

Sustainability Statement



Introduction & Overview

Following Northern Solar Holdings Berhad's ("**Northern Solar**" or "**the Group**") public listing on the ACE Market of Bursa Malaysia Securities Berhad ("**Bursa**" or "**Bursa Malaysia**") since 6 February 2025, the Group is committed to integrating sustainable business practices across its operations. The Group believes that sustainability is a key driver for long-term resilience, innovation and investor confidence.

The Group's sustainability strategy dovetails with its vision to power Malaysia's clean energy transition while creating value for all its stakeholders. Meanwhile this Sustainability Statement outlines the Group's approach to sustainability governance, stakeholder engagement, materiality and forward-looking commitments.

In compliance with the listing requirements, investors are advised to read disclosures within this Statement in conjunction with the Management Discussion and Analysis, Statement on Risk Management and Internal Control and the Corporate Governance Report for the full context of the Group's sustainability initiatives.



Sustainability Statement

REPORTING FRAMEWORK

The Group is committed to meet the goals set out by Bursa Malaysia according to the ACE Market Listing Requirements (“**AMLR**”) and are guided by the principles set out in Bursa Malaysia’s Third Edition of its Sustainability Reporting Guide (2021) (“**SRG**”). This Guide references the Global Reporting Initiative (“**GRI**”) standards that has been unified with the Task Force on Climate-related Financial Disclosures (“**TCFD**”) standards.

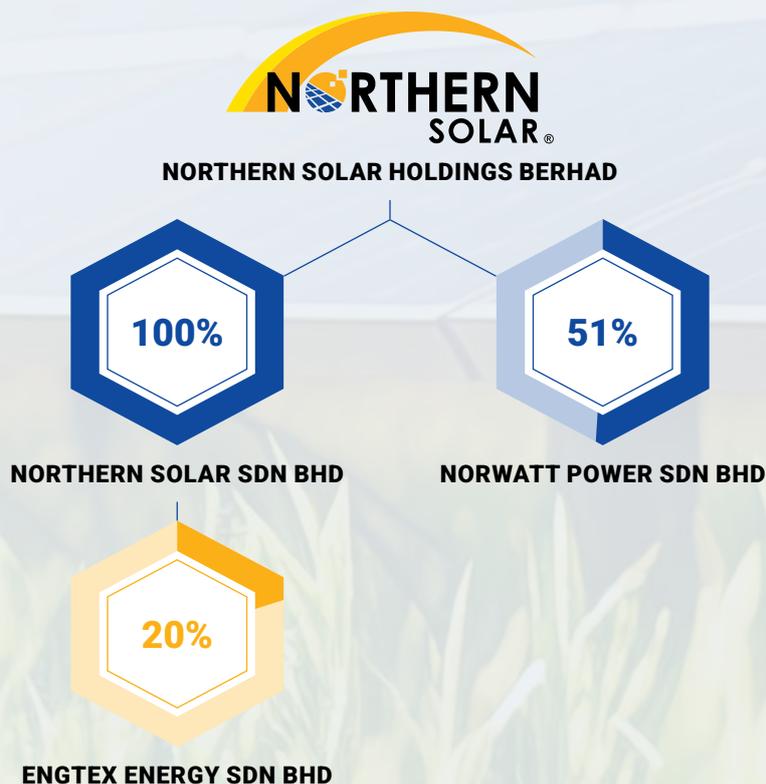
While the Board of Directors (“**BOD**”) and the Independent Non-Executive Directors (“**INEDs**”) are cognisant of the current adoption of the National Sustainability Reporting Framework (“**NSRF**”) which addresses the use of the International Financial Reporting Standards’ (IFRS®) Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), the Group will comply with the suggested timeline of full disclosure of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures (collectively known as the ISSB Standards) by 2027 as stipulated by Bursa.

In the meantime, the discussions in the Group’s inaugural Sustainability Statement will disclose its Material Sustainability Matters (“**MSM**”), along with the relevant United Nations’ Sustainable Development Goals (“**UN SDG**” or “**SDG**”).

SCOPE & BOUNDARY OF REPORT

As a holding company, Northern Solar Holdings Berhad comprises two main subsidiaries. The Group’s wholly-owned subsidiary, Northern Solar Sdn Bhd is the main contributor to the Group’s revenue and is mainly considered for disclosure in this Statement. The Group also holds a majority stake of 51% in Norwatt Power, a dormant subsidiary whose activities will only be considered when it becomes an active contributor to Group revenue.

The Group’s Organisation Chart can be seen on page 11 of this Annual Report as below:



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SCOPE & BOUNDARY OF REPORT (CONT'D)

Northern Solar Sdn Bhd. is principally involved in the Engineering, Procurement, Construction and Commissioning (EPCC) of solar photovoltaic (PV) systems as described in the following diagram:



Meanwhile, the Group’s main business activity is carried out mainly in peninsular Malaysia, with the Group’s headquarters located in Petaling Jaya, which serves as the Group’s main decision-making hub. Hence, this Sustainability Statement will only discuss the Group’s activities in peninsular Malaysia.



ASSURANCE

As mentioned above, this Sustainability Statement has been prepared in alignment with recognised sustainability frameworks and reflects the Group’s commitment to its Environmental, Social and Governance (ESG) performance during the reporting timeframe mentioned above. All sustainability data presented herewith has been sourced internally from respective data owners and has been verified as accurate through an internal review and validation process.

The Group commits to improving its data collection and analysis methodologies as it improves the quality and reliability of its disclosures in tandem with ISSB S1 and S2 in the upcoming years. All financial data disclosed in this Statement has been obtained from the Financial Statement section of this Annual Report, laid out on pages 80 to 141, which has been audited and assured by an external auditor. Meanwhile, non-financial data and information has not been externally assured.

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LIMITATIONS

While all efforts have been made by Northern Solar to collect and present accurate, relevant and meaningful qualitative and quantitative data sourced reliably from official company sources and records, we are cognisant of existing gaps in data availability for certain indicators. To this end, we will endeavour to improve and enhance data collection exercises so that a more comprehensive and effective tracking mechanism can be developed to aid future editions of the Annual Report.

