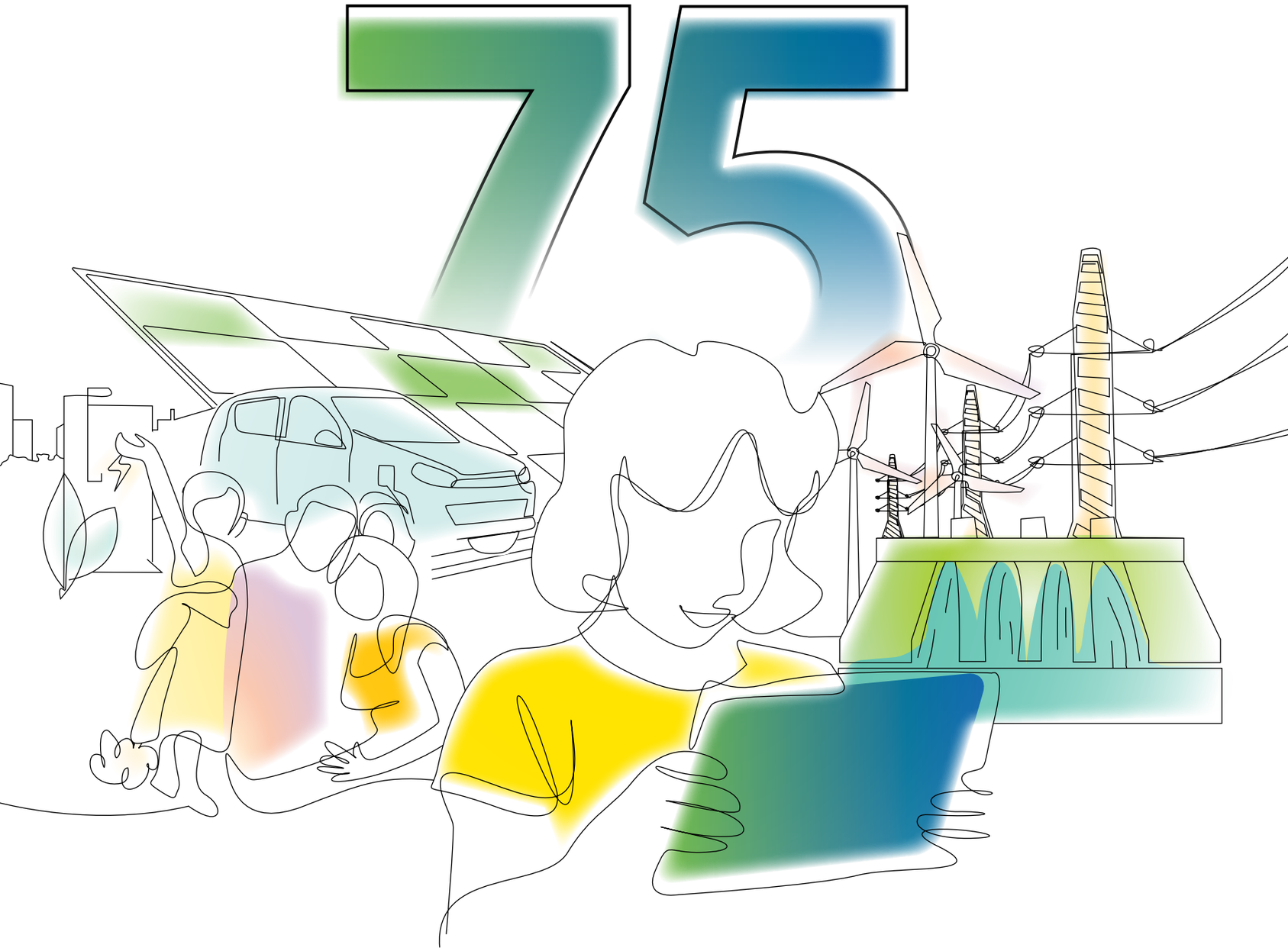
TENAGA NASIONAL
Better. Brighter.

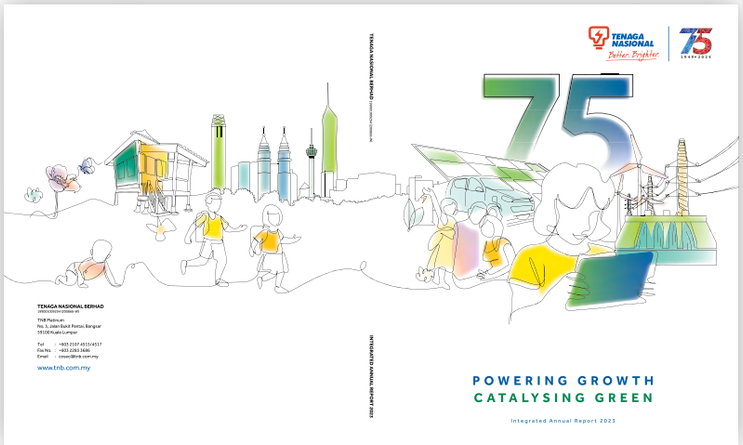
75
1949-2024



POWERING GROWTH
CATALYSING GREEN

Integrated Annual Report 2023

INSIDE THIS REPORT



POWERING GROWTH CATALYSING GREEN

Our annual report cover celebrates TNB's remarkable 75-year journey, depicted through intricate line drawings narrating two compelling storylines encapsulating evolution and growth. In the upper segment, the illustration eloquently traces Malaysia's societal advancement, symbolising the transition from quaint rural landscapes to bustling urban metropolises. This narrative mirrors TNB's trajectory, evolving from a traditional power provider to a pioneer championing sustainable energy solutions. It reflects the unwavering commitment to the Energy Transition Plan, with the ultimate aim of achieving Net Zero by 2050.

As we celebrate our 75th anniversary, the cover serves as a testament to our enduring mission: Powering Growth, Catalysing Green. It showcases TNB's leadership in fostering sustainable growth, spearheading the transition towards a greener future. The bottom illustration delves into the individual's social and economic journey, underscoring TNB's dedication to societal progress and inclusivity.

Together, these visuals encapsulate TNB's profound impact on shaping Malaysia's trajectory and our collective aspirations for a Better, Brighter Future. From inception, marked by the nation's electrification, to present-day leadership in green energy solutions, TNB remains steadfast in the commitment to driving sustainable progress. As we embark on the next phase of our journey, we stand poised to continue leading the charge towards a more resilient and sustainable energy landscape. As TNB marks its 75th anniversary on 1st September 2024, it signifies a significant milestone in the shared history, intricately woven into the fabric of Malaysia's growth and progress.

01 WE ARE TNB

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- Six-Year Group Growth Summary
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NAVIGATION ICONS

This icon tells you where you can find related information in this Report.

This icon tells you where you can find more information online.

Scan this QR code to view it online or visit www.tnb.com.my

BASIS OF THIS REPORT

This Integrated Annual Report is designed to offer stakeholders a detailed and balanced overview of Tenaga Nasional Berhad's (TNB) financial and sustainability achievements over the financial year ending 31 December 2023. Our goal is to present our stakeholders, with an accurate view of how we generate value, manage capital decisions, face challenges, and evolve, alongside our future expectations and vision.

OUR CAPITALS

Aligned with our strategic goals, we are committed to using capitals and resources effectively in our value creation efforts to benefit our intended stakeholders. We carefully balance our limited resources, weighing the options for their optimal use or preservation. Below, we outline how we deploy our capitals:

Financial Capital
Funds that are available to TNB to implement our value creation activities, comprising our shareholders' equity, borrowings and operational income.

Manufactured Capital
Physical assets and infrastructure that are used in the course of our business operations, such as our power plants, transmission and distribution networks, office premises and vehicles.

Natural Capital
Renewable and non-renewable natural resources used by TNB to generate electricity, such as coal, wind, natural gas, liquefied natural gas, water and sunlight.

Intellectual Capital
Intellectual property generated from research and development activities, investments into new technologies and innovation.

Human Capital
Our people and talents who are responsible for running all aspects of our operations, from our ground staff at our generation plants to our administrative officers and senior leaders.

Social and Relationship Capital
The relationships of trust we have with our stakeholders and the social approbation created through the reliable and responsible performance of our roles.

MATERIALITY

The information presented in this document is considered material to TNB in relation to our material matters. These matters are identified as issues that can affect our Environmental, Social and Governance (ESG) performance significantly and aid in stakeholders' evaluation of our operations. Our key issues stem from a comprehensive materiality assessment that includes input from both internal and external stakeholders.

For more information about our materiality assessment, please turn to page 60 of this Report.

REPORTING FRAMEWORK

The preparation of this Integrated Annual Report was guided by the International Integrated Reporting Council's <IR> Framework. In addition, this Report complies with and is guided by the following:

- the Companies Act 2016;
- the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR);
- the Malaysian Code on Corporate Governance 2021 (MCCG);
- the Corporate Governance Guide (4th Edition) issued by Bursa Malaysia;
- the Malaysian Financial Reporting Standards (MFRS); and
- the International Financial Reporting Standards (IFRS).

BASIS OF THIS REPORT

SCOPE AND BOUNDARY

The scope of this Report applies to TNB and all its subsidiaries (the Group). It covers all material factors that reflect the Company's overall performance and business viability, including quantitative and qualitative data, reported as at 31 December 2023, unless stated otherwise.

FORWARD-LOOKING STATEMENTS

Our Integrated Annual Report includes forward-looking statements regarding the future performance of TNB. These projections are based on current assumptions and conditions at the time this Report is published. However, it is important to note that actual outcomes may significantly vary from these predictions due to uncertainties and changes in the operating environment.

TARGETED READERS

This Report is primarily directed towards our shareholders and investors, emphasising information that is most relevant to them. However, other stakeholders will also find the Report beneficial as it offers a comprehensive overview of our sustainable business practices and the processes through which we create value.

MANAGEMENT DISCUSSION & ANALYSIS

Although we have not included a Management Discussion & Analysis (MD&A) in this report, key components of the MD&A can be found in the following:

OVERVIEW OF OUR BUSINESS & OPERATIONS

Refer to pages 6-7, 24-25 for more information.

OUR STRATEGY

Refer to pages 38-49 for more information.

DISCUSSION OF OUR FINANCIAL RESULTS AND FINANCIAL POSITION

Refer to pages 29 and 32 for more information.

REVIEW OF OPERATING ACTIVITIES

Refer to pages 32-37 for more information.

ANTICIPATED OR KNOWN RISKS

Refer to pages 183-191 for more information.

OUR PROSPECTS

Refer to pages 31 and 37 for more information.

VERIFICATION AND APPROVAL

Our Board acknowledges its responsibility for ensuring the integrity of this Integrated Annual Report, which in its opinion addresses issues that are material to the Group's ability to create value and fairly presents the performance of TNB.

FEEDBACK

Our Integrated Annual Report is a work in progress and any feedback or suggestions for improvements in relation to this Report are welcome. Please direct all comments to us via email at cosec@tnb.com.my.

SUPPLEMENTARY REPORT

Disclosure

Our Sustainability Statement details the manner in which TNB creates values for our stakeholders, focusing on our ESG imperatives.

REPORTING FRAMEWORKS

Bursa Malaysia's MMLR	Bursa Malaysia's Sustainability Reporting Guide 3rd Edition
Global Reporting Initiative (GRI) Universal Standards 2021	GRI Electric Utilities Sector Disclosures
Task Force on Climate-related Financial Disclosures (TCFD) framework	United Nations Sustainable Development Goals (UN SDGs)

Section in this Statement	Key Enhancements
Sustainability at TNB	• Introduces the Energy Transition (ET) Plan and their integration with other key sustainability principles and corporate strategies. • Highlights TNB's current collaborations and partnerships in pursuing ET.
Responsible Governance and Strengthening Business Resilience	• Introduces the Sustainability and Energy Transition Council in TNB's sustainability governance. • Highlights TNB's digital solutions to enhance customer experience and satisfaction.
Climate Change and Environment	• Enhances TNB's disclosure on climate risks & opportunities in line with TCFD recommendations. • Provides details of the ET strategic plans and initiatives across the value chain.
Engaging Our People and Cultivating Talent	• Highlights TNB's commitment to safe and healthy working conditions by focusing on the occupational health and safety management system.
Creating Shared Values with Communities	• Highlights TNB's corporate social responsibility initiatives in FY2023.

WE ARE TNB

We are TNB **06**

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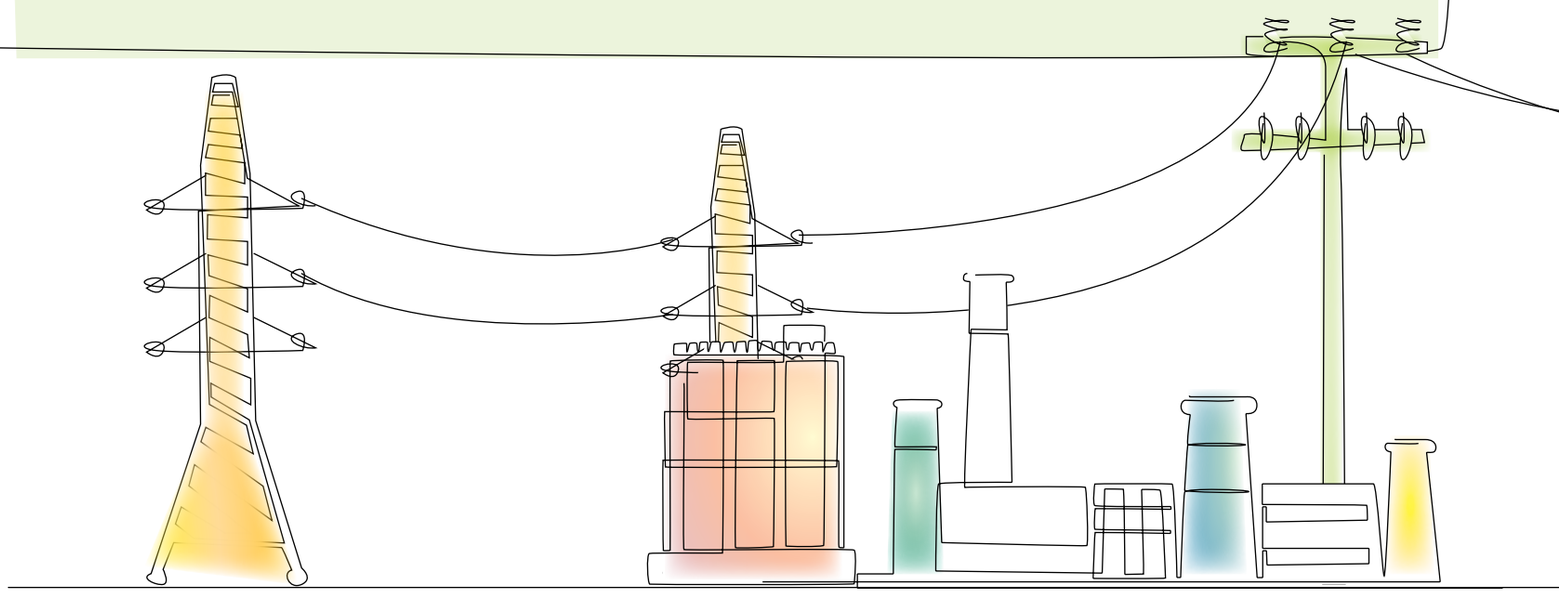
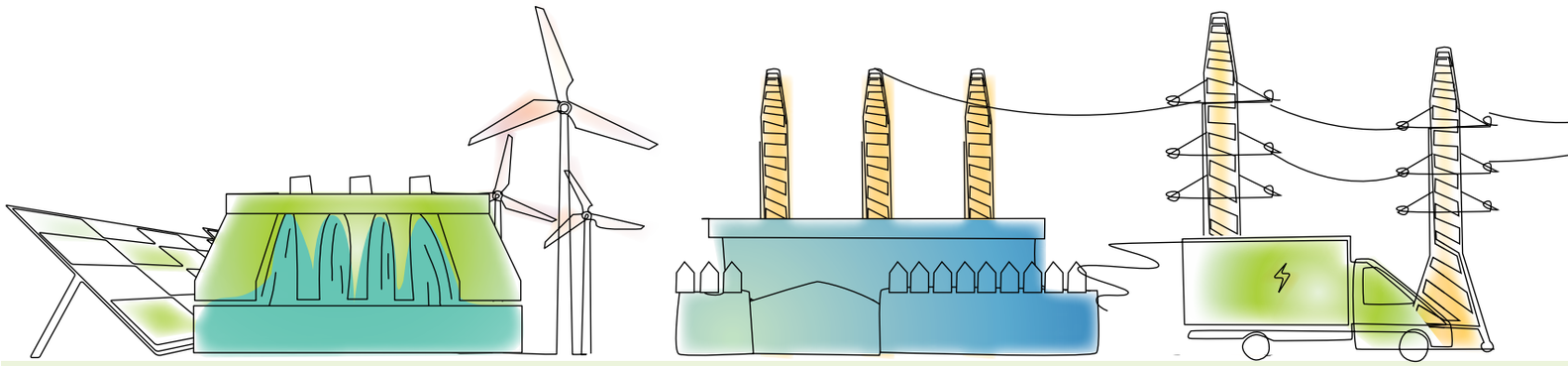


WE ARE TNB

GENERATION

GRID



Integrity

- We uphold the highest ethical standards and do what is right, all the time
- We are fair, honest and transparent - in everything we do
- We always seek to achieve mutual benefit for the country, company and customers

Collaborative

- We trust each other, believe in teamwork and win together as one company
- We proactively help each other, communicate clearly and provide constructive feedback
- We embrace diversity and inclusivity and we value outside-in perspectives

Professionalism

- We take full ownership and accountability for our actions
- We consistently demonstrate high performance and productivity
- We are result-focused and carry out our duties with discipline

OUR CORE VALUES

OUR PURPOSE

Together we brighten lives through innovative and sustainable solutions towards a better world

OUR ASPIRATION

To be a leading provider of sustainable energy solutions in Malaysia and internationally

Customer Centricity

- We seek to truly understand customers' needs and always stay a step ahead
- We continue to build trust by delivering on our promises
- We look for unexpected ways to delight our customers

Mindfulness

- We know who we are and we stand by our values
- We are empathetic, respectful and compassionate to others and the environment
- We protect the safety and promote the well-being of our people and the public

Forward Thinking

- We are bold, challenge the status quo and encourage agility and innovation
- We commit to ensuring the sustainability of TNB in all aspects
- We make informed decisions and learn from our mistakes

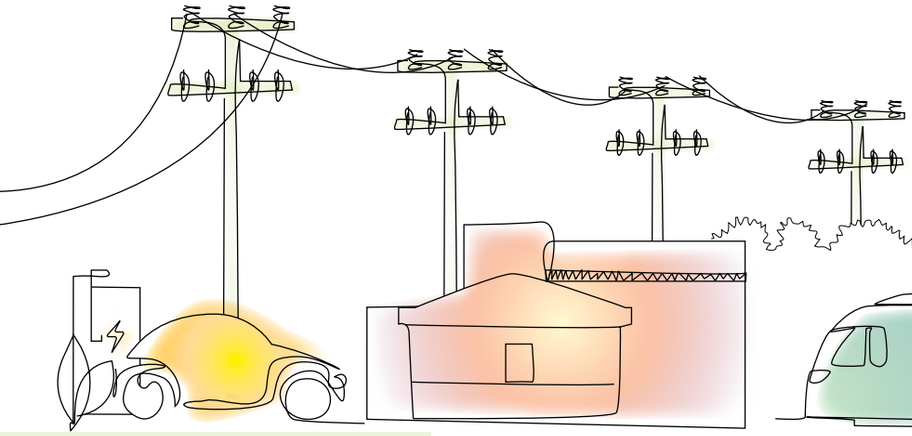
OUR CUSTOMER PROFILE

BREAKDOWN OF CUSTOMERS
(PENINSULAR MALAYSIA AND SABAH)

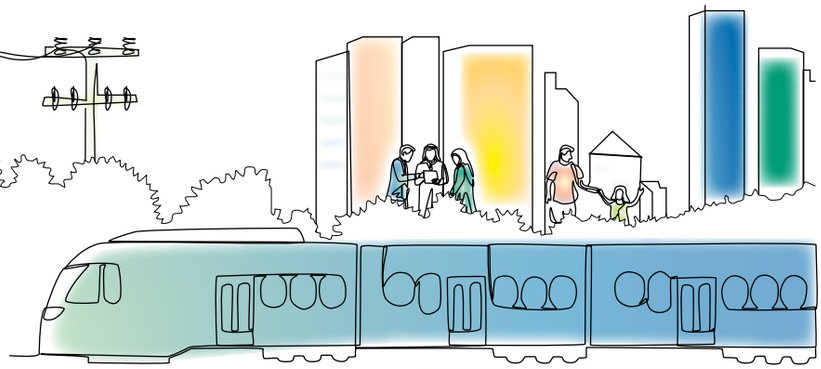
Others*
110,444

WE ARE TNB

DISTRIBUTION NETWORK

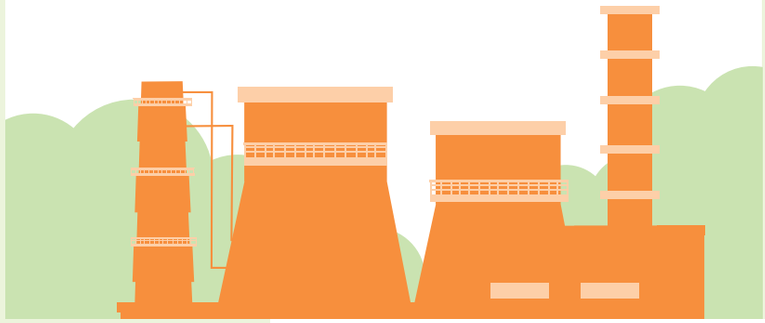


RETAIL



For over 75 years, we have been committed to serving our industrial, commercial and residential customers.

INDUSTRIAL

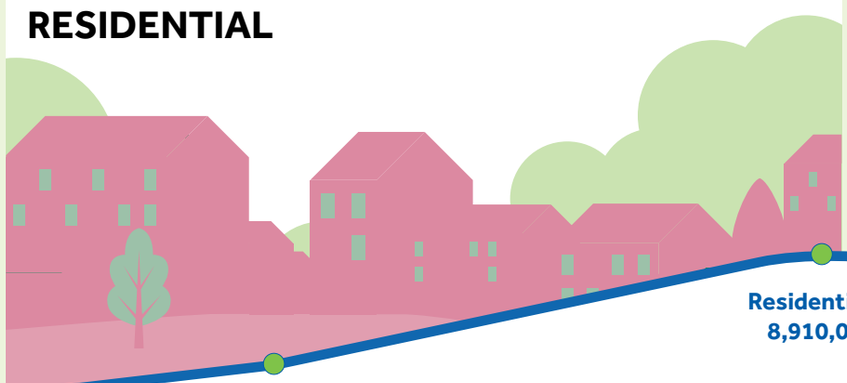


Our industrial customers are manufacturers of goods and services. While they are the smallest segment of our customers, they account for the largest share of our electricity sales.

COMMERCIAL

Our commercial customers are mainly involved in business activities that drive the country's economy and are the biggest contributor to our electricity sales.

RESIDENTIAL



Our residential customers make up the largest customer segment, representing approximately 8.9 million of our 10.85 million customers. We empower them to manage their energy consumption and encourage them to adopt a smarter and greener lifestyle.

Industrial
36,051

Commercial
1,796,239

Residential**
8,910,066

Total 10.85 million

* *Others include Mining, Agriculture, RE, Free Unit and Street Light.*
** *Residential (Tariff A - Domestic).*

WE ARE TNB

MEMBERSHIPS AND ASSOCIATIONS

TNB's presence in the main energy and industry leadership associations:

Heads of ASEAN Power Utilities/Authorities (HAPUA)

HAPUA is a prominent international organisation within Southeast Asia, dedicated to fostering collaboration among its members to strengthen regional energy security and enhance the quality and reliability of the electricity supply system. Its primary mission is to fortify regional energy security while elevating the standards and dependability of the electricity supply network. Malaysia is part of the Association of Southeast Asian Nations (ASEAN) member countries and TNB as the main utility company is a member of HAPUA and has participated in several programmes, including ASEAN Power Grid initiatives, research and development to enhance the ASEAN electricity supply system. Moreover, TNB's leadership role as the lead for Working Group 5 underscores its expertise in talent management and development. TNB is also actively involved in Working Groups 1-4.

The Association of the Electricity Supply Industry of East Asia and the Western Pacific (AESIEAP)

AESIEAP is a dynamic organisation dedicated to fostering collaboration and knowledge sharing among its members in the electricity supply industry. Its primary objective is to facilitate the exchange of expertise and technological advancements across various sectors including generation, transmission and distribution. Additionally, AESIEAP is committed to spearheading innovative solutions and driving progress within the power industry, with a particular focus on the exploration and integration of electric vehicle technology. TNB showcased its commitment to industry excellence by hosting the Conference of the Electricity Power Supply Industry (CEPSI), back in 2018.

International Council on Large Electric Systems (CIGRE)

CIGRE's global community consists of thousands of power system professionals collaboratively sharing their knowledge and experience for the greater good of the power and electrical industry. As a member, TNB has participated in the presentation of technical papers covering new technology, best practices, lessons learnt and asset management in the power and electrical industry.

International Conference on Electricity Distribution (CIRED)

CIRED is a global electricity distribution community where developments and best practices in technology and the management of electricity distribution are presented and reported. CIRED Malaysia has been operating since 1998 and was established by TNB Distribution leaders with the participation of other industries related to electricity distribution.

CEO Action Network (CAN), Malaysia

CAN is governed and driven by private sector leaders for policy influence and action to accelerate sustainable development and sustainable business in Malaysia and beyond. TNB has participated in a series of engagement sessions and has collaborated with leading corporations and agencies to send a strong signal to the market of CAN members' traction and commitment to sustainability.

Malaysian Industry-Government Group for High Technology (MIGHT)

MIGHT offers a platform for collaboration between the public and private sectors in driving the nation's high technology industry, which members can capitalise on through synergistic partnerships. TNB is a lead member of MIGHT and have participated in several of their programmes and projects by contributing inputs to formulate national strategic plans for high-technology industry sectors.

Malaysia National Committee on Large Dams (MYCOLD)

MYCOLD is a non-governmental organisation that promotes knowledge exchange in dam engineering. TNB, through its subsidiary, TNB Power Generation Sdn. Bhd. as a Corporate Member of MYCOLD is committed to promoting dam safety and engineering practices in Malaysia. TNB supports MYCOLD's mission through knowledge-sharing initiatives and policy advocacy efforts to ensure the safety and sustainability of dams in Malaysia.

30% Club Malaysia Chapter

The 30% Club Malaysia Chapter advocates for at least 30% representation of women on the Board of Directors and in senior management.

Malaysian Photovoltaic Industry Association (MPIA)

MPIA is a non-profit organisation established to promote the growth and development of the photovoltaic (PV) industry in Malaysia. It serves as a platform for stakeholders including manufacturers, developers, researchers, and policymakers to collaborate and advance the solar energy sector. MPIA is also facilitates networking opportunities, knowledge sharing and capacity building within the industry through conferences, seminars and workshops.

GSPARX is registered member of MPIA, supporting MPIA's vision by unlock values in the local renewable energy market by investing in the Solar PV systems for retail electricity customers.

Zero Emission Vehicle Association (ZEVA)

ZEVA provides a platform to promote the use of Battery Electric Vehicles (BEVs) to relevant stakeholders. TNB plays a significant role in ZEVA as we are one of founding members. We have provided funding and have participated in programmes which contributed to the development of BEVs in Malaysia.

Malaysia Association of Energy Services Companies (MAESCO)

MAESCO focuses on providing services and expertise in energy efficiency to end users from all sectors in order to strengthen the energy services industry. TNB provides assistance and support for the development of energy services.

WE ARE TNB

ESG RATINGS

In recent years, the market has embraced investment practices that put ESG at the forefront. Stakeholders progressively incorporate ESG ratings into their analyses and assessments, raising the expectations on companies to address and to perform better on the ratings. TNB is constantly committed to managing and reporting ESG matters, considering the assessments of the rating agencies as a guidance for our sustainability strategy and operation and devising specific action plans with the involvement of the various divisions and business units.

MSCI	FTSE4Good	CDP	SUSTAINALYTICS
The Morgan Stanley Capital International (MSCI) ESG Rating is designed to measure a company's resilience to long-term industry material ESG risks, as well as how well it manages those risks relative to peers.	FTSE4Good rating allows investors to assess a company's exposure to and management of ESG issues in multiple dimensions.	The Carbon Disclosure Project (CDP) runs a global disclosure system to support companies, cities, states, and regions to measure and manage their risks and opportunities related to climate change, water security and deforestation.	Sustainalytics' ESG Risk Ratings aim to help companies and investors identify ESG issues that pose potential financial risks. They measure the degree to which ESG issues are putting a company's entire value at risk.
TNB's MSCI ESG Rating Score = **BBB** **(January 2024)**	**TNB's FTSE Russell ESG Rating Score =** **3.2** **(June 2023)**	**TNB's CDP Climate Change Score =** **C** **(March 2024)**	**TNB's Sustainalytics ESG Rating Score =** **31.2** **(March 2024)** **(Rank for electric utilities: 104/266)**

AWARDS & RECOGNITION

TNB has received awards and recognition over the years for its aspiration of becoming the best supplier of sustainable energy solutions in Malaysia and internationally. This initiative was recognised through the following awards in FY2023:

Asian Power Awards 2023

The awards honour companies who have taken innovative and game-changing steps to address the effects of the climate crisis and meet the growing demand for energy.

- Information Technology Project of the Year - Hydro Catchment Area Surveillance (THYCAS)
- Innovative Power Technology of the Year - Leveraging Innovative IT Applications by IIOT, WirelessVibration & Temperature Monitoring System for Continuous Ship Unloader (CSU)
- Clean Coal Technology (CCT) utilisation for Large Power Generation
- Gold Award - Transmission & Distribution Project of the Year

Enlit Asia Power & Energy Awards 2023

The awards distinguish those planning and implementing projects that significantly improve business practices across the key themes of Enlit; power generation, T&D, the smart grid, renewable energy, and the energy revolution, innovation, and individual contribution.

- Transmission & Distribution Networks Project of the Year Award - GIS Distribution Networks

SSON Shared Services & Outsourcing Impact Awards 2023

An esteemed global industry recognition event and annual industry awards ceremony, that honours and celebrates SSOs and service delivery teams who have exceeded industry standards in their SSO initiatives.

- 2nd consecutive year that TGBS won the Gold Award - Best Shared Services Team
- Bronze Award - Change Management
- Bronze Award - Customer Centricity
- Honorary Mention - Business Resilience Impact Award
- 2nd consecutive year being recognised as "Top 20 Most Admired Shared Services Organisations (SSO) and Global Business Services (GBS)"

WE ARE TNB

AWARDS & RECOGNITION

Employee Experience Awards 2023 Malaysia

Honouring organisations that have truly mastered the art of prioritising the employee experience. The awards recognise employers who have harnessed the power of employee-centric strategies to drive value and maintain a competitive edge.

- Gold Award - Best Succession Planning Strategy
- Gold Award - Best Hybrid Work Model
- Silver Award - Best In-House Learning Academy Category

The BrandLaureate Sustainable Business and Brands Inspirational Achievement Awards 2022-2023

This inspirational award is dedicated to all businesses that believed in their brands and stayed committed to them.

- Sabah Electricity Sdn. Bhd. - Most Successful Sustainable Valuable Brands (Sustainable Integrated Utility Provider)

Institute of Electrical and Electronics Engineers (IEEE) Malaysia 2023 Industry Awards

- GSPARX - Outstanding Industry Award (Engineering & Technology)

National Annual Corporate Report Awards (NACRA) 2023

- Silver Award - Excellence Awards - Companies with more than RM10 billion in Market Capitalisation

2023 Australasian Reporting Awards

- Gold Award

Other awards & recognition are as follows:

PC.Com Awards 2023
- Best Public Utility App - myTNB

GeoInnovation Award 2023
- Esri Malaysia

PAM Awards 2023
- Gold Award - Commercial High Rise

6th Annual Chief Procurement Officer Summit and Award
- CPO of the Year - Amir Mahmod Abdullah

PIKOM Unicorn Tech Awards 2023
- Tech Organisation Excellence Award

Webex Champion Awards 2023
- Community Collaborator Winner

ASOCIO ICT Award 2023
- Digital Transformation Award

28th Asian Television Awards 2023
- Winner of Best Documentary Series

Content Asia Awards 2023
- Bronze Award for Best Factual Programme Made in Asia for Single Asia Market

Construction Media Award by Construction Industry Development Board (CIDB) 2023
- First Place in Television & Online Video Broadcast Media (News & Documentaries) Category

The Malaysia Education & TVET Awards (META) 2023
- Malaysia's Best Institution (Human Resource Reskilling)

FS Agility Award
- Customer Innovation

World's First Operational ADMS - GIS Integration
- Network-based GIS and AMDS Integration: A Shared Source of Truth

Informatica APJ Customer Innovation Awards 2023
- Intelligent Risk and Compliance

Malaysia Excellence Business Awards 2023
- Digital Transformation Company of the Year

34th International Invention, Innovation, Technology Competition & Exhibition Malaysia
- Silver Award - TNB Tracker Project (Information and Communications Technology Category)

OUR INVESTMENT CASE

FINANCIAL HIGHLIGHTS

Financial Year Ended 31 December	GROUP 31.12.2023	GROUP 31.12.2022	COMPANY 31.12.2023	COMPANY 31.12.2022
PROFITABILITY (RM Million)				
Revenue	**53,066.9**	50,867.7	**48,456.7**	46,879.7
Operating profit	**7,356.9**	9,409.5	**8,169.3**	8,693.8
Profit before taxation and *zakat*	**3,373.6**	5,348.6	**3,336.0**	3,319.9
Net profit attributable to owners of the Company	**2,770.3**	3,463.3	**2,955.0**	2,425.8
KEY BALANCE SHEET DATA (RM Million)				
Property, plant and equipment	**121,932.1**	116,577.1	**78,765.4**	75,185.5
Total assets	**204,743.6**	205,922.3	**192,681.0**	200,424.9
Total borrowings	**61,770.2**	63,882.2	**29,678.1**	36,231.9
Total liabilities	**143,660.9**	144,956.1	**146,266.0**	154,014.2
Share capital	**12,499.5**	12,204.3	**12,499.5**	12,204.3
Shareholders' equity	**61,082.7**	60,966.2	**46,415.0**	46,410.7
SHARE INFORMATION				
Per share (sen):				
- Basic earnings	**48.00**	60.35		
- Diluted earnings	**47.79**	59.98		
Dividend (sen):				
- Interim	**18.00**	20.00		
- Final	**28.00**	26.00		
Net assets per share attributable to owners of the Company	**1,016.5**	1,017.1		
FINANCIAL RATIOS				
Return on assets - ROA (%)	**1.7**	2.2		
EBITDA margin (%)	**35.1**	40.9		
Debt-equity (net of cash) ratio	**0.67**	0.83		

KEY HIGHLIGHTS

Net Profit Attributable to Owners of the Company
RM 2,770.3 million

EBITDA Margin
35.1%

Unit Demand Growth
3.9%

Total Revenue
RM 53,066.9 million

Average Coal Price
USD 134.0 per MT

Capital Expenditure (CAPEX)
RM 10,245.4 million

Total Assets
RM 204,743.6 million

Return on Assets
1.7%

Market Capitalisation
RM 58,104.8 million

Dividend Payout Ratio
66.6%

OUR INVESTMENT CASE

GROUP QUARTERLY FINANCIAL PERFORMANCE

RM Million	FY2023				
	Q1	Q2	Q3	Q4	YEAR
Revenue	**12,625.6**	**13,323.2**	**13,466.1**	**13,652.0**	**53,066.9**
Other operating income	**218.6**	**177.0**	**214.2**	**338.4**	**948.2**
Operating profit	**2,082.1**	**1,868.7**	**2,023.6**	**1,382.5**	**7,356.9**
Profit before taxation and *zakat*	**1,102.7**	**541.5**	**1,055.5**	**673.9**	**3,373.6**
Profit attributable to owners of the Company	**1,002.3**	**327.9**	**856.2**	**583.9**	**2,770.3**
Earnings per share (sen) - basic	**17.4**	**5.7**	**14.9**	**10.1**	**48.0**
Dividend per share (sen)	**-**	**18.0^**	**-**	**28.0***	**46.0**

RM Million	FY2022				
	Q1	Q2	Q3	Q4	YEAR
Revenue	12,153.1	12,837.7	12,961.8	12,915.1	50,867.7
Other operating income	178.6	251.1	247.1	263.2	940.0
Operating profit	2,369.6	2,628.3	2,911.6	1,500.0	9,409.5
Profit before taxation and *zakat*	1,532.0	1,465.7	1,534.2	816.7	5,348.6
Profit attributable to owners of the Company	893.1	872.2	888.9	809.1	3,463.3
Earnings per share (sen) - basic	15.6	15.2	15.5	14.1	60.4
Dividend per share (sen)	-	20.0^	-	26.0*	46.0

^ *interim dividend.*
* *final dividend.*

OUR INVESTMENT CASE

SIX-YEAR GROUP FINANCIAL SUMMARY

	GROUP					
Year/Period Ended	**31.12.2018**	**31.12.2019**	**31.12.2020**	**31.12.2021**	**31.12.2022**	**31.12.2023**
OPERATING RESULTS (RM Million)						
Revenue	50,392.5	50,939.7	43,976.0	48,119.9*	50,867.7	**53,066.9**
Operating profit	6,875.6	8,206.8	7,358.8	8,083.0	9,409.5	**7,356.9**
Profit before taxation and *zakat*	5,046.6	5,477.7	4,235.4	4,738.3	5,348.6	**3,373.6**
Profit attributable to owners of the Company	3,723.7	4,529.2	3,592.7	3,661.8	3,463.3	**2,770.3**
KEY BALANCE SHEET DATA (RM Million)						
Property, plant and equipment	111,445.5	109,966.0	112,596.1	114,105.6	116,577.1	**121,932.1**
Total assets	153,695.0	178,847.2	181,433.3	182,600.6	205,922.3	**204,743.6**
Total borrowings	47,832.4	45,411.7	49,452.6	51,678.2	63,882.2	**61,770.2**
Total liabilities	94,643.1	119,565.1	123,983.4	124,208.2	144,956.1	**143,660.9**
Share capital	11,446.1	11,446.1	11,675.2	11,927.6	12,204.3	**12,499.5**
Shareholders' equity	59,051.9	59,282.1	57,449.9	58,392.4	60,966.2	**61,082.7**
SHARE INFORMATION						
Per share (sen)						
Basic earnings	65.62	79.64	63.06	64.05	60.35	**48.00**
Diluted earnings	65.39	79.64	62.79	63.73	59.98	**47.79**
Gross dividend	53.27	100.00	80.00	40.00	46.00	**46.00**
Net assets per share attributable to owners of the Company	1,017.0	1,019.6	978.7	988.6	1,017.1	**1,016.5**
Share price as at reporting date (RM)	13.60	13.26	10.42	9.34	9.63	**10.04**
FINANCIAL RATIOS						
Return on assets (%)	3.2	2.8	2.4	2.6	2.2	**1.7**
Return on shareholders' equity (%)	8.3	8.5	7.4	8.0	7.3	**5.7**
Gearing (%)	44.8	43.4	46.3	47.0	51.2	**50.3**
EBITDA margin (%)	26.5	36.1	40.9	39.0*	40.9	**35.1**
Effective weighted average cost of funds (%)	5.0	5.1	4.9	4.6	4.6	**4.8**
Interest coverage (%)	7.9	5.4	4.9	5.0	4.8	**4.3**
Currency mix (RM: Foreign)	74:26	76:24	75:25	76:24	79:21	**73:27**
Debt-equity (net of cash) ratio[1]	0.50	0.53	0.63	0.73	0.83	**0.67**

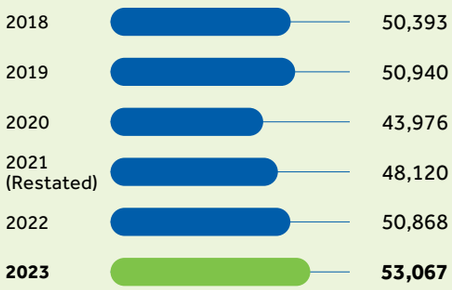
[1] *Cash includes financial assets at fair value through profit or loss (FVTPL).*
* *Restated.*

Dividend yield (dividend/share price per unit, %)	3.92	7.54	7.68	4.28	4.78	**4.58**

OUR INVESTMENT CASE

SIX-YEAR GROUP GROWTH SUMMARY

REVENUE (RM MILLION)



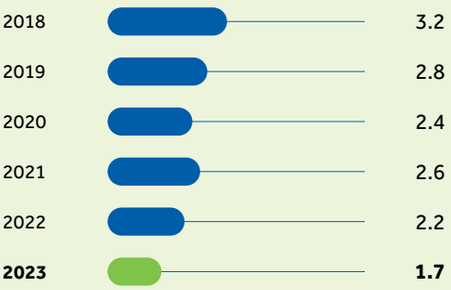
NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM MILLION)

SHAREHOLDERS' EQUITY (RM MILLION)

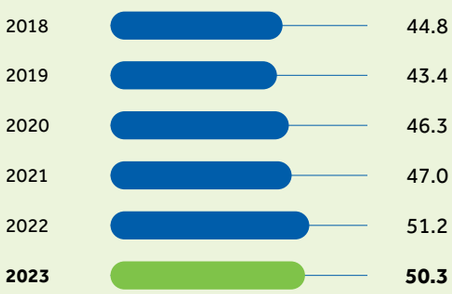
TOTAL ASSETS (RM MILLION)

TOTAL BORROWINGS (RM MILLION)

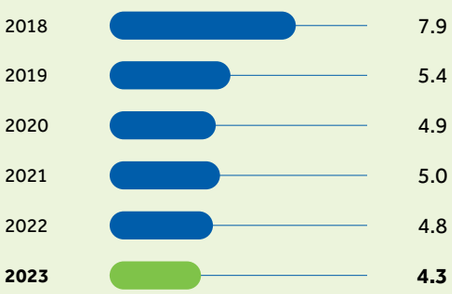
RETURN ON ASSETS (%)



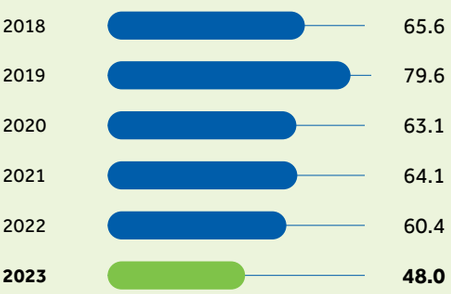
GEARING (%)



INTEREST COVERAGE (TIMES)

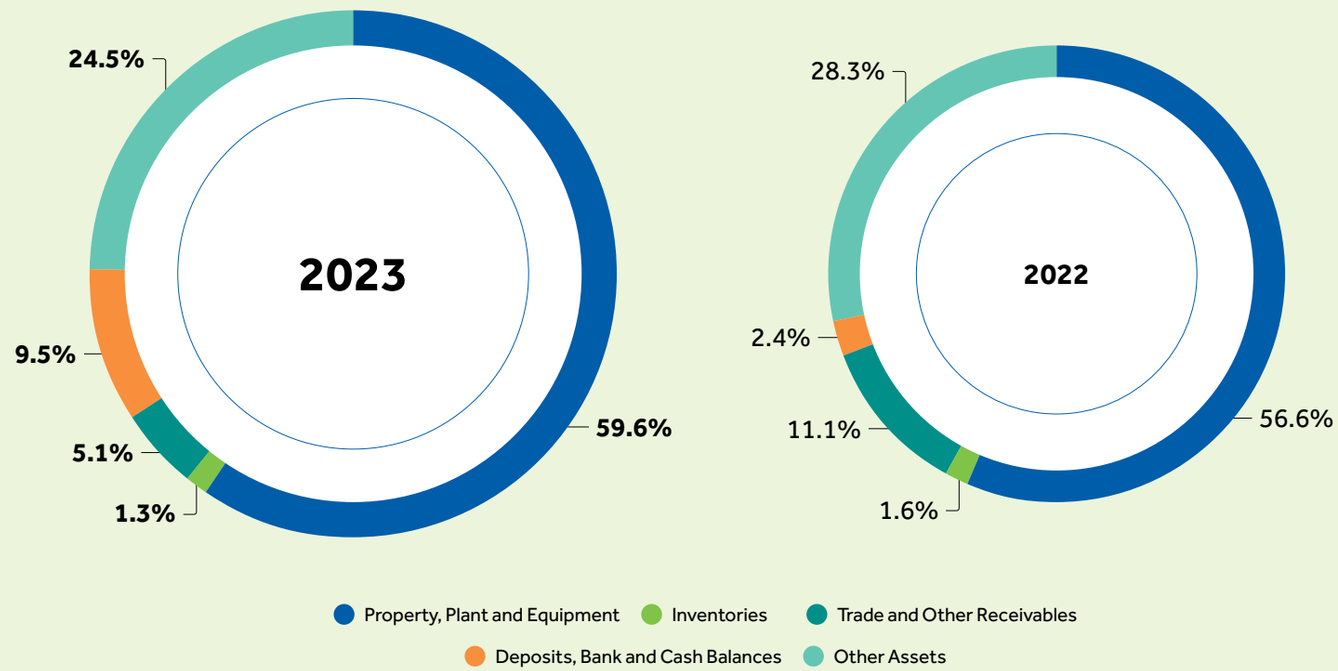


BASIC EPS (SEN)

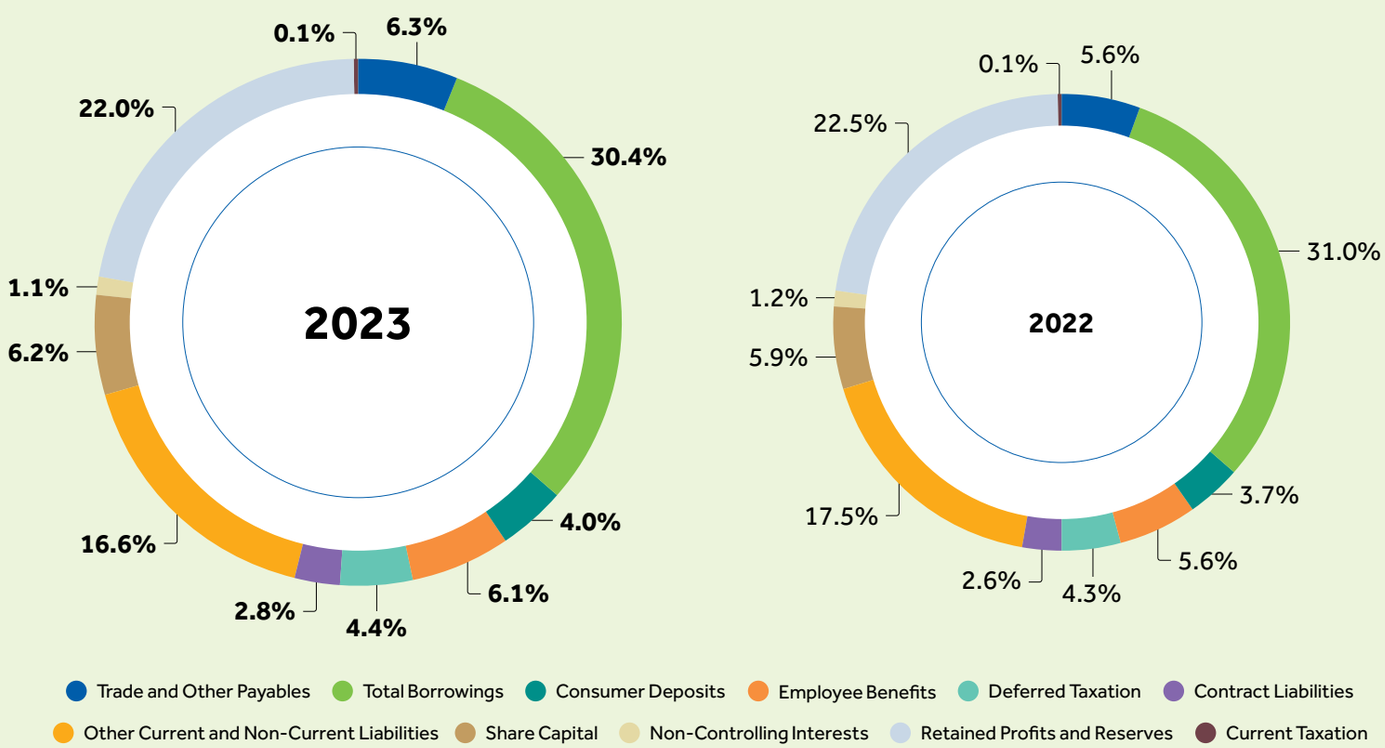


SIMPLIFIED GROUP STATEMENT OF FINANCIAL POSITION

TOTAL ASSETS



TOTAL LIABILITIES AND EQUITIES

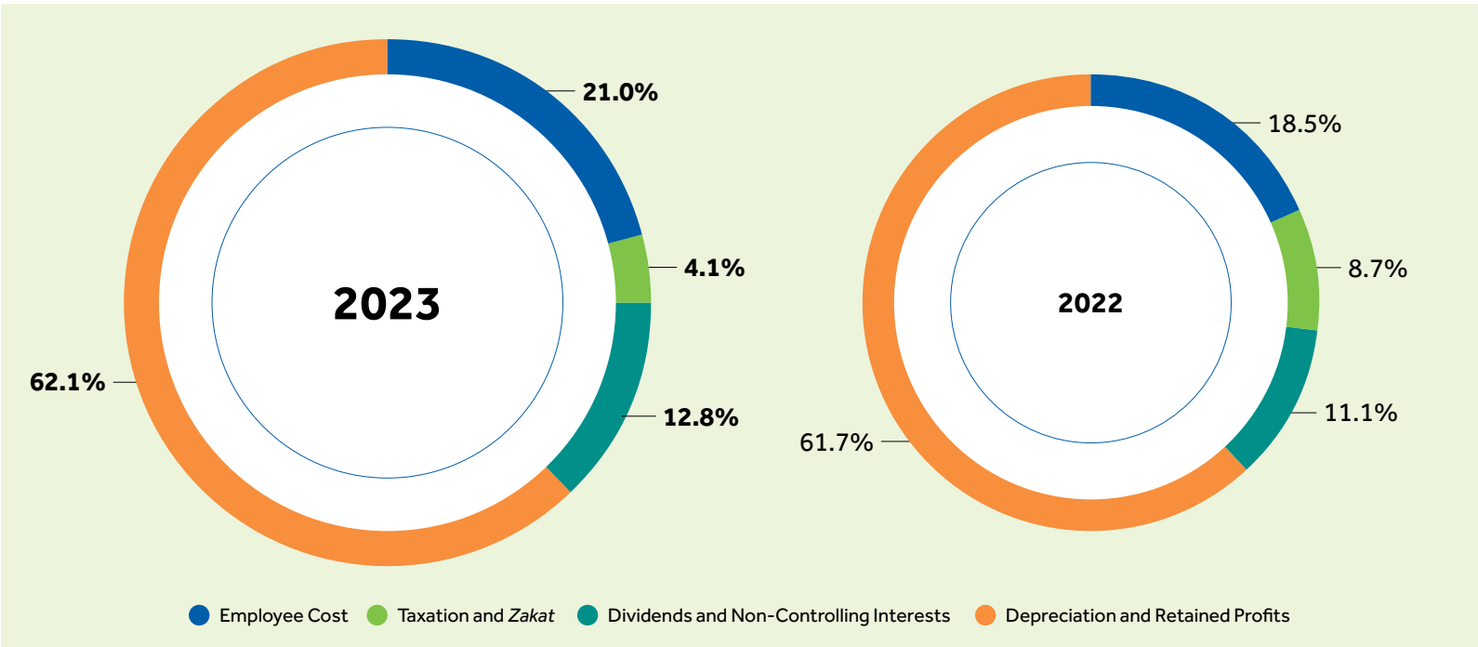


OUR INVESTMENT CASE

STATEMENT OF VALUE ADDED

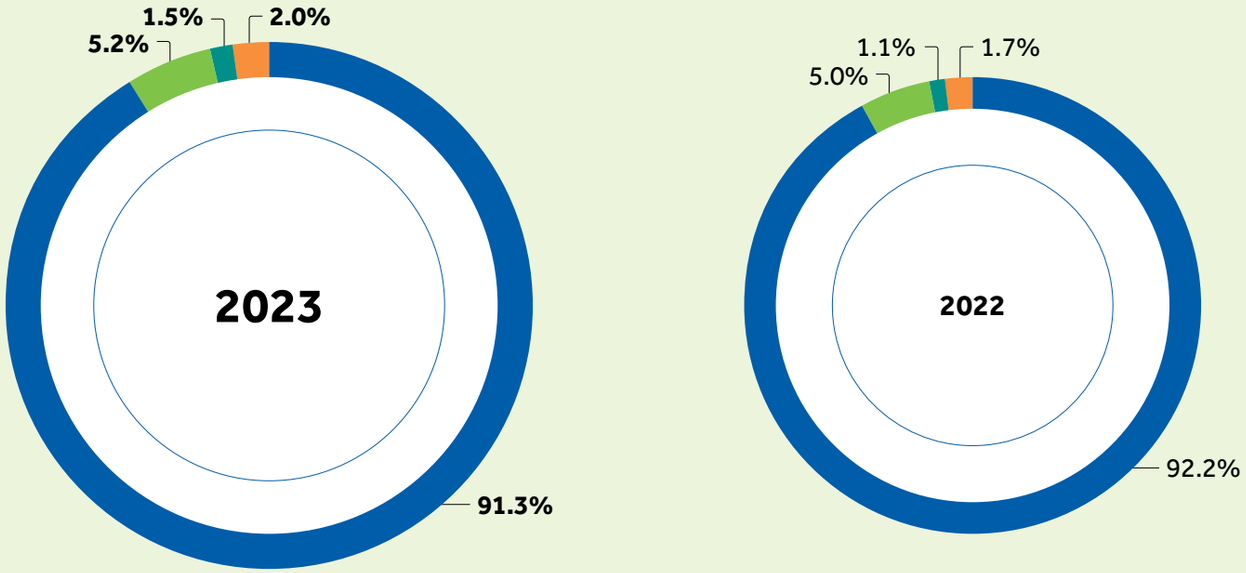
	31.12.2023	31.12.2022
VALUE ADDED (RM Million)		
Revenue	**53,066.9**	50,867.7
Imbalance Cost Pass-Through (ICPT) under recovery	**10,598.2**	22,315.3
Operating expenses excluding staff cost and depreciation	**(42,219.6)**	(49,411.5)
Net reversal/(loss) on impairment of financial instruments	**114.7**	(101.4)
Other operating income	**948.2**	940.0
Finance income	**544.3**	277.7
Finance cost	**(4,331.1)**	(4,343.4)
Fair value changes of financial instruments	**(49.4)**	130.7
Foreign exchange loss	**(209.5)**	(223.5)
Share of results of associates and joint ventures	**62.4**	97.6
Value added available for distribution	**18,525.1**	20,549.2
DISTRIBUTION (RM Million)		
To employees:		
Staff cost	**3,885.8**	3,798.1
To the Government:		
Taxation and *zakat*	**770.0**	1,791.2
To shareholders:		
Dividends	**2,537.5**	2,181.3
Non-controlling interests	**(166.7)**	94.1
To reinvest in the Group:		
Depreciation	**11,265.7**	11,402.5
Retained profits	**232.8**	1,282.0
Total distributed	**18,525.1**	20,549.2

DISTRIBUTION OF VALUE ADDED



OUR INVESTMENT CASE

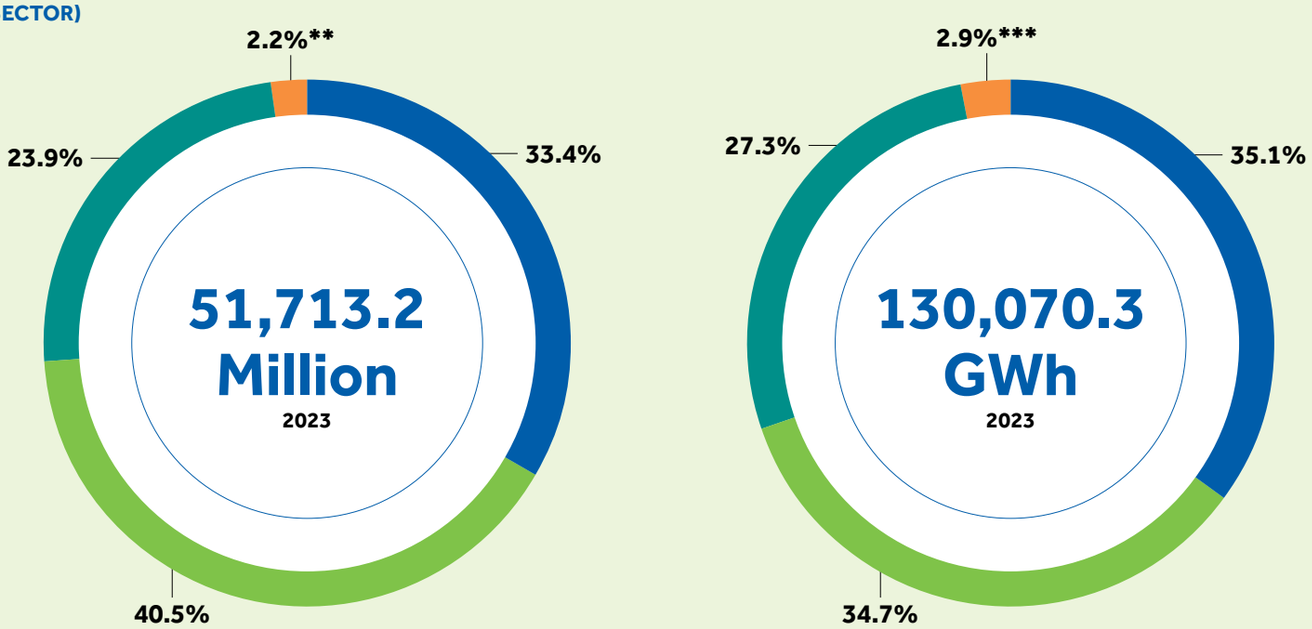
CORE REVENUE



Peninsular Malaysia SESB TNBI Others

	Peninsular Malaysia	SESB	TNBI	Others*	Total
	RM Million				
2023	**48,456.7**	**2,766.2**	**776.4**	**1,067.6**	**53,066.9**
2022	46,879.7	2,561.2	537.7	889.1	50,867.7

GROUP SALES OF ELECTRICITY (BY SECTOR)



Industrial Commercial Domestic Others

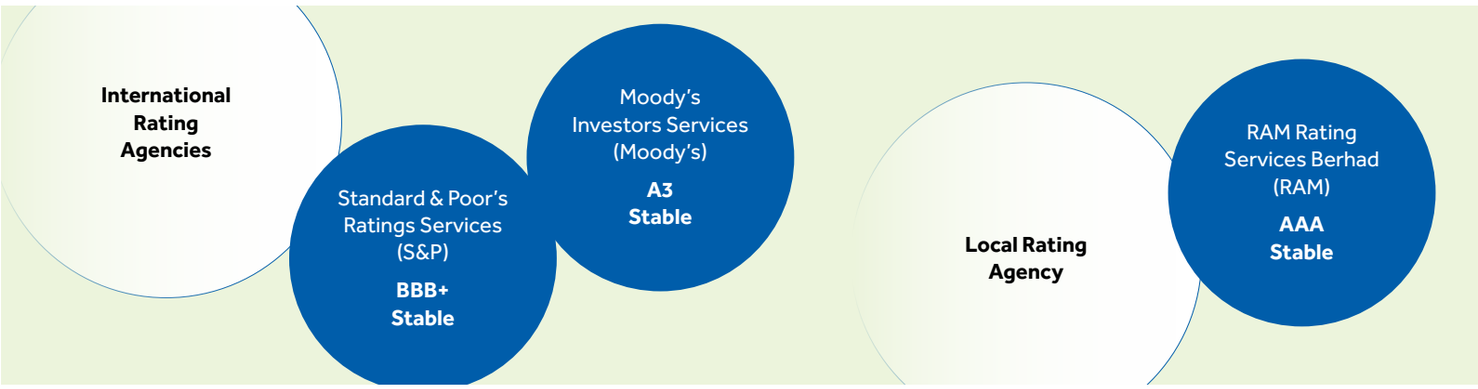
* *Others include Goods & Services and Construction Contracts.*

** *Others include Agriculture, Mining, Public Lighting, Accrued Revenue, Sales Discount, EGAT, TNBI, Other Regulatory Adjustments and SESB Tariff Support Subsidy & Fuel Subsidy.*

*** *Others include Agriculture, Mining, Public Lighting, EGAT, TNBI.*

OUR INVESTMENT CASE

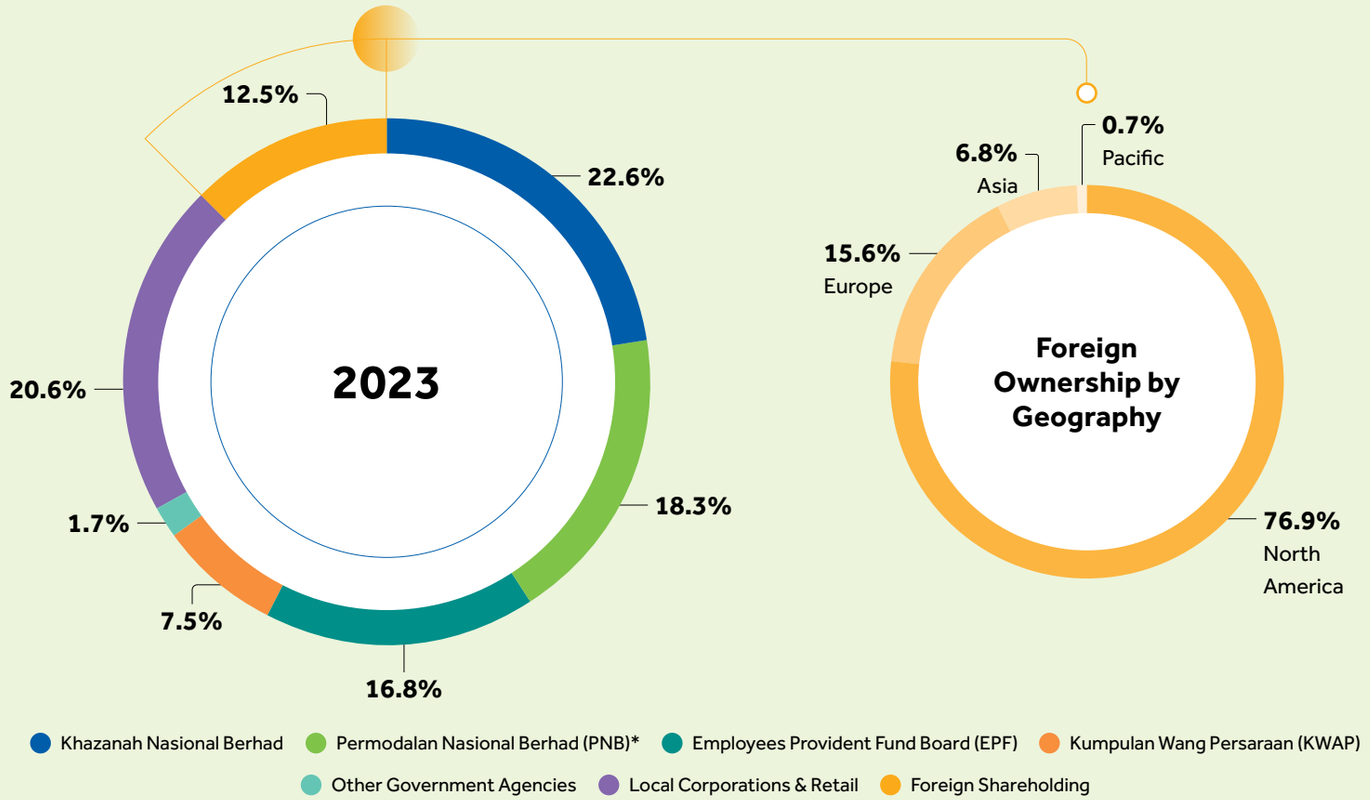
OUR CREDIT RATINGS



SHAREHOLDING INFORMATION

As at 29 December 2023, Khazanah Nasional Berhad remained as our largest shareholder, with 22.6% of shareholding. Other Government-related agencies cumulatively hold 44.3% with Permodalan Nasional Berhad at 18.3%, Employees Provident Fund at 16.8%, Kumpulan Wang Persaraan at 7.5% while others at 1.7%. The balance of 33.1% is held by other local corporations, Malaysian retail and foreign shareholders.

Based on the geographical spread of our foreign shareholding, the largest shareholding base is North America at 76.9%, followed by our shareholders from Europe and Asia (excluding Malaysia), which accounted for 15.6% and 6.8%.



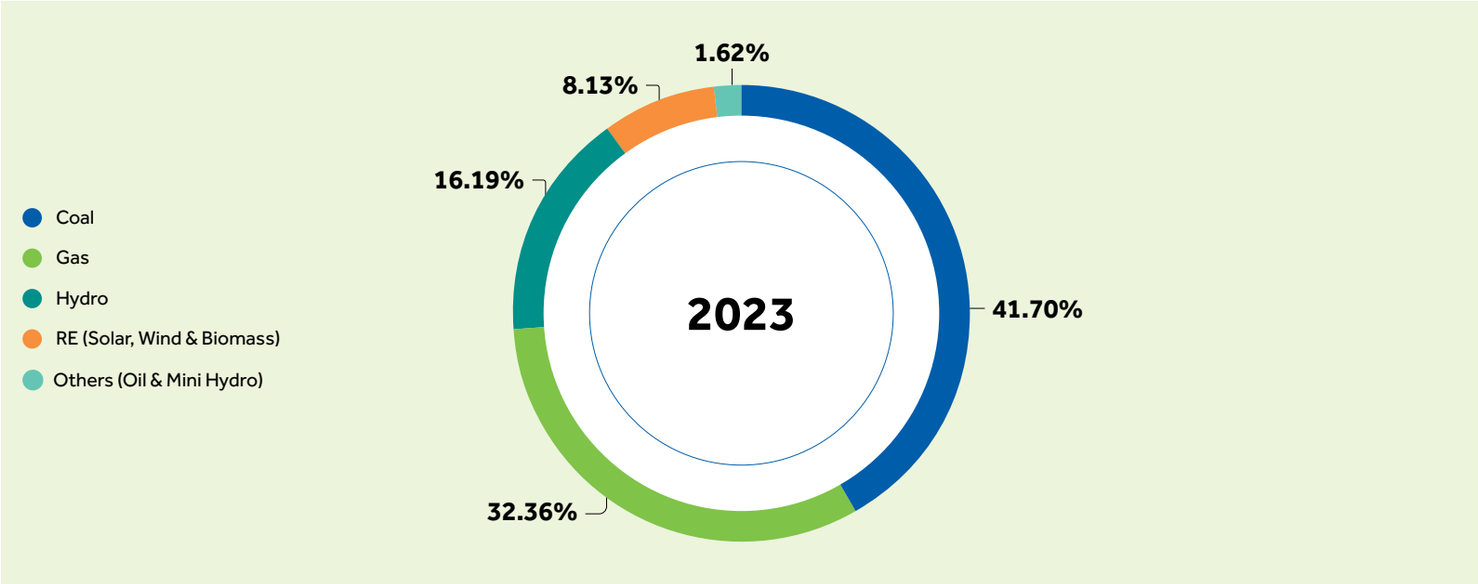
Note:

* *Comprises total shareholdings held by trust funds managed by Permodalan Nasional Berhad*

Shareholding structure as at 29 December 2023

OUR INVESTMENT CASE

GENERATION FUEL MIX



OUR SCORECARD

	31.12.2018	31.12.2019	31.12.2020	31.12.2021	31.12.2022	31.12.2023
Return on asset	3.2%	2.8%	2.4%	2.6%	2.2%	**1.7%**
Generation market share[1]	49.9%	51.42%	52.21%	52.79%	49.84%	**51.11%**
Customer satisfaction index[3]	81%	81%	86%	87%	87%	**88%**
Corporate reputation index[3]	88%	87%	81%	88%	79%	**86%**
Equivalent availability factor[2]	88.93%	81.77%	87.39%	82.89%	83.2%	**83.3%**
Equivalent unplanned outage factor[2]	3.84%	7.97%	6.65%	7.85%	7.37%	**6.58%**
Transmission system minutes[1]	0.35 minute	0.27 minute	0.08 minute	0.08 minute	0.17 minute	**0.48 minute**
System average interruption duration index[1] (SAIDI) minutes/customer/year	48.22	48.13	44.95	45.25	45.06	**46.1**
Transmission losses[1]	1.43%	1.35%	1.47%	1.60%	1.59%	**1.56%**
Distribution losses[1]	6.39%	6.30%	6.69%	6.16%	5.45%	**5.42%**
Employee engagement/culture barometer score	86%	89%	89%	85%	87%	**89%**

(1) *For Peninsular Malaysia only.*
(2) *All Coal, Gas and Hydro power plants under TNB Power Generation Sdn. Bhd.*
(3) *The respective surveys were not conducted during this four-month Annual Report period.*

RETURN ON ASSETS (%)

GENERATION MARKET SHARE (%)

EQUIVALENT UNPLANNED OUTAGE FACTOR (%)

PERFORMANCE REVIEW FROM THE SIX CAPITALS PERSPECTIVE

FINANCIAL CAPITAL

EBITDA MARGIN

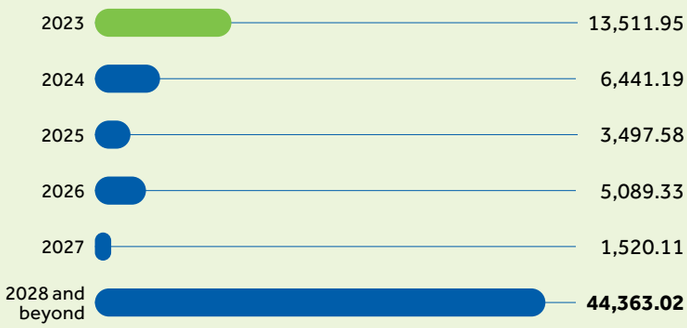
35.1%

2022: 40.9%

BORROWINGS CURRENCY MIX

MYR	RM45,081.07 million
USD	RM8,848.82 million
JPY	RM1,664.72 million
GBP	RM3,603.08 million
AUD	RM1,400.96 million
EUR	RM1,171.55 million

DEBT MATURITY PROFILE



TOTAL DIVIDEND (RM)

Interim

18.0 sen

2022: 20.0 sen

Dividend Payout of Group PATAMI

66.6%

2022: 55.2%

Final single tier dividend

28.0 sen

2022: 26.0 sen

Dividend yield

4.6%

2022: 4.8%

MANUFACTURED CAPITAL

Power Generation Assets

Thermal generation plants:

- **5** coal-fired plants
- **10** gas-fired plants
- **51** oil, diesel & solar hybrid

Non-carbon plants:

- **22** large hydro
- **110** renewable energy (mini hydro, solar, wind & biomass)

Power Network Assets

- **29,254.30km** of transmission network
- **534** transmission substations
- **761,546.4km** circuit distribution network
- **98,254** distribution substations

Non-Power Assets

- **5.6 mil sqft** of office and **4.8 mil sqft** of operational workspace (Total of 5,866 premises)
- **22,836km** of fibre optic network
- **5,062** vehicles

EQUIVALENT AVAILABILITY FACTOR (For all majority-owned plants) (%)

Peninsular Malaysia	Sabah	International
83.47	**78.74**	**96.72**
2022: 83.2	2022: 79.45	2022: 95.95

EQUIVALENT UNPLANNED OUTAGE FACTOR (For all majority-owned plants) (%)

Peninsular Malaysia	Sabah	International
5.89	**20.05**	**3.08**
2022: 7.37	2022: 18.54	2022: 3.85

SAIDI (minutes)

Peninsular Malaysia	Sabah
46.1	**266.37**
2022: 45.06	2022: 286.21

SYSTEM MINUTES (minutes)

Peninsular Malaysia	Sabah
0.483	**16.83**
2022: 0.17	2022: 1.42

PERFORMANCE REVIEW FROM THE SIX CAPITALS PERSPECTIVE

NATURAL CAPITAL

Read more about our environmental stewardship initiatives, highlighting our proactive measures to minimise our ecological footprint. We are at the forefront of embracing green technologies and leading Malaysia's energy transition.

Refer to page 72.

INTELLECTUAL CAPITAL

Read more about how we are investing in the future to boost our operational excellence and service advancements. This encompasses our efforts in research and development, the adoption of cutting-edge technologies and the cultivation of innovative business models.

Refer to page 68.

HUMAN CAPITAL

Read about how we are nurturing a skilled and motivated workforce. We are committed to creating an inclusive and dynamic work environment that supports our employees' professional growth, well-being and productivity.

Refer to page 79.

SOCIAL AND RELATIONSHIP CAPITAL

INVESTORS

We provide the investment community with a comprehensive and transparent view of our performance and future prospects, aiming to create sustainable value for our shareholders.

EMPLOYEE TRADE UNIONS/ ASSOCIATIONS

We maintain a harmonious relationship with employee trade unions and associations through collaboration and continuous engagement, fostering a high-performance culture and enhancing the overall employee experience.

CUSTOMERS

Our commitment to customers goes beyond transactions. We focus on enriching their experience through personalised services, quality interactions, and innovative solutions, underpinned by effective communication and engagement.

VENDORS AND SUPPLIERS

We support local and bumiputera vendors whenever possible, promoting the local economy's growth and sustainability. Our procurement practices are designed to be transparent, fair to all parties involved and according to the right governance.

COMMUNITY

Our efforts ensure that Malaysians, especially in rural and remote areas, have access to electricity, contributing to a higher standard of living. We are dedicated to uplifting marginalised communities through education and infrastructure support, ensuring everyone can thrive in a connected and electrified future.

OUR SOCIAL CIRCLE

Tenaga_Nasional
43,584
followers

tenaga_nasional
62,548
followers

TNB Careline
466,480
followers

TENAGAofficial
90,100
subscribers

Tenaga Nasional Berhad
313,281
followers

tenaga_nasional
17,900
followers

CORPORATE STRUCTURE

As at 10 March 2024

TENAGA NASIONAL BERHAD

- 100% **TNB POWER GENERATION SDN. BHD.**
  - 100% Integrax Berhad
    - 100% Integrax Maritime Services Sdn. Bhd.
    - 100% Pelabuhan Lumut Sdn. Bhd.
      - 100% Lekir Bulk Terminal Sdn. Bhd.
      - Less 1 Share 50% Lumut Maritime Terminal Sdn. Bhd.
        - 100% LMT Capital Sdn. Bhd. *(Dormant)*
  - 100% TNB Manjung Five Sdn. Bhd.
    - 100% TNB Western Energy Berhad
  - 100% TNB Prai Sdn. Bhd.
    - 100% TNB Northern Energy Berhad
  - 100% TNB Janamanjung Sdn. Bhd.
  - 100% TNB Pasir Gudang Energy Sdn. Bhd.
  - 100% TNB Connaught Bridge Sdn. Bhd.
  - 100% TNBPG Hydro Nenggiri Sdn. Bhd.
  - 100% TNBPG Hydro Sungai Perak Sdn. Bhd.
  - 70% Jimah East Power Sdn. Bhd.
  - 70% Southern Power Generation Sdn. Bhd.
  - 60% Kapar Energy Ventures Sdn. Bhd.
  - 100% TNB Repair and Maintenance Sdn. Bhd.
    - 100% Tenaga WHR 1 Sdn. Bhd. *(Dormant)*
    - 100% TNB REMACO Pakistan (Private) Limited
    - 100% Trichy Energy Limited *(Dormant)* *(In Members' Voluntary Winding Up)*
    - 100% Trichy Power Limited *(Dormant)* *(In Members' Voluntary Winding Up)*
    - 100% TNB Operations & Maintenance International Ltd.
      - 100% Oasis Parade Sdn. Bhd.
        - 30% Saudi-Malaysia Operation & Maintenance Services Company Limited
        - 10% Alimtiaz Operation & Maintenance Company Limited
    - 50% GMR Tenaga Operations and Maintenance Private Limited
- 100% **TNB RETAIL SDN. BHD.**
  - 100% TNBX Sdn. Bhd.
  - 100% GSPARX Sdn. Bhd.
- 100% **TNB-IT SDN. BHD.**
- 100% **MALAYSIA TRANSFORMER MANUFACTURING SDN. BHD.**
- 100% **TNB GLOBAL VENTURES CAPITAL BERHAD**
- 100% **TNB FUEL SERVICES SDN. BHD.**
- 100% **TNB GLOBAL CAPTIVE (L) LTD.**
- 100% **REV PROPERTY HOLDINGS SDN. BHD.**
  - 100% REV Horizon Sdn. Bhd.
  - 100% REV Platinum Sdn. Bhd.
  - 100% REV Kapar Sdn. Bhd.
  - 100% REV Perai Sdn. Bhd.
  - 100% REV Zenith Sdn. Bhd.
- 100% **TNB INTEGRATED LEARNING SOLUTION SDN. BHD.**
- 100% **ALLO TECHNOLOGY SDN. BHD.**
- 100% **TNB RESEARCH SDN. BHD.**
  - 100% TNB Labs Sdn. Bhd.
  - 40% Gunung Tenaga Sdn. Bhd. *(Dormant)*
- 100% **TNB ENGINEERING CORPORATION SDN. BHD.**
  - 100% TNEC Construction Sdn. Bhd. *(In Members' Voluntary Winding Up)*
  - 100% Bangsar Energy Systems Sdn. Bhd.
    - 70% Selesa Energy Systems Sdn. Bhd. *(Dormant)*
  - 100% TNEC Operations and Maintenance Sdn. Bhd. *(Dormant)*
    - 51% Tomest Energy Management Sdn. Bhd. *(In Members' Voluntary Winding Up)*
  - 77% Airport Cooling Energy Supply Sdn. Bhd.
  - 70% Cooling Energy Supply Sdn. Bhd.
  - 49% Abraj Cooling L.L.C
- 100% **TNB RENEWABLES SDN. BHD.**
  - 100% TNB Sepang Solar Sdn. Bhd.
  - 100% TNB Bukit Selambau Solar Sdn. Bhd.
  - 100% TNB Bukit Selambau Solar Dua Sdn. Bhd.
  - 100% TNB Bukit Sidim Kulim Solar Sdn. Bhd.
  - 49% SD Plantation TNB Renewables Sdn. Bhd.
  - 30% Selarong Pertama Energy Sdn. Bhd.
  - 30% Setia Kawan Energy Sdn. Bhd.
- 100% **UNIVERSITI TENAGA NASIONAL SDN. BHD.**
  - 100% UNITEN R & D Sdn. Bhd.
  - Yayasan Canselor Universiti Tenaga Nasional
- 100% **TNB TOPAZ ENERGY SDN. BHD.**

* *GVO Wind Limited, Bluemerang Capital Limited, Vantage Solar Investments S.A.R.L., Clean Energy and Infrastructure UK Wind Limited, Clean Energy and Infrastructure UK Wind 2 Limited and Spark Renewables Pty Ltd Group of Companies are detailed out on pages 345-355 of this Integrated Annual Report.*

CORPORATE STRUCTURE

As at 10 March 2024

Legend: Subsidiaries · Associates · Joint Ventures · Simple Investments · Trust Foundations

- 100% **TNB ENERGY SERVICES SDN. BHD.**
  - 100% Tenaga E Mobility Solutions Sdn. Bhd. *(Dormant)*
  - 70% MAEVI Sdn. Bhd. *(Dormant)*
  - 49% Metrosphere Hydro Tersat Sdn. Bhd.
  - 40% FTJ Bio Power Sdn. Bhd.
  - 20% Jana Landfill Sdn. Bhd.
- 100% **POWER AND ENERGY INTERNATIONAL (MAURITIUS) LTD.**
  - 100% Independent Power International Ltd.
    - 20% Malaysian Shoaiba Consortium Sdn. Bhd.
      - 50% Saudi-Malaysia Water & Electricity Co. Ltd.
  - GMR Energy Limited *(Disposed w.e.f. 21 November 2023)*
- 100% **TNB INTERNATIONAL SDN. BHD.**
  - 100% Vantage RE Ltd.
    - 100% Tenaga Wind Ventures UK Ltd.
      - 100% GVO Wind Limited*
      - 100% Bluemerang Capital Limited*
    - 55% Vantage Solar Investments S.A.R.L.*
      - 100% Vantage Solar UK4 Limited
    - 100% Clean Energy and Infrastructure UK Limited
      - 100% Clean Energy and Infrastructure UK Wind Limited*
      - 100% Clean Energy and Infrastructure UK Wind 2 Limited*
    - 100% JBM Solar Projects 18 Ltd
    - 100% JBM Solar Projects 23 Limited
    - 100% TWV No.1 Limited
    - 100% Vantage RE No.1 Limited
      - 49% Blyth Offshore Demonstrator Limited
    - 100% Vantage RE No.3 Limited
      - 100% Elipsgreen Limited
      - 100% Dullarbtons Limited
  - 100% Stone HoldCo Pty Ltd
    - 100% Stone BidCo Pty Ltd
      - 100% Spark Renewables Pty Ltd*
- 100% **TNB VENTURES SDN. BHD.**
  - 76% Tenaga Cable Industries Sdn. Bhd.
- 83% **SABAH ELECTRICITY SDN. BHD.**
  - 100% Elopura Power Sdn. Bhd. *(Dormant)*
    - 20% Oriole Hydro Padas Sdn. Bhd.
- 100% **ARUNA SERVICIOS INTEGRALES S.L.U.**
  - 100% Global Power Enerjî Sanayî Ve Tîcaret Anonîm Şîrketî
    - 30% Gama Enerji Anonîm Şîrketî
- 60% **TENAGA SWITCHGEAR SDN. BHD.**
  - 60% TSG Ormazabal Sdn. Bhd.
  - 95% PT. Tenaga Nusa Bakti *(Dormant)*

ASSOCIATES

- 49% **FIBRECOMM NETWORK (M) SDN. BHD.**
- 20% **TEKNOLOGI TENAGA PERLIS CONSORTIUM SDN. BHD.**
- 20% **GB3 SDN. BHD.**
- 25% **JIMAH ENERGY VENTURES HOLDINGS SDN. BHD.**
  - 100% Jimah Energy Ventures Sdn. Bhd.

JOINT VENTURE

- 50% **SEATRAC SDN. BHD.** *(Dormant)* *(In Members' Voluntary Winding Up)*

MANJUNG ISLAND ENERGY BERHAD
(Subsidiary as defined by MFRS 10, 11 and 12)

SIMPLE INVESTMENTS

- 20% **PERUSAHAAN OTOMOBIL ELEKTRIK (MALAYSIA) SDN. BHD.** *(In Winding Up By The Court)*
- 10% **LABUAN REINSURANCE (L) LTD.**
- 7.8% **FEDERAL POWER SDN. BHD.**

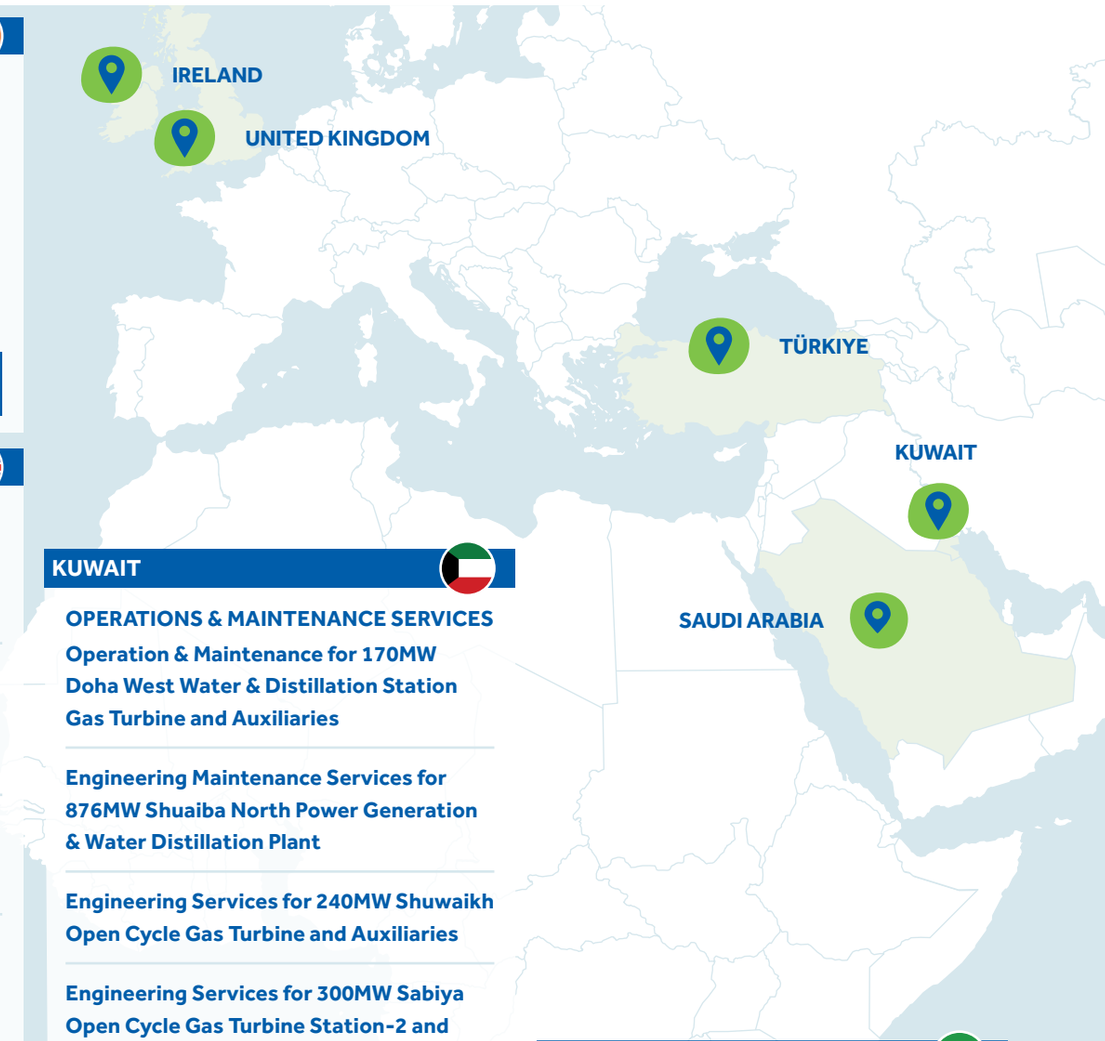
TRUST FOUNDATIONS

- **YAYASAN TENAGA NASIONAL**
- **RETIREMENT BENEFIT TRUST FUND**

DORMANT COMPANIES

- 100% **TNB RISK MANAGEMENT SDN. BHD.**
- 100% **TNB HIDRO SDN. BHD.**
- 100% **TNB TRANSMISSION NETWORK SDN. BHD.** *(In Member's Voluntary Winding Up)*
- 100% **TNB GENERATION SDN. BHD.**
- 100% **TNB ENGINEERS SDN. BHD.**
- 100% **TNB PROPERTIES SDN. BHD.**
  - 100% TNP Construction Sdn. Bhd.
  - 40% KM-Metro TNB Properties Sdn. Bhd.
- **TNB DISTRIBUTION SDN. BHD.** *(Dissolved w.e.f. 8 June 2023)*
- **SEPANG POWER SDN. BHD.** *(Dissolved w.e.f. 16 May 2023)*

OUR INTERNATIONAL FOOTPRINT



IRELAND

ASSET NAME

Vantage Re No. 3 Limited
(100% Equity)
Capacity: **275.8MW**

ENERGY SOURCE:

Solar

TOTAL CAPACITY: 275.8MW

UNITED KINGDOM

ASSET NAME

Tenaga Wind Ventures UK Ltd.
(100% Equity)
Capacity: **26.6MW**

Clean Energy and Infrastructure UK Limited
(100% Equity)
Capacity: **97.3MW**

Vantage Solar Investment S.A.R.L.
(55% Equity)
Capacity: **365MW**

Blyth Offshore Demonstrator Limited
(49% Equity)
Capacity: **41.5MW**

ENERGY SOURCE:

Wind, Solar

TOTAL CAPACITY: 530.4MW

TÜRKIYE

ASSET NAME

Gama Enerji A.S.
(30% Equity)
Capacity: **1,151.5MW**

ENERGY SOURCE:

Wind, Hydro, Natural Gas

TOTAL CAPACITY: 1,151.5MW

KUWAIT

OPERATIONS & MAINTENANCE SERVICES

Operation & Maintenance for 170MW Doha West Water & Distillation Station Gas Turbine and Auxiliaries

Engineering Maintenance Services for 876MW Shuaiba North Power Generation & Water Distillation Plant

Engineering Services for 240MW Shuwaikh Open Cycle Gas Turbine and Auxiliaries

Engineering Services for 300MW Sabiya Open Cycle Gas Turbine Station-2 and Auxiliaries (GE F7)

Engineering Services for 252MW Sabiya Open Cycle Gas Turbine Station-1 (GE LM6000)

Annual Maintenance Contract (Mechanical) for Ministry of Electricity and Water, Kuwait

Annual Maintenance Contract (Control & Instrumentation) for Ministry of Electricity and Water, Kuwait

ENERGY SOURCE:

Natural Gas, Distillate

TOTAL CAPACITY: 1,838MW

SAUDI ARABIA

ASSET NAME

Shuaibah Independent Water & Power Project (IWPP)
(6% Equity)
Capacity: **1,190.7MW**

WATER DESALINATION ASSETS

SWEC Water **880,000 m³/day**

SEPCO Water **150,000 m³/day**

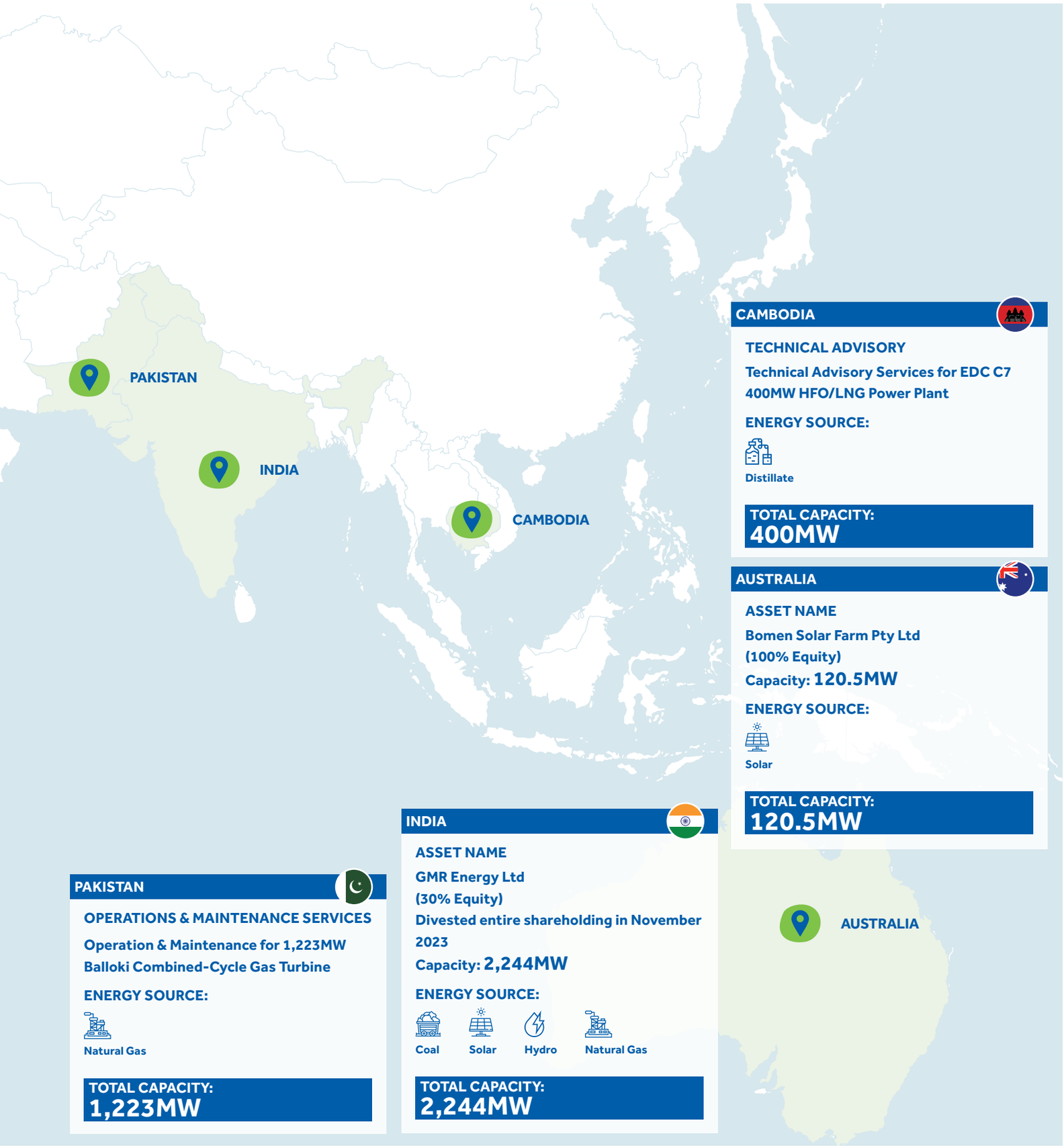
Total Capacity: **1,030,000 m³/day**

ENERGY SOURCE:

Fuel oil

TOTAL CAPACITY: 1,190.7MW

OUR INTERNATIONAL FOOTPRINT



CAMBODIA

TECHNICAL ADVISORY

Technical Advisory Services for EDC C7 400MW HFO/LNG Power Plant

ENERGY SOURCE:

Distillate

TOTAL CAPACITY:
400MW

AUSTRALIA

ASSET NAME

Bomen Solar Farm Pty Ltd (100% Equity)

Capacity: **120.5MW**

ENERGY SOURCE:

Solar

TOTAL CAPACITY:
120.5MW

INDIA

ASSET NAME

GMR Energy Ltd (30% Equity)

Divested entire shareholding in November 2023

Capacity: **2,244MW**

ENERGY SOURCE:

Coal, Solar, Hydro, Natural Gas

TOTAL CAPACITY:
2,244MW

PAKISTAN

OPERATIONS & MAINTENANCE SERVICES

Operation & Maintenance for 1,223MW Balloki Combined-Cycle Gas Turbine

ENERGY SOURCE:

Natural Gas

TOTAL CAPACITY:
1,223MW

FROM OUR LEADERSHIP

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CHAIRMAN'S LETTER TO SHAREHOLDERS

DATO' ABDUL RAZAK BIN ABDUL MAJID
Chairman

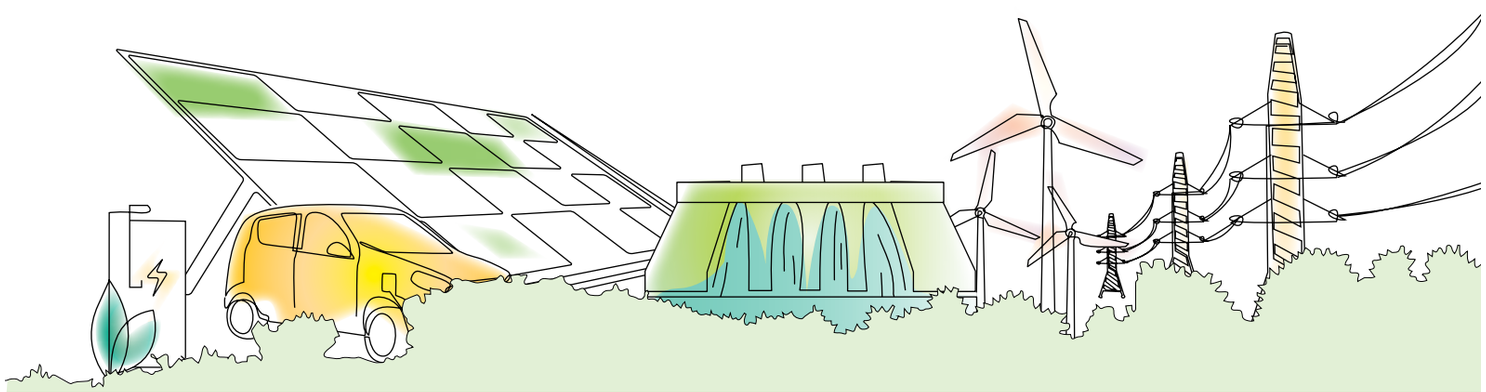
Dear Shareholders,

It gives me great pleasure to present to you Tenaga Nasional Berhad's (TNB) Integrated Annual Report for the year 2023.

OVERVIEW

The year 2023 marked a significant turning point for the world with the declaration by the World Health Organization that COVID-19 was no longer considered a global health emergency. While the announcement in May provided some optimism that it would be the end of pandemic-related challenges, it was tempered with an equal measure of uncertainty and pessimism given persistent inflation and subsequent policy tightening. The macroeconomic environment was also impacted by the ongoing conflicts in Ukraine and the Middle East. The escalation of geopolitical tensions, particularly in the Middle East, had put markets on high alert, contributing to the volatility of gas prices and adding layers of complexity to the global energy landscape still adjusting to the aftermath of the Russia-Ukraine war.

These headwinds have weighed on sentiment and growth prospects, with subdued economic figures being recorded in 2023 compared to the robust numbers produced during the immediate post-COVID years. Consequently, the International Monetary Fund has projected global Gross Domestic Product (GDP) growth to moderate to 3.0% in 2023, slowing from the 3.5% posted in 2022.



Domestically, Malaysia's economy mirrored the global narrative of moderated growth, as it recorded a GDP growth of 3.7% in 2023 following the strong 8.7% rebound in 2022. Despite the resilient domestic demand, Malaysia's growth was tempered by weak external demand, in line with the slower global economy.

On our part, TNB has continued to support Malaysia's economic growth. Our efforts are aligned with the Madani Economy Framework that was introduced by the government in 2023, which aims to restructure Malaysia's economy to elevate the nation towards becoming a leading Asian economy and to improve the quality of life of all Malaysians.

Meanwhile, Malaysia's electricity demand growth, which generally reflects the country's economic performance, posted a similar 3.8% year-on-year (YoY) growth in Peninsular Malaysia and Sabah, lower than the 6.1% YoY growth in the previous year. Growth was backed by healthy demand in both domestic and commercial segments, with YoY growth of 5.5% and 9.9%, respectively, reflecting Malaysia's robust domestic demand.

OUR FINANCIAL PERFORMANCE

In 2023, our revenue saw an increase of 4.3% year-over-year, driven by a rise in electricity demand, but a decrease in EBITDA, which fell by 10.5% to RM18.6 billion, mainly due to a lower contribution from the generation business. In line with this, Profit After Tax decreased by 26.8% to RM2.6 billion, largely as a result of the volatility of global coal prices (accounted from stockpiled inventories).

Despite these challenges, we maintained our commitment to our dividend policy, which aims for a 30% to 60% payout ratio based on the reported Consolidated Net Profit Attributable to Shareholders After Minority Interest, excluding extraordinary and non-recurring items. Thus, the Board is pleased to declare a final single-tier dividend of 28.0 sen per share. Together with our interim dividend of 18.0 sen per share paid on 17 October 2023, this brings our total dividend for the financial year 2023 to 46.0 sen per share, matching the total dividend paid in FY2022. Consequently, the dividend payout ratio for FY2023 was higher at 66.6% of profit after tax and minority interests, compared to 55.2% in FY2022, demonstrating our ongoing commitment to delivering shareholder value.

AT THE VANGUARD OF MALAYSIA'S ENERGY TRANSITION

The year 2023 entered the history books as the warmest year on record, a stark reminder of the impact of climate change exacerbated by the El Niño phenomenon. Domestically, we acknowledge that the nation was fortunate to be spared from the severe climate-related incidents that affected other parts of the world in 2023.

REVENUE

RM53.07 billion

2022: RM50.87 billion

TOTAL DIVIDEND

RM2.66 billion

2022: RM2.65 billion

In fact, we witnessed the government ushering in a watershed year in terms of elevating its climate action ambitions by launching the Malaysia Energy Transition Outlook (METO) and the National Energy Transition Roadmap (NETR), which helped to clarify Malaysia's vision for the Energy Transition.

While METO has detailed several possible future pathways for the development of a sustainable and cleaner energy system in Malaysia, the NETR focuses on actionable plans and the initiatives to gradually increase renewable energy (RE) to 70% of our country's total generation capacity by 2050, with the ultimate goal of accomplishing net zero emissions as early as 2050. However, here it is also worth noting that conventional power plants, including currently operating coal plants, will continue to be required in Malaysia at this stage, especially as the government seeks to balance energy security and reliability against energy generation cost considerations. In this context, the existing Imbalance Cost Pass-Through (ICPT) mechanism under the Incentive Based Regulation (IBR) framework will still be in effect to cater for the variability of fuel costs.

The NETR plays a crucial role in identifying and prioritising actions across the energy sector, with 10 flagship catalyst projects and initiatives grounded in six Energy Transition (ET) levers: Energy Efficiency (EE), RE, Hydrogen, Bioenergy, Green Mobility, and Carbon Capture, Utilisation and Storage (CCUS). TNB has been entrusted with leading three of NETR's flagship projects: Large Scale Solar Parks, Hybrid Hydro-Floating Solar (HHFS), and the Co-firing of Hydrogen and Ammonia. We support other levers through partnerships with the private and public sector. This highlights the collaborative effort needed to combat climate change, pooling expertise and resources from various sectors to achieve shared objectives.

I am heartened to see the Management team working to effect change and leading the charge for the ET journey for both the nation and TNB. In 2023, we demonstrated thought leadership through the successful organisation of the Energy Transition Conference in August which gathered local and international experts, policymakers, and industry leaders to discuss and strategise on the future of the energy transition. The conference focused on three critical sectors impact by the ET, namely Power, Transport and cities, with Digitalisation and Data Infrastructure as the key enablers. The conference highlighted the opportunities and insights within each sector, serving as the ideal platform for intellectual and industry convergence. This collaboration across sectors has resulted in numerous agreements and partnerships aimed at accelerating the journey towards Energy Transition.

Prime Minister YAB Dato' Seri Anwar bin Ibrahim unveiled the National Energy Transition Roadmap (NETR) at the Energy Transition Conference 2023, which was hosted by TNB.

CHAIRMAN'S LETTER TO SHAREHOLDERS

Partnerships for Success

At TNB, we recognise that the Energy Transition (ET) journey is a shared responsibility and would be impossible to achieve on the strength of just one company. With the growing sense of urgency to push ahead with this agenda, it is heartening to note that others are also acknowledging this and reaching out to collaborate in order to achieve this mutually beneficial goal. With this as the backdrop, TNB has continued to forge partnerships with like-minded organisations across our entire value chain, from our generation business, transmission and distribution network as well as retail to benefit our customers. We have also been particularly interested in nurturing nascent green technologies that hold great potential to boost the ET journey, as we recognise that these technologies will require incubation before becoming commercially viable.

Thus, in 2023, we have collaborated with numerous partners, including regional utilities, multi-nationals and some of our biggest Malaysian conglomerates to explore decarbonisation, interconnection, renewable energy solutions, electrification of the transportation sector and green technologies. We believe that this pathway of forging partnerships will continue to be a critical enabler to future-proof our business as we continue implementing our Reimagining TNB strategy and Energy Transition plan.

In addition, we will continue to strongly support initiatives that will elevate the energy literacy of our citizens as they too are important stakeholders. A better understanding of energy systems and the various impacts of energy transition will enable decision makers to make more informed decisions, which will hopefully lead to a brighter future for our planet.

Even as TNB forges ahead with the NETR's objectives, we will remain focused on strategic initiatives to enhance the flexibility and resilience of our transmission and distribution networks, embrace more sustainable generation and elevate customer service levels. We are also forging ahead with digitalisation initiatives, a key enabler to our energy transition journey, to enhance efficiency, sustainability and innovation within the organisation. As digitalisation expands, there is a need to step up our cybersecurity measures to safeguard the electricity assets as well as to ensure safe, secure and reliable operations. Guided by our Reimagining TNB strategy and Energy Transition Plan, we will continue to strongly support the country's transition towards a more sustainable and resilient energy future.

SUPPORTING OUR COMMUNITIES

In building a Brighter Community, TNB focuses on community needs through our corporate social responsibility (CSR) programme that emphasises education, socioeconomic support, and environmental care. This year, we invested RM18.2 million in our CSR activities comprising the provision of educational opportunities, socioeconomic support and the upholding of our environmental commitments. In addition, we paid zakat amounting to RM40.4 million in 2023 across Peninsular Malaysia based on FY2022's aggregate income, in which a portion of the zakat returned to us in the form of wakalah was distributed through various programmes to ease the burden of targeted recipients.

Through Yayasan Tenaga Nasional, we continue to sponsor students at the higher education level, both locally and abroad, in the form of scholarships and convertible loans. For 2023, we contributed more than RM70 million to sponsor 3,397 students for their higher education. We also support the government's agenda to produce employable graduates and to grow Malaysia's own talent in the power and utility industry via Universiti Tenaga Nasional, TNB Integrated Learning Solution Sdn. Bhd. and TNB Research Sdn. Bhd. These institutions are preparing the future workforce for the Energy Transition through relevant training and capacity development, as well as conducting research & development into the latest technologies.

In terms of socioeconomic support, we continue to carry out our Homes for the Needy programme, including *Program Baiti Jannati*, launched in 2007, and *Projek Mesra Rakyat*, which began in 2012. Together, these initiatives have provided new or upgraded homes to more than 1,000 families. This year, we also provided 2,500 primary students from low-income families with school supplies and uniforms through the *Program Ceria ke Sekolah*, in addition to financial support of 11 primary schools across Peninsular Malaysia under our PINTAR School Adoption programme. In continuing our decades-long commitment to developing the sport of hockey in Malaysia, we have invested RM5.6 million to our TNB Thunderbolts programme which aims to develop and nurture high-potential youth hockey players from all over the nation.

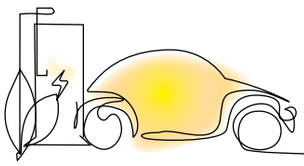
This year, our environmental efforts are further enhanced with the commitment to an investment of RM1.48 million to foster eco-friendly practices, biodiversity conservation and community involvement in environmental stewardship. Our flagship project, MY Brighter Green programme, kicked off in September 2023 in conjunction with TNB's 74th anniversary and has seen a total of 78,100 trees planted across various locations throughout Malaysia. Additionally, TNB has electrified 108 vehicles within its fleet, aligning with its objective to replace 30% of its vehicles with electric vehicles (EVs) by 2030, showcasing a tangible shift towards a more sustainable corporate transport policy. We are also expanding the participation of local companies and vendors in our energy transition initiatives through various vendor engagement and development programmes. The ongoing Advanced Metering Infrastructure project is a great testament where we managed to develop a pool of capable local vendors, manufactures and installers to realise the target of smart meter installations nationwide while contributing to job creation and skill development for the nation.

GOVERNANCE

In 2023, Tenaga Nasional Berhad (TNB) made significant strides in enhancing its governance structures, with a pronounced emphasis on Environmental, Social and Governance (ESG) principles. I recognise Management's efforts in bolstering governance, especially in the ESG context as it underscores TNB's commitment to sustainability and responsible corporate conduct, aligning with expectations from stakeholders.

CHAIRMAN'S LETTER TO SHAREHOLDERS

SUPPORTING OUR COMMUNITIES



TNB has electrified 108 vehicles within its fleet, aligning with its objective to replace 30% of its vehicles with EVs by 2030

GOVERNANCE

We also formed a new Sustainability Division, headed by the Chief Sustainability Officer, with the key roles to ensure the effective deployment of our sustainability strategies

Among the notable initiatives undertaken by TNB this year included the enhancement of the roles and renaming of the Board Risk Committee (BRC) to the Board Sustainability and Risk Committee (BSRC) in August 2023, which will assist the Board of Directors in fulfilling its responsibilities by providing oversight of the implementation effectiveness of the Group's sustainability and risk management frameworks.

We also formed a new Sustainability Division, headed by the Chief Sustainability Officer, with the key roles to ensure the effective deployment of our sustainability strategies, thus helping us to meet our targets and strengthening sustainability governance across the Group.

OUTLOOK

Looking ahead for Malaysia, economic growth is expected to track upwards to 4-5% in 2024, from the 3.7% recorded in 2023, driven by the recovery in exports and resilient domestic expenditure, according to Bank Negara Malaysia. Growth will be supported by a solid labour market, enhanced household spending and improvements in tourist arrivals. In addition, sustained investment activities propelled by ongoing multi-year projects in both the private and public sectors, as well as the execution of catalytic initiatives under national master plans provides further upside. Fuel prices are also expected to ease in 2024.

We see further upside for TNB going forward especially with the government's robust efforts to drive the decarbonisation agenda. With policies supporting the expanding adoption of EVs and EV infrastructure, EV sales are expected to more than double in 2024, according to forecasts made by the Malaysian Automotive Association. The other catalyst is Malaysia's growing prominence as a preferred destination for data centres which will drive the demand for renewable energy (RE). To support this, TNB has established the Green Lane Pathway programme to streamline the on-boarding process for data centres, expedite approvals and facilitate the smooth setting up of data centres in Malaysia. In addition, the government's plan to establish a regional green energy exchange bodes well for increased activity in RE export deals, in which we expect to be a key player.

We take cognisance of the latest development in the Sabah electricity supply industry in which, the Sabah state government through the Energy Commission of Sabah (ECoS) has officially taken over regulatory authority of the state's electricity supply in January 2024. TNB will continue to support the government through the 7-year transformation programme of Sabah Electricity Sdn. Bhd. into becoming a financially viable and sustainable utility, while simultaneously improving the state's power supply security and reliability.

For TNB, it will be a critical time as we enter the final year of Regulatory Period 3. I am confident that the Management team will put forward a responsible and prudent proposal for our submission for the RP4 which spans 2025-2027. In line with the Government's effort to rationalise various subsidies, coupled with the increase of RE penetration in the system, TNB is also working closely with the Ministry of Energy Transition and Water Transformation and the Energy Commission towards a more cost-reflective electricity tariff that features a targeted subsidy mechanism.

As we move forward, TNB remains steadfast in its journey towards achieving the ambitious goals outlined in our revised Reimagining TNB 2.0 strategy, guided by our purpose to brighten lives through innovative and sustainable energy solutions towards a better world. Our proactive engagement in Malaysia's energy transition, strategic investments in infrastructure, and unwavering commitment to sustainability and customer satisfaction have positioned us well to navigate the challenges ahead.

ACKNOWLEDGEMENTS

It is my profound honour to extend my deepest gratitude to the Board of Directors for their unwavering support, invaluable wisdom, and strategic counsel throughout a year that was both challenging and continuously evolving. Their guidance has been instrumental in steering TNB towards its strategic goals and in navigating the complexities of our industry with grace and foresight.

Here, I would like to bid farewell to our former Chief Executive Officer (CEO), Dato' Seri Ir. Baharin Din, who has demonstrated exemplary leadership in guiding the Management Team and Warga TNB towards achieving the Company's goals and aspirations. I welcome our new CEO, Datuk Ir. Megat Jalaluddin Megat Hassan, who will have the full support of the Board, as he takes over the helm effective 1 March 2024 and works towards bringing TNB forward to a brighter future.

Our Management Team deserves special acknowledgment as well for their efforts, supported tirelessly by our employees, who have shown remarkable resilience and commitment, allowing us to continue brightening the lives of the rakyat every day. I am immensely proud of our Warga TNB for their dedication and hard work, which are fundamental to our success.

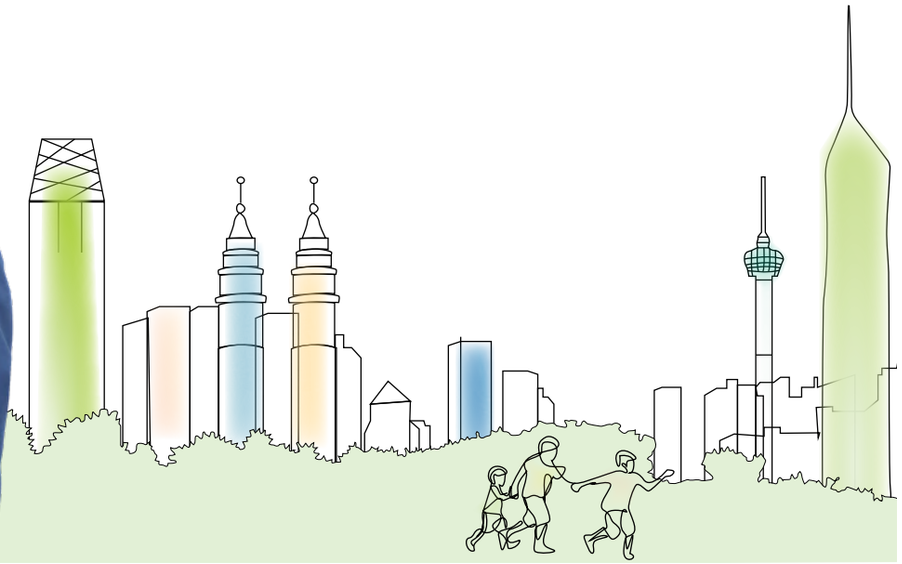
I wish to express my heartfelt appreciation to our stakeholders, including our shareholders, government ministries and agencies, regulators, industry partners, and most importantly, our customers. Your trust and engagement are the bedrock of our operations and motivate us to strive for excellence and innovation in delivering sustainable and reliable energy solutions. In closing, I look forward to the continued support and collaboration from all our stakeholders as we forge ahead with optimism and commitment towards a brighter, greener, and more sustainable tomorrow.

DATO' ABDUL RAZAK BIN ABDUL MAJID
Chairman

CEO'S STRATEGIC & OPERATIONAL REVIEW

DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN

President/Chief Executive Officer



Dear Valued Shareholders of Tenaga Nasional Berhad:

2023 was an exciting year for Malaysia as the nation made a firm commitment to accelerate a responsible Energy Transition with TNB at the forefront in driving the country's aspiration to achieve Net Zero Carbon Emissions by 2050. We at TNB are resolute in supporting the growth of the nation by creating further value for all our stakeholders by leveraging new opportunities and realise the nation's sustainability ambitions for a better and brighter future.

PERFORMANCE HIGHLIGHTS

Malaysia's economy continue its growth trajectory in 2023 at a moderated pace of 3.7% compared to the robust 8.7% in 2022. The economic expansion was similarly reflected in the rise of Malaysia's electricity demand of 3.8% year-on-year (YOY) in Peninsular Malaysia and Sabah.

The increase in electricity demand directly contributed to TNB's top-line growth of 4.3% YOY in 2023, with revenue growing to RM53.07 billion. However, we recorded lower EBITDA and profit after tax (PAT) of RM18.6 billion and RM2.6 billion respectively, mainly due to the negative fuel margin. Our liquidity and cashflow position have improved significantly in 2023 as we recorded a 56% reduction in receivables, mainly through consistent cost recovery of Imbalance Cost Pass-Through (ICPT) as well as efforts made by TNB to improve our collection rate.

Operational excellence remains a cornerstone of our strategy, and we strive to ensure our infrastructure assets remain robust and available to serve our customers. We recorded a Transmission System Minutes of 0.48 minutes, while our Distribution System Average Interruption Duration Index (SAIDI) was 46.1 - which puts us on par with other global utilities. Our power plants recorded a solid 83.3% availability factor throughout 2023, a testament to the efforts of our employees in upholding world-class standards of operational excellence in the operation and maintenance of our electricity supply infrastructure.

With regards to the safety and well-being of our employees and contractors, our Loss Time Injury Frequency (LTIF) was 0.74, a slight improvement from the 0.82 recorded in 2022. In 2023, we recorded the unfortunate loss of four lives - three employees and one contractor. We understand the gravity of the situation and are taking all the necessary preventive measures to ensure the safety of everyone with the enforcement of Tenaga Safety Culture and Life Saving Rules.

On the customer front, our relentless pursuit of excellence has paid off, and in 2023, we achieved the highest recorded Customer Satisfaction Index (CSI) score of 88%. This was in tandem with our excellent Customer Experience Index (CEI) scores of over 90% across all our physical and digital touchpoints. These are truly historic achievements for TNB, and we are proud to continue delivering exceptional service to our customers. These successes are driven by continuous enhancements in our communications, our proactive approach in issue resolution, and robust digitalisation initiatives that significantly elevate the customer experience.

STRATEGY

Building upon the foundational vision of the Reimagining TNB strategy, our approach remains unwaveringly rooted in the Energy Transition (ET) Plan we set forth in 2022. Our transformational journey continue in 2023 when we refresh our Reimagining TNB 2.0 by structuring around three key strategic pillars. They function as the primary drivers in our shift from a fossil-based energy mix to cleaner, more sustainable energy sources. These three pillars are supported by six core enabling functions that include policy advocacy, which helps us to navigate the regulatory landscape that TNB operates in.

Energy Sources

Deliver Clean Generation

- Renewable Capacity Growth
- Carbon Management
- Coal Generation Capacity Reduction

Energy Vector

Develop Energy Transition Network

- Smart Grid
- Hydrogen
- Energy Storage

Energy Usage

Dynamic Energy Solutions

- Electrification
- Energy Efficiency
- Prosumers
- Digital platforms

Enabling Functions

Policy Advocacy	Sustainability Framework	Funding the Journey	Green Supply Chain	Capability Building	Digitalisation

Our aspiration has always been clear: to lead as a provider of sustainable energy solutions in Malaysia and expand our impact internationally. We have made substantive progress across each strategic pillar, ensuring that our progress aligns with the nation's mission as outlined within key policy documents like the National Energy Transition Roadmap (NETR). The full details of our strategic progress can be found in the Achieving our Strategic Ambitions section of this Integrated Report.

Our leadership position as the key driver in Energy Transition was further entrenched by the outcomes of the inaugural Energy Transition Conference 2023. The conference highlighted our thought leadership capabilities and unlocked a slew of business opportunities, initiatives and collaborations that have propelled Malaysia's Energy Transition (ET) journey forward significantly.

The Energy Transition Conference 2023 - Powered by TNB

Catalysing the Nation's Energy Transition Journey

The inaugural ET Conference 2023 which was held in Malaysia from 28-29 August 2023, emerged as the largest gathering dedicated to energy transition in the region. Hosted by TNB, the conference attracted more than 4,000 delegates from over 16 countries and featured 68 conference speakers during the two days of insightful sessions. The conference became the launchpad for one of Malaysia's most important energy transition blueprints, namely the National Energy Transition Roadmap, which was launched by Malaysia's Prime Minister, YAB Dato' Seri Anwar bin Ibrahim.

With the world moving in unison towards achieving net zero targets, the conference focused on the future of energy, green mobility, sustainable cities, digitalisation and data infrastructure. The event developed into a unifying platform for thought leaders, experts, industry players, policymakers, and communities across the energy value chain to formulate collaborative efforts, solutions, strategies and policies to accelerate energy transition effectively and responsibly.

CEO'S STRATEGIC & OPERATIONAL REVIEW

DELIVER CLEAN GENERATION

Our approach to transforming the energy generation landscape is three-fold: significantly increasing our renewable energy capacity, improving our carbon management, and a gradual reduction of our coal generation capacity. We own and operate 198 powers plants with an installed capacity of 16,283MW and we are cognisant of the need for us to decarbonise our generation fleet in a sustainable and responsible manner.

Renewable energy and low-carbon energy sources are shaping the future, driven by a commitment to decarbonisation and climate action.

In the context of our domestic renewable energy (RE) capacity, we have continued to grow from strength to strength in the year under review. Domestically, we have seen increased generation at TNB Sepang, Selangor, which provided an uplift to earnings. We are happy to report that we received the Commercial Operations Date (COD) earlier than expected for the TNB Bukit Selambau Solar Dua asset under LSS4, which added 75MWp of operational solar asset at the end of 2023. More positive news were recorded when we successfully secured solar asset development rights amounting to 135MWp through the Corporate Green Power Programme (CGPP) under the New Enhanced Dispatch Arrangement framework, providing more revenue upside going forward.

As part of Malaysia's NETR, TNB is spearheading three key large-scale RE and clean technology initiatives, namely Centralised Large-Scale Solar (LSS) parks, Hybrid Hydro Floating Solar (HHFS), and hydrogen and ammonia co-firing projects. Collectively, these initiatives have the capability to deliver over 3,000MW of renewable energy capacity by 2040 of which around 2,500MW are from HHFS technology, while an additional 500MW are sourced from five different LSS parks. Under the HHFS, we plan to install up to 230MW capacity at the Temenggor and Chenderoh hydro plants by 2025. In Perak, we have embarked on exploring a potential partnership to develop a 100MW ground-mounted solar project. These projects are integral to TNB's ET Plan and are expected to generate significant RE capacity, foster greater participation in the development of the RE sector and contribute to the nation's goal of accelerating decarbonisation.

In our mission towards decarbonising conventional thermal plants in Malaysia, we recognise that one of the pathways identified is through Carbon Capture & Storage (CCS). As a key ET technology, CCS holds significant potential in decarbonising our generation capacity. Mindful of the technical and commercial challenges to achieve meaningful scale, we have entered into collaborations with leading domestic and international companies to explore the implementation of CCS technology in our thermal plants. A key component of the collaboration includes knowledge transfer with our engineers receiving specialised training to enhance their technical capabilities.

To further support our decarbonisation efforts, we are actively repowering existing plants with cleaner fuels, integrating green technology, and exploring the possibility of early retirement for coal plants domestically and internationally to ensure our operations are both efficient and reduce our environmental footprint. In 2023, we completed the disposal of our power generation assets in India, which included 1,650MW of coal generation. This divestment aligns with our intention to gradually reduce our coal generation capacity.

In 2023, we successfully made inroads into the Australian RE market through the acquisition of Spark Renewables Australia, which has around 120.5MWp of operational solar assets and 4.2GW of RE pipeline. We expanded our RE footprint in Europe, namely in the Republic of Ireland, which includes the acquisition of operational solar assets with 276MWp capacity, This underscores our commitment to growing our international RE assets, enabling us to bring back technologies and implement new business models that benefit Malaysia.

DEVELOP THE ENERGY TRANSITION NETWORK

At TNB, we strongly believe that there is no transition without transmission. This motivates us in building and maintaining intelligent, resilient and flexible electricity grids that enable the faster adoption of more RE sources.

We have been making steady strides in Develop the Energy Transition Network. In 2023 we expanded and upgraded our transmission and distribution network via a CAPEX investment of RM7.3 billion.

The investment includes building a smart grid and deploying smart meters under the national Advanced Metering Infrastructure (AMI) programme. We installed 873,740 more smart meters, surpassing our target of 600,000 units for 2023. This outstanding achievement brings the total to over 3.5 million smart meters across the Klang Valley, Melaka, Kedah, Johor, and Penang.

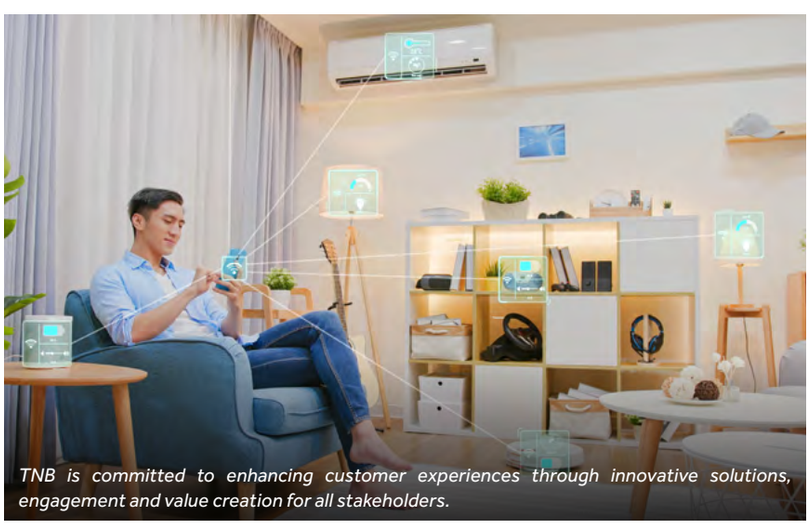
To enhance automated network control and fast supply restoration, we continued the rollout of Distribution Automation (DA). Approximately 4,000 substations were successfully installed and commissioned with DA, covering about 2.6 million customers. This brings our total to 28,340 distribution substations, accounting for 34% of total distribution stations in Peninsular Malaysia. For our transmission network, we enhanced our Advanced Automatic Fault Analysis (AFA) system to improve response and restoration time during outages.

Another aspect of developing the ET network is cross-border interconnections as they help in achieving ASEAN's ET and decarbonisation targets. At TNB, we are constantly exploring opportunities to expand our regional interconnections through Memorandums of Understanding (MOUs) with ASEAN neighbours such as Indonesia, Thailand, and Singapore. These agreements are strategic stepping stones towards the development of interconnection projects that are expected to strengthen the ASEAN power grid. A key milestone was achieved with the completion of a joint feasibility study with EGAT Thailand in 2023, paving the way forward for the expansion of the interconnection between Peninsular Malaysia and Thailand.

As a responsible grid owner, TNB carefully tracks and analyses electricity demands in anticipation of new and emerging economic growth in the country. In recent years, we have seen a significant surge in demand from hyperscale co-location data centres in Malaysia. In response to this growing market, we introduced the Green Lane Pathway in 2023 to fast-track the on-boarding process and significantly reduce the time taken for the supply connection of electricity to data centres. As of April 2024, we have managed to complete the power supply connection to 11 data centres totaling 1,156MW.

In anticipation of increasing energy demands in the future, we identified hydrogen and energy storage as promising domains to be explored. Preliminary efforts to explore the adoption of these technologies in Malaysia were made such as advancing the studies for hydrogen business development and completing a feasibility study of potential sites for a large-scale battery energy storage system (BESS) flagship project in Malaysia by our Grid division.

DYNAMIC ENERGY SOLUTIONS



TNB is committed to enhancing customer experiences through innovative solutions, engagement and value creation for all stakeholders.

At TNB, our journey to empower customers and deliver exceptional services continues to evolve, reflecting our enduring commitment to create relevant value that are appreciated by our customers, who are slowly embracing a smarter and greener lifestyle.

TNB continues to encourage our customers to be engaged in our collective journey towards a sustainable energy future. We have stayed on course with our initiatives to elevate customer engagement and satisfaction, widened the use of rooftop solar panels nationwide and invested significant resources to boost the electrification of Malaysia's transport sector.

CEO'S STRATEGIC & OPERATIONAL REVIEW

TNB remains at the forefront of the electrification of the transportation sector, which continues to grow at a rapid pace here in Malaysia and regionally. As of end-2023, the number of Electric Vehicles (EVs) on the road jumped to 10,159 units from 2,631 in 2022, while the total number of Direct Current (DC) fast EV charge points has increased to 503, bringing the total number of charge points to 2,288 as of April 2024. To meet this growing demand, we have significantly expanded the TNB Electron charging network to 32 charge points at strategic locations across Peninsular Malaysia. These include PLUS/LPT2 highways, commercial buildings, and TNB Premises, providing greater convenience for EV owners.

Beyond our borders, we have signed a Memorandum of Understanding (MOU) with Chargeplus (Charge+) to facilitate cross-border EV charge points across Malaysia and Singapore. This MOU forms the foundation to develop a seamless cross-border network of 30,000 charge points by 2030 spanning 5,000km of highways across Singapore, Malaysia, Thailand, Cambodia and Vietnam.

Additionally, TNB is focused in engaging our customers to understand the means of managing their energy consumption better. To accomplish this objective, we elevated the Malaysia Energy Literacy Programme (MELP) to a national-level initiative with oversight by the Ministry of Energy Transition and Water Transformation (PETRA). MELP aims to support the national ET agenda by improving the energy literacy of Malaysians. A significant milestone for MELP was reached in 2023 when Universiti Tenaga Nasional and Universiti Kebangsaan Malaysia (UKM) decided to incorporate energy literacy modules into their curriculum. Both tertiary institutions have agreed to enhance energy literacy through programmes, initiatives, publications, and research.

In the rooftop solar PV space, GSPARX continues to play a significant role in transforming TNB's customers into prosumers. By the end of 2023, GSPARX secured a cumulative 340MWp of solar capacity, including a nationwide project involving AEON shopping centres and AEON BiG supermarkets with a total capacity of 78MWp. Meanwhile, TNBX, a wholly-owned subsidiary of TNB, focuses on sustainable energy solutions. It launched several innovations such as SuriaShield residential solar PV insurance and the Virtual Energy Manager solution to assist commercial and industrial customers in managing their electricity usage.

Digitalisation has been a key lever in helping us deliver exceptional customer experience, particularly through the wider adoption and greater functionality of the award-winning myTNB app. myTNB currently has over has 6.7 million subscribers with features aimed at promoting customer empowerment and sustainable practices. The features we have introduced continue to delight our customers and as proof of its user-friendliness and relevance, it was recognised by a leading technology publication, PC.com for being the Best Public Utility App in 2023.

DRIVE REGULATORY EVOLUTION

In addressing the future of the electricity industry within Malaysia, TNB is strategically navigating the evolving regulatory and policy landscape to ensure the best outcomes for its business, stakeholders, and the broader community. It is here that we recognise the symbiotic relationship between government support, TNB's proactive measures, and the collective move towards a sustainable energy transition.

In 2023, we continue to see our Malaysian government's steadfast support for the Incentive Based Regulation (IBR) framework, which has been governing our electricity sector since 2014. We recovered about RM16 billion of fuel costs via the Imbalance Cost Pass-Through (ICPT) mechanism, which helped improve our financial liquidity.

As a key enabler of Malaysia's ET journey, TNB has been an active participant at global meetings such as COP28 and organising our own Energy Transition Conference. The government's bullish stance on the ET is evident with the multitude of supportive policy announcements and blueprints launched over the past two years, including the Low Carbon Mobility Blueprint 2021-2030, National Energy Policy 2022-2040, Malaysia Digital Economy Blueprint 2021-2030, New Industrial Master Plan 2030, the Malaysian Energy Transition Outlook and the NETR. This is in addition to the enhancement of existing programmes such as increased quotas for the Corporate Green Power Programme (CGPP) and the Net Energy Metering (NEM) scheme.

TNB has collaborated with relevant stakeholders to drive the ET journey. For instance, we collaborate with the Zero Emissions Vehicle Association (ZEVA) which actively advocates for the development of related legislation, policies, and standards for electric vehicles (EVs). Furthermore, we continue to be involved in the MyPOWER-led MESI (Malaysian Electricity Supply Industry) study, ensuring that we are contributing to a future-proof MESI, capable of addressing the challenges of decarbonisation while maintaining energy security, equity, and sustainability. The results of the study, which was completed in 2022, provided valuable insights and opportunities for further discussion.

TNB's resilient and innovative grid system powers Malaysia's growing energy demands, shaping the future of electricity.

OUTLOOK

As Malaysia steers into 2024, it is poised to be an exciting year with TNB at the forefront of the nation's ET journey. We are directing greater focus to our domestic businesses and investments in support of key initiatives to help achieve the goals outlined under the NETR.

In line with this, we are preparing to participate in the LSS Programme's fifth cycle (LSS5) which will see an expanded quota of up to 2GW, including a novel category for floating solar projects. Complementing this will be the Low Carbon Energy Generation Programme (LCEGP) with a 400MW quota, which opens up opportunities for other low-carbon power generation, such as small hydro, biogas, biomass, and hydrogen.

In terms of addressing the intermittency issues of RE sources, we are planning to initiate Malaysia's first utility-scale Battery Energy Storage System (BESS) project with 400MWh capacity. This pilot project, spearheaded by TNB and overseen by the Energy Commission, represents a pioneering step in enhancing grid stability and reliability, marking a significant milestone in Malaysia's journey towards a sustainable energy future. Regionally, we look forward to our collaboration with Laos' utility service provider, Electricite du Lao (EDL), which opens new possibilities for cross-border electricity trade within ASEAN.

On the regulatory front, as we move closer to the Regulatory Period 4 (RP4) 2025-2027, TNB's overarching goal is to continue supporting our customers' energy needs and facilitating Malaysia's Energy Transition. In this context, TNB is stepping up once again with significant CAPEX to maintain security of supply, meet the projected electricity demand growth of 1.6-4.3% and facilitate the Energy Transition. We aim to allocate a larger proportion of the CAPEX (compared to the previous year) for ET-related spending. Regarding the tariff structure, TNB is supportive of tariff reforms that ensure electricity costs are appropriately reflected on a fair and equitable basis, delivering positive results for the industry over the long term.

While 2023 was the year when ET really got started in Malaysia, 2024 and beyond are when we execute in earnest the exciting programmes within NETR. Indeed, TNB is perfectly primed to benefit from all the opportunities offered by NETR for we are fully committed to ensuring Malaysia achieves its ambitions. With TNB leading the charge, we are confident that we can facilitate the nation to achieving its energy transition goals, fostering a sustainable, resilient, and prosperous future for all.

ACKNOWLEDGEMENTS

In closing, I would like to extend my deepest gratitude to my predecessor, Dato' Seri Ir. Baharin bin Din, who led TNB with distinction over the past three years since 1 March 2021. His leadership was instrumental in guiding our company through the difficult period of the global COVID-19 pandemic, as we adopted new norms and leveraged digitalisation for greater operational efficiency and customer service excellence. He held the ship steady and steered TNB towards becoming sustainable organisation, ensuring that we remain at the forefront of the energy sector in Malaysia and beyond.

It is with a heavy heart that we remember and honour the legacy of a remarkable individual, Ir. Dev Anandan MS Anandan, our Chief Grid Officer, whom we sadly lost in 2023. Ir. Dev began his illustrious career with *Lembaga Letrik Negara* in 1988. His absence leaves a void that is deeply felt by all who had the privilege of working alongside him.

To my fellow colleagues in TNB, always remember that you are the lifeblood of the company, and together, let us unlock our potential, power progress, and make the energy transition happen towards for a brighter future.

The progress that we experienced in 2023 was made possible with the support and guidance of the Board of Directors, ensuring that we are focused on delivering the right business outcomes. I would like to thank the Government, the ministries, the Energy Commission, and regulatory bodies for their contributions toward the continued enhancement of our electricity industry, and strong support of the Energy Transition.

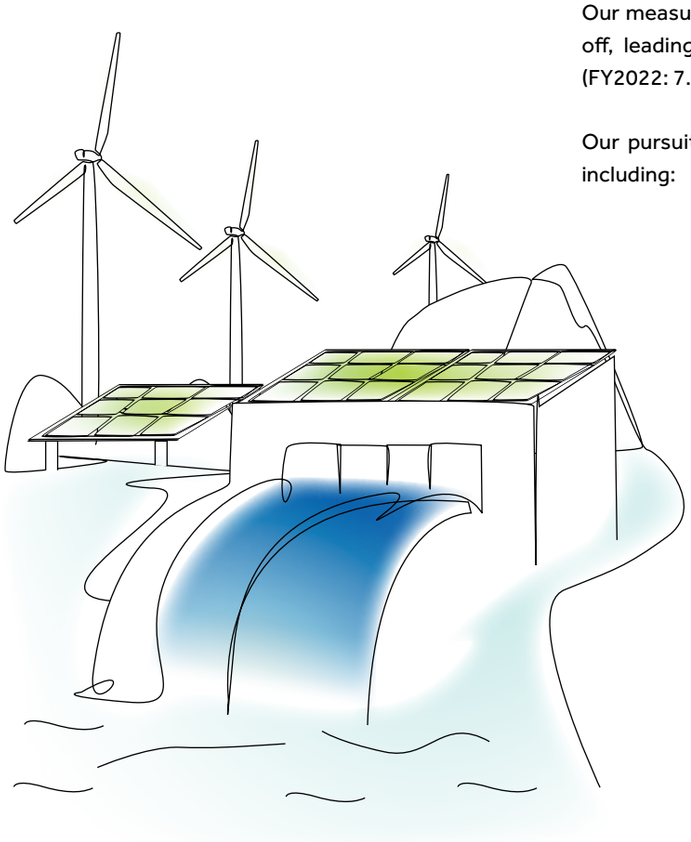
Finally, to our valued shareholders, esteemed customers, and dedicated business partners - we extend our deepest gratitude for your unstinting support and trust in TNB. We are incredibly enthusiastic about the future growth prospects of our company and are eager to have you alongside us as we forge ahead in our journey to drive the Energy Transition in Malaysia and beyond. Together, we can unlock our full potential, propel progress, and play a pivotal role in facilitating the energy transition. Your continued partnership is key to our success, and we look forward to achieving these transformative goals with you.

DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN
President/Chief Executive Officer

ACHIEVING OUR STRATEGIC AMBITIONS

DELIVER CLEAN GENERATION

The future energy landscape is set to be shaped by renewable and low-carbon sources, reflecting a growing commitment among stakeholders to decarbonise and address the urgent challenges of climate change.



OVERVIEW

In 2023, TNB produced a total of 95,203GWh of electricity, of which 79,355GWh was generated from coal and gas sources and 7,903GWh from renewable energy sources. Total renewable energy (RE) made up 8.3% of the total electricity sent out in 2023, a slight decrease from the 8.7% in 2022.

In alignment with our Reimagining TNB strategy and Energy Transition plan, we have continued to uphold the operational excellence of our conventional and RE generation fleet, explored new collaborations to decarbonise our thermal plants in Malaysia and forged ahead with acquiring and developing new RE assets.

DOMESTIC GENERATION BUSINESS UPDATE

Operational Performance Update

In 2023, TNB Power Generation Sdn. Bhd. power plant availability factor in Peninsular Malaysia was 83.3%, a slight improvement from the 83.2% recorded in 2022. The improvement was mainly contributed by the continual optimisation of the planned outages at our thermal plants.

The plant availability factor was significantly affected after one of our major power plants, the TNB Janamanjung 1GW coal-fired plant, experienced an unexpected outage in December 2023. Remedial actions are already underway, and we will be striving to rectify this issue as early as possible to resume plant operation. Prior to this, our plant availability factor had improved by 1.5% quarter-on-quarter in Q3 2023, due to lower unplanned outages during the period, which contributed to a 43.6% quarter-on-quarter improvement in capacity payment. Our measures to reduce boiler tube failures and minimise planned outages in 2023 also paid off, leading to an improved plant Equivalent Unplanned Outage Factor (EUOF) of 6.58% (FY2022: 7.37%).

Our pursuit of plant operational excellence has led to TNB Genco winning several awards, including:

Asian Power Awards 2023

Information Technology Project of the Year, for TNB's Hydro Dam Catchment Area Monitoring System, our internally-developed digital tool used in the planning, management and monitoring of TNB's hydro dam catchment activities.

Innovative Power Technology of the Year, for the installation of an advanced Industrial Internet of Things solution for our Continuous Ship Unloader (CSU) centres, which integrates wireless vibration and temperature monitoring system into the CSU equipment.

ASEAN Energy Awards 2023

Use of Clean Coal Technology, for our Jimah East Power Plant's innovative utilisation of ultra-supercritical technology for cleaner coal power generation.

ACHIEVING OUR STRATEGIC AMBITIONS

Our domestic RE assets owned by TNB Renewables Sdn. Bhd. (TRE) which mostly comprises large-scaled solar (LSS) plants also performed well. One of our first LSS plants, TNB Sepang Solar in particular recorded an improved generation of 13% year-on-year. TRE also managed to optimise its operating expenditures, reducing it by more than a third of that from the previous year.

Type	Number of Power Plants 2023	Total Installed Capacity (MW) 2023	Equity Capacity (MW) 2023	Electricity Sent Out (GWh) 2023	Capacity Under Construction (MW)
Wholly owned					
Coal	2	4,080	4,080	25,980	-
Gas	6	3,521	3,503	17,445	-
Non-carbon	97	3,691	3,677	6,807	102
Others	50	203	169	520	-
Majority-owned					
Coal	2	3,600	2,360	21,854	-
Gas	2	2,040	1,368	10,088	-
Non-carbon	24	365	201	343	-
Minority-owned					
Coal	1	1,400	350	8,929	-
Gas	2	1,545	398	5,071	-
Non-carbon	11	319	106	754	-
Others	1	1,191	71	7,425	-

Decarbonising Our Conventional Thermal Plants

At TNB, we recognise that conventional thermal plants will continue to play an important role in Malaysia in providing a reliable and affordable base load. Nevertheless, our efforts to decarbonise our plants will continue at a steady pace as outlined in our own ET plan and to support the nation's efforts to achieve Net Zero by 2050. In this context, this year, we have established important collaborations with companies such as PETRONAS and Toshiba Energy Systems & Solutions Corporation (Toshiba EES) to explore the implementation of Carbon Capture & Storage (CCS) solutions in our thermal plants.

With PETRONAS, our collaboration will explore the viability of storing captured carbon from TNB sites in PETRONAS oil fields, whereas the partnership with Toshiba EES is aimed at accelerating the application of carbon capture technology in our thermal plants. The agreement with Toshiba EES will also see our engineers receiving specialised training to support the delivery and operation of CCS equipment.

Growing Our RE Assets

In 2023, we continued our steadfast pursuit of more RE generation capacity in Malaysia and internationally inline with our push for RE to comprise 40% of our total capacity mix by 2025.

TNB Bukit Selambau Solar Dua, an LSS project under the fourth bidding cycle (LSS4) managed to achieve earlier Commercial Operations Date (COD) in December 2023. This is another milestone for TNB that adds another 75MWp solar generation capacity in Malaysia and demonstrates our strong capability in developing, operating, and maintaining LSS power plants.

We have also successfully secured development rights for 135MWp of solar projects through the Corporate Green Power Programme, under the New Enhanced Dispatch Arrangement framework. This will boost not just our revenue and generation capacity in green energy locally but will further demonstrate our commitment to supporting green energy requirement by local and international partners in Malaysia directly.

In support of the National Energy Transition Roadmap (NETR), one of TNB's flagship initiatives is the Centralised (LSS) parks project, which will encompass five sites, each with a potential capacity of around 100MW. This initiative fosters collaboration with state economic development bodies, cooperatives, and small and medium-sized enterprises with aims to galvanise local involvement in RE projects, contributing to the sector's holistic growth across the value chain.

We also kick started our domestic floating solar plant investments by issuing a tender for developers to build a 30MW floating solar plant at the Chenderoh Reservoir on the Perak River. This will be closely followed in the future by similar plants at our Temenggor and Kenyir hydro reservoirs.

ACHIEVING OUR STRATEGIC AMBITIONS

TNB's Net Zero goal advances through international RE platforms, enhancing collaboration and technology in sustainable energy.

INTERNATIONAL GENERATION BUSINESS UPDATE

On the international front, TNB International Sdn. Bhd. (TNBI), our platform for capturing global RE opportunities registered a higher full year performance from its onshore wind portfolio of around 100MWp in the United Kingdom (UK), which was acquired in 2022. In addition, overall power price was also favourable in 2023 in the UK region. However, this was offset by a non-cash impairment of goodwill for our investment in Vantage Solar UK Ltd. and Blyth Offshore Demonstrator Ltd. The impairment is an adjustment to reflect the softer power prices in the future and interest rate hike in the region, with no discount to the power plant performance.

We have initiated the construction of two greenfield solar power plants with a total capacity of 102MWp in UK with COD anticipated in 2024. These projects will contribute steadily to our international RE platform as it will be under a 15-year subsidy scheme. Our European RE business also reached another milestone with its expansion into Ireland through the acquisition of a 276MWp operational solar power plant, in line with our international growth strategy to grow towards 1GW of operational and under-construction assets.

In 2023, we made our maiden footprint into Oceania - Australia. Australia has a robust RE landscape, marked by strong regulatory frameworks and well-established ecosystem. Acquiring Spark Renewables is a strategic step in TNB's growth strategy, offering immediate access to operational assets and a promising pipeline. This accelerates our shift towards greenfield development, reducing costs and optimising resource deployment. This acquisition of 100% interest in Spark Renewables platform comprises a fully operational solar power plant of 120.5MWp together with sizable early-stages development pipeline in various technology including solar and wind. In addition, Spark Renewables has an existing strong management team with highly experienced individuals in the RE industry with a proven track record in pipeline development.

The international platforms will contribute significantly to TNB's Net Zero aspiration by facilitating knowledge exchange, advancing expertise in renewable technologies, enabling technology uptake, and promoting international collaboration to accelerate the country's sustainable energy transition.

OUTLOOK

Looking ahead, TNB will reinforce our commitment to sustainability and operational excellence. We are committed to maintaining the operational excellence of our generation fleet, with an emphasis on identifying and implementing strategies to reduce operating costs further. A significant focus remains on the accelerated retirement of coal plants, transitioning towards cleaner and more sustainable energy sources in line with our efforts to reduce carbon emissions. In addition, we are making steady progress on the 300MW Nenggiri hydroelectric power project, anticipated to commence commercial operations by 2027, which aligns with our goal to enhance our RE capacity significantly.

Aligning with NETR and the government's aspiration for increased domestic investments, we will be recalibrating our strategy to prioritise investments in Malaysia. This involves acquiring operational and/or late-stage RE assets to bolster TNB's expertise in the RE sector and spearhead the energy transition. We are also set to expedite the development of early-stage projects, transforming them into operational assets within the stipulated budget and timeline.

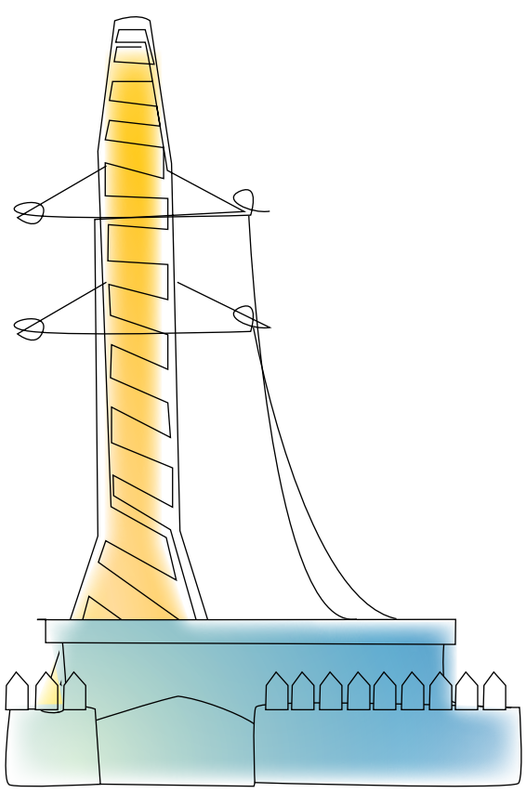
On the international front, TNB is committed to grow its presence through both our international RE platforms and will continue to provide support, especially in Australia, where the current focus is on converting development pipelines into operational assets, which may involve tender participation. This strategy will leverage TNB's extensive experience in developing power projects in both international and domestic markets, along with knowledge and technology transfer within the TNB Group. Our RE capability is further demonstrated by a capable team in the UK handling various RE technologies as well as managing different stages of RE projects i.e., construction, development, operations, and maintenance.

In addition, TNB's international RE platforms are also exploring alternative revenue mechanisms, such as the Contract-for-Difference scheme, corporate Power Purchase Agreements and Battery Energy Storage System based opportunities. These initiatives, introduced through recent acquisitions, promise to diversify income sources while reinforcing the international assets' financial resilience thus strengthening TNB's transition towards renewable energy and contributing to our National Net Zero commitments.

DEVELOP ENERGY TRANSITION NETWORK

OVERVIEW

The Malaysian electric grid acts as the backbone supporting the dynamic landscape of Malaysia's energy sector. As the foundation upon which the energy transition infrastructure is built, our grid embodies the essence of resilience, innovation, and adaptability. In an era where the demand for electricity is not only increasing but also becoming more complex, TNB has been at the forefront of developing a robust grid system that caters to both today's needs and tomorrow's aspirations.



Recognising the pivotal role of electricity transmission and distribution networks, TNB has consistently invested in crafting the Develop Energy Transition Network. This grid is designed to accommodate the growing incorporation of large-scale and distributed renewable energy (RE) sources, thereby playing a crucial role in Malaysia's transition towards a more sustainable energy landscape. Furthermore, our grid infrastructure is instrumental in supporting the growing needs of electric vehicle charging stations and the expanding requirements of data centres across the country. Such advancements underscore our commitment to not only enhancing energy accessibility but also to supporting the digital and transportation sectors' evolution.

In response to the inherent intermittency of supply associated with RE generation, TNB's grid is engineered to be both flexible and adaptive. This ensures a reliable and uninterrupted power supply, crucial for maintaining the socio-economic momentum of the nation.

Serving over 10.16 million customers across Peninsular Malaysia, Malaysia's grid is also connected to Thailand's transmission system operated by The Electricity Generating Authority of Thailand (EGAT) through a 300kV high voltage direct current interconnection with a transmission capacity of 300MW and a 132kV high voltage alternating current system with a maximum transmission capacity of 80MW. To the South, we have an interconnection to the Singapore's National Grid via two 230kV submarine cables with a firm capacity of 1,100MW. The management of this extensive network falls under two of our core divisions' purview: Grid and Distribution Network (DN). Grid plans and develops the transmission network at 132kV and above, while DN performs a similar role for the distribution network at 33kV and below.

Beyond the peninsular, the state of Sabah and the Federal Territory of Labuan are catered to by the Sabah Electricity Sdn. Bhd. (SESB). This segment of the grid connects around 690,000 customers, extending TNB's reach and reinforcing our dedication to powering every corner of Malaysia.

	Peninsular	Sabah + Labuan
Transmission Lines	26,093.4 Circuit-km	3,161.0 Circuit-km
Transmission Substations	485 substations	49 substations
Electricity Transmitted	132,126.0 GWh	5,911.2 GWh
Peak Demand	19,716.0 MW	1,090.7 MW
Distribution Lines	761,546.4 km	27,667.7 km
Distribution Substations	98,254 substations	8,861 substations
Electricity Distributed	123,252.9 GWh	6,123.5 GWh
Transmission Transformers	1,372	109
Distributed Transformers	97,771	8,707

ACHIEVING OUR STRATEGIC AMBITIONS

GRID DIVISION STRATEGIC DEVELOPMENTS IN 2023: SHAPING THE FUTURE OF MALAYSIA'S TRANSMISSION NETWORK

In 2023, TNB's Grid Division embarked on a pivotal journey to not only expand but also to bolster Malaysia's 132kV, 275kV, and 500kV transmission network. This year, the division's strategic developments were underpinned by a comprehensive plan to ensure the sustainability and vitality of TNB's core business while unlocking Malaysia's Energy Transition (ET) ambition. The initiatives spearheaded by the Grid Division were aimed at making the grid more flexible, supportive of Variable Renewable Energy, and capable of meeting the future electricity demands of Malaysia.

Unlocking Malaysia's ET Ambition

The Grid Division focused on three main roles in 2023, each crucial for supporting Malaysia's journey towards a sustainable energy future:

Spurring the Growth of Variable Renewable Energy (VRE):

By enhancing grid flexibility and strengthening regional interconnections, the division aimed to accommodate an increasing share of grid-connected renewable energy, particularly solar. This includes significant efforts in cross-border interconnection enhancements with Thailand through EGAT, demonstrating a commitment to regional energy collaboration and stability. The division also pursued the exploration of battery storage solutions as outlined in the JPPPET 2021, undertaking feasibility studies for large-scale Battery Energy Storage System (BESS) projects expected to commence in 2025.

Advancing Electrification for Transportation and Industrial Customers:

2023 saw Grid Division making substantial progress in supporting Malaysia's electrification efforts, particularly for transportation and industrial sectors. This included enhancing the grid capacity and connectivity to support the growing demand from data centres, with 63 applications for electricity supply connections received, primarily from Johor and Klang Valley.

Reducing Grid's Own Carbon Footprint:

Environmental and biodiversity conservation remained a top priority. Efforts to manage SF6 gas leakage, manage pollutants, and reduce deforestation were key highlights. Innovations like the Gas Insulated Switchgear refurbishment, SF6 gas recycling, and the adoption of eco-friendly technologies underscored the division's commitment to sustainability. In 2023, we successfully recycled 7,511kg of SF6 gas, which is more than double the previous year's amount.

Optimising Our Grid Transmission Assets through Digitalisation

Recognising digitalisation as a key enabler for a modern, robust and flexible grid, we have continued to rolled out many digital initiatives in 2023 under our Grid Digital Transformation (GDT) Programme. The GDT Programme serves as our roadmap for a more data-driven business, addressing the lack of visibility and information on asset and asset systems.

Some of the noteworthy milestones that were accomplished in 2023 were:

Enhanced Asset Investment Productivity With Asset Investment Planning Management (AIPM):

AIPM is our intelligent system that helps us assess and optimise new asset investment options to boost system capability, reliability and availability in alignment with asset management best practices.

Rollout of Generation Connection Management System (GCMS):

GCMS is a digital platform that allows external parties (consultants/developers) to submit applications for Power System Study and Model Validation in grid-connected projects in Peninsular Malaysia. The GCMS platform will automate the tasks necessary for each study, while provide better data security, and enhancing coordination and productivity

Acceleration of Response Times During Unplanned Outages and Restoration With Advanced Automatic Fault Analysis (AFA):

AFA is Grid's internally developed system that automatically detects faults and provides detailed analysis, empowering operational and maintenance teams to make better informed decisions during outage events.

Our continuing efforts to optimise our transmission network has resulted in us being positioned in the Best Performer quadrant of the International Transmission Operation & Maintenance Study, with 13 of the evaluated 19 asset sub-functions being rated within that quadrant. This is an acknowledgement of our continuous drive for excellence and puts on par with other prominent transmission utilities globally.

ACHIEVING OUR STRATEGIC AMBITIONS

DN STRATEGIC DEVELOPMENTS IN 2023: FORTIFYING THE FOUNDATIONS FOR AN ENERGY-EFFICIENT FUTURE

In 2023, TNB's DN division, as a regulated business entity, has reinforced its commitment to efficiently planning, developing, maintaining, and controlling the extensive distribution network that serves as the crucial endpoint for electricity delivery in Malaysia. This vital network, consisting of lines, substations, and related equipment at 33kV and below, is instrumental in ensuring the seamless distribution of electricity to over 10 million customers across the nation, embodying the final stretch of electricity's journey from power plants to the end user.

Building a Future-Proof Network that Facilitates the Energy Transition

DN division's strategies in 2023 have been carefully aligned with the broader vision of TNB's Reimagining TNB strategy, particularly focusing on the 'Develop Energy Transition Network' strategic pillar. This vision emphasises the development of a robust and resilient infrastructure capable of supporting Malaysia's ambitious ET goals.

Since 2016, DN division has embarked on a transformative journey through the Smart Utility programme, aiming to modernise the distribution network to deliver enhanced value to customers. This comprehensive initiative focuses on five key areas: asset management, work management, grid operations, energy management, and customer management. In 2023, these efforts were marked by significant milestones:

Expansion of Smart Meter Installations:

Continuing the momentum of digital transformation, the DN division successfully installed an additional 873,740 smart meters in 2023, surpassing the target of 600,000 units. This expansion brings the total to over 3.5 million smart meters across the Klang Valley, Melaka, Kedah, Johor, and Penang, facilitating improved customer engagement and energy management.

Advancements in Distribution Automation:

The rollout of Distribution Automation (DA) has been pivotal in enabling automated network control and enhancing rapid supply restoration capabilities. Approximately 4,000 substations were successfully installed and commissioned in 2023, covering an estimated 2.6 million customers. This brings the total to 28,340 distribution substations, representing 34.0% of all distribution stations in Peninsular Malaysia.

Implementation of IoT Devices:

Over 130 online feeder pillars were equipped with IoT devices and connected to the new DN Utility IoT (UIoT) platform. This integration allows DN to access near real-time information on load and low voltage network parameters, significantly improving load management and analytical capabilities.

Harmonisation Across the Network:

A common architecture for the transmission and distribution network was developed, harmonising smart grid initiatives across TNB. This strategic collaboration, jointly developed with experts from both Grid and Distribution Network division, ensures the maximisation of benefits across the network through the Smart Green Utility Masterplan.

Adoption of Operation GIS-ADMS Integrated network Model Automation:

DN become the first utility in the world to adopt the Integration Standard Common Information Model (CIM): IEC 61968/61970 and 62325, which enables both Geospatial Information System and Advanced Distribution Management System to communicate with one another, thereby setting the foundation of more intelligent network management.

ACHIEVING OUR STRATEGIC AMBITIONS

Pulau Tenaga Hijau Project: A Beacon of Sustainable Development

A highlight of DN's strategic developments in 2023 was the Pulau Tenaga Hijau project. This project saw the commissioning of the first Building Integrated Photovoltaic (BIPV) Structure on Pulau Perhentian, marking a significant step towards responsible energy transition in line with Malaysia's National Energy Roadmap (NETR). Generating clean energy with a potential of 110kWac, this initiative underscores TNB's role as a forward-thinking utility company. Moreover, the project's progress includes the successful installation of smart meters and the full conversion of streetlights to energy-efficient LEDs on Pulau Perhentian and Pulau Redang, enhancing sustainability and efficiency on these islands.

Enhancing Operational Excellence Through a Continuous Drive for Excellence

The DN division's commitment to operational excellence was manifested through reductions in distribution losses and maintaining low interruption durations. A steady decline in distribution losses to 5.42% in 2023 from 6.30% in 2019 underscored the division's effective utilisation of Advanced Metering Infrastructure and its efforts in deterring illegal cryptocurrency mining activities. Such initiatives have contributed significantly to the efficiency and sustainability of the distribution network. Moreover, the division's ability to keep the System Average Interruption Duration Index at a world-class low of 46.10 minutes in 2023, only marginally higher than the previous year, reflects its unwavering dedication to reliability and service quality.

OUTLOOK

As we advance towards 2024, the final year of Regulatory Period 3 (2022-2024), TNB's Grid and DN divisions are set to continue their robust investment in building the Develop Energy Transition Network, with an anticipated CAPEX of RM6-7 billion earmarked for expanding network assets. This investment will cover our plans to install over 800,000 smart meters and implement DA across an additional 5,000 substations, demonstrating TNB's commitment to enhancing efficiency and reliability. Furthermore, the completion of the Advanced Distribution Management System and Smart Energy Management Infrastructure stands as a testament to TNB's drive towards modernising Malaysia's energy infrastructure, leveraging technology to improve grid performance and customer engagement.

The Pulau Tenaga Hijau project will be moving into its second phase on Pulau Redang, following the successful commissioning of the BIPV on Pulau Perhentian. The full electrification of these islands is expected to be completed by 2027 and will help to reduce annual diesel consumption.

In the year under review, TNB saw a remarkable surge in electricity demand from data centres, with TNB receiving 63 applications totaling a maximum demand of 8.2GW, underscoring the digital economy's growing energy needs. In response, we have clearly indicated our readiness to support this expansion with initiatives like the Green Lane Pathway (GLP) to expedite electricity connections for data centres. Several strategic partnerships have since been forged with data centre providers to onboard them into the GLP programme as we seek to foster a supportive and collaborative environment for industry growth. Moving forward, we will be focused on rolling out the necessary network infrastructure upgrades to support these data centres.

Grid Division will proactively undertake a large-scale 100MW/400MWh BESS, first of its kind project in the country, which will serve as a key enabler for the Develop Energy Transition Network, while implementing various grid modernisation and digitalisation initiatives to improve its operational efficiency and accelerate its maturity in alignment to its Smart Green Utility Framework (SGUF).

The new 1,500MW TNB-EGAT interconnection project will undergo approval processes with Suruhanjaya Tenaga for implementation in Regulatory Period 4. Meanwhile, new Terms of Reference for project implementation and a revised System Integration Agreement for the TNB-EGAT interconnection are targeted to be finalised by 2024.

ACHIEVING OUR STRATEGIC AMBITIONS

DYNAMIC ENERGY SOLUTIONS

OVERVIEW

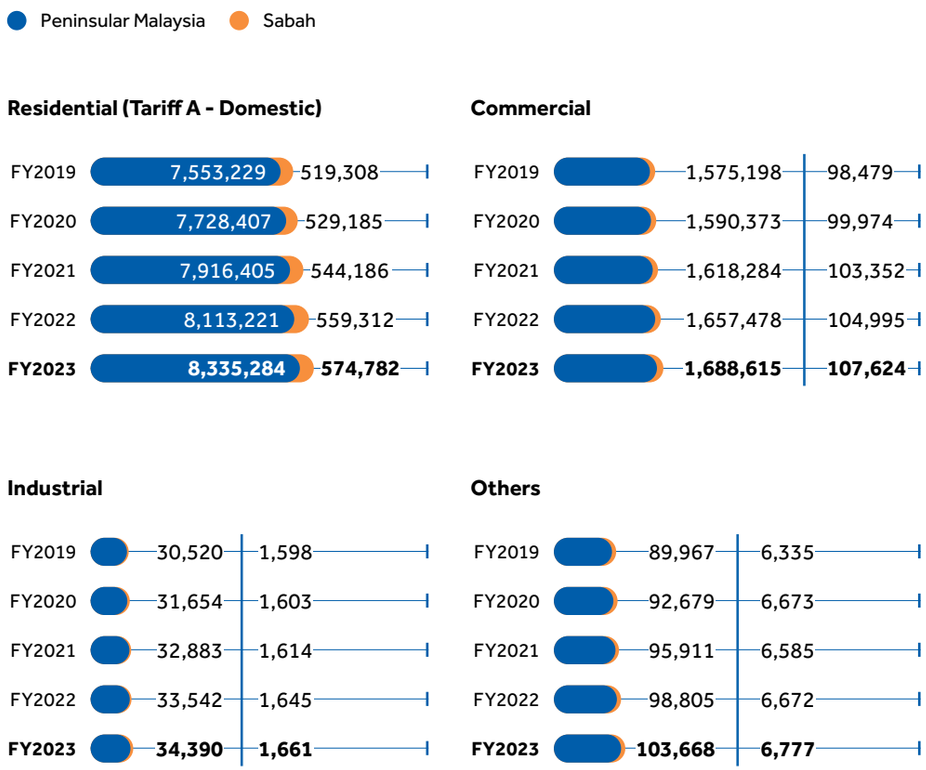
At TNB, our foremost commitment is to enhance customer experiences through excellent customer service, innovative solutions and continuous stakeholder engagement. This commitment is crucial for our business's long-term viability and plays a key role in encouraging customer collaboration throughout the energy transition. Our goal is to offer customer centric value propositions, building a team with the ideal culture and DNA, and consistently creating value for our shareholders.

In line with our Reimagining TNB 2.0's "Dynamic Energy Solutions" pillar and the objectives set forth in the TNB Energy Transition (ET) Plan, Retail Division plays a pivotal role in providing our customers with essential solutions and services. This role is supported by an ambitious transformation programme that comprises of 12 strategic initiatives aimed at delivering long-term value creation for our Customers, People, and Shareholders. We focus on prioritising customer-centricity and fostering strong partnerships with our Retail Partners to deliver unparalleled customer experiences and solidify our status as the Retailer of Choice. To prepare our Retail business model for the future, we nurture our talents with innovative and sustainable values through Retail Academy, empowering them to drive change and innovation. Recognising our employees as a significant asset, we continually invest in their development to tap into their full potential.

In 2023, the Retail Division succeeded in providing outstanding service to over 10.16 million customers, in Peninsular Malaysia, across various channels encompassing click, call, come over and go over channels. These channels include our digital platforms such as the myTNB portal and app, TNB's social media, our efficient TNB CareLine contact centre, and our physical Kedai Tenaga outlets in 13 states in West Malaysia. Our commitment to introducing innovative digital solutions has enabled our customers to gain greater control over their energy use and expenditure.

Our dedicated efforts in customer engagement and service excellence have led to our highest-ever Customer Satisfaction Index (CSI) of 88%, with high ratings across all customer touchpoints. Additionally, our Sabah subsidiary, Sabah Electricity Sdn. Bhd. (SESB), served 690,000 customers in 2023 and achieved a CSI of 81%. SESB has shown enhancements in customer service across all categories, particularly in meter reading, billing, and payment services, as it continues to improve the MySESB digital platform. SESB is committed to meeting customer expectations and adapting to technological advancements through a comprehensive digital customer journey.

Breakdown of Customers across Different Segments in Malaysia



ACHIEVING OUR STRATEGIC AMBITIONS

REGULATED BUSINESS

In 2023, TNB's Retail Division, set a new benchmark in its history by achieving its highest ever CSI score of 88% with consistent placement in the top quartile for CSI performance, comparable to that of top UK and US utilities. The CSI was first introduced 27 years ago, and TNB has diligently monitored it, using it as a crucial barometer of our overall performance and effectiveness of our service. This milestone achievement reflects a significant evolution in TNB's approach to customer satisfaction, driven by a strategic shift in 2020 towards a customer-led paradigm that places customer needs and expectations at the forefront of its operations.

Central to our customer-centric transformation is the way we measure the customer experience by using the Customer Experience Index, a comprehensive measure of customer interactions across various channels. The Retail Division achieved outstanding scores across the board, with Kedai Tenaga, TNB's physical storefronts, leading at a 97% satisfaction score. This was closely followed by an impressive 96% for both the Careline service and the myTNB app, and a commendable 91% for the myTNB portal.

In addition, we recorded good customer sentiment in social media presence, highlighting the positive and neutral feedback from customers. This high sentiment rating is largely attributed to TNB's proactive engagement strategies, particularly its proactive communication ahead of seasonal events such as heatwaves and floods, and utilisation of a humanistic and empathetic tone that resonated well with the public.

Digitalisation continues to play a pivotal role in the Retail Division's strategy to enhance customer service. The adoption of the myTNB digital platform saw a notable increase of almost 10%, with subscribers reaching 6.68 million, up from 6.2 million in the previous fiscal year. Besides offering seamless payment options and the ability to manage energy consumption, the myTNB app also offers paperless billing which has seen encouraging response as over 1 million subscribers have opted for digital billing. The app has been recognised for its value in empowering customers and received the Best Public Utility App Award from PC.com in June 2023.

myTNBiz is the digital platform for our business customers that was launched in October 2022 to provide service offerings such as bill viewing and bulk online payment. Specifically for our commercial and industrial customers, this platform is continuously gaining increased traction, with over 10,325 total users and 194,254 connected customer accounts.

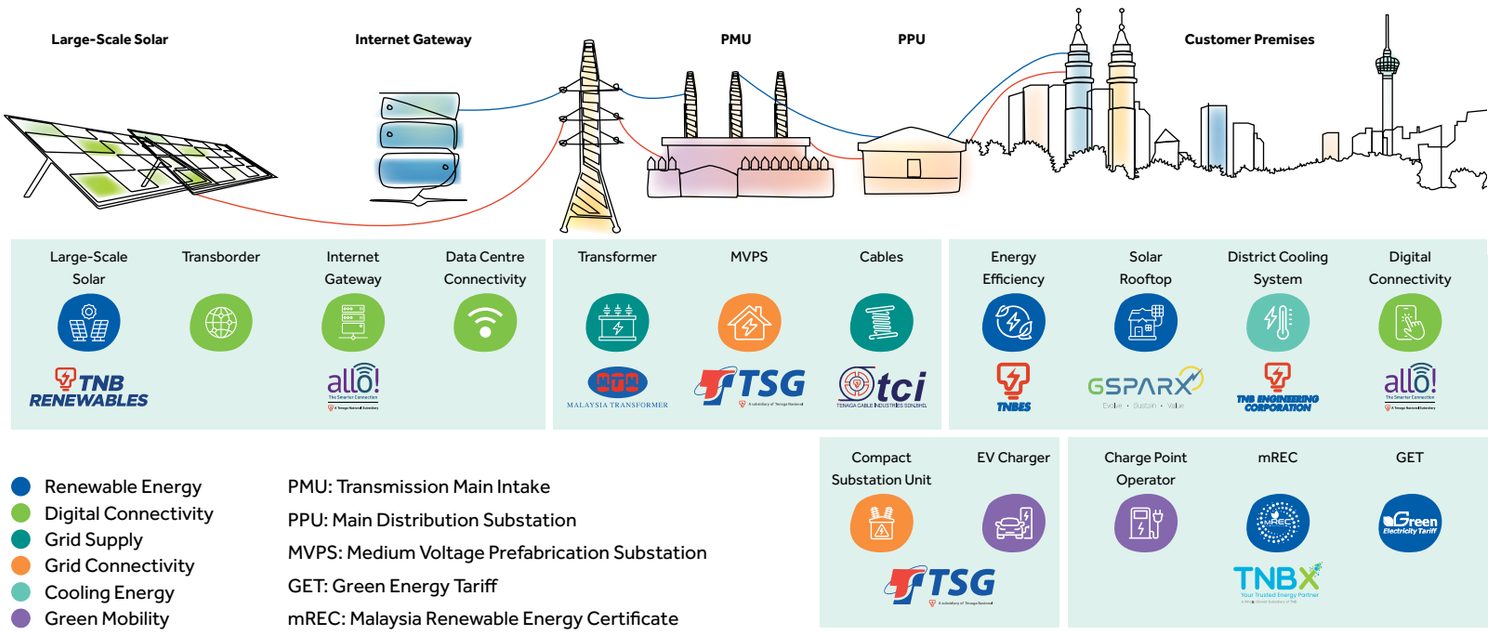
The year also saw exceptional growth in followership in TNB's social media platforms experience, registering a 15% increase and achieving a reach of over 205.2 million across all social media platforms. The success in our digital engagement is indicative of the division's ability to connect with our customers, offering solutions and energy efficiency tips that for the first time, ranked among the top 10 posts of the year.

Lastly, TNB's very own Malaysia Energy Literacy Programme (MELP) was officially launched as a national-level initiative in March 2023. It aims to enhance energy literacy among Malaysians by educating the public on the significance of energy management and conservation. To further embed energy literacy into the younger generation, TNB, through its Universiti Tenaga Nasional has collaborated with Universiti Kebangsaan Malaysia to incorporate energy literacy modules within the academic curriculum of tertiary level programmes. We believe that MELP's elevation to a national programme underscores its vital contribution to the country's energy transition journey, aligning with the objectives of the NETR.

NON-REGULATED BUSINESS

Our subsidiaries play an important role across the ET value chain by providing services to our customers directly or as TNB's delivery partner. Their roles are vital to ensure the customer experience is always at its best, while helping deliver TNB's aspiration to be a leading provider of sustainable energy solutions.

The diagram below summarises where our subsidiaries' play in TNB's ET value chain:



ACHIEVING OUR STRATEGIC AMBITIONS

In 2023, TNB's non-regulated business, through its subsidiary GSPARX Sdn. Bhd. (GSPARX), significantly boosted its contribution to Malaysia's green energy landscape by facilitating the transition of its customers to prosumers through rooftop solar installations. GSPARX achieved a remarkable 340MWp in solar sales, demonstrating TNB's commitment towards delivering renewable energy. Notable projects included a partnership with retail chain, AEON Co. (M) Bhd., for rooftop solar installations, a rooftop and floating solar installation at Universiti Malaysia Pahang (3.5MWp), and the largest rooftop solar project at Universiti Putra Malaysia (16.18MWp). Additionally, 105MWp of solar projects reached commercial operation, with Supply Agreement for Renewable Energy (SARE) agreements accounting for 90.6MWp and the remainder through outright purchases.

TNBX Sdn. Bhd. (TNBX), our subsidiary focused on sustainable energy solutions, expanded its offerings in 2023. Highlights include SuriaShield, a solar PV insurance for residential setups, and a Virtual Energy Manager for commercial and industrial customers to optimise electricity usage. It also secured a cumulative capacity of 264MWp across 695 solar projects through SARE agreements.

Furthermore, TNB is set to launch the rebranded Malaysia Green Attribute Trading System as the country's leading digital marketplace for Renewable Energy Certificates in the first quarter of 2024. This initiative, a collaboration between the government and TNBX, aims to meet the increasing demand for green electricity, especially from multinational corporations. Additionally, it is noteworthy that under 2023's Green Electricity Tariff programme, TNB customers subscribed to a green energy quota totalling 4,223GWh.

TNBX has also successfully onboarded 16 Direct Current (DC) and 20 Alternating Current (AC) chargers into it GO TO-U EV charging platform. 13 of the DC chargers are being operated under the partnership with KINETA Sdn. Bhd., while the remaining chargers are being operated under the TNB Electron brand. In terms of user experience, almost 90% of the 3,200+ registered subscribers are satisfied with the performance and reported positive charging experience across the locations. This initiative is part of TNB's investment to expand the EV charging infrastructure across Malaysia, which has seen more and more TNB Electron chargers to be deployed along the PLUS highway.

Other notable achievements of our subsidiaries, both within and outside the ET space, include:

Subsidiary	Notable Achievements in 2023
Tenaga Switchgear Sdn. Bhd.	• Commissioned the 500kV Pulau Indah Power Plant Interconnection Facility across Selat Lumut, which included two 147-metre high towers with access roads. • Commissioned the SSU GDS Data Centre 33kV Containerised Substation - Phase 1 ahead of time. • Completed the installation of a 47kW DC EV charger in 17 days, which is faster than normal compared to the standard lead time of three months.
Tenaga Cable Industries Sdn. Bhd.	• Achieved its highest Customer Satisfaction Index performance (87.1%) of the decade. • Achieved impressive sales for its new business segments of Cable Waste and Fibre Optic Cable.
TNB Repair & Maintenance Sdn. Bhd. (REMACO)	• Expanded its international footprint by securing substantial contracts in for engineering & maintenance services of power generation and water distillation plants. • Notably, REMACO was awarded contracts worth RM2.0 billion and RM389.8 million for the 876MW Shuaiba North Power Generation and Water Distillation Plant and the 240MW Shuwaikh Open Cycle Gas Turbine Power Generation and Water Distillation Plant in Kuwait, respectively. • Won several awards for its commitment to innovation and excellence, including the Asian Power Award for Innovated Power Technology of 2023 for its *Stesen Janakuasa Tuanku Muhriz* project.
TNB Engineering Corporation Sdn. Bhd.	• Signed new cooling supply agreement to supply a total cooling capacity of 7,174RT to buildings. • Successfully completed the Engineering, Procurement, Construction and Commissioning works for TNB Renewables' 50MW Bukit Selambau Large Scale Solar Project ahead of its planned Commercial Operation Date.

OUTLOOK

In 2024, TNB Retail plans to capitalise on both regulated and non-regulated business growth in alignment with the Reimagining TNB 2.0 strategy. For the regulated business, the focus will be to improve collections and enhance customer experience across all service interactions in what is the final year of the Regulatory Period 3. This includes leveraging the growing AMI (smart meter) network in Malaysia to offer more customer-centric services.

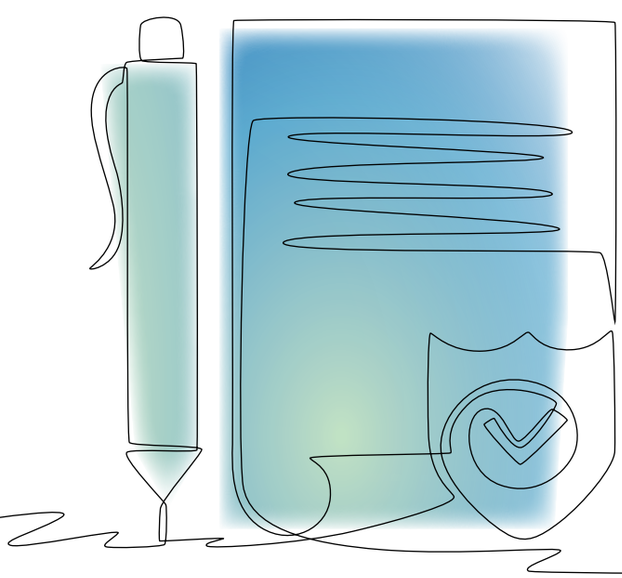
In the non-regulated sector, TNB will explore new markets and business models while expanding existing ones, such as the charge point operator for TNBX to meet the increasing interests in electric mobility. The anticipated approval of the Energy Efficiency and Conservation Act in 2024 presents an opportunity for TNB's subsidiaries to offer energy management solutions, aligning with TNB's aspiration to be a leading provider of sustainable energy solutions both locally and internationally.

ACHIEVING OUR STRATEGIC AMBITIONS

DRIVE REGULATORY EVOLUTION

OVERVIEW

In 2023, TNB continued to strengthen its collaboration with the Malaysian government, playing a pivotal role in shaping energy-related policies and regulations. This ongoing collaboration is aimed at fortifying the electric supply industry and catalysing a responsible and sustainable energy transition within the country. At the core of these efforts is TNB's commitment to balancing the energy trilemma - affordability and access, energy security, and environmental sustainability - aligning with the nation-building agenda through education, vendor programmes, employment opportunities, and training.



TNB's active engagement in shaping energy policies and its support for the government's agenda were also manifested through alignment with the 12th Malaysia Plan 2021-2025, Key Ministries Strategic Planning 2025, and the visions and missions of State Governments. These efforts underscored TNB's dedication to facilitating a smooth transition towards a more sustainable and renewable energy (RE) landscape, reinforcing its position as a key player in Malaysia's journey towards achieving a 70% RE target by 2050.

We also recognise the evolving challenges within the regulatory landscape such as the formation of a new energy ministry in December 2023. These structural adjustments have tangible implications for the governance of the energy sector. In response, our Strategic Engagement Roadmap for 2023 identified 21 Key Focus Areas, with a priority on engagements related to the Regulatory Period 4 proposal and the communication plan for the Imbalance Cost Pass-Through (ICPT) mechanism.

We will continue to be guided by our consistent, professional and collaborative approach with regulatory stakeholders, noting that our Regulatory Relationship Strength Index (RRSI) score has improved further. In 2023, TNB achieved its highest RRSI score yet, with an impressive Trust Index of 92%. This score reflects a strong rapport and trust between TNB and the regulators, showcasing a notable increase from previous years and indicating a consistent upward trajectory in stakeholder relations. The RRSI serves as a crucial metric, evaluating the level of stakeholders' trust in TNB and highlighting the company's ability to understand and meet the needs of key stakeholders for future improvement plans.

Strengthening the Electric Supply Industry (ESI)

In 2023, TNB continues to contribute towards reinforcing the structure and sustainability of the ESI in Malaysia. A key initiative in this endeavour was TNB's active participation in the "Future-proofing MESI Study," spearheaded by MyPower. This study was aimed at identifying optimal pathways for the evolution of the Malaysian Electricity Supply Industry (MESI), with a focus on achieving a balance between energy security, energy equity, environmental sustainability, economic development, and enhancing customer experience. The primary objective was to ensure that MESI could adapt to future challenges, especially those arising from the urgent need to decarbonise in a landscape characterised by diverse and shifting demands.

The study provided a comprehensive long-term roadmap and implementation plan, laying the groundwork for MESI to face forthcoming challenges with resilience, despite the pressures of faster decarbonisation. In 2023, MyPower Corp.'s focus was on disseminating the outcomes of the study among key stakeholders, including TNB, to coordinate and ensure a smooth rollout of the initiatives identified. This study underscored the importance of transitioning towards a sustainable energy future, in line with Malaysia's economic development goals.

An integral part of strengthening MESI would be the establishment of an energy exchange, overseen by an independent Single Buyer. This proposed initiative would be pivotal in streamlining the mechanisms for managing the planning and procurement of electricity in Peninsular Malaysia as it would enhance industry transparency and clarity while setting a fair and competitive price for energy based on supply and demand. This, in turn, benefits both generators and consumers. TNB has expressed its full support for the newly planned energy exchange, emphasising its commitment to facilitating a comprehensive framework that ensures seamless connection and trading of RE between generators and consumers.

Another critical government-led effort that has ensured the sustainability of MESI has been the implementation of the ICPT mechanism. The ICPT is a crucial tool that allows TNB to adjust electricity tariffs in response to fluctuations in fuel and generation costs. In 2023, the government again demonstrated its unwavering commitment to the ICPT, approving subsidies amounting to RM10.4 billion for the period of January to June and an additional RM4.7 billion for July to December and enabling TNB to recover approximately RM15.1 billion in total. The government's strong commitment to the ICPT mechanism has had a direct and positive impact on the stability of TNB and by extension, the nation's electricity supply industry.

ACHIEVING OUR STRATEGIC AMBITIONS

Accelerating a Responsible Energy Transition

In 2023, TNB contributed to Malaysia's concerted efforts to accelerate a responsible ET, through various initiatives and programmes aimed at enhancing Malaysia's RE capabilities and fostering a greener energy landscape. A cornerstone of these efforts was the government's launch of the NETR during The Energy Transition Conference 2023 that was organised by TNB on 28-29 August 2023. The NETR outlines strategic projects and initiatives based on key Energy Transition levers: Energy Efficiency, Renewable Energy, Hydrogen, Bioenergy, Green Mobility, and Carbon Capture and Utilisation Storage. TNB has been entrusted as a champion for several NETR flagship projects, underscoring the important role we have to play in driving the country's energy transition efforts.

In support of the energy transition, the government expanded the Corporate Green Power Programme by an additional 200MW, bringing the total quota to 800MW. This expansion, coupled with the extension of the application deadline, signifies a strong push towards increasing corporate participation in renewable energy generation. Similarly, the expansion of the Net Energy Metering (NEM) programme through an additional quota allocation of 1,450MW under NEM 3.0, reflects a concerted effort to facilitate the adoption of solar energy and enhance energy sustainability within the business sector.

TNB's active participation in the ET journey was further showcased at the Conference of the Electricity Power Supply Industry (CEPSI) 2023 and the 28th Conference of the Parties (COP28) to the UN Framework Convention on Climate Change. CEPSI provided a global platform for TNB to affirm its commitment to leading Malaysia's energy transition, presenting transformative renewable energy projects and fostering international collaboration. TNB's leadership at the conference, including technical paper presentations and the receipt of accolades, highlighted its role as a thought leader and key player in navigating the global energy transition towards a low-carbon future.

Meanwhile, TNB's commitment to COP28 is in line with our strategic objectives, aiming to reinforce our role in driving the energy transition within Malaysia and the wider region. TNB is proud to support Malaysia's climate change agenda, working closely with the government and various ecosystem players across the energy transition value chain at COP28. This dedicated effort underscores TNB's commitment to spearhead sustainable energy solutions for a better, brighter future.

OUTLOOK

Looking ahead, the upcoming RP4 is poised to be a critical phase for TNB, marking a significant shift in Malaysia's energy sector regulation and policy framework. The groundwork for the RP4 regulatory submission has been carefully prepared, reflecting TNB's proactive approach to align with evolving energy needs and sustainability goals. The proposal development process has been comprehensive, incorporating feedback from stakeholder engagement and adhering to internal business planning processes.

Two overarching strategic objectives form the core of the RP4 proposal: **Delivering for our customers** and **Facilitating the Energy Transition**. These objectives emphasise TNB's commitment to ensuring a stable and secure electricity supply while also supporting Malaysia's ambitious goals for a sustainable energy future. TNB's dedication to these objectives is evident in its efforts to foster the integration of renewable generation, expand consumer choices, and address the challenges across the electricity supply value chain.

Moreover, the RP4 proposal is crafted to harmonise six key objectives, ensuring a holistic approach that delivers comprehensive benefits to the nation. These objectives are:

Improve Sustainability:

Accelerating Malaysia's ET by strengthening the grid and providing access to green electricity.

Enhance Customer Empowerment:

Enabling customers to participate in the green economy through expanded offerings and digital experiences.

Maintain Security of Supply:

Ensuring a reliable supply of electricity to support the growth of new industries and demand.

Spur Socio-economic Development:

Driving significant Gross Domestic Product impact, job creation, and social impact projects through TNB's investments.

Balance Affordability:

Implementing tariff redesigns to ensure a fair distribution of costs while protecting vulnerable segments of the population.

Enhance Transparency of Price:

Increase transparency of price signals through efficient cost-recovery across supply-chain risks and floating generation tariff.

As TNB embarks on this crucial journey, 2024 is designated as the negotiation period for RP4. During this time, TNB will engage in close collaboration with Suruhanjaya Tenaga and relevant ministries to refine and finalise the proposal. This collaborative effort underscores TNB's role in steering Malaysia towards its net zero ambitions and ensuring that the energy sector remains resilient, sustainable, and aligned with national and global energy goals.

THE MARKET LANDSCAPE

With the COVID-19 pandemic firmly in the past and economic recovery driving the country forward, customers' electricity demand in Peninsular Malaysia grew by 3.6% in 2023. The supply side saw coal contributing to 57.0% of the generation mix, followed by gas at 36.7%, hydro at 4.6%, solar at 1.5% and distillates at 0.2%.

In 2023, the global energy landscape, particularly in the coal sector, experienced significant dynamics shaped by fluctuating demand, geopolitical tensions, and the gradual shift towards cleaner energy sources. Despite challenges, global coal demand remained robust, with consumption hitting new all-time highs, driven by various factors including the economic recovery post-pandemic and the energy needs of emerging economies.

Coal prices, after soaring to unprecedented levels in 2022 due to a tight global supply and increased demand, particularly from Europe's shift back to coal amid the Russia-Ukraine conflict and supply chain disruptions, began to stabilise in 2023. This stabilisation was influenced by factors such as mild weather conditions in Europe, ample stockpiles at coal-fired power plants, and a gradual convergence of coal prices across different regions.

NAVIGATING THE FUEL PRICE HEADWINDS

In FY2023, the average market coal price moderated to USD 134/MT reflecting a significant decrease from the all-time high above USD 415/MT in May 2022, yet still substantially higher than the base coal price of USD 79/MT set for Regulatory Period 3 (RP3).

While coal prices were not as high as 2022, it still posed a challenge to the system's financial stability as generation costs make up 65% of the electricity costs in the tariff. TNB's cash flow continued to be pressured due to the high payment obligations to ensure security of supply to customers.

Nevertheless, the industry was able to navigate these headwinds with the implementation of the Imbalance Cost Pass-Through (ICPT) mechanism that reflected the government's response to fluctuating global fuel prices and its commitment to energy sustainability. The ICPT mechanism, under the Incentive Based Regulation (IBR) framework, reflects changes in fuel and generation-related costs in the electricity tariff, aiming to manage these fluctuations effectively.

With the price of coal tracking downwards as the year progressed, adjustments were made to the ICPT mechanism to minimise the ICPT surcharge's impact on consumers while encouraging energy efficiency and the adoption of renewable energy (RE) sources to control electricity costs.

2023 Adjustments

In 2023, the government allocated a total electricity subsidy of approximately RM16 billion to mitigate the impact of fuel price volatility on electricity tariffs. This subsidy aimed to ensure that most consumers, especially domestic and non-domestic low-voltage users, would not be adversely affected by tariff adjustments, despite the high average price of coal exceeding the RP3 projected fuel cost.

For the period 1 January 2023 until 30 June 2023, the tariff rate was maintained for domestic, Micro, Small and Medium Enterprises (MSMEs), and all Agricultural customers. There was also a surcharge of 20 sen/kWh applied to other Non-Domestic customers.

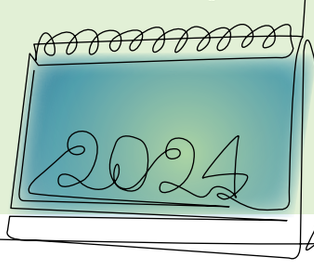
For the period 1 July 2023 until 31 December 2023, the government rolled out a targeted subsidy scheme where MSMEs, specific agricultural sectors, and a new category of water and sanitation operators enjoyed maintained or reduced surcharges. For domestic consumers, the ICPT rebate was applied to those with a monthly consumption of up to 1,500kWh, with a surcharge for high-consumption users exceeding this threshold.

THE MARKET LANDSCAPE

Malaysia's energy policies chart a definitive route to Net Zero by 2050, promoting green industry growth and job creation.

2024 Adjustments

In December 2023, further adjustments were announced for the period of January 1 until June 30, 2024. This included maintaining a 2 sen/kWh rebate for domestic users with a monthly electricity consumption of up to 600kWh, a change from the previous threshold of 1,500kWh. No surcharge was applied for consumption between 601kWh and 1,500kWh, while the surcharge for consumption above 1,500kWh remained at 10 sen/kWh. These adjustments ensured that 85% of domestic consumers would not be affected, focusing government subsidies more precisely. Non-domestic users, including commercial and industrial low-voltage tariff categories, water and sanitation operators, and specific agricultural tariffs, did not see an increase in their electricity tariffs, with the ICPT surcharge maintained at 3.7 sen/kWh for them. Other non-domestic consumers continued to face a surcharge of 17 sen/kWh.



DRIVING A RESPONSIBLE ENERGY TRANSITION

Malaysia has taken a significant step forward in its energy transition (ET) journey in 2023 as the government clearly articulated the pathway to achieving Net Zero Emissions by 2050. Through important policy and roadmap announcements, such as the National Energy Transition Roadmap (NETR) and the Malaysia Energy Transition Outlook, the country now has a detailed roadmap for the transition that will also create economic growth, job opportunities and income generation in green industries.

The NETR includes flagship catalyst projects like Hybrid Hydro-Floating Solar Photovoltaic, Large-Scale Solar Parks, and Co-firing of Hydrogen-Ammonia. These projects are part of Malaysia's broader aspirations to achieve net zero carbon emissions and a 70% installation of RE capacity by 2050. In addition, the upcoming introduction of an RE exchange in 2024 signifies a major step towards economic opportunities for domestic RE industry players and aligns with the nation's sustainable development goals.

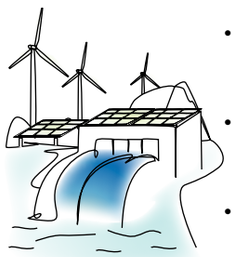
At the heart of Malaysia's ET is the shift from fossil fuel-based systems to RE sources, such as solar power, to reduce greenhouse gas emissions and enhance ESG factors. This transition, termed as "Just Energy Transition", adds a social dimension by ensuring that the transformation is equitable and inclusive, stressing on community involvement, job creation, universal energy access, and socio-economic considerations.

TNB's role in this transition is pivotal, focusing on decarbonising power generation through investment in green technologies, strengthening the grid and empowering electrification across sectors. By fostering collaboration with government and stakeholders, TNB is at the forefront of ensuring a reliable, resilient and flexible grid to support Malaysia's energy needs.

OUR VALUE CREATION MODEL

OUR STRATEGY

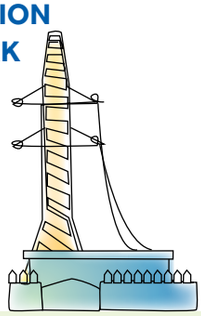
DELIVER CLEAN GENERATION



Top Priorities

- Grow renewable energy capacity
- Target strategic international markets for growth
- Optimise existing generation fleet performance
- Advance gradual decarbonisation

DEVELOP ENERGY TRANSITION NETWORK



Top Priorities

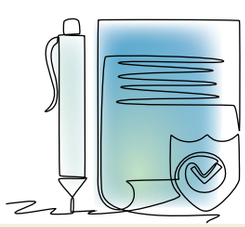
- Ensure grid reliability and operation
- Enhance network to be flexible, automated, secure
- Leverage innovation for network improvement

DYNAMIC ENERGY SOLUTIONS

Top Priorities

- Transform customer experience with personalised services
- Drive growth through innovative solutions
- Focus on exceeding customer expectations

DRIVE REGULATORY EVOLUTION



Top Priorities

- Collaborate with stakeholders for stable regulations
- Advocate for policies supporting energy transition
- Engage in strategic dialogues for regulatory sustainability

OUR CAPITALS

Financial Capital

Shareholders' Funds
RM61,082.7 million

Effective Weighted Average Cost of Funds (%)

2022	4.6
2023	4.8

Manufactured Capital

Oil[1]: 240MW, 1.47%
Gas: 5,270MW, 32.37%
Hydro: 2,638MW, 16.20%
Renewable[2]: 1,321MW, 8.11%
Coal: 6,790MW, 41.70%
Mini Hydro: 24MW, 0.15%
Total: 16,283MW, 100.00%

Natural Capital

Coal: 459,653,191.6TJ
Distillate: N/A
Gas: 227,148, 980.2TJ
Oil[1]: 129,700,214.0TJ

Intellectual Capital

Research and development
Operational and service innovations
Technology and business model innovations

Human Capital

TNB Group No. of Employees: 34,543
RM174 million investment in learning and development
Reward structures linked to performance and value drivers

Social and Relationship Capital

Build Trust	Create Value
Customers	Trade Unions
Investors	Vendors
Government	Communities
Employees	
NGOs	

Notes:

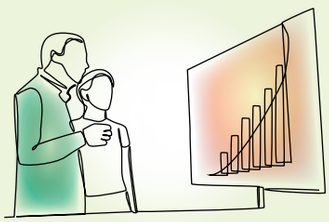
(1) Oil refers to petroleum-based fuel (inclusive of diesel, oil and distillates).

(2) Renewable - Comprises Wind, Solar, Biogas, Distributed Generation Solar and Biomass.

OUR VALUE CREATION MODEL

VALUES CREATED AND THEIR IMPACT

Economic



Fuel and Other Operating Costs

Fuel Costs
RM19,452.3 million

Other Operating Costs
RM37,918.8 million

Capital Providers

Total Shareholder Dividend
RM2,537.5 million

Refer to pages 77-78 for more information.

Community

11
Adopted Schools

2,160
Graduates

2,500
Primary Students Assisted

Refer to pages 90-93 for more information.

Customers

Total Energy Units Sold[3]
128,822.3GWh

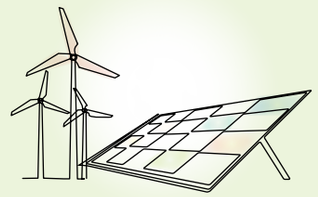
Customer Accounts:

Peninsular Malaysia
10.16 million

Sabah & F.T. Labuan
0.69 million

Refer to pages 87-89 for more information.

Environment



Greenhouse Gas (GHG) Emissions Intensity[4]

0.55 tCO_2e/MWh

GHG Emissions Mitigated[4]

7.30 million tCO_2e

GHG Emissions Mitigated Due to TNB's Use Of:

(1) Renewables
(2) Energy Efficiency
(3) Low-carbon Generation
(4) Tree Planting

Refer to pages 82-86 for more information.

OUTCOMES

OPERATING PROFIT (RM million)

NET PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM million)

(3) From power plants in which TNB has controlling stake for period FY2023.

(4) For TNB operations in Peninsular Malaysia only for the period of FY2023.

SUSTAINABILITY STATEMENT

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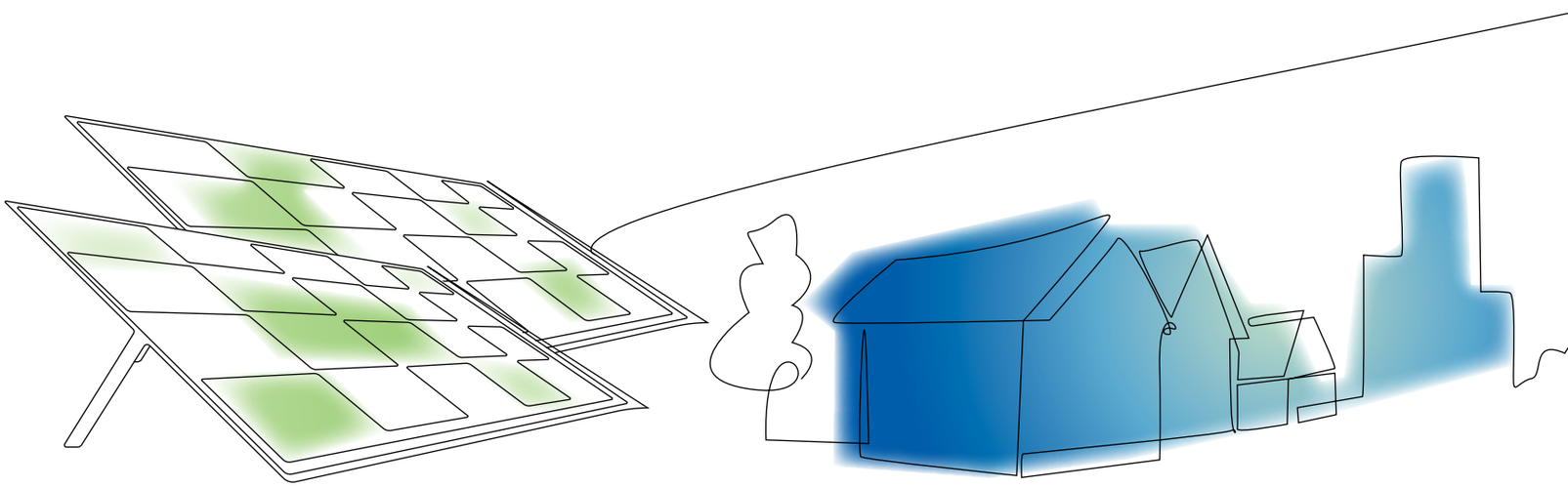


SCOPE AND BASIS

OUTLINING THE SCOPE AND BOUNDARIES OF THIS STATEMENT

This Sustainability Statement (Statement) shares our sustainability strategies, initiatives and performance for the financial year ending 31 December 2023. Through our various efforts, TNB aspires to be a leading energy provider of sustainable energy solutions supported by our sustainability pillars - Environmental, Social and Governance (ESG).

The scope and basis of the Statement for 2023 cover the activities of the TNB Company and its subsidiaries (TNB Group) per the TNB corporate structure. This statement provides information on active subsidiaries with effective holding. This statement excludes joint ventures and vendor activities unless explicitly stated otherwise.

We endeavour to be transparent and balanced in disclosing matters deemed material. Relevant targets and three (3) years of historical key performance indicators have been established, tracked and disclosed to the best of our ability.

This Statement adheres to the Bursa Malaysia Main Market Listing Requirements (MMLR) and is aligned with the following:

Bursa Malaysia Sustainability Reporting Guide (3rd Edition)

Global Reporting Initiative (GRI) Standards and GRI Electric utilities Sector Disclosures

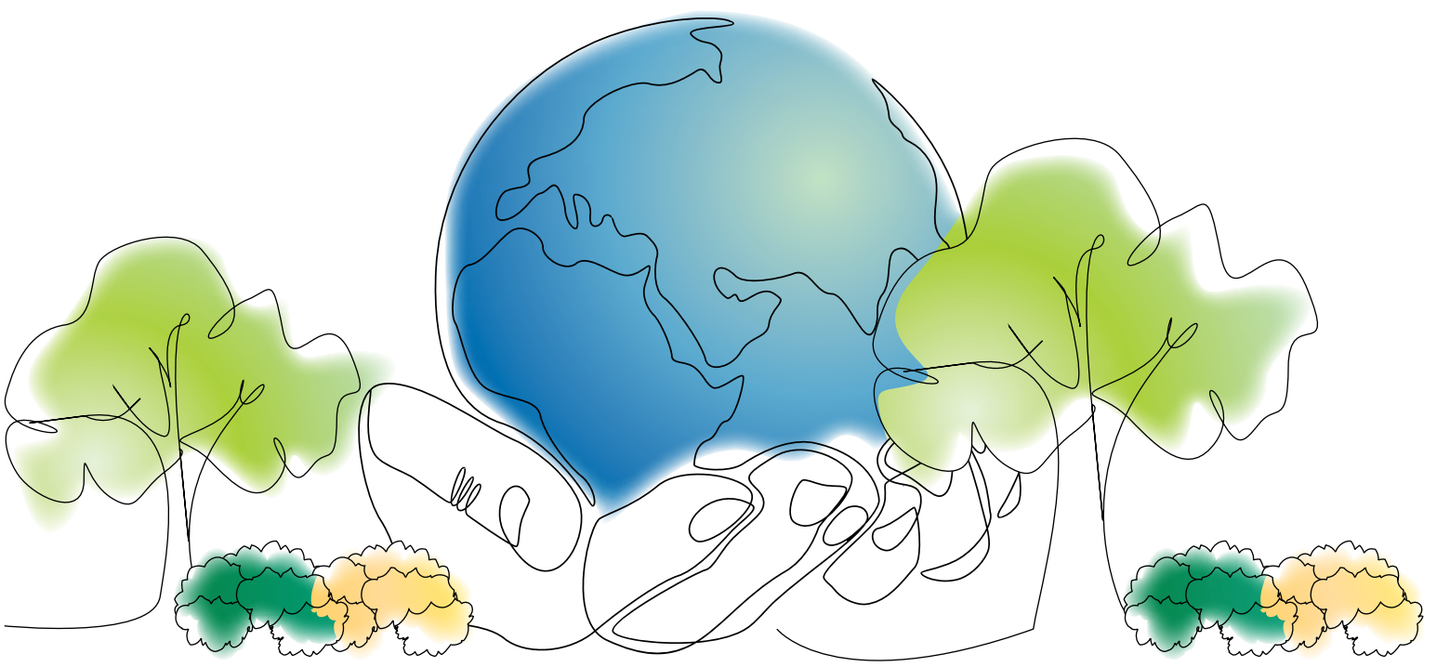
Task Force on Climate-related Financial Disclosures (TCFD) framework

United Nations Sustainable Development Goals (UN SDGs)

We are aware of and closely monitor global developments in sustainability reporting standards, such as those of the International Sustainability Standards Board (ISSB) and the Taskforce on Nature-related Financial Disclosures.

INTERNAL ASSURANCE

The Statement has been reviewed internally by the Group Internal Audit (see page 116).



OUR SUSTAINABILITY JOURNEY

Our sustainability journey towards Net Zero Emissions by 2050 focuses on ESG pillars integrated into our Reimagining TNB (RT) corporate strategy and business operations.

We have prioritised eight (8) UN SGDs to deliver sustainable value and empower our people and the wider community. We aim to achieve the objectives in each sustainability pillar by addressing matters that are material to us.

To be a leading provider of sustainable energy solutions in Malaysia and internationally

INTEGRATING ESG WITH TNB CORPORATE STRATEGY & OPERATIONS

Sustainability Pillars

Environment
Minimising our environmental impact and optimising utilisation of natural resources wherever we operate

Social
Developing long-term and meaningful relationships with our customers, employees, and communities

Governance
Reinforcing ethical business practices and a forward-looking culture

Reimagining TNB 2.0

Deliver Clean Generation
Outlines our strategies about renewable and low-carbon sources of energy as stakeholders gravitate towards decarbonisation to mitigate climate change

Develop Energy Transition Network
Envisions the Develop Energy Transition Network as being fully automated and digitalised, supporting bi-directional flow in a decentralised system that empowers self-generation and greater energy efficiency among consumers

Dynamic Energy Solutions
Relates to our commitment to providing a reliable electricity supply and becoming a customer-centric organisation which offers a meaningful customer experience by meeting all our customers' energy-related needs along with the best service delivery

Drive Regulatory Evolution
Demonstrates how we protect the interests of all relevant stakeholders - from producers to end users - to ensure the sustainability of the system

The TNB Energy Transition (ET) Plan, an extension of the RT, strengthens our sustainability journey by focusing on three (3) strategic pillars supported by critical enablers in shifting from a fossil-based energy mix to greener energy sources. These initiatives cut across the electricity value chain, from transitioning power generation to cleaner sources, enhancing the Develop Energy Transition Network, enabling more green solutions and facilitating consumer participation in the energy transition, including digitalisation and electrification.

Energy Sources

Deliver Clean Generation

- Renewable Capacity Growth
- Carbon Management
- Coal Generation Capacity Reduction

Energy Vector

Develop Energy Transition Network

- Smart Grid
- Hydrogen
- Energy Storage

Energy Usage

Dynamic Energy Solutions

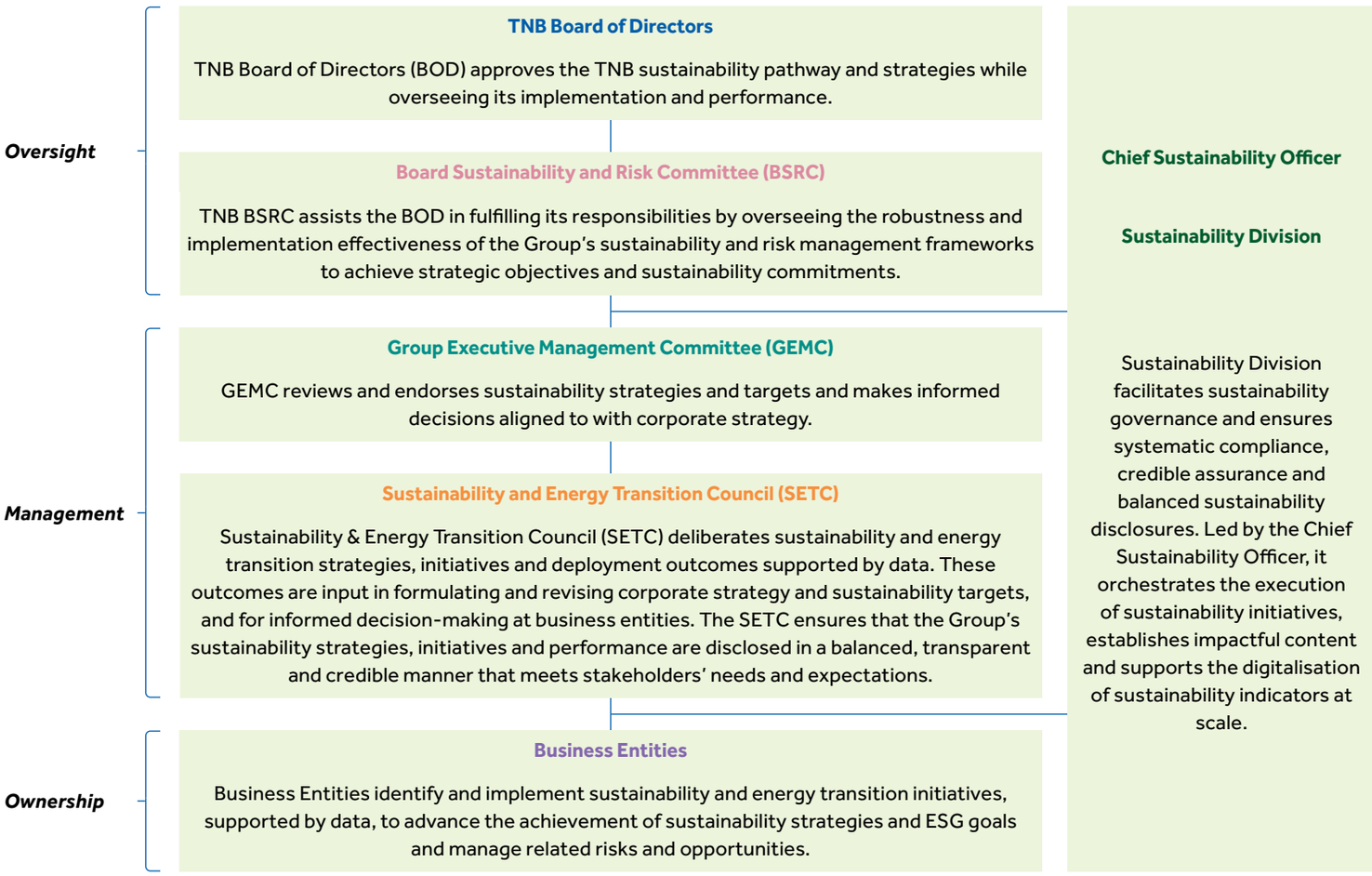
- Electrification
- Energy Efficiency
- Prosumers
- Digital platforms

SUSTAINABILITY GOVERNANCE

SPEARHEADING OUR SUSTAINABILITY AGENDA THROUGH STRENGTHENED GOVERNANCE STRUCTURE

A strong sustainability governance and leadership structure is vital to spearhead our sustainability agenda and provide us with clear and definitive guidance to achieve our net zero aspirations. Our sustainability governance forms a part of the TNB Governance Framework that is aligned with the principles of the Malaysian Code on Corporate Governance (MCCG). The TNB Sustainability Governance Structure is in place to facilitate oversight, strategic management, and implementation of sustainability strategies and initiatives at all levels.

TNB Sustainability Governance Structure



A key development to strengthen the TNB Sustainability Governance Structure is the formation of the BSRC, which has taken effect on 25 August 2023. Our BOD continues to demonstrate its commitment towards our sustainability agenda by expanding the oversight scope of the TNB Board Risk Committee to include sustainability; with that, the Board Risk Committee was renamed BSRC with enhanced terms of reference. The BSRC remains dedicated to overseeing the effective implementation of sustainability initiatives with robust risk management to address exposures and harness opportunities and to ensure strategic integration of sustainability into operations and decision-making.

Cross reference with the BSRC membership and TOR in the IAR under the Corporate Governance section, Principle A Board Leadership & Effectiveness

To further enhance the deployment of our sustainability strategies, the BOD approved the formation of the Sustainability Division, which our first Chief Sustainability Officer has led since June 2023. The primary function of the Sustainability Division is to ensure the effective deployment of our sustainability strategies to meet targets and to strengthen sustainability governance across the Group. The division engages, facilitates, and advises the Business Entities on their day-to-day implementation of sustainability and energy transition initiatives.

SUSTAINABILITY GOVERNANCE

The SETC, led by the President/Chief Executive Officer (CEO), continues to play its role in steering the development of sustainability and energy transition strategies and policies, and its implementation as well as providing oversight and input on opportunities and risk exposures. In addition to TNB Top Management, who are SETC members, selected future leaders are also active members to ensure the long-term continuity of our sustainability and energy transition agenda.

The key functions of the SETC are:

- Define sustainability targets and commitments that align with and support the overarching TNB business strategy.
- Shape energy transition outcomes that foster growth, create value, and proactively address sustainability challenges, including climate-related risks.
- Deliberate prioritised initiatives based on the TNB Materiality Matrix and Sustainability Deployment Blueprint and endorse the allocation and utilisation of resources.
- Steer sustainability performance and progress against target.
- Streamline data governance for timely and balanced sustainability disclosure.
- Oversee stakeholder management and engagement that meets stakeholders' needs and expectations.

FY2023 ESG KPIs for TNB Top Management

In 2023, sustainability-linked Key Performance Indicators (KPIs) were further enhanced and embedded within the Board and senior management's performance evaluation scorecard to drive group-wide accountability in steering our sustainability performance. Sustainability performance objectives relating to the ESG pillars are tied to the President/CEO and Top Management KPIs, as shown below:

	KPI	CEO	CFO	MD GENCO	CGO	CDNO	CReO	CNeO	CSVO	CSO	CRSMO	CPeO	CIO	CPO	CGBSO	CoSec	CRO	CIDO	CIA
	Overall TNB ESG Rating Score	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Environment	**Renewable Energy Growth & Opportunities**	✓		✓			✓	✓											
Environment	**Carbon Emission Rating/Score**			✓															
Environment	**Battery Storage (Grid)**				✓														
Environment	**Data Centre Power Usage Effectiveness**												✓						
Social	**Lost-Time Injury Frequency Rate (LTIFR)**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Social	**Energy Literacy**										✓								
Social	**Human Capital Development Rating/Score**											✓							
Governance	**Integrity Health Index**	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Governance	**Corporate Governance Rating/Score**		✓													✓			✓
Governance	**Corporate Behaviour Rating/Score**													✓				✓	
Governance	**ESG Risk Profiling**																✓		

Cross reference with the remuneration policies for Board and Top Management in the IAR under the Corporate Governance section, Principle A Board Leadership & Effectiveness.

MATERIALITY ASSESSMENT

OUR SUSTAINABILITY AGENDA IS FOCUSED ON WHAT MATTERS TO OUR STAKEHOLDERS

An essential aspect of our sustainability agenda involves understanding how to create value for our key stakeholders, maintaining open communication and keeping them informed and updated. Stakeholder engagement helps us to determine our material sustainability matters and prioritise them based on their significance. By engaging with stakeholders continuously, we can monitor changes in stakeholder expectations and adapt our strategies and practices accordingly to ensure that our actions align with their needs and expectations.

CUSTOMERS

Residential and non-residential segments encompass business customers in the commercial and industrial sectors, such as Government, Large Businesses, and Micro, Small, and Medium Enterprise (MSMEs).

Engagement Plaftorm

- One Stop Centres *(Kedai Tenaga)*
- Call centre
- myTNB mobile application and online portal
- Customer surveys
- Social platform activities
- Roadshows
- Campaigns
- One-to-one engagements
- E-mail

Areas of Interest or Concern

- New technologies (implementation of the smart meters and their offerings, smart solutions, solar solutions and platform solutions)
- Customer experience and service delivery
- Accessible, affordable and reliable supply of electricity
- Regulated and non-regulated innovative solutions
- Customer education on energy literacy and renewable energy
- Customer take-up rates on green/sustainable solutions
- Matters related to Personal Data Protection Act (PDPA) compliance

Our Response

- Customer Experience and Satisfaction, pages 87-89
- Reliable Energy and Fair Tariffs, pages 77-78
- Energy Transition and Innovation, pages 68-71
- Cybersecurity Management, pages 100-101

EMPLOYEES

TNB Group has 34,543 full-time employees (contractors excluded).

Engagement Plaftorm

- Townhall sessions
- *Turun padang*, brown-bag sessions and other outreach programmes
- Online portal (intranet), newsletters, emails and digital boards
- Employee survey
- One-to-one engagements
- Social platform activities
- Corporate Social Responsibility (CSR)
- Webinars

Areas of Interest or Concern

- Performance, rewards, and benefits
- Health and safety
- Employee well-being and workplace culture
- Talent and skills development
- Employee satisfaction
- TNB strategies and initiatives

Our Response

- Employment Culture, pages 102-106
- Safety, Health and Well-being, pages 79-81
- Community Development and Human Rights, pages 90-94

MATERIALITY ASSESSMENT

OUR SUSTAINABILITY AGENDA IS FOCUSED ON WHAT MATTERS TO OUR STAKEHOLDERS

Legend: All the time | Ongoing | As needed | Quarterly | Annually | Biannually

GOVERNMENT AND REGULATORS

The Malaysian Federal and State Governments, parliamentarians, municipal councils and regulators.

Engagement Plaftorm

- Meetings and briefings
- Site visits
- Round table sessions
- One-to-one engagements
- Outreach programmes
- Summits/conferences
- Feedback Sessions

Areas of Interest or Concern

- Regulatory and operational compliance
- Changes in the regulatory framework and electricity supply industry
- Disaster management (flood, dam safety) and cybersecurity management
- Nation-building initiatives (stimulates economic growth through green energy and job opportunities, and benefits the *rakyat* well-being)
- Energy trilemma (Security, Affordability, Sustainability)
- ESG and Energy Transition initiatives
- Development programmes for local Bumiputera vendors
- Rural development initiatives

Our Response

- Responsible Business and Financial Performance, pages 65-67
- Reliable Energy and Fair Tariffs, pages 77-78
- Cybersecurity Management, pages 100-101
- Climate Change and Emission, pages 72-76
- Energy Transition and Innovation, pages 68-71
- Community Development and Human Rights, pages 90-94

INVESTORS

Institutional and retail investors, analysts and potential investors with interest.

Engagement Plaftorm

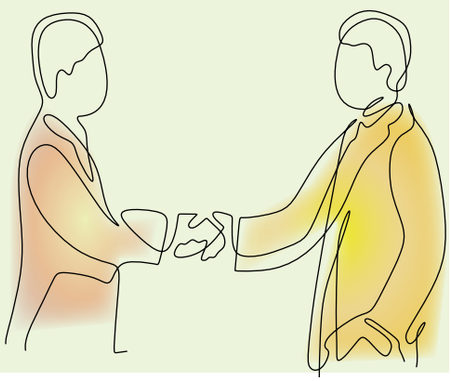
- Quarterly and Full Year Financial Results disclosures
- One-to-one engagement/group meetings with the investment community
- Investor conferences and Non-Deal Roadshows
- Annual General Meeting
- TNB corporate website's Investor Relations section
- Bursa filings and Press Releases
- Annual Integrated Report and Sustainability Reports
- Email updates to investment community

Areas of Interest or Concern

- Business strategy and performance
- Regulatory risk due to high fuel cost environment
- ESG and Energy Transition Plan
- Financial sustainability and returns
- Growth catalyst

Our Response

- All TNB Material Matters, pages 65-106



MATERIALITY ASSESSMENT

OUR SUSTAINABILITY AGENDA IS FOCUSED ON WHAT MATTERS TO OUR STAKEHOLDERS

TRADE UNIONS & ASSOCIATIONS

Three (3) registered unions and two (2) workers associations covering all categories of employees.

Engagement Plaftorm

- Joint Consultative Council (JCC)
- Negotiations for Collective Agreements (CA)
- Syndication and engagements

Areas of Interest or Concern

- Mitigation & resolution of issues
- Employee health and well-being
- Engage employees on company's strategies and initiatives
- Impact of new policies or policy revision to employees.

Our Response

- Safety, Health and Well-being, pages 79-81
- Employment Culture, pages 102-106

COMMUNITIES

Local communities in or near areas where we operate, including those affected by our operations.

Engagement Plaftorm

- Outreach programmes
- CSR programmes
- Townhall sessions
- Dialogue sessions
- Sporting events

Areas of Interest or Concern

- Public facilities and basic infrastructure
- Full compliance with legal and regulatory requirements
- Coordination of drill and crisis management
- Energy literacy
- Accessible and reliable supply of electricity
- Efficiency of service

Our Response

- Community Development and Human Rights, pages 90-94
- Employment Culture, pages 102-106

Our Stakeholder Engagement Approach:

Strategic alignment with Government agenda and future-proof policies and regulations.

The above table is to be cross referenced with the IAR Corporate Governance section, Principle C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

MATERIALITY ASSESSMENT

OUR SUSTAINABILITY AGENDA IS FOCUSED ON WHAT MATTERS TO OUR STAKEHOLDERS

Legend: All the time | Ongoing | As needed | Quarterly | Annually | Biannually

NON-GOVERNMENTAL ORGANISATIONS (NGOs) & ASSOCIATIONS

Consumer associations, think tank groups, environmental groups, chambers of commerce and international associations, for example the Heads of ASEAN Power Utilities/Authorities (HAPUA) and Association of the Electricity Supply Industry of East Asia and Western Pacific (AESIEAP).

Engagement Plaftorm

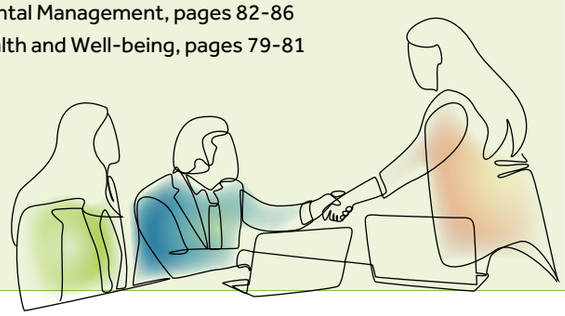
- One-to-one engagements
- Outreach programmes
- Seminars
- Collaboration sessions
- Social media
- Meetings and knowledge sharing sessions

Areas of Interest or Concern

- Affordable tariff
- Innovation in technology and RE
- Quality of service
- Supply reliability
- Current and planned ESG efforts
- Energy literacy
- Environment and Occupational Safety and Health
- Compliance with legal and regulatory requirements

Our Response

- Reliable Energy and Fair Tariffs, pages 77-78
- Energy Transition and Innovation, pages 68-71
- Environmental Management, pages 82-86
- Safety, Health and Well-being, pages 79-81



Develop the capability of our people and communities to inculcate a high performing culture and increase the level of energy literacy.

VENDORS

We have 3,848 active contractors and suppliers.

Engagement Plaftorm

- Engagement sessions with suppliers and contractors
- Road Tour Dialogues
- Vendor Training and Awareness
- Joint Operations Centre

Areas of Interest or Concern

- Industry support for business growth through technology and solutions
- Training and capability development
- Potential health and safety impacts
- Procurement processes
- Fraud and bribery awareness
- New business opportunities and future developments.

Our Response

- Sustainable and Responsible Supply Chain, pages 95-99
- Responsible Business and Financial Performance, pages 65-67
- Safety, Health and Well-being, pages 79-81

Resolve issues and create excellent engagement experiences with all key stakeholders.

MATERIALITY ASSESSMENT

TNB MATERIALITY ASSESSMENT

With the above in mind, our sustainability agenda focuses on material ESG matters outlined in our materiality matrix. We have a comprehensive materiality assessment every two (2) years; the last was in FY2022. This assessment allows us to stay ahead of emerging trends, changing stakeholder expectations, and other operational challenges. In 2023, we carried out a limited-scale materiality review.

We based the materiality assessment process on the following three (3) phases, as guided by the Bursa Sustainability Reporting Guide (3rd Edition):

Identification 1

- Considering TNB's business strategy (Reimagining TNB and TNB ET Plan) and strategic Risks.
- Gap assessment input from:
  - Stakeholder groups
  - ESG Pathway to 'A' and Beyond project team
  - External benchmark

Prioritisation 2

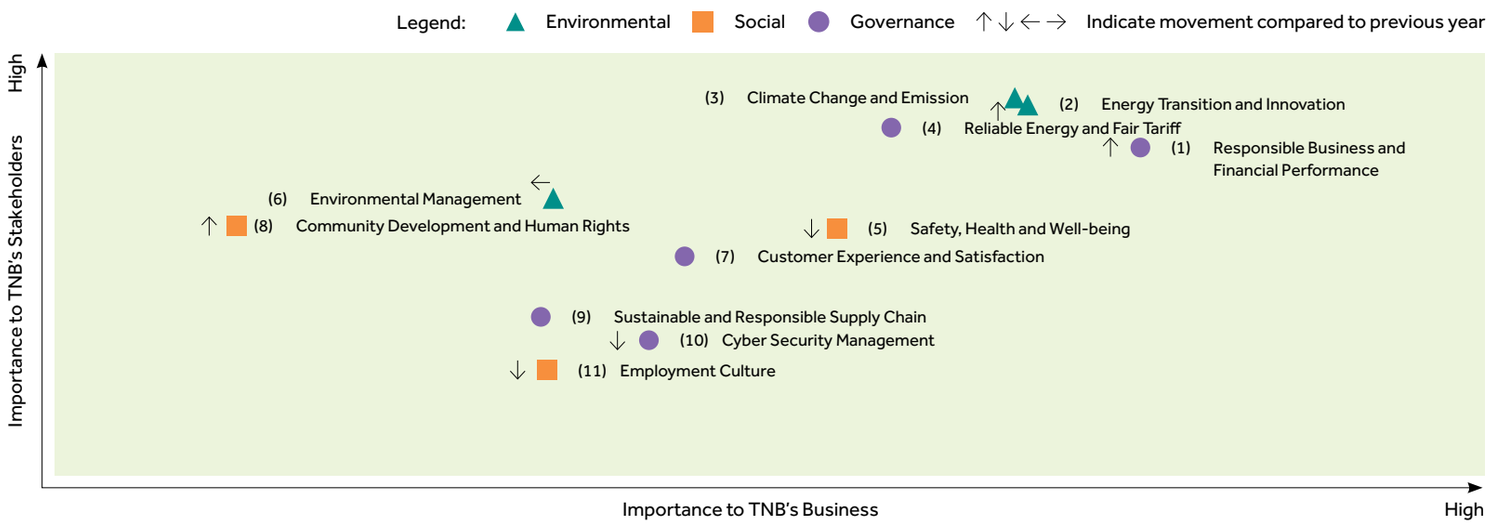
- Obtain feedback from identified personnel from business entities, overseeing and directly engaging with external or internal stakeholder groups to prioritise the relative importance of material matters from the perspective of stakeholder groups and their impact on TNB.
- Review the prioritisation of the material matters in the matrix.

Validation 3

- Deliberation and validation by SETC of the reviewed TNB Materiality Matrix.
- Approval by the TNB BOD of the reviewed TNB Materiality Matrix.

As a result, the eleven (11) material matters for FY2023 are depicted in the materiality matrix below.

TNB MATERIALITY MATTERS 2023



The following is a summary of critical updates to the TNB Materiality Matrix FY2023 as compared to FY2022:

- *Matters related to "Customer Experience and Satisfaction", previously disclosed as a sub-topic in "Responsible Business and Financial Performance", are now a separate material matter highlighting increasing customer expectations towards accelerating energy transition and energy efficiency.*
- *"Energy Transition and Innovation" and "Climate Change and Emission" remain key priorities for stakeholders and TNB.*
- *"Environmental Management" has shifted to a slightly lower priority for TNB. Environmental matters relating to emissions, water, and waste form part of our energy transition, as well as climate change material matters and strategy.*
- *"Responsible Business and Financial Performance" has shifted to a higher priority, reflecting our strategy and focus on responsibly balancing the energy trilemma.*
- *"Community Development and Human Rights" has increased in priority for stakeholders, reflecting their interest in TNB's management of a just energy transition across the value chain, particularly regarding human rights.*
- *Prioritisation for "Cybersecurity Management", "Safety, Health and Well-being" and "Employment Culture" have lowered, reflecting stakeholders' confidence of the outcome in our ongoing initiatives.*
- *The material matter related to the supply chain has been refined to "Sustainable and Responsible (added) Supply Chain", emphasising the importance of sustainable and responsible practices across the entire supply chain.*

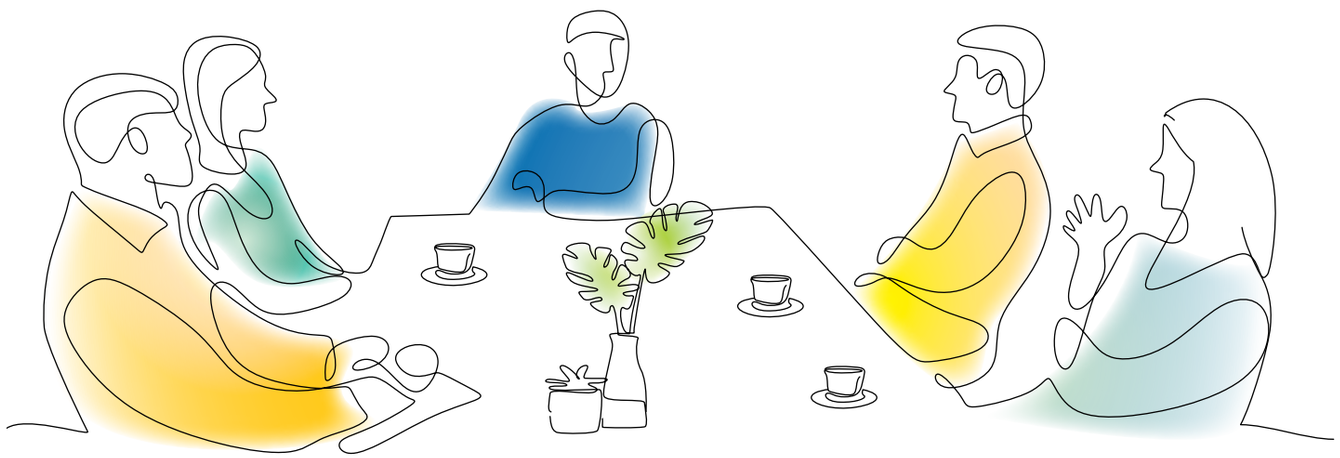
Our revised Materiality Matrix renews our focus on material matters, which forms the basis of our Sustainability Statement. The respective indicators facilitate the monitoring and measurement of our sustainability performance.

Cross reference with the Sustainability Performance Table in the Sustainability Statement that includes linkages of performance to UN SDGs.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

MM 1 Responsible Business and Financial Performance

We are committed to responsible business practices while maintaining solid financial performance. Our goal is to ensure long-term resiliency by leveraging our core operations and new opportunities to grow in a sustainable manner, sharing the benefits with our shareholders. Our corporate governance structure complies with the Malaysian Code on Corporate Governance (MCCG) 2021 to effectively facilitate our business operations.



Underpinned by a strong governance structure, the Board of Directors (BOD) and Management play active roles in making informed decisions to secure a sustainable and leading position in the energy business while giving value to stakeholders and providing stable financial returns to our shareholders. TNB continues to honour our dividend policy that provides stable and sustainable dividends to shareholders while maintaining an efficient capital structure that is sufficient to cater for business prospects and capital requirements for our growth and expansion strategies.

Refer to Corporate Governance on page 119 and Financial Statements on page 196 in the IAR.

MANAGEMENT APPROACH

8 DECENT WORK AND ECONOMIC GROWTH | 17 PARTNERSHIPS FOR THE GOALS

TNB Code of Business Ethics (COBE)

The BOD is guided by a high standard of ethical conduct in accordance with the COBE for Company Directors and employees as per the MCCG requirements. This is to ensure compliance with laws and regulations, sound employment practices, confidentiality and privacy. It also includes provisions on conflicts of interest, giving and accepting business courtesies and the protection and proper use of TNB's assets and resources. The COBE also defines the general principles of business integrity in how TNB relates to its shareholders, employees, customers, suppliers and the communities in which it operates. All employees are expected to conduct business in accordance with the applicable laws, rules and regulations and in a manner that enhances and protects the reputation of TNB.

TNB Corporate Integrity Management System (TCIMS)

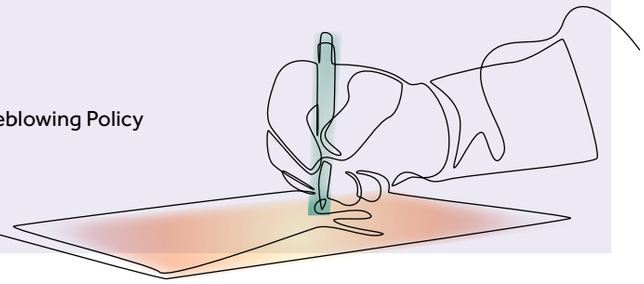
The TCIMS was established in 2017 to drive an integrity-based culture and a high level of compliance with local and international anti-bribery standards. The objectives of the TCIMS are to:

1. Elevate TNB to international standards of integrity
2. Mitigate the risk of misconduct and corruption
3. Improve Company integrity culture

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

The TCIMS consists of four (4) key policies:

- Anti-Bribery Policy
- Gifts, Hospitality and Related Benefits Policy
- Conflicts of Interest Policy
- Whistleblowing Policy



Anti-Bribery Management System and Risk Assessment

In 2017, TNB was one of the first public listed corporations on Bursa to embark on the ISO 37001:2016 Anti-Bribery Management System (ABMS) certification. We have incorporated international standards of preventing bribery into our strategic decision-making at the BOD and Management levels as well as into day-to-day business operations.

We audit and conduct fraud risk assessments for continuous improvement:

ABMS Audit & Fraud Risk Assessments	Financial Year				Total
	FY2020	FY2021	FY2022	FY2023	
No. of ABMS Certification/ Recertification Audits by SIRIM				2	
No. of ABMS Internal Audits (Division/Department)	22	16	20	21	78
No. of ABMS Internal Audits (Subsidiary)	N/A	N/A	N/A	5	5
No. of Fraud & and Bribery Risk Assessments (Division/Department)	21	21	21	21	84
No. of Fraud and& Bribery Risk Assessments (Subsidiary)	16	16	16	16	64

We work closely with the Malaysian Anti-Corruption Commission (MACC) to keep abreast of integrity and anti-corruption developments and requirements. In line with this, we have implemented the mandated Organisational Anti-Corruption Plan (OACP), which serves as the basis for anti-corruption measures or initiatives at the Company level, addressing governance issues and weaknesses to prevent corruption and integrity violations.

We have developed the annual Integrity Training and Communication Plan (TCP) to address areas of improvement identified through the annual Integrity Health Index (IHI) survey and to strengthen integrity culture. The TCP's scope includes all levels of employees, contractors and vendors, including programmes/seminars for the BOD. The TCP's progress is reported to the Board Integrity Committee (BIC) quarterly. Furthermore, the training programmes under the TCP are part of fulfilling the TRUST requirements under Section 17A of the MACC Act 2009.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

The following integrity programmes were conducted in 2023:

Training Programme	No. of Programmes	No. of Participants
Board of Directors	1	8
Top Management		
i. Integrity e-learning	1	14
ii. Ethics Seminar	1	14
Permanent and Contract Employees		
i. Integrity e-learning	1	27,526 (Permanent Employees: 25,574 Contracted Employees: 1,952)
ii. Integrity Awareness & Engagements at Business Entities	69	9,142
iii. Joint Programme with MACC	5	628 (Employees: 552; Vendors/Contractors: 76)
iv. ISO 37001:2016 Anti Bribery Management System Internal Auditor Training	2	105
Active Vendors & Suppliers (e-learning & webinar):	2	3,739 (e-learning: 3,548 & webinar: 191)

To fortify an integrity culture across the Group, a total of 28,602 employees completed the annual online Integrity Pledge as a commitment to acting against corruption. Employees also declare their Conflict of Interest status annually, as well as when a conflict arises. In 2023, the number of declarations was 28,594. Our vendors are required to sign the Integrity Pact for each piece of work awarded to them as a commitment to acting against corruption.

OUR PERFORMANCE

Bursa Malaysia Indicators

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Anti-Corruption*							
1	Percentage of employees who received training on anti-corruption by employee category	C1 (a)	%	-	14,238 reported as No. of employees	74.48	100
	• Senior Management		%	-	-	1.01	
	• Executive		%	-	-	17.39	
	• Non-Executive		%	-	-	56.09	
2	Percentage of operations assessed for corruption-related risks	C1 (b)	%	-	-	97.00	100
3	Confirmed incidents of corruption and action taken	C1 (c)	Number	5	1	5	Zero incidents of corruption

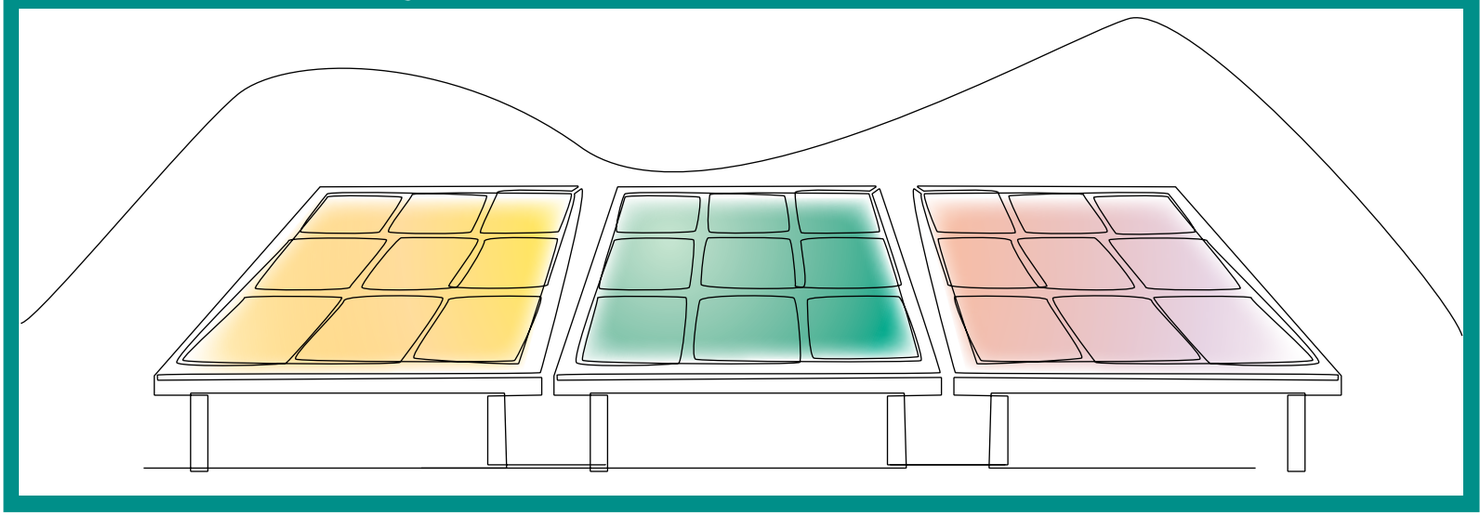
* *Past years' data has been reported for the number of employees. FY2023 data has been reported aligning with the GRI 205-1 Anti-corruption definition.*

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

MM 2

Energy Transition and Innovation

Malaysia's energy transition (ET) efforts to achieve Net Zero by 2050 will shift the nation's generation mix from fossil fuel-driven energy to renewable and green energy. Despite the push to increase renewable energy (RE) capacity, natural gas will continue to play a pivotal role in Malaysia's energy landscape as the nation moves towards a low-carbon economy.



The government and TNB have made a clear commitment that there will be no new build-up of greenfield coal plants. Nevertheless, the role of coal in the short- to medium-term is critical to allow diversification of the energy mix and ensure security of supply. Higher RE integration (especially solar) into the national grid requires timely investment to enable a smart and flexible grid system. On the demand side, electrification and energy efficiency continue to significantly contribute towards the nation's energy transition journey.

In line with the above, the TNB ET Plan comprises three (3) strategic pillars with key enablers in shifting from a fossil-based energy mix to greener energy sources. These initiatives align with our Reimagining TNB (RT) implementation that cuts across the electricity value chain, from transitioning power generation to Deliver Clean Generation and enhancing the Develop Energy Transition Network to enable more green solutions, to Dynamic Energy Solutions by enhancing customer experiences through digitalisation and electrification. TNB actively invests in and develops innovative solutions to expedite our ET plan.

TNB's ET journey is further strengthened with our active participation in the National Energy Transition Roadmap (NETR), which aims to reduce the nation's carbon footprint. Three (3) of TNB's ET projects have been adopted under two (2) of the NETR's flagship catalyst initiatives, namely solar park and hybrid hydro floating solar PV under the RE Zone initiative and co-firing of hydrogen and ammonia under the Hydrogen for Power initiative.

MANAGEMENT APPROACH

7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION

Energy Sources

Deliver Clean Generation

- Renewable Capacity Growth
- Carbon Management
- Coal Generation Capacity Reduction

Energy Vector

Develop Energy Transition Network

- Smart Grid
- Hydrogen
- Energy Storage

Energy Usage

Dynamic Energy Solutions

- Electrification
- Energy Efficiency
- Prosumers
- Digital platforms

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Energy Sources

For more information on energy sources, refer to the narrative in MM3 (Climate Change and Emissions) on pages 72-76.

Energy Vector

The energy transition, marked by a shift from conventional fossil fuel-based energy sources to cleaner and more sustainable alternatives, significantly impacts electrical grids. Distributed energy resources (DERs) such as rooftop solar panels play a pivotal role in creating a more decentralised energy landscape.

Unlike the traditional one-way flow of energy from power plants to consumers through the transmission and distribution grid, this decentralisation introduces a bidirectional flow of electricity. Consumers now increasingly become prosumers, actively participating in both electricity production and consumption. The management of these dynamic energy flows necessitates the implementation of smart grids and Advanced Metering Infrastructure (AMI).

In 2023, the Grid Division and Distribution Network Division invested over RM2.9 billion and RM5 billion of capital expenditure, respectively, in securing, maintaining and modernising our national grid. The highlights of our smart grid initiatives include the facilitation of RE penetration into the system, expanding AMI and real-time network monitoring and control. Additionally, in 2023, we enhanced our efforts in realising the ASEAN Power Grid aspiration by forming strategic partnerships with ASEAN Member States in the region.

Facilitation of RE Penetration

The development of Large Scale Solar (LSS) is thriving, with the current operational installed capacity of 473MW in the Distribution network and 1,340MW in the Grid network. TNB's physical grid infrastructure has the capacity to support up to 12,000MW without significant need for upgrades, assuming that the introduction of solar power follows the planned phases and allocations accordingly.

To promote the growth of LSS, our primary focus is on improving grid flexibility while ensuring system stability. To facilitate the integration of DERs by developers and stakeholders, we have collaborated with the Sustainable Energy Development Authority Malaysia (SEDA) to develop a Distributed Generation Hosting Capacity map. This initiative aims to identify available DER connection points and capacities at the medium voltage level (33kV and 11kV).

Through this map, accessible via a Geographic Information System (GIS) platform, both internal and external users can easily access a comprehensive list of substations with hosting capacity. This streamlined process simplifies the connection of RE sources to the grid and supports effective RE planning efforts.

TNB has also undertaken a pilot project to develop battery energy storage to reinforce grid resilience for RE integration via interconnection, called *Projek Rintis Sistem Penstoran Bateri*.

Advanced Metering Infrastructure (AMI)

The AMI plays a foundational role in managing a complex energy value chain and facilitates energy transition and customer empowerment through network visibility. Since the AMI project deployment, 3,549,489 smart meters have been installed, mainly in the Klang Valley, Melaka, Kedah and Penang. In 2023, an additional 873,740 smart meters were installed, exceeding our target of 600,000 units. TNB is mandated to roll out AMI and smart meters to more than 9 million Ordinary Power Customers (OPC) in Peninsular Malaysia through year 2027 and beyond.

Customers with smart meters can gain insights into their energy consumption through half-hourly energy usage analysis. The granular information provided by smart meters benefits our customers and empowers our operations to pinpoint grid issues and understand consumer behaviours for more effective service delivery. By providing access to this information through the myTNB mobile app and myTNB Portal, customers acquire the ability to optimise their energy consumption, leading to reduced costs and minimised environmental impacts.

Network Monitoring and Control

Key efforts to enhance real-time network monitoring and control include Distribution Automation and voltage and reactive power management.

Distribution Automation (DA)

The DA Project facilitates automated network control and expedites rapid supply restoration. The project's objective is to progressively install DA systems in 41% of Peninsular Malaysia's total substations by the end of 2024, 64% by the end of 2027, and 84% by the end of 2030. In 2023 alone, the DA Project successfully installed and commissioned 4,002 substations that serve approximately 2.6 million customers. This brings our total DA installations since 2014 to approximately 28,340 distribution substations, covering 34% of Peninsular Malaysia's total distribution stations. Notably, we have observed an average 20% reduction in restoration time for unplanned outages, with outages typically restored within 15 minutes on average.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Voltage and Reactive Power Management

Under the ongoing initiative to enhance voltage and reactive power management of the distribution network, we successfully installed and commissioned a total of 120MVAr under the Volt-VAR Optimisation Project in 2023, resulting in a loss reduction of 480,000kWh.

Enhancing the Interconnected ASEAN Power Grid

Cross-border interconnections play a vital role in advancing ASEAN's ET and achieving decarbonisation goals. The establishment of the ASEAN Power Grid is poised to bolster regional grid stability and security while enabling resource-sharing and facilitating RE expansion across Member States. In 2023, Electricity Generating Authority of Thailand (EGAT) and TNB established an in-house Joint Working Committee (JWC) to undertake a feasibility study on enhancing the interconnection capacity between Peninsular Malaysia and Thailand. This study, completed in August 2023, explored potential technologies and designs, evaluated power system dynamics, analysed interconnection operations and maintenance, and conducted cost-benefit assessments. The aim was to harness mutual resources and develop the necessary regional infrastructure to promote RE adoption.

Several Memorandums of Understanding (MOU) have been signed with ASEAN nations, namely Indonesia, Thailand and Singapore, to foster collaboration in interconnection projects. Ongoing feasibility studies are being conducted to establish new cross-border electricity interconnections, linking Peninsular Malaysia with Sumatra in Indonesia, as well as developing a second interconnection link to Singapore.

Energy Storage

Among the ten (10) flagship catalyst projects in the NETR is the implementation of *Projek Rintis Sistem Penstoran Bateri*, a Battery Energy Storage System (BESS) to support the 70% RE capacity target by 2050. In 2023, the Grid Division conducted a feasibility study of potential sites for a large-scale BESS flagship project. This pilot BESS, with an energy capacity of 400MWh, will be implemented by TNB, operated by the Grid System Operator and regulated by the Energy Commission. It is expected to commence in 2025.

Energy Usage

Consumers play a key role in a successful energy transition. In 2023, we took significant strides in contributing towards a low-mobility ecosystem, enabling RE adoption by customers and empowering customers through digitalised lifestyles. We further embarked on two (2) differentiated solutions for data centre customers in the form of the Greenlane Pathway for a One-Stop Centre and broadband solutions for targeted groups.

Electrification of Mobility

In spurring the development of a low-mobility ecosystem, TNB has committed RM90 million to accelerate the electric vehicle (EV) adoption rate in Malaysia over a duration of three (3) years (2022-2024). In 2023, we deployed EV charging stations along Peninsular Malaysia's highways and trunk roads to facilitate long-distance customer travel throughout Peninsular Malaysia.

TNB Electron DC/AC Charging Station Location	Total Charge Points
6 DC charge points along PLUS Highway	**14 DC charge points** **18 AC charge points**
2 DC charge points at AEON Big Wangsa Maju	
6 DC charge point at TNB Bangsar for JFM	
18 AC charge points at TNB Platinum	

TNB Electron Tapah

TNB Electron Paka

TNB Electron Ayer Keroh

We participate as a charging point operator (CPO) through TNBX Sdn. Bhd. (TNBX), equipment and charging manufacturer through Tenaga Switchgear Sdn. Bhd. (TSG) and EV training hub through TNB Integrated Learning Solution (ILSAS).

In 2023, we electrified 108 vehicles as part of our effort to replace 30% of our fleet with EVs by 2030. A majority of these vehicles are Operational Electric Vehicles comprising pickup trucks, vans and passenger vehicles, as part of our initiative to analyse the advantages and limitations of using EVs in TNB Operations.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Enabling RE Adoption by Customers

Rooftop Solar Prosumers

We continue to grow our self-generation solar solutions under the Net Energy Metering (NEM) and Supply Agreement for Renewable Energy (SARE) schemes through TNB's wholly-owned subsidiary, GSPARX. To date, GSPARX has registered a total of 951 domestic/residential customers, bringing the total capacity to 8.25MW. Meanwhile, for the commercial, industrial and government segments, GSPARX registers a total capacity of 116.61MWp from 204 customers, a substantial increase from 81MWp in 2020.

Green Electricity Tariff (GET)

With the implementation of the GET since 2022, customers can purchase a low-carbon electricity supply without having to install their own solar rooftop or other RE installations. The RE resources for the GET Programme are generated by solar power plants under the LSS Programme, hydropower stations and any other qualified RE plants approved by the Energy Commission. Customers enrolled in the GET Programme receive the Malaysia Renewable Energy Certificate (mREC) at the end of each calendar year. TNB continues to provide platforms to facilitate customer enrolment. In 2023, a total of 4.452 million GET blocks were subscribed by 2,753 customers.

Customer Empowerment through Digitalised Lifestyles

Our customers play a critical role in supporting the energy transition by making smart choices and participating in various RE and Energy Efficiency (EE) programmes. With more than 3.5 million successful installations of smart meters by 2023 and 6.4 million myTNB app adoptions, customers are able to experience the benefits of near real-time energy consumption monitoring and budget management. Through myTNB, customers who transitioned from electronic meters to smart meters can actively monitor their electricity usage and energy consumption in real-time - a crucial step towards energy efficiency management.

For more information on energy efficiency, refer to the narrative in MM3 (Climate Change and Emissions) pages 75-76.

Differentiated Solutions for Targeted Customers

Green Lane Pathway and Strategic Offerings for Malaysia's Data Centre Market

In 2023, we established the Green Lane Pathway to facilitate the smooth setup of data centres in Malaysia. Data centres can now be connected three (3) times faster than the normal connection time, reducing the implementation period from 36 to 48 months to just 12 months. A One-Stop Centre (OSC) for data centre investment with dedicated support services is available. We also offer around-the-clock maintenance assistance and tailored solutions to meet the requirements of each data centre.

Broadband Solutions for Targeted Groups

Through Allo Technology Sdn. Bhd. (Allo), TNB has ventured into internet fibre networks and city broadband solutions to support the implementation of smart home solutions with high-speed broadband. In 2023, several partnerships with key industry players, such as Johor Land Berhad, Celcom Axiata Berhad and IDEAL Industrial Holdings, were forged to continue expanding our footprint in the digital sector.

Allo has progressed in suburban and rural area offerings through the *Rahmah Package* in collaboration with the Ministry of Communications and Digital. This package offers fixed broadband Internet access at a lower price to targeted groups like the B40 group, persons with disabilities (OKU), senior citizens, Malaysian Armed Forces (ATM) veterans, Royal Malaysian Police (PDRM) retirees and Maritime Enforcement Agency Malaysia (APMM) retirees.

OUR PERFORMANCE

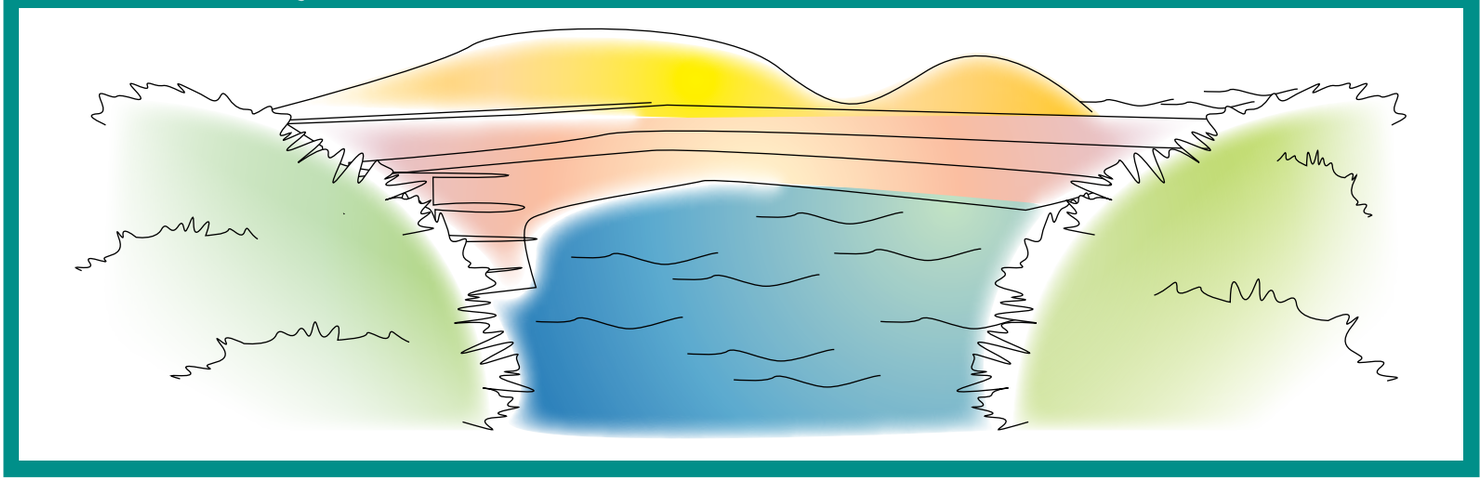
No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
1	RE Capacity*	-	MW	3,499	3,780 (9.8% growth)	4,375 (16% growth)	Target: 8.3GW by 2025**
2	Number of smart meters (AMI) installed	-	Number	945,625	838,830	873,740	9 million by 2029
3	Number of EV charging point	-	Number	-	3 DC 3 AC	14 DC 18 AC	134 DC by 2025 10-20% by 2030

* *Total includes solar capacity at MWp.*
** *Target includes assets under operation/construction/development.*

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

MM 3 Climate Change and Emissions

We support Malaysia's commitment to the Paris Agreement and seek to mitigate our GHG emissions and environmental impacts, as well as adapting to climate-related risks which that includes raising global temperatures, increasing of seawater levels, floods and heat waves and soil movement. We acknowledge the impacts we have on climate change, as well as the threats of climate change to our existing infrastructure and business sustainability.



At the core of TNB's Energy Transition Plan lies the ambition to achieve Net Zero Emissions and coal-free plant operations by 2050. The transition to Net Zero Emissions began with an interim target of a 35% reduction in emissions intensity by 2035 before achieving Net Zero Emissions by 2050. The delivery of these targets is anchored on our business operations, national policies and international frameworks on climate change that are aligned with supporting Malaysia's ambitious goals of achieving carbon neutrality by 2050.

MANAGEMENT APPROACH

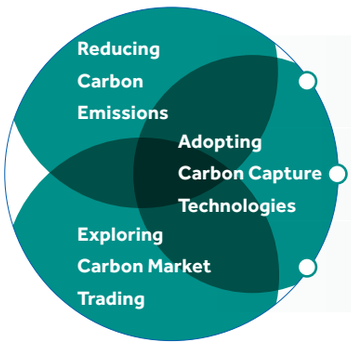
7 AFFORDABLE AND CLEAN ENERGY | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 13 CLIMATE ACTION

Climate Change

We continue to assess and mitigate physical and transition risks, guided by the Representative Concentrating Pathways (RCP) scenarios from the Intergovernmental Panel on Climate Change (IPCC) and scenarios proposed by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS).

We also identify business opportunities associated with transitioning to a low-carbon economy and implement adaptation plans for floods, heatwaves, soil movement and coastal inundation.

The TNB ET Plan outlines our long-term strategy to address climate change and emissions, as below:



We aim to reduce emissions, strategising for:

Cleaner generation capacity	Increased RE capacity	Enhanced operational efficiency across the value chain

We have identified Carbon Capture & Storage (CCS) technology as a potential solution in decarbonising the power sector. We continue to play an active role in researching and advancing this technology

For the remaining hard-to-abate emissions, we are exploring the development of carbon credits with nature-based carbon trading

The transition to decarbonisation focuses on the progressive expansion of low-carbon generation assets and the phasing down of our coal-fired generation capacity in stages. This is further supported by our approach to efficiently operating thermal power plant operations and investing in innovative solutions research and development to scale up efficient energy generation and carbon capture technologies.

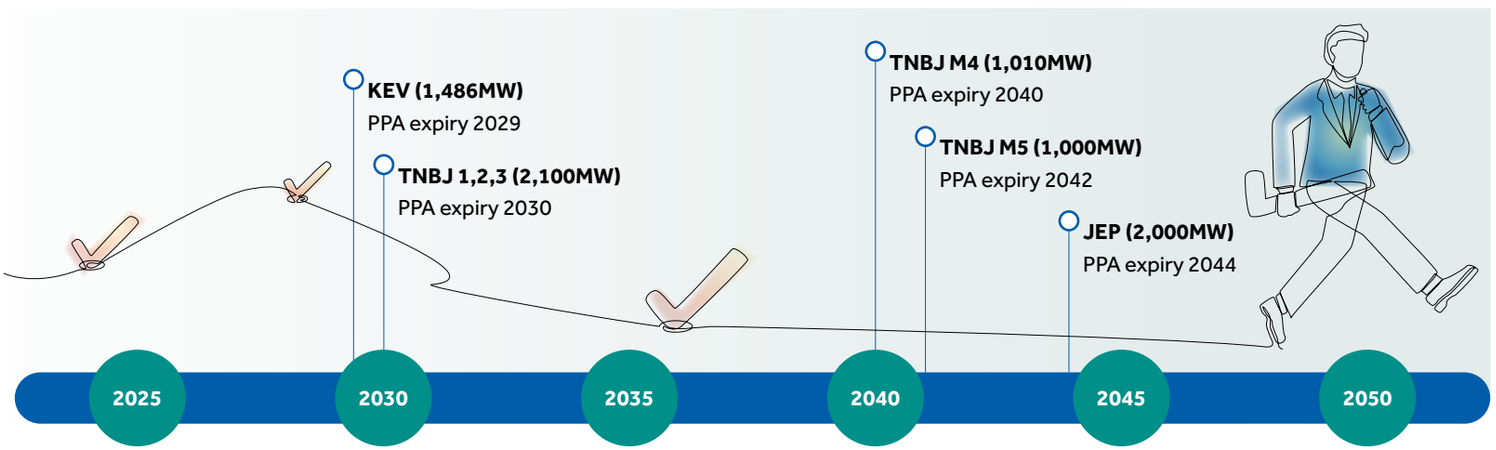
SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Reducing Carbon Emissions

Cleaner Generation Capacity

Reducing Coal Generation Capacity

In 2021, TNB committed to no longer investing in greenfield coal plants. We are exploring the viability of retiring coal-fired power plants earlier than planned, subject to shareholders' agreement and approvals from the relevant authorities and regulators. The GHG Scope 1 emissions of our coal power plants is expected to reduce as these plants retire according to the respective Power Purchase Agreements (PPAs), as follows:



Our strategy to repower our coal power plants with cleaner technologies is focused on Kapar Energy Ventures (KEV), TNB Janamanjung (TNBJ) and Jimah East Power (JEP). This repowering exercise, which utilises existing sites and infrastructure to generate electricity utilising cleaner technologies such as hydrogen-ready gas power plants and gas power plants equipped with CCS technologies, is expected to reduce our GHG Scope 1 emissions.

Ammonia-Biomass Co-firing at Coal Power Plants

Our partnerships with Mitsui & Co. and Chugoku are making substantial strides in advancing the feasibility study for co-firing coal with biomass and ammonia at the Jimah East Power Plant. Following the successful completion of the feasibility study at Phase 1, we started Phase 2, with an in-depth analysis of technical behaviours through a small-scale project of actual co-firing with varying concentrations of ammonia and biomass. This phase involved conducting a Front-End Engineering Design (FEED) study for this small-scale co-firing project.

A significant milestone was achieved with the successful execution of the EFB-Pellet Trial Burn for Unit 2 (1,000MW) in September 2023. Notably, this marked the first Biomass Mix-Firing test for a Supercritical type of boiler in Malaysia. The trial run demonstrated positive outcomes, showcasing observable reductions in emissions. Moving forward, further studies and actual tests will be conducted to assess the technical behaviour under increased concentrations, e.g. 3% to 5% of biomass and ammonia. This ongoing exploration is integral to refining and optimising our co-firing strategies for enhanced sustainability.

Hydrogen Fuel: Shifting Away from Fossil-Based Energy

We continue to accelerate the transition from a fossil-fuel-based energy mix to low-carbon energy sources such as hydrogen. Through strategic collaboration with IHI Corporation, we are working together to reduce carbon emissions in identified TNB coal-fired power plants. Our goal is to explore the practicality of using hydrogen in co-firing and conducting tests with different hydrogen concentrations to achieve targeted emissions reductions. This collaboration focuses on both technical and commercial aspects, paving the way for a more sustainable energy future.

Partnership with PETRONAS

TNB has signed an MOU with PETRONAS, aiming to expedite the decarbonisation process in the energy sector. Building upon the initial TNB-PETRONAS MOU signed on 19 August 2022, the parties are advancing towards a Definitive Agreement for a Joint Feasibility Study focused on green hydrogen as a clean energy alternative. The collaborative study aims to provide a comprehensive understanding of commercial viability, considering factors such as the levelised cost of electricity (LCOE), levelised cost of hydrogen (LCOH), levelised cost of storage (LCOS), and the sales price of hydrogen (H_2).

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Increasing Renewable Energy (RE) Capacity

In 2023, TNB's RE capacity reached 4,375MW, a growth of 16% compared to FY2022 (3,780MW). The announcement of 10 flagship projects under the National Energy Transition Roadmap (NETR) in August 2023 has strengthened TNB's RE position in the market.

Project	Commercial Operation Date (COD)	Capacity	Status	Estimated Annual Emission Avoidance
TNB Bukit Selambau Dua (TBSS2) solar, Malaysia	2023	50MWac (75MWp)	Achieved COD on 21 December 2023	0.08 million tCO_2e/year
Solar Greenfield Development, United Kingdom	2024	102MWp	Targeted to meet COD in Q3 2024	0.05 million tCO_2e/year
Hybrid Hydro-Solar Project (HHFS)	2025-2040	2424MW	Feasibility study for Phase 1 completed	3.4 million tCO_2e/year
5 x 100MWac (150MWp) Solar Park	2026	750MWp	Under Development	0.11 million tCO_2e/year
1 x 30MWac (45MWp), 2 x 9MWac (13.5MWp) CGPP* * *At effective shareholding*	2025	48MWac (72MWp)	Financial Investment Decision (FID) stage	0.07 million tCO_2e/year

Corporate Green Power Programme (CGPP)

In 2023, TNB successfully secured 90MW (135MWp) in solar generation through the government-launched CGPP. This capacity includes both wholly owned 30MW/45MWp and joint venture (2 x 30MW / 2 x 45MWp) facilities. Upon commissioning, the annual emissions avoidance is estimated at 70,646 tCO_2e per year.

National Energy Transition Roadmap

TNB is championing two (2) RE projects and is a partner in one RE project, as follows:

i. Championing Green Capacity Growth through Hybrid Hydro-Solar Project (HHFS)

The development of around 2,424MW HHFS in four (4) phases at TNB hydro dam reservoirs will increase TNB's RE capacity.

Phase	Capacity (MW)	Projected COD	Estimated Annual Emissions Avoidance ($KtCO_2e$)
1	230	2025	319
2	470	2028	652
3	800	2035	1,110
4	924	2040	1,282
Total	**2,424**		**3,364**

Phase 1 of the project will be developed by TNB Genco at the Temengor and Chenderoh hydro reservoirs. Feasibility studies will also be conducted for the Terengganu and Kelantan schemes for the remaining project phases. Upon the commissioning of all phases, the annual emissions avoidance is estimated at 3.364 million tCO_2e.

ii. Championing 5 x 100MW (150MWp) Centralised Solar Parks in Partnership with SMEs

The centralised parks, co-developed by TNB in partnership with SMEs, will consist of a 100MW (150MWp) deployment per site across five (5) sites in several states. For each 100MW park, the emissions avoidance is estimated at 110 $KtCO_2e$ per year for 25 years.

iii. Partnership with Sime Darby for Rooftop Solar

TNB has entered into a partnership with Sime Darby Property for the construction of 4.5MW solar capacity across 450 homes in the City of Elmina, a township in Sungai Buloh, Selangor, and Bandar Bukit Raja, Klang, Selangor. Carbon avoidance is estimated at 7,992 tCO_2e per year.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Enhance Operational Efficiency Across the Value Chain

Sustaining Power Plant Efficiency

Thermal power plants can significantly curtail carbon emissions by optimising their fuel consumption, ensuring that less fuel is employed to produce an equivalent amount of electricity. The efficiency of a thermal power plant is typically measured using a parameter called "heat rate" or "thermal efficiency". A lower heat rate indicates a more efficient power plant because it means that less fuel is required to produce each unit of electricity.

We continue to monitor and implement initiatives to improve thermal power plant efficiency, aiming to sustain the efficiency at its designed level. Our efforts have produced a commendable enhancement of the efficiency (heat rate) of thermal power plants in the TNB portfolio, registering an improvement of +1.12% from 2022 to 2023. The resulting carbon emissions reduction was 301 $KtCO_2e$.

Managing GHG Emissions from Substations

We aim to lower our sulphur hexafluoride (SF6) fugitive emissions from our substations through recycling at our SF6 Gas Recycling and Reconditioning Centre and reusing the gas in these assets to promote a circular economy.

Improving Energy Efficiency in Our TNB Office Buildings

In 2023, a campaign called "Drip by Drip, Watt by Watt" was launched by the TNB Global Business Solutions (TGBS) Division with the aim of promoting energy efficiency by reducing electricity and water consumption and involving 109 TNB-owned offices. Since the campaign's start in July 2023, the usage of electricity and water has been captured and monitored monthly.

As at 31 December 2023, our total electricity consumption reduction was 870,063kWh, which translated to a GHG Scope 2 emissions reduction estimated at 659 tCO_2e.

Energy Efficiency through Greater Customer Empowerment

With the myTNB mobile app, customers with smart meters are further empowered to embrace an energy efficiency lifestyle through interactive energy usage alerts, specifically through the Energy Budget feature. This innovative tool is part of a suite of digital solutions designed to guide customers towards a more sustainable and energy efficiency way of living.

From its inception, the Energy Budget programme has achieved amazing traction, with over 287,625 customers enrolling for its benefits. Together, they have made substantial strides towards a cleaner, greener world, contributing to a collective reduction of 114,953,188kWh. This collective effort is equivalent to erasing 80,711 tCO_2e of carbon emissions. Moreover, the aggregated cost savings resulting from energy efficiency management amounted to a total of RM50,537,412.

Adopting Carbon Capture Technologies

In 2023, TNB embarked on exploring the feasibility of CCS through a joint study with PETRONAS to capture, transport and store carbon deep underground in geological formations. We continue to work with industry partners, academic institutions and government agencies to accelerate our ET Plan and achieve our milestones towards Net Zero by 2050.

Nature-Based Solution Through Tree-planting Programme

In 2023, we continued our tree-planting initiative through the My Brighter Green Programme to commemorate TNB's 74th anniversary. This initiative was undertaken across TNB Group, through which we planted 6% more of the targeted 74,000 trees at 42 designated areas across Malaysia (equivalent to 842.28 tCO_2e carbon sequestered).

Exploring Carbon Market Trading

TNB is exploring carbon offsetting for the remaining hard-to-abate emissions with nature-based carbon trading options. This solution is still at the development stage as we strive to implement carbon reduction initiatives first and aggressively invest in promoting RE options and innovative technological solutions before pursuing the carbon trading market option.

OUR PERFORMANCE

We have established climate-related targets as milestones in realising our net zero aspiration:

Revenue from coal generation plants does not exceed	RE capacity	Reduction of Scope 1 emissions intensity	Reduction of coal capacity
25%	**8.3GW***	**35%**	**50%**
of our total revenue starting in 2021	**by 2025, with accelerated RE investment by 2050**	**by 2035 and Net Zero Emissions by 2050, compared to base year 2020**	**by 2035 and 100% by 2050, compared to base year 2020**

* *for assets under operation/construction/development.*

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Our carbon management performance is linked to GHG emissions that are calculated in alignment with the following guidelines and methodologies:

1. The GHG emissions methodologies applied were the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, GHG Protocol and Clean Development Mechanism (CDM)
2. The consolidation of data was based on an equity share approach
3. The GHG emissions were assessed annually for TNB operations in Peninsular Malaysia only

In 2023, we assessed our Scope 3 indirect emissions under Categories 6 (Business Travel) and 7 (Employee Commuting), focusing on our operations in Peninsular Malaysia. Leveraging current data availability and the capacity of TNB's internal monitoring systems, we employed a distance-travelled-based methodology for reporting GHG Scope 3 emissions in Categories 6 (Business Travel) and 7 (Employee Commuting). This approach was aligned with the GHG Protocol Scope 3 Calculation Guidance (2013).

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Energy Consumption							
1	Total energy consumption*	C4 (a)	GJ	840,944 MWh	863,463 MWh	442,044,404	Started in FY2023 as baseline
	Energy consumption intensity	-	GJ/MWh	-	-	6.72	Energy intensity maintained at < 6
GHG Emissions							
2	Scope 1 GHG Emissions	C11 (a)	mil tCO_2e	39.77	38.58	38.92	38.62 mil tCO_2e - 1% reduction from base year 2020
3	Scope 2 GHG Emissions	C11 (b)	mil tCO_2e	0.28	0.32	0.39	0.218 mil tCO_2e - 1% reduction from base year 2020.
4	Scope 3 Category 6: Business Travel	C11 (c)	tCO_2e	-	-	36,853.49	Started in FY2023 as baseline.
5	Scope 3 Category 7: Employee Commuting	C11 (c)	tCO_2e	-	-	63,027.75	Started in FY2023 as baseline.
6	Scope 1 Emission Intensity	-	tCO_2e/MWh	0.54	0.5488	0.5465	5% reduction compared to baseline of FY2020.

* *Past years' data has been reported according to the amount of energy consumption at TNB buildings (MWh). FY2023 data has been reported to align with GRI 302-1: Energy consumption within the organisation, which utilised the formula:*

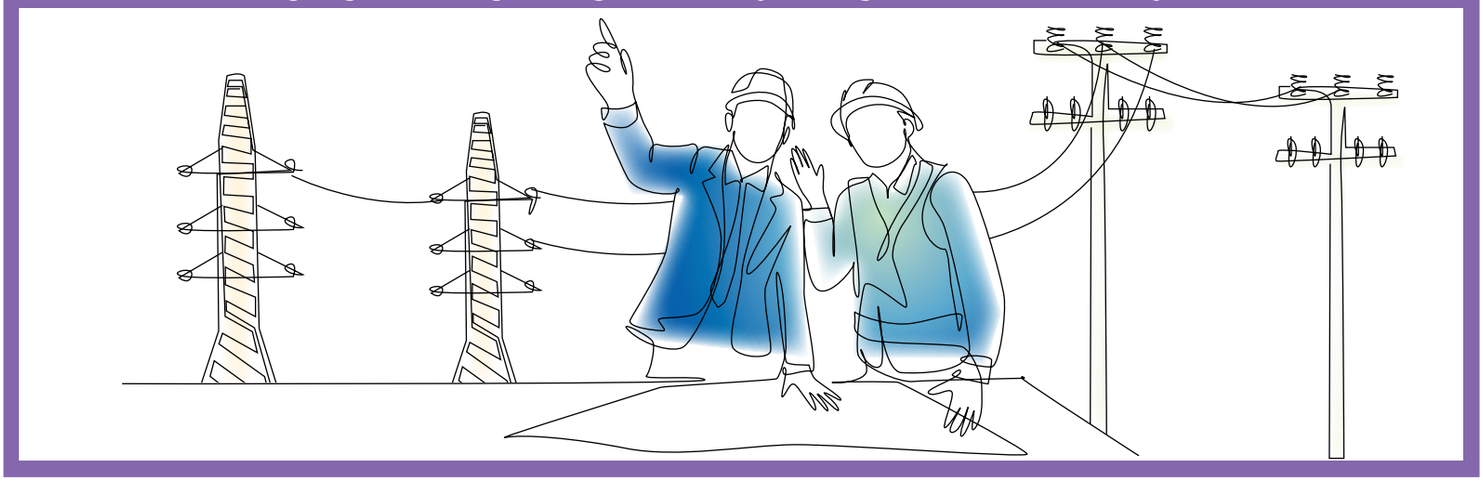
Total energy consumption within the organisation = (Non-renewable fuel + Renewable fuel + Electricity purchased for consumption + Hydro & Solar power generation) - Electricity sold

Energy Intensity = Total Energy Consumption (GJ)/Electricity Sold (MWh).

MM 4

Reliable Energy and Fair Tariff

We are committed to providing secure and reliable electricity to the nation while balancing the energy trilemma of energy security, affordability and sustainability. We work towards diversifying fuel sources, including from renewable sources such as hydro and solar, as we reduce dependency on imported coal. To ensure reliable energy with higher RE penetration to the grid, investments to strengthen, modernise and digitalise the grid and network infrastructure are ongoing to enable greater grid flexibility and regional interconnectivity.



For the country's economic growth and to address socioeconomic challenges towards becoming a developed nation, the Incentive-Based Regulation (IBR) model continues to be upheld together with the regulator, ensuring fair and transparent tariff determination.

MANAGEMENT APPROACH

Ensuring Reliable Supply

In 2023, we maintained world-class grid performance with System Minutes (Transmission) of 0.48 minutes and SAIDI (Distribution) of 46.10 minutes. This was achieved with the implementation of the ISO 55001 Asset Management System, a systematic and structured approach to ensure optimum asset performance throughout the life cycle, such as risk-based preventive maintenance leveraging data analytics. Approximately RM6.0 billion was invested in 2023 to strengthen the grid and ensure the reliability of energy supply.

Our Business Continuity Management (BCM) practices enable a prompt and coordinated response to a crisis, as well as the continuity of essential activities. Annual BCM drills across business entities, in collaboration with external stakeholders such as *Agensi Bencana Negara Malaysia* (NADMA) and *Majlis Keselamatan Negara* (MKN), are conducted to test our crisis response's effectiveness. For example, in 2023, specific business continuity plans were implemented that ensured continuous and reliable supply of electricity during the state elections and the Langkawi International Maritime and Aerospace Exhibition (LIMA). Our BCM was also tested during the monsoon season to ensure public safety and protect our assets for safe and prompt restoration of electricity supply.

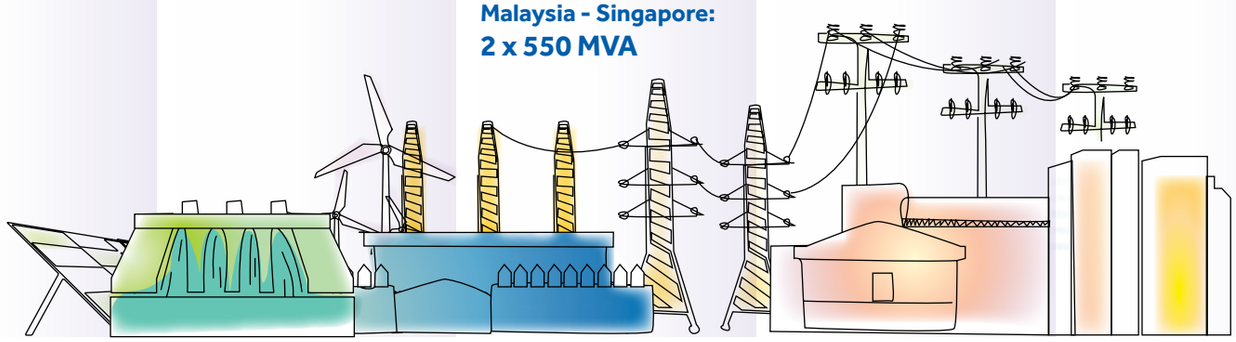
In balancing the energy trilemma in the country, the Generation Development Plan has been developed based on the guiding principle of optimum fuel mix to ensure optimum power security by providing adequate diversification of fuel and resources. TNB's varied generation fuel mix decreases the risk of dependency on a single fuel source and increases energy supply reliability. We work closely with the Ministry of Energy Transition and Water Transformation (PETRA) and the Energy Commission in developing the Peninsular Malaysia Generation Development Plan. Through the Planning and Implementation Committee for Electricity Supply and Tariff, an optimised generation fuel mix for Peninsular Malaysia is determined for secure, affordable and sustainable electricity supply.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Fair and Transparent Tariff Determination

The electricity tariff structure is governed by the Energy Commission based on the IBR framework with built-in incentives to improve our efficiency and for greater tariff transparency to our customers. We are protected against uncontrollable fuel costs with the effective implementation of the Imbalance Cost Pass Through (ICPT) mechanism. The mechanism and cost components in the electricity value chain are described below:

Fuel	Generation	Grid	Distribution Network	Retail
Peninsular Malaysia generation mix: **Coal 58.58%** **Gas 35.08%** **Hydro 4.52%** **Solar 1.61%** **Others 0.22%**	**TNB market share in Peninsular Malaysia (Installed capacity):** **54%** **And remaining are Independent Power Producers (IPP)**	**Length of domestic transmission network:** **26,095km** **Substations:** **485 units** **Interconnection** **Malaysia - Thailand: 380MW** **Malaysia - Singapore: 2 x 550 MVA**	**Length of domestic distribution network:** **741,764km** **Substations:** **87,947 units**	**Total No. of customers in Peninsular Malaysia:** **10,161,957 customers** **Units sold:** **122,698.8GWh** **Rooftop solar:** **340.7MWp**



In 2023, we continued to implement the strategies and initiatives in Regulatory Period 3 (RP3), which spans from 2021 to 2024. We are committed to safeguarding this regime through the next RP with additional strategies to accelerate the nation's ET journey.

Bolstering Regulatory Engagement

We continue to regularly engage with regulatory stakeholders. Testament to our effective engagement are the Regulatory Relationship Strength Index (RRSI) scores that measure stakeholders' trust in TNB.

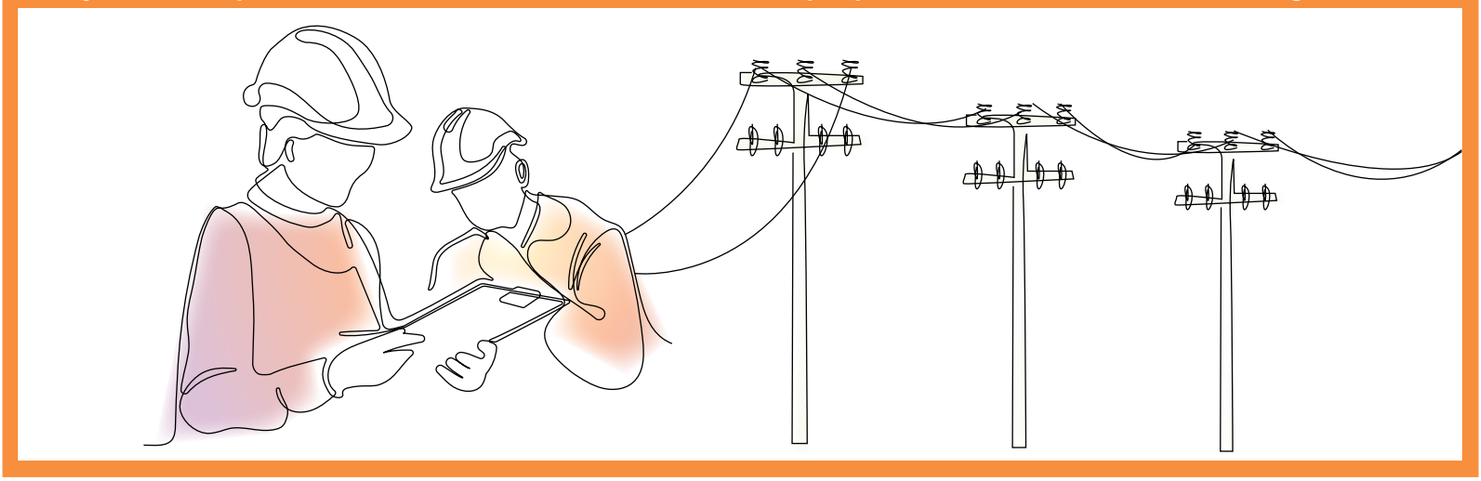
OUR PERFORMANCE

None of the Bursa 22 indicators relate to MM4.

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
1	SAIDI	-	Minutes	45.25	45.06	46.10	< 50.0
2	System Minutes	-	Minutes	0.09	0.17	0.48	< 2.0
3	Regulatory Relationship Strength Index (RRSI)	-	%	87%	85%	92%	> 87%

MM 5 Safety, Health and Well-being

Safeguarding the lives of both our employees and contractors through robust occupational safety and health systems as well as best practices is one of our top priorities. We strongly advocate and enforce stringent safety standards to prevent the occurrence of work-related injuries and illnesses to ensure the safety and long-term well-being of our workforce. We focus on stringent safety performance and continuous efforts to elevate our safety culture to prevent the loss of lives and ensure that our people are well cared for while working at TNB.



We aspire to achieve zero accidents by developing a generative Health, Safety and Environment (HSE) culture. We strongly advocate and implement rigorous safety standards to achieve our target of zero fatalities at the workplace and to maintain our Lost-Time Injury Frequency Rate (LTIFR) below 1.0.

MANAGEMENT APPROACH

Health, Safety and Environmental Management System (HSEMS)

We are guided by the TNB Occupational Safety and Health (OSH) Policy. Our TNB OSH Policy, among others, emphasises our commitment to complying with all applicable acts, regulations and other requirements, including the Occupational Safety and Health Act 1994, Electricity Supply Act 1990, Factory and Machinery Act 1967 and Fire Services Act 1988, as well as licence conditions as regulated by the Energy Commission. The TNB OSH Policy is implemented through our Health, Safety and Environment Management System (HSEMS), which is cascaded across the Group. Annual HSE Corporate Audits are conducted to measure compliance and provide assurance.

Life Saving Rules

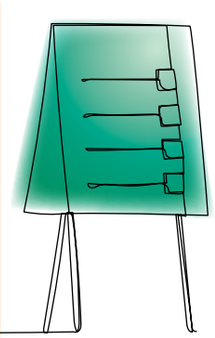
We have implemented six (6) Life Saving Rules (LSR) with the primary objective of preventing serious accidents that could result in fatalities among employees and contractors. In 2023, the LSR consequence management process was enhanced with the inclusion of human factor assessment.

Core Rules

- **LSR 1:** Isolate, earth and test before touch
- **LSR 2:** Valid permit to work mandatory
- **LSR 3:** Wear Arc Flash Suit when switching

Supplementary Rules

- **LSR 4:** Use fall protection
- **LSR 5:** Obtain authorisation before entering confined space
- **LSR 6:** Caution. Suspended load



SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Stop Work Intervention

In 2023, the TNB Stop Work Policy and *Intervensi Stop Work* (ISW) guidelines were fully implemented. These authorise employees and contractors to perform stop work intervention upon encountering any unsafe conditions or observing unsafe acts at the workplace.

Occupational Health

We continue to prioritise occupational health (OH) programmes that focus on Noise, Ergonomic and Chemical Management. In 2023, TNB actively participated in the Department of Occupational Safety and Health's Systematic OH Enhancement Level Programme to drive occupational health compliance in our business operations. This programme elevates occupational health among our employees. In 2023, the number of instances of occupational diseases reduced to ten (10) confirmed cases.

No. of Occupational Disease

Tenaga Safety Culture

The Tenaga Safety Culture programme aims to inculcate safety as an integral part of everyday working culture, transforming it from a mere compliance activity. The programme is rooted in our four (4) core behaviours: "Assess", "Comply", "Intervene" and "Actively Caring". Various initiatives have been rolled out to foster these core behaviours among all employees. Notably, a holistic approach, including spiritual considerations, has been embraced to align good safety practices with relevant religious teachings.

We continue to implement the *Nampak, Dengar & Rasa Selamat* (NDRS) programme to reinforce a strong HSE culture among all employees. The NDRS programme encourages employees to be sensitive to their surroundings, evaluate potential health and safety risks, comply with HSE requirements, and take proactive action to prevent risks from materialising. The NDRS framework focuses on three (3) elements - engineering, education and enforcement - and is supported by a consequence management process that rewards positive behaviour, encourages good practices and addresses non-compliance appropriately.

Best HSE practices are recognised annually with awards to business operations and individuals who have instilled a rigorous safety culture. In 2023, 11 business operations and 45 individuals were awarded.

The biennial TNB safety culture assessment was conducted using the "Hearts and Minds safety culture toolkit" methodology of the Energy Institute in the United Kingdom and showcased the progression of our safety culture to "Proactive", from a score of 4.02 in 2021 to 4.16 in 2023.

Health and Safety Training

We uphold a steadfast dedication to employee development in the area of health and safety practices and culture. In 2023, a total of 154,204 hours of health- and safety-related training for 14,014 employees were completed - a consistent increase from 2021 - to ensure our workforce is equipped with the necessary health and safety skills and knowledge.

Health and Safety Training Hours

Digitalisation as an Enabler

We leverage digitalisation to manage and centralise HSE data with the progressive rollout of modules for the holistic implementation of our eHSE online system. The TNB Safety Information System captures reports of incidents and near misses, and incidents are investigated to identify corrective and preventive actions to prevent recurrence. The HSE Wallet mobile application enables employees to record potential incidents, stop work intervention occurrences and good safety and health practices across the Group. These digitalised platforms further inculcate our TNB Safety Culture.

Total Wellness

We place high importance on employee wellness. The TNB Total Wellness Programme aims to educate and influence employees towards a healthy lifestyle and work-life balance. The "Vibrant Living - Healthier. Together" initiative focuses on six (6) scopes, which are a healthy diet, no smoking/vaping, leading an active lifestyle, weight management, yearly basic health screening and mental well-being. "Wellness Wednesday" health talks and awareness sessions are conducted online weekly, and open to all employees and retirees to increase awareness on common health issues and encourage healthier habits.

Three (3) *Klinik* TNB, located in TNB Platinum, Bangsar, DuaSentral, Kuala Lumpur and Janamanjung, Perak, have been operationalised to provide safe, effective and reliable medical care to our members (employees, retirees and their respective dependents). 1,276 panel hospitals and clinics are also available nationwide for easy accessibility to essential medical treatment and healthcare. In 2023, a new initiative, namely the Medication Delivery Service, was introduced to provide our members with a safe, reliable and cost-effective supply of long-term chronic medications through the *Klinik* TNB. In 2023, a total of 18,922 medication packages were delivered throughout Peninsular Malaysia.

Health and Safety Performance

In 2023, there were zero fatalities related to electrical accidents as compared to 2022 and 2021. However, we regretfully recorded four (4) non-electrical accident fatalities involving three (3) employees and one contractor resulting from motor vehicle accidents and hornet stings. We treat each incident with the utmost attention with thorough investigations and detailed analysis for corrective and preventive interventions at operations, Management and Board levels.

Following a fatality, immediate Stand Downs are implemented across the Group, led by Management, to alert our employees and contractors to prevent an occurrence of a similar nature. Incident Alert bulletins are disseminated to all employees to share immediate precautionary measures, while *Iktibar Insiden* bulletins are issued to share valuable lessons learnt from these unfortunate accidents.

Our LTIFR demonstrated a substantial 33% reduction in 2023 (LTIFR = 0.74) compared to 2021 (LTIFR = 1.03), a consistent improvement since 2018. This signified that there was less time lost resulting from work-related injuries.

LTIFR Trending from 2021 to 2023

Note:
Total man-hours do not take into account paid vacations, paid sick leave and state public holidays.

OUR PERFORMANCE

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Health and Safety							
1	Number of work- related fatalities	C5(a)	Number	8	2	4	Zero fatalities
	Employees			2	0	3	
	Contractors			6	2	1	
2	Lost time incident rate*	C5(b)	Per million man- hours	1.03	0.82	0.74	< 1.0
3	Number of employees trained on health and safety standards**	C5(c)	Number	5,943	18,986	14,014	20% increase in 2024 from 2023

* *Revised methodology for LTIR calculation to align with the GRI 403-9 definition.*
** *FY2023 data has been reported based on Health and Safety training categories. Past years' data has been reported for Health, Safety and Environment training categories.*

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

MM 6

Environmental Management

At TNB, our dedication to responsible environmental management resonates through tangible actions and ongoing initiatives, particularly in the areas of emissions, biodiversity, waste management and water management. The Board and Management have set a clear tone regarding environmental management for the preservation and conservation of natural resources, which is reflected in the TNB Environmental Policy. Our core businesses are ISO 14001:2015 compliant in Environmental Management System and we are guided by the TNB Health, Safety and Environmental Management System, which outlines environmental risk identification and control requirements.

In 2023, we enhanced our TNB Environmental Policy from compliance-based towards meeting our sustainability goals. The revised policy addresses gaps identified from environmental best practices with enhancements that focus on the reduction of GHG and toxic emissions arising from business operations, optimising utilisation of natural resources through effective conservation and preservation of water and biodiversity management, and protection of the environmental ecosystem through effective circular economy and proactive prevention of waste and pollution.

MANAGEMENT APPROACH

Management of Toxic Emissions

Beyond carbon dioxide (CO_2), the combustion of fossil fuels may yield other pollutants such as carbon monoxide (CO), nitrogen dioxide (NO_2), sulfur dioxide (SO_2) and particulate matter (PM) that potentially have long-term impacts on both the environment and health. We vigilantly monitor and curtail emissions of SO_2, NO_2, CO and PM in accordance with the Environmental Quality (Clean Air) Regulation (CAR) 2014. Annual declaration of toxic emissions is submitted to the Department of Environment and any deviation is reported within 24 hours with rectification measures.

We leverage a range of advanced technologies and practices to optimise fuel mix and maintain the effectiveness of emissions control facilities, such as:

1. Flue Gas Desulphurisation (FGD) implemented at TNB Janamanjung and Jimah East Power (JEP) to reduce SO_2 emissions
2. Electrostatic Precipitator (ESP) implemented at TNB Janamanjung and JEP for the removal of harmful particulate matter
3. Low NO_x burners implemented at TNB gas plants to curtail NO_2 emissions

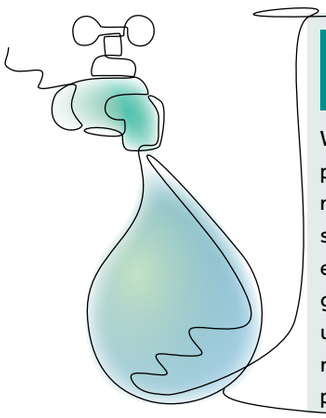
Refer to MM3 (Climate Change and Emissions) for initiatives related to emissions, pages 72-74.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Water Management

We are prudent in utilising and managing water consumption. In 2023, we continued to leverage digitalisation by introducing the TNB Water Management Inventory online system to track and monitor water consumption at our assets to progressively enhance data collection.

In power generation operations 80% of water consumption is used for steam generation and power plant cooling systems. All our generating power assets are built and operated in accordance with global World Bank Environmental and Social Standards.



Closed-loop water usage for steam generation

Water usage in our closed-loop steam generation process is relatively small, 1.87% to 3.08%, minimising our reliance on municipal water sources. Power plants continue to operate efficiently using the closed-loop steam generation processes efficiently to reduce water usage percentage through water treatment measures, blowdown minimisation and leak prevention

Water usage for power plant cooling system

Our cooling process, facilitated through the open circuit Main Cooling Water system, operates efficiently by utilising seawater or river water and subsequently discharging it back into the sea or the river at the regulated operating temperature. This ensures zero net water consumption while adhering to global water conservation standards set forth by the Electric Power Research Institute. Key parameters such as pH, temperature, oil and grease, total suspended solids, and specific contaminants like heavy metals are measured to ensure compliance

The Wastewater Treatment Plant employs sedimentation, filtration and chemical processes to eliminate pollutants. The Environmental Management System (ISO 14001) guides monitoring to ensure compliance with Environmental Quality (Industrial Effluent) Regulations 2009. While most plants adhere to Standard B limits, Sultan Ibrahim Power Plant (SPG) complies with the more stringent Standard A limit.

We continue to implement other water reduction initiatives for power generation processes as follows:

1. Boiler combustion tuning for our coal-fired boilers and gas turbine tuning to optimise water circulation ratio and feed water consumption when consuming fuel of diverse quality
2. Continuous upgrade of high-pressure valve materials to sustain continuous operation at zero leak and passing conditions
3. Periodical inspection of condensers using both online and offline methods to identify and reduce condenser tube leak incidents
4. Pre-emptive thermography and thermal scanning before planned outages to correctly identify and replace leaking valves
5. Improving feed water heaters and economiser temperatures by reducing spray water cooling upstream of the condenser neck

Rainwater Harvesting

We have embraced rainwater harvesting at TNB buildings for landscape irrigation and gardening which translates into a reduction of municipal water usage. This initiative is implemented at TNB Platinum Towers, Leo Moggie Convention Centre and Balai Islam, Bangsar. In total, the rainwater harvesting system has a holding capacity of 308,500 litres. In our pursuit of sustainable practices, we have implemented the rainwater harvesting system at TNB Sepang Solar and TNB Bukit Selambau Solar, which currently hold capacities of 24,000 litres and 1,000 litres respectively.

Waste Management

We are committed to effectively managing waste to reduce the adverse effects on human health and the environment. Hazardous and non-hazardous waste are two (2) primary types of waste generated in TNB, each demanding distinct handling and disposal strategies.

Hazardous Waste

Our hazardous waste handling and disposal process is regulated by the Department of Environment (DOE) and governed by the Environmental Quality Act 1974. Our Scheduled Waste Roadmap 2018-2030 aims to strengthen hazardous waste management with a phased approach involving all employees and key stakeholders.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

TNB Scheduled Waste Roadmap 2018-2030

Strengthening Hazardous Waste Management

SUSTAINABLE DEVELOPMENT GOALS

2018
- Development of SW Guidelines
- Competencies building via CePSWaM

2020
- Internal audit and inspection on SW management in TNB
- SW Baseline data Reporting

2022
- Establishment E-Waste management Circular
- Strategic engagement with DOE on E-Waste programmes

2024
- SW Thematic Area: Fly ash
- Launching on SW Management System (SWAM)

2026
- Increase E-Waste collection rate by 15% from 2025
- TNB SW Roadmap Performance Review

2028
- TNB as an E-Waste collection centre
- Continuous CePSWAM capabilities training

2030
- TNB SW Roadmap Performance Review
- Increase TNB SW Recycle Rate by 50%
- Zero NCL on SW

PHASE 1 PHASE 2 PHASE 3

- Competencies and Capabilities Building on Scheduled Waste Management
- Intensify the compliance of scheduled waste management through SMART enforcement and self-regulation approach
- Communication, Education and Employee Awareness (CEEA) on scheduled waste management
- Strengthening 4R principle (Reuse, Reduce, Recycle & Recover) and Safe Disposal Method for Scheduled Waste

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

2019
- Establishment of SW Guidelines

2021
- Establishment of TNB PCB Eradication Plan
- Establish Self Visual Report in Scheduled Waste Management

2023
- Development of E-Waste inventory reporting system (E-WI)
- SW Thematic Area: Clinical waste management at TNB clinics/ dispensaries
- Setting up SW War Room
- Benchmarking visit with other company on SW management

2025
- Increase TNB SW Recycle Rate by 30%
- Increase E-Waste collection rate by 10% from 2024
- TNB PCB Free

2027
- TNB SW Roadmap Performance Review
- Increase TNB SW Recycle Rate by 40%
- Increase E-Waste collection rate by 20% by 2026

2029
- Increase TNB SW Recycle Rate by 45%
- Increase E-Waste collection rate by 30% from 2028

Abbreviation:
SW: Scheduled Waste
CePSWaM: Certified Environmental Professional in Scheduled Waste Management
PCB:Polychlorinated Biphenyl
E-Waste: electrical and electronic waste
NCL: Notice, Compound, Lawsuit
DOE: Department of Environment

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

We continue to record, track and report scheduled waste generated by TNB operations in the Electronic Scheduled Waste Information System. In 2023, scheduled waste was further categorised as "diverted from disposal" and "directed to disposal". This categorisation helps us to understand our waste usage patterns to enable informed waste reduction strategies. The Electronic Waste Inventory System was introduced in 2023 as a tool to record, track and report electronic waste generated from TNB offices for a more holistic monitoring of e-waste management.

Non-Hazardous Waste

Our management of non-hazardous waste is regulated by the *Jabatan Pengurusan Sisa Pepejal Negara* and governed by the Solid Waste and Public Cleansing Management Act 2007 (Act 672). We are taking a phased approach towards improving our non-hazardous waste management.

In 2023, the Tenaga Solid Waste Inventory (TESWI) was established to kick-start our non-hazardous waste data collection. TESWI enables business operations to collect data and monitor solid waste generation to promote waste separation and encourage recycling practices.

Biodiversity Management

We implement preventive and rehabilitative measures to reduce our impact on local biodiversity, including minimising our operations in areas of high biodiversity value. We carry out Environmental Impact Assessments in compliance with the DOE requirements prior to project implementation and follow through with initiatives to ensure biodiversity protection.

Our biodiversity assessments are guided by the International Union for Conservation of Nature guidelines, aiming to protect the surrounding ecosystems of where we operate. Following are examples of biodiversity management projects undertaken:

Site	Project Description	Initiative
Nenggiri Hydroelectric Project	Implementation of a Wildlife Management Plan to ensure project development takes place with minimised impacts on the surrounding environment (biodiversity populations)	Published a Wildlife Management Plan with in consultation from with *Jabatan Perlindungan Hidupan Liar & Taman Negara* that outlines implementation steps in monitoring and managing wildlife. Environmental education and awareness programmes.
	Archaeological exploration and artifact excavation in collaboration with *Jabatan Warisan Negara* and *UKM Pakarunding Sdn. Bhd.*	Heritage Impact Assessment (HIA) is conducted as part of the overall Nenggiri's HEP Environmental Impact Assessment (EIA). HIA includes archaeological exploration and artifacts excavation in accordance with the National Heritage Act 2005 (Act 645). This effort helps to safeguard and restore invaluable national heritage and archaeological findings. Mitigating measures at the impacted archaeological sites are ongoing.
Fish Sanctuary AKEKCHEP, Sungai Tiang, Taman Negeri Royal Belum, Gerik, Perak	Biodiversity and Conservation conservation efforts in Belum Lama and Sungai Tiang areas	AKEKCHEP Sanctuary was established and launched by DYAM Raja Di-Hilir Perak. The word "akekchep" originates from the language of the Orang Asli Jahai whereby "akek" means "prohibited" and "chep" means "fish/catch".
Bukit Selambau Large-Scale Solar (LSS) Plant	Pilot study on the management and mitigation of human-macaque conflicts impacting the LSS operations	Outlining and implementing effective mitigation measures to control human-macaque conflicts. A macaque management plan was jointly published with *Jabatan PERHILITAN* as a future reference for conflict managment.
Hydro Lake Sultan Abu Bakar Cameron Highlands	Mitigation of sediment deposits and habitat rehabilitation and restoration	Collaboration with the Pahang State Forestry Department to rehabilitate the disposal area with suitable tree species and soil treatment and routine practices to enhance tree growth.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Site	Project Description	Initiative
Hulu Terengganu and Ulu Jelai Hydroelectric Stations, Terengganu	Annual ecology monitoring and assessment of changes in aquatic life population	Annual assessment of aquatic populations at hydroelectric stations to monitor environmental performance and make observations of ecological changes.
Bersia-Kenering, Perak and Kenyir Terengganu (transmission line and *Pencawang Masuk Utama* (PMU) development)	EIA study for project development	Baseline assessment prior to project development to understand existing environmental conditions and to assess impact prediction due to project development, and mitigation measures based on identified impacts.
Transmission lines	Deforestation control	Implementation of the Tree Hyperspectral Identification System via artificial intelligence and drone technology to ensure the route selection of proposed transmission lines avoids sensitive and/or endangered species in compliance with the Malaysian Forestry Department's blueprint. In the effort to preserve the Tampik River, a tourist destination in Janda Baik, Grid Division utilised helicopters for the transportation of equipment and materials during the construction of ten (10) transmission towers in the area. Through these efforts, the risk of environmental damage was significantly minimised, preserving 25 acres of forest land.

In 2023, RM3.386 million was spent on biodiversity assessment projects.

OUR PERFORMANCE

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Water and Waste Management							
1	Total volume of water used*	C9(a)	megalitres	8,431	10,531	10,096	2% reduction in water used in buildings
2	**Total waste generated, and a breakdown of the following:	C10(a)	metric tonnes	47,829	74,150	929,123	30% recycling rate of hazardous waste by 2025
	(i) total waste diverted from disposal	C10(a)(i)	Metric Tonnes	-	-	440,595	
	(ii) total waste directed to disposal	C10(a)(ii)	Metric Tonnes	-	-	488,528	

* *FY2023 data was revised using a new methodology aligning with GRI 303-5 using the following formula:*

Water consumption = Total water withdrawal - Total water discharge

i. For water consumption indicators, seawater used in power plant cooling systems is excluded, as it is returned in full to the nature receptors without substantial changes in quality apart from a slight increase in temperature, subject to authorisation and continuous controls to guarantee the absence of measurable impacts on exposed ecosystems.
ii. Total water withdrawal is the sum of the various water resources obtained by direct measurement (flowmeters) or by estimating the output of the water withdrawal pumps. In TNB, most of the water withdrawn is used in cooling processes, especially in power generation. The rest of the water withdrawn corresponds to other auxiliary services of the generation plants and consumption at offices.
iii. Total water discharge data is obtained from the power plant's water treatment facilities prior to discharge in full to natural receptors.

** *Hazardous waste only. The revised methodology used for FY2023 data includes fly ash from coal power plants and e-waste from offices. The target declared is aligned with the DOE target under Pelan Strategik Jabatan Alam Sekitar, Malaysia (Teras 1: Penguatkuasaan Pintar). The recycling rate refers to the total waste diverted from landfills.*

MM 7 Customer Experience and Satisfaction

It is our pride and our privilege to serve our diverse range of customers with quality products and services, while continuously finding ways to enhance the customer experience. In recent years, we have also sought to empower our customers with smarter and greener solutions.

Our annual Customer Satisfaction Index (CSI) is the primary platform for gauging how happy our customers are with our service delivery and solutions. Several aspects are included in the assessment, such as TNB's reputation, branding, reliability of electricity supply, and energy efficiency, as well as the customer service experience. In 2023, we achieved a high CSI score of 88%, maintaining a score of more than 85% for three (3) consecutive years.

MANAGEMENT APPROACH

Strengthening Customer Experience

While we operate through four (4) primary communication channels: Click, Call, Come Over, and Go Over, our Click channel has witnessed continual growth over the years with 6.7 million subscribers to the myTNB platform, constituting over 66% of our customer base. We continue to provide appointments for customers who prefer face-to-face transactions at our *Kedai Tenaga*.

Digitalising Customer Services

In line with our commitment to digital transformation, we consistently expand the range of services available on our digital customer platforms to meet evolving customer needs and expectations, such as:

1. Digital billing for customers who opt for e-bills instead of printed bills, contributing to environmental friendliness. By the end of 2023, we have over 1.02 million customers receiving digital bills
2. User-friendly digital billing layout to ease customer understanding and aid navigation across various information related to the customer's energy consumption and cost
3. The myTNB Energy Budget feature empowers smart meter users to efficiently regulate their electricity usage by establishing threshold alerts. By the end of 2023, approximately 287,625 customers had subscribed to the Energy Budget facility. As a result, these customers have collectively reduced their electricity consumption by 86,935MWh, which is equivalent to about 60,856 tonnes of CO_2 emissions avoidance

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Safeguarding Customer Privacy

We are unwavering in our dedication to ensure the privacy and security of our customers' data. Our cybersecurity measures are outlined in the TNB Cyber Security Operation Model that are aligned with regulatory requirements such as the Personal Data Protection Act (PDPA) and adhere to industry standards like the Payment Card Industry Data Security Standard.

Refer to MM10 (Cybersecurity Management), pages 100-101.

Facilitating Customers' ET Journey Through Dynamic Energy Solutions

We believe that customers play an important role in Malaysia's ET journey. We provide opportunities to customers to make informed choices on RE and EE such as:

Feed in Tariff (FiT)	Net Energy Metering (NEM)	Green Electricity Tariff (GET)	Rooftop Solar PV (GSPARX)	Supply Agreement for Renewable Energy (SARE)
Customers in the FiT programme export RE produced to the national grid at a fixed price. In 2023, 9,475 new FiT projects were commissioned with a total installed capacity of 585.97MW	Customers export excess energy produced from their solar PV systems to the national grid. To date, cumulatively around 24,664 NEM participants make up a total installed capacity of 970.5MW	GET is a government initiative offering customers to choose their electricity sources from RE to reduce their carbon footprint. In FY2023, 2,753 customers subscribed to GET with a total annual consumption of 4,181MWh	GSPARX enables customers to install solar PV without any upfront costs, allowing customers to realise savings through self-consumption. In FY2023, 442 new contracts were secured by commercial and industrial customers through SARE with a total contracted capacity of 144MWp	SARE is a tripartite agreement between the asset owner, TNB as the billing agent and the customer. It allows customers to enjoy solar energy generated by the solar PV system installed at their premises without the need to pay for the system

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Enhancing Customer Satisfaction

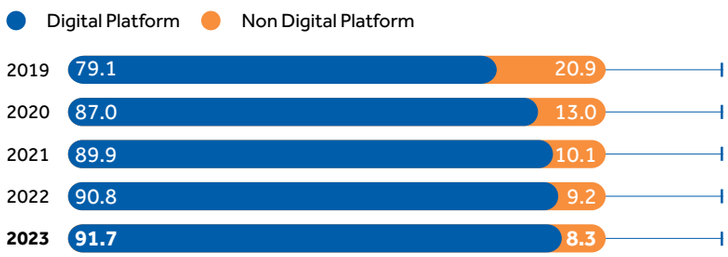
In 2023, we recorded a Customer Satisfaction Index (CSI) score of 88% and an overall Customer Experience Index (CEI) score of 95%. The CEI data provides insights into customer satisfaction and their experiences across various digital and on-site customer service platforms. We also registered an increase in customer interaction through our digital platforms such as the myTNB app, from 90.8% in 2022 to 91.7%. Through these interactions, we achieved an impressive 90.59% score (5-star rating).

Our customers are provided with multiple platforms, such as TNB Careline's official Facebook page and one-stop call management centre (15454), to channel their suggestions, requests, complaints and questions. We are committed to responding to all feedback and recorded a 99.7% resolution rate in 2023, in accordance with the Minimum Service Level regulated by the Energy Commission.

CSI (%)

CEI (%)

Customer Interaction Channels (Digital/Non-Digital) (%)



Number of Customers Subscribed to myTNB

OUR PERFORMANCE

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Customer Experience and Satisfaction							
1	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	C8(a)	number	-	-	0	Zero complaints
2	Subscription to myTNB apps	-	number	5.6mil	6.3mil	6.7mil	70% of total TNB customers in 2024
3	Rooftop solar	-	MWp	22	45	105	120 - 150MWp installation in 2024
4	CSI	-	%	87%	87%	88%	85 - 88%

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

MM 8

Community Development and Human Rights

We believe in building the nation through reliable and affordable electricity, and contributions that engage and develop the community. We aspire to drive progress and bring positive impact to the community through various corporate responsibility programmes by allocating 1% of our Profit After Tax towards these programmes. We are committed to community development in line with our tagline "Better World. Brighter Lives." by brightening lives in Malaysia and beyond.

As a key enabler of Malaysia's ET, we strive towards a just and inclusive transition for everyone concerned, leaving no one behind.

MANAGEMENT APPROACH

In 2023, TNB invested over RM99 million towards community programmes, strategically allocated across four (4) key focus areas, namely Social, Education, Sports and Environment. This dedicated funding highlights our commitment to positively impacting communities and meeting their specific needs.

SOCIAL

Home For the Needy

We actively engage in supporting livelihoods and elevating the economic and social quality of life for individuals within our communities. In 2023, we continued to refurbish and build new homes for underprivileged families amounting to RM0.2 million through our Homes for the Needy programme.

Rural Electrification Programme

Through the Rural Electrification Programme *(Bekalan Elektrik Luar Bandar - BELB)* carried out in collaboration with the Ministry of Rural and Regional Development, TNB facilitates electricity access in rural regions, encompassing villages and Indigenous People settlements situated beyond the operational reach of local authorities. Where feasible, we integrate these areas into our grid lines. In instances where settlements are too remote for grid line connection, we deploy off-grid solutions, including solar hybrids, generator sets and mini-hydro systems. In 2023, we enhanced the connectivity to remote villages, demonstrating our ongoing commitment to extending power infrastructure to underserved areas.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

SOCIAL

Village Street Lighting Programme

In 2002, the government initiated the Village Street Lighting programme, aiming to illuminate public areas in remote villages, enhancing community safety during the night. In 2023, a total of 219 units of village streetlights were successfully installed with a total cost of RM401,000.

Engaging Indigenous People

We actively engage with the Orang Asli communities who live near our operation sites with initiatives aiming at improving their well-being and socioeconomic conditions. For accessible education, TNB has set up a scholarship fund for underprivileged Orang Asli children, providing them with the opportunity to pursue their academic and career goals, and improving the standards of living of the recipients and their families in the long run.

Various engagement activities and socioeconomic resilience programmes were also conducted to foster community cohesion and well-being. At Pos Tohoi and Pos Pulat, Kelantan, for example, the following activities were carried out in 2023:

- Briefing the *Jawatankuasa Pembangunan dan Keselamatan Kampung Orang Asli* (JPKKOA) on the compensation package, which includes compensation for loss of trees and structures
- Engagement with community representatives, Non-Governmental Organisations, The Human Rights Commission of Malaysia (SUHAKAM) and government agencies on the draft of the Formal Stakeholder Acceptance Document
- Social Resilience Programme on Youth Empowerment *Bimbing Anak Komuniti Temiar* (BAKTe) with *Sekolah Menengah Sains Gua Musang, Sekolah Kebangsaan Pos Pulat* and *Sekolah Kebangsaan Pos Tohoi*
- Pilot chilli farming programme at Pos Pulat
- Construction of a temporary jetty at Pos Pulat for land fishermen
- Donation of freezer chests for the use of land fishermen
- Implementation of Phase 4 of the Small House Repair Programme
- Distribution of clothes and *Ramadan* food packs
- Gotong-royong activities and *Hari Raya Aidilfitri* celebration
- Football match
- Donation of laptops and printers to JPPKOA

At our Nenggiri Hydro Project site, we carried out a resettlement programme for approximately 300 impacted Orang Asli households. The resettlement programme supports income restoration and upliftment with provision of land for rubber and fruit plantation. Training programmes for upskilling and re-skilling are also provided to increase productivity and employability. At the same time, the resettlement programme provided housing of approximately 800 square feet for each household. The housing area is equipped with infrastructure and amenities such as healthcare centre, clean water supplies and school.

Education

We continue to uplift communities by fostering accessible and high-quality educational opportunities. Our commitment is exemplified by our initiatives aimed at transforming lives, not only of individuals but also of families and future generations, through education.

Malaysia Energy Literacy Programme (MELP)

As a key enabler of Malaysia's ET, we believe that public education is key to a successful and inclusive energy transition. To this end, we promote energy awareness through the MELP in collaboration with the ministry, its agencies and the regulator. The MELP aims to increase awareness of balancing the energy trilemma, build critical mass support in driving energy sustainability and expand an energy-literate society.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

SOCIAL

PINTAR School Adoption and *Program Ceria ke Sekolah*

In 2023, our contributions to Pintar School and *Program Ceria ke Sekolah* programmes amounted to RM815,000. The Pintar School programme assists selected schools through initiatives such as motivational camps, tuition classes, examination seminars and workshops, and sports training. Additionally, TNB organises the *Program Ceria ke Sekolah* to provide primary school students from low-income families with adequate school supplies such as school uniform, pants, and headscarves, school bags and shoes. In 2023, we contributed RM0.5 million to this programme which benefited to 2,500 students.

Yayasan Tenaga Nasional (YTN)

We continue to sponsor at the higher education level, both locally and abroad, in the form of scholarships and convertible loans for students through YTN. In 2023, we contributed more than RM70 million to 3,397 students for their higher education, particularly those in the B40 group through the Dermasiswa My Brighter Future (MyBF) programme.

The MyBF programme, which has been in place since 2018, has provided educational assistance to less fortunate students from B40 families to improve their standard of living for a brighter future.

YTN also provides development programmes for *Sijil Pelajaran Malaysia* (SPM) and pre-SPM students through exam preparation programmes in Peninsular Malaysia and Sabah. In 2023, a total of 290 students participated in the programme, which included 110 students from the B40 group in Sabah, in collaboration with Universiti Malaysia Sabah. This programme also fosters the mindset of giving back to the community among the sponsored students.

Universiti Tenaga Nasional (UNITEN) - The Energy University

We continue to provide accessibility to quality education through our investment in UNITEN - The Energy University, which produces highly employable graduates at a 96.8% employability rate. Our two (2) university campuses at Putrajaya and Bandar Muadzam Shah, Pahang, increase accessibility for higher education to all communities.

In 2023, a total of 700 students participated in digital and flexible learning platforms such as Massive Open Online Courses, Open Learning and TagYard, as an alternative to conventional face-to-face teaching and learning experiences.

UNITEN also provides financial support to deserving students through scholarships and convertible loans. In 2023, 2,706 students received a total sum of RM10.8 million.

TNB Integrated Learning Solutions Sdn. Bhd. (ILSAS)

ILSAS is a premier training institution for professionals in the wider power and utility industry and is the training institute for TNB. All technical capability development programmes conducted by ILSAS are in line with the requirements of the Malaysian standards. The training modules in ILSAS are also accredited by City & Guilds UK (for technical programmes), and the Institute of Leadership and Management (ILM) UK (for leadership and management training modules). ILSAS continues enhancing its strength by following its strategy, objectives and initiatives, delivering diverse training and education that impacts the economy, environment and people in various ways. ILSAS conducts the yearly ILSAS International Conference on Learning and Development (ICLAD). In November 2023, ILSAS held ICLAD23 with the theme "Building Resilience: People's Capability Development in the Face of Change". The conference contributed to the overall organisational culture, emphasising the importance of Environmental, Social and Governance (ESG) adoption for growth at all levels.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

SOCIAL

Sports

TNB's commitment to hockey development is a driving force behind Malaysia's success. Since the 1970s, TNB has been synonymous with the sport, leaving an indelible mark on the growth of hockey in Malaysia, including producing many world-class national players. We foster national hockey development through the TNB Thunderbolts programme, which is aimed at developing and nurturing high-potential youth hockey players, between the ages of 13 and 17, to become future stars in the game. In 2023, our contributions to hockey development amounted to RM5.6 million. TNB employees who were former national hockey players volunteered to coach promising students from selected local schools. Coaching programmes such as the *Pembangunan Klinik Hoki Remaja Negara* and *Kem Bakat Hoki 2023* were conducted with selected schools and clubs in Perak, Perlis and Pulau Pinang, in which around 70 teachers and more than 100 students participated.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

ENVIRONMENT

In 2023, our contributions to environmentally related corporate responsibility programmes amounted to RM1.48 million, reflecting our commitment to fostering eco-friendly practices, biodiversity conservation and community involvement in environmental stewardship. We aim to create a lasting positive impact on the ecosystems and communities we serve, contributing to a healthier and more sustainable future.

My Brighter Green Programme

One highly effective method of conserving the environment is tree planting, a simple yet impactful action that creates awareness and contributes significantly to reducing the accumulation of greenhouse gases. In 2023, we continued in our tree-planting endeavour through the My Brighter Green Programme, in conjunction with TNB's 74th anniversary. This initiative spanned the entirety of the TNB Group, with over 74,000 trees strategically planted across 42 designated areas throughout Malaysia in FY2023.

Furthermore, in 2023, TNB actively participated in cleaning activities at local beaches, such as Pantai Desaru, Johor Bahru. This effort was conducted in collaboration with the Department of Environment (DOE) underscoring TNB's dedication to environmental stewardship and community partnership.

Additionally, Grid Division collaborated with the Malaysia Nature Society (MNS) and Bentong Forestry Department on a tree planting programme at Janda Baik, Pahang in October 2023, spanning across three (3) acres of forest land. We also partner with other key stakeholders such as the *Sahabat Alam Sungai Tampik* NGO, Forest Research Institute Malaysia (FRIM), State Forestry Departments, UiTM Shah Alam and TNB Research Sdn. Bhd. on initiatives aimed at preserving forests and protecting endangered tree species.

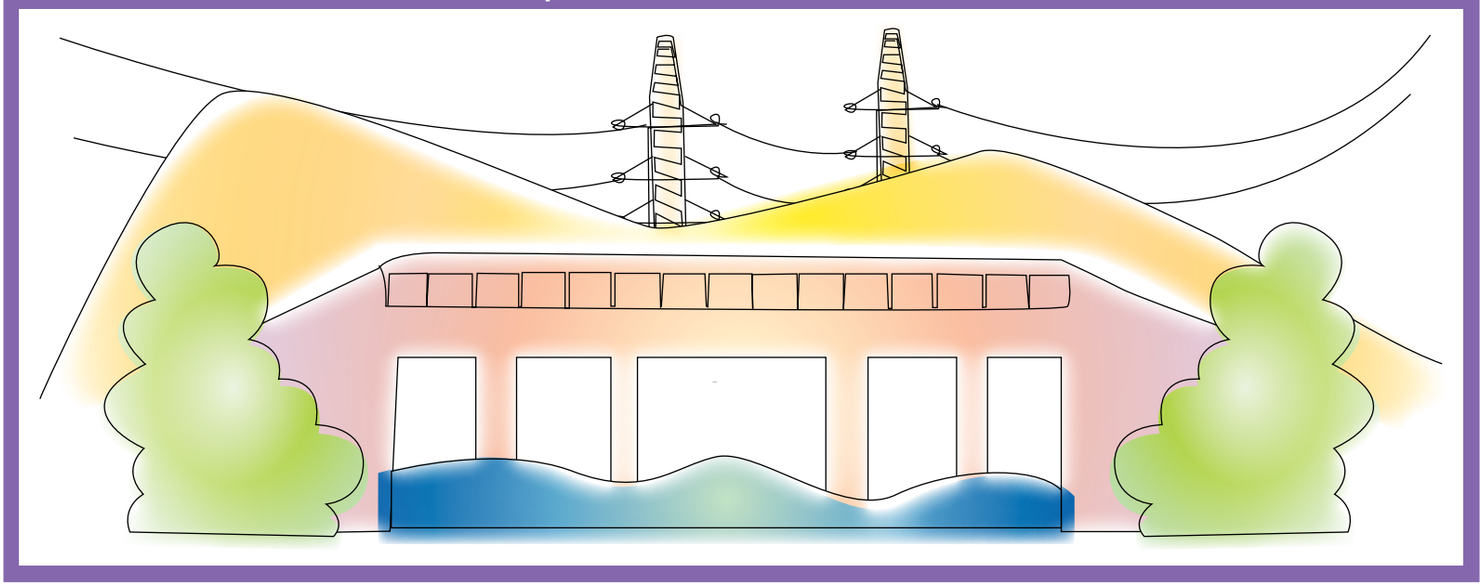
OUR PERFORMANCE

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Community/Society*							
1	Total amount invested in the community where the target beneficiaries are external to the listed issuer	C2(a)	RM million	39.57	12.20	99.04	1% from PAT
2	Total number of beneficiaries of the investment in communities	C2(b)	No. of beneficiaries	-	-	6,635	

* *Change in scope for FY2023 data, which includes educational support from YTN and UNITEN.*

MM 9 Sustainable and Responsible Supply Chain

We drive sustainability within our supply chain by advocating sustainability practices across the ecosystem, from raw material extraction to end-of-life disposal.



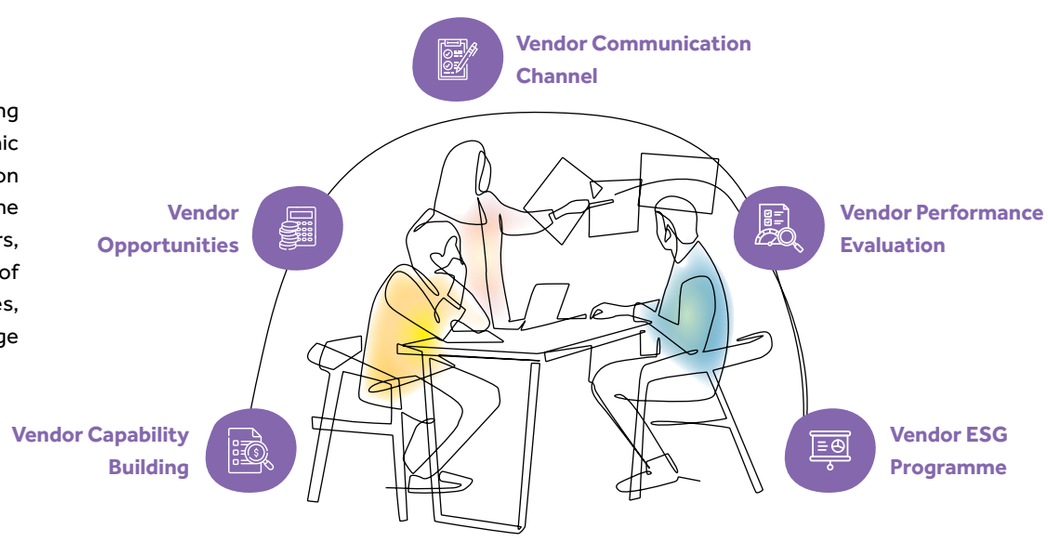
Considerations are given to environmental, social and governance impacts to ensure a responsible procurement process. The TNB Procurement & Supply Chain Policy and Procedures govern the execution of best-value procurement, upholding transparent and ethical practices to our vendors and contractors by implementing the TNB Code of Business Ethics and Procurement Code of Conduct.

We support local Malaysian suppliers and understand the importance of our role in strengthening the local value chain ecosystem. We engage with our strategic suppliers and set gradual expectations aligned with our sustainability goals in respecting human rights and reducing carbon emissions and environmental footprint, among others. This will improve transparency in emissions accounting and enable reductions within our Scope 3 emissions. Recognising our small and medium-sized enterprise vendors' struggles, a Vendor Management Programme is ongoing to educate and develop vendor capabilities.

MANAGEMENT APPROACH

Vendor Development Ecosystem

Our commitment to local sourcing has resulted in a tangible economic impact, contributing to job creation and economic stability within the community. By engaging local vendors, we actively promote the uplifting of local capabilities and competencies, creating opportunities for a wide range of businesses to thrive.



SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Vendor Capability Building

Through our Bumiputera Manufacturers and Contractors Programme, we have appointed 726 *Kontraktor Kerja Bumiputera* (KKB) and *Kontraktor Perkhidmatan Bumiputera* (KPB) alongside 26 local manufacturers in our vendor ecosystem.

In 2023, we allocated RM1.1 billion towards these Bumiputera contractors, an increase of 11.72% compared to 2022 and RM331 million for Bumiputera manufacturers in alignment with the Bumiputera Spend Share Policy. The vendor development programmes are integrated and conducted with ILSAS.

Vendor Opportunities

Strategic business matching activities are pivotal in our journey towards sustainable procurement:

- Data-driven matching - data analytics to identify suppliers with proven track record of sustainable practices.
- Stakeholder collaboration - with industry associations and government-linked companies, to identify and connect with suppliers that prioritise sustainable initiatives.
- Matchmaking events - to expand supplier base through events with SME Corp, Business Opportunity, Business Partnership Retreat and Vendor Day.

Vendor Communication Channel

In 2023, we continued to engage with our vendors and key stakeholders such as *Persatuan Rakan Niaga Strategik Malaysia* (PERNISMA) and *Persatuan Usahawan Tenaga Malaysia* (PUTM), through various communication channels:

- Face-to-face engagements - Business Partnership Retreat, Opportunity Day, and dialogues, including sessions with the TNB top management
- Social media platforms
- Procurement Cycle Digitalisation Rangers - inquiries about the e-tendering system.
- Sistem Maklumbalas Bahan (SMB) is a two-way communication platform for defects and warranty review. In 2023, 585 SMB tickets were raised and addressed

Vendor Development Programme Activities for 2023

Category Strategy Retreat 2023: TNB and Vendor Business Partnership (Session 1)	*Teh Tarik* Session with TNB's Chief Procurement Officer with *PERNISMA*	Engagement session with *Rakan Niaga Strategik Pulau Pinang*	Discussion between TNB's Procurement & Supply Chain department and *PUTM*	TNB & Vendor Business Opportunity Day (Session 2)	Dialogue session between President/ CEO of TNB and *PERNISMA*	*Bengkel Penambahbaikan Programme Pengilang dan Kontraktor TNB* with *PUTM*
7 February 2023	4 July 2023	24 August 2023	4 September 2023	21 September 2023	11 October 2023	10 October 2023
Half-Yearly	Quarterly Meeting	As and when required	Quarterly Meeting	Half-Yearly	As and when required	As and when required

Vendor Performance Evaluation

We continued implementing the Contractor Assessment and Supplier Evaluation (CASE) as a dynamic and transparent tool for vendor performance monitoring and evaluation. Vendors with ratings below three will be notified and engaged in performance improvement. CASE results are key input for assessing vendor selection.

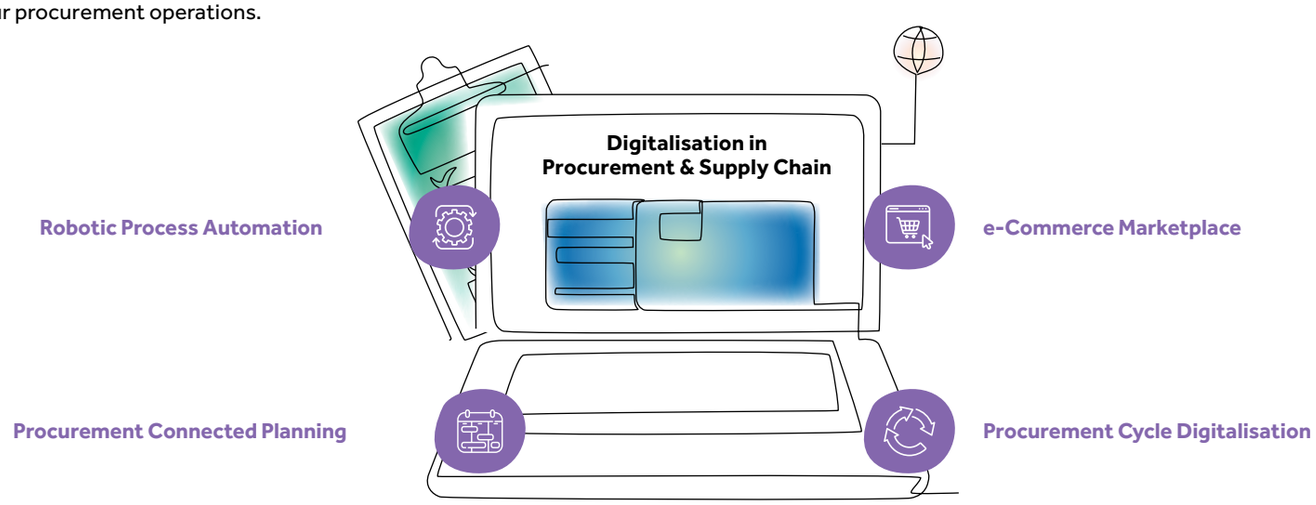
Vendor ESG Programme

In 2023, we embarked on a survey to assess the ESG readiness of our active vendors. Approximately 20% had responded by the end of 2023. We are developing a comprehensive ESG programme to ensure that our vendors are in harmony with our ESG aspiration. This initiative underscores our dedication to responsible and sustainable business practices.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Digitalisation for Sustainable Supply Chain

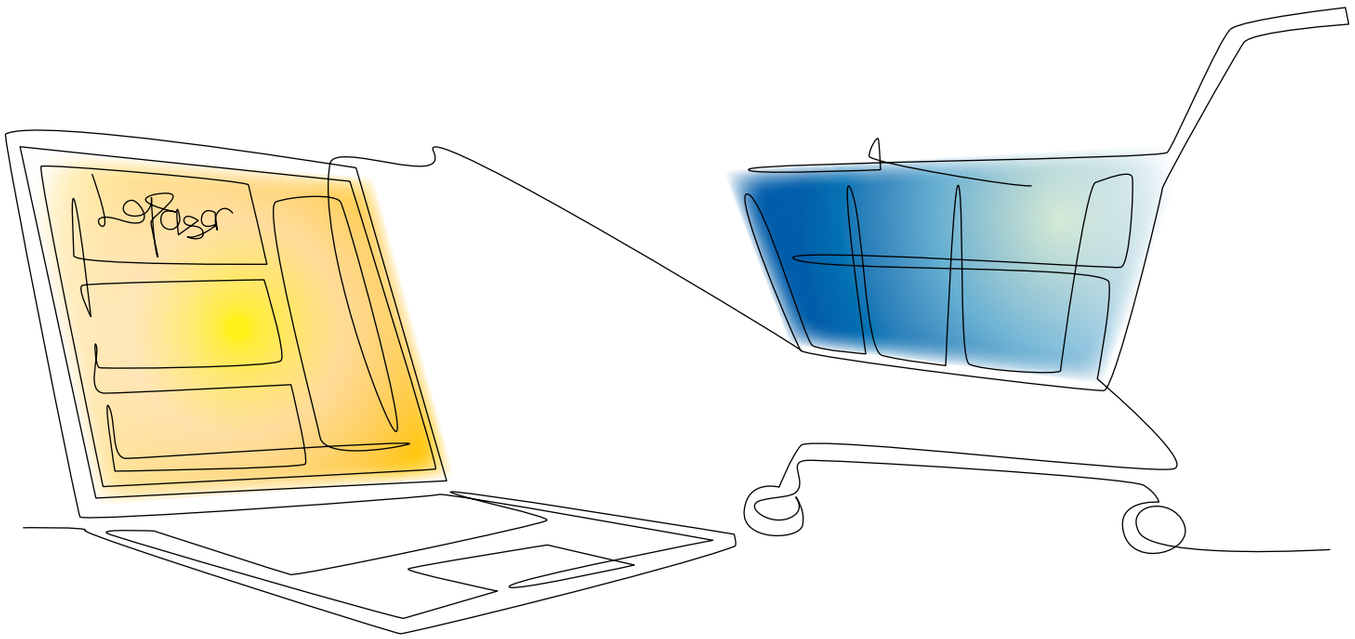
We leverage digitalisation to propel us towards a more efficient and streamlined approach, reducing reliance on manual systems and saving valuable time in our procurement operations.



e-Commerce Marketplace

We continue to embrace e-commerce platforms such as Lapasar, MyB2b and RS Puma to improve our sourcing productivity. We have streamlined our digital processes to optimise inventory management and enhance operational efficiency through real-time tracking. As a result, we have better control over inventory levels and minimise shortages or excesses.

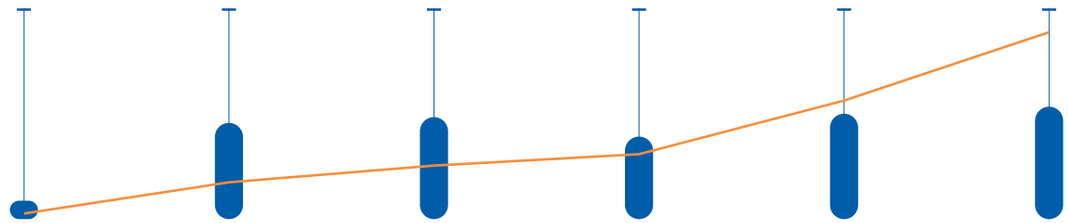
Since the inception of these e-commerce initiatives, TNB has experienced consistent growth in e-commerce platform transaction volumes. This trend underscores the effectiveness and acceptance of e-commerce platforms within our procurement framework.



SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Cumulatives Lapasar Spending & Transaction (2018-2023)

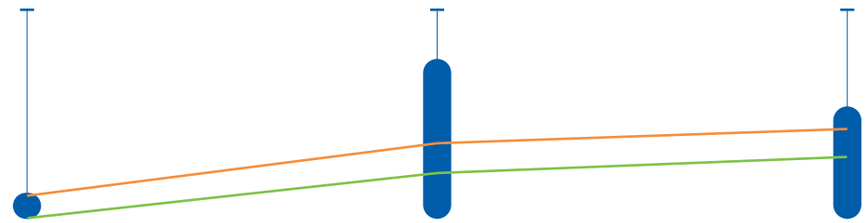
TOTAL SPEND:
RM81,602,316.52
TOTAL TRANSACTION:
52,031



	2018	2019	2020	2021	2022	2023
Amount (RM)	772,358.70	6,856,457.31	9,401,664.23	11,447,119.17	20,640,259.44	32,484,457.67
Transaction	1,786	9,821	10,276	8,347	10,527	11,274

Cumulatives Lapasar Spend & Rebate (July 2021-October 2023)

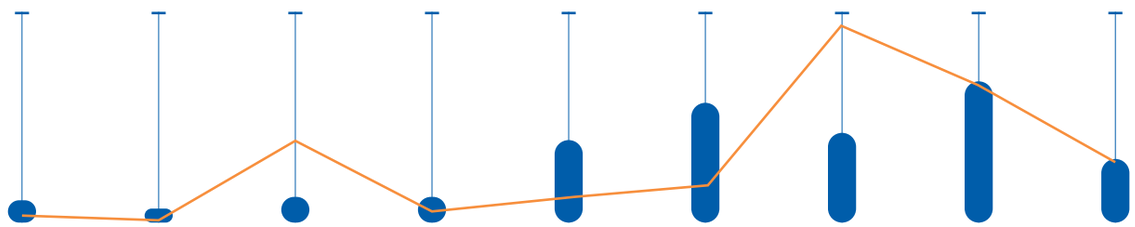
TOTAL SPEND:
RM51,367,747.01
TOTAL TRANSACTION:
23,683
TOTAL REBATES:
RM627,752.02



	2021	2022	2023
Total Spend (RM)	6,997,900	20,348,840	24,021,007
Transaction	4,549	10,497	8,637
Rebates (RM)	72,890	246,454	308,407

MYB2B Spending & Transaction (2023)

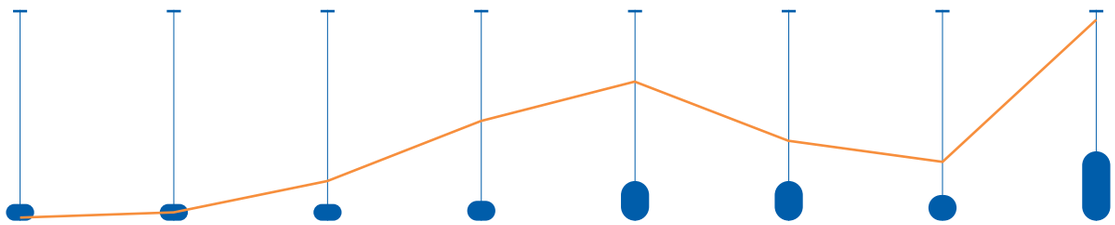
TOTAL SPEND:
RM314,262.03
TOTAL TRANSACTION:
136



	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOV	DEC
Total Spend (RM)	2,312.58	1,730.20	47,875.10	5,190.07	14,711.60	19,918.18	111,672.10	78,175.67	32,676.53
Transaction	5	3	6	6	19	28	21	33	15

RS Puma Spending & Transaction (2023)

TOTAL SPEND:
176,035.17
TOTAL TRANSACTION:
60



	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOV	DEC
Total Spend (RM)	318.13	2136.1	11,578.89	27,978.46	40,034.32	22,602.82	15,620.65	55,765.80
Transaction	4	4	4	5	10	10	6	17

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Procurement Connected Planning (PCP)

We continue to enhance our procurement planning through PCP. This cloud-based platform allows collaboration between TNB and vendors to plan and manage our supply chain using advanced data analytics. With automated data integration, PCP enables real-time analysis, planning, and dashboards such as Demand Planning, Inventory Management, Supplier Delivery Performance, Contract Monitoring, Vendor Risk Analysis and Spend Analysis to enable informed decision-making.

Procurement Cycle Digitalisation (PCD)

The PCD integrates work processes. It accelerates procurement lead time by providing visibility, traceability and transparency of transactions while improving governance and compliance with regulatory requirements. We implemented six (6) key modules: Sourcing Management, Scrap Management, Material Management, Product Inspection Management, Logistic Management & Customer Interactive Portal. In 2023, the system processed approximately 4,900 sourcing requests.

Robotic Process Automation (RPA)

Since 2018, RPA has been implemented for the issuance of purchase orders to appointed contractors under the KKB and KPB programmes. This system promotes the fair award of works and services to these contractors. In 2023, the RPA issued approximately 35,000 purchase orders.

Supply Chain Management

TNB recorded a substantial spending of approximately RM37 billion in 2023. The spend trend reflects a growth trajectory as Malaysia recovers from the post-pandemic era; 46.45% of our expenditures in 2023 was awarded to local vendors and suppliers.

Approximately RM25 billion was fuel-related, mainly on fuel gas sourced locally and coal fuel sourced internationally from foreign suppliers to ensure suitable coal quality for coal power generation in Malaysia. Of the non-fuel spending of RM11.6 billion, approximately 91% was from local suppliers.

We are dedicated to cultivating a supply chain ecosystem that meets and aspires to the highest standards of ethics, integrity, and transparency. Our commitment to these principles ensures that our procurement practices contribute to establishing a sustainable and responsible business environment.

Recognition

We continuously seek feedback from our vendors through an annual vendor satisfaction survey. This enables us to better collaborate with our vendors to deliver quality products and services and provide a reliable electricity supply to our customers. In 2023, we achieved 85% vendor satisfaction.

OUR PERFORMANCE

No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Supply Chain Management							
1	Proportion of spending on local suppliers*	C7(a)					
2	% of spend on local suppliers		%	97.90	95.10	46.45*	>35%**
3	Total spend on local suppliers		RM bill	9.82	10.38	17.18	

* *Data disclosed for FY2023 is based on spend under TNB Group extracted from TNB Enterprise Resource Management (ERM) system, including fuel purchases. All internal spends between TNB Business Entities are excluded.*

Previous years (2021 and 2022) data were disclosed based on spending under TNB company and subsidiaries TPG SB, TNB Retail SB and TNB Renewables SB. All fuel-related purchases were excluded. The data also includes internal spends between TNB Business Entities.

** *Target is for TNB Group's spend on local suppliers registered in TNB's procurement system.*

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

MM 10

Cybersecurity Management

As we focus on better customer experience through digitalisation, we continue to strategically safeguard our Information Technology (IT) and Operational Technology (OT) systems. Through these systems, we enable a reliable and secure supply of electricity to the nation. Our cybersecurity management aims to protect data confidentiality and integrity, as well as ensuring the availability of our critical IT and OT systems.

We are vigilant in our efforts to protect the data privacy of our 10.14 million customers from unauthorised access and use. Our efforts include robust initiatives identified in our cybersecurity operating model and compliance with regulations such as the Personal Data Protection Act (PDPA) and industry standards.

MANAGEMENT APPROACH

17 PARTNERSHIPS FOR THE GOALS

Securing Our Data and Network Infrastructure

The cybersecurity management of our Information and Communications Technology (ICT) assets and services is governed by the TNB ICT Security Policy and ICT Code of Practice. The policy and code of practice ensure our employees are aware of their respective responsibilities and obligations in protecting the confidentiality, integrity, availability and authenticity of our ICT assets in the execution of day-to-day business operations.

We conduct around-the-clock monitoring of cyber threats to our systems to ensure the reliability of electricity supply and to protect company data, including the personal data of our customers. We are presently accredited with globally recognised cybersecurity standards, specifically the ISO/IEC 27001:2013 Information Security Management System for TNB's key point installations and data centres. We also adopt IEC 62443 best practices that address cybersecurity mitigations for OT in automation and control systems. Additionally, we are certified in the Payment Card Industry Data Security Standard for payment card transactions to secure our payment gateways and mitigate potential data theft and fraud.

We employ cloud services in our business operations, leveraging their scalability and accessibility advantages. To ensure our data security and privacy are of the highest standards, we ensure that these service providers comply with related international standards, such as ISO/IEC 27017, ISO/IEC 27018 and Service Organization Control Type 2 (SOC 2). We have established an Enterprise Data Governance (EDG) framework to ensure consistent management of information systems throughout the Group and for the safe handling of data sharing in compliance with the PDPA.

Being a responsible company that processes data for 10.14 million customers, a comprehensive process is in place to handle the potential loss of private customer data. Continuous data analysis is conducted to identify and rectify errors found in customer data in line with established policies and procedures. Other control measures include the utilisation of electronic Know Your Customer and digital signature solutions. In 2023, a PDPA e-learning module specifically tailored for Retail and Small Medium Enterprise and Residential employees was launched.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Reinforcing best practices

Our cybersecurity operating model includes robust initiatives to heighten our vigilance and enhance our cybersecurity management. The following initiatives, among others, are testament to our commitment to placing a high priority on cybersecurity:

1. A cyber drill was conducted on 1 August 2023 involving 120 participants from TNB Power Generation, Grid, Distribution Network, Grid System Operator, Single Buyer, Security Services Department, ICT, Risk Management Department and Group Corporate Communication to enhance our crisis preparedness for and response to cybersecurity intrusion
2. Annual assessment of TNB key point installations for cybersecurity resiliency by *Jawatankuasa Pemeriksaan Keselamatan Sasaran Penting*, led by the Chief Government Security Officer of Malaysia
3. Enriching our cybersecurity situational awareness and knowledge of threats through up-to-date threat intelligence
4. Enhancement of cybersecurity risk assessment requirements for IT and OT systems
5. Collaboration with TNB business entities for proper classification of data into its rightful levels based on criticality and sensitivity
6. Publication of 22 Discover ICT newsletters in 2023 as well as onsite and virtual engagements to educate employees on cybersecurity risks and mitigations

OUR PERFORMANCE

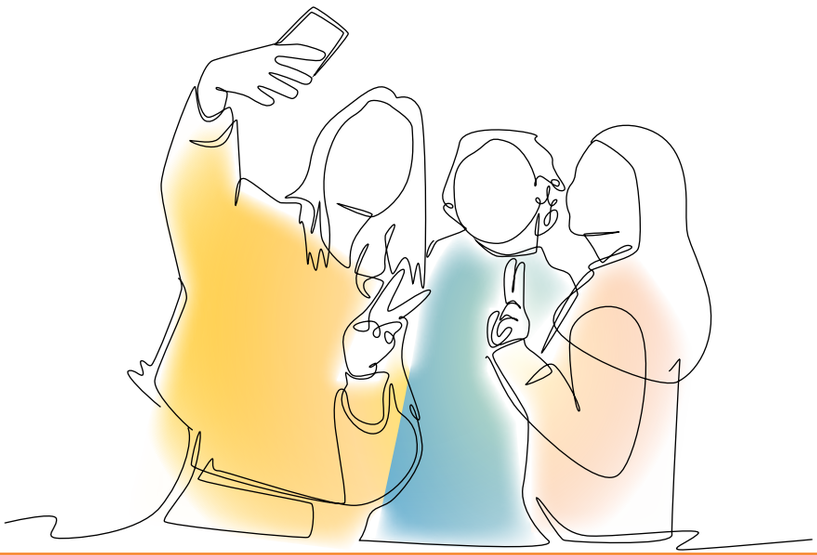
No	Metric	Bursa Ind.	Unit	2021	2022	2023	Targets
Customer Experience and Satisfaction							
1	Number of substantiated complaints concerning breaches of customer privacy and loss of customer data	C8 (a)	Number	-	-	0	Zero complaints

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

MM 11

Employment Culture

TNB firmly believes that every individual deserves equal opportunities and a supportive work environment. At TNB, we actively promote a culture of respect, understanding and acceptance.



We strive to create an inclusive workplace where all employees can thrive and contribute their unique perspectives and talents. Reimagining Culture (RC) was established to define our core values and culture - Integrity, Collaboration, Professionalism, Customer-centricity, Forward Thinking and Mindfulness - that drive our business transformation along with the development of a high-performance culture. As part of embracing Mindfulness, we are respectful and compassionate to others and the environment while protecting the safety and promoting the well-being of our people and the public.

MANAGEMENT APPROACH

TNB is dedicated to fostering equal opportunities and a supportive work environment for every individual. We actively cultivate a culture of respect, understanding and acceptance, striving to create an inclusive workplace where all employees can thrive, bringing their unique perspectives and talents to the forefront.

TNB remains steadfast in adhering to all relevant labour laws, supporting the rights of freedom of association and collective bargaining as outlined in the Collective Agreement (CA). Both executive and non-executive employees' rights are safeguarded through our unions, ensuring improved working conditions. In 2023, we continued to engage and facilitate discussions to address employee concerns, enhance workplace culture, align with the company's direction and negotiate terms within the CA.

Trade Unions & Associations	Employee Group	No. of Engagement Session in 2023
M-Club	Senior Management	2
PEP & EOA	Executives	40
Non-execs	Non-Executives (Technical)	36
	Non-Executives (Non-Technical)	38

We place high importance on ensuring the safety of our employees and providing them with a safe working environment. This can be seen clearly through the improvement of our HSE performance in 2023, where we achieved our target of reducing our employee Lost Time Injury Frequency Rate (LTIFR) to <1.00, recording an LTIFR of 0.74 compared to 0.82 in 2022.

Diversity & Inclusion

The TNB Diversity & Inclusion policy, established in 2022, highlights our steadfast dedication to nurturing a diverse and inclusive work environment. We are committed to fostering a culture that values individuals irrespective of factors such as age, gender, race, religion, nationality, physical abilities, background or prior experiences. This commitment includes striving for a minimum of 30% female representation on our Board of Directors and promoting diversity among our senior management team. Our workforce comprises a mosaic of individuals with diverse backgrounds, talents and expertise, all strategically aligned with the company's objectives.

Moving forward, we are poised to introduce our comprehensive stance on labour rights. This initiative will employ a centralised and structured approach to safeguard the labour rights of our employees, emphasising key aspects such as diversity and inclusion, fair wages and benefits, upskilling and education, equitable treatment, safety and health, anti-corruption measures and a resolute stance against forced labour.

Succession Management

Our succession management is a systematic process designed to identify, select and develop talents, ensuring a seamless operation of critical roles within our company. As of the end of 2023, we had successfully cultivated 31 "ready now" successors out of the 34 identified critical positions. Notably, our newly appointed C-Suites and Senior General Managers were drawn from this pool of successors. This achievement was acknowledged when we clinched Gold (first place) in the Best Succession Planning Strategy category at the Employee Experience Awards 2023 Malaysia, affirming the effectiveness of our strategic approach to succession planning.

Capability Building

Employee Learning and Development Journey

In ensuring that our people are equipped with the right capabilities, we continue to invest in our people.

Our learning and development programmes are based on three (3) principles:

- **70%**
  knowledge from challenging experiences and assignments
- **20%**
  from developmental relationships
- **10%**
  from formal training and coursework

This empowers our employees to chart their competency development in alignment with the learning journey identified for their respective roles.

The effectiveness of the employees' learning journey is further monitored through annual assessment cycles to gauge their proficiency levels over time. Both the employees and management are given the platform to discuss and identify any further improvement areas, which are needed in supporting the energy transition agenda. Through this exercise, TNB achieved an Organisational Competency Index of 87.8% in 2023.

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

Professional Certification

The technical competencies of our workforce play a pivotal role in driving our business operations. Our employees actively pursue relevant professional and specialist certifications within their respective fields. Additionally, they are encouraged to stay abreast of up-to-date industry standards and advancements in technology, fostering a culture of continuous learning and staying at the forefront of our rapidly evolving industry.

Professional Certification Programme	2023	
	No. of Employees	Investment (RM)
i. Functional programmes, including: • Certificate in Risk Management • Certified Information Security Manager • Certified Environmental Professionals in Sewage Treatment Plant Operation	Functional: 369 pax	Functional: RM394k
ii. Technical programmes, including; • Certified Steam Engineers and Boilermen • Grid Authorisation Certification • Machine Lubricant Analyst (MLA) Level 1 • Certified Energy Auditor Training	Technical: 271 pax	Technical: RM242.5k
iii. Regulatory Certification programmes, including; • Cable Jointer Levels 1, 2 and 3 • Heavy Machine Operator • Chargeman Category A0 and A1 • Chargeman Category B0, B1 and B4 • EC competent engineer certification	429 pax	RM8.2mil

Extended Study Programmes

Our employees are provided with the opportunity to further their academic studies through our study sponsorship initiative, which includes support for both undergraduate and postgraduate programmes. Additionally, we offer an in-house Employee Academic Development Programme. From 2021 to 2023, a total of 220 TNB employees actively participated in these programmes, reflecting our commitment to their continuous learning and development. This initiative represents a substantial investment, totalling RM1.2 million.

In summary, we continue to invest in our workforce capabilities:

Workforce Capability

Total Investment (RM million)

Average Yearly Formal Training Hours per Employee (Hours)

Flexible Working Arrangements

In 2023, we were steadfast in implementing the Group-wide TNB Ways of Working (TWOW), empowering our employees to adopt a hybrid work model, seamlessly transitioning either working in the office, at home or home-based. This approach fosters a flexible work environment that prioritises inclusivity, acknowledging employees' individual needs without compromising productivity or business performance. Our implementation of TWOW is facilitated through digitalisation, particularly through the use of the People app, which earned us the prestigious Gold award (first place) in the Best Hybrid Work Model category at the Employee Experience Awards 2023 Malaysia. Additionally, the app plays a pivotal role in facilitating reporting on GHG Scope 3 emissions, specifically in Category 6 (Business Travel) and Category 7 (Employee Commuting).

Employee Engagement Assessment and Culture Barometer

The TNB employee engagement survey, conducted annually, aims to provide insights into our strengths and areas for improvement to enhance the overall employee experience, with a focus on our corporate culture. In 2023, an impressive 90% of our employees participated in the survey, resulting in a commendable score of 89%. This signifies a consistent upward trajectory since 2021, reaching the highest recorded score. Notably, this achievement matches the previous record highs attained in 2019 and 2020, prior to the challenges posed by the COVID-19 pandemic.

Year	Type of Engagement Survey	No. of Participants	Participation Rate (%)	Score (%)
2023	EES	31,245	90	89
2022	Culture Barometer	27,366	79	87
2021	EES	20,538	59	85
2020	Employee Pulse Survey	13,594	84	89
2019	Employee Pulse Survey	13,176	76	89
2018	EES	27,469	79	86

OUR PERFORMANCE

No	Metric	Unit	2021	2022	2023	Target
Labour Practices and Standards						
1	**C3(a) Percentage of employees by gender and age group, for each employee category**					
	By gender:					
	Senior management					
	Male	%	77	76	74	-
	Female	%	23	24	26	30% female by FY2025
	Executive					
	Male	%	60	60	59	
	Female	%	40	40	41	30% female by FY2025
	Non-executives					
	Male	%	85	85	85	
	Female	%	15	15	15	15% female by FY2025

SUSTAINABILITY DISCLOSURES ON MATERIAL MATTERS

	Metric	Unit	2021	2022	2023	Target
	Anti-Corruption					
	By age:					
	Senior management					
	< 35	%	0.0	0.0	0.0	-
	35-50	%	0.5	0.6	0.7	-
	> 50	%	0.7	0.6	0.7	-
	Executive					
	< 35	%	9.5	9.2	9.0	-
	35-50	%	13.6	14.3	14.9	-
	> 50	%	2.2	2.2	2.3	-
	Non-executive					
	< 35	%	30.9	27.4	23.5	-
	35-50	%	32.4	36.1	39.6	-
	> 50	%	10.1	9.6	9.4	-
2	**C3(b) Percentage of directors by gender and age group**					
	TNB Company					
	By gender:					
	Male	%	66.7	45.5	50.0	-
	Female	%	33.3	54.6	50.0	30% female
	By age group:					
	< 50	%	8.3	9.1	8.3	-
	50-60	%	58.3	54.6	33.3	-
	> 60	%	33.3	36.4	58.3	-
3	**C6(a) Total hours of training by employee category**					
	Senior management	hours	11,152	11,642	15,469	Total training hours >1.1 million hours
	Executive	hours	284,772	313,836	421,416	
	Non-executive	hours	413,866	792,874	907,736	
4	**C6(b) Percentage of employees that are contractors or temporary staff**	%	11.5	10.2	9.9	10% of employees that are contractors or temporary staff
5	**C6(c) Total number of employee turnover by employee category**	No.	1,314	1,363	1,142	-
	Senior management	No.	n/a	61	44	-
	Executive	No.	n/a	369	342	-
	Non-executive	No.	n/a	933	756	-
6	**C6(d) Number of substantiated complaints concerning human rights violations**	No.	0	0	0	Zero complaints
7	Employee Engagement Score (EES)/Culture Barometer	%	85	87	89	-
8	**Employee engagement**					
	Total investment in workforce capability					
	a) Total investment (RM)	RM million	65.53	161.4	189.6	-
	b) Average yearly formal training hours/employee	hours	7.0	34.0	47.08	-
	Employee Engagement Score (EES)/Culture Barometer	%	85	87	89	-

OUR RESPONSE TO CLIMATE CHANGE

TNB acknowledges our significant role in contributing to climate change, potential risks and opportunities for our infrastructure and business sustainability. Since 2019, we have adopted the Task Force on Climate-related Financial Disclosures (TCFD) framework that serves as a comprehensive approach for assessing and managing climate-related risks and opportunities, ensuring a thorough evaluation of the associated financial implications.

TCFD CORE ELEMENTS IN TNB

We govern climate-related matters by integrating them into the TNB corporate governance system, with oversight from the Board and management

We prioritise to ensureensuring business resiliency and continuous efforts in addressing climate change scenarios and exposures through our Reimagining TNB strategy and TNB Energy Transition Plan

We adopt the TNB Risk Management Framework, with continuous constant effort to address both transition and physical risks, and opportunities in the short-, medium- and long- term strategic risks across TNB business entities

We identify and set climate-related quantitative targets and monitor related metrics to ensure the realisation of the Net Zero by 2050 aspiration

GOVERNANCE

The TNB Sustainability Governance Structure governs climate-related matters.

For more information on sustainability governance, please refer to pages 58-59 of the Sustainability Statement.

STRATEGY

Our priority is to ensure that our business is resilient in addressing climate exposures in our business strategy with continuous assessment to adapt to transition and physical risks and opportunities in the short-, medium- and long-term.

RISK MANAGEMENT

We adopt the TNB Risk Management Framework to assess and mitigate transition and physical risks and opportunities across TNB business entities integrated into day-to-day operations.

Refer to the SORMIC report page 184-191.

Climate Resiliency

In reference to the Representative Concentrating Pathways (RCP) scenarios from the Intergovernmental Panel on Climate Change (IPCC) and scenarios proposed by the Network of Central Banks and Supervisors for Greening the Financial System (NGFS), the following are the risk exposures to our business:

Scenario	Description	Expected global temperature increase by 2100	Risk exposure to TNB Business	
			Physical	Transition
IPCC's RCP 8.5/4°C (high emission scenario)	The 'Business as usual' scenario suggests a likely outcome if society does not make concerted efforts to cut greenhouse gas emissions.	>4°C	High	High
IPCC's RCP 6.0/3°C (moderate emission scenario)	The scenario suggests a future in which greenhouse gas emissions continue to rise at a moderate rate but stabilised at in 2070.	2.6°C	Moderate	Moderate
NGFS' Nationally Determined Contributions (NDCs) scenario	The NDC scenario includes all pledged policies, even if not yet implemented, based on the trajectory associated with global NDC commitments to limit the impact of climate change.	2-3°C	Moderate	Moderate

OUR RESPONSE TO CLIMATE CHANGE

Scenario	Description	Expected global temperature increase by 2100	Risk exposure to TNB Business	
			Physical	Transition
NGFS' Net Zero 2050 scenario	An ambitious scenario that limits global warming to 1.5°C through stringent climate policies and innovation, reaching net zero CO_2 emissions around 2050.	1.5-2°C	Low	Low

Transition Risks and Opportunities

Our transition risk exposures are associated with transitioning to a low-carbon economy and achieving carbon neutrality by 2050, which is the nation's aspiration.

Type	No	Transition Risk	Short/Medium/ Long Term*	Potential Impact	Management Approach
Policy & Legal	1	**Carbon Price** Uncertainty about the government implementing carbon pricing as an instrument to capture the external cost of GHG emission	Medium term	Cost	Implement a decarbonisation strategy as per the TNB Energy Transition Plan Active engagement with regulatory bodies and government agencies on carbon pricing regulations *Refer to MM3 (Climate Change and Emission) on pages 72-76.*
	2	**Emissions Reporting Obligations** Increased expectations from regulatory bodies to track and publicly report emissions	Short term	Cost	Digitalise emission data and indicators Monitor and report emission metrics and performance for informed decisions Embark on greenhouse gas (GHG) scope 3 emissions measurement Active engagement with regulatory bodies to keep abreast of emission reporting requirements *Refer to MM3 (Climate Change and Emission) on pages 72-76.*
	3	**Litigation Exposure** Fines or judgments driven by environmental and climate activism	Short term	Cost	Implement environmental management strategy Active engagement with relevant stakeholders on TNB's environmental and climate management *Refer to MM6 (Environmental Management) on pages 82-86.*
Technology	4	**Low Carbon Technology** Uncertainty in the deployment of low-emission technology due to high investment and technology maturity	Short term	Capital Investment	Implement a decarbonisation strategy, leveraging digitalisation and technology innovation per the TNB Energy Transition Plan *Refer to MM2 (Energy Transition and Innovation) on pages 68-71.*
	5	**Talent Gaps** Talent gaps that require upskilling and reskilling to navigate new and emerging technologies	Short term	Cost	Implement a talent management programme customised to meet energy transition technology requirements *Refer to MM11 (Employment Culture) on pages 102-106.*

Type	No	Transition Risk	Short/Medium/ Long Term*	Potential Impact	Management Approach
Market	6	**Changes in the electricity supply industry** Changes in the Malaysian Electricity Supply Industry (MESI) such as policy, regulatory requirements and market demands, in line with the transition to a low-carbon economy	Medium term	Market Share	Active engagement with regulatory bodies to shape an equitable energy market Explore new opportunities in the energy market such as beyond kWh solutions *Refer to MM2 (Energy Transition and Innovation) on pages 68-71.*
	7	**Shift In Customer Behaviour** Changing customer behaviour and preference for low-carbon options	Short term	Revenue	Active engagement with customers to anticipate and meet expectations leveraging digitalisation Collaborate with regulators and stakeholders to enhance the rakyat's energy literacy *Refer to MM7 (Customer Experience and Satisfaction) on pages 87-89.*
	8	**Stranded Asset & Divestment** Unanticipated or premature write-down, devaluation and divestment of carbon-intensive assets	Medium term	Asset	Implement a decarbonisation strategy per the TNB Energy Transition Plan, such as repowering generators using green technology and early retirement of coal power plants Committed to no new coal power plants *Refer to MM2 (Energy Transition and Innovation) on pages 68-71.*
Reputation	9	**Adverse perception of TNB brand & image** Increased stakeholders' expectations and scrutiny of our ESG strategy, management, and performance	Short term	Share Price	Implement TNB Sustainability Strategy and Energy Transition Plan Active engagement with stakeholders to address ESG needs and expectations

* *Short-Term: until 2025 | Medium-Term: 2025 to 2035 | Long-Term: 2035-2050.*

Transition opportunities in the energy industry abound as we embark towards a low-carbon economy.

Type	No	Transition Opportunity	Short/Medium/ Long Term*	Potential Impact	Management Approach
Resource Efficiency	1	**Energy management at supply and demand side** Opportunities to reduce resources required to generate electricity and required energy efficiency solutions	Short term	Cost	Optimise asset performance and efficiency through technology and innovation Repowering of power plants using cleaner green technology Collaboration with the Energy Commission (EC) on the Malaysia Energy Literacy Programme *Refer to MM3 (Climate Change and Emission) on pages 72-76.*

OUR RESPONSE TO CLIMATE CHANGE

Type	No	Transition Risk	Short/Medium/ Long Term*	Potential Impact	Management Approach
Energy Source	**2**	**Renewable energy growth** Opportunities to increase RE portfolio locally and internationally	Short term	Revenue	Capture strong RE growth potential in domestic & international markets through subsidiaries, i.e., TNB Renewables, Spark Renewables and Vantage RE Adopt commercial capabilities in foreign markets to drive domestic RE growth *Refer to MM3 (Climate Change and Emission) on pages 72-76.*
Product and services	**3**	**Demand for low-carbon electricity and green energy solutions** Opportunities from increased demand for renewable energy, energy storage and electrification	Medium term	Revenue	Implement a decarbonisation strategy that includes green energy solutions across the electricity value chain as per the TNB Energy Transition Plan Implement identified energy transition projects in linealigned with the National Energy Transition Roadmap (NETR) Establishment of GSPARX and TNBX to provide beyond KWh solutions, e.g., solar rooftop with storage solution. Develop and enhance digital platforms such as myTNB apps, an EV charging platform, a digital marketplace, and green energy aggregation, and a trading platform, to complement ET initiatives Establishment of PMO EV to accelerate the EV adoption rate in Malaysia Strengthen TNB's brand presence in supporting EV proliferation Install EV chargers along highways, major trunk roads, and TNB premises, to encourage connectivity among EV users *Refer to MM2 (Energy Transition and Innovation) on pages 68-71.*
Markets	**4**	**Diversification of business activities** Opportunities to diversify business activities leveraging energy transition targets, green and emerging technology, digitalisation and strategic partnership	Medium term	Revenue	Embark on strategic partnerships for new technology such as hydrogen with PETRONAS, Ammonia co-firing with IHI Corporation and CCUS with PETRONAS Develop Green Hydrogen hub producing hydrogen for the industrial and power sectors *Refer to MM2 (Energy Transition and Innovation) on pages 68-71.*

* *Short-Term: until 2025 | Medium-Term: 2025 to 2035 | Long-Term: 2035-2050.*

Type	No	Transition Risk	Short/Medium/ Long Term*	Potential Impact	Management Approach
Resilience	**5**	**Flexible and reliable Grid** Opportunities for regulated assets due to the requirement for a flexible and reliable grid with the increase of renewable energy injection to the grid system	Short term	Capital Investment	Enhance grid system efficiency through SMART grid initiatives to facilitate bi-directional power flow from prosumers Pilot project for Virtual Power Plant (VPP) technology for peer-to-peer generation among energy prosumers and demand response control for system stability in the future *Refer to MM2 (Energy Transition and Innovation) on pages 68-71.*
	6	**ASEAN Power Grid Interconnection** Opportunities for grid interconnection projects with ASEAN countries towards a low-carbon economy in the region	Medium term	Revenue	MoU with ASEAN countries, e.g., Indonesia, Thailand and Singapore, to undertake collaborations on interconnection projects Feasibility studies for other cross-border electricity interconnection opportunities *Refer to MM2 (Energy Transition and Innovation) on pages 68-71.*

* *Short-Term: until 2025 | Medium-Term: 2025 to 2035 | Long-Term: 2035-2050.*

Physical Risk

We have assessed the physical climate risk exposure to our business operations linked to extreme weather patterns and increased global temperatures. These include event-driven acute risks and longer-term chronic shifts in climate patterns.

The recent physical climate risk assessment is based on a climate scenario modelling (IPCC RCP 8.5/4°C) for the three (3) different types of power generators (coal, gas & hydro) and substations selected given their locations within Peninsular Malaysia. The scenario modelling analysed climate-related failure and damage risks at the grid point of the asset sites chosen to identify the spatial distribution of the seven (7) physical climate risks. The summary outcome of the study is as follows:

		Risk Exposure			
Physical Risk	**Description**	**TNBJ**	**SPG**	**SJ Kenyir**	**100 substations**
Coastal inundation	Rising sea levels and higher incidence of extreme sea events	🔴	🔴	🟢	🟢
Extreme wind	Changes in wind regimes, sea surface temperature and wind speeds	🟢	🟢	🟢	🟢
Forest fire	Increased incidence of fire weather due to confluence of days with higher temperatures, high wind speeds and drier conditions	🟢	🟢	🟢	🟢
Riverine flooding	Increased frequency and intensity of rainfall changing the frequency and intensity of river flooding	🟢	🟢	🔴	🟡
Soil movement	Changes in rainfall patterns and drought	🟢	🟢	🔴	🟢
Surface water flooding	Increased frequency of extreme rainfall leading to floods	🟢	🔴	🟡	🟢
Heat (dry spells)	Extreme high temperatures, more frequent hot days and longer-lasting heatwaves	🔴	🔴	🔴	🟡

Legend: 🟢 Risk exposure is low 🟡 Risk exposure is moderate 🟠 Risk exposure is significant 🔴 Risk exposure is high

OUR RESPONSE TO CLIMATE CHANGE

Based on the physical risk assessment, risks related to flood, heat, dry spells, and coastal inundation present a higher risk exposure to TNB's assets. With the possibility of increased exposure and impact severity, we are committed to improving our adaptation plans:

Physical Risk	Short/Medium/ Long Term*	Adaptation Plan
Flood	Short term	An integrated catchment management policy, procedures, and guidelines to regulate power supply among the catchments during floods Flood drills are needed to improve standard operating procedures, better manage critical situations and safely restore the electricity supply Integrated Community-Based Disaster Management (ICBDM) programme Prompt shutdown of affected substations through early warning systems to avoid/prevent damages Installation of protective measures around the substations, such as flood walls, flood gates, flap gates and pumping systems to reduce the water level inside the substation area Raised heights of transmission towers
Heat (dry spells)	Short term	Explore alternative water sources (groundwater, treated saline water, and recycled brackish groundwater and municipal wastewater) as an addition to the existing water sources Increase water storage volumes to ensure ample water supply to thermal power plants Incorporate climate change factors into new site assessments and adopt new design standards considering projected increasing dry spell risks
Soil movement	Medium term	Assessment of soil integrity at high-risk areas following recent landslide incident at SJ Kenyir Slope strengthening mitigations to prevent surface runoffs
Coastal inundation	Medium term	Incorporate climate change factors into new site assessments and adopt new design standards considering projected increasing coastal inundation risks. Ensure proper design of cooling water intake from seawater

* *Short-Term: until 2025 | Medium-Term: 2025 to 2035 | Long-Term: 2035-2050.*

METRICS & TARGET

We identify and set climate-related quantitative targets and monitor related metrics to ensure the realisation of the Net Zero by 2050 aspiration.

Refer to MM3 (Climate Change and Emission) on pages 72-76.

PERFORMANCE TABLE

No.	Metric	Bursa Code	Unit	2021	2022	2023	Target 2024	Scope
Anti-Corruption								
1	**Percentage of employees who have received training on anti-corruption by employee category:**	C1 (a)	%	-	14,238 employees- Reported as No. of employees	74.48	100	TNB Group
	Senior Management		%	-	-	1.01		
	Executive		%	-	-	17.39		
	Non-Executive		%	-	-	56.09		
2	**Percentage of operations assessed for corruption-related risks**	C1 (b)	%	-	-	97	100	TNB Group
3	**Confirmed incidents of corruption and action taken**	C1 (c)	No.	5	1	5	Zero incidents of corruption	TNB Group
Community/Societies								
4	**Total amount invested in the community where the target beneficiaries are external to the listed issuer**	C2(a)	RM mill	39.57	12.20	99.04	1% of PAT	TNB Group
5	**Total number of beneficiaries of the investment in communities**	C2(b)	No. of beneficiaries	-	-	6,635	-	TNB Group
Diversity								
6	**Percentage of employees by gender and age group, for each employee category**							TNB Group
	By gender:							
	Senior management							
	Male	C3(a)	%	77	76	74	-	
	Female	C3(a)	%	23	24	26	30% female by FY2025.	
	Executive							
	Male	C3(a)	%	60	60	59	-	
	Female	C3(a)	%	40	40	41	30% female by FY2025.	
	Non-executives							
	Male	C3(a)	%	85	85	85	-	
	Female	C3(a)	%	15	15	15	15% female by FY2025.	
	By Age:							
	Senior management							
	< 35	C3(a)	%	0.00	0.0	0.0	Balance diversity across employee demographic	
	35-50	C3(a)	%	0.5	0.6	0.7		
	> 50	C3(a)	%	0.7	0.6	0.7		
	Executive							
	< 35	C3(a)	%	9.5	9.2	9.0	-	
	35-50	C3(a)	%	13.6	14.3	14.9		
	> 50	C3(a)	%	2.2	2.2	2.3		

PERFORMANCE TABLE

No.	Metric	Bursa Code	Unit	2021	2022	2023	Target 2024	Scope
Diversity (cont.)								
6	**Percentage of employees by gender and age group, for each employee category (cont.)**							TNB Group
	Non-executive							
	< 35	C3(a)	%	30.9	27.4	23.5	-	
	35-50	C3(a)	%	32.4	36.1	39.6		
	> 50	C3(a)	%	10.1	9.6	9.4		
7	**Percentage of directors by gender and age group**							
	By gender:							TNB Group
	Male	C3(b)	%	66.7	45.4	50.0	-	
	Female	C3(b)	%	33.3	54.55	50.0	30% female	
	By age group:							TNB Group
	< 50	C3(b)	%	8.3	9.1	8.3	Balance diversity across employee demographic	
	50-60	C3(b)	%	58.3	54.6	33.3		
	> 60	C3(b)	%	33.3	36.4	58.3		
Energy Management								
8	**Total energy consumption**	C4 (a)	GJ	840,944 MWh	863,463 MWh	442,044,404	Started in FY2023 as baseline	TNB Group
Health and safety								
9	**Number of work- related fatalities**	C5(a)	Number	8	2	4	Zero fatalities	TNB Group
	Employee			2	0	3		
	Contractors			6	2	1		
10	**Lost time incident rate**	C5(b)	Per million man-hours	1.03	0.82	0.74	<1.0	TNB Group
11	**Number of employees trained on health and safety standards**	C5(c)	number	5,943	18,986	14,014	20% increase in 2024 from 2023	TNB Group
Labour Practices and Standards								
12	**Total hours of training by employee category**	C6(a)	Hours	-	-	-	Total training hours >1.1 millions hours	TNB Group
	Senior management	C6(a)	Hours	11,152	11,642	15,469		
	Executive	C6(a)	Hours	284,772	313,836	421,416		
	Non-executive	C6(a)	Hours	413,866	792,874	907,736		
13	**Percentage of employees that are contractors or temporary staff**	C6(b)	%	11.5	10.2	9.9	10% employees that are contractors or temporary	TNB Group
14	**Total number of employee turnover by employee category**	C6(c)	Number	1,314	1,363	1,142	-	TNB Group
	Senior management	C6(c)	Number	-	61	44	-	
	Executive	C6(c)	Number	-	369	342		
	Non-executives	C6(c)	Number	-	933	756		
15	**Number of substantiated complaints concerning human rights violations**	C6(d)	Number	0	0	0	Zero Complaints	TNB Group

PERFORMANCE TABLE

No.	Metric	Bursa Code	Unit	2021	2022	2023	Target 2024	Scope
Supply Chain Management								
16	**Proportion of spending on local suppliers**	C7(a)	-				Percentage of spend on local suppliers: >35%	TNB Group
	% of spend on local suppliers	C7(a)	%	97.90	95.10	46.45		
	Total spend on local suppliers	C7(a)	RM bill	9.82	10.38	17.18		
Data Privacy & Security								
17	**Number of substantiated complaints concerning breaches of customer privacy and losses of customer data**	C8(a)	Number	-	-	0	Zero Complaints	TNB Group
Water								
18	**Total volume of water used**	C9(a)	MegaLitres	8,431	10,531	10,096	2% reduction for water used in buildings	TNB Group
Waste Management**								
19	**Total waste generated, and a breakdown of the following:**	C10(a)	Metric Tonnes	47,829	74,150	929,123	30% recycling rate of Hazardous Waste by 2025	TNB Group
	(i) total waste diverted from disposal	C10(a)(i)	Metric Tonnes	-	-	440,595		
	(ii)total waste directed to disposal	C10(a)(ii)	Metric Tonnes	-	-	488,528		
Emission Management**								
20	Scope 1 GHG Emissions	C11 (a)	mil tCO_2e	39.77	38.58	38.92	38.62 mil tCO_2e - 1% reduction from base year 2020.	TNB Company
21	Scope 2 GHG Emissions	C11 (b)	mil tCO_2e	0.28	0.32	0.39	0.218 mil tCO_2e - 1% reduction from base year 2020.	TNB Company
22	Scope 3 Category 6: Business Travel	C11 (c)	tCO_2e	-	-	36,853.49	Started in FY23 as baseline.	TNB Company
	Scope 3 Category 7: Employee Commuting	C11 (c)	tCO_2e	-	-	63,027.75	Started in FY23 as baseline.	

** *reporting of the 2 indicators (Waste Management and Emission Management) are applicable from FY ending 31st December 2024 and beyond.*

STATEMENT OF ASSURANCE FOR FY2023 SUSTAINABILITY STATEMENT

ASSURANCE UNDERTAKEN

In strengthening the credibility of the Sustainability Statement, selected aspects of this Statement have been subjected to an internal review by TNB's internal audit function.

SUBJECT MATTER

The subject matters of the internal review include fundamental aspects of sustainability governance process and materiality assessment process. In addition, the data collection and management processes were reviewed for the following matters and indicators:

Anti-corruption	• % employees received training on anti-corruption • % operations assessed for corruption-related risks • Confirmed incidents of corruption and action taken
Health and Safety	• No. of work-related fatalities • Lost time incident rate • No. of employees trained on health and safety standards
Energy Management	• Total energy consumption
Water	• Total volume of water used
Emissions Management	• Scope 1 emissions • Scope 2 emissions • Scope 3 emissions (Category 6 & 7)

SCOPE

The boundary of the internal review includes the Tenaga Nasional Berhad company's level and TNB Power Generation Sdn. Bhd. (Genco) for the period from 1 January 2023 to 31 December 2023.

BURSA MALAYSIA COMMON SUSTAINABILITY MATTERS AND INDICATORS

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	0.00	0.00	1.01
Executive	Percentage	0.00	0.00	17.39
Non-executive	Percentage	0.00	0.00	56.09
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	0.00	0.00	97.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	5	1	5
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	840,944.00	863,463.00	442,044,404.00
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	8	2	4
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.03	0.82	0.74
Bursa C5(c) Number of employees trained on health and safety standards	Number	5,943	18,986	14,014
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	8,431.000000	10,531.000000	10,096.000000
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	39,570,000.00	12,200,000.00	99,037,559.50
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	0	0	6,635
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	97.90	95.10	46.45
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior Management Under 35	Percentage	0.00	0.00	0.00
Senior Management Between 35-50	Percentage	0.50	0.60	0.70
Senior Management Above 50	Percentage	0.70	0.60	0.70
Executive Under 35	Percentage	9.50	9.20	9.00
Executive Between 35-50	Percentage	13.60	14.30	14.90
Executive Above 50	Percentage	2.20	2.20	2.30
Non-executive Under 35	Percentage	30.90	27.40	23.50
Non-executive Between 35-50	Percentage	32.40	36.10	39.60
Non-executive Above 50	Percentage	10.10	9.60	9.40
Gender Group by Employee Category				
Senior Management Male	Percentage	77.00	76.00	74.00
Senior Management Female	Percentage	23.00	24.00	26.00
Executive Male	Percentage	60.00	60.00	59.00
Executive Female	Percentage	40.00	40.00	41.00
Non-executive Male	Percentage	85.00	85.00	85.00
Non-executive Female	Percentage	15.00	15.00	15.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	66.70	45.40	50.00
Female	Percentage	33.30	54.55	50.00
Under 50	Percentage	8.30	9.10	8.30
Between 50-60	Percentage	58.30	54.60	33.30
Above 60	Percentage	33.30	36.40	58.30

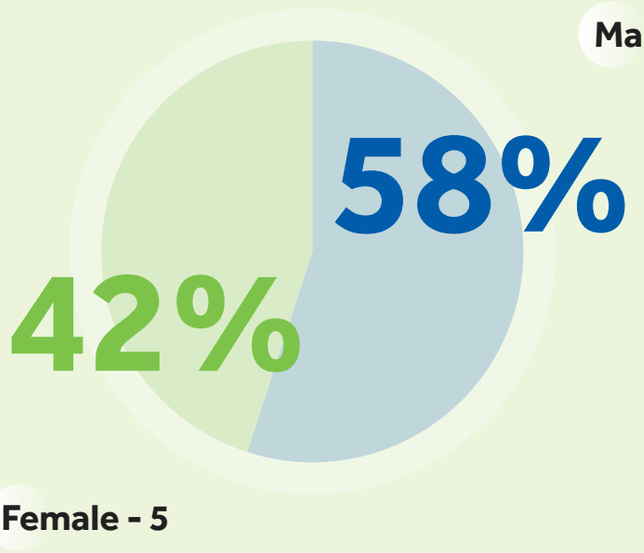
BURSA MALAYSIA COMMON SUSTAINABILITY MATTERS AND INDICATORS

Indicator	Measurement Unit	2021	2022	2023
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	11,152	11,642	15,469
Executive	Hours	284,772	313,836	421,416
Non-executive	Hours	413,866	792,874	907,736
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	11.50	10.20	9.90
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	0	61	44
Executive	Number	0	369	342
Non-executive	Number	0	933	756
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0

Internal assurance | External assurance | No assurance | (*)Restated

OUR BOARD AT A GLANCE

GENDER DIVERSITY



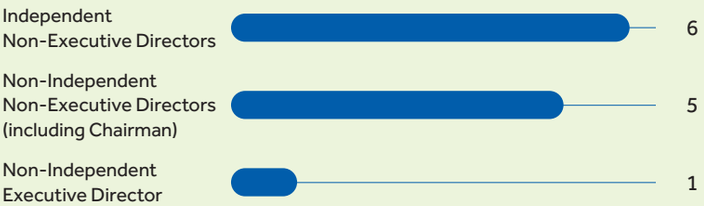
BOARD COMMITTEES

- Chairman of Respective Committee
- A — Board Audit Committee
- F — Board Finance and Investment Committee
- T — Board Tender Committee
- NR — Board Nomination and Remuneration Committee
- S — Board Sustainability and Risk Committee
- L — Board Long Term Incentive Plan Committee
- I — Board Integrity Committee

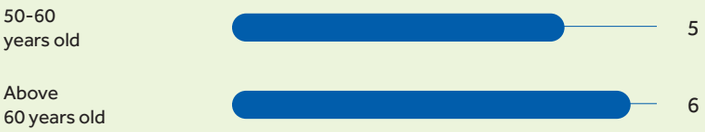
SKILLS AND EXPERIENCE MATRIX

BOARD TENURE

BOARD COMPOSITION



AGE DIVERSITY



Note:
The above information disclosed represents the number of Directors, excluding Alternate Director as at 1 April 2024.

BOARD OF DIRECTORS' PROFILE

DATO' ABDUL RAZAK BIN ABDUL MAJID

Chairman, Non-Independent Non-Executive Director
Appointed Director by Minister of Finance (Incorporated) (MoF Inc.), the Special Shareholder of TNB

Malaysian / 73 / Male

Date of Appointment:
27 March 2023

Year(s) of Directorship:
One (1) year

Date of Last Re-Election:
18 May 2023

Board Committee(s):
Nil

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
13/14 (since appointment date)

Academic/Professional Qualification(s):

- Masters Degree in Business Administration from Ohio University, United States of America.
- Bachelor of Electrical Engineering from Brighton University, United Kingdom.

Skills, Experience and Expertise:

- Dato' Abdul Razak currently serves as the Chairman of two (2) Energy Commission Committees (Supply Chain and Licensing) since 2022.
- He has been a member of the Action Committee in the National Energy Centre since 2022.
- He is also a member of the Independent Advisory Panel for the Malaysian Petroleum Resources Corporation, a role he has held since 2021.
- Dato' Abdul Razak held positions at PETRONAS Gas Berhad as Senior Independent Non-Executive Director (February 2023-March 2023) and Independent Non-Executive Director from 2018 to 2023.
- He had previously led MyPOWER Corporation as Chief Executive Officer for two (2) terms 2009-2014, 2018-2020 and was the Chairman of the Energy Commission of Malaysia from 2014 to 2018.
- Served TNB as Senior Vice President (Corporate Affairs) from 2008 to 2009 and Vice President (Generation) from 2004 to 2008.
- Dato' Abdul Razak boasts a significant 36-year career at TNB, contributing through assignments in Planning, Construction and Operations for all three (3) core divisions in TNB, namely Generation, Transmission and Distribution.
- He was seconded to the Economic Planning Unit, Prime Minister's Department from 1998 to 2001.

Other Directorship(s):
Other than his directorships in TNB Group of Companies, Dato' Abdul Razak does not hold any directorships in public companies or in listed issuers.

BOARD OF DIRECTORS' PROFILE

DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN

President/Chief Executive Officer,
Non-Independent Executive Director
Appointed Director by MoF Inc., the Special Shareholder of TNB

Malaysian / 58 / Male

Date of Appointment:
1 March 2024

Year(s) of Directorship:
Less than one (1) year

Date of Last Re-Election:
Shall retire at the 34th AGM

Board Committee(s):
Attends Board Committees' Meetings (By Invitation)

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
N/A

Academic/Professional Qualification(s):

- Member of the Institution of Engineers, Malaysia.
- Certified Professional Engineer of the Board of Engineers (BEM), Malaysia.
- Bachelor of Engineering (Hons) (Electrical Engineering) from University of Wollongong, Sydney, Australia.

Skills, Experience and Expertise:

- A visionary leader with over three (3) decades of experience, Datuk Ir. Megat Jalaluddin is known at TNB for his exceptional ability to lead and transform various aspects of the organisation, including operations, strategy, and customer engagement.
- In his previous role as Chief Operating Officer, he played a pivotal part in expanding TNB's business and championing its shift towards sustainable energy, aligning with Malaysia's 2050 carbon neutrality ambitions.
- When he was Chief Strategy & Ventures Officer, he was instrumental in developing TNB's strategic initiatives and exploring new business opportunities.
- He also made significant contributions to TNB Retail's customer service and business growth during his tenure as Chief Retail Officer.
- Datuk Ir. Megat Jalaluddin actively contributes to various advisory panels, including the Industrial Advisory Panel at the Faculty of Mechanical Engineering, Universiti Teknologi MARA, and the Bachelor of Electrical and Electronics Engineering programme at the University of Technology Petronas.
- He also contributes his expertise as a member of the Advisory Board of the Asia IoT Business Platform and as the leader of the SIRIM Malaysia Technical Working Group on Electrical Energy Measurement.
- Datuk Ir. Megat Jalaluddin is a recognised member of the International Electrotechnical Committee - Technical Committee No. 13, CIRED Malaysia Chapter, and The Institute of Asset Management, demonstrating his commitment to professional excellence and industry leadership. He is also a registered Professional Engineer in Malaysia.

Other Directorship(s):
Other than his directorships in TNB Group of Companies, Datuk Ir. Megat Jalaluddin does not hold any directorships in public companies or in listed issuers.

BOARD OF DIRECTORS' PROFILE

RAMZI BIN MANSOR

Non-Independent Non-Executive Director
Appointed Director by MoF Inc.,
the Special Shareholder of TNB

Malaysian / 55 / Male

Date of Appointment:
1 March 2024

Year(s) of Directorship:
Less than one (1) year

Date of Last Re-Election:
Shall retire at the 34th AGM

Board Committee(s):
T NR

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
N/A

Academic/Professional Qualification(s):

- Master of Arts from Hiroshima University, Japan.
- Bachelor of Administrative Management from Universiti Utara Malaysia, Malaysia.
- Diploma in Public Administration from the National Institute of Public Administration (INTAN), Malaysia.

Skills, Experience and Expertise:

- Currently, Tuan Ramzi is the Deputy Secretary General of Treasury (Management) in the Management Sector at the Ministry of Finance, a position he has held since January 2024.
- He previously served as the Deputy Secretary General (Management) in the Management Sector at the Ministry of Education from 2021 to 2024.
- His roles at the Ministry of Education included Under Secretary in the Finance Division from 2018 to 2021 and earlier roles in the Budget Management Division at the Ministry of Finance from 2005 to 2018.
- Tuan Ramzi's extensive experience in the public sector includes positions in the Economic Planning Unit, Prime Minister's Department, and in budget management and administrative capacities within the Ministry of Finance.

Other Directorship(s):
Tuan Ramzi does not hold any directorships in public companies or in listed issuers.

BOARD OF DIRECTORS' PROFILE

SELVENDRAN KATHEERAYSON

Non-Independent Non-Executive Director
Representing Khazanah Nasional Berhad,
a Major Shareholder of TNB

Malaysian / 53 / Male

Date of Appointment:
1 September 2023

Year(s) of Directorship:
Less than one (1) year

Date of Last Re-Election:
Shall retire at the 34th AGM

Board Committee(s):
F | S | L

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
6/6 (since appointment date)

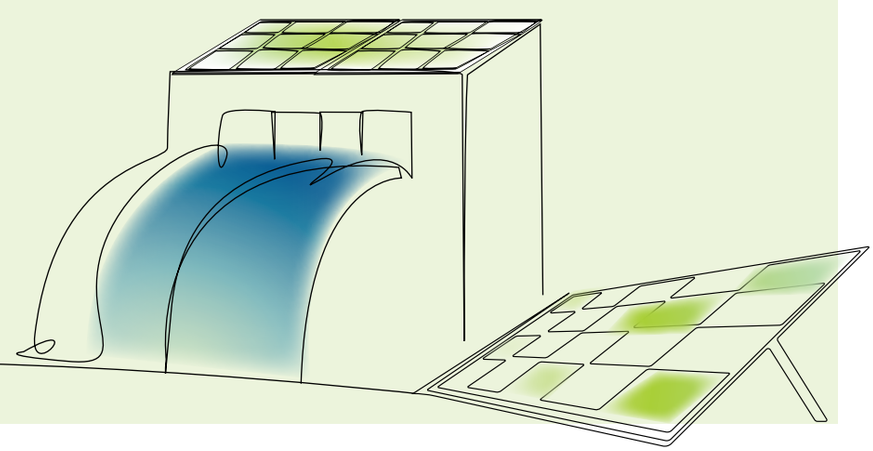
Academic/Professional Qualification(s):

- Master in Public Administration from Harvard University, United States of America.
- Master of Business Administration (Finance) from the University of Hull, United Kingdom.
- Degree in Law (Hons) from University of London, United Kingdom.

Skills, Experience and Expertise:

- Mr Selvendran is Executive Director, Head of Real Assets & Property at Khazanah Nasional Berhad (Khazanah) and has been with Khazanah since January 2006.
- Prior to his tenure at Khazanah, he worked at Motorola Inc and Maxis Communications Berhad.
- He began his professional career at Ernst & Young in June 1994.

Other Directorship(s):
Other than his directorships in Khazanah Group of Companies, Mr Selvendran does not hold any directorships in public companies or in listed issuers.



BOARD OF DIRECTORS' PROFILE

ROHAYA BINTI MOHAMMAD YUSOF

Non-Independent Non-Executive Director
Representing Employees Provident Fund,
a Major Shareholder of TNB

Malaysian / 58 / Female

Date of Appointment:
20 March 2023

Year(s) of Directorship:
One (1) year

Date of Last Re-Election:
18 May 2023

Board Committee(s):
F L I

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
15/15 (since appointment date)

Academic/Professional Qualification(s):
- Associate Member of CPA Australia.
- Bachelor of Commerce (Accountancy) from Australian National University, Canberra, Australia.

Skills, Experience and Expertise:
- Puan Rohaya is the Chief Investment Officer of Employees Provident Fund (EPF) since 2020, overseeing its investment strategies.
- Prior to that, she led the Private Market, Investment Division at EPF from 2017 to 2020.
- She was also the Head of Capital Market Department at EPF from 2011 to 2017.
- Earlier, she was the Head of Corporate Finance, Investment Division at EPF from 2008 to 2010.
- Her experience also includes serving as Executive Vice President of Corporate Investment Banking at Maybank Investment Bank from 2005 to 2008.
- She held various positions in Corporate Investment Banking at Maybank Investment Bank (previously known as Aseambankers Malaysia Berhad) from 1990 to 2005.
- Early in her career, Puan Rohaya was a Senior Financial Consultant in the Audit Division at Arthur Andersen & Co. from 1988 to 1990.

Other Directorship(s):

Listed Issuers:
- Malaysia Airports Holdings Berhad

Public Companies:
- Nil

BOARD OF DIRECTORS' PROFILE

MUAZZAM BIN MOHAMAD

Non-Independent Non-Executive Director
Representing Permodalan Nasional Berhad,
a Major Shareholder of TNB

Malaysian / 41 / Male

Date of Appointment:
1 July 2023

Year(s) of Directorship:
Less than one (1) year

Date of Last Re-Election:
Shall retire at the 34th AGM

Board Committee(s):
S | NR | L | I

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
8/8 (since appointment date)

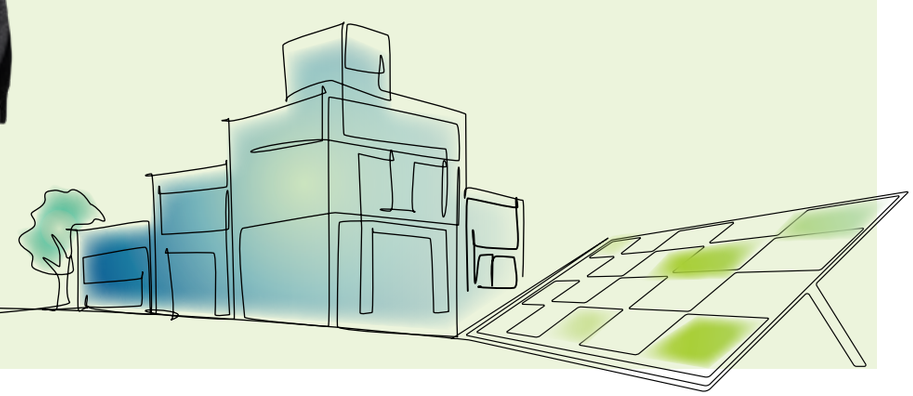
Academic/Professional Qualification(s):

- Fellow of Investments and Securities at Finance and Investment from the Financial Services Institute of Australasia (FINSIA).
- Bachelor of Engineering (Electronics Engineering) (First Class) from University of Southampton, United Kingdom.
- Diploma in Applied FINSIA.

Skills, Experience and Expertise:

- Encik Muazzam is presently the Senior Vice President and Head of the Investment Stewardship Division at Permodalan Nasional Berhad (PNB), where he oversees Environment, Social and Governance (ESG) Investments, Strategic Governance and Shareholder Engagement functions.
- He brings over 15 years of experience from PNB, specialising in Corporate Finance, Mergers & Acquisitions, Corporate Strategy and Governance across various industries including industrial, automotive, financial services, telecommunication, property and plantation sectors.
- He has been instrumental in establishing the stewardship framework for the PNB Group and has been heavily involved in sustainability initiatives and events.

Other Directorship(s):
Encik Muazzam does not hold any directorships in public companies or in listed issuers.



BOARD OF DIRECTORS' PROFILE

ONG AI LIN

Senior Independent Non-Executive Director

Malaysian / 68 / Female

Date of Appointment:
1 August 2018

Year(s) of Directorship:
Five (5) years

Date of Last Re-Election:
2 June 2022

Board Committee(s):
S A I

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
17/18

Academic/Professional Qualification(s):

- Fellow of the Institute of Chartered Accountants in England and Wales (ICAEW).
- Member of the Malaysian Institute of Accountants (MIA).
- Past President of Information Systems Audit and Control Association (ISACA), Malaysia.
- Bachelor of Arts (Hons) in Economics from University of Leeds, United Kingdom.

Skills, Experience and Expertise:

- Ms Ong has had an extensive career in finance and accounting, holding various positions in PricewaterhouseCoopers Malaysia. She was a Partner/Senior Executive Director from 1993 to 2016 and a Senior Manager from 1991 to 1992.
- Her experience includes roles at Kassim Chan & Co. (DH&S Malaysia) and DH&S Singapore from 1986 to 1991, as well as Deloitte Haskins & Sells (DH&S) London, United Kingdom from 1978 to 1986.

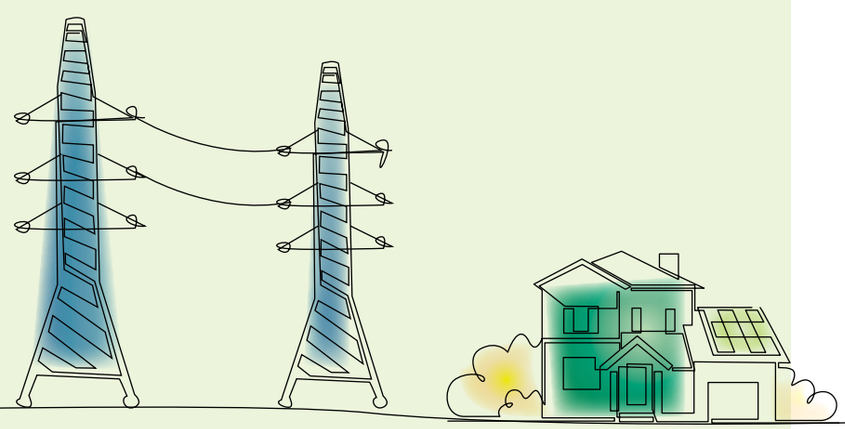
Other Directorship(s):

Listed Issuers:

- IHH Healthcare Berhad
- RHB Bank Berhad

Public Companies:

- RHB Islamic Bank Berhad



BOARD OF DIRECTORS' PROFILE

JUNIWATI RAHMAT HUSSIN

Independent Non-Executive Director

Malaysian / 65 / Female

Date of Appointment:
1 June 2017

Year(s) of Directorship:
Six (6) years

Date of Last Re-Election:
18 May 2023

Board Committee(s):
I | A | T

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
16/18

Academic/Professional Qualification(s):
- Bachelor of Science (Hons) in Chemistry from University of Kent, Canterbury, United Kingdom.
- Completed Certificate in International Management from GE.
- Attended Senior Management Development and Advanced Management Programmes at INSEAD and HENLEY Business School.

Skills, Experience and Expertise:
- Puan Juniwati has had a multifaceted career with PETRONAS. She served as Vice President and Venture Director at the Pengerang Integrated Complex and Chief Executive Officer of PETRONAS Refinery and Petrochemical Corporation Sdn. Bhd. from 2013 to 2016.
- Earlier, she held the position of Vice President in the Human Resource Management Division at PETRONAS from 2010 to 2012.
- In 2009 and 2010, she was the Vice President of the Education Division at PETRONAS.
- From 2005 to 2009, she led the Malaysian Philharmonic Orchestra & Dewan Filharmonik PETRONAS as its Chief Executive Officer.
- She was the General Manager (Marketing and Trading-Chemicals) at MITCO Sdn. Bhd. from 2003 to 2005 and before that, served as a Senior Manager in the same division from 2001 to 2003.
- Her role as Manager of Human Resource Management at PETRONAS spanned from 1997 to 2001.
- She managed the Petrochemicals Business Planning Unit in the Petrochemical Division and the Business Evaluation Department in the Corporate Planning Division at PETRONAS from 1994 to 1997.
- Her earlier roles at PETRONAS included being an Executive (Analyst) in the Refining & Marketing Planning Unit from 1991 to 1994, and holding various positions in refinery operations from 1988 to 1991. Prior to that, she was a Chemist at PETRONAS Penapisan (Terengganu) Sdn. Bhd. from 1982 to 1987 and a Chemist at Laboratory Services, PETRONAS from 1981 to 1982. Her extensive career has seen her develop a wide range of hands-on experience in Refinery Operations, Project Management, Corporate Planning, Human Resource and Marketing and Trading.

Other Directorship(s):

Listed Issuers:
- Dialog Group Berhad

Public Companies:
- Malaysia Petroleum Resources Corporation

BOARD OF DIRECTORS' PROFILE

GOPALA KRISHNAN K.SUNDARAM

Independent Non-Executive Director

Malaysian / 69 / Male

Date of Appointment:
4 July 2018

Year(s) of Directorship:
Five (5) years

Date of Last Re-Election:
18 May 2023

Board Committee(s):
L | T | S | NR

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
18/18

Academic/Professional Qualification(s):
- Advocate and Solicitor of the High Court of Malaya.
- Bachelor in Law LL.B. (Hons) from Universiti Malaya, Malaysia.

Skills, Experience and Expertise:
- Mr Gopala Krishnan is currently a Partner at Abdullah Chan & Co. Advocates & Solicitors, a role he has held since 2012.
- He served as a Consultant for the Asian Development Bank from 2018 to 2021.
- He was the Leading Adviser for the Financial Services Act 2013 and Islamic Financial Services Act 2013.
- In 2017 and 2018, he was an Independent International Consultant for the World Bank.
- He was a Director at Kuwait Finance House (Malaysia) Berhad from 2012 to 2016.
- He has a long history with Bank Negara Malaysia (Central Bank of Malaysia), where he worked from 1982 to 2012. His roles there included:
  - Project Advisor from 2011 to 2012.
  - Assistant Governor from 2006 to 2011.
  - Assistant Manager/Deputy Director/Director in the Legal Department from 1990 to 2006.
  - Senior Executive/Assistant Manager in the Secretary's Department from 1985 to 1990.
  - Senior Executive in the Banking Department from 1982 to 1985.

Other Directorship(s):
Mr Gopala Krishnan does not hold any directorships in public companies or in listed issuers.

BOARD OF DIRECTORS' PROFILE

DATO' ROSLINA BINTI ZAINAL

Independent Non-Executive Director

Malaysian / 61 / Female

Date of Appointment:
15 March 2019

Year(s) of Directorship:
Five (5) years

Date of Last Re-Election:
2 June 2022

Board Committee(s):
NR | F | T

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
18/18

Academic/Professional Qualification(s):

- Master of Business Administration from University of New England, New South Wales, Australia.
- Bachelor of Electrical Engineering from Lakehead University, Canada.

Skills, Experience and Expertise:

- Dato' Roslina currently is a Member of the Tan Sri Leo Moggie Distinguished Chair in Energy Informatics at Universiti Tenaga Nasional, Malaysia (UNITEN), a role she has been fulfilling since 2021.
- She is an advocate for the 30% Club, Malaysian Chapter since 2021, supporting gender diversity in corporate leadership.
- Previously, she served as a Director at Universiti Teknikal Malaysia Melaka (UTeM) from 2019 to 2020, and at Sapura Energy Berhad during the same period.
- Her experience at Khazanah Nasional Berhad as a Senior Fellow in Khazanah Research & Investment Strategy extended from 2018 to 2019.
- She was an Adjunct Professor at the College of Business, UNITEN from 2016 to 2018.
- Her long-standing association with TNB includes several significant roles:
  - Vice President of Regulatory Economics and Planning from 2015 to 2018.
  - Vice President of Planning from 2009 to 2015.
  - General Manager of VPP/Energy Procurement in the Planning Division from 2008 to 2009.
- In total, she has dedicated 33 years to TNB, contributing across various divisions such as Distribution, Planning, Business Strategy, Regulations, Transmission and Corporate Planning.
- Earlier in her career, she was seconded to the Economic Planning Unit of the Prime Minister's Department from 1990 to 1992.

Other Directorship(s):

Listed Issuers:

- Malaysia Smelting Corporation Berhad
- Cyberjaya Education Group Berhad

Public Companies:

- Nil

BOARD OF DIRECTORS' PROFILE

DATO' MERINA BINTI ABU TAHIR

Independent Non-Executive Director

Malaysian / 58 / Female

Date of Appointment:
1 February 2022

Year(s) of Directorship:
Two (2) years

Date of Last Re-Election:
2 June 2022

Board Committee(s):
A F NR

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
18/18

Academic/Professional Qualification(s):
- Fellow Member of the Association of Chartered Certified Accountants (ACCA), FCCA (UK).
- Member of the Malaysian Institute of Certified Public Accountants (MICPA), CPA.
- Member of the Malaysian Institute of Accountants (MIA), CA (M).
- Member of the ASEAN Chartered Professional Accountant (ASEAN CPA).
- Professional Member of the Institute of Internal Auditors Malaysia (IIAM), CMIIA.

Skills, Experience and Expertise:
- Dato' Merina is a Global Council Member of the ACCA, a role she has held since 2022.
- She served as a Director at Lembaga Tabung Haji Property Holdings Ltd Group of Companies from 2020 to 2021.
- She was appointed as the Chief Financial Officer of Lembaga Tabung Haji from 2020 to 2021.
- She was the Chairman of the ACCA Malaysia Advisory Committee from 2017 to 2019.
- Her contributions as a Council Member of the MIA spanned from 2016 to 2019.
- Her tenure at Malaysia Airlines Berhad/Malaysian Airline System Berhad from 2004 to 2020 included several key roles:
  - Chief Internal Auditor from 2011 to 2014 and 2015 to 2020.
  - Director of Corporate Services from 2014 to 2015.
  - Senior Vice President of the Commercial Office in 2011.
  - Regional Senior Vice President for Middle East, Africa, and South America (MEASA) from 2008 to 2011.
  - General Manager of Finance Support Services from 2004 to 2007.
- She headed Group Finance, IT and Property at Amanah Capital Partners Berhad from 1997 to 2004.
- At Sime Darby Berhad from 1991 to 1997, her roles included:
  - Business Development Manager from 1996 to 1997.
  - Finance and Administration Manager for Sime Darby Travel Sdn. Bhd. and Sime Holidays Sdn. Bhd. from 1994 to 1996.
  - Assistant Audit Manager from 1991 to 1993.
- Earlier in her career, she worked as an Audit Semi-Senior at Messrs Price Waterhouse (now PricewaterhouseCoopers PLT) in 1991, and as an Audit Senior at Messrs Ivor Barry & Co., England from 1988 to 1991.
- She began her professional journey as a Reconciliation Analyst at IBM (UK) Ltd., England in 1987.

Other Directorship(s):

Listed Issuers:
- S P Setia Berhad
- AEON Co. (M) Bhd.

Public Companies:
- Nil

BOARD OF DIRECTORS' PROFILE

DATO' ZULKIFLI BIN IBRAHIM

Independent Non-Executive Director

Malaysian / 68 / Male

Date of Appointment:
1 April 2024

Year(s) of Directorship:
Less than one (1) year

Date of Last Re-Election:
Shall retire at the 34th AGM

Board Committee(s):
A F S

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
N/A

Academic/Professional Qualification(s):

- Member of the Institution of Engineers, Malaysia.
- Bachelor of Science (Honours) Degree in Electrical and Electronics Engineering from Leeds University, United Kingdom.

Skills, Experience and Expertise:

- Dato' Zulkifli has a rich history in the energy sector, marked by significant leadership roles.
- He served as an Independent Director at Ranhill Holdings Berhad from 2015 to 2018.
- He left Malakoff Berhad (Malakoff) in 2002 to lead the successful development of 2100MW Tg. Bin coal fired power plant and later the 1400MW Jimah Coal fired power plant where he was the Managing Director before his retirement in 2014. He had then a total of 11 power plant projects totaling more than 8000MW.
- He was appointed as Chief Operating Officer (COO) of Malakoff in 1997 where he led two (2) power plant projects as well as overseas power plant development in Pakistan, India and Philippines. He also led the successful acquisition of 40% stake in 2420MW Kapar Power Plant by Malakoff from 1997 to 2002.
- He left TNB in 1993 and involved in the development of the 1303MW Lumut Power Plant now known as the Segari Power Plant where he was responsible in setting up the first successful 100% Malaysian owned and managed operations and maintenance company, Teknik Janakuasa Sdn. Bhd.
- He started his career with the National Electricity Board (now TNB) in 1979, gaining extensive experience in the construction, commissioning, and maintenance of 4X300MW oil/gas/coal fired power plants. During this tenure, he was sent to Germany, France and Japan for extensive training in power plant technology, including an attachment programme with Parsons, a steam turbine manufacturer in the United Kingdom.

Other Directorship(s):
Dato' Zulkifli does not hold any directorships in public companies or in listed issuers.

BOARD OF DIRECTORS' PROFILE

ELAINE ONG YEE LYNN

Alternate Director to Selvendran Katheerayson
Non-Independent Non-Executive Director
Representing Khazanah Nasional Berhad,
a Major Shareholder of TNB

Malaysian / 40 / Female

Date of Appointment:
24 November 2023

Year(s) of Directorship:
Less than one (1) year

Date of Last Re-Election:
N/A

Board Committee(s):
Nil

Board Skills and Experience Matrix:

Board meetings attended in the Financial Year:
N/A (since appointment date)

Academic/Professional Qualification(s):

- Associate Chartered Accountant (ACA) of the Institute of Chartered Accountants in England and Wales (ICAEW).
- BSc (Honours) in Accounting and Finance from University of Warwick, United Kingdom.

Skills, Experience and Expertise:

- Ms Elaine is currently serving as a Director of Investments at Khazanah Nasional Berhad, a position she has held since 2024.
- Prior to this, she was the Senior Vice President of Investments at Khazanah Nasional Berhad from 2018 to 2023, where she played a key role in the company's investment strategies. Earlier, Ms Elaine held the position of Assistant Vice President of Investments at Khazanah Nasional Berhad from 2010 to 2015.
- She served as a Director of Cenergi SEA Berhad from 2020 to 2023 and from 2015 to 2018, she was a Director at Southrop Sdn. Bhd.
- She commenced her professional journey at PricewaterhouseCoopers Malaysia as an Assistant Manager in Assurance - Financial Services, a role she fulfilled from 2006 to 2010.

Other Directorship(s):
Ms Elaine does not hold any directorships in public companies or in listed issuers.

Declaration by the Board:
Save as disclosed, the above Directors have no family relationship with any Director and/or major shareholders of TNB, have no conflict of interest or potential conflict of interest, including any interest in any competing business with TNB or its subsidiaries, have not been convicted of any offence (other than minor traffic offences) within the past five (5) years and have not had any public sanction or penalty imposed by the relevant regulatory bodies in FY2023.

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75
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SENIOR MANAGEMENT AT A GLANCE

1
IR. MAHATHIR NOR BIN ISMAIL
Chief Distribution Network Officer

2
MOHD ZARIHI BIN MOHD HASHIM
Chief New Energy Officer

3
FELDATUN BINTI SHARIF
Chief People Officer

4
NAZMI BIN OTHMAN
Chief Financial Officer

5
IR. MUHAMAD NAZRI BIN PAZIL
Managing Director, TNB Power Generation Sdn. Bhd.

6
DATUK AHMAD HUSHAIRI BIN IBRAHIM
Chief Global Business Solutions Officer

7
DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN
President/ Chief Executive Officer

SENIOR MANAGEMENT AT A GLANCE

Additional Information on Our Management Team:

(i) None of our Management Team has any family relationship with any Director and/or major shareholder of TNB.
(ii) None of our Management Team has any conflict of interest or potential conflict of interest, including interest in any competing business with TNB or its subsidiaries.
(iii) None of our Management Team has been convicted of any offences (save for minor traffic offences) within the past five (5) years, nor has been imposed any public sanction or penalty by the relevant regulatory bodies during the Financial Year under review.

MEMBERSHIP KEY

GEMC	Group Executive Management Committee	COMPEC	Commodity Procurement Executive Committee
GPC	Group People Committee	GLTC	Green Lane Tender Committee
GMTC	Group Management Tender Committee	IEC	Investment Executive Committee

8
KAMAL ARIFIN BIN A. RAHMAN
Chief Retail Officer

9
DATUK IR. TS. SHAMSUL BIN AHMAD
Chief Regulatory & Stakeholder Management Officer

10
ALI MUNAWAR BIN HAJI SALIM
Company Secretary

11
LEO PUI YONG
Chief Sustainability Officer

12
AZLAN BIN AHMAD
Chief Information Officer

13
AMIR MAHMOD BIN ABDULLAH
Chief Procurement Officer

14
HASMARIZAL BIN HASSAN
Chief Grid Officer

SENIOR MANAGEMENT PROFILE

DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN

President/Chief Executive Officer

Malaysian / 58 / Male

Date of Appointment: 1 March 2024

Management Committee(s):

GEMC / GPC / GMTC / COMPEC / GLTC / IEC

Qualification(s):

- Member of the Institution of Engineers, Malaysia
- Certified Professional Engineer of the Board of Engineers (BEM), Malaysia
- Bachelor of Engineering (Hons) (Electrical Engineering), University of Wollongong, Sydney, Australia

Working Experience:

- A visionary leader with over three decades of experience, Datuk Ir. Megat Jalaluddin is known at TNB for his exceptional ability to lead and transform various aspects of the organisation, including operations, strategy, and customer engagement.
- In his previous role as Chief Operating Officer, he played a pivotal part in expanding TNB's business and championing its shift towards sustainable energy, aligning with Malaysia's 2050 carbon neutrality ambitions.
- When he was Chief Strategy and Ventures Officer , he was instrumental in developing TNB's strategic initiatives and exploring new business opportunities.
- He also made significant contributions to TNB Retail's customer service and business growth during his tenure as Chief Retail Officer.
- Datuk Ir. Megat Jalaluddin actively contributes to various advisory panels, including the Industrial Advisory Panel at the Faculty of Mechanical Engineering, Universiti Teknologi MARA, and the Bachelor of Electrical and Electronics Engineering programme at the University of Technology Petronas.
- He also contributes his expertise as a member of the Advisory Board of the Asia IoT Business Platform and as the leader of the SIRIM Malaysia Technical Working Group on Electrical Energy Measurement.
- Datuk Ir. Megat Jalaluddin is a recognised member of the International Electrotechnical Committee - Technical Committee No. 13, CIRED Malaysia Chapter, and The Institute of Asset Management, demonstrating his commitment to professional excellence and industry leadership. He is also a registered Professional Engineer in Malaysia.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

IR. MUHAMAD NAZRI BIN PAZIL

Managing Director, TNB Power Generation Sdn. Bhd.

Malaysian / 54 / Male

Date of Appointment: 1 July 2023

Management Committee(s):

GEMC / GPC / IEC

Qualification(s):

- Executive MBA from Melbourne Business School.
- Master of Science from Strathclyde University.
- 1st Class Honours bachelor's degree in Electro-Mechanical Power Engineering from Loughborough University.

Working Experience:

- Currently, Ir. Muhamad Nazri bin Pazil is the Managing Director of TNB Power Generation Sdn. Bhd. (TNB Genco), where he is dedicated to making TNB Genco the leading clean energy provider in Southeast Asia. He brings over 30 years of experience in energy, utility, and manufacturing.
- He played a crucial role as the Project Director in commissioning one of the world's largest and most efficient gas turbines in Pasir Gudang, Johor.
- He was a key member of the Sabah Electricity Sdn. Bhd. (SESB) leadership team, focusing on improving GTD, System Operation, and achieving SAIDI below 180 mins.
- He contributed to the formation and development of TNB Janamanjung, Malaysia's first Independent Power Producer, and was involved in the operational takeover of Saudi Arabia's first Independent Water and Power Producer.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

SENIOR MANAGEMENT PROFILE

HASMARIZAL BIN HASSAN

Chief Grid Officer

Malaysian / 51 / Male

Date of Appointment: 16 April 2024

Management Committee(s):

GEMC / GPC / GMTC / GLTC

Qualification(s):

- Master of Business Administration (MBA) from University Tenaga Nasional/Melbourne Business School
- Master of Engineering (M.Eng) from Imperial College of Science, Technology & Medicine, University of London

Working Experience:

- Encik Hasmarizal bin Hassan, the Chief Grid Officer (CGO), brings over 27 years of experience in Engineering & Design, Operation & Maintenance, and Asset Development for the Grid Division.
- His strategic leadership and technical expertise have been instrumental in enhancing grid infrastructure and reliability.
- Encik Hasmarizal is also responsible for ensuring the long-term sustainable growth and profitablity of the Division through effective management and optimisation of resources. He plays a major role in guiding TNB towards realising the ASEAN Power Grid in addition to driving the Energy Transition agenda. He also plays vital role in ensuring TNB provides timely and reliable supply to Data Centres.
- He serves as a board member of TNBPG Hydro Nenggiri Sdn. Bhd. and Tenaga Switchgear Sdn. Bhd.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

IR. MAHATHIR NOR BIN ISMAIL

Chief Distribution Network Officer

Malaysian / 48 / Male

Date of Appointment: 1 March 2024

Management Committee(s):

GEMC / GPC / GMTC / GLTC

Qualification(s):

- Master of Business Administration from UNITEN and Melbourne Business School.
- Master of Electrical Engineering from Universiti Teknologi Malaysia (UTM).
- Bachelor of Engineering (Electrical) from the University of Southampton, UK.

Working Experience:

- Ir. Mahathir Nor bin Ismail has over 24 years of service at TNB, encompassing various engineering and managerial roles. Some of his top leadership positions include Managing Director of TNB Energy Services (TNBES) and TNB Engineering Corporation Sdn. Bhd. (TNEC).
- He serves as a board member of TNB Retail Sdn. Bhd. (TRSB), TNB Energy Services Sdn. Bhd., and several joint-venture investment entities such as FTJ Bio Power Sdn. Bhd. and Metrosphere Hydro Tersat Sdn. Bhd.
- Previously, he also held directorship positions in over ten boards of TNB's subsidiaries.
- His current ambition is to elevate the Distribution Network Division in terms of business and operational performance, contributing to government initiatives like the National Energy Transition Roadmap (NETR).
- Ir. Mahathir is dedicated to enhancing the Distribution Network's visibility, controllability, and energy management, thus enabling an accelerated energy transition and facilitating customer participation in TNB's initiatives.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

SENIOR MANAGEMENT PROFILE

KAMAL ARIFIN BIN A. RAHMAN

Chief Retail Officer

Malaysian / 57 / Male

Date of Appointment: 3 October 2022

Management Committee(s):

GEMC / GPC / GMTC / GLTC / IEC

Qualification(s):

- Master of Business Administration from the University of Athens, Ohio, United States
- Bachelor of Science in Electrical Engineering from the University of Texas at El Paso (UTEP), United States
- Member of International Conference On Electricity Distribution (CIRED) Malaysia
- Chairman of HAPUA 2024 - ASEAN level for Customer Service Sector (Working Group on Human Resource)

Working Experience:

- Encik Kamal Arifin held more than 33 years of diverse experience within TNB encompassing roles such as Special Officer in the offices of the TNB Chairman, Senior Vice President, Chief Operating Officer of Malaysia Transformer Manufacturing, State General Manager (Negeri Sembilan) for TNB Distribution, and Head of Customer Services (Johor) for Retail Division.
- Before his elevation to the position of Chief Retail Officer, he was the Head of Centralised Operations and Centre of Excellence in the Retail Division.
- As Chief Retail Officer, Encik Kamal Arifin is at the forefront of TNB's ambitious journey to become a leading Retail company of the future. His responsibilities include driving the growth of TNB's new retail business, which extends beyond the core focus on kilowatt-hours to encompass new products and services. Additionally, he is committed to enhancing customer experience through the expansion of TNB's digital services.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

NAZMI BIN OTHMAN

Chief Financial Officer

Malaysian / 60 / Male

Date of Appointment: 1 August 2018

Management Committee(s):

GEMC / GPC / GMTC / COMPEC / IEC

Qualification(s):

- Fellow of the Certified Practising Accountants (CPA Australia).
- Certified Public Accountant of the Malaysian Institute of Certified Public Accountants (MICPA).
- Chartered Accountant of the Malaysian Institute of Accountants (MIA).
- Bachelor of Commerce (Accounting) from the University of Wollongong, Australia.

Working Experience:

- Encik Nazmi bin Othman has over 30 years of experience in various financial roles, which culminated in his appointment as Chief Investment Management Officer in 2014.
- Since 1 August 2018, he has been the Chief Financial Officer, Group Finance at TNB. His responsibilities includes monitoring finance-related activities and advising the CEO and the Board of Directors on key financial decisions.
- Before joining TNB, Encik Nazmi held several positions in other companies, including Financial Controller of Port Dickson Power Sdn. Bhd., an independent power producer, Island & Peