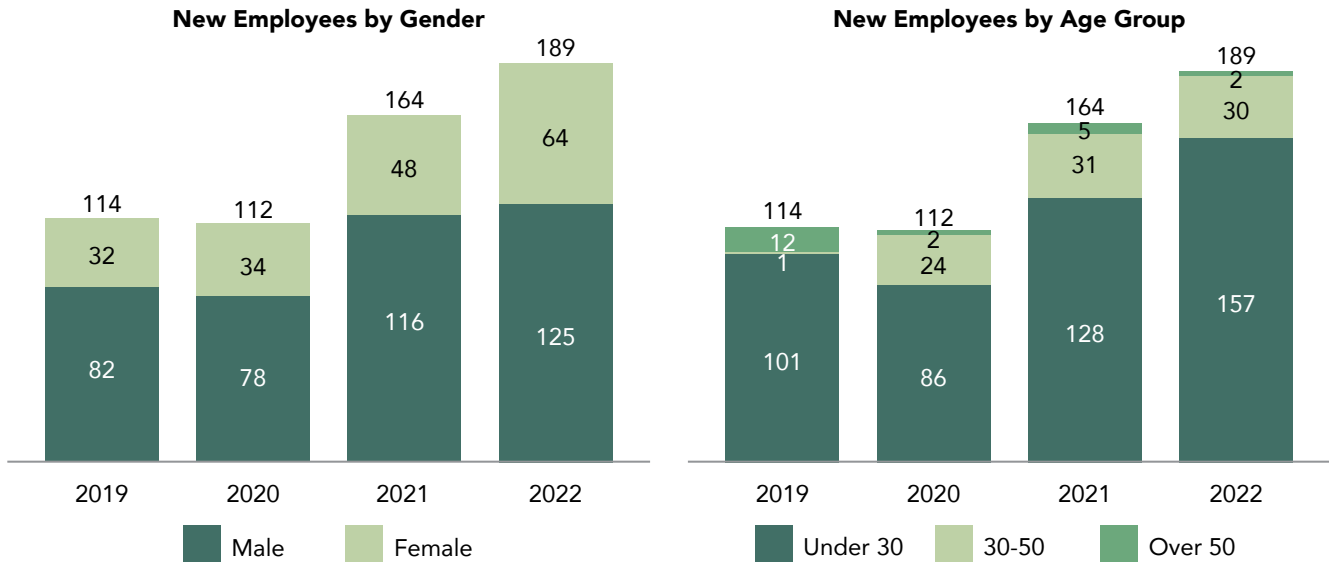
New Employees	2019		2020		2021		2022	
By Gender:-								
• Male	82	71.9%	78	69.6%	116	70.7%	125	66.1%
• Female	32	28.1%	34	30.4%	48	29.3%	64	33.9%
Total	114	100.0%	112	100.0%	164	100.0%	189	100.0%
By Age Group:-								
• Under 30 years old	101	88.6%	86	76.8%	128	78.0%	157	83.1%
• 30-50 years old	1	0.9%	24	21.4%	31	18.9%	30	15.9%
• Over 50 years old	12	10.5%	2	1.8%	5	3.1%	2	1.0%
Total	114	100.0%	112	100.0%	164	100.0%	189	100.0%
By Nationality:-								
• Malaysia	114	100.0%	112	100.0%	164	100.0%	189	100.0%
• Foreign	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	114	100.0%	112	100.0%	164	100.0%	189	100.0%



# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### New Employees (Cont'd)



### Parental Benefits

ViTrox provides employees parental leaves in accordance with local laws and regulations. In 2022, a total of 36 (2021: 31) ViTroxians took parental leave and were scheduled to return after parental leave ended, of which 35 (2021: 31) ViTroxians returned, resulting in a return rate of 97.2% (2021: 100.0%). The retention rate was also 100.0% (2021: 100.0%) since all 31 (2021: 27) ViTroxians who resumed duty in 2021 were still in service 12 months after their return to work.

Parental Benefit	2019	2020	2021	2022
Number of employees entitled to parental leave:-				
• Female	179	203	238	277
• Male	165	165	175	188
Total	344	368	413	465
Number of employees undertook parental leave:-				
• Female	10	4	9	15
• Male	20	23	22	21
Total	30	27	31	36
Number of employees returned from parental leave:-				
• Female	10	4	9	14
• Male	20	23	22	21
Total	30	27	31	35
Number of employees employed 12 months returning to work after parental leave ended:-				
• Female	3	10	4	9
• Male	15	19	23	22
Total	18	29	27	31

# A CARING EMPLOYER

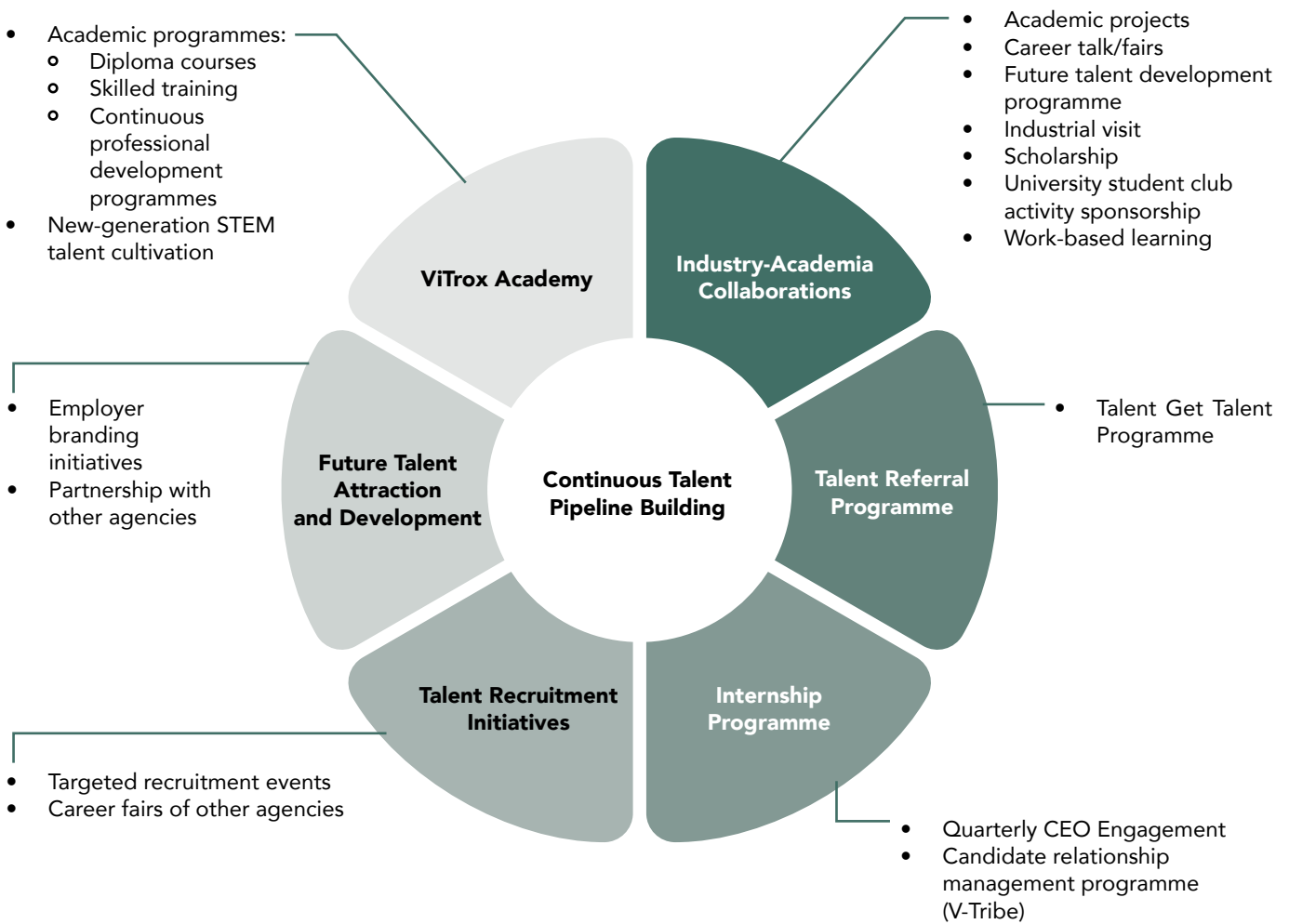
## TALENT ATTRACTION AND RETENTION (CONT'D)

### Parental Benefits (Cont'd)

Parental Benefit	Unit	2019	2020	2021	2022
Rate of return to work of employees who took parental leave:-					
• Female	%	100.0	100.0	100.0	97.2
• Male	%	100.0	100.0	100.0	100.0
Retention rate of employees employed 12 months returning to work after parental leave ended:-					
• Female	%	100.0	100.0	100.0	100.0
• Male	%	100.0	96.7	100.0	100.0

### Continuous Talent Pipeline Building

ViTrox acknowledges that a healthy talent pipeline is the foundation of technology and industrial development. We continue to explore platforms to attract and nurture future talents.



# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### Continuous Talent Pipeline Building (Cont'd)

#### Industry-academia Collaborations

To promote science, technology, engineering and mathematics ("STEM") research and technical development and strengthen ViTrox's global competitiveness, we are committed to maintaining forward-looking collegiate relationships and devoting ourselves to cultivating youth talent.

For a long time, ViTrox has built industry-academia collaborations with reputable universities and offered various industrial learning opportunities to facilitate the integration of learning and practising on the job. The programmes created through the collaborations prepare students for their transition to future careers.

#### Future Talent Development Programme: Padawan Programme

ViTrox has collaborated with the Centre for University-Industry Collaboration ("CUIC") of Universiti Utara Malaysia ("UUM") for the ViTrox Padawan programme, where our internal subject experts will train UUM students with industry-specific skills.

The Padawan programme was initiated in December 2020 with the objective of fostering academia-industry linkage and reinforcing the students' existing academic knowledge. This enabled students to be more industry-ready through practical hands-on training and work-based industry learning exposure.

In 2022, we launched the 12-month programme for the second (2<sup>nd</sup>) cohort with a total of 19 students from business and computer schools. Four (4) outstanding students started their internships at ViTrox this year, and four (4) students confirmed to start their internships in 2023.



#### Machine Vision Classes

We promote the knowledge of machine vision to students, hoping to plant the seed of interest in this topic within the next generation. In 2022, ViTrox conducted seven (7) virtual machine vision classes at Penang Skills Development Centre ("PSDC"), Tunku Abdul Rahman University College ("TAR UC"), Universiti Tunku Abdul Rahman ("UTAR"), Asia Pacific University of Technology & Innovation ("APU"), Universiti Teknologi Malaysia Kuala Lumpur ("UTM KL"), Swinburne University of Technology Sarawak Campus and University of Southampton Malaysia.

#### Academic Projects

ViTrox has continuously worked with institutions of higher learning for industrial projects. The collaborations provide a platform to strengthen the connection between what students learn in school and the actual situation in the workplace.

ViTrox was involved in six (6) projects with students from UCSI University, Universiti Teknikal Malaysia Melaka ("UTeM"), UTAR and Forward School.

#### Work-based Learning ("WBL")

To cultivate more industry-ready talents, ViTrox has collaborated with UTAR and Forward School for the WBL programme. WBL provides students with real-life work experience where they can apply academic and technical skills to work, thereby improving their practical skills for future career advancement. ViTrox has dedicated engineering human resources as industry coaches during the period of WBL to ensure students learn industry skills.

WBL is part of the curriculum of university programmes. The modules include Machine Vision Software and Hardware, Internet of Things ("IoT"), Artificial Intelligence ("AI") and Data Analytics, and Robotics and Automation. For at least one (1) semester, WBL students have the opportunity to work hand-in-hand with an industry coach on industry-specific projects.

#### ViTrox Prestigious Award

To attract local outstanding talents, we launched the ViTrox Prestigious Award, exclusively for UTAR, to encourage final-year undergraduate students in STEM, Information and Communications Technology ("ICT") and Computer Science programmes to join ViTrox upon graduation.

#### University Student Club Programmes

To enhance the exposure of university students to STEM fields, we supported university student club programmes including UTM Robocon, UM Odyssey Hackerfest and Makers@USM International Virtual Fair.

# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### Continuous Talent Pipeline Building (Cont'd)

#### Industry-academia Collaborations (Cont'd)

In addition, we also collaborated with UTAR and Forward School to support qualified students by providing scholarship on their course fees through ViTrox Education Financial Assistance ("VEFA") Programme.

#### Talent Referral Programme

The introduction of the Talent Get Talent ("TGT") programme, one of our referral programmes, was to leverage the network of ViTroxians to search for like-minded talents and match them with great career opportunities at ViTrox. We highly encourage talent referrals from ViTroxians as we believe every ViTroxian is a ViTrox ambassador.

We can form an engaged workforce when ViTroxians recruit their friends and family members, as our current employees will feel valued for their contribution to the Company's future and growth. Referred employees will also feel more engaged from the first (1<sup>st</sup>) day since they have friends or families at the Company, promoting further employee cohesiveness. Additionally, referred employees tend to stay longer with the Company than those hired through other channels, improving our employee retention rate.

#### Internship Programme

ViTrox has developed a well-rounded internship programme that effectively aligns students with the industry's professional requirements, improves students' employability, instils them with the right values and strengthens their abilities in the workplace. Throughout the internship, the interns learn cross-departmental communication and collaboration skills in the process and they are also given the opportunity to contribute their professional talents.



We arrange a buddy for every intern to help them adapt to their respective industries and guide them for future career progression. In 2022, we organised various engagement programmes to improve the relationship among our interns and maximise their internship experience. These engagement activities included the CEO Engagement Session, the Trainee Feedback Session and their involvement in corporate activities such as the 1013 Charity Event. These programmes offer diverse learning opportunities and practical project participation for interns to develop themselves and engage with our leaders.

To sustain our diversified talent pool, we hired 239 interns in 2022 (2021: 183 interns) from local and overseas universities and colleges. Outstanding interns were awarded job offers to join ViTrox upon graduation. Since 2017, we have successfully converted more than 20.0% of our interns into permanent hires over the last four (4) consecutive years under review, and we will continue to achieve at least 20.0% to new hires in 2023 onwards.

	Unit	2019	2020	2021	2022
Number of interns	pax	155	113	183	239
Intern conversion rate to new hire <sup>1</sup>	%	24.4	25.0	26.7	20.9

Note:-

<sup>1</sup> Calculation of conversion to a new hire is based on a two (2)-year rolling period.

# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### Continuous Talent Pipeline Building (Cont'd)

#### Internship Programme (Cont'd)

As an initiative of the talent pipeline, we also developed a candidate relationship management programme, V-Tribe, to keep positive relationships with our current and potential interns. V-Tribe offers a variety of fun learning activities to help our interns enhance their work experience.

In line with the Penang State Government’s effort to attract an influx of talent from across Malaysia, ViTrox is one of the qualified local companies to benefit from the Penang Internship Subsidy Programme (“PISP”). PISP is a special internship programme initiated by the State in 2022 through InvestPenang to support local companies in attracting talents from other states to Penang and indirectly enhance the growth of Penang’s talent ecosystem.

#### Talent Recruitment Initiatives

To reach as many right talents as possible, we partner with various agencies to join their career events. At the same time, we also took the initiative to create targeted recruitment events like V-Tea Talk to engage with talents who are interested in our Company.

<b>Scholarship Talent Attraction &amp; Retention Programme</b>	To support local employment, ViTrox joined the Scholarship Talent Attraction & Retention (“STAR”) programme initiated by the national agency, TalentCorp, which drives Malaysia’s talent strategy towards becoming a dynamic hub. The programme gives STAR Employers a platform to attract and acquire high-achieving JPA scholars to work with these leading Malaysian companies and a chance for scholars to contribute back to the nation. As one of the STAR Employers, ViTrox was invited to closed networking sessions for STAR companies to meet JPA scholars and access JPA scholars’ curricula vitae (“CV”) through the STAR portal.
<b>TalentCorp USA Career Fair</b>	In 2022, ViTrox took part in TalentCorp USA virtual career fair to demonstrate our career opportunities and attract Malaysian students who were studying overseas.
<b>Semicon Southeast Asia 2022 Career Booth</b>	At Semicon Southeast Asia 2022, an event that drew over 10,000 attendees across the industry, we set up a career booth to engage with experienced talents.
<b>V-Tea Talk</b>	We held an open-day event, V-Tea Talk, to welcome potential talents to visit ViTrox Campus 2.0, talk to our hiring managers and experience ViTrox’s corporate culture and our conducive workplace.
<b>ViTrox Academy Open Day</b>	During the VA Open Day events, we leverage the platform and set up a career booth to allow visitors to further understand the career opportunities of our Company.

#### Future Talent Attraction and Development

ViTrox supports the cultivation of STEM education by sponsoring various programmes. The Company approaches renowned local colleges and universities each year to recruit engineering talents with various skill levels and matches them to open positions on-site.





# A CARING EMPLOYER

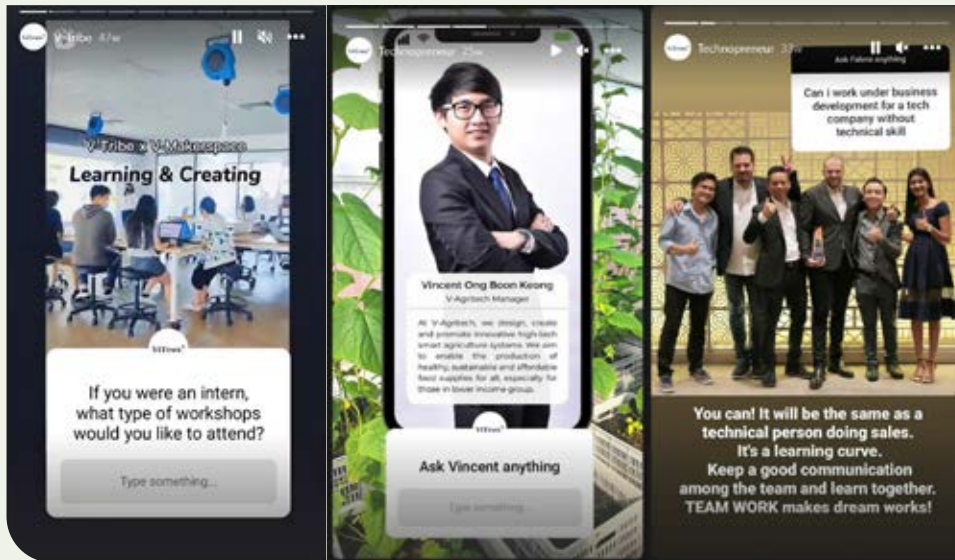
## TALENT ATTRACTION AND RETENTION (CONT'D)

### Continuous Talent Pipeline Building (Cont'd)

#### Future Talent Attraction and Development (Cont'd)

<p><b>Penang Future Foundation ("PFF")</b></p>	<p>ViTrox places great emphasis on the development of local talent as we strongly believe that education plays a pivotal role in shaping the future of Malaysia. To this end, we have donated RM60,000 to the PFF to support deserving students pursuing higher education. The PFF, an initiative by the Penang state government, offers scholarship awards to outstanding students across various fields, including STEM, accountancy and finance. Our contribution will not only further the PFF's mission but also provide talented youths with the means to unlock their full potential.</p>
<p><b>Women in Science ("WIZ") Programme</b></p>	<p>ViTrox sponsored RM10,000 for the WIZ programme which was organised by Tech Dome Penang. On top of that, five (5) of ViTrox's female R&amp;D engineers were involved in teaching STEM subjects for this six (6)-month programme, which inspired 40 female students from Penang Chinese Girls' High School.</p>
<p><b>Penang International Science Fair ("PISF")</b></p>	<p>In 2022, ViTrox continued to work with Penang Science Cluster ("PSC") in evoking interest and accelerating STEM enrolment among young generations. This makes our sixth (6<sup>th</sup>) appearance at the PISF fair since 2016.</p> <p>As a venue partner of PISF, ViTrox conducted ten (10) sessions of technical workshops – 3D Hologram, Paper 3D Glasses, V-Inspection Machine – and one (1) career workshop for 493 primary and secondary school participants in Penang. A total of 69 volunteers from ViTrox were involved in showcasing the wonders of science through various hands-on activities and exhibitions at ViTrox Makerspace. We also contributed and distributed more than 400 sets of learning kits to the young talents.</p>

## V-SHARE



Follow us on social media



### Branding as the Employer of Choice

To attract future talents, ViTrox leverages today's technology to build ViTrox's brand as the most trusted technology company and the employer of choice for Malaysians by Malaysians.

We made a focused approach to brand ViTrox ambassadors across various online platforms by sharing stories of homegrown leaders who grew the business with strong perseverance and resourcefulness. Through various campaigns, we also promote ViTrox's I.A.C.T.G. core values to key talents and potential, so like-minded talents can resonate and join us.

One of our online campaigns, V-Technopreneur, invites future talents to engage with the featured leaders on social media regarding their career experiences and advice. In 2022, we launched the ViE Technopreneur campaign, featuring two (2) R&D leaders to attract R&D fresh graduates and industry professionals.

# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

ViTrox Academy Sdn. Bhd.



Talents with the right skillset, mindset and heartset are important to build a local high-technology ecosystem.

Through ViTrox Academy Sdn. Bhd. ("VA"), an educational arm of the Group, the Company aims to enrich society's well-being by giving the new generation a turning point and perhaps, a second chance in life. VA offers tertiary educational programmes, skilled training and lifelong learning programmes, contributing to economic growth and social development.



Where Real Learning Happens

Programmes	Status
Engineering diploma programmes <ul style="list-style-type: none"> <li>• Mechatronics Engineering</li> <li>• Electrical and Electronic Engineering</li> <li>• Electronic Engineering (Machine Vision)</li> </ul>	<ul style="list-style-type: none"> <li>• Acquired the Private Higher Education Institutes (Institusi Pendidikan Tinggi Swasta - IPTS) in 2021</li> <li>• Accredited by Malaysian Qualifications Agency ("MQA") in 2022</li> <li>• Acquired ViTrox College License in 2022</li> </ul>
Technical and Vocational Education and Training ("TVET") programme <ul style="list-style-type: none"> <li>• National Dual Training System (Sistem Latihan Dual Nasional - SLDN)</li> <li>• Certificate in Industrial Automation</li> </ul>	<ul style="list-style-type: none"> <li>• Accredited by Department of Skills Development (Jabatan Pembangunan Kemahiran - JPK) under the Ministry of Human Resources in 2022</li> </ul>
Continuous professional development programmes	<ul style="list-style-type: none"> <li>• Certified by Human Resources Development Fund ("HRDF")</li> </ul>

# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### ViTrox Academy Sdn. Bhd. (Cont'd)

#### ViTrox College



ViTrox College is in a unique position to bridge the education and industry systems by applying classroom practices relevant to the actual day-to-day work in the industry. The College's mission is to provide industry-centric, inspiring and inclusive education with a strong emphasis on engaging and practical learning environment. We empower our students to be competent, compassionate, visionary and entrepreneurial.

All educational programmes offered by ViTrox College use the method of work-based learning ("WBL"), making it the first institution in Malaysia to integrate the WBL method at the diploma level. Just like how we must teach swimming in a swimming pool instead of a classroom, we recognise the equal importance of teaching practical skills in the industrial environment. Under the programmes, our industrial engineers will coach students to solve real-world problems and empower them to meet evolving market needs. The WBL curriculum offers 60.0% real-world engineering projects to help students stay further engaged with their studies.



#### Technical and Vocational Education and Training

Under the TVET programme, National Dual Training System ("SLDN") is a work-and-study scheme that comprises 70.0% - 80.0% of hands-on industrial learning and 20.0% - 30.0% of theoretical learning in the training institution. Students who enrol on a one (1) year contract will receive an allowance for their practical learning in the industry from Monday to Friday and study on Saturday for a Certificate in Industrial Automation. The certificate level of study will serve as the entry requirement for students to pursue a higher level of study.

This education stream supports students who cannot afford higher education and those who do not qualify for post-secondary programmes such as A-Levels, Foundation, Matriculation, Form 6, etc. Upon completion of the programme, students will be awarded the Malaysia Skills Certificate (Sijil Kemahiran Malaysia - SKM) Level Two (2) and Three (3) and a Certificate in Academy in Factory ("AiF") by the Malaysian Productivity Corporation ("MPC"). With the certificate, SLDN graduates are able to land a job with the technical skills obtained during the study or choose to pursue a higher level of study.

#### Continuous Professional Development

In today's fast-moving world, adult education and lifelong learning constitute one of the most significant factors influencing economic growth and social development.

The ViTrox Experience, our leading training programme since 2021, promotes stories of how ViTrox came about, the philosophy and leadership of ViTrox, and our culture. The programme is facilitated by our Managing Director/President/CEO, the Director of the People Culture Department, the VA Principal and other Company leaders.



# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### ViTrox Academy Sdn. Bhd. (Cont'd)

#### Continuous Professional Development (Cont'd)



Other signature programmes for continuous professional development include Effective Email Writing, Effective Presentation, Speaking English with Confidence and Leading with Trust ("LwT").

#### Cultivate New-generation STEM Talent

Other than tertiary education and lifelong learning, VA also provides students in primary and secondary educational stages development opportunities within and outside the scope of formal education. We strive to empower children in the primary and secondary education systems with STEM capabilities and achieve equal access to education.

Engaging young children in creative and fun STEM activities lays a solid foundation for their future development. These valuable skills develop their critical thinking, collaboration and problem-solving skills, enhance creativity, and engage them in an investigative process through learning. In 2022, VA had 1,076 students visiting ViTrox Campus 2.0 to get exposure to the real technology industry. By 2030, we aim to engage and touch the lives of 3,000 students to embrace STEM.

Campus Open Day	School Visitation	STEM Workshops	STEM Coaching
<ul style="list-style-type: none"> <li>Organised four (4) sessions in 2022</li> <li>Hosted 1,180 visitors from more than 20 schools</li> </ul>	<ul style="list-style-type: none"> <li>Hosted 480 students and eight (8) schools</li> </ul>	<ul style="list-style-type: none"> <li>Organised 22 sessions in 2022</li> <li>Involved 1,076 students</li> </ul>	<ul style="list-style-type: none"> <li>Coached 15 students for robotic competition</li> <li>Held 12 coaching sessions in 2022</li> </ul>



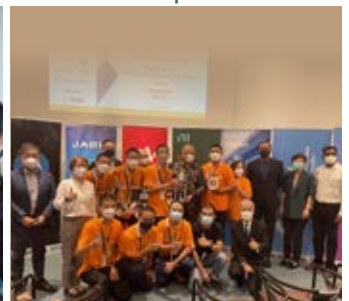
ViTrox College invited prospective students and parents to the Campus to visit and experience technology showcases, listen to inspiring stories by industrial engineers, take part in plant tours and receive academic counselling sessions.



VA hosted secondary school student visitations to spark their minds and expose them to the industry.



VA supports building a local healthy talent pipeline through STEM workshops and activities, such as Girls in Engineering and Technology ("GET") 2022, FIRST® Tech Challenge 2021/2022 and V-Apprentice workshops.



Five (5) engineers from ViTrox stepped forward to volunteer and coach students participating in the robotics competition FIRST® Tech Challenge 2021/2022.

# A CARING EMPLOYER

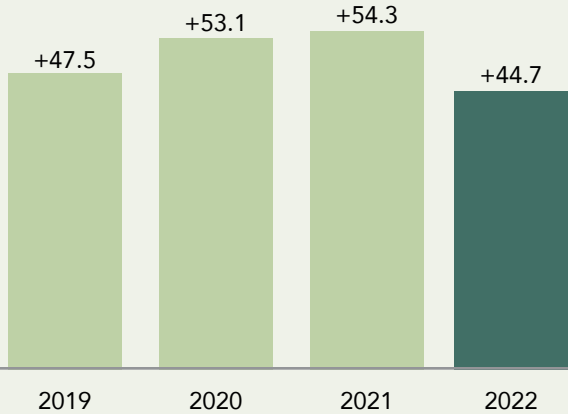
## TALENT ATTRACTION AND RETENTION (CONT'D)

### ViTroxians Engagement Programme

ViTrox actively listens to all ViTroxians by collecting their feedback through various communication channels. The results serve as an indicator of our people’s motivation, engagement level and retention factors. Based on the engagement feedback, our people managers and the People Operation team take meaningful actions to support continuous organisational improvements.

#### Employee Net Promoter Score (“eNPS”)

**Employee Net Promoter Score**



We use the eNPS survey to measure our ViTroxians’ engagement level and collect their feedback every quarter. The feedback survey helps the Company to identify issues and execute improvement measures, contributing to talent retention.

In 2022, we achieved the average eNPS score +44.7. From the quarterly result, we noticed that the scores had an increasing trend from Quarter 2 onwards (Q1: +43.9, Q2: +41.6, Q3: +45.2, Q4: +48.2), in comparison to the score with a declining trend year-on-year.

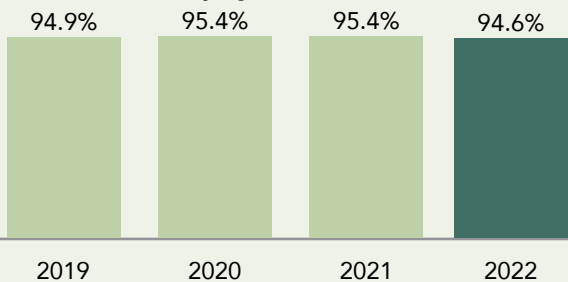
From the quarterly survey, we received a total of 720 comments/suggestions from our people in 2022. Collecting valid and constructive feedback helps the Company to identify the potential reasons for the low score in 2022 and execute necessary improvement measures. This includes initiatives to provide a more flexible working environment: implementing the pilot run of WFH arrangement, funding team-building activities to foster relationships among peers, and providing quarterly V-Engagement Journey reward to encourage supervisors and their immediate team members to have regular 1-on-1 meet-ups. Ultimately, we aim to strengthen the employee engagement level and so to contribute to talent retention.

Moreover, we encourage our people managers to promote non-financial perks offered in the Company, such as a positive working environment with humanistic culture, career advancement and learning opportunities.

We have set the target to achieve an average score of +50.0 for the eNPS in 2023 and +55.0 by 2030.

#### Annual Employee Engagement Survey

**Annual Employee Satisfaction Rate**

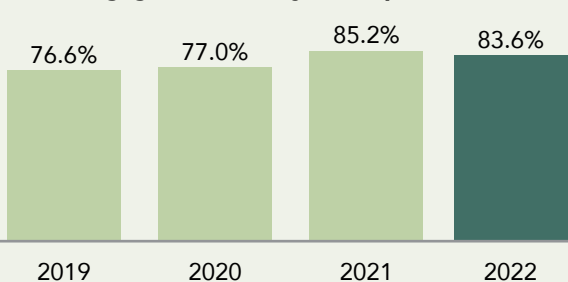


ViTrox uses an annual employee engagement survey to measure ViTroxians’ engagement and satisfaction levels. We also conduct social and environmental impact assessments through this questionnaire.

The questionnaire covers various key aspects of working life which we regard as important drivers of employee engagement. The aspects cover organisation, corporate culture, working environment, job, performance and recognition, training/career path and co-worker/teamwork. Each aspect includes five (5) questions.

In 2022, we have received a total of 236 comments/suggestions from our people. The annual employee satisfaction rate of 2022 is 94.6%, with the survey participation rate of 83.6%.

**Engagement Survey Participation Rate**



To maintain an ideal employee engagement level, we set a target to achieve 95.0% of the overall satisfaction rate by 2023 and 2030.



# A CARING EMPLOYER

## TALENT ATTRACTION AND RETENTION (CONT'D)

### ViTroxians Engagement Programme (Cont'd)

#### Annual 180-Degree Evaluation

This evaluation gives ViTroxians the opportunity to appraise their immediate supervisor and allow the supervisors to identify areas of improvement.

#### V-Voice Platform

V-Voice platform is a grievance channel for our people to voice their concerns and provide feedback at any time. The complaints or grievances received are dealt with and resolved fairly and expediently.

In 2022, we received a total of 135 feedback submissions in the system.

### Employee Turnover

To ensure talent mobility and long-term growth, ViTrox believes that a healthy employee turnover rate should be between 5.0% and 10.0%. Nevertheless, ViTrox's employee turnover rate was 15.1% in 2022.

In overall, the average turnover rate for high technology companies has been reported at above 10.0% in 2022. After the lifting of pandemic movement control restrictions, employees in the technology industry show a higher tendency to look for flexible working environments with options to WFH or work remotely. The COVID-19 pandemic experience has also prompted many workers to reevaluate their personal and career choices. With the opening of national borders, Malaysian employees also have more options to work overseas and the higher pay overseas due to the weakening Malaysian Ringgit also leads to high attrition. Different career options and needs for flexibility have contributed to a higher turnover rate this year.

ViTrox is located in an industrial hub which houses many reputable technological and high-tech manufacturing companies. More and more local and multinational companies have established their base of operation in our area this year, which makes this area a primary local labour market filled with job opportunities. The strategic location creates labour mobility where job-hopping for the pool of skilled and semi-skilled labour force is common, therefore, impacting ViTrox's employee turnover rate.

In our efforts to attract and retain talents, we will continue to enhance employee engagement to better understand their needs and how we can create mutually beneficial long-term relationships. We set our 2023 target to control our employee turnover rate below 10.0% and below 8.0% by 2030. We take note of genuine and valuable inputs from our resignees during the exit interviews, including resignees' issues and concerns, for possible improvements we could work on. Through fair treatment and continuous motivation, we hope employees can grow and create value together with the Company.

Our turnover has been 100.0% local employees, mainly consisting of those aged below 30 years old, since 2019. Our employee turnover details are as follows:-

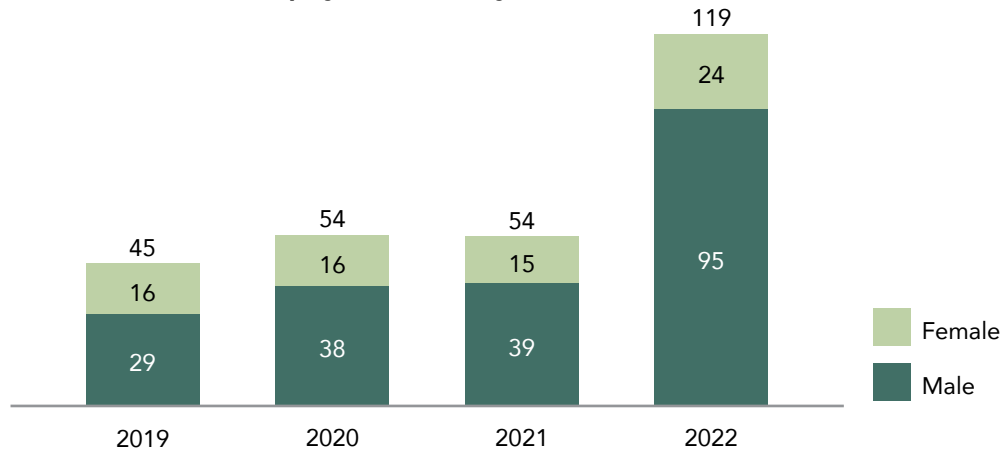
Employee Turnover	2019		2020		2021		2022	
By Gender:-								
• Male	29	64.4%	38	70.4%	39	72.2%	95	79.8%
• Female	16	35.6%	16	29.6%	15	27.8%	24	20.2%
Total	45	100.0%	54	100.0%	54	100.0%	119	100.0%
By Age Group:-								
• Under 30 years old	35	77.8%	35	64.8%	39	72.2%	73	61.3%
• 30-50 years old	10	22.2%	19	35.2%	13	24.1%	45	37.8%
• Over 50 years old	-	-	-	-	2	3.7%	1	0.9%
Total	45	100.0%	54	100.0%	54	100.0%	119	100.0%

# A CARING EMPLOYER

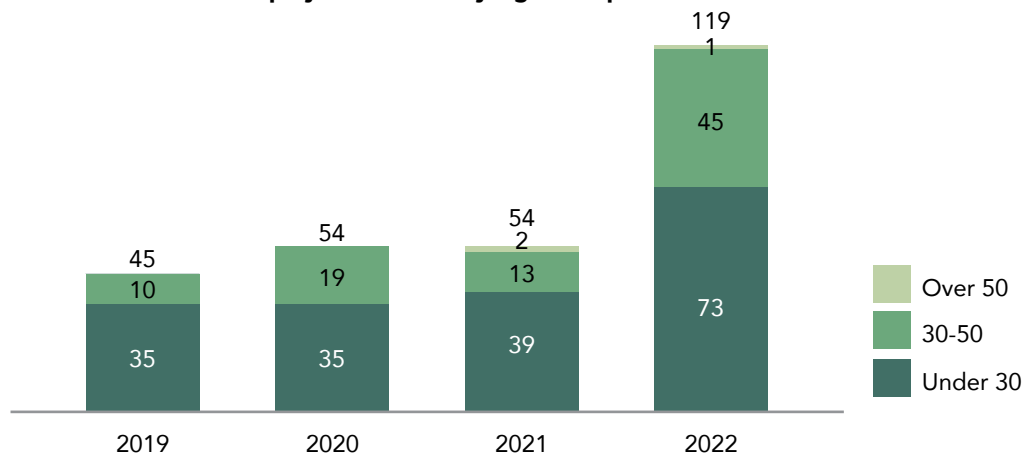
## TALENT ATTRACTION AND RETENTION (CONT'D)

### Employee Turnover (Cont'd)

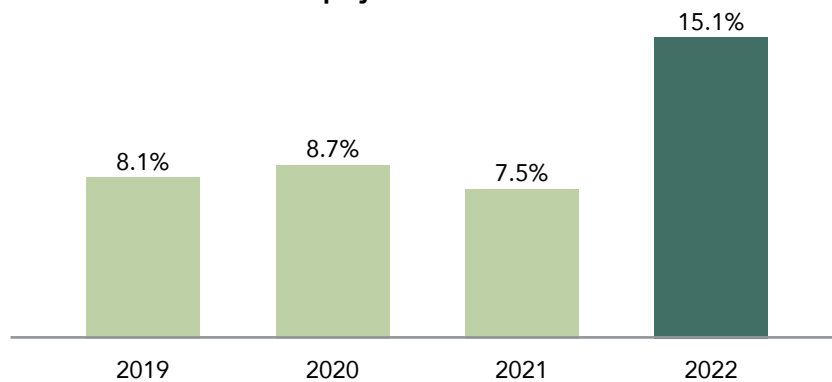
Employee Turnover by Gender



Employee Turnover by Age Group



Employee Turnover Rate



# A CARING EMPLOYER

## TALENT DEVELOPMENT

<b>Management Purpose</b>	ViTrox is committed to providing fair opportunities to our employees through diverse learning experiences to achieve high performance and unleash their fullest potential.			
<b>Management Approach</b>	ViTrox adopts an effective learning model as a guideline to offer an all-around learning experience for our employees.  We conduct education and training to strengthen employees' abilities and workplace adaptation.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Percentage of employee completing 20 training hours	80.2%	≥ 80.0%	≥ 90.0%

ViTrox is committed to providing fair opportunities to our employees through diverse learning experiences to achieve high performance and unleash their fullest potential. The key focus of our talent development process is to grow a multi-skilled workforce capable of operating flexibly and responding proactively to the changes in work nature and business environment.

### Training and Development

In 2022, we recorded a total of 40,600 (2021: 32,762) training hours. Overall, we invested RM728,261 in 2022 for the growth of our employees (2021: RM627,721).

	2019	2020	2021	2022
Percentage of employee completing 20 training hours	81.2%	61.4%	78.1%	80.2%
Average training hours per employee	57	34	41	46
Average training days per employee <sup>1</sup>	7	4	5	6
Total training hours	36,153	23,332	32,762	40,600
Average training hours by gender:-				
• Male	56	35	40	44
• Female	62	33	42	49
Average training hours by employee category:-				
• Non-executive	24	9	19	25
• Executive	62	37	45	48
• Middle Management	66	49	47	66
• Senior Management	47	51	29	34

Note:-

<sup>1</sup> The unit day refers to an eight (8)-hour work day.

ViTrox is dedicated to nurturing our employees to achieve excellence, which in return, will fulfil the current and future needs of the Company. As such, we set our target to make sure every individual fulfils at least 20 training hours per year, 80.0% by 2023 and 90.0% by 2030.

# A CARING EMPLOYER

## TALENT DEVELOPMENT (CONT'D)

### Training and Development (Cont'd)

At ViTrox, we provide an all-around learning experience for our employees. We implement a comprehensive and systematic approach when designing the learning and development process. To determine the annual training plan for the following year, we conduct a company-wide Training Needs Analysis ("TNA") in the fourth (4<sup>th</sup>) quarter. The TNA is rolled out in three (3) levels.

TNA Level	Description
Organisational Level	<p>This level analyses the company-wide objectives, goals and performances to determine the knowledge, skills and behaviours that support our Company in building its strengths and addressing weaknesses.</p> <p>The Learning Advisory Board ("LAB") is established to oversee overall learning and development initiatives.</p> <p>The committee members comprise the selected management representatives and internal subject experts.</p>
Departmental Level	<p>This level analyses the training needs at the operational level. This process involves stakeholder engagement with all department heads to review the team's skill matrix and inputs for training intervention (learning resources).</p>
Individual Level	<p>This level analyses the skills, knowledge and training programmes required by employees to carry out tasks and projects effectively. Employees perform this analysis in the Learning Management System ("LMS").</p>

### 70:20:10 Learning Model

At ViTrox, we adopt the 70:20:10 learning model as a general guideline to maximise the effectiveness of the learning and development programmes through a healthy mix of opportunities and channels. As ViTrox respects individual differences and various learning styles, this model provides employees with the flexibility to shape their learning experience in a way that works for them.

## 70%

#### Learn Through Experience

70.0% of learning happens through practical experience, and it has been proven to be the most beneficial for employees. On-the-job experience ("OJE") enables them to discover and refine their job-related skills, make decisions, address challenges and interact with influential stakeholders. They also learn from their mistakes and receive immediate feedback on their performance.

At ViTrox, every new hire undergoes on-the-job training ("OJT") in the first two (2) months and is guided by the OJT trainer, buddy and manager. The employees gain learning opportunities by dealing with daily work challenges.

We help employees make the most of their on-the-job learning experience by:-

- Introducing employees to new projects that broaden their job scope
- Expanding their decision-making authority
- Providing opportunities for employees to manage people and projects

## 20%

#### Learn Through Others

Research has shown that 20.0% of learning happens through feedback. Employees develop a greater self-awareness through interactions with others – whether that's with a manager, colleague or senior leader.

Employees learn through a variety of activities that include social learning, coaching, mentoring, collaborative learning and other methods of interaction with peers. Encouragement and feedback are prime benefits of this valuable learning approach.

At ViTrox, employees are provided opportunities to participate in cross-functional projects, such as Just-in-Time ("JIT") projects which involve Finance, Order Fulfilment, Logistics, etc.

Employees have regular opportunities to give and receive feedback on challenges and success during the quarterly one-on-one session with their managers.

Employees also learn by taking on mentoring roles or finding a mentor.

# A CARING EMPLOYER

## TALENT DEVELOPMENT (Cont'd)

### 70:20:10 Learning Model (Cont'd)

10%

#### Learn Through Formal/Informal Learning

10.0% of learning happens through attending structural courses, Certified Professional Development (“CPD”) programmes and e-learning modules related to technical, soft skills, leadership and role-specific training.

After identifying the technical, functional and soft skills of employees, they will attend the relevant training according to their Individual Development Plan (“IDP”). In 2022, we organised 215 training programmes and offered 125 online courses in total.

Employees can also learn informally through various knowledge-sharing platforms. A total of 991 sharing sessions have been conducted at the corporate, interdepartmental and intradepartmental levels at ViTrox.

#### V-Technical Symposium

30 Sessions Organised  
424 Employees Participated

V-Technical Symposium is an interactive platform for internal subject experts to share technological advancements, best approaches and ideas. The platform encourages our technical talents to transfer and retain technical knowledge.



#### V-Forum

4 Sessions Organised  
150 Employees Participated

V-Forum is a non-technical discussion platform to demonstrate and share valuable workplace tips and current corporate issues.



#### V-Talent Conference

1 Session Organised  
47 Employees Participated

V-Talent Conference is a programme to develop talents by encouraging cross-learning on soft skills and knowledge sharing among new hires and employees.





# A CARING EMPLOYER

## TALENT DEVELOPMENT (CONT'D)

### Knowledge Sharing Sessions

We believe learning takes place in many forms. We seek to create diversified open channels for all ViTroxians to share their ideas, knowledge and expertise. Knowledge sharing opens up opportunities for interaction and collaboration among ViTroxians and contributes to the continuous growth and development of the Company.

The numbers of sharing sessions conducted are listed as follows:-

	2019	2020	2021	2022
Intradepartmental sharing	101	230	444	587
Interdepartmental sharing	117	182	151	178
Offsite sharing	27	39	122	150
Corporate sharing	68	29	52	31
Technical sharing	26	14	25	30
Pit Stop session	7	2	1	15
Total	346	496	795	991

### Digital Learning

Digital learning is a new paradigm embraced by our Company in 2022. It is becoming increasingly important to train employees quickly and efficiently to adapt them to new circumstances. For this reason, ViTrox provides online learning courses through both internal and external platforms. In 2022, we delivered 125 online courses to 864 employees.

### Leadership Programmes and Platforms

At ViTrox, we believe that all leaders are teachers who prioritise the team’s professional development and personal growth. Great teachers make great leaders because they can educate, inspire, influence and empower our people. Leaders establish trust through teaching and mentoring their subordinates and all ViTroxians, which strengthens relationships among them and allows leaders to serve as positive role models to motivate ViTroxians.

Our leadership programmes and platforms are as follows:-

Leadership Programmes	V-Care Management Group	V-Leader Club Google Chat Group	E-Learning Platform (V-LMS)
Various mechanisms and interventions are established to identify the key capabilities of our leaders.	A dedicated platform for all ViTrox people managers to interact, communicate and share information in managing a high-performance team.	A digital tool for all the ViTrox people managers to share knowledge and resources. This tool also serves as an online discussion platform for issues and case studies.	An internal learning platform that offers our employees access to internally developed online courses for self-learning.






# A CARING EMPLOYER

## TALENT DEVELOPMENT (CONT'D)

### Leadership Programmes and Platforms (Cont'd)

The major leadership programmes organised in 2022 are as follows:-

Dale Carnegie Course	Leading with Trust	Pit Stop Session
<ul style="list-style-type: none"> <li>In 2022, 63 employees successfully completed the programme.</li> </ul>	<ul style="list-style-type: none"> <li>Since the programme's inception in 2021, a total of 76 leaders have successfully completed the programme.</li> </ul>	<ul style="list-style-type: none"> <li>There were 15 sessions, which engaged 102 leaders, in 2022.</li> </ul>
		
<p>Dale Carnegie Course ("DCC") is a series of classes focused on building human relations skills to thrive in any setting. The programme has been introduced since the year 2015 to different levels of employees. This year, we continue to strengthen the leadership and talent pipeline through DCC.</p>	<p>LwT is an internally customised training programme for all leaders to learn about fostering a climate of high trust within the organisation. The course is designed to adapt and accelerate organisational change by cultivating trust. With the act of trust, things will move better, faster, for less cost, and with greater engagement along the way.</p>	<p>Pit Stop is a series of collaborative learning sessions for our leaders to meet, learn, share and have in-depth discussions on renowned business case studies. Through learning about the successes and failures of various businesses, the leaders discuss and develop ways to create a high-performance team culture and upscale our business and operations.</p>

## WORKPLACE HEALTH AND SAFETY

<b>Management Purpose</b>	ViTrox is committed to maintaining the stable growth of the Company by promoting a positive safety culture that improves workplace health and safety and organisational performance.			
<b>Management Approach</b>	ViTrox adopts all reasonable efforts to safeguard the health and safety of ViTroxians, prevent accidents and promote the physical and mental health of employees by shaping a corporate culture where the safety and health of all employees are prioritised.			
	At ViTrox, our approach towards managing occupational health and safety risk is driven by the Hazard Identification, Risk Assessment and Risk Control ("HIRARC") review by identifying, evaluating and controlling existing and potential hazards.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Incident Rate <sup>1</sup>	5.4	< 2.0	< 1.0
	Lost Time Injury Frequency Rate <sup>2</sup>	2.1	< 1.0	< 0.5

Notes:-

<sup>1</sup> Incident rate refers to the number of occupational incidents occurring in a workplace in every 1 million hours worked.

<sup>2</sup> Lost time injury frequency rate refers to the number of lost time injuries occurring in a workplace in every 1 million hours worked.

# A CARING EMPLOYER

## WORKPLACE HEALTH AND SAFETY (CONT'D)

Our Occupational Safety and Health ("OSH") management unit safeguards and drives improvements related to ViTrox's Environment, Health and Safety ("EHS") performance. We have established an OSH policy that aims to create a safe, healthy and conducive work environment with guidelines for employees to uphold the policy for achieving zero (0) injuries/casualties in our production plants and creating safety awareness. The OSH policy covers all ViTroxians, employees of suppliers, contractors and customers, including those engaged in the works within all ViTrox premises. We are committed to:-

- Adhering to the relevant Malaysian laws and regulations as well as the Company's own requirements
- Raising awareness of workplace safety and health among employees through continuous training, dissemination of information and proper standard operating instructions
- Carrying out workplace safety and health inspection, monitoring and auditing
- Ensuring all accidents, occupational illnesses or near misses are reported, investigated and corrected to prevent a recurrence
- Continuously improving the Company's occupational safety and health performance

Employees are taught to:-

- Care for themselves and others' safety and health at all times
- Follow the standard work instructions at all times
- Maintain good housekeeping practices
- Use personal protective equipment ("PPE") whenever required and maintain it
- Report hazardous conditions, accidents and occupational illnesses immediately
- Participate in and support safety and health programmes



## EHS Leadership and Performance Management

The Board oversees the management of OSH matters at ViTrox. At the same time, our EHS committee is responsible for safeguarding, managing, discussing and reporting areas related to ViTrox's EHS performance, as well as setting the Company's objectives, targets and goals. The EHS committee comprises a Chairman, the safety and health officer as the secretary, and other employer representatives (45.0%) and employee representatives (55.0%) from different departments.

The EHS Chairman, Yeoh Shih Hoong, is our Executive Vice President. He is also our Chairman of the Risk Management Committee, who sits on the Board of Directors of the Group, overseeing the health and safety matters.

The committee members conduct quarterly EHS inspections to identify potential hazards and check on the effectiveness of the measures taken to ensure the safety and health of our employees. The committee members also report the recommendations to prevent or minimise accidents at the workplace. The EHS committee meets at least once every three (3) months to review OSH programmes, injury and illness statistics and workplace inspection findings. The meeting minutes are available to be viewed on our internal safety and health portal to keep employees updated on health and safety updates within the Company.

In 2022, ViTrox achieved a Grade "B" from the workplace audit conducted by the Department of Occupational Safety and Health ("DOSH") every one and a half years, a drop from the Grade "A" earned from the past two (2) consecutive audits. There are no regulatory violations by the DOSH during the reporting period.

ViTrox strives to continually improve EHS performance and prevent workplace injury and illness in ViTrox Campus 2.0 in Penang, Malaysia, by:-

- Designing EHS programmes and documentation in line with the ISO 45001:2018 and ISO 14001:2015 standards
- Referring to the ISO 45001:2018 and ISO 14001:2015 standards to improve hazard identification and risk assessment and EHS management system
- Carrying out Plan-Do-Check-Act ("PDCA") cycle to improve EHS programme effectiveness

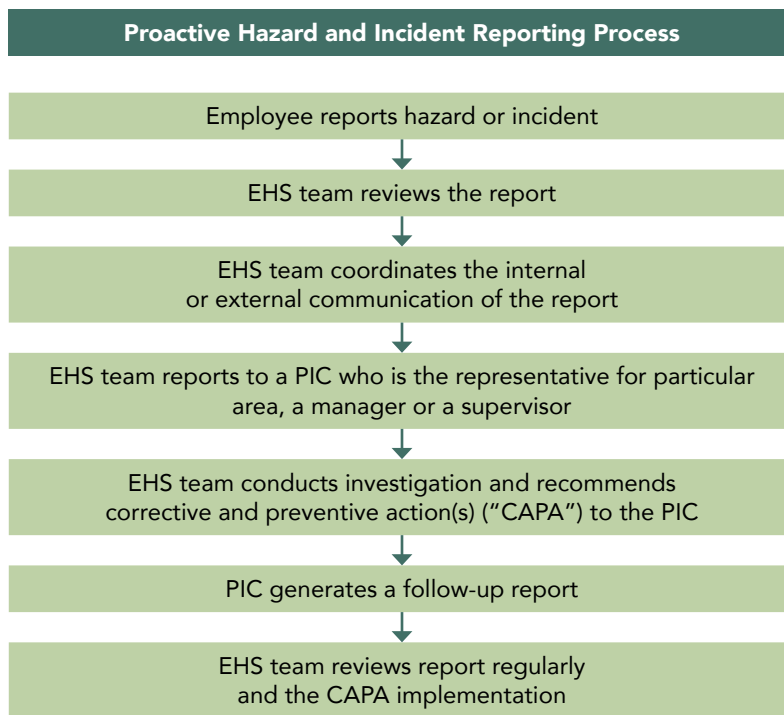
# A CARING EMPLOYER

## WORKPLACE HEALTH AND SAFETY (CONT'D)

### Incident and Hazard Reporting Process

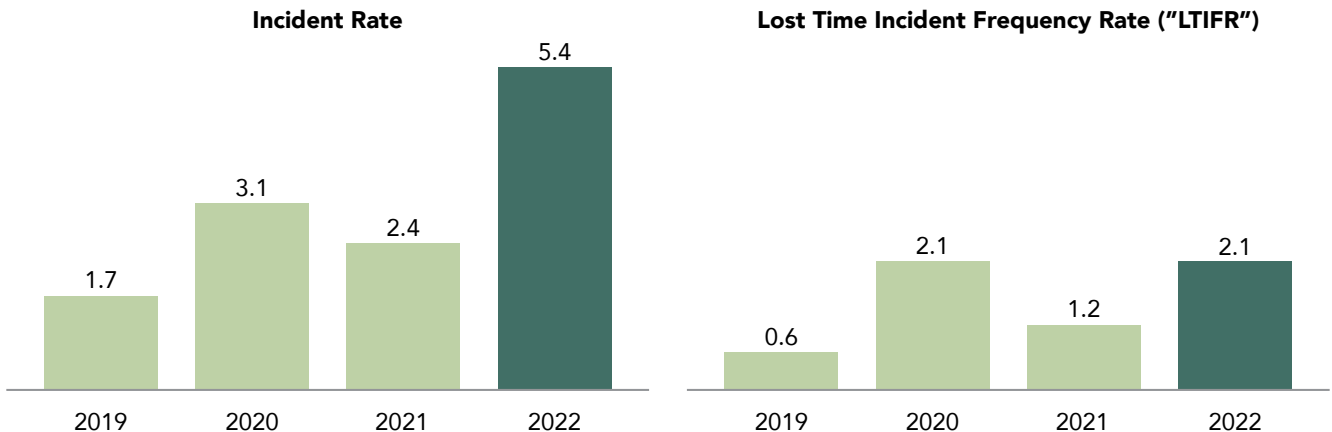
In 2022, ViTrox launched an online Hazard and Incident Reporting System (“HIRS”), which allows all employees to report any injury, ill-health, unsafe conditions, unsafe act, near-misses, fire and property damage to the EHS team. Any work-related injuries, illnesses or events shall follow the Hazard and Incident Reporting Matrix process. We investigate all reported incidents and hazards to identify the root causes and implement the appropriate corrective and preventive actions among our people.

In the EHS management system, we include HIRARC to continuously improve and drive for zero (0) accidents without a lost day. We conduct HIRARC and quarterly EHS workplace inspections to identify work-related hazards, assess risks and apply the hierarchy of control. Trained personnel review the HIRARC once a year with the person-in-charge (“PIC”) of the work areas.



### Work-Related Incident Management

ViTrox has set targets and goals to continually improve ViTrox OSH performance and reduce incidents by monitoring the progress on an annual basis. The monitoring of Incident Rate (“IR”) and Lost Time Incident Frequency Rate (“LTIFR”) includes ViTroxians, interns and subcontractors. IR refers to the number of work-related incidents occurring in a workplace per 1 million hours worked, while LTIFR refers to the number of lost time injuries occurring in a workplace per 1 million hours worked. We aim to achieve an IR of less than 2.0 by 2023 and 1.0 by 2030, and an LTIFR of below 1.0 by 2023 and below 0.5 by 2030.



# A CARING EMPLOYER

## WORKPLACE HEALTH AND SAFETY (CONT'D)

### Work-Related Incident Management (Cont'd)

	2019	2020	2021	2022
Total headcount (inclusive of our ViTroxians, interns and subcontractors)	790	837	1,098	1,246
Number of lost time injuries (inclusive of our ViTroxians, interns and subcontractors)	1	4	3	5
Total lost days	2	18	4	104

In 2022, there were no fatalities and high-consequence work-related injuries reported. It is guided under GRI 403, Occupational Health and Safety 2018, any work-related injury resulting in a fatality or injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within six (6) months.

However, there were five (5) cases of work-related lost time injuries, resulting in a total of 104 lost days in 2022. This, in turn, contributed to the increase of LTIFR and IR in 2022 compared to 2021. ViTrox had no reported work-related ill-health incidents from 2019 to 2022.

Among our contractors, there was only one (1) work-related injury of laceration. Following each incident, corrective and preventive actions are taken based on the hierarchy of controls to prevent the recurrence. The incidents were reported and recorded according to the Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease ("NADOPOD") Guideline by the DOSH Malaysia and ViTrox's Incident Reporting and Recording Matrix.

There were five (5) reports of close calls or near misses in 2022. ViTrox will continue to create awareness and encourage all employees to report near-misses to enable the implementation of relevant mitigation measures and to prevent potential accidents from happening.

Below we summarised the five (5) lost time injuries reported with the root causes and actions taken by ViTrox.

Type of Injury	Root Cause	Corrective Action	Preventive Action
Minor hand burn	Handling hot kitchenware	Ensured all employees wore rubber and nitrile gloves when handling hot kitchenware	Trained employees with instructions on the proper and safe use of kitchen equipment
Musculoskeletal disorder	Forceful exertion from manual material handling	Developed and implemented a return-to-work programme for the affected employee  Included "Ergonomics Awareness" into OJT  Briefed employees on safe, ergonomic practices  Installed ramps for moving objects over kerbs and steps using a trolley instead of lifting  Stored materials on racks following the manual handling weight limits	Conducted Ergonomic Risk Assessment for selected areas with potential ergonomic risk factors  Implemented an Ergonomics Programme that focuses on preventing manual material handling injuries  Introduced an online Ergonomics Awareness Training module for all employees
Swollen ankle	Tripped over an office chair in the hallway	Kept hallways and accessways free of obstacles	
Joint pain	High step at the building exit	Installed warning signages in bright colours in areas with high steps	
Minor soft tissue injury	Absence of handrail	Installed handrails	Advised employees to use handrails when going down or up the stairs  Encouraged employees to report near-miss incidents



# A CARING EMPLOYER

## WORKPLACE HEALTH AND SAFETY (CONT'D)

### Work-Related Incident Management (Cont'd)



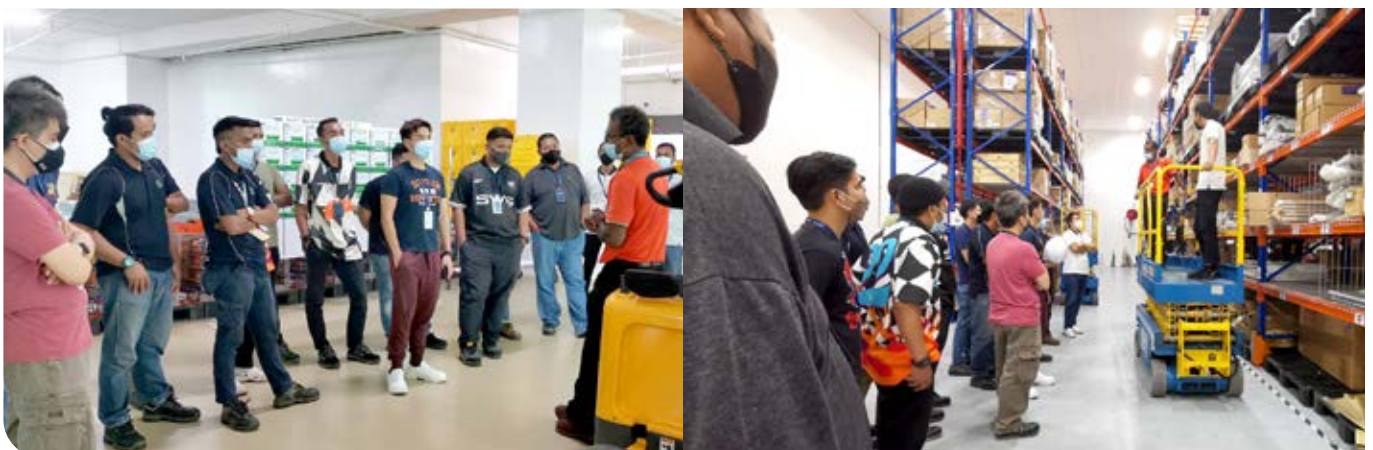
### OSH Awareness and Training Programmes

ViTrox raises health and safety awareness by conducting training sessions, including safety training, first aid training and incident management. Training programmes are provided to employees along with regular surveillance of employees' health as a part of a free healthcare campaign. Every employee also receives an OSH induction, which describes their rights to withdraw from potentially dangerous circumstances that might result in injury or illness. ViTrox provides employees with a platform to access relevant information on OSH matters through our internal safety and health portal.

In 2022, 524 (2021: 453; 2020: 260) pax participated in OSH awareness and training programmes. The programmes were conducted in a mix of National and English languages to ensure local workers could understand the content easily.

The OSH awareness and training programmes include:-

Advanced First Aid and Cardiopulmonary Resuscitation ("CPR")	NIOSH Contractors Safety Passport System	X-Ray Safety and Awareness	Radiation Protection
HIRARC for ISO 45001	Safe Forklift Driving	Firefighting	Chemical Management and Spillage Control
Radiation Safety Awareness	Safe Powered Industrial Trucks & Mobile Elevated Work Platforms Operations	OSHMP 2025 and OSHA 2022 (Amendment) Seminar	Certified Incident Investigator



# A CARING EMPLOYER

## WORKPLACE HEALTH AND SAFETY (CONT'D)

### V-SHARE



#### Occupational Health & Safety Week

For the first (1<sup>st</sup>) time ever, ViTrox held the Occupational Health & Safety (“OHS”) week virtually at the end of April 2022. The initiative was a collaboration among the Facility EHS team, People Development and People Culture departments.

The programme promotes the importance of preventing workplace injury and illness in the workplace, at home or in the community with the theme of “Prevention and control of workplace OHS hazards”. The event was held in conjunction with the annual World Day for Safety and Health at Work on 28 April.

Throughout the week, there were a series of events in which 680 pax of ViTroxians, interns and subcontractors participated.

Event	Number of Participants
Electrical Safety at Work Sharing	448
Fire Safety Prevention Sharing	154
Safety and Health Slogan Contest	48
“You See, You Act” Competition	30

Out of the slogan contest, ViTrox officially announced an OSH slogan, namely “Work Safely, Stay Healthy!” to increase safety and health (“S&H”) awareness and encourage safe work behaviours among all ViTroxians, interns, contractors and visitors.

A total of 39 hazards and near-misses were also recorded through the “You See, You Act” competition to cultivate proactive reporting culture among our employees using the newly launched incident and hazard reporting system.

### Risk Assessment and Monitoring

ViTrox also proactively conducts regular risk assessments for the existing and potential routine and non-routine operations and projects. These assessments include:-

- Chemical Health Risk Assessment (“CHRA”)
- Area and personal chemical exposure monitoring
- Examination and testing of local exhaust ventilation and fume extraction systems
- Noise risk assessment (“NRA”)
- Ergonomic Risk Assessment (“ERA”)
- Indoor Air Quality (“IAQ”) Assessment

# A CARING EMPLOYER

## WORKPLACE HEALTH AND SAFETY (CONT'D)

### Risk Assessment and Monitoring (Cont'd)

Below are the key assessments completed in 2022.

#### Hazard Identification, Risk Assessment and Risk Control ("HIRARC")

The HIRARC approach is used to assess the safety and health risks of routine and non-routine activities that have the potential to cause human injury and ill-health. The relevant personnel and EHS team, who are trained and qualified in Safety & Health identification, identify ways to eliminate or control risks and take mitigation measures per the hierarchy of control. The assessment is performed annually or whenever there are changes in our process or activities.

#### Indoor Air Quality ("IAQ") Assessment

With an increasing number of occupants in our R&D office, indoor air quality is critical to the health and productivity of our employees. In 2022, the indoor air quality of our main R&D office block was evaluated by a competent indoor air quality assessor in accordance with the Industry Code of Practice on Indoor Air Quality 2010.

#### Ergonomic Risk Assessment ("ERA")

To create a safer, healthier and less injury-prone workplace, ERA was conducted for work areas with potential ergonomic risk factors. Initial and Advanced ERA methods were used by a competent Ergonomics Trained Person ("ETP") to evaluate the ergonomic risk factors of the work activities and provide recommendations to avoid and reduce ergonomics-related injuries and musculoskeletal disorders ("MSDs").

All contractors are also subject to the health and safety requirements outlined in our Supplier Code of Conduct ("SCOC"). Employees and contractors performing potentially hazardous work activities on ViTrox premises must apply for a Permit-to-work ("PTW") through our internal e-PTW system created using the V-ONE® e-ticket form. It is compulsory to identify the safety measures that must be implemented and required PPE to mitigate and control the risks. The e-PTW system serves as an ongoing communication channel between the site or management, supervisors, contractors and any of those involved with the hazardous work. It ensures all work is started and ended safely.

### Emergency Response

Our Emergency Response Team ("ERT") is always ready to respond to emergencies. In 2022, ViTrox's ERT members increased to 68 people (2021: 51) with a new organisation structure comprising nine (9) different teams trained to respond to emergencies and provide assistance such as first aid, firefighting, chemical spillage handling and building evacuation.



To promote fire prevention and emergency preparedness, we conducted a fire drill in December 2022 at Campus 2.0. About 1,000 people evacuated from the buildings, including ViTroxians, interns, subcontractors and visitors. Emergency response equipment, including fire protection, personal protective equipment and emergency communications equipment, is readily available for ERT to respond to an emergency if required. Our ERT and industrial nurse are always ready to render immediate on-site first aid and treatment to injured or ill employees.



# A CARING EMPLOYER

## WORKPLACE HEALTH AND SAFETY (CONT'D)

### Our Response to COVID-19

Since the onset of the COVID-19 outbreak in 2020, ViTrox has adopted robust preventive and control measures to protect ViTroxians and ensure business continuity throughout the pandemic. ViTrox has been actively monitoring and analysing our headquarters and the national COVID-19 positive cases. We removed and relaxed relevant COVID-19 standard operating procedures based on the analysis of case trends and ViTroxian's high vaccination rates.

As Malaysia transitioned to the endemic phase in 2022, ViTrox remained mindful and continued practising key measures to safeguard the health and safety of our ViTroxians. In 2022, ViTrox continued to maintain a stringent face-mask-wearing policy and adhered to the positive case quarantine requirements to preserve the low COVID-19 infection rate. Following a smooth transition to endemicity, we have gradually re-opened to allow more visits and hosts to be held on our beautiful Campus. All ViTroxians have also returned to office since 4 May 2021, with the special WFH arrangement still in place for COVID-19 cases.

Our key measures practised in 2022:-

- Provided relevant PPE, including KN95 face masks, three (3)-ply face masks, cloth face masks and face shields to our people
- Distributed COVID-19 care package to ViTroxians returning to work to aid recovery
- Provided free herbal tea at V-Cafe for health and wellness
- Isolated employees returning from overseas to Malaysia
- Imposed strict screening of visitors before entering our Campus
- Provided transparent platforms for communication and updates on COVID-19 status
- Facilitated WFH arrangements for those employees with potential exposure to the COVID-19
- Implemented a strict "no mask, no talk" policy to reduce the spread of droplets
- Cleaned and disinfected office workstations and common areas
- Digitalised the system for employees to declare symptoms and close contact
- Performed contact tracing immediately to identify and isolate close contacts to break the chain of transmission upon detection of positive cases
- Encouraged frequent communication about social distancing, booster vaccination, mask-wearing and handwashing when working on campus
- Distributed self-test kits in compliance with the government's order and as preventive measures before large gatherings, for instance, the Company's annual dinner



# A CARING EMPLOYER

## EMPLOYEE WELL-BEING

<b>Management Purpose</b>	At ViTrox, we recognise the unique needs and value the personal well-being of individuals. A positive workplace encourages employees to stay healthy, happy and motivated. We want to create a culture of holistic well-being and a second home for our people.
<b>Management Approach</b>	ViTrox offers various resources to support the well-being of the body, mind and soul (“BMS”) of our employees and the harmony between work and life.

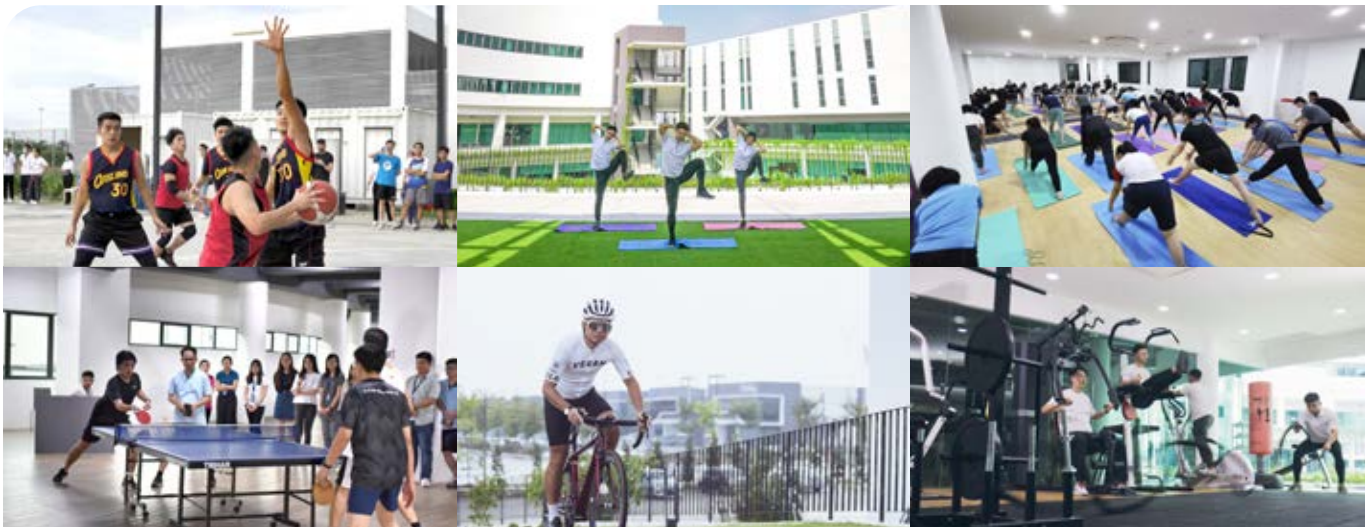
### Body, Mind and Soul

#### Wellness Facilities

Having an outlet for employees to participate in team sports fosters a real sense of team spirit and camaraderie among team members.

ViTrox owns facilities like our V-Sports court, V-Indoor sports area and gym/yoga/dancing room in ViTrox Campus 2.0 to encourage our people to practise and participate in healthy and active lifestyles.

The V-Sports court accommodates recreational activities such as basketball, futsal, tennis, volleyball and sepak takraw, and is available to all ViTroxians with sports equipment provided. For indoor games, there are gym facilities, a pool table, a table tennis table, tabletop football, darts, chess and board games.



Our people can utilise these facilities after work to enjoy a selection of invigorating exercises, reaping long-term health benefits of improved mental health and state of well-being.

#### Meals and Drinks

ViTrox hires an internal V-Chef team to prepare free earth-friendly meals, known as V-Meal, for our people and visitors. Serving meatless meals not only encourages employees to adopt a healthy lifestyle, but we also save and protect animal lives. We use premium ingredients such as Himalayan salt, parboiled rice, olive oil and brown sugar, to prepare food for employees.

Our in-house cafe, V-Cafe, serves healthy beverages such as fruit juice, enzyme drinks and multi-grain beverages at affordable prices.





# A CARING EMPLOYER

## EMPLOYEE WELL-BEING (CONT'D)

### Body, Mind and Soul (Cont'd)

#### Special Interest Clubs

We believe that it is important to foster a positive environment that encourages our people to have meaningful recreational activities and positive interactions among coworkers. At ViTrox, we have a total of ten (10) special interest clubs. Each club organises unique activities for our people to participate in, further developing their skills and personal interests.

Out of the ten (10) special interest clubs, V-Maker's Club was newly established at the beginning of 2022. The club gathers hobbyist makers with shared interests in exploring possibilities and expanding their DIY horizon in a more specialised, hands-on way. The club members can access a vast choice of basic and advanced power tools, digital fabrication tools and electronic instruments made available in ViTrox Makerspace to spark their hidden creativity and innovation.



# A CARING EMPLOYER

## EMPLOYEE WELL-BEING (CONT'D)

### Body, Mind and Soul (Cont'd)

#### Health and Wellness Programmes and Activities



#### Health Screening

In 2022, the health screening offered our people the:-

- Blood test package includes a total of 61 tests
- Full subsidy to the 471 employees who participated in this blood test
- Briefing information on the comprehension of a typical test report where 358 participants attended



#### Counselling Service

We recognise that counselling service is becoming more important nowadays. ViTroX provides guidance and counselling services to all ViTroXians and interns.

The services provided cover:-

- Career guidance and counselling
- Individual counselling
- Group counselling
- Psychological assessments (mental health screening, personality tests, etc.)



#### Wellness Sharing – Physiological Well-being

We invited a certified physiotherapist to share with our people the topic "Prevention and Exercises for Workplace-Related Muscle Injury". The muscle assessment was also free to the first 30 participants out of the 75 registered participants.

The sharing content includes:-

- Common injuries at the workplaces
- Causes and risk factors
- Prevention and solutions of muscle injuries



#### Wellness Sharing – Psychological Well-being

ViTroX collaborated with the School of Educational Studies, USM to share on the topic "Well-Being among ViTroXians: The Perspectives from the Management and Employees". A total of 98 employees attended the sharing.

The sharing provides:-

- Information about psychological well-being assessment
- Causes of poor employee well-being at work
- Mechanisms in promoting and enhancing employee well-being at work through the management and employee perspective and the roles of counsellor in safeguarding employee well-being at work

# A CARING EMPLOYER

## EMPLOYEE WELL-BEING (CONT'D)

### Body, Mind and Soul (Cont'd)

#### Health and Wellness Programmes and Activities (Cont'd)



#### Body Wellness Classes

- Tabata: Conducted 14 bi-weekly classes
- Yoga: Conducted 14 bi-weekly classes
- Relaxation Therapy: Conducted 12 bi-weekly classes
- Badminton: Rented weekly (resumed in June 2022)

We engaged certified Tabata instructors and yoga teachers for the classes to improve physical fitness level with proper techniques. Besides, we offered relaxation therapy classes to nurture the mind-body wellness of employees. Beyond physical benefits, these after-work activities give a good time for our people to foster relationships among peers.



#### V-Revival Programme

- In 2022, this two (2)-month programme benefited 20 participants.

V-Revival Programme aims to improve the participants' health, especially their liver function. The programme includes one-on-one consultation, six (6) sharing classes and one (1) week of liver-gallbladder detox therapy. The entire programme was conducted by a registered Homoeopathy consultant and physician in Malaysia.



#### Herbal Tea Distribution & COVID-19 Caring Kit

In 2022, we provided 409 caring kits to employees infected with COVID-19.

The Penang state experienced a spike in COVID-19 cases in February this year. To boost the immune systems of our people, the Company prepared herbal tea for 30 days. The Jing Si Herbal Tea, which is made with natural herbs that provide powerful antioxidants, vitamins and nutrients, enhances the immune system. To extend care to our people who are infected with COVID-19, the Company packaged the COVID-19 caring kit with Jing Si Herbal Tea.

To let our people further understand the benefits of herbal tea, we invited a volunteer from Jing Si Books & Cafe, to conduct a sharing and a total of 122 of our people attended.



#### Basketball Tournament

The Sports & Recreation Club organised a company-wide basketball tournament, which attracted participants across business units and departments to form eight (8) teams.

The champion team "Texas Warriors" subsequently represented ViTrox to take part in World-Hoops Penang International Basketball Federation ("FIBA") Corporate 3x3 Challenger 2022 and won another victory.



# A CARING EMPLOYER

## EMPLOYEE WELL-BEING (CONT'D)

### Body, Mind and Soul (Cont'd)

#### Team Building Programme

We believe that good teamwork builds strong employee relationships, increases job satisfaction and boosts work productivity. Therefore, the Company allocated funds for all leaders to organise team-building activities for their team members. The purpose of the fund is to align, engage and motivate team members to achieve the defined Company, business unit and department goals. In 2022, a total of 86 leaders organised the team building.



#### Annual Dinner & Cultural Night

After two (2) years of the pandemic, the Company finally managed to organise the 2022 Annual Dinner and Cultural Night at SPICE Convention Centre, Penang, with a total of 718 attendees. The event recognises the effort and hard work contributed by all our people and celebrates a multi-racial culture in our nation. Aligned with our commitment to being a Go-Green Practitioner, we only served earth-friendly meatless food for the dinner.

During the night, volunteer employees showcased several performances to make the event enjoyable for all attendees. In the same event, the Company acknowledged the continuous contribution of 149 employees with the long-year service award.



#### Gratitude Night

The Gratitude Night is organised mainly to express gratitude to our fellow ViTroxiens who have been contributing their extra time and effort throughout the year 2022. The event was successfully held with total attendees of 203 people, including Master Mind team members, radiation protection officers, safety officers, schedule waste team, EHS members, ERT members, ESC, V-Trainers, quality management system ("QMS") internal auditors, 5S auditors, special interest club leaders, competition winners, programme winners and active members.

The event also had a donation handover ceremony, where Penang Science Cluster ("PSC"), Women's Centre for Change ("WCC"), Penang Animal Welfare Society and Buddhist Tzu Chi Merit Society Malaysia were present as beneficiaries.



# A CARING EMPLOYER

## EMPLOYEE WELL-BEING (CONT'D)

### Body, Mind and Soul (Cont'd)

#### Medical and Wellness Bay

At ViTrox Campus 2.0, we have a medical and wellness bay ready for all employees. The in-house industrial nurse provides basic healthcare services on campus, which include emergency wound care, vital signs monitoring, general consultation, etc.

#### Other Welfare Activities and In-house Facilities

Beyond the facilities and programmes mentioned above, ViTrox also provides comfort and convenience for employee needs with the following resources:-

- Overseas or domestic company trips
- Celebration lunch or dinner
- ViTrox birthday gifts
- In-house automated teller machine ("ATM")
- Prayer rooms

Additionally, the careful selection of plants which matches the well-designed landscape (Please refer to the section [Biodiversity](#)), serves as a natural canopy and "noise buffer", thereby, providing a comfortable working environment to our people.

## HUMAN RIGHTS

<b>Management Purpose</b>	ViTrox is committed to providing an open-minded, accepting, respectful, caring and compassionate working environment where there is no threat of violence, sexual exploitation or abuse, verbal or psychological harassment or abuse.		
<b>Management Approach</b>	ViTrox raises awareness of human rights in employees and enforces the ViTrox Human Rights Policy.		
<b>Target and Goal</b>	<b>Measurement</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Human rights related training <sup>1</sup>	≥ 80.0%	100%

Note:-

<sup>1</sup> We will commence this initiative in 2023.

In pursuit of our purpose, we strive to achieve sustainability by upholding human rights principles. We are committed to respecting and supporting the protection of local laws and regulations and internationally proclaimed human rights by aligning our Human Rights Policy and SCOC with the United Nations' International Bill of Human Rights, the International Labour Organisation's Declaration on the Fundamental Principles and Rights at work as well as the UN Guiding Principles for Business and Human Rights ("UNGPs"). Our human rights expectations are clearly communicated to all stakeholders, including business partners, through our Human Rights Policy and SCOC to protect the human rights and the interests of our people and value chain partners.

### Human Rights Policy

In 2022, we published a new [Human Rights Policy](#), which sets out our commitments and adherence to human rights and labour standards, hoping that all employees can act in accordance with the guiding principles while engaging in their daily work and performing the required businesses.

Our People Management department is tasked with the responsibility of overseeing all issues regarding human rights, forced labour and child labour.

Our Human Rights Policy underlines our commitments as shown below.

### Prohibit Forced Labour, Child Labour and Human Trafficking

ViTrox complies with all applicable local and national labour laws and regulations in the countries we operate. Child labour, forced labour and human trafficking are prohibited, as stated in the Human Rights Policy and SCOC. We do not hire children below the age set by the current laws and regulations. All young persons shall be protected from performing any work that is likely to be hazardous or harmful to the individual's health, physical, mental, social, spiritual or moral development. In addition, we do not engage or hire people against their own free will.



# A CARING EMPLOYER

## HUMAN RIGHTS (CONT'D)

### Human Rights Policy (Cont'd)

#### All Working Hours Do Not Exceed the Maximum Set by Local Laws and Regulations

In our efforts to reduce excessive working hours, ViTrox complies with the Employment Act 1955 and other local and national laws and regulations related to working hours and overtime. All work, including overtime work, will be voluntary and compensated at the prevailing overtime rates; and ViTroxians are free to leave upon reasonable notice. The use of misleading or fraudulent practices during the recruitment of ViTroxians is not tolerated; and charging recruitment fees to the ViTroxians is prohibited, especially to foreign workers.

#### Zero (0) Tolerance to Misconduct, Bullying and Harassment

ViTrox has zero (0) tolerance to misconduct, bullying and harassment. We conduct periodic risk assessments to monitor and identify the existing and potential new opportunities and risks related to human rights matters. We do not mandate ViTroxians to hand over government-issued identification, passports or work permits as a condition of employment. For 2022, ViTrox recorded zero (0) cases of disputes regarding labour standards and human rights.

#### Freedom of Association and Collective Bargaining

ViTrox complies with all applicable local laws and regulations which grant all employees the right to freedom of association, expression and opinion as well as collective bargaining. ViTrox supports the rights of employees to freely and voluntarily form or join occupational associations and unions as well as take part in collective bargaining.

#### Equal Pay for Equal Work

ViTrox practises equal remuneration for work of equal value, which means paying men and women equally for work that is of equal skill and responsibility and is performed under comparable conditions.

#### Non-discrimination and Equal Opportunity

We take initiatives to continuously improve workforce diversity, provide equal opportunities and reduce discrimination. Everyone gets an equal opportunity to be hired, developed and promoted regardless of his/her race, religion, gender, age, social or ethnic origin, sexual orientation, marital status, pregnancy, disabilities and nationality. The basis for recruitment, hiring, placement, development, training, compensation and advancement are justified through qualifications, performance, skills and experience.

We reported zero (0) incidents of violations involving the rights of indigenous people in the year under review.

Human Rights and Labour Standards	2019	2020	2021	2022
Number of discrimination incidents	0	0	0	0
Number of child labour incidents	0	0	0	0
Number of grievances about human rights issues	0	0	0	0
Number of forced or compulsory labour incidents	0	0	0	0

#### Grievance and Complaint Channels

ViTrox has established formal mechanisms to protect and guarantee the confidentiality of identity for all stakeholders. If further action is required, ViTrox shall make every possible effort to mitigate such risks, complaints or grievances as equitably and as quickly as possible.

ViTrox established a whistleblower policy and outlined procedures for internal and external stakeholders, including employee representatives, to facilitate alerts, disclosures of complaints and reports against any director, officer or employee of ViTrox group on improper conduct to an independent member of the management. Improper conduct includes labour and human rights issues such as forced labour, bullying, harassment and discrimination. This policy assures the safety and confidentiality of the whistleblower and therefore undertakes to treat all allegations in a confidential and sensitive manner.

ViTrox has also created a grievance channel, the V-Voice platform, for all ViTroxians to voice their concerns and provide feedback anytime. The constructive feedback received will then be reviewed in the management meetings for further improvement.

The Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace in The Employee Handbook clearly states the complaint and grievance procedures related to sexual harassment. An aggrieved employee may raise the grievance within 24 hours to their immediate supervisor or the next higher-level supervising officer. If a satisfactory solution is not given within five (5) working days by the manager, the matter shall be referred to the People Management Department.

# A CARING EMPLOYER

## HUMAN RIGHTS (CONT'D)

### Grievance and Complaint Channels (Cont'd)

ViTroxians have the responsibility to maintain and ensure that their working environment is free from unlawful workplace harassment. If a staff member witnesses or hears the occurrence of unlawful workplace harassment, he/she shall immediately use the internal complaint email address, which respects full confidentiality, to report such an event.

Party of Concern	Human Rights Issues	Mitigation and Remediation Measures
Employees	Labour <ul style="list-style-type: none"> <li>• Forced Labour</li> <li>• Human Trafficking</li> <li>• Child Labour</li> <li>• No Discrimination</li> <li>• Wages and Benefits</li> </ul>	<p><b>Mitigation</b></p> <p>ViTrox established the Human Rights Policy to ensure the human rights of all employees are protected, and all work should be performed voluntarily.</p> <p>Formal grievance channels such as the V-Voice platform and Whistleblowing Channel are in place as preventive measures to human rights issues.</p> <p><b>Forced Labour</b></p> <ul style="list-style-type: none"> <li>• We explicitly prohibit the use of forced labour in our business operations.</li> </ul> <p><b>Human Trafficking</b></p> <ul style="list-style-type: none"> <li>• We do not engage or hire people against their own free will and explicitly prohibit the use of forced labour.</li> </ul> <p><b>Child Labour</b></p> <ul style="list-style-type: none"> <li>• We do not hire children below the age set by the current laws and regulations, and explicitly prohibit the use of child labour.</li> </ul> <p><b>No Discrimination</b></p> <ul style="list-style-type: none"> <li>• We pay attention to equal employment rights during recruitment and provide fair employment opportunities.</li> <li>• We organised a DEI forum to promote awareness of equal rights and prevent discrimination on all bases.</li> </ul> <p><b>Working Hours</b></p> <ul style="list-style-type: none"> <li>• We comply with local laws and regulations such as the Employment Act 1955 (and subsequent amendments) to reduce excessive working hours for our employees.</li> </ul> <p><b>Wages and Benefits</b></p> <ul style="list-style-type: none"> <li>• We periodically adjust salary and benefits packages based on industry standards and local laws and regulations.</li> </ul> <p><b>Remediation</b></p> <p><b>Forced Labour and Human Trafficking</b></p> <ul style="list-style-type: none"> <li>• Terminate the forced worker immediately.</li> </ul> <p><b>Child Labour</b></p> <ul style="list-style-type: none"> <li>• Terminate child labour immediately, the parents and legal guardians of the child worker shall be notified.</li> </ul> <p><b>No Discrimination</b></p> <ul style="list-style-type: none"> <li>• On the grounds of misconduct, punishment in the form of employee dismissal, demotion or deferment of annual increment may be carried out as deemed fit.</li> </ul>

# A CARING EMPLOYER

## HUMAN RIGHTS (CONT'D)

### Grievance and Complaint Channels (Cont'd)

Party of Concern	Human Rights Issues	Mitigation and Remediation Measures
Employees	Health and Safety <ul style="list-style-type: none"> <li>Occupational Safety</li> <li>Occupational Health</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>We conduct a periodic risk assessment to identify potentially hazardous work activities and work areas and to eliminate high-risk hazards.</li> <li>We create an online platform to report occupational injuries and illnesses.</li> <li>We ensure the provision of quality PPE.</li> <li>We conduct OSH-targeted training.</li> <li>We provide counselling services, health screening, wellness sharing, physical wellness classes and V-Revival Programme.</li> </ul> <p><b>Remediation</b></p> <ul style="list-style-type: none"> <li>We provide emergency medical and first aid treatment.</li> <li>We assist with medical insurance claims.</li> <li>We assist with doctor appointments and health assistance.</li> <li>We provide medical leave and hospitalisation leave for recuperation.</li> <li>We assist with compensation in accordance with the law.</li> </ul>
Suppliers/ Contractors	Labour <ul style="list-style-type: none"> <li>Forced Labour</li> <li>Child Labour</li> <li>Human Trafficking</li> <li>Wages and Benefits</li> </ul> Health and Safety <ul style="list-style-type: none"> <li>Occupational Safety</li> <li>Emergency Preparedness</li> <li>Occupational Injury and Illness</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>Our expectations on human rights are communicated to our suppliers through our SCOC.</li> <li>Risk assessment mechanisms such as Self-Assessment Questionnaires (“SAQ”) and Due Diligence Assessment Forms are in place to identify human rights risks.</li> <li>We engage with suppliers through ESG Awareness training and sharing sessions to emphasise the importance of human rights protection.</li> </ul> <p><b>Remediation</b></p> <ul style="list-style-type: none"> <li>We may halt business dealings with suppliers that fail to comply with our human rights expectations.</li> <li>Vendors shall conduct investigations or take disciplinary actions against their workers upon customers’ complaints.</li> </ul>
Customers	Privacy <ul style="list-style-type: none"> <li>Data Protection</li> </ul>	<p><b>Mitigation</b></p> <ul style="list-style-type: none"> <li>We are committed to complying with the Personal Data Protection Act 2010 to safeguard all personal information gathered.</li> </ul> <p><b>Remediation</b></p> <ul style="list-style-type: none"> <li>We consider the disclosure of confidential information about the Company or customers as a major misconduct, and employees who have committed a major misconduct will be given a final warning or termination of employment.</li> </ul>

# A CARING EMPLOYER

## HUMAN RIGHTS (CONT'D)

### Measures of ViTroX for Preventing Sexual Harassment

ViTroX has formulated the Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace, which was published in the Employee Handbook to protect all employees from workplace sexual harassment, showing the Company's commitment to having zero (0) tolerance for any forms of sexual harassment in the workplace. The Code of Practice clearly states that sexual harassment refers to any sexual conduct which is unwanted and unwelcome to the recipient, which may be manifested in various forms: verbal harassment, non-verbal/gesture harassment, visual harassment, psychological harassment and physical harassment.



The Code of Practice also states the investigation procedure if a complaint of sexual harassment is made. The manager shall conduct an investigation immediately upon receiving a complaint of sexual harassment. Each case shall be reviewed to determine its cause, and offenders shall be tracked, reviewed and monitored to ensure the effectiveness of the disciplinary or counselling measures and prevent similar incidents or retaliation. The results of such processes will then be used as a reference for making adjustments to the workplace environment and regulations.

<p><b>Zero (0) Tolerance</b></p> <p>ViTroX is committed to providing a safe and secure workplace free of both sexual and non-sexual harassment. The Company has zero (0) tolerance for misconduct, bullying and harassment in any form against the Company's employees by coworkers, visitors, clients or strangers.</p>	<p><b>Policy Statement</b></p> <p>ViTroX has formulated the Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace and published it in the Employee Handbook to protect all employees from workplace sexual harassment.</p>
<p><b>Penal Provisions</b></p> <p>Any person found guilty of sexual harassment after the investigation shall be subjected to a very stern disciplinary action, up to and including dismissal from service.</p>	<p><b>Grievance Procedure</b></p> <p>The Code of Practice on the Prevention and Eradication of Sexual Harassment in the Workplace in The Employee Handbook clearly states the complaint and grievance procedures related to sexual harassment. An aggrieved employee may raise the grievance within 24 hours to their immediate supervisor or the next higher-level supervising officer. If a satisfactory solution isn't given within five (5) working days by the manager, the matter shall be referred to the People Management Department.</p>
<p><b>Remedial Measures</b></p> <p>All sexual harassment cases shall be dealt with in the strictest confidence. The victim of sexual harassment case shall be accorded full confidentiality of his/her identity during and after the inquiry, except when it is deemed absolutely necessary for the investigation and the domestic inquiry proceedings.</p>	

### Communications and Engagements with Stakeholders

At ViTroX, we practise an "open-door" policy whereby our people have access to all levels of management to seek clarification from the immediate supervisor and managers or the People Management Department at any time.

Beyond that, we communicate all our policies to our new and existing ViTroXians through various platforms. These communication channels not only enable employees to express opinions on various issues concerning health, safety, benefits and basic work conditions but also allow the Company to take the initiative in learning employees' thoughts and address problems in a timely manner.

We make sure diverse, open and transparent communication channels are in place:-

- To attain the highest standard of employment practice in compliance with the enacted laws
- To uphold the culture and principles of equal opportunities in employment
- To create a working environment where every team member is treated fairly, and without fear of reprisal, intimidation or harassment

Employees are also entitled to communicate openly and thoroughly with the management about work-related or personal affairs, terms of employment, salary, benefits and personal opinions through the following channels.



# A CARING EMPLOYER

## HUMAN RIGHTS (CONT'D)

### Communications and Engagements with Stakeholders (Cont'd)

Meetings	Announcements	Two-way Communication Platforms	Online Survey
<ul style="list-style-type: none"> <li>Regular convention of employee meetings</li> <li>Quarterly meetings</li> </ul>	<ul style="list-style-type: none"> <li>Company-wide email notifications</li> <li>Posters on Campus 2.0</li> <li>Intranet announcement posts</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly one-on-one meetings</li> <li>Communication space with open-door policy</li> </ul>	<ul style="list-style-type: none"> <li>Employee satisfaction survey</li> <li>V-Voice platform</li> </ul>

We plan to provide Human Rights related training to all employees in 2023 and aim to achieve at least 80.0% of the employee participation rate in the year 2023. By 2030, we set a goal to achieve 100.0% employee participation in Human Rights related training.

### Data Protection and Privacy

We are committed to complying with the Personal Data Protection Act 2010 to protect all personal information and data gathered, or to be gathered, throughout any dealings with us. This ensures that our collection, use, disclosure and care of personal data relating to employees and other stakeholders are consistent with local applicable laws and regulations, as well as our internal policies and procedures to avoid any loss, misuse and unauthorised alteration.

## DIVERSITY AND INCLUSION

<b>Management Purpose</b>	ViTrox is committed to ensuring equal opportunity and eliminating discrimination regardless of gender, age, nationality, race, religion, social or ethnic origin, sexual orientation and disabilities.			
<b>Management Approach</b>	ViTrox promotes gender diversity and inclusiveness in employment, professional advancement and promotion.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Female employee composition	31.3%	≥ 30.0%	≥ 30.0%
	Female composition in managerial positions	29.5%	≥ 23.0%	≥ 28.0%
	Female composition in technical positions	15.5%	≥ 20.0%	≥ 25.0%
	Diversity, Equity and Inclusion (“DEI”) programme participation rate for hiring managers	57.0%	≥ 80.0%	100.0%

ViTrox strongly believes that a diverse and inclusive work environment can maximise the unique and different traits of employees to create innovative ideas and build trusted relationships. We value the uniqueness, potential and perspectives of our people. Each individual in an organisation brings not only religious and cultural differences but also varying perspectives, work and life experiences.

All ViTroxians are treated fairly and impartially for employment, professional advancement and promotion. Recruitment, employment, placement, development, training, remuneration and advancement are justified through qualifications, work performance, skills and experience. This is to ensure equal opportunity and eliminate discrimination regardless of gender, age, nationality, race, religion, social or ethnic origin, sexual orientation and disabilities.

In 2022, the disabled workforce of ViTrox remained at one (1) employee, the same as in 2021, or 0.1% of our total workforce.

# A CARING EMPLOYER

## DIVERSITY AND INCLUSION (CONT'D)

In line with our efforts to enhance diversity and inclusion among our workforce, ViTrox’s People Operation leaders engaged with human resource experts to learn the best practices in implementing diversity, equality and inclusion initiatives in our workplace. In 2022, we organised a forum themed “Diversity, Equity and Inclusion (“DEI”) in ViTrox” to enhance the topic understanding of hiring managers and all who are involved in the hiring process. A total of 53 hiring managers attended the forum. We set to achieve at least 80.0% participation rate in 2023 and 100% in 2030.



Besides, ViTrox participated in the National Diversity Summit and Women Career Convention (“NDSxWCC”) organised by TalentCorp, showcasing our job opportunities to the talents. The event is the first hybrid career event for the women’s community that occurred in August 2022 in Penang.

### Workforce Diversity

ViTrox supports local talent and is committed to local employment. In 2022, ViTrox’s headcount increased to 890 pax, from 799 pax in 2021. Among all, 99.1% (2021: 98.8%) of our workforce are local talents in Malaysia, while the remaining are high-skilled foreign workers.

ViTrox is committed to supporting local employment and sourcing new talents through various programmes, platforms and collaborations with local authorities. In 2022, our initiatives to support local employment included participation in the Jaminkerjaya 2.0 and collaboration with Northern Corridor Economic Region (“NCER”), which extended ViTrox job opportunities to local fresh graduates and unemployed individuals.

The details of the employee profile are presented as follows:-

Employee Category	2019			2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Non-executive	15	67	82	14	73	87	18	90	108	20	114	134
Executive	149	314	463	174	341	515	202	403	605	231	430	661
Middle Management	14	55	69	14	53	67	17	53	70	23	53	76
Senior Management	3	12	15	1	9	10	3	13	16	5	14	19
Grand Total	181	448	629	203	476	679	240	559	799	279	611	890
Percentage	28.8	71.2	100.0	29.9	70.1	100.0	30.0	70.0	100	31.3	68.7	100

# A CARING EMPLOYER

## DIVERSITY AND INCLUSION (CONT'D)

### Workforce Diversity (Cont'd)

Employee by Age Group	2019				2020				2021				2022			
	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total	< 30	30-50	> 50	Total
Non-executive	44	34	4	82	42	42	3	87	60	45	3	108	86	44	4	134
Executive	312	151	-	463	331	184	-	515	386	215	4	605	389	268	4	661
Middle Management	1	65	3	69	1	60	6	67	1	59	10	70	-	67	9	76
Senior Management	-	10	5	15	-	7	3	10	-	5	11	16	-	4	15	19
Grand Total	357	260	12	629	374	293	12	679	447	324	28	799	475	383	32	890
Percentage	56.8	41.3	1.9	100.0	55.1	43.2	1.7	100.0	55.9	40.6	3.5	100.0	53.4	43.0	3.6	100.0

Employee by Nationality	2019			2020			2021			2022		
	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total	Local	Foreign	Total
Non-executive	82	-	82	87	-	87	108	-	108	134	-	134
Executive	451	12	463	504	11	515	595	10	605	653	8	661
Middle Management	69	-	69	67	-	67	70	-	70	76	-	76
Senior Management	15	-	15	10	-	10	16	-	16	19	-	19
Grand Total	617	12	629	668	11	679	789	10	799	882	8	890
Percentage	98.1	1.9	100.0	98.4	1.6	100.0	98.8	1.2	100.0	99.1	0.9	100.0

Employee Type	2019			2020			2021			2022		
	Female	Male	Total	Female	Male	Total	Female	Male	Total	Female	Male	Total
Contract:-												
Local	5	27	32	8	19	27	14	26	40	14	42	56
Foreign	-	12	12	-	11	11	-	9	9	-	8	8
Total	5	39	44	8	30	38	14	35	49	14	50	64
Permanent:-												
Local	176	409	585	195	446	641	226	524	750	265	561	826
Foreign	-	-	-	-	-	-	-	-	-	-	-	-
Total	176	409	585	195	446	641	226	524	750	265	561	826
Grand Total	181	448	629	203	476	679	240	559	799	279	611	890

# A CARING EMPLOYER

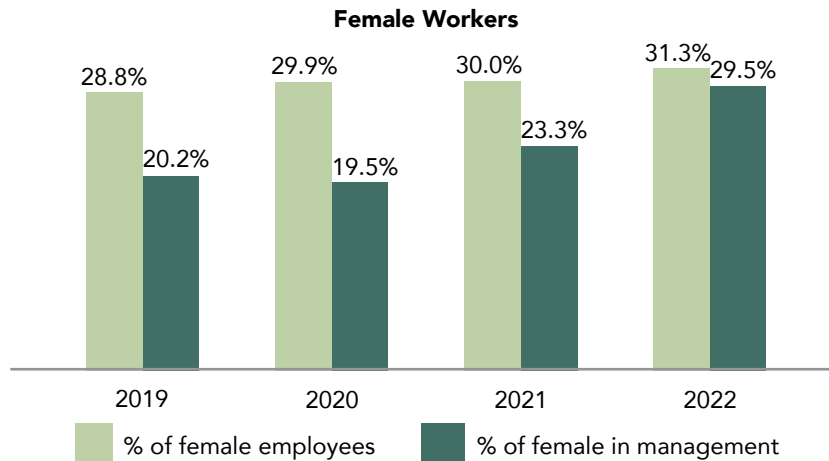
## DIVERSITY AND INCLUSION (CONT'D)

### Gender Diversity

ViTrox guarantees gender equality in work rights and attaches importance to the promotion and development of female employees. Due to the special nature of the manufacturing industry and realities concerning talent supply, males still dominate the management roles. We also observed that the percentage of women at the management level increased to 29.5% in 2022, compared to 23.3% in 2021. Our female in technical positions is 15.5%, a marginal increase as compared to 15.4% a year ago.

By 2023, we aim to have women make up at least 23.0% of our managerial positions and 20.0% of our technical positions. Looking further ahead, our goal is to increase these numbers to 28.0% and 25.0%, respectively, by 2030.

ViTrox continues to promote gender diversity and inclusiveness. In 2022, 31.3% of our employees are female, an increase from 30.0% in 2021. We endeavour to provide sufficient support to our people's personal and work lives. As such, ViTrox built facilities such as a designated room for breastfeeding mothers, known as V-Mum rooms, to support new mothers returning to work and the nursing needs of their babies. In addition, designated parking spots, known as V-Mum Parking Spots, are allocated as our gesture of respect to expectant mothers, making their lives easier.





# A TRUSTED CORPORATION

ViTrox upholds the vision of being the world’s most trusted technology company. We aspire to be trusted by all our stakeholders, including customers and the community, by consistently delivering what we promise.

ViTrox is committed to providing our customers with the most innovative, advanced, cost-effective machine vision solution of excellent quality. We continue to expand the R&D scale and use innovation to pave the way for growth and deliver immense value to our customers.

Besides focusing on core businesses, we recognise that we are responsible for exerting our social influence and giving back to the community in the locations of our business operations. ViTrox allocates optimal resources to continuously make charitable contributions and support quality education.



## Sustainability Highlights 2022

<b>13</b> New products introduced	<b>23%</b> New Product Introduction revenue	<b>RM68 million</b> R&D expenditure invested	<b>+47</b> Customer Net Promoter Score
<b>87%</b> Customer trustworthiness level	<b>32%</b> Customer Experience Recovery Rate	<b>25</b> Voluntary hours per employee	<b>1,102</b> Volunteers

## INNOVATION AND PRODUCT EXCELLENCE

<b>Management Purpose</b>	Being a customer-focused technology Company, ViTrox offers advanced, innovative and reliable inspection solutions and electronics communication systems that align with market trends and fulfil customer needs. Through persistent innovation, we strengthen competitiveness, increase revenue and enhance corporate image.			
<b>Management Approach</b>	We launch at least two (2) new or enhanced products annually into the market by each business unit and continue our investment in R&D activities to stay at the forefront of technological innovations and development, producing market-fit goods and assuring long-term success.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Number of new product introduction (“NPI”)	13	8	8
	Revenue contribution from NPI	22.5%	≥ 20.0%	≥ 20.0%
	Customer Net Promoter Score	+47.0	≥ +48.0	≥ +55.0
	Customer trustworthiness level	86.8%	≥ 88.0%	≥ 90.0%
Customer Experience Recovery Rate	32.2%	≥ 30.0%	≥ 35.0%	

In the current world, innovation is the key to unlocking post-crisis growth. ViTrox’s innovation is not limited to technological advances, but through designing new systems, processes or products; or developing the existing ones. In doing so, we aim to pioneer industry innovation and demonstrate our capability against peers.

ViTrox strives to identify gaps, create solutions for our customers and bring positive contributions that genuinely matter to society and humankind. We carefully consider clean technology (“cleantech”) principles at a product’s design stage. Ultimately, our goal in developing machine vision technologies is to reduce the global electronic waste generated from manufacturing processes.

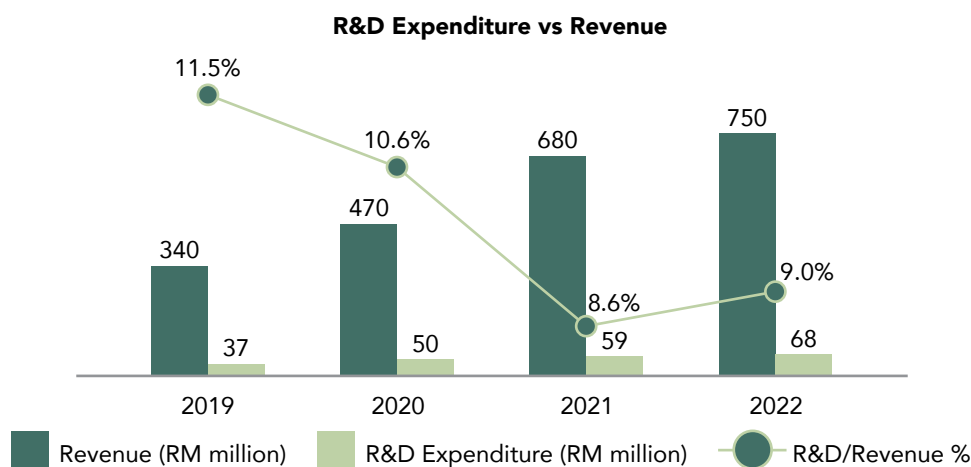


# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

Therefore, ViTrox invests large amounts of resources and puts extra effort into R&D to stay ahead in the digital era. The technological developments provide our customers with value-added services, reinforce protection for intellectual property ("IP") and trade secrets, and accelerate the move towards product diversification and smart factories. In 2022, ViTrox continued to expand its scale of R&D. The total R&D expenditure for the year was RM67.5 million (2021: RM58.5 million), a 15.4% increase from the previous year and 9.0% of the Group's revenue.

	Unit	2019	2020	2021	2022
R&D expenditure	RM million	37.4	49.9	58.5	67.5
R&D expenditure over Group's revenue	%	11.5	10.6	8.6	9.0



### Machine Vision System

Beginning with the invention of a 2D inspection system, ViTrox has developed machine vision core products over the years, including 2D, 3D and five (5)-sided vision systems and diversified to a more advanced back-end semiconductor inspection series.

In general, a machine vision system ("MVS") identifies the potential flaws in the product's surface and classifies the defects based on similarity using statistical analysis to avoid electronic waste. With MVS and Artificial Intelligence ("AI") integration, the machine can automatically identify defects during the manufacturing process by giving alerts. Whenever a manufacturing abnormality happens, the personnel solves the problem before it harms or damages the other product or wastes more materials and resources.

In Industry 4.0, machines are connected to form an ecosystem called the Internet of Things ("IoT"). The integration of machine vision equipment with automation systems makes the smart factory a reality by automating quality control, increasing safety and throughput, and optimising manufacturing resources. In short, the MVS system allows businesses to improve performances and reduce resource footprints while we also move forward on a sustainable path.

### Product Excellence

Through technological innovation, we aim to achieve:-

- Excellent and world-class products and services
- Total customer satisfaction
- Continuous growth and profitability
- Long-term partnerships with our customers, alliances and employees

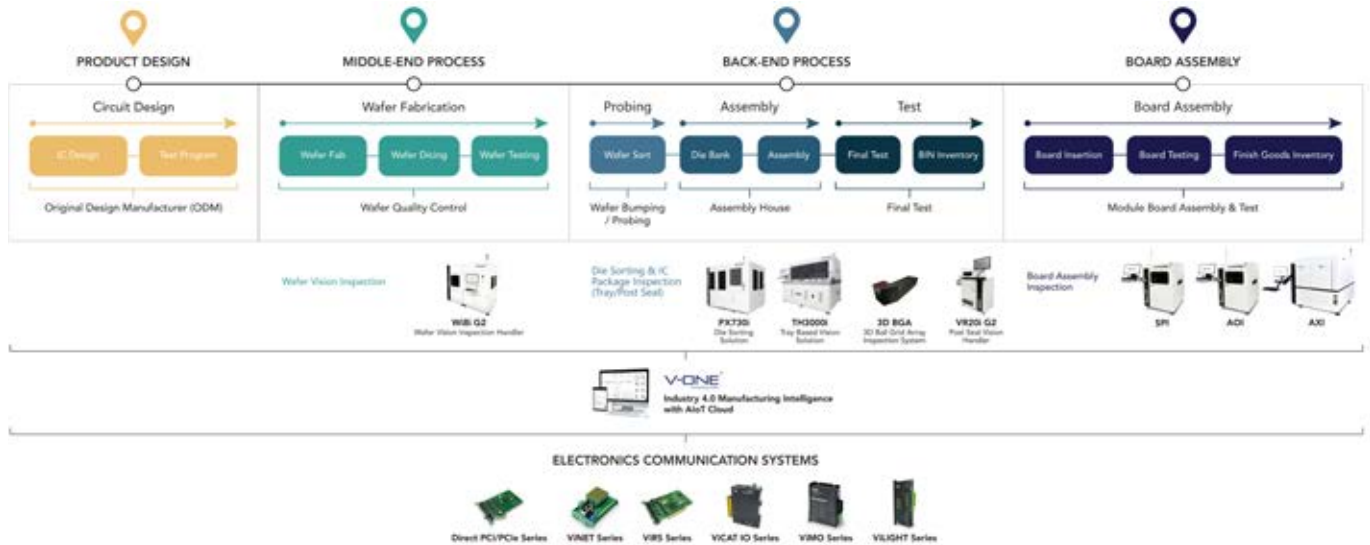
ViTrox continues to expand its core business in the back end semiconductor and electronic assembly sector through the four (4) business units, namely MVS-S, MVS-T, ABI and ECS. We successfully launched more than 13 new products in 2022, and revenue from new product introductions ("NPIs") made up an increasing portion of our revenue, growing from 21.9% in 2021 to 22.5% of our total revenue. We are committed to achieving at least 20.0% of Group revenue attributable to NPI.

# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Product Excellence (Cont'd)

We strive to launch at least two (2) new or enhanced innovative products annually by each business unit, equivalent to eight (8) NPIs per annum. This move is to enable us to remain competitive in the market and positioned at the forefront of the technology; supporting our key customers’ product roadmap in 5G, computing, automotive, telecommunications infrastructure, healthcare and aerospace.



In the face of rapidly evolving technologies, fast-changing consumer preferences and accelerated product cycles, our R&D team continues to fuel our innovation pipeline with machine learning, AI algorithms, agile connectivity for remote sensing and monitoring, as well as innovative inspection capabilities, making our products capable of addressing needs for higher throughput, accuracy, quality and user-friendliness.

We are committed to staying at the forefront of technology to serve our customers and support their product and process innovation with better, faster and cost-effective vision inspection and embedded electronics solutions to address the increasingly complex manufacturing challenges in the Industry 4.0 era. Therefore, we continued to strengthen our R&D capacity with an addition of ten (10) engineers to our Group in 2022.

For the NPI and our key R&D breakthroughs in 2022, please refer to the Management Discussion & Analysis section of our Annual Report 2022.

### Product Innovation Assessment

While improving the values of our products, ViTrox aims to minimise the environmental impacts throughout the product innovation process. We design and develop our products and solutions based on the four (4) major cleantech principles: sustainable designs, sustainable resources, sustainable packaging and shipment, and sustainable production.

ViTrox is a machine designer and manufacturer of machine vision and automated board inspection, so the products’ life cycles are highly dependent on technological changes. Materials, such as stainless steel, are mainly non-perishable and have infinite life cycles. Therefore, we do not conduct a life cycle assessment as it does not apply to the type of our products.

For details about cleantech principles and our cleantech initiatives, please refer to the [Environmental Conservation and Preservation](#).

# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

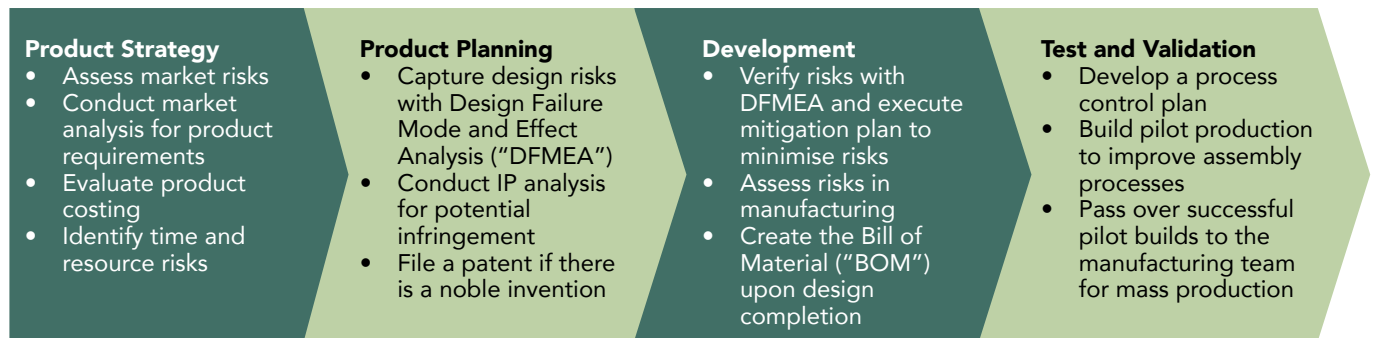
### Product Innovation Management

Adopting an innovation management system helps our Company deliver new products to customers, evaluate and improve existing business processes and optimise critical thinking and problem-solving skills to streamline and add value to our supply chains.

We adopt Integrated Product Development (“IPD”) solutions as our innovation management system. IPD focuses on market demand as the driving force for product development and manages product development as an investment. The solution helps us develop products that meet customer needs in target market segments, eliminate unnecessary R&D and product costs, and improve product time-to-market by adopting a cross-functional team capable of effective communication, coordination and decision-making.

Before developing a product or solution, the product development team will conduct a market study and identify the customers’ needs. As IPD focuses on promoting cross-functional collaboration, team members from different business functions can identify project risks from various angles for a much more thorough risk assessment. In case any potential threats to the project or product are identified, the team can correspond with countermeasures to address and mitigate the impacts.

Throughout the product development stages, the project development team will assess the product level as below.



### Agricultural Endeavour

Established in 2020, ViTroX Agritech Sdn. Bhd. (“VAG”) designs and creates innovative and cost-effective smart agriculture solutions. These solutions aim to mitigate pressing challenges such as high foreign labour dependencies and unreliable yields impacted by unpredictable weather conditions in our country. Automated crop-growing systems can eliminate the excessive use of harmful pesticides, safeguarding the health of consumers and farmers who are highly exposed to pesticides. At the same time, the team strives to make healthy and affordable agricultural products accessible to all.

In 2022, the VAG team had been researching and developing three (3) products: Spiral Integrated Planting System (“SIPS”) machine, V-Gutter Growing System and V-Seeder machine.

#### SIPS Machine

The seedling tube of SIPS is made from biodegradable non-woven mesh, filled with a formulated soil mix that facilitates seed germination. It is shaped like a belt with identical holes punched in equal distance where seedlings can be planted in each hole. Farmers can place the soil belt into the soil ground when the seedlings are ready to meet the sun.

The planting system speeds up the transplanting process and simplifies post-harvest planting bed preparation by allowing effective plant residue removal. It allows seeds to establish proper rooting, reduces labour intensiveness in seeding, transplanting and post-harvest preparation of planting beds, and diminishes transplant shock faced by crops.



# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Agricultural Endeavour (Cont'd)

#### V-Gutter Growing System

V-Gutter is an on-rack gutter growing system designed to hold soil with enhanced levels of microbiology activities.

The system allows the farmers to grow soil-based plants on elevated racks, which effectively improves the farmers' work ergonomically and expedites routine work such as transplanting, weeding and harvesting. The gutter growing system is able to prevent water logging issues in the soil can reduce the impact of long rainy days.



#### V-Seeder Machine

V-Seeder machines can sow 72 seeds (or customised for up to 220 seeds depending on needs) in the seedling tray within five (5) seconds. The seeding time is decreased by 90% compared to manual hand seeding, significantly reducing the labour required for the seeding process.

V-Seeder machines can fit most types of seeds with various shapes and sizes. The compact and movable machine can also be customised according to different seedling tray sizes.

The next R&D target of this machine is to have its full automation production line (filling, dibbling, seeding, covering and watering) designed and prototyped by next year. The complete automation production line will enable farmers to produce thousands of seeded seedling trays in a fast and reliable manner.



In November 2021, VAG was offered by the Penang Regional Development Authority ("PERDA") to participate in Penang's Agriculture Technology Project in Ara Kuda. As the 15-acre land is ready for its farming operation, the VAG team begins to collect IoT agricultural data, implement automated machines and test the efficiency of the VAG-designed machines in a real agricultural field.



The team faced relentless pest infestations, disease problems with our crops, and unpredictable weather patterns while working on the actual field. These crises presented engineering development opportunities regarding climate protection structures and solutions to the impact of current erratic weather patterns.

Integrating our V-ONE® smart solution to the smart agricultural farm, the VAG team uses Artificial Intelligence of Things ("AIoT") technology and IoT sensors to analyse data and monitor the actuation. By using AIoT technology, the team can perform the irrigation of plants only when it's needed, which effectively decreases water consumption. The monitoring system sends warning messages of excessive rain and automated actuation, allowing farmers to act proactively and timely, thus ensuring more reliable crop yields. Analysing growing conditions and data compilation of soil fertility through specific sensors make it possible to control and optimise the quantity and frequency of fertilising.

VAG aims to deliver solutions to increase farming yields while reducing the cost of labour, minimise the harm of pesticides on humans, reduce water consumption in agricultural processes and mitigate the impact of climate change on farming operations.



# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Manufacturing Intelligence with AIoT Cloud

#### V-SHARE

#### Connect, Visualise, ProAct and Digital Twin with V-ONE® in Industry 4.0



More often than not, factories are hindered from operating at the optimum level because of not knowing problems earlier when they could be easily fixed, or spending extra time and resources to identify root causes when inspection systems capture too many defects.

As an Industry 4.0 product, V-ONE® is our revolutionary smart software suite that automatically gathers data from different inspection and production systems and visualises statistical analysis on a real-time basis. The big data analytics platform displays fully flexible drill-down charts and dashboards which provide descriptive and diagnostic

analytics to users. The system allows users to access and monitor their own personalised dashboards from anywhere using smart devices. The configurable triggering system alerts users when it detects any abnormalities through short message service ("SMS"), email and the mobile application.

Many manufacturing companies have processes built in both legacy and new systems. Company leaders struggle to balance between old processes that employees have already gotten used to and new features available in new systems. Through V-ONE®, all legacy and new machines in the production lines are connected with IoT, linking the database through data blending and visualising the merger of old and new processes in dashboards. Then, the system will deploy machine learning algorithms to enable preventive and predictive maintenance plans across the machinery assets.

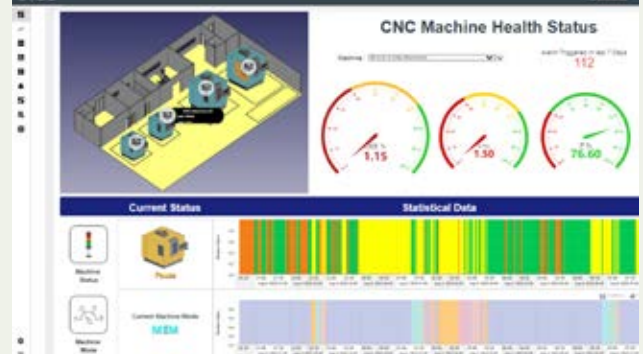
In short, V-ONE® simplifies the entire IoT deployment for factories, which helps them realise digital transformation and adopt smart manufacturing processes. By turning conventional machines and processes into intelligent clusters of machines, it helps factories with a lack of human power to prevent cost and productivity loss.

#### ViTrox Supports Suppliers and SMEs in Manufacturing Transformation

Penang Automation Cluster Sdn. Bhd. ("PAC") is one of the most important key suppliers to ViTrox. As ViTrox is embarking on the digitalisation journey with Industry 4.0, we bring along our key suppliers who are keen to make these significant changes in this new norm of manufacturing transformation.

Designed with many innovative features and customisable integration, V-ONE® plays an essential role in supporting PAC's real-time production process monitoring. The deployment helps engineers and technicians to easily visualise the machine's threshold limit, machine utilisation ("MU"), overall equipment efficiency, etc. Providing further visibility across the entire production line, V-ONE® helps PAC save their operating cost and reduce the process time cycle.

To reduce the costs of data extraction software and licensing, PAC utilises V-ONE® gateway integration to interpret the machining controller signal parameters and translate them into a unified parameter for engineers. That way, they can easily read and work on the charts, analyse the machine data and be automatically triggered before the machine breaks down.





# A TRUSTED CORPORATION

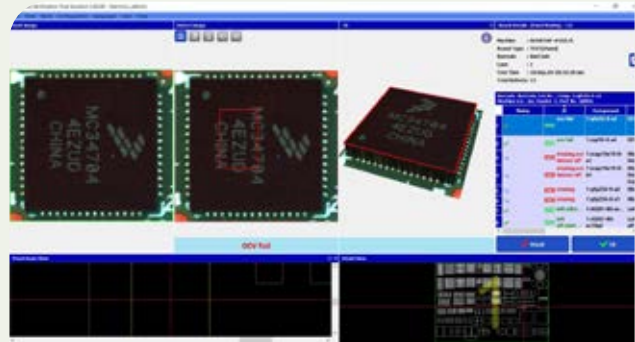
## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Manufacturing Intelligence with AIoT Cloud (Cont'd)

#### V-SHARE

##### Imaging Intelligence Using AI for ViTrox Verification Tools Solution

ViTrox Verification Tools Solution ("VVTs") adds comprehensive and highly stable defect inspection capabilities to our vision inspection solutions for electronics and semiconductor industries. There are currently more than 108 Advanced 3D Optical Inspection ("AOI") systems from 15 customers adopting the AI false call reduction package. The AI model achieves outstanding accuracy with less than a 1.0% escapee rate and more than 90.0% false call reduction in high-mixed low-volume and low-mixed high-volume production environments. The high AI accuracy and coverage reduces 100.0% of human error, lower labour dependencies by 50.0%, lessen 50.0% to 70.0% production waste, shorten the buy-off time by more than 70.0% and minimise unnecessary rework costs due to consistent buy-off for quality assurance.



##### Enhanced V-ONE® with AIoT Cloud Benefits Agricultural Technology

Considering the environment of agricultural farms is not conducive to storing computer servers, we enhanced V-ONE® to enable AIoT Cloud infrastructure. The enhanced solution is ideal for agricultural settings as lightweight single-board computers coupled with IoT sensors can stream data continuously to the cloud.

VAG uses AIoT farming solutions to automate some of the farm processes. The solutions that combine farm management software and IoT devices provide farmers with actionable information on factors such as the conditions of crops, soil and weather.

For example, we use AIoT technology to automatically identify destroyed crops and pests, allowing us to perform remedial actions at an early stage. This action helps us to decrease crop losses and reduce the environmental damage caused by excessive usage of pesticides, which improves overall agricultural economic value in turn.

We also use V-ONE® AIoT Cloud to real-time monitor the temperature in the greenhouse and automate temperature management with motorised shade systems. The smart farm design improves crop health and yields and reduces human dependencies.

##### Smart Campus Deploys Energy Optimisation Control System

At ViTrox Campus 2.0, the Facility Department implements V-ONE® AIoT Cloud to optimise energy consumption. The real-time monitoring system allows our personnel to track energy usage and better predict the trend of energy consumption, guiding us to install the right load-level energy equipment. The smart solution also helps us avoid excessive energy usage and lower our carbon footprint.



# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Customer Satisfaction





**“LET YOUR VOICE BE HEARD”**

\*ViTrox will donate USD 5 to customer's preferred NGO on every survey response received.

[TAKE SURVEY](#)

Customers are at the heart of our business, and customer satisfaction is crucial for the sustainability and growth of ViTrox. We constantly strive to offer high-quality solutions and value-added services to our customers. We prioritise customer engagement and communication, as valuable customer input is essential in achieving excellence. We have established a diverse range of customer relationship management strategies to gather customer feedback to enhance our customer experience and satisfaction further, and to strengthen the relationship between our customers and us.

We aim to track and measure the satisfaction level of customers and gain valuable insights on improving product quality and service performance through active engagement with customers. Hence, we have a dedicated team conducting regular customer satisfaction surveys through online questionnaires or phone calls to collect our customers' views on product quality, product features, delivery lead time, responsiveness, training, etc. We then analyse the data gathered, identify areas of improvement and strategise the approaches to uplift customer satisfaction and experience further. The survey data analysis is streamlined to the V-ONE® dashboard and shared with respective business units quarterly for their awareness, strategic planning and execution.

### Customer Satisfaction Measurement

We measure customer satisfaction and loyalty based on a customer experience metric – Net Promoter Score (“NPS”). The NPS is calculated by asking an initial survey question: “How likely would you recommend ViTrox’s products or services to your friends or colleagues?” on a 0 – 10 rating scale. Those who respond with an average of 9 to 10 are “Promoters”; an average of 7 to 8 being “Passives”; and lastly, a score of 6 and below being “Detractors”. As shown in the formula below, we obtain the final NPS by subtracting the percentage of Detractors from the percentage of Promoters. The data coverage of customer satisfaction measurement is based on the percentage of the total number of respondents out of the total contacts in the survey database.

$$\text{Percentage of Promoters (\%)} - \text{Percentage of Detractors (\%)} = \text{NPS}$$

The table below shows our Customer NPS and data coverage from 2019 to 2022.

Satisfaction Measurement	2019	2020	2021	2022
Net Promoter Score	+47.8	+39.3	+46.5	+47.0
Data Coverage <sup>1</sup>	41.3%	51.6%	53.6%	41.5%

Note:-

<sup>1</sup> Data coverage represents the percentage of respondents over total surveyed customers.

We increased our survey pool size by 38.1% compared to last year and had a higher NPS score target set. Even though there was an unforeseen delay in the survey response rate, we still achieved an improvement in the score from +46.5 to +47.0.


# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Customer Satisfaction (Cont'd)

#### Customer Satisfaction Measurement (Cont'd)

V-SHARE



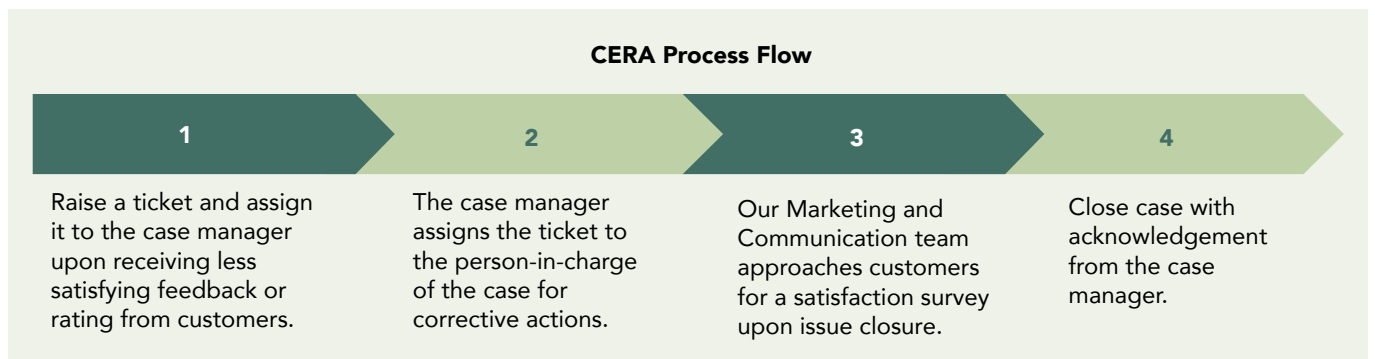
**Good Deeds Can Make A Difference**

As a token of appreciation and gratitude, ViTrox donates USD5 to selected non-governmental organisations (“NGOs”) for each survey response received. ViTrox started this initiative in 2016 to encourage our customers to give us valuable feedback and suggestions for better improvements and, at the same time, positively influence them to do good deeds.

From 2019 to 2022, ViTrox contributed 2,159 good deeds and donated a total of RM45,426 to these NGOs. Throughout the journey, we received warm appreciation from the customers and successfully encouraged them to join us in contributing back to society.

### Customer Satisfaction Improvement

ViTrox assesses our customers’ satisfaction on a more detailed level with the Customer Experience Recovery Action (“CERA”), launched in October 2020. The CERA initiative aims to address the less-than-satisfactory customer feedback or ratings with an e-ticketing mechanism in place to take corrective actions promptly. We believe that the effectiveness of the CERA programme will strengthen customer satisfaction and NPS in the long run as we have taken an extra step further to address customers’ concerns and how we can improve our products and services.



Each ticket raised is managed by dedicated cross-functional teams involving representatives from business units and other relevant departments, which include support from the Marketing and Communication Department. Utilising the CERA initiative, ViTrox aims to address customers’ concerns to recover their customer experience and provide them with necessary solutions to resolve their challenges. We measure the CERA recovery rate after the case is resolved. CERA recovery rate refers to the improvement of NPS ratings given by customers before and after the recovery actions are taken.

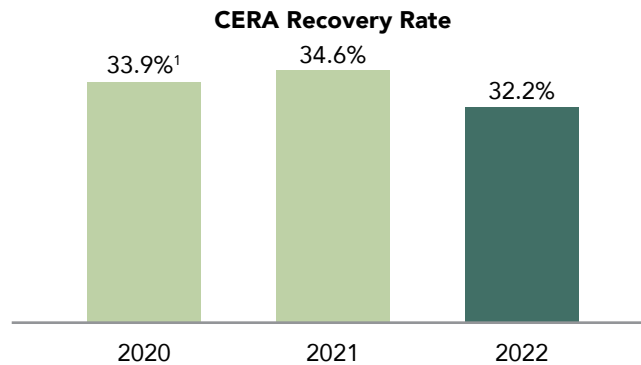
The closure rate of CERA tickets generated in 2022 is yet to achieve 100% as the respective representatives are in the process of addressing customers’ concerns and feedback. Thus, the CERA recovery rate changes upon every ticket’s closure.

# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Customer Satisfaction (Cont'd)

#### Customer Satisfaction Improvement (Cont'd)



Note:-

<sup>1</sup> We launched CERA in October 2020. As such, 2020 CERA represents data from October 2020 to December 2020.

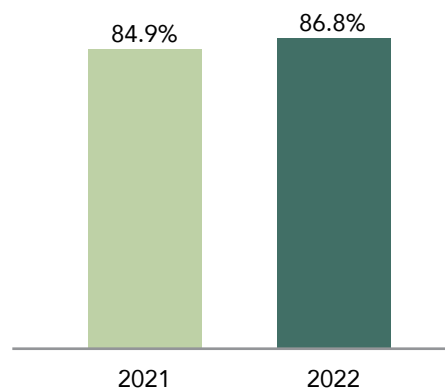
The management has set a target to achieve at least 30.0% by 2023 and 35.0% by 2030.

### ViTrox Trustworthiness Rating

At ViTrox, we believe that trust is a crucial element in business relationships to foster a stronger relationship with our customers and provide effective and efficient services and solutions to our customers. Therefore, we launched an initiative in the second (2<sup>nd</sup>) quarter of 2021 to better understand our customers' satisfaction towards ViTrox's trustworthiness, which is incorporated into the existing customer satisfaction programme. The survey includes five (5) key sub-questions with a satisfaction rating scale of 1 – 5.

The rating for our trustworthiness as provided by our customers for 2021 and 2022 are as follows:-

#### Customers' Trustworthiness Level Towards ViTrox



The overall rating of our trustworthiness was 86.8% in 2022, a marginal increase as compared to 84.9% a year ago. We intend to score at least 88.0% in 2023 and 90.0% by 2030.



# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Customer Satisfaction (Cont'd)

#### Customer Engagement

There are various channels to ensure that we remain continuously engaged with our customers and that we remain reachable and accessible to them at all times.

Communication Channel	Objectives	Description
VCare online customer support system	<ul style="list-style-type: none"> <li>To provide top-notch customer support for our valued customers</li> <li>To ensure quality customer experience through faster turnaround in resolving their support requests</li> </ul>	<p>VCare is a one-stop system established for our customers, worldwide Sales Channel Partner ("SCP") and internal technical support members to submit field issues or ticket requests via a web-based platform. Our technical support members across all relevant business units can provide instant support to worldwide customers upon receiving the tickets.</p> <p>This system also automates information transfer to the Quality Assurance team for continuous improvement planning.</p>
Publications and events	<ul style="list-style-type: none"> <li>To share with our customers new product introductions, important corporate news, and ViTrox's ESG achievements</li> <li>To promote our latest products and technologies to customers</li> </ul>	<p>We engage with customers by publishing regular informative e-newsletters, NPI press releases and product technology blogs, sharing social media postings, and organising User Group Meetings ("UGMs"), online webinars, or participating in industrial trade shows, events, etc.</p>
Success story-sharing sessions	<ul style="list-style-type: none"> <li>To encourage the practice of our core values I.A.C.T.G. in daily and working lives</li> <li>To develop a better understanding between SCPs and us</li> </ul>	<p>We have conducted four (4) sharing sessions of ViTrox's I.A.C.T.G. core values to worldwide SCPs in 2021 and three (3) sessions in 2022.</p> <p>The sharing sessions conducted in 2022 also include ViTrox's ESG overview for SCPs to better understand our ESG initiatives and achievements.</p> <p>We shared with SCPs the success stories in dealing with customers by adopting good I.A.C.T.G. practices to ensure excellent service and product quality.</p>
Sales training: High Impact Training for Sales ("HITS 3.0")	<ul style="list-style-type: none"> <li>To ensure SCPs are well-equipped with product knowledge and sales strategies to provide our customers with best-in-class service and support</li> </ul>	<p>HITS 3.0 was conducted in January 2022 to share comprehensive and in-depth sales and marketing strategies with SCPs.</p> <p>During HITS 3.0, we presented appreciation awards to our SCPs to recognise their relentless efforts and support.</p>



# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Awards and Recognitions

The awards and recognitions that ViTrox has received over the years serve as an acknowledgement of ViTrox’s efforts in technological innovation and our commitment to the development of excellent products.

Corporate Awards	
2022	<ul style="list-style-type: none"> <li>• Best Managed Companies 2022</li> <li>• Forbes Asia’s 200 Best Under A Billion 2022</li> <li>• The Edge ESG Awards 2022 – Most Improved Performance Over Three Years (Silver)</li> </ul>
2021	<ul style="list-style-type: none"> <li>• Forbes Asia’s 200 Best Under a Billion 2021</li> <li>• Global Technology Award 2021 – Inspection Equipment: Robotic Handling System (Advanced Robotic Vision - “ARV”)</li> <li>• Mid-Tier Companies (“MTCs”) CEO Summit 2021 – Automation Advocate</li> <li>• The Edge Billion Ringgit Club Award 2021 – Company of The Year</li> </ul>
2020	<ul style="list-style-type: none"> <li>• IPC APEX EXPO Innovation Award 2020 – Test and Inspection (ARV)</li> </ul>
2019	<ul style="list-style-type: none"> <li>• Forbes Asia’s 200 Best Under a Billion 2019</li> <li>• Global Technology Award 2019 – Inspection Equipment: Robotic Handling System (ARV)</li> <li>• The Edge Billion Ringgit Club Award 2019 – Highest Growth Profit After Tax Over Three Years and Highest Return On Equity Three Years</li> </ul>
2018	<ul style="list-style-type: none"> <li>• Sin Chew Business Excellence Award 2018</li> <li>• The Edge Billion Ringgit Club Award 2018 – Highest Returns to Shareholders Over Three Years</li> </ul>
Supplier Awards and Recognitions	
2018	<ul style="list-style-type: none"> <li>• ASE Group Outstanding Supplier Award 2018</li> <li>• ASE Malaysia Supplier Recognition Award 2018</li> </ul>



### Data Privacy and Protection

ViTrox is committed to enhance the relationship and trust we have established with our customers, vendors, employees and related parties by taking data protection and privacy responsibilities seriously. In accordance with the Personal Data Protection Act 2010 (“PDPA”), we protect personal information and data gathered, or to be gathered, during dealings with us.

We comply with local legislation and implement our internal procedures to prevent any loss, misuse and unauthorised manipulation of personal data belonging to individual end-customers, business-to-business (“B2B”) customers, employees, directors and the third parties we deal with.

# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Data Privacy and Protection (Cont'd)

#### Our Approaches towards Data Protection

We have implemented a few key initiatives in protecting personal and private information collected from the groups mentioned above to manage it professionally, lawfully and ethically.

<b>Management of Legal Documents</b>	In 2022, we automated the legal document handling system to safeguard and keep track of legal documents properly. We developed standard operating procedures (“SOP”) to secure all sensitive data available in the legal documents, and each legal document has its respective tenure period depending on its intended use. Our legal department, the document owners and authorised selective employees will keep detailed legal records and supporting documents. Only ViTroxians can access the legal document handling system through our intranet under ViTrox’s homegrown V-ONE® ticketing module.
<b>Customer Information Handling Process</b>	<p>We advocate customer privacy rights by having a proper customer information handling process. To standardise and safeguard customer data collection, in 2022, we developed an in-house Customer Relationship Management (“CRM”) system, which serves as a centralised database to capture existing and potential customers’ information and protect all sensitive data. This CRM system is accessible through our intranet, and each user must be an authenticated ViTrox employee for required business dealings purposes only. All ViTrox employees – including permanent employees, part-timers, interns and contract workers – are legally bound by a Letter of Undertaking Non-Disclosure of Information (“NDI”) declared yearly.</p> <p>Besides that, for customers under the care of our SCPs, ViTrox aligns well with the respective SCPs on the customer data protection policy through an SCP/Distributor Agreement. We will renew this agreement every two (2) years to ensure that both parties remain aligned on the importance and the liability of customer data protection.</p>
<b>ViTrox Privacy Policy</b>	Compliance with information handling regulations is critical for a leading innovative, cost-effective and customer-driven organisation. We respect individuals’ rights when using personal data, especially since we may collect data from our potential and existing customers through our website. Therefore, ViTrox’s <a href="#">Privacy Policy</a> , available on our website, is designed to safeguard the private and personal data gathered from the aforementioned groups.
<b>Employee Training and Sharing</b>	To enhance data protection and security skills, we conduct regular training and sharing sessions for our employees. The training equips our employees with a fundamental awareness of cybersecurity practices, especially on data protection to reduce the risks of cybersecurity attacks and data leakage. Mainly, the training content includes the importance of password protection on work devices, malware prevention with antivirus, work account authentication and our clear desk policy.

#### Continuous Improvement in Data Privacy and Protection

We have identified and planned numerous initiatives to strengthen the privacy and confidentiality of customer data.

Upcoming Initiatives	Target Implementation
1. Enhance the internal system to centralise the management of technical data shared by customers	By 2023/2024
2. Launch a revamped version of our media release form and letter of authorisation to seek consensus from customers for using their information when necessary	By 2023
3. Enhance communication channels for customers to express their concerns or share their suggestions about data privacy	By 2023/2024
4. Conduct regular sharing sessions for all local and overseas employees and SCPs to improve their awareness of customer data privacy and protection	By 2023/2024

# A TRUSTED CORPORATION

## INNOVATION AND PRODUCT EXCELLENCE (CONT'D)

### Data Privacy and Protection (Cont'd)

#### Personal Data Collection and Process

Personal data made available to ViTrox will be processed as required or permitted by law within the necessary scope. Any form of personal data usage will only be done according to the stipulated agreements based on the nature of the business transactions. Any unauthorised disclosure of confidential information or violation of conflict of interest rules, including sensitive data of customers, is a major misconduct at ViTrox that may ultimately cause termination of employment.

As of 2022, there were no complaints concerning the breach of customer privacy or any loss of customer data.

Year	2021		2022	
	Government Agency	Individuals or Other Parties	Government Agency	Individuals or Other Parties
Received Complaints	None	None	None	None
Penalty	None	None	None	None

## COMMUNITY ENGAGEMENT

<b>Management Purpose</b>	The community has played an important role in supporting ViTrox's stellar growth. Therefore, we stand by our vision and mission by carrying through with our responsibility to allocate resources to promote overall social development, establishing mutually trusting long-term partnerships with local communities.			
<b>Management Approach</b>	ViTrox has established our philanthropic strategy which consists of three (3) main themes, mainly: (i) Driving for Environmental Sustainability, (ii) Nurturing Talents and (iii) Alleviating Poverty, which is aligned with UN SDGs.  We aim to instil generosity and benevolence among ViTroxians and actively participate in charitable activities, education planning and social work to bring a positive impact to this world.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Average voluntary hours per employee	25.0 hours	≥ 18.0 hours	≥ 20.0 hours

Our core values are the basic tenets of ViTrox's shared beliefs that drive us to think, say and do the right things every day in pursuit of both individual and corporate success. We recognise our social obligations to our local communities to create shared value and reduce negative impacts; we believe giving back to our community is essential.

As ViTrox experiences strong economic growth over the years, the amount of resources we consume increases in tandem with business expansion. We have a social responsibility to drive for environmental sustainability. Therefore, we dedicate resources to advance in the field of green technology and adopt environmentally friendly practices in our day-to-day operations.

Besides, we collaborate with local colleges and universities to support the hiring of local talent, encourage volunteerism among our employees and arrange charity fundraising events to help those in need. The ultimate objective of our ongoing efforts is to create a positive influence in the community.

## V-SHARE

### Infusing Warmth into "Cold" Machines

Upholding the vision of being the world's most trusted technology company, ViTrox is a corporate not only about making profits, but also about making a net-positive impact on the world. We were truly moved by the quote, "How to infuse warmth into 'cold' machines?", which encapsulates our mission of infusing compassion and humanistic values into everything we do. It's not just about what we achieve as a business, but also how we make people feel.



# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### V-SHARE

#### Driving for Environmental Sustainability

The drive for sustainability begins from the operations of our Company. We aim to create a culture of compassionate innovation at ViTrox. We develop technologies and solutions with empathy, focusing on improving the well-being of individuals and society as a whole. With that in mind, we think of ways to reduce electronic waste and increase production efficiency. We have been introducing environmentally friendly and socially responsible products, which reflects our ESG goal to have at least two (2) NPIs per year. Through significant investments in agricultural technologies, we strive to improve food security for our nation, ultimately uplifting the living standards for all. We have been cultivating a culture of consuming earth-friendly meals, which benefits our planet, but also promotes a healthier and more sustainable way of life.

#### Nurturing Talents

The motto "Education is too important to be neglected, even in poverty (再穷,也不能穷教育)" inspires us to be firm in our belief that education is the key to building on the standard of living for individuals and communities. Hence, ViTrox has made philanthropy a part of our corporate social responsibility. We contribute to the social development of human capital through various upskilling and uplifting activities for local communities. Our efforts mainly focus on providing accessible, affordable and quality education in STEM and humanistic culture. At the same time, we aim to support underprivileged and deserving students with scholarships, study grants and study assistance.

We hold a strong conviction that education is the key to unlock and unleash the potential of individuals and communities. Our commitment to nurturing talents is not just a token gesture but a conscious effort to give back to society and create a net-positive impact. We understand that every individual represents a world of possibilities, and by supporting education, we can ignite a brighter future for all. Together, let's create a world where education is a beacon of hope for generations to come.

#### Alleviating Poverty

At ViTrox, philanthropy is more than just giving back to the community (回馈社会). It is about instilling a sense of compassion and gratitude in our people and inspiring them to serve whole-heartedly through community service and social activities. Encouraging our employees to volunteer not only benefits the community, but also helps them cultivate a sense of empathy (同理心) and a deeper understanding of the needs of others. By witnessing the struggles of others, they learn to self-reflect (自我反思) and be more grateful for their blessings. We strongly believe that a heart filled with gratitude is more willing to give and create more blessings for others (知福,惜福,再造福). It is our hope that the spirit of compassion (慈悲心) and gratitude (感恩心) will permeate through our culture and inspire our people not just to be better professionals, but better human beings as well.

Moreover, our commitment to philanthropy extends to our customers and suppliers. By doing more charitable activities, we demonstrate to customers that good deeds can make a difference; therefore, we also encourage them to join us in contributing back to society through the customer survey programme. As trust is at the core of all our actions, the charitable activities also reflect the Company's core values (核心价值观), I.A.C.T.G., and our sincerity to building stronger relationships with all of our stakeholders, including our customers.

In conclusion, our commitment to improve the well-being of humankind is grounded in our desire to cultivate a culture of compassion, gratitude and trust within and beyond our Company. At the core of our beliefs is the persistent faith in serving others for their joy and fulfillment, which also brings the same to ourselves. This is why we consciously know that every act of kindness and generosity we extend to those in need will ripple outwards, creating positive change in our communities and beyond.



# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Our Philanthropic Strategy


ViTrox has established our philanthropic strategy consisting of three (3) main themes, mainly: (i) Driving for Environmental Sustainability, (ii) Nurturing Talents and (iii) Alleviating Poverty, which all are aligned with UN SDGs.

Driving for Environmental Sustainability	
<b>SDG Alignment</b>	 
<b>2030 Goals</b>	<ul style="list-style-type: none"> <li>• Net-zero (0) carbon emissions for Scope 2 emissions</li> <li>• 100% compliance with Restriction of Hazardous Substances (“RoHS”) Directive</li> <li>• ≥ 85% V-meal participation rate</li> <li>• 100% reduction in non-biodegradable materials usage in packaging activities</li> <li>• 100% diversion of wood waste</li> </ul>
<b>Business Benefit</b>	<p><b>Number of New Products Developed</b> - By undergoing more R&amp;D activities, we are able to develop more new products which allows us to gain market share in new areas, improving our future revenue.</p> <ul style="list-style-type: none"> <li>• Total number of NPI for 2019-2022: 45</li> <li>• ≥ 20% of NPI contribution to total revenue</li> </ul> <p><b>Compliance with RoHS Directive</b></p> <ul style="list-style-type: none"> <li>• Our AOI and Advanced 3D Solder Paste Inspection (“SPI”) platforms are RoHS compliant (RoHS 3, Directive (EU) 2015/863)</li> <li>• ViE’s industrial device products are fully compliant with the RoHS Directive (RoHS Directive 2011/65/EU and (EU) 2015/863 (amendment in Annex II))</li> </ul> <p><b>Cost Reduction from Green Initiatives</b></p> <ul style="list-style-type: none"> <li>• 534 tonnes of CO<sub>2</sub> emissions reduced, which is equivalent to an overall social/environmental economic value of approximately RM443,320</li> </ul>
<b>Social/ Environmental Benefit</b>	<p><b>Positive Social and Environmental Impact Through Our <u>Agricultural Endeavour</u></b></p> <ul style="list-style-type: none"> <li>• At VAG, we aim to support local farmers in reducing labour dependencies, unreliable yields, reducing excessive use of pesticides in the country to protect the environment by designing and creating innovative and cost-effective high-tech smart agriculture solutions</li> </ul> <p><b>Reducing Environmental Impact by Being <u>A Go-Green Practitioner</u></b></p> <ul style="list-style-type: none"> <li>• 835.6MWh of green energy generated</li> <li>• 534 tonnes of CO<sub>2</sub> emissions reduced</li> <li>• 54.1 tonnes of waste directed from disposal</li> </ul> <p><b>Practising Sustainable Consumption</b></p> <ul style="list-style-type: none"> <li>• V-Farm programme yielded 5,791.5kg of pesticide and chemical-free vegetables</li> <li>• V-Meal programme resulted in 155,844 earth-friendly meals served, avoiding 479,279kg of carbon emissions, which is equivalent to saving 147,470m<sup>2</sup> of forests and more than 52,668 livestock, poultry and fish</li> <li>• Zero (0) Waste Agriculture programme composted 6,142.8kg of organic waste</li> </ul>

# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Our Philanthropic Strategy (Cont'd)

Nurturing Talents	
<b>SDG Alignment</b>	
<b>2030 Goals</b>	<ul style="list-style-type: none"> <li>• ≥ 15% year-on-year growth of the total number of employees</li> <li>• ≥ 20% intern conversion rate to new hire</li> <li>• ≤ 8% attrition rate</li> <li>• ≥ 90% of employees completing 20 training hours per year</li> <li>• 3,000 school students engaged on towards STEM activities</li> </ul>
<b>Business Benefit</b>	<p><b>Our Education Arm</b> ViTrox Academy Sdn. Bhd. ("VA") was set up to grow the talent pool in STEM. VA offers tertiary educational programmes, skilled training and lifelong learning programmes, contributing to economic growth and social development.</p> <ul style="list-style-type: none"> <li>• Organised four (4) sessions of Campus Open Day, hosting 1,076 prospective students from more than 20 schools to experience technology showcases and receive counselling sessions</li> <li>• Hosted school visitation event for 480 students from eight (8) schools to expose them to the industry</li> <li>• Organised 22 sessions of STEM workshops involving 1,076 students to spark their interest in STEM</li> <li>• Organised 12 STEM coaching sessions in 2022 and coached 15 students for a robotic competition</li> </ul> <p><b>Industry-academia Collaborations</b> ViTrox is dedicated to forming collegiate ties and devoting ourselves to fostering young talent in order to advance STEM research and technical development and increase ViTrox's global competitiveness.</p> <ul style="list-style-type: none"> <li>• <b>Padawan Programme</b> - ViTrox launched a 12-month programme in 2022 with a total of 19 students from Universiti Utara Malaysia ("UUM") to train these students with industry-specific skills; eight (8) students have been given internship opportunities at ViTrox</li> <li>• <b>Academic Projects</b> - ViTrox was involved in six (6) projects in collaboration with universities in Malaysia</li> <li>• <b>Work-based Learning ("WBL")</b> - ViTrox collaborated with universities to provide WBL for subjects in Machine Vision Software and Hardware, IoT, AI and Data Analytics, and Robotics and Automation</li> <li>• <b>ViTrox Prestigious Award</b> - An award exclusively for Universiti Tunku Abdul Rahman ("UTAR") to encourage final-year undergraduate students in STEM, Information and Communications Technology ("ICT") and Computer Science programmes to join ViTrox upon graduation</li> <li>• <b>Penang International Science Fair ("PISF")</b> - We partnered with Penang Science Cluster ("PSC") and conducted ten (10) sessions of technical workshops for 493 primary and secondary school students, showcasing the wonders of science</li> </ul> <p>In the year 2022, we achieved:-</p> <ul style="list-style-type: none"> <li>• Growth of 11.4% in the number of employees, from 799 to 890 employees</li> <li>• Intern conversion rate to new hire of 20.9%</li> <li>• 1,076 school students engaged on towards STEM activities</li> </ul>

# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Our Philanthropic Strategy (Cont'd)

Nurturing Talents (Cont'd)	
<b>Social/ Environmental Benefit</b>	<p><b>Providing Accessible and Affordable Education to Nurture STEM Talent</b> ViTrox donated a total of RM2.9 million from the year 2019-2022 to support education initiatives.</p> <ul style="list-style-type: none"> <li>• <b>ViTrox Foundation Scholarship Fund</b> - The Foundation allocates 60% of its funds as a Scholarship Fund to support local talent development and worthy university students pursuing STEM subjects</li> <li>• <b>ViTrox Education Financial Assistance ("VEFA") Programme</b> - ViTrox collaborated with UTAR and Forward School to support qualified students by providing scholarships on their course fees through VEFA Programme; a total of RM543,000 was donated through this programme from the year 2019-2022</li> <li>• <b>National Dual Training System (Sistem Latihan Dual Nasional - SLDN)</b> - VA operates our own SLDN programme for Certificate of Industrial Automation ("CIA"), designed to help underprivileged students further their education in STEM</li> <li>• <b>VA Merit Scholarship</b> - A scholarship programme sponsored by ViTrox Foundation to assist and enable all eligible and deserving students to further pursue education at the tertiary level</li> <li>• <b>Penang Future Foundation ("PFF")</b> - ViTrox donated RM60,000 to PFF, an initiative by the state government to support deserving and outstanding students to pursue their tertiary education by granting scholarship awards</li> <li>• <b>Women in Science ("WIZ") programme</b> - ViTrox sponsored RM10,000 for WIZ programme</li> </ul>
Alleviating Poverty	
<b>SDG Alignment</b>	
<b>2030 Goals</b>	<ul style="list-style-type: none"> <li>• Average of <math>\geq 20.0</math> voluntary hours per employee</li> <li>• Customer Net Promoter Score of <math>\geq +55.0</math></li> <li>• ViTrox Trustworthiness Rating of <math>\geq 90.0\%</math></li> <li>• CERA of <math>\geq 35.0\%</math></li> </ul>
<b>Business Benefit</b>	<p><b>Building a Positive Image and Maintaining a Good Corporate Reputation</b> In the year 2022, we achieved:-</p> <ul style="list-style-type: none"> <li>• Customer Net Promoter Score of +46.9</li> <li>• ViTrox Trustworthiness Rating of 86.9%</li> <li>• CERA of 32.2%</li> </ul> <p><b>Encouraging Participation in Volunteerism and Building Cohesiveness of Our People</b></p> <ul style="list-style-type: none"> <li>• ViTroxians volunteered a total of 28,244 hours, averaging 25 hours per employee, to improve the well-being of our communities</li> <li>• A total of 1,102 employees devoted their time to volunteering activities</li> </ul>



# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Our Philanthropic Strategy (Cont'd)

Alleviating Poverty (Cont'd)	
Social/ Environmental Benefit	<p><b>Number of Donation Beneficiary Units</b></p> <ul style="list-style-type: none"> <li><b>V-Serve Programme</b> - ViTrox donates to six (6) national and worldwide charity organisations (4PAWS, Buddhist Tzu Chi Merits Society Malaysia, Médecins Sans Frontières (“MSF”)/Doctors Without Borders, Women’s Centre for Change (“WCC”), World Vision, United Nations Children’s Fund (“UNICEF”) based on the voluntary hours contributed by the volunteers</li> <li><b>1013 Charity Event</b> - We organised charity programmes to raise funds for donations to Buddhist Tzu Chi Merits Society Malaysia and St. Nicholas’ Home Penang</li> <li><b>Fundraising for Malaysia Flood Relief</b> - ViTrox organised a company-wide fundraising event to make donations to extend the care for affected residents</li> </ul> <p><b>Donation</b></p> <ul style="list-style-type: none"> <li><b>ViTrox Foundation</b> - From the year 2019-2022, ViTrox donated a total of RM2.3 million to support charity initiatives; a portion of the donation was made through ViTrox Foundation which allocates 40% of its funds as a charity fund to be used for medical assistance and disaster relief donations</li> <li><b>V-Serve Programme</b> - ViTrox donated RM179,000 through our V-Serve programme</li> <li><b>1013 Charity Event</b> - We raised a total of RM52,508 and donated RM50,000 to Buddhist Tzu Chi Merits Society Malaysia and RM2,508 to St. Nicholas’ Home Penang</li> <li><b>Fundraising for Malaysia Flood Relief</b> - ViTrox donated RM35,000 from employees’ and Company’s donations</li> <li><b>Customer Net Promoter Score</b> - ViTrox donates USD5 to selected NGOs for each survey response received; collected 2,159 surveys and donated a total of RM45,426 to these NGOs from 2019 to 2022</li> </ul>

### Donation and Sponsorship Initiatives

ViTrox allocates 1% of our yearly profits after tax (“PAT”) towards charitable donations, aiming to be a force for good and create a positive impact on society. Donations from ViTrox have been increasing over the years. In continuous efforts to support charity and education initiatives, ViTrox donated RM2.0 million to various parties in 2022.

Year	Unit	Education		Charity	Total
		VEFA Programme	Other than VEFA		
2019	RM'000	64	110	157	331
2020	RM'000	132	503	268	903
2021	RM'000	231	686	1,022	1,939
2022	RM'000	116	1,039	827	1,982



# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Volunteerism Cultivation

At ViTrox, we embrace the culture of volunteerism and encourage our people to practise humanistic stances in our communities. We practise voluntary service as a decisive trait to develop a healthy and meaningful life. ViTrox regularly conducts volunteering activities, such as the V-Serve programme.

Year	Major Volunteering Activities	Total Number of Activities	Total Volunteers	Total Voluntary Hours
2019	<ul style="list-style-type: none"> <li>1013 Charity Event - Fruit Rojak Charity Sales</li> <li>CNY Cookies (In-house Handmade) Charity Sales</li> <li>Donation to HAMC for Orang Asli</li> <li>UTAR Garden Planting</li> <li>Volunteering in V-Meal Serving Programme</li> </ul>	27	680	6,037
2020	<ul style="list-style-type: none"> <li>1013 Charity Event - Fruit Rojak Charity Sales</li> <li>CNY Cookies (In-house Handmade) Charity Sales</li> <li>Voluntary Performers in "Live Performance on Friday"</li> <li>Volunteering in National Day Decoration</li> <li>Zen Garden Set-up and Sunflower Planting</li> </ul>	38	773	13,630
2021	<ul style="list-style-type: none"> <li>Lime Tree Charity Sales</li> <li>Clothes, Shoes and Blankets Donation to Kawan Shop</li> <li>PIKAS Programme</li> <li>Mount Miriam Run</li> <li>V-Enzyme Making</li> <li>Campus 3.0 Groundbreaking</li> <li>1013 Charity Event - Charity Sales</li> <li>1013 Charity Event - Charity Concert</li> <li>UTAR Virtual Run</li> <li>Kuala Lumpur and Selangor Flood Relief</li> </ul>	44	857	12,296
2022	<ul style="list-style-type: none"> <li>ViTrox User Group Meeting ("UGM")</li> <li>Penang International Science Fair ("PISF")</li> <li>ViTrox Academy Open Day</li> <li>SEMICON Southeast Asia Factory Tour</li> <li>Girls in Engineering and Tech programme</li> <li>FIRST® Tech Challenge 2021/2022</li> <li>2022 Annual Dinner &amp; Cultural Night</li> <li>1013 Charity Event - busking, car wash, jelly making, sales of cookies, desserts and handmade soap, etc.</li> <li>2022 Gratitude Night</li> <li>V-Wellness Campaign - blood test and blood donation</li> <li>Deepavali celebration - decoration, inai drawing, etc.</li> <li>Christmas celebration - decoration, campus carolling, etc.</li> <li>Winter Solstice celebration - Tang Yuan making</li> <li>Kuala Lumpur and Selangor Flood Relief - MVS-S Charity Concert</li> <li>V-Basketball Tournament</li> <li>V-Enzyme Harvesting</li> <li>V-Enzyme Making Workshop</li> <li>V-Mooncake Making Workshop</li> <li>V-Recycle Waste Collection</li> </ul>	84	1,102	26,033

# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Volunteerism Cultivation (Cont'd)



### V-Serve Programme

Apart from our regular volunteer activities, we encourage our people to serve voluntarily through community service and social activities. ViTrox donates to certain national and worldwide charity organisations (per the volunteers’ preference) based on the volunteer hours contributed.

The six (6) national and worldwide charity organisations that we donate to are as follows:-



- 4PAWS
- Buddhist Tzu Chi Merits Society Malaysia
- Médecins Sans Frontières (“MSF”)/Doctors Without Borders
- Women’s Centre for Change (“WCC”)
- World Vision
- United Nations Children’s Fund (“UNICEF”)

Year	Volunteer (Initiated By)			Voluntary Hour (Initiated By)			Donation <sup>1</sup> (RM'000)
	Individual (pax)	Company (pax)	Total (pax)	Individual (hours)	Company (hours)	Total (hours)	
2019	118	95	213	738	290	1,028	34
2020	94	46	140	449	167	616	28
2021	162	50	212	595	356	951	31
2022	364	94	458	1,904	307	2,211	86

Note:-

<sup>1</sup> ViTrox made a donation of RM50 for each voluntary hour contributed by ViTroxians.

In 2022, ViTroxians volunteered 28,244 hours to improve the well-being of people and their communities, highlighting the willingness to do good, compassion and generosity of ViTroxians. We target to achieve an average voluntary hour of at least 18 hours per employee in 2023 and 20 hours by 2030.



# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Contribution to Society

ViTrox is determined to positively influence the community through our corporate conscience programmes, such as charity donations, fundraising events and corporate social responsibility ("CSR") programmes.



#### Fundraising for Malaysia Flood Relief

- The initiative raised RM35,000 from employees' donations and received top-ups from the Company.

The severe flooding at the beginning of 2022 affected many states in Malaysia. To extend the care for affected residents, ViTrox organised company-wide fundraising and encouraged employees to lend a helping hand to the community. The business unit MVS-S held a charity concert to support the initiative at V-Cafe.



#### Hands-on Farming Experience

- There were 56 employees who volunteered four (4) hours on a Saturday for farming activity.

VAG has conducted various on-site experiments and innovative trial runs in agricultural technology. Volunteer employees who participated in this activity visited the farming site in Ara Kuda, Penang, to support the farming activities and learn about farmland cultivation.



#### Beach Cleaning

- In 2022, there were 12 groups of employees who volunteered for beach cleaning in Penang.
- The locations include Pantai Teluk Duyung (also known as Monkey Beach), Pantai Bersih Bagan Ajam, Robina Eco Park, etc.

The objectives of beach cleaning are to clean up the litter and marine debris on the beaches, protect and preserve the health of beaches and coastline environment, and raise awareness on environmental protection.



#### Volunteering at V-Greenhouse

- Since the launch in June 2022, we have conducted ten (10) sessions for different groups of people.
- The activities include a plant tour at the V-Greenhouse and a briefing on greenhouse farming and harvesting methods.

While volunteer participants get hands-on experience harvesting agricultural products, the main objectives of this initiative are to educate participants on food-related hazards and frauds and introduce the production and management of safe and high-quality agricultural products from the V-Greenhouse.



# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Contribution to Society (Cont'd)



#### Blood Donation

- Out of 121 people registered their intention to take part in this blood donation campaign, 87 of them were qualified and successfully donated their blood to the blood bank.

As part of our CSR efforts, we organised a half-day blood donation campaign at ViTrox in collaboration with Sultan Abdul Halim Hospital Blood Bank, Sungai Petani. This blood bank has been an essential partner as it supplies the blood needed for general and private hospitals in the northern Peninsular Malaysia region.



#### 1013 Charity Event

- In 2022, we successfully organised this annual event on 10 - 13 October 2022 by having eight (8) charity booth sales and three (3) charity programmes, a collective effort from five (5) business units and eight (8) special interest clubs.
- This event raised total funds amounting to RM52,508 donated to Buddhist Tzu Chi Merits Society Malaysia (RM50,000) and St. Nicholas' Home Penang (RM2,508).

ViTrox has set 13 October as the date of an annual charity event. The Company encourages ViTroxians to volunteer by organising and participating in various activities to support fundraising.



#### Office Workplace Rental to Penang Science Cluster

- Since 2017, ViTrox has letted two (2) offices at Krystal Point, Penang, to PSC with a symbolic RM1 monthly rental fee.
- The estimated rental cost on the market is approximately RM40,000 per annum in 2022.

ViTrox supports the objectives of PSC in sparking interest in science and technology and fostering a culture of innovation and entrepreneurship among the youth community in the country.



#### Recycling Activity

- In 2022, five (5) groups of employees volunteered for the recycling activity.

At Penang Tzu-Chi Recycling Education Centre, the volunteer ViTroxians have learned recycling practices and recyclable waste segregation.

# A TRUSTED CORPORATION

## COMMUNITY ENGAGEMENT (CONT'D)

### Contribution to Society (Cont'd)

#### Empowering Underprivileged Groups

ViTrox Academy Sdn. Bhd. ("VA") has been accredited by the Department of Skills Development (Jabatan Pembangunan Kemahiran - JPK) to operate our very own SLDN for the CIA. The ViTrox SLDN is designed to help underprivileged students further their education by providing them with an alternative pathway. During the course, students are given a one (1) year employment contract where they learn practical skills from the industry and theory knowledge from the training centre. During the practical skill training period, students will receive an amount of allowance as well to support their daily expenses. Students will graduate with a Malaysian Skills Certificate (Sijil Kemahiran Malaysia - SKM) Level Two (2) and Three (3) after completing their studies, which allows them to further pursue a higher level of study. This certificate-level programme enables underprivileged students to further study with an amount of allowance and land a job after graduation. If the student wishes to further study to a higher level, the student may go for a part-time study while a full-time job is secured.

VA also established a Merit Scholarship programme to assist and enable all eligible and deserving students to further pursue education at the tertiary level, giving them the opportunity to improve their quality of life and venture into the working world and economy sector. The scholarship, supported and sponsored by ViTrox Foundation, serves as financial aid for the underprivileged students to have a chance to succeed through education.



#### Children's Education

Aligned with our commitment to complying with international standards for the protection of human rights, we believe that every child has the right to an education on the basis of equal opportunity, as stated in the United Nations Convention on the Rights of the Child ("UNCRC"). Therefore, ViTrox made charitable donations and provided sponsorship to organisations that support children's rights and accessibility to basic necessities and close the inequality gaps.

Beneficiaries of donation and sponsorship include UNICEF which works on innovative education systems that help ensure children keep learning, WIZ programme which promotes STEM education among female secondary school students, and PSC which offers free science and technology programmes for schools in Penang.

In line with UNCRC, we recognise the right of children to engage in creative activities. ViTrox took the initiative to cultivate the interest in STEM among children through educational programmes and community collaboration. Our educational arm, VA, organised various STEM workshops and collaborated with Arus Academy to run a V-Apprentice workshop at ViTrox Makerspace.

#### ViTrox Foundation

As the philanthropic arm of the Group, ViTrox Foundation was established in 2021 to nurture the seed of compassion and wisdom. ViTrox donates 1% of our yearly PAT to ViTrox Foundation. The foundation allocates 60% of its funds as an education fund and 40% as a charity fund.

The purposes of the funds are well aligned with two (2) main themes of our group-wide philanthropic strategy.

Main Theme	Purpose
<b>Nurturing Talents</b>	To promote and provide accessible, affordable and quality education, especially in STEM and humanistic culture through the establishment of industry-driven training institutions.
<b>Alleviating Poverty</b>	To provide financial and non-financial assistance, directly or indirectly (through a third (3 <sup>rd</sup> )-party non-profitable organisation), to individuals or families who need help to sustain an adequate standard of living.

The Foundation is set up under the Company Act 2016 as Company Limited by Guarantee ("CLBG") and not having a share capital, which ensures the separation of the legal identity of the organisation and limited liability of members who are involved in the operation. As a CLBG, no person can acquire a controlling interest in ViTrox Foundation, nor make profits from a share sale if there is any.

# A SUSTAINABLE GOVERNANCE

ViTrox strives to achieve sustainable growth and profitability in our business, yet we are mindful not to be overly attached to material gains. We commit to strengthening our financial position and enhancing our competitiveness by adopting good, ethical and sustainable business practices, corporate governance and effective capital management. Adopting various sustainable business practices and effective corporate governance demonstrates our revenue, profitability, assets and equity over the years.



## Sustainability Highlights 2022

<b>Top 25%</b> Amongst Public Listed Companies in FTSE Bursa Malaysia EMAS assessed by FTSE Russell	<b>2nd</b> Consecutive year being included in FTSE4Good Bursa Malaysia indices	<b>10%</b> Year-on-year revenue growth	<b>44%</b> Female composition on Board of Directors
<b>0</b> Confirmed incidents of corruption	<b>100%</b> Completed Anti-Bribery and Corruption e-Quiz	<b>0</b> Major information security incidents	<b>90%</b> Participation in cybersecurity awareness training

## ECONOMIC PERFORMANCE

<b>Management Purpose</b>	ViTrox strongly believes financial strength and sustainability are equally important in running and growing our business.				
<b>Management Approach</b>	We adopt prudent business plans, disciplined capital management and good financial performance to create long-term economic value and build a solid financial foundation, which allows the Company to give back to society.				
<b>Performance</b>	<b>Measurement</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
	Year-on-year revenue growth rate	-14.0%	38.5%	44.6%	10.3%

The Group is principally engaged in the design, development and production of the automated vision inspection system, digital automated vision inspection equipment and modules as well as printed circuit board assemblies for microprocessor applications. For financial reporting purposes, our revenue is mainly confined to a single operating segment, namely the sale of vision inspection solutions and the rendering of related technical support services.

ViTrox not only discloses historical financial information, but we also share with the relevant stakeholders our business outlook, enhancing their confidence in our long-term investment value so that they are willing to grow with the Company. For our business outlook, please refer to the Chairman Statement and Management Discussion & Analysis sections of our Annual Report 2022.

Our consolidated financial statements cover ViTrox Corporation Berhad and our subsidiaries and our Group's interest in associates. Our past four (4) years' financial results, as set out in the Financial Statements section of our Annual Report 2022, are as follows:-

	Unit	2019	2020	2021	2022
Revenue	RM'000	339,592	470,379	680,124	750,249
Profit before tax	RM'000	81,458	110,309	178,190	206,233
Profit for the financial year attributable to the owners of the Company	RM'000	79,651	105,621	169,664	200,816
Basic earnings per share	sen	8.46	11.20	17.97	21.26
Total assets	RM'000	616,666	759,967	947,051	1,138,152
Equity attributable to owners of the Company	RM'000	482,388	569,008	711,603	874,335
Return on equity	%	16.5	18.6	23.8	22.9

# A SUSTAINABLE GOVERNANCE

## ECONOMIC PERFORMANCE (CONT'D)

The adoption of various sustainable business practices and effective corporate governance demonstrates the growth in our revenue, profitability, assets and equity over the years. Despite the COVID-19 pandemic's effects on the global supply chain and economic landscape, ViTrox is resilient and devoted to long-term business profitability by providing cost-effective machine vision solutions. Our healthy cash flow allowed the Company to deliver steady cash dividends while keeping up with the capital expenditure as follows:-

	Unit	2019	2020	2021	2022
Cash dividend in respect of the financial year	RM'000	20,256	26,912	43,263	151,013
Dividend payout ratio	%	25.4	25.5	25.5	125.5

Note:-

<sup>1</sup> This amount includes a final tax-exempt dividend of 4.15 sen per share, which gives an estimated dividend distribution of RM39.2 million, to be paid subject to approval at the forthcoming Annual General Meeting.

Dividend payout is one of the important elements considered by the Company in enhancing our shareholder value. The Board of Directors ("Board") will consider Group's earnings, capital expenditure requirements, overall liquidity position and other relevant factors in determining the actual dividend payout.

## Tax Governance

ViTrox believes that being an honest and responsible taxpayer will help foster economic growth, contribute to business sustainability, reinforce our business value and positively affect our business partners. We are committed to:-

- Acting at all times in compliance with the spirit and the letter of all applicable tax laws and regulations in the jurisdictions in which we operate
- Not transferring value created to low-tax jurisdictions
- Not using tax structures without commercial substance
- Undertaking inter-company transactions using the arm's length principle
- Not using secrecy jurisdictions or so-called "tax havens" for tax avoidance
- Being transparent and disclosing tax information in accordance with applicable regulations and reporting requirements
- Developing mutually trustful and respectful relationships with tax authorities and having open and honest channels of communication

ViTrox is subject to tax laws and regulations in various jurisdictions where we operate or conduct business. Any unfavourable changes in tax laws and regulations in these jurisdictions could increase the Company's effective tax rate and have an adverse effect on the operating results. ViTrox identifies, assesses and manages tax risks from regulatory changes and business transactions, accounts for them appropriately, and implements and monitors control over them.

Our Finance Department is responsible for income tax filing and obtains approvals from the appropriate authorisation level before filing. If necessary, ViTrox will leverage external tax service providers for complementary expertise and advice. The Board delegates our Audit Committee to oversee the quality and integrity of the Company's accounting, auditing, reporting and financial control practices through periodic review of certain major matters, including accounting policies and procedures, internal control systems, legal compliance and corporate risk management.

Please refer to the chart below for profit before tax, tax accrued, effective tax rate and net tax paid:-

	Unit	2019	2020	2021	2022
Profit before tax	RM'000	81,458	110,309	178,190	206,233
Tax accrued on results for the financial year	RM'000	3,589	5,002	8,913	9,951
Effective tax rate	%	4.4	4.5	5.0	4.8
Net tax paid	RM'000	4,026	4,453	5,279	5,265



# A SUSTAINABLE GOVERNANCE

## ECONOMIC PERFORMANCE (CONT'D)

### Tax Governance (Cont'd)



Our Group’s effective tax rate was lower than the statutory tax rate of 24% due to tax incentives enjoyed by two (2) of our wholly-owned subsidiaries, ViTrox Technologies Sdn. Bhd. (“VTSB”) and ViE Technologies Sdn. Bhd. (“ViE”).

- Ministry of International Trade and Industry (“MITI”) granted VTSB pioneer status to undertake activities relating to the development and production of embedded intelligent robotic inspection systems and machines with machine-to-machine connectivity and predictive analytic capability for semiconductor and electronics industries. The incentive is for five (5) years commencing from 17 June 2015 to 16 June 2020, and further extended to another five (5) years vide Malaysian Investment Development Authority (“MIDA”) approval letter for the above-mentioned pioneer status till 16 June 2025; and
- MITI granted ViE pioneer status to undertake activities for the design, development and manufacturing of Industrial Internet of Things (“IIoT”) devices for data acquisition and machine communication/control with intelligent and predictive capabilities for semiconductor and electronics industries. The incentive is for three (3) years commencing from 1 June 2018 to 31 May 2021 and further extended to another two (2) years by MIDA until 31 May 2023.

The current income tax provision is in respect of certain non-business income and non-tax-exempted income generated from non-pioneer products and services.

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES

<b>Management Purpose</b>	We maintain sound corporate governance, continuously practise good ethics in conducting business and comply with all laws and applicable regulations where we operate.			
<b>Management Approach</b>	ViTrox adopts good corporate governance practices to strengthen the functions of the Board and continues to improve our corporate risk management approaches. Additionally, we are committed to establishing good business practices and ethical standards, living up to our core values.			
<b>Performance, Targets and Goals</b>	<b>Measurement</b>	<b>2022 Performance</b>	<b>2023 Target</b>	<b>2030 Goal</b>
	Number of confirmed incidents of corruption	0	0	0
	Female composition on the Board of Directors	44.4%	≥ 30.0 %	≥ 30.0 %

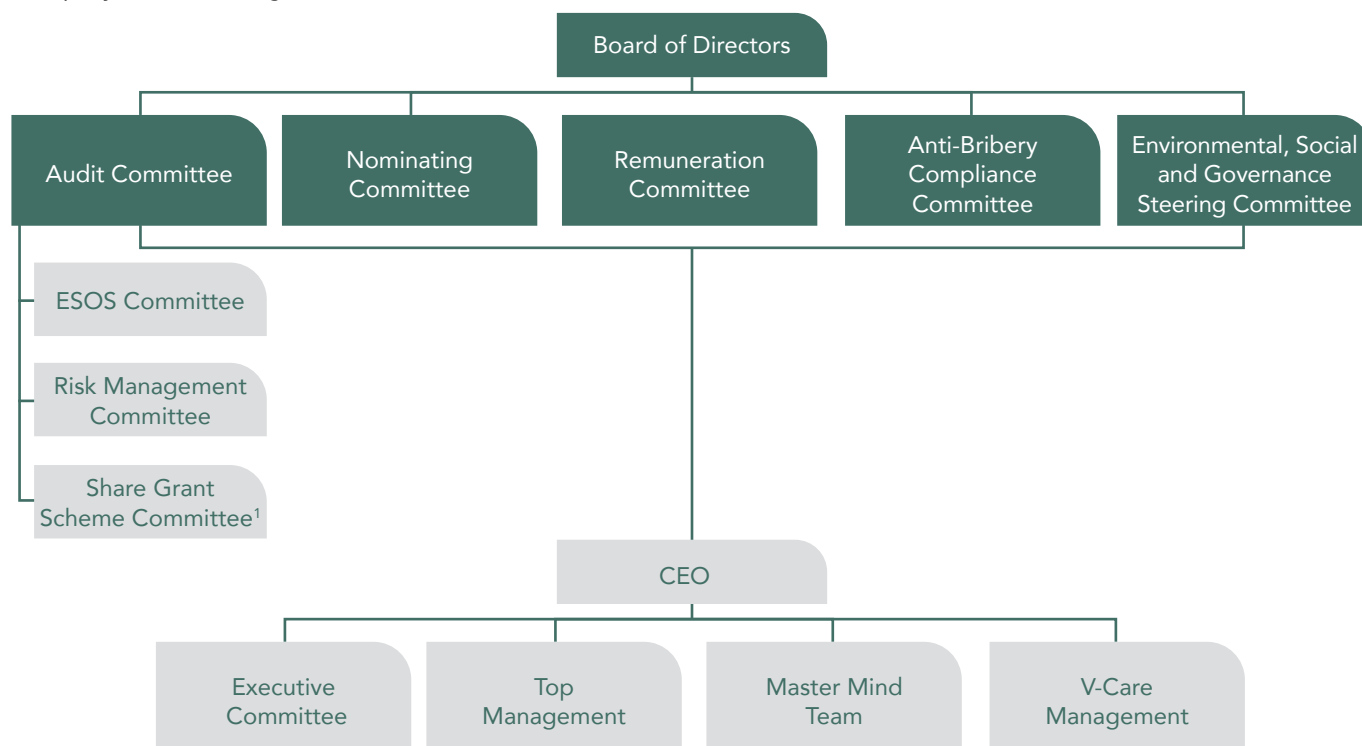
ViTrox conducts business with uncompromised integrity by upholding our core values, Code of Ethics, Whistleblowing Policy and Anti-Bribery and Corruption Policy. To ensure stakeholders’ interest is properly safeguarded, our Board Committees oversee the Company’s overall management and deliver sustainable value to the stakeholders.

# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Governance Structure

ViTrox is committed to ensuring good corporate governance is practised to safeguard stakeholders' interests and enhance shareholders' value. We believe that a sound and effective Board is the basis for successful corporate governance. In discharging our fiduciary duties defined under Board Charter, the Board delegates specific powers to Board Committees, the CEO and the Company's senior management.



Note:-

<sup>1</sup> The Share Grant Scheme Committee was established on 3 March 2022.

### Changes in Board Composition in 2022

Before 1 December 2022, the Board comprised three (3) Executive Directors ("EDs") and four (4) Independent Non-executive Directors ("INEDs"), indicating an independent element of 57.1% of the Board. Two (2) of the seven (7) Directors are female, making our female directors comprise 28.6% of the total Board.

Bursa Malaysia Securities Berhad made amendments to the Main Market Listing Requirements ("MMLR") in relation to director appointment and independence vide Bursa Circular dated 19 January 2022. Bursa amended the definition of independent directors under Paragraph 1.01, requiring all long-serving independent directors of more than 12 years to resign or be designated as non-independent directors by 1 June 2023. Correspondingly, ViTrox has taken a proactive step to go for early adoption by re-designating three (3) existing Independent Non-Executive Directors ("INEDs") to Non-Independent Non-Executive Directors ("NINEDs") on 1 December 2022. On the same date, two (2) new female INEDs were appointed to the Board, effectively making sure that at least one-third (1/3) of our Board consists of INEDs, fulfilling Paragraph 1.01 of MMLR.

Consequently, our Board comprises nine (9) members as of 31 December 2022, including three (3) EDs, three (3) INEDs and three (3) NINEDs, complying with the MMLR. We have four (4) female directors, equivalent to 44.4% of the Board as of year-end until the date of this Report.

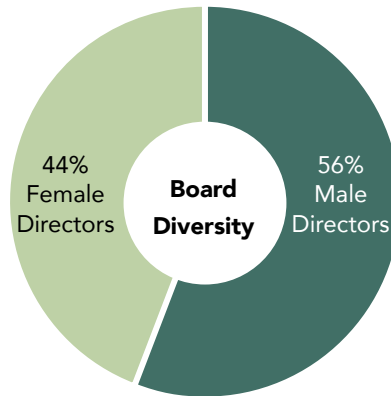
# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Governance Structure (Cont'd)

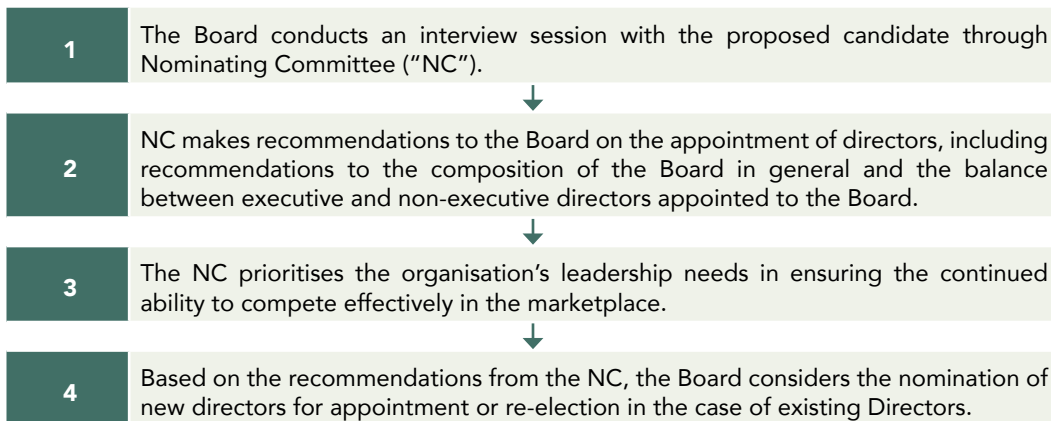
#### Changes in Board Composition in 2022 (Cont'd)

At ViTrox, we are committed to conducting our business ethically and responsibly. Our core values, I.A.C.T.G., represent the fundamental principles of ViTrox's shared values that guide us to think, talk and do the right things every day to pursue individual and company greatness.



#### Nomination of Board

While striving to achieve sustainability in the long term, the Group continuously retains and attracts suitable talents at all levels to meet objectives. The Board prioritises the selection of candidates based on skills, experience and personal attributes and strongly believes that a candidate's performance lies within oneself instead of the recommender/referrer. Accordingly, the Board is open to the channel in sourcing any potential candidate, either through recommendations from existing Board members or through independent sources. Should the proposed candidate be recommended by any Board member, such Director will be abstained and will continue to abstain from all deliberations and to vote on the proposed nomination at all board/committee meetings.



Directors do not have a fixed term of appointment. In accordance with the Company's Constitution, one-third (1/3) of the Directors must retire at the Annual General Meeting ("AGM") annually. All Directors are subject to retire by rotation, at least once every three (3) years but shall be eligible for re-election. New Director appointed by the Board during the year, if any, is required to retire at the next AGM and stand for election by shareholders. The details regarding the Directors standing for re-election at the next AGM are contained in the Company's notice of AGM. At the AGM, shareholders vote by a single resolution to determine whether the Director will be appointed.

On 30 May 2022, the Board adopted the Directors' Fit and Proper Policy ("Policy"). The Policy serves as a guide to the NC and Board in their review and assessment of candidates to be appointed to the Board and directors seeking re-election.

As of 31 December 2022, our Board comprises nine (9) members from different professional backgrounds and is responsible for the Company's operations and supervision. The Board members' diverse academic and industrial experiences are an asset to corporate decision-making and long-term strategic planning.

With the appointment of two (2) new Directors on 1 December 2022, the tenure of all INEDs is less than nine (9)-year.

# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Governance Structure (Cont'd)

#### Board Diversity as at 31 December 2022

To create and maintain a diverse Board, the NC will review the structure, size and diversity (without limitation of gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board at least annually; and make recommendations to the Board with regards to any adjustment that are deemed necessary.

Title/Name	Gender	Nationality	Industry/Background	Race/Ethnicity	Age	Attendance	Tenure (number of year)
<b>Executive Director</b>							
Chu Jenn Weng	Male	Malaysian	<ul style="list-style-type: none"> <li>Technology</li> <li>Industrial</li> <li>Corporate/Planning</li> <li>Governance Risk and Compliance</li> </ul>	Chinese	52	100%	17.4
Siaw Kok Tong	Male	Malaysian	<ul style="list-style-type: none"> <li>Technology</li> <li>Marketing</li> <li>Industrial</li> <li>Corporate/Planning</li> <li>Governance Risk and Compliance</li> </ul>	Chinese	51	100%	17.4
Yeoh Shih Hoong	Male	Malaysian	<ul style="list-style-type: none"> <li>Technology</li> <li>Industrial</li> <li>Corporate/Planning</li> <li>Governance Risk and Compliance</li> </ul>	Chinese	50	100%	17.4
<b>Non-Independent Non-Executive Director</b>							
Dato' Seri Dr. Kiew Kwong Sen <sup>1</sup>	Male	Malaysian	<ul style="list-style-type: none"> <li>Technology</li> <li>Industrial</li> <li>Corporate/Planning</li> <li>Governance Risk and Compliance</li> </ul>	Chinese	74	100%	17.4
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani <sup>1</sup>	Male	Malaysian	<ul style="list-style-type: none"> <li>Technology</li> <li>Industrial</li> <li>Corporate/Planning</li> <li>Governance Risk and Compliance</li> </ul>	Bumiputera	62	100%	17.4
Chuah Poay Ngee <sup>1</sup>	Female	Malaysian	<ul style="list-style-type: none"> <li>Accounting/Finance</li> <li>Governance Risk and Compliance</li> </ul>	Chinese	52	100%	16.1
<b>Independent Non-Executive Director</b>							
Mary Yeo Chew Yen	Female	Malaysian	<ul style="list-style-type: none"> <li>Governance Risk and Compliance</li> <li>Law/Legal</li> </ul>	Chinese	64	100%	4.7
Dato' Prof. Dr. See Ching Mey <sup>2</sup>	Female	Malaysian	<ul style="list-style-type: none"> <li>Industrial</li> <li>Governance Risk and Compliance</li> <li>Educational and Counselling</li> </ul>	Chinese	66	<sup>2</sup>	< 1 year
Emelia Binti Matrahah <sup>2</sup>	Female	Malaysian	<ul style="list-style-type: none"> <li>Technology</li> <li>Corporate/Planning</li> <li>Accounting/Finance</li> <li>Governance Risk and Compliance</li> <li>Law/Legal</li> </ul>	Bumiputera	56	<sup>2</sup>	< 1 year

Notes:-

<sup>1</sup> The Director was re-designated from INED to NINED on 1 December 2022.

<sup>2</sup> Appointed as INED on 1 December 2022. No Board meeting was held from 1 December 2022 to 31 December 2022.



# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Governance Structure (Cont'd)

#### Board Diversity as at 31 December 2022 (Cont'd)



	Unit	2019	2020	2021	2022
Female compositions on the Board of Directors	%	25.0	28.6	28.6	44.4
Independent finance expertise in Audit Committee	%	25.0	33.3	33.3	40.0

As of 31 December 2022, 44.4% of the Board consists of females, aligning with the recommendation set out under Practice 5.9 of the MCCG. ViTrox is mindful to ensure our 2023 target and 2030 goal to have at least 30.0% females on the Board.

### Remuneration

The Board established a dedicated Board Committee, Remuneration Committee ("RC"), to oversee remuneration matters. The RC is responsible for formulating and reviewing the remuneration policies for the Board and Board Committees and the Company's Senior Management ("SM") to ensure the same remains competitive, appropriate and aligned with the prevalent market practices. The committee meets at least once a year to review and ensure the competitiveness of compensation packages. As of year-end, there are five (5) Directors in our RC, of which 60.0% of RC is made up of three (3) INEDs.

A fair remuneration package is crucial to attracting, retaining and motivating the Directors and SM. The remuneration of SM is structured to link rewards to individual and corporate performances, which comprises fixed and variable components. Fixed remuneration for SM is determined according to the scope of duties and responsibilities, conditions and experiences required and is periodically benchmarked to market/industry surveys. The variable components are determined based on the key performance indicators ("KPI") in the Corporate Hoshin, as approved by the Board. The KPI for the CEO includes revenue, profit before tax, days inventory outstanding and end-to-end lead time. These KPIs are the main drivers of our sustainability matters: revenue and profit before tax under Economic Performance, days inventory outstanding under Supply Chain Management and end-to-end lead time under Innovation and Product Excellence.

The Executive Committee ("EC") assessed the annual performance of the employees based on their performance with regard to the Corporate Hoshin and Division/Department Hoshin, as well as competencies. To ensure consistency in performance assessment, the final performance ratings, as decided by the EC, are used for the purpose of determining their performance bonus and annual increment. Our remuneration packages are always benchmarked against the industry to ensure that the remuneration packages are commensurate with individual duties, responsibilities and performance as well as the Group's performance.

# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Governance Structure (Cont'd)

#### Remuneration (Cont'd)

ViTrox also offers long-term incentives, such as ESOS, to directors and all eligible employees. We believe that the ownership of Company shares by the Directors and employees holding SM positions helps align their interests and actions with the interests of ViTrox's shareholders. In 2022, ViTrox introduced SGS to eligible EDs and employees including SM, with a duration of ten (10) years. The primary objectives of the SGS are to recognise the contributions from employees, including SM, who contribute to the continuous growth of the Group, motivate them to work towards better performance and promote employee loyalty. It is worth noting that the EDs have voluntarily opted out of the SGS. To retain talent in a long term, SGS also aims to acknowledge the performance, seniority, duration of service, potential for future development and contribution to the success and development of the Company for employees, including SM. In 2022, we granted a total of 2,396,000 shares to our people in accordance with the SGS by-laws.

Non-executive Directors' remuneration is a matter to be decided by the Board as a whole, with the Director concerned abstaining from deliberations and voting on decisions in respect of his individual remuneration prior to the tabling of such for shareholders' approval.

The fees of Directors are recommended and endorsed by the Board for approval by the shareholders of the Company at our AGM. The detailed remuneration of each Director is set out in the Annual Report 2022.

ViTrox has not formulated the remuneration to be linked with ESG performance. We address our awareness by setting targets and goals for each core theme. We address the climate change issue through our daily operations rather than incorporating monetary values in the remunerations of either CEO or SM since ViTrox's Purpose is to contribute to the advancement of society and the well-being of humankind. As such, we merely carry out our own part as a human. We address the growing concern on climate change on a long-term basis by practising in our day-to-day operations, which include serving plant-based meals for free for our people, adopting zero (0) waste agriculture concept and segregating waste at source.

#### Board Deliberations

The Board meets at least once a quarter to formulate and adopt a strategic business plan for the Group to evaluate the impact of risks affecting the operations of the Group. An annual meeting calendar is circulated to Directors before the beginning of every year. Agenda and documents relevant to the Board meetings are circulated at least seven (7) days before the meetings, and all proceedings of meetings are minuted.

In 2022, the Board met five (5) times to deliberate and consider any significant issues requiring thorough discussion and approval. All Directors have complied with the minimum 50% attendance requirement in respect of Board Meetings as stipulated in the MMLR. The Board meeting attendance rate was 100%. The attendance of the Board and Board Committee members at the meetings of the Company during the year are as set out in the table below:-

Name	BOD	AC	NC	RC
<b>Executive Director</b>				
Chu Jenn Weng	5/5			1/1
Siaw Kok Tong	5/5			
Yeoh Shih Hoong	5/5			
<b>Non-Independent Non-Executive Director</b>				
Dato' Seri Dr. Kiew Kwong Sen <sup>1</sup>	5/5	5/5	2/2	1/1
Datuk Ir. Dr. Ahmad Fadzil Bin Mohamad Hani <sup>1</sup>	5/5	5/5	2/2	
Chuah Poay Ngee <sup>1</sup>	5/5	5/5	2/2	
<b>Independent Non-Executive Director</b>				
Mary Yeo Chew Yen	5/5			1/1
Dato' Prof. Dr. See Ching Mey <sup>2</sup>	2	2	2	2
Emelia Binti Matrahah <sup>2</sup>	2	2	2	2

Notes:-

<sup>1</sup> The Director was re-designated from INED to NINED on 1 December 2022.

<sup>2</sup> Appointed as INED on 1 December 2022. No Board/Committee meeting was held from 1 December 2022 to 31 December 2022.

# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Governance Structure (Cont'd)

#### Board Deliberations (Cont'd)

The holders of ordinary shares (except treasury shares) are entitled to one (1) vote per ordinary share at general meetings of the Company. During the 18<sup>th</sup> AGM held on 19 May 2022, poll voting was used to facilitate the voting process for resolutions tabled. This is in line with Paragraph 8.29A of the MMLR on the requirement for poll voting by which one (1)-share-one (1)-vote principle applies for resolutions set out in the notice of general meetings. An independent scrutineer also verified the results of the polls. Adopting electronic poll voting at these meetings ensures accurate and more transparent voting results and is a more efficient process.

#### Maintaining High Corporate Governance Standards

We remain committed to maintaining a high standard of corporate governance. For the year under review, we continue to meet applicable statutory requirements, best practices, guidelines and standards such as the Companies Act 2016, MMLR, MCCG, etc.

As ESG performance is now considered critical in assessing a company’s long-term sustainability and profitability, it is imperative that ViTrox remains ahead of the curve to remain competitive and successful. External sustainability ratings enable us to benchmark against global peers, communicate our sustainability commitment with transparency to our stakeholders, as well as identify emerging trends and opportunities for improvements.

## V-SHARE

### The Start of Our ESG Journey

Sustainability has always been embedded in our DNA since ViTrox’s establishment. We are grateful to be part of the global ESG movement, which has guided us to bring a greater net-positive impact to this world, pushing towards a more sustainable future. Throughout our ESG journey, as we enthusiastically improve our ESG disclosure standards, we learn a great number of things, from little details like how our activities and products can bring more positive values, to monumental steps such as forming ESG committees and long-term strategies.

Looking back at the start of our journey, it was not too long ago when we were only rated one (1) star by FTSE Russell, and scored 19 marks for the Corporate Sustainability Assessment (“CSA”) by S&P Global. Since then, we have made great strides in our ESG progress, establishing our ESG Steering Committee and ESG Working Group, and publishing our inaugural standalone Sustainability Report in 2021. We have achieved significant milestones and are grateful to see our efforts come to fruition. However, we embrace our culture at ViTrox to always remain humble, practise self-reflection and not be complacent. Together, step by step, we remain committed to the ESG cause and move forward in our ESG journey.



#### S&P Global ESG Score 2022

As of 18 November 2022, ViTrox emerged as one of the top decile companies in the Semiconductors & Semiconductor Equipment Industry in the S&P Global CSA.

#### FTSE4GOOD Bursa Malaysia Index

We have continued to be a constituent of FTSE4Good Bursa Malaysia Index since December 2021, and have been placed within the Top 25% of Public Listed Companies in FTSE Bursa Malaysia EMAS by ESG ratings.



### Our Purpose, Vision and Mission

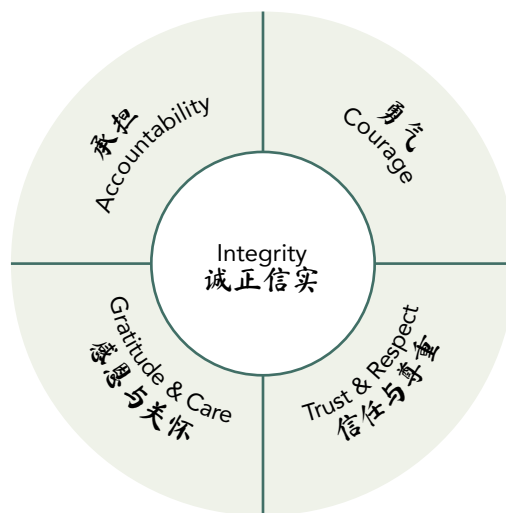
Purpose	
To contribute to the advancement of society and well-being of humankind through compassionate innovation.	
Vision	Mission
Be the world’s most trusted technology company.	We are committed to providing the most innovative, advanced and cost-effective machine vision solution of excellent quality to our customers through the integration of our technology, our people and our strategic alliances.

# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Core Values

At ViTrox, we are committed to conducting our business ethically and responsibly. Our core values, I.A.C.T.G., represent the fundamental principles of ViTrox's shared values that guide us to think, talk and do the right things every day to pursue individual and company greatness.



#### **Integrity (诚正信实)**

Integrity means Sincerity (真诚), Righteousness (公正), Faithfulness (正信) and Honesty (踏实). It is about doing the right thing, even if nobody is watching. We treat others fairly with a sincere heart and the way that we want to be treated. By cultivating these inner qualities, we will live in harmony and always be respected by others.

#### **Accountability (承担)**

This is the self-commitment to do the right thing and stand by the decision. We take ownership of a committed task and its outcome and are willing to take extra steps to achieve the desired result. Accountability makes a person credible. (不只把事情做完,更把事情做好)

#### **Courage (勇气)**

We have the strength to face and overcome whatever difficulties we encounter along the way and are willing to stand in front of everyone during a crisis and say "I will do it!". We dare to challenge the status quo, make changes for the better and think out of the box. With "Courage", we stand strong in front of adversities and never back down.

#### **Trust & Respect (信任与尊重)**

We communicate openly and candidly with each other and extend our respect and team spirit to customers, partners, suppliers and the communities in which we live and work. We treat everyone as an individual; hence, we respect and recognise each individual for their unique talents. We believe people want to do a good job and will do so, given the proper tools and support.

#### **Gratitude & Care (感恩与关怀)**

Gratitude gives us a positive and wonderful view of life and leads us to actualise our true values. We can dissolve thoughts of fear, self-doubt, worry, anger and depression by having a grateful mind. We feel grateful every day for the continuous support and contributions from our customers, colleagues, suppliers and our communities. We serve our customers, colleagues, suppliers and our communities with a caring heart by paying attention to their feelings and needs. "How can I help?" is a common language we use at ViTrox to show that we care and help others who are in need. Through our caring culture, we improve our organisation daily and are continuously working to build a happy and meaningful organisation.

### Anti-Bribery and Corruption Policy

At ViTrox, we set out a zero (0)-tolerance approach against all forms of bribery and corruption. Our Anti-Bribery and Corruption Policy ("ABCP") applies to all directors, employees and business partners who work for and with ViTrox. The ABCP is developed in cohesion with our Anti-Bribery Management System<sup>1</sup> to distinguish the boundaries of interactions and dealings between all employees of ViTrox and external parties. Parallel with fulfilling our legal obligations, ViTrox firmly believes that the foundation for maintaining sustainable business relationships rests upon honesty, integrity and ethical business practices.

Note:-

<sup>1</sup> For the Anti-bribery Management System Policy Statement, please view the [link](#) to our website.



# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Anti-Bribery and Corruption Policy (Cont'd)

#### Anti-Bribery and Corruption Commitment

The Board and senior management are committed to executing business functions or performance fairly and transparently to prevent, detect and mitigate the risks of unethical practices. The Company's core values, I.A.C.T.G., demonstrates our commitment to advocating for a robust working culture in ViTrox. We also outline five (5) key etiquettes of No Bribe/Cheat, No Blame, No Give Up, No Criticise/Condemn and No Complacent ("B.B.G.C.C.") are to be duly observed by our people without exception.

#### Communication of ABCP

We communicate ABCP to our people via various platforms, including the corporate website, training sessions and orientation programmes. Our employees across all management levels are also provided with training on the ABCP via online learning, covering elements or types of corruption, including bribery, sanctions on non-compliance and other sub-policies.

We expect all our employees across all management levels and operations to conduct themselves professionally and with integrity and not engage in fraudulent acts. All allegations or suspicions of fraud are taken very seriously, and we expect every employee to uphold the best business ethics in carrying out their tasks and responsibilities. As part of our procedures to address corruption, our management personnel are responsible for promptly reporting all cases of alleged fraud according to our fraud response plan and procedure and ensuring that each case is investigated independently and effectively.

As of 31 December 2022, we have communicated to all our people, including all nine (9) Board members, ViTroxians and interns.

	Unit	2020	2021	2022
Communication about ABCP and procedures to:-				
• Board of Directors	pax	7	7	9
• ViTroxians and interns	pax	684	803	1,091
Total	pax	691	810	1,100
Percentage of communication on ABCP and procedures to:-				
• Board of Directors	%	100	100	100
• ViTroxians and interns	%	100	100	100

The annual training on ABCP is mandatory for all ViTroxians and interns; including all our Board members.

	Unit	2021	2022
Training provided on ABCP and procedures to:-			
• Board of Directors	pax	7	9
• ViTroxians and interns	pax	803	1,091
Total	pax	810	1,100
Percentage of training provided on ABCP and procedures to:-			
• Board of Directors	%	100	100
• ViTroxians and interns	%	100	100

We expect our business partners to follow the ViTrox ABCP in connection with their work for us. Please refer to our core theme: [An Accountable Purchaser](#), for detailed reporting on our communication with suppliers regarding ViTrox ABCP and procedures.

# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Anti-Bribery and Corruption Policy (Cont'd)

#### Grievance Mechanisms

In line with our zero (0)-tolerance policy towards bribery and corruption, we implement policies and procedures on whistleblowing for stakeholders of the Group to report genuine concerns or allegations about alleged unethical behaviour, actual or suspected fraud within the Group, or improper business conduct affecting the Group via our whistleblowing channel. Our whistleblowing channel provides a confidential and anonymous mechanism for employees and external stakeholders to raise grievances regarding suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse involving the Group's resources. Employees and external stakeholders can file their complaints and report any breach of any law or regulation, including business principles and the Group's policies and guidelines, in a safe and confidential manner at [vitroxwhistle@gmail.com](mailto:vitroxwhistle@gmail.com). More information about our whistleblowing policy can be found at [this link](#).

In 2022, there were zero (0) (2021: 0) confirmed incidents of corruption. We aim to maintain this record by driving a positive culture of compliance. No employees were disciplined or dismissed due to non-compliance with the ABCP. We are committed to maintaining this record and will continue to uphold our integrity and business ethics.

Non-compliance with ABCP and Procedures	2019	2020	2021	2022
Number of ViTroxians disciplined or dismissed	0	0	0	0
Cost of fines, penalties or settlements	0	0	0	0
Total	0	0	0	0

#### Information Security Policy Implementation

The number of information security breaches has grown exponentially over the past decade. Many incidents have shown that information security has become a financially material issue that must be managed diligently to protect corporate value. ViTrox's [Information Security Management Policy](#) is designed to safeguard the confidentiality, integrity and availability of all information assets to increase customer confidence, raise the Company's competitiveness and prevent operational disruptions. ViTrox strives to achieve zero (0) cases of major information security incidents.

#### Information Security Committee Organisation

Our Management Information Security ("MIS") department is responsible for the overall planning, establishment and maintenance of the information security management system. The MIS manager takes the lead in all information security cases, establishes the information security management framework and maintains the strategy and process for protecting assets and information in the organisation.

MIS team members are responsible for planning and executing information security management, organising information security maturity assessments, and maintaining and implementing the Information Security Management Policy and standard operating procedure, information security risk management and information security standard compliance.

The MIS team will report to the Risk Management Committee ("RMC"), one of the committees within our Board that oversees the cybersecurity strategy.



# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Information Security Policy Implementation (Cont'd)

#### Information Security Risks and Management Plan

Insufficient defence against cyber attacks due to cybersecurity failures may expose the Company to the risks of data leakage and ransom threats. It may also interrupt the production system, causing severe operating losses and damaging the Company's reputation. Accordingly, protecting information's confidentiality, integrity and availability is crucial for ViTrox's information security management. We regularly identify information security risks and work on their countermeasures.

#### Controlling Potential Risks

- Purchase information security insurance protecting the Company from cyber attacks and minimising potential losses
- Develop an internal ticketing system as a channel for employees to report any cybersecurity-related incident

#### Improving Information Security Management Procedures

- Implement the ISO 27001 risk assessment by designing policies in line with ISO 27001 to uphold the highest level of information protection
- Refer to the standards under ISO 27001 for our continuous improvement of information security management procedures
- Carry out Plan-Do-Check-Act ("PDCA") cycle to ensure employees abide by information security regulations for continuous improvement



#### Strengthening Information Security Protection

- Practise periodic vulnerability assessment and penetration testing for information security systems
- Implement reinforcement and patches to reduce information security risks
- Conduct system recovery simulations
- Improve current applied antivirus software

#### Education and Training

- Conduct educational programmes and training sessions for all employees to enhance employee awareness of the importance of information security and prevent major data breaches
- Perform phishing simulation exercises for all employees
- Conduct orientation on cybersecurity awareness and the Company's information security-related policies for new hires

To create a secure information technology working environment, we launched an online e-learning course – Cybersecurity Awareness Training – with eight (8) sessions in 2022. The completion of the cybersecurity course and quiz was compulsory for all ViTroxians and interns. As of 31 December 2022, 90.4% of the aforementioned group participated in the course.

ViTrox had no major information security incidents in the current year under review.

# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Long-term Emerging Risks

In recent years, global supply chain instability caused by the impact of the COVID-19 pandemic, geopolitical risks due to tensions among great powers and ongoing shortage of talent could have caused adverse effects on the Company's revenue, goodwill and competitiveness. Below is the analysis of the major risks identified and respective countermeasures.

Material Shortages and Supply Chain Disruptions	
Risk Description	Potential Impact
<p>ViTrox experienced a prolonged lead time for critical components such as microcontrollers, field-programmable gate arrays ("FPGA"), motion controllers and drives. The supply chain destruction and reshuffle caused by the pandemic might take longer to recover from a global shortage. With the above said, the semiconductor supply shortage is expected to persist.</p> <p>While the shortage has impacted various industries, including video cards, video game consoles, consumer electronic products and home appliances, the automotive industry seems to be the worst hit. However, the global chip shortage has led to an unprecedented surge in semiconductor equipment demand across all processes, which has been a boon for ViTrox. ViTrox constantly employs mitigating strategies by rescheduling its equipment delivery priorities with customers and establishing alternative supply sources to capture and secure incoming business opportunities.</p>	<p>The impact includes revenue, delivery time, goodwill and competitiveness as follows:-</p> <ul style="list-style-type: none"> <li>• Affect our ability to support the strong demand from worldwide customers; we could not deliver within the time frame</li> <li>• Lack of flexibility due to material shortage inhibits the ability to address customer demands for personalisation and customisation</li> <li>• Reputational costs in terms of customer complaints and brand reputation damage due to unfulfilled customer orders</li> <li>• Purchase materials at a very high price; run business operations at a lower profit margin</li> <li>• Face hikes in inventory level and higher capital allocation to stock up on our inventory, especially for critical parts</li> <li>• Risk of order cancellation or loss of orders from our customers</li> <li>• Increasing costs of supply chain logistics and operations</li> <li>• Operational waste that leads to inefficiencies to the manufacturing floor, such as production downtime, overtime pay and delayed shipments, causing loss of revenue</li> <li>• Lower revenue inhibits the increase of wages of employees, impacting the ability of talent attraction</li> </ul>
Countermeasures	
<ul style="list-style-type: none"> <li>• We engage better with our strategic suppliers to secure and stock up on these materials supplies with a longer delivery lead time.</li> <li>• The Company remains mindful and sensitive to material price trends and quantity available in the market.</li> <li>• We source for alternative suppliers.</li> <li>• We work with our internal R&amp;D engineers to identify part substitutes that can be developed in house.</li> <li>• We work closely with the customers to have a better forecast/demand outlook to minimise the risk of order cancellation or loss of orders from our customers.</li> <li>• We work with suppliers to improve material lead time while optimising onhand inventory through business process automation, Just-in-Time ("VJIT") and Vendor Managed Inventory ("VMI") programmes.</li> <li>• ViTrox acquires land for the ten (10)-year expansion master plan for supply chain development.</li> <li>• We work closely with one-stop local metal component supply chain hubs, such as PAC, to build a robust local ecosystem.</li> </ul>	



# A SUSTAINABLE GOVERNANCE

## CORPORATE GOVERNANCE AND ETHICAL PRACTICES (CONT'D)

### Long-term Emerging Risks (Cont'd)

Talent Shortage	
Risk Description	Potential Impact
<p>The ongoing talent shortage will be even more severe with increasing competition from semiconductor-related manufacturing facilities outside Taiwan, China and South Korea and expanding existing semiconductor factories in Malaysia.</p> <p>The significantly higher demand for software skills due to the acceleration of technology advancements will further exacerbate the talent shortage. The number of students involved in STEM studies in Malaysia is also on a downward trend. We face hiring difficulties also due to a mismatch between the Company's growth ambitions and the shortage of qualified talent to fulfil those goals. Besides, Malaysia is also facing a brain drain of losing engineering talents to neighbouring countries like Singapore.</p>	<p>The impact includes revenue, goodwill and competitiveness as follows:-</p> <ul style="list-style-type: none"> <li>• Disconnection between the demand for experienced talent and the lack of sufficiently equipped people to take on these roles impedes the Company's ability to innovate, grow and scale</li> <li>• Lost of competitive advantage – Employees of our organisation possess unique competencies that enable us to produce differentiated products compared to our competitors; losing these unique employees might result in a loss of competitive advantage for our business</li> <li>• Lesser innovation and growth in competitive advantage lead to lower future revenue</li> <li>• Higher operating costs due to escalating compensation and benefits package to stay competitive in the labour market</li> <li>• Decreased productivity and competitiveness in the workplace due to talent shortage ultimately affect the ability to serve customers and meet their demands, negatively impacting the Company's bottom line</li> </ul>
Countermeasures	
<ul style="list-style-type: none"> <li>• We continue our initiative in attracting and retaining talents by periodically adjusting compensation and benefits packages based on industry standards to maintain the Company's competitiveness.</li> <li>• We continue to build our talent pipeline through various platforms such as, industry-academia collaborations, talent referral programme, internship programme and talent recruitment events.</li> <li>• The Company fosters an early understanding of industrial practices in students at the secondary education level or higher, cultivates professional talent and has established talent recruitment agreements with local universities to strengthen industry-academia cooperation and secure recruitment channels.</li> <li>• By establishing a key talent database and an effective performance evaluation management mechanism, the Company provides a platform where talented employees can unleash their potential and acquire a sense of achievement at work.</li> <li>• VA, an education arm of ViTrox, is set up to nurture future talents and close the gaps of severe talent shortage and skill mismatch in the electrical and electronic equipment and automation sectors.</li> <li>• We establish ViTrox Makerspace to promote interests in STEM among students and the general public, provide a venue for makers and cultivate ViTrox's internal culture of innovation and creativity.</li> </ul>	

# APPENDIX 1 – GRI CONTENT INDEX

ViTrox Corporation Berhad has reported with reference to the GRI Standards for the period from 1 January 2022 to 31 December 2022.

ESG Pillar	GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Theme	UN SDG	Report Content or Explanation	Page	
	GRI 2: General Disclosures 2021	<b>The organisation and its reporting practices</b>						
		2-1	Organisational details	-	-	About ViTrox Corporation Berhad	5	
		2-2	Entities included in the organisation's sustainability reporting			About This Report • Reporting Scope and Boundaries	4	
		2-3	Reporting period, frequency and contact point			About This Report • Reporting Period • Feedback	4 4	
		2-4	Restatements of information			No significant restatement of information		
		2-5	External assurance			About This Report • External Assurance	4	
		<b>Activities and workers</b>						
		2-6	Activities, value chain and other business relationships		Labour Standards	5, 8, 10	About ViTrox Corporation Berhad • Markets Served • Products and Services	6 7
		2-7	Employees				A Caring Employer: Diversity and Inclusion	107
		2-8	Workers who are not employees				A Caring Employer: Diversity and Inclusion	107
		<b>Governance</b>						
		2-9	Governance structure and composition		Corporate Governance	5, 16	A Sustainable Governance: Corporate Governance and Ethical Practices Please refer to our Annual Report 2022: • Profiles of Directors • Corporate Governance Overview Statement Our Corporate Governance Report 2022	137
		2-10	Nomination and selection of the highest governance body				A Sustainable Governance: Corporate Governance and Ethical Practices Please refer to our Annual Report 2022: Corporate Governance Overview Statement Our Corporate Governance Report 2022	137
		2-11	Chair of the highest governance body				A Sustainable Governance: Corporate Governance and Ethical Practices Please refer to our Annual Report 2022: • Profiles of Directors • Corporate Governance Overview Statement Our Corporate Governance Report 2022	137
		2-12	Role of the highest governance body in overseeing the management of impacts				Sustainable Practices: Sustainable Governance Please refer to our Annual Report 2022: • Profiles of Directors • Corporate Governance Overview Statement Our Corporate Governance Report 2022	137

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ESG Pillar	GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Theme	UN SDG	Report Content or Explanation	Page		
	GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts	Corporate Governance	5, 16	Sustainable Practices: Sustainable Governance Please refer to our Annual Report 2022: • Profiles of Directors • Corporate Governance Overview Statement Our Corporate Governance Report 2022	20		
		2-14	Role of the highest governance body in sustainability reporting			Sustainable Practices: Sustainable Governance	20		
		2-15	Conflicts of interest			A Sustainable Governance: Corporate Governance and Ethical Practices	137		
		2-16	Communication of critical concerns			A Caring Employer: Human Rights A Sustainable Governance: Corporate Governance and Ethical Practices	102 137		
		2-17	Collective knowledge of the highest governance body			A Sustainable Governance: Corporate Governance and Ethical Practices	137		
		2-18	Evaluation of the performance of the highest governance body			A Sustainable Governance: Corporate Governance and Ethical Practices	137		
		2-19	Remuneration policies			A Sustainable Governance: Corporate Governance and Ethical Practices	137		
		2-20	Process to determine remuneration			A Sustainable Governance: Corporate Governance and Ethical Practices	137		
		2-21	Annual total compensation ratio			To be applied in future			
		<b>Strategy, policies and practices</b>							
		2-22	Statement on sustainable development strategy	Anti-Corruption, Human Rights & Community	-	Letter from ESG Steering Committee Chairman	2		
		2-23	Policy commitments			A Caring Employer: Human Rights A Sustainable Governance: Corporate Governance and Ethical Practices	102 137		
		2-24	Embedding policy commitments			A Sustainable Governance: Corporate Governance and Ethical Practices	137		
		2-25	Processes to remediate negative impacts			A Caring Employer: Human Rights A Sustainable Governance: Corporate Governance and Ethical Practices	102 137		
		2-26	Mechanisms for seeking advice and raising concerns			A Caring Employer: • Talent Attraction and Retention • Human Rights A Sustainable Governance: Corporate Governance and Ethical Practices	70 102 137		
		2-27	Compliance with laws and regulations			We have not noted any non-compliance with laws and regulations in 2019 to 2022.			
		2-28	Membership associations			About ViTrox Corporation Berhad: Membership of Associations	8		
		<b>Stakeholder engagement</b>							
		2-29	Approach to stakeholder engagement	Labour Standards	8	Sustainable Practices: Stakeholder Engagement	26		
		2-30	Collective bargaining agreements			A Caring Employer: Human Rights	102		

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ESG Pillar	GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Theme	UN SDG	Report Content or Explanation	Page
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	-	-	Sustainable Practices: Materiality Analysis	21
		3-2	List of material topics			Sustainable Practices: Materiality Analysis	21
		3-3	Management of material topics			Sustainable Practices: Stakeholder Engagement	26
GOVERNANCE	GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	-	8, 9, 13	A Caring Employer: Talent Attraction and Retention A Sustainable Governance: Economic Performance Please refer to our Annual Report 2022: Financial Statements	70 135
		201-2	Financial implications and other risks and opportunities due to climate change			To be applied in future	
		201-3	Defined benefit plan obligations and other retirement plans			Please refer to our Annual Report 2022: Financial Statements	
		201-4	Financial assistance received from government			Please refer to our Annual Report 2022: Financial Statements	
	GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	5, 8	Information unavailable. To be applied in future.  ViTrox adheres to all applicable local and national laws and regulations in terms of compensation and benefits and the national minimum wage regardless of gender.	
		202-2	Proportion of senior management hired from the local community			A Caring Employer: Diversity and Inclusion	107
SOCIAL	GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	-	1, 3, 5, 8, 9	A Trusted Corporation: • Innovation and Product Excellence • Community Engagement	111 124
		203-2	Significant indirect economic impacts			An Accountable Purchaser: Supply Chain Management A Caring Employer: Talent Attraction and Retention A Trusted Corporation: Innovation and Product Excellence	59 70 111
GOVERNANCE	GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Supply Chain (Environmental), Supply Chain (Social)	8	An Accountable Purchaser: Supply Chain Management	59
	GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Anti-Corruption	16	A Sustainable Governance: Corporate Governance and Ethical Practices	137
		205-2	Communication and training about anti-corruption policies and procedures			A Sustainable Governance: Corporate Governance and Ethical Practices	137
		205-3	Confirmed incidents of corruption and actions taken			A Sustainable Governance: Corporate Governance and Ethical Practices	137
	GRI 207: Tax 2019	207-1	Approach to tax	-	1, 10	A Sustainable Governance: Economic Performance	135
		207-2	Tax governance, control, and risk management			A Sustainable Governance: Economic Performance	135
207-3		Stakeholder engagement and management of concerns		A Sustainable Governance: Economic Performance		135	

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ESG Pillar	GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Theme	UN SDG	Report Content or Explanation	Page
GOVERNANCE	GRI 207: Tax 2019	207-4	Country-by-country reporting	-	-	The Organisation for Economic Cooperation and Development (“OECD”) developed a country-by-country reporting system in which the Malaysian government participates. Under the OECD agreement, this reporting information is kept with tax authorities who have the tax expertise to understand and assess this business-sensitive tax information.	
ENVIRONMENTAL	GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Climate Change	8, 12, 13	A Go-Green Practitioner: Climate Change and Energy Management	34
		302-2	Energy consumption outside of the organisation			Information unavailable. Steps are being taken to disclose the information in future reports.	
		302-3	Energy intensity			A Go-Green Practitioner: Climate Change and Energy Management	34
		302-4	Reduction of energy consumption			A Go-Green Practitioner: Climate Change and Energy Management	34
		302-5	Reduction in energy requirements of products and services			To be applied in future	
	GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Pollution & Resources, Water Security	6, 12	A Go-Green Practitioner: Water Management	48
		303-2	Management of water discharge-related impacts			Not applicable. Our manufacturing process does not produce wastewater. Our water discharge is from domestic use that can be discharged directly without undergoing any water treatment.	
		303-3	Water withdrawal			A Go-Green Practitioner: Water Management	48
		303-4	Water discharge			To be applied in future	
		303-5	Water consumption			A Go-Green Practitioner: Water Management	48
	GRI 304: Biodiversity 2016	304-1	Operational site owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	6, 14, 15	A Go-Green Practitioner: Environmental Conservation and Preservation	41
		304-2	Significant impacts of activities, products, and services on biodiversity			A Go-Green Practitioner: Environmental Conservation and Preservation	41
	GRI 304: Biodiversity 2016	304-3	Habitats protected or restored	-	6, 14, 15	Disclosure not applicable as ViTrox does not operate in these areas.	
		304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations			Disclosure not applicable as ViTrox does not operate in these areas.	
	GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Climate Change, Pollution & Resources	3, 12, 13, 14, 15	A Go-Green Practitioner: Climate Change and Energy Management	34
		305-2	Energy indirect (Scope 2) GHG emissions			A Go-Green Practitioner: Climate Change and Energy Management	34
		305-3	Other indirect (Scope 3) GHG emissions			Information unavailable. Steps are being taken to disclose the information in future reports.	



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ESG Pillar	GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Theme	UN SDG	Report Content or Explanation	Page
ENVIRONMENTAL	GRI 305: Emissions 2016	305-4	GHG emissions intensity	Climate Change, Pollution & Resources	3, 12, 13, 14, 15	A Go-Green Practitioner: Climate Change and Energy Management	34
		305-5	Reduction of GHG emissions			A Go-Green Practitioner: Climate Change and Energy Management	34
		305-6	Emissions of ozone-depleting substances (ODS)			To be applied in future	
		305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions			To be applied in future	
	GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Pollution & Resources	3, 6, 8, 12, 15	A Go-Green Practitioner: Waste Management	52
		306-2	Management of significant waste-related impacts			A Go-Green Practitioner: Waste Management	52
		306-3	Waste generated			A Go-Green Practitioner: Waste Management	52
		306-4	Waste diverted from disposal			A Go-Green Practitioner: Waste Management	52
		306-5	Waste directed to disposal			A Go-Green Practitioner: Waste Management	52
	GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	Supply Chain (Environmental)	-	An Accountable Purchaser: Supply Chain Management	59
		308-2	Negative environmental impacts in the supply chain and actions taken			Information unavailable. Steps are being taken to disclose the information in future reports.	
SOCIAL	GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Labour Standards	3, 5, 8, 10	A Caring Employer: Talent Attraction and Retention	70
		401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees			A Caring Employer: Talent Attraction and Retention	70
		401-3	Parental leave			A Caring Employer: Talent Attraction and Retention	70
	GRI 402: Labour/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Labour Standards, Human Rights & Community	8	A Caring Employer: Human Rights We will ensure the employees are informed with appropriate notice periods regarding operational changes in ViTrox.	102
	GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Health & Safety	3, 8, 16	A Caring Employer: Workplace Health and Safety	89
		403-2	Hazard identification, risk assessment, and incident investigation			A Caring Employer: Workplace Health and Safety	89
		403-3	Occupational health services			A Caring Employer: Workplace Health and Safety	89
		403-4	Worker participation, consultation, and communication on occupational health and safety			A Caring Employer: Workplace Health and Safety	89

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ESG Pillar	GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Theme	UN SDG	Report Content or Explanation	Page
SOCIAL		403-5	Worker training on occupational health and safety	Health & Safety	3, 8, 16	A Caring Employer: Workplace Health and Safety	89
		403-6	Promotion of worker health			A Caring Employer: • Workplace Health and Safety • Employee Well-being	89 97
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			A Caring Employer: Workplace Health and Safety	89
		403-8	Workers covered by an occupational health and safety management system			A Caring Employer: Workplace Health and Safety	89
		403-9	Work-related injuries			A Caring Employer: Workplace Health and Safety	89
		403-10	Work-related ill health			A Caring Employer: Workplace Health and Safety	89
		GRI 404: Training and Education 2016	404-1			Average hours of training per year per employee	Labour Standards
	404-2		Programmes for upgrading employee skills and transition assistance programmes	A Caring Employer: Talent Development	85		
	404-3		Percentage of employees receiving regular performance and career development reviews	A Caring Employer: Talent Attraction and Retention	70		
	GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Labour Standards, Corporate Governance	5, 8	A Caring Employer: Diversity and Inclusion	107
			Ratio of basic salary and remuneration of women to men			A Sustainable Governance: Corporate Governance and Ethical Practices Corporate Governance Overview Statement in our Annual Report 2022 Our Corporate Governance Report 2022	137
		405-2				To be applied in future	
	GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Labour Standards		A Caring Employer: Human Rights	102
	GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Human Rights & Community	8	A Caring Employer: Human Rights	102
	GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour			5, 8, 16	An Accountable Purchaser: Supply Chain Management A Caring Employer: Human Rights
	GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour		5, 8	An Accountable Purchaser: Supply Chain Management A Caring Employer: Human Rights	59 102
	GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments		-	A Caring Employer: Human Rights	102

# APPENDIX 1 – GRI CONTENT INDEX

ESG Pillar	GRI Standard	Disclosure Number	Standard Disclosure	F4GBM ESG Theme	UN SDG	Report Content or Explanation	Page
SOCIAL	GRI 412: Human Rights Assessment 2016	412-2	Employee training on human rights policies or procedures	Human Rights & Community	-	A Caring Employer: Human Rights	102
		412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			Not applicable	
	GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes		2	A Trusted Corporation: Community Engagement	124
		413-2	Operations with significant actual and potential negative impacts on local communities			We are not aware of any suppliers who have significant actual or potential social impact in 2022.	
	GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	Supply Chain (Social)	5, 8, 16	An Accountable Purchaser: Supply Chain Management	59
		414-2	Negative social impacts in the supply chain and actions taken			We are not aware of any supplier who has significant actual or potential social impact in 2022.	
GOVERNANCE	GRI 415: Public Policy 2016	415-1	Political Contributions	-	16	About ViTrox Corporation Berhad: Membership of Associations	8
SOCIAL	GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	16	A Trusted Corporation: Innovation and Product Excellence	111
GOVERNANCE	GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	-	16	We have not noted any non-compliance with laws and regulations in the social and economic area in 2019 to 2022.	

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