FORWARD-LOOKING STATEMENTS

This statement may include forward-looking statements relating to the Group's strategy, targets, plans, operations, and performance, which are based on current expectations and projections. These statements are subject to various risks, uncertainties, and unforeseen events beyond the Group's control. Accordingly, actual results may differ materially from those expressed or implied. Investors are advised not to place undue reliance on such statements and are encouraged to seek independent professional advice before making any decisions.

FEEDBACK AND COMMENTS

The Annual Report containing this Statement is available for download to the public on the Company website: <https://northernsolar.com.my/>. The Group welcomes stakeholders' feedback and suggestions for continuous improvement to our disclosures.

Feedback may be sent to: sales@northernsolar.com.my.

SUSTAINABILITY GOVERNANCE

The Board of Directors (BOD) of the Group holds ultimate responsibility for sustainability oversight, including the review of strategic Environmental, Social and Governance (ESG) risks and opportunities, regulatory compliance, and the integration of ESG principles across the Group's business operations. All Directors actively engage in ESG-related deliberations during quarterly board meetings, reflecting the Group's top-down commitment to sustainability.

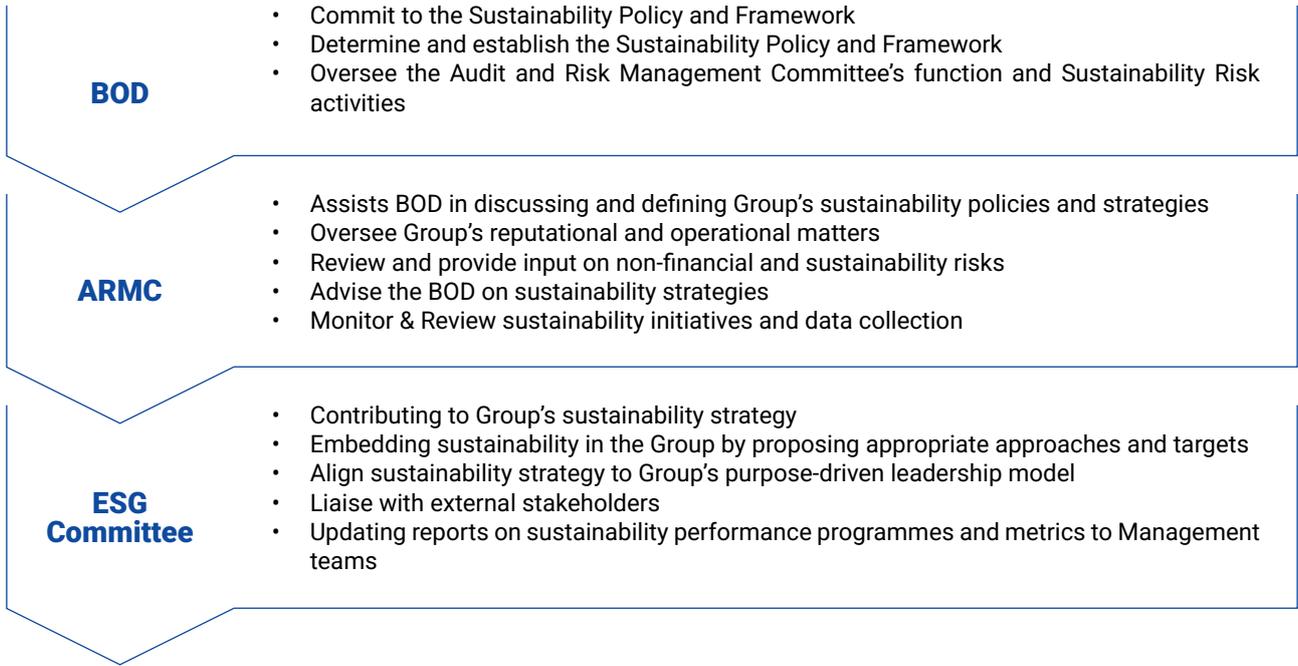
While a formal Chief Sustainability Officer (CSO) role has not been established, the Group is currently evaluating the formation of a dedicated ESG Committee to further strengthen its sustainability governance structure.

In the interim, the BOD, through the Audit and Risk Management Committee (ARMC) continues to oversee and monitor the Group's ESG-related initiatives and progress. This interim arrangement is expected to remain in place until the ESG Committee is formally constituted for the upcoming reporting period.

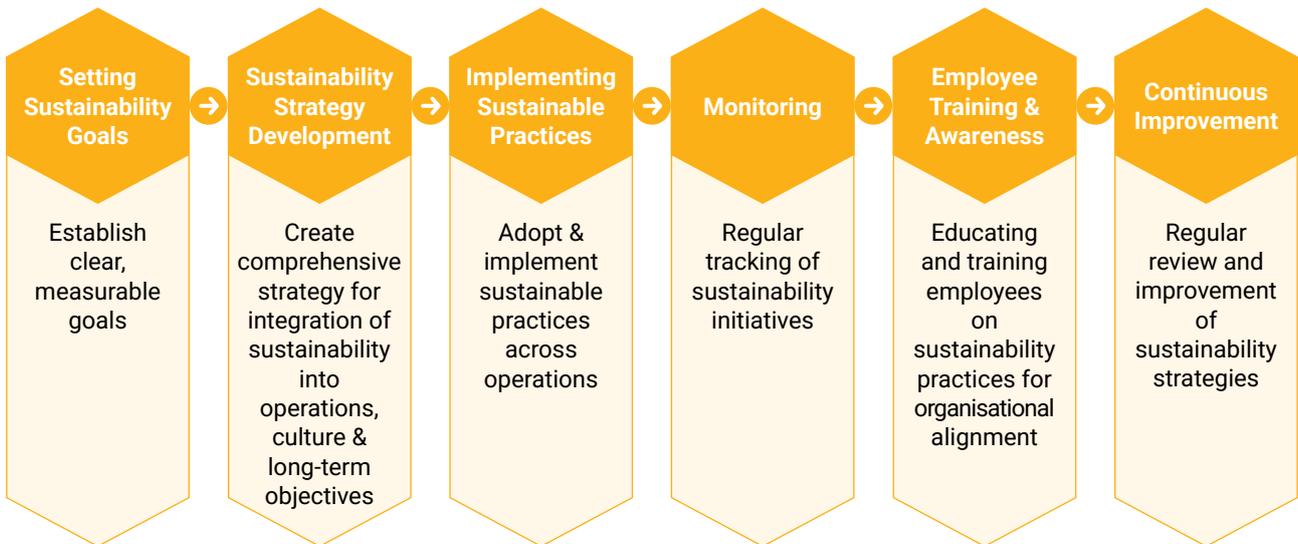
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SUSTAINABILITY GOVERNANCE (CONT'D)

The proposed governance framework comprises three tiers of oversight, as outlined below:



The Group remains committed to advancing its ESG agenda through a structured and evolving governance approach. Sustainability initiatives are implemented in a continuous and iterative manner, following a circular improvement process as illustrated below.



Sustainability Statement

STRATEGY & ROADMAP

Following Malaysia's ratification of the UN Convention on Climate Change 2015, or the Paris Agreement, the Group is cognisant of the UN SDGs which form the basis for the achievement of the 2030 Agenda for Sustainable Development. Further to this, the Group plays its part to help Malaysia achieve its Nationally Determined Contribution (NDC) commitments in the renewable energy (RE) sector, which is defined as achieving 31% RE capacity by 2025 and 40% by 2035. These targets will help Malaysia achieve a reduction of economy-wide carbon intensity by 45% in 2030 and net zero greenhouse gas (GHG) emissions by 2050. Through the Government's concerted efforts, such as the National Energy Transition Roadmap (NETR), the Group sees viable industry-wide adoption.

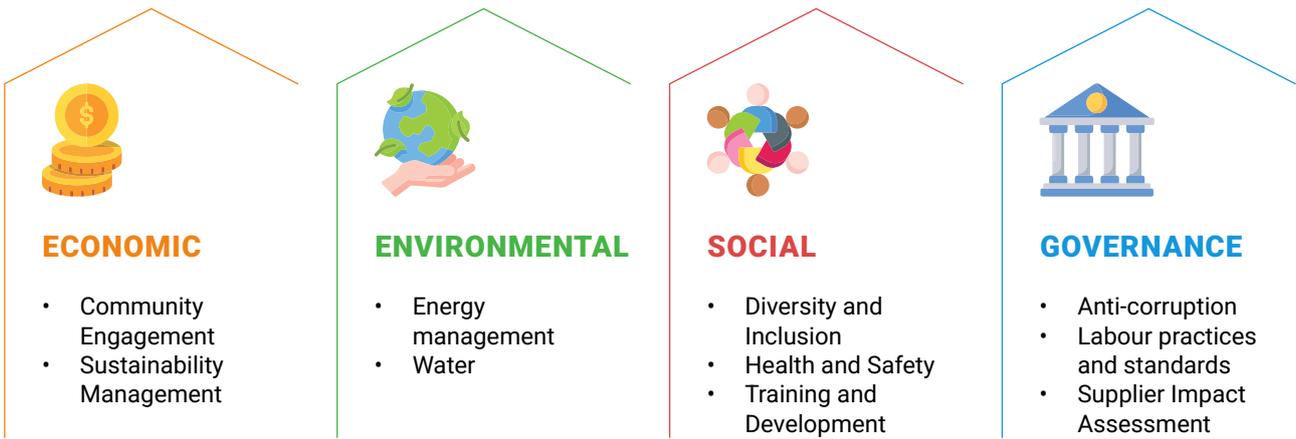
As such, the Group's support of this global call to action for a more sustainable and equitable world by 2030 sees it adopting and promoting the following UN SDGs with a particular focus on the Group's sustainability initiatives:

UN SDG	Focus Area
	Ensure everyone has access to modern, affordable, dependable and sustainable energy
	Promote full and productive employment, inclusive and sustainable economic growth, and decent work for all
	Increase innovation, promote inclusive and sustainable industrialisation and create resilient infrastructure
	Make urban areas and habitations inclusive, secure, robust and sustainable
	Immediately tackle climate change and its effects

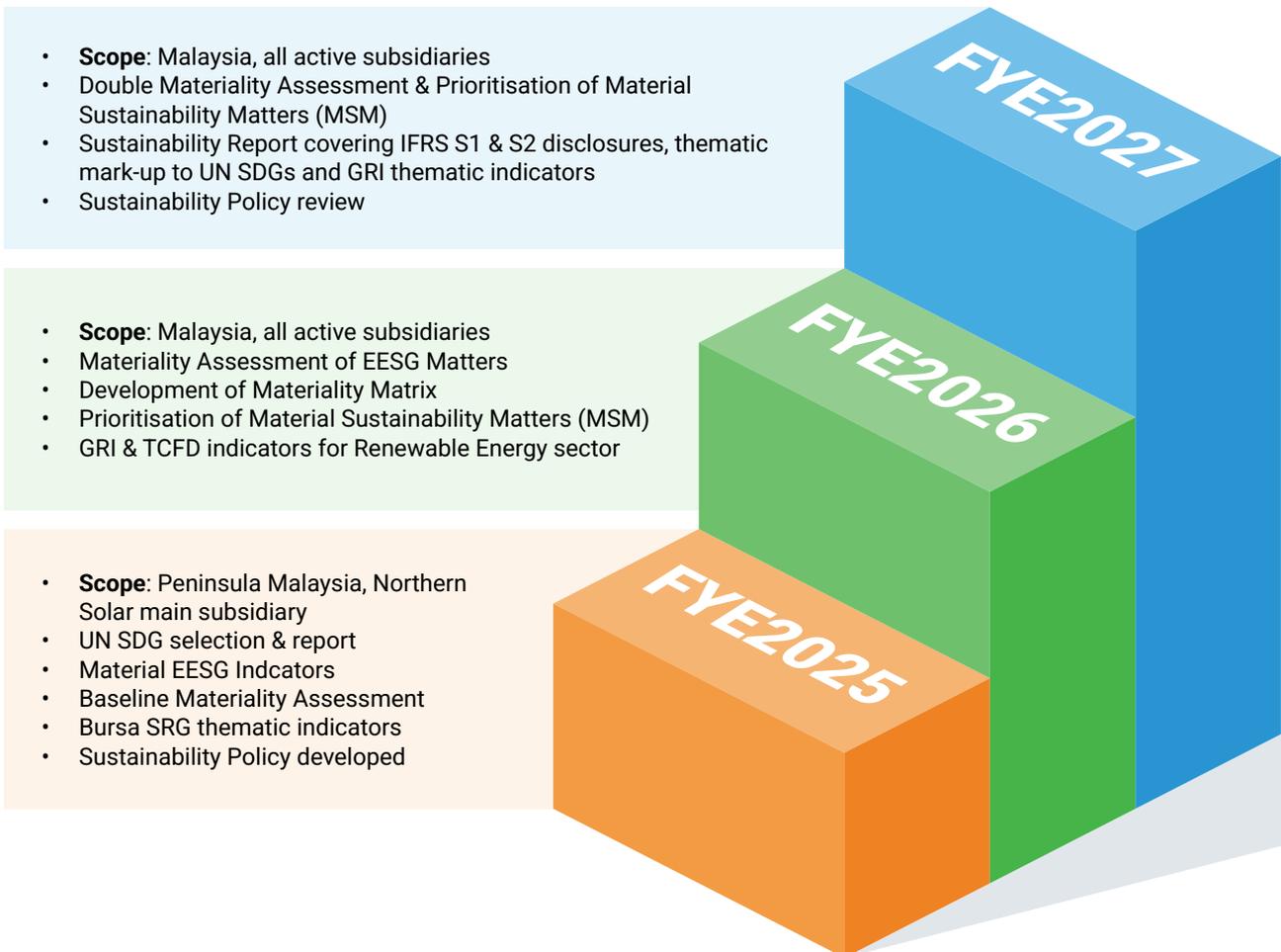
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STRATEGY & ROADMAP (CONT'D)

As the Group readies itself for the upcoming IFRS S1 and S2 disclosures, it will adopt the structure of reporting defined in accordance with Bursa's SRG in the interim, and Sustainability Matters will be grouped thematically according to Economic, Environmental, Social and Governance ("EESG") pillars as below. Further to this, only relevant Common and Industry-Specific indicators as defined by Bursa's thematic indicators will be disclosed.



As the Group begins its sustainability journey, it has a roadmap to enable the adoption of the NSRF by preparing the structures and systems for the IFRS S1 and S2 disclosures by 2027. The following roadmap identifies some of the Group's main focus areas for this development to happen:



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STAKEHOLDER ENGAGEMENT

As a public-listed company operating in Malaysia's RE sector in, the Group recognises the importance of meaningful engagement with its key stakeholders. These stakeholders have been identified as essential contributors to the Group's success and long-term sustainability, and are engaged at regular intervals through structured channels as outlined below.

Stakeholder	Engagement	Frequency	Material Sustainability Matter
Shareholders/ Investors 	Board Meetings	Quarterly/ As needed	Community Engagement
	Annual General Meeting (AGM) / Extraordinary General Meetings (EGM)	Annual/ As needed	
Customers 	Customer Support Centre (Tele-marketing)	As needed	Community Engagement
	Events & Roadshows	During launches	
	Website & Social Media platforms	Always on	
	Business consultation/ meetings	As needed	
Employees 	Performance review/ appraisals	Annually/ As needed	Labour Practices and Standards Health and Safety
	Training & Development	Ongoing	Training and Development
	Feedback channels (Townhalls, Coffee table chats, Newsletters, Intranet, etc.)	Always on	Diversity and Inclusion
Government and Regulators 	Renewal of licensing from Government and environmental agencies (CIDB, ST, Seda and MyHijau)	Annual/ As needed	Anti-Corruption
Suppliers/ Contractors 	Vendor Sourcing & Negotiation	As needed	Supply Chain Management Supplier Impact Assessment
	Supplier evaluation	Annual	
Local Community 	ESG policy communication on website and social media platforms	Always on	Community Engagement

Based on the Group's identification of its stakeholder groups, it acknowledges the importance of effective stakeholder engagement and will form the basis for the Group's insight and data gathering for effective management of issues at all levels of operations. From the methodology to the frequency of engagement the Group continues formulating actions and solutions which help address the main needs of each stakeholder groups' concerns.

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MATERIAL SUSTAINABILITY MATTERS

Ongoing stakeholder engagement also supports the Group's development of a robust materiality assessment framework. As a form of baseline materiality assessment, the Group performed an internal assessment to identify and prioritise Material sustainability Matters, focusing on the impact of its business to the environment and society, as well as the influence of stakeholders on the Group's operations.

This internal assessment forms the foundation of the Impact Materiality component of the Double Materiality approach, a key principle under the European Union's Corporate Sustainability Reporting Directive (CSRD). The Group intends to further define this framework in the upcoming financial year, with the goal of integrating a more structured and data-driven materiality assessment process.

THEMES & INDICATORS

Following Bursa's SRG, the Group has identified the following Material Sustainability Matters and will present them topically according to the pillars of EESG. Only relevant Common Indicators and Sector-Specific Indicators with specific sustainability achievements are disclosed in this inaugural Sustainability Statement.



ECONOMIC



Within the Economic pillar, there are two common indicators considered, namely Community Engagement and Supply Chain Sustainability.

COMMUNITY ENGAGEMENT GRI STANDARD: GRI 201-1

As a caring corporate citizen, the Group's Community Engagement efforts are carried out by the Group's wholly-owned subsidiary, Northern Solar Sdn Bhd and for the avoidance of doubt, refers to communities surrounding the Group's main business activity locations.

Achievements

In FYE2025, the total amount raised by the Group for community investment totalled RM12,000 consisting of monetary donations aimed at supporting various organisations in Johor Bahru. These efforts aim to improve the welfare of surrounding communities through three beneficiary organisations.

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ECONOMIC (CONT'D)

SUPPLY CHAIN SUSTAINABILITY GRI STANDARD: GRI 204-1

The Group prioritises engagement with local suppliers and subcontractors as it helps reduce logistics costs, time and eases communication between the supplier's team with Northern Solar's team. This also contributes to the Group's reduction of carbon footprint and supports future material disclosures.

Achievements

With an all-local subcontractors list, the Group has a 3.4:1 ratio of local to overseas suppliers in FYE2025. In the case where it is more cost-effective to source from overseas suppliers, the Group considers where the products are produced and assembled and maintains vigilance on the origins of its supply sources.



ENVIRONMENTAL



As a RE provider, the Group is inherently aligned with low-carbon goals, and recognised its pivotal role in translating Malaysia's carbon commitments through the projects it undertakes. Within this pillar of Environmental disclosures, the Group will outline the Common Indicators of Energy Management and Water for the Group level while it ramps up its Emissions disclosure for Scope 2 and Scope 3 in the immediate future.

ENERGY MANAGEMENT GRI STANDARDS: GRI 302-1 & GRI 302-4

The Group's approach to Energy Management is primarily focussed on implementing energy efficient policies within its office premises, which utilise either the traditionally generated system from the national power grid or the upgraded solar PV systems with the feed-in tariff system. While not all of the Group's premises are RE-ready, the Group's move from Oasis Square in Ara Damansara to Menara Lagenda in Petaling Jaya in November 2024, significantly changed its energy usage profile. The Group maintains two (2) operation centres, which include the mentioned locations in the Klang Valley and its Johor Bahru premises in Taman Mount Austin, which is the Group's base for the entire period under review.

Meanwhile, as an enabler of its clientele's energy management systems, the Group discloses the total amount of renewable energy it has played a part in helping its customers generate on the Group's website. This moving target is calculated once the project comes onstream upon its completion and commissioning.

Sustainability Statement

ENVIRONMENTAL (CONT'D)

ENERGY MANAGEMENT (CONT'D) GRI STANDARDS: GRI 302-1 & GRI 302-4

Achievements

In FYE2025, the Group's offices recorded the following amounts in total energy consumption:

Office	Energy Consumption (kWh)	Amount paid (RM)
Menara Lagenda (HQ)	11,569	6,119.37
Oasis Square	22,614	12,101.37
Austin Perdana	3,109	1,524.82
Total	37,292	19,745.56

WATER GRI STANDARDS: GRI 303-1 & GRI 303-5

Similar to Energy Management, the Group's approach to Water conservation is mainly concentrated on implementing water conservation efforts within its office premises. Within the year under review, the Group has three (3) centres within its disclosure for this indicator, which are its former premises in Oasis Square, Ara Damansara, its current headquarters in Menara Lagenda, Petaling Jaya and Austin Perdana, Johor Bahru.

Achievements

While water consumption normally considers the total volume consumed (m³), as most of the Group's consumption falls within a single tariff block for commercial concerns, the disclosure used will be the amount the Group paid for water consumption instead. The only fluctuations in consumption rate were during the months which included renovation and moving out works from its previous headquarters. Other than that, the Group's total amount paid for water consumption is per the following:

Office	Amount paid (RM)
Menara Lagenda (HQ)	180.00
Oasis Square	591.30
Austin Perdana	180.00
Total	951.30

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SOCIAL



The Group values its workforce and communities as essential stakeholders in its sustainability journey with clearly defined Employer Value Proposition enshrined in its Human Resources Policies and Procedures in addition to its suite of Standard Operating Procedures (SOPs) to create a safe, healthy, diverse and inclusive working environment that prioritises the health and wellbeing of its workforce. The disclosures within the Group’s Social pillar will consider predominantly the internal stakeholder group of employees, which are pivotal to the continued success of the Group through their meaningful contributions.

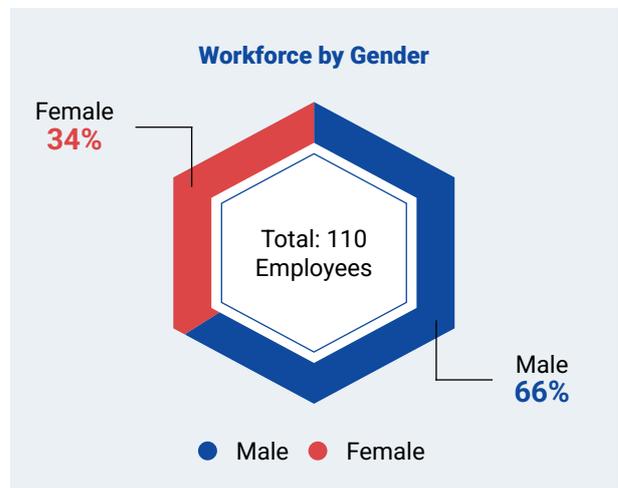
The key indicators which are discussed in this pillar are the common indicators of Diversity and Inclusion, Health and Safety and Training and Development which is a subset of the wider Labour Practices and Standards, which will be discussed in the Governance pillar subsequently.

DIVERSITY AND INCLUSION (D&I) GRI STANDARD: GRI 405-1

Among one of the features of a dynamic workforce is its Diversity and Inclusion (D&I) matters which have become a key focus in the marketplace. As a potential disruptor of the workforce, the Management takes into consideration the diverse viewpoints and inclusivity in decision-making as a significant marker of teambuilding and promotion of smooth operations. Within the Group’s workforce and BOD, the diversity in terms of gender and age are represented in the following charts.

Achievements

Of the Group’s total of 110 active employees as at FYE 2025, the gender balance stood at 34% female to 66% male with a breakdown of gender diversity in the different employment categories echoing this trend.

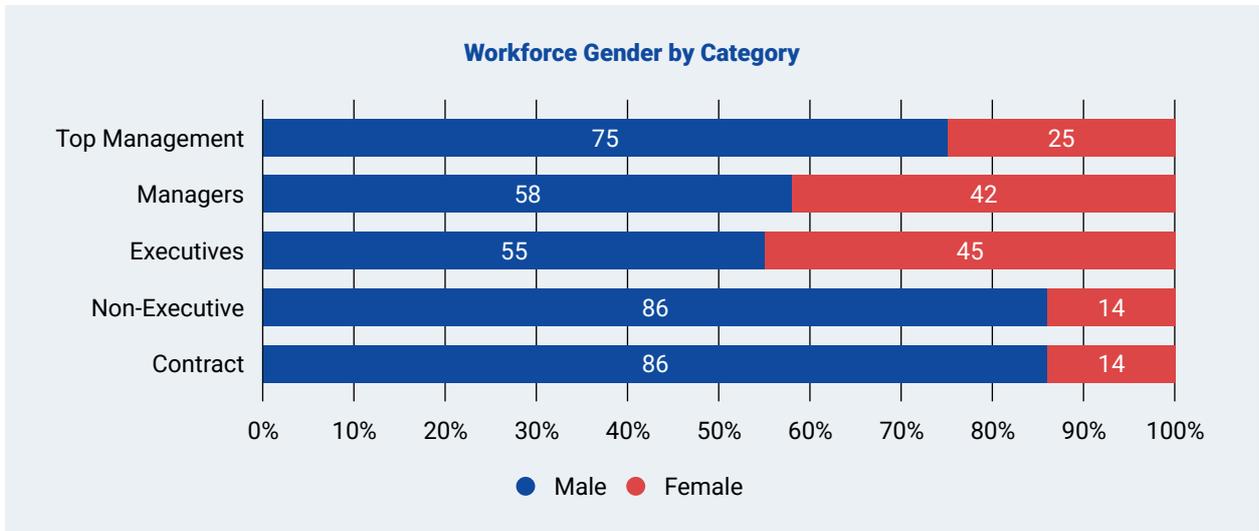


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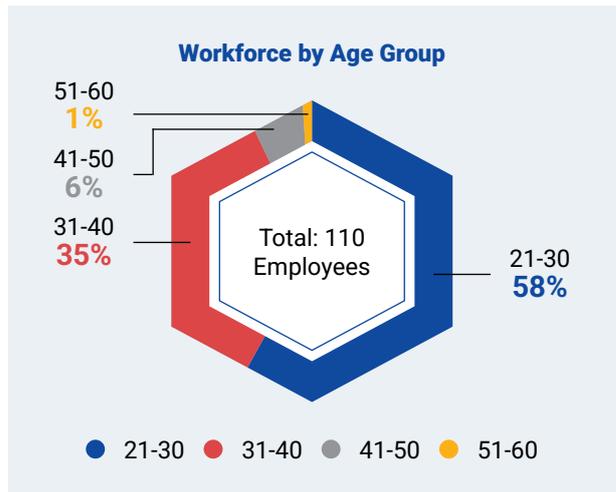
SOCIAL (CONT'D)

DIVERSITY AND INCLUSION (D&I) (CONT'D) GRI STANDARD: GRI 405-1

Achievements (Cont'd)



This gender balance is more prominent in both the Non-Executive and Contract roles as well as Top Management, which is highly indicative of industry trends which require specific attributes in the workforce for its operations to be carried out in the RE sector. However, the middle management shows a near even distribution which indicates specific trends in hiring and employment of the Group's main business activity.

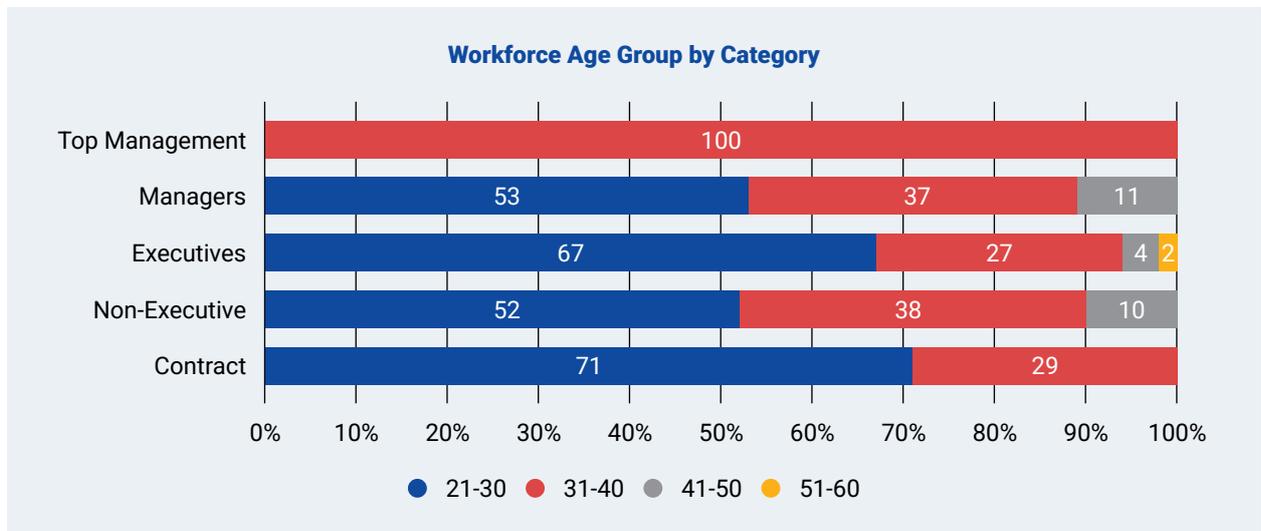


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SOCIAL (CONT'D)

DIVERSITY AND INCLUSION (D&I) (CONT'D) GRI STANDARD: GRI 405-1

Achievements (Cont'd)



The Group's workforce by age group reveals a young and dynamic workforce, with 58.18% within the 21-30 age bracket. This corresponds with the Contract and Executive categories, which indicates the Group's agility in building a good career foundation for those who have just joined the workforce.

Along with this trend, the second largest age group are those within the 31-40 age group, which corresponds with Managers and Top Management categories, which gives the Group a steady middle- to senior-management team that provides good mentorship and leadership training to the younger talents, nurturing their career aspirations. This second largest age group is also represented by Non-Executives, which show that support roles within the Group are important and allow for the smooth running of the Group's daily operations.

Finally, the age groups of 41-50 and 51-60 show a dispersion across Non-Executives to Management, not including Top Management. This accurately portrays the unique market niche that Group inhabits in a new and rapidly evolving RE sector.

BOD Diversity

The Group's BOD is sufficiently diverse with a 50% membership of women at this level. This reflects the wealth of experience, counsel and direction provided by these Independent Non-Executive Directors in the areas of audit, risk management, nomination and remuneration and ESG matters which set the tone and direction of the Group.

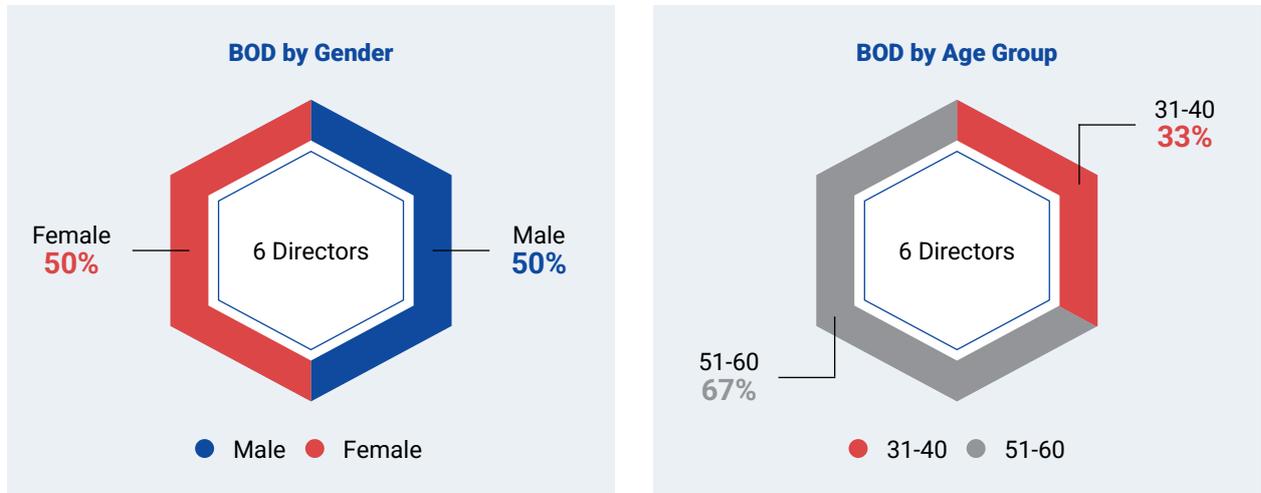
A closer look into the composition of the board is through the age group filter, where the members of the board comprise a good mix of agility and experience. All members of the board bring significant operational expertise and industry-understanding to set the context of discussions at board level. Furthermore, advisory from business and used cases inform the decisions taken at this level to be cascaded for further action by the respective heads of departments of the Group.

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SOCIAL (CONT'D)

DIVERSITY AND INCLUSION (D&I) (CONT'D) GRI STANDARD: GRI 405-1

BOD Diversity (Cont'd)



HEALTH AND SAFETY GRI STANDARDS: GRI 403-2 & GRI 403-5

The Health and Safety of employees in Malaysia is safeguarded by the Occupational Safety and Health Act 1994 (OSHA). Following this, the Group has upheld compliance to this law by placing guardrails in the form of Standard Operating Procedures (SOPs) to ensure that employees have a safe and healthy workplace to contribute meaningfully.

Achievements

Within the period under review, the Group is proud to record that there have been no work-related fatalities and zero-downtime from any industry-related Lost Time Incidents (LTI). In FYE2025, there were 13 employees selected from relevant departments, namely Project, Design, O&M and QS, who participated in a day-long training entitled 'Basic Working at Height' Program which promotes safety practices during the installation of PV systems at project sites.

TRAINING AND DEVELOPMENT GRI STANDARDS: GRI 404-1, GRI 401-1 & GRI 401-2

The Group's robust Training and Development programmes are geared to equip and upskill the team's capabilities to maintain their relevance in the ever evolving RE sector and futureproof their professional careers. As training is a part of the Group's wider labour practices and standards, the other matters under this theme will be discussed subsequently under the Governance pillar.

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SOCIAL (CONT'D)

TRAINING AND DEVELOPMENT (CONT'D)

GRI STANDARDS: GRI 404-1, GRI 401-1 & GRI 401-2

Achievements

During the period under review, the Group charted a total of 202 hours of training by employee category on various subjects relevant to their employees' roles. The composition of training by employee category include:



GOVERNANCE



Strong Corporate Governance is the bedrock of this pillar and the common indicators build upon this foundation are Anti-corruption and Labour Practices and Standards. Along this are sector-specific indicators which cover both environmental and social aspects under the Supplier Impact Assessment matter. Most of the Governance matters are executed through the Group's Policies and Procedures which is a boon to both the Company's Constitution as well as upholding strong institutional controls within its operations.

ANTI-CORRUPTION

GRI STANDARDS: GRI 205-1 & GRI 205-2

The Group upholds high levels of integrity and Anti-Corruption with HR's Orientation Day of new employees, who are required to go through the Employee Anti-Bribery and Corruption Policy (ABAC) during this training. Compliance is then tracked when the employee indicates that they have read and understood the Policy in the Company's InfoTech system.

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GOVERNANCE (CONT'D)

ANTI-CORRUPTION (CONT'D)

GRI STANDARDS: GRI 205-1 & GRI 205-2

Achievements

The Group has performed a complete assessment for its corruption-related risks in all areas of operations in FYE2025 and has no confirmed incidents of corruption in FYE2025. As the Group believes in the principle of continuous improvement, it continues boosting its anti-corruption framework through a combination of education and awareness-raising activities as well as drills and training throughout the year for enforcement and refreshing the principles of anti-corruption within the organisation.

LABOUR PRACTICES AND STANDARDS

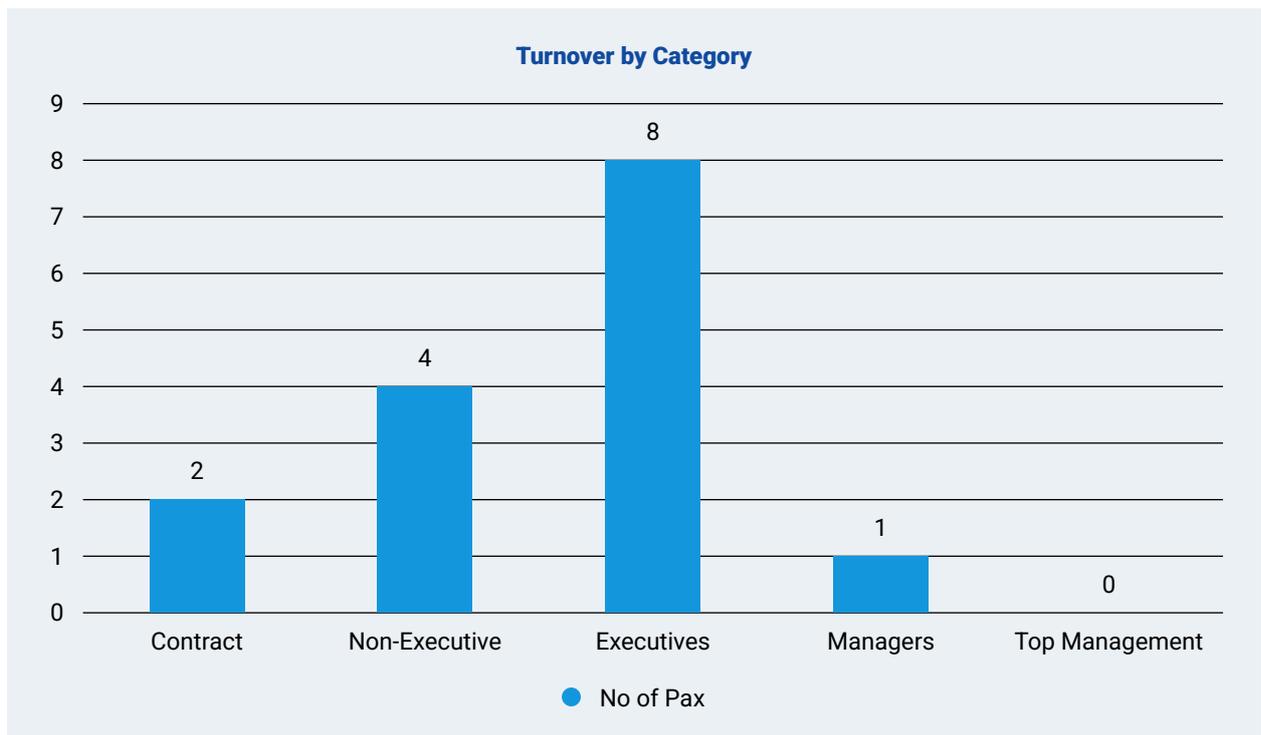
GRI STANDARDS: GRI 404-1, GRI 401-1 & GRI 401-2

In a broader scope of Labour Practices and Standards, this continuation from the Social pillar's Training and Development covers areas of Contractual Law and Human Rights standards which are upheld by the Group uncompromisingly. There are three areas discussed under this indicator, involving the engagement of temporary and contract staff, the total turnover of staff in FYE2025 and any incidence of Human Rights breaches reported.

Achievements

In FYE2025, as can also be deduced from the data presented in the Diversity and Inclusion (D&I) indicator, a total of 6.4% of staff on the Group's payroll are contractors or temporary staff. As an equal opportunity employer, the Group upholds the basic tenets of the Labour Law in the engagement of contractors of temporary staff.

Where employee turnover is concerned, the Group's total employee turnover in FYE2025 amounted to 15 employees who left the Group from the following categories:



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GOVERNANCE (CONT'D)

LABOUR PRACTICES AND STANDARDS (CONT'D)

GRI STANDARDS: GRI 404-1, GRI 401-1 & GRI 401-2

Achievements (Cont'd)

Finally, the Group has maintained a good record concerning human rights as there have been no substantiated complaints concerning human rights violations in the reporting period.

SUPPLIER IMPACT ASSESSMENT

GRI STANDARDS: GRI 414-1 & GRI 414-2

The Group's Supplier Impact Assessment covers both the social and environmental scopes and engagement begins when a new Supplier is onboarded using a Supplier Assessment Form, detailing specific criteria sought after by the Group to maintain its performance excellence. Furthermore, the Group's engagement with its supplier or vendor network is detailed through its Supplier/Vendor Code of Conduct which safeguards the Group's service level expectations.

Having developed a working relationship with its current suppliers, which consists of both local and foreign suppliers, the Group has performed a Supplier Impact Assessment for the Environmental scope within FYE2025, the Social criteria for selection of new suppliers, meanwhile, will be developed by the Group in the near future.

Achievements

The Group's local to foreign supplier ratio is 3.4:1 with most of the Group's spending in the local market as foreign imports are only considered when it is both more cost-effective and technologically-advanced components which cannot be locally sourced otherwise. Sub-contractors with the Group are all local and comprise mainly of other Construction and Engineering firms.

In FYE2025, a total of six (6) suppliers have been assessed for environmental impact. Meanwhile, all current or existing suppliers are actively assessed for compliance to the Group's Supplier/Vendor Code of Conduct which forms the basis for engagement at the offset and ensures compliance to environmental and local government laws.

EPILOGUE: SUMMARY & FORWARD MOMENTUM OF SUSTAINABILITY MATTERS

The Group acknowledges that it is on a sustainability journey to continue embedding sustainability in all aspects of operations within its immediate future. On this basis, the Group has detailed their Sustainability Roadmap to be taken as a forward-looking statement and in no way guarantees the outcomes of the Group in its efforts to continue embedding sustainability into its culture.

The Group remains committed to oversee and improve its sustainability reporting culture in order to maintain a competitive edge and to ensure investors remain interested in a Company that is vibrant and dynamic in its operations, strategy and direction going forward.

To this end, the Group maintains vigilance over its emissions data, growing a suitable methodology to ascribe value and describe its achievements and targets in the upcoming financial year, especially on its Scope 2 and Scope 3 emissions as it doesn't have direct, or Scope 1 emissions. Northern Solar Holdings Berhad is committed to continuously improving its ESG disclosures and practices. The Group believes in sustainability as a strategic enabler to future-proof the business and deliver long term values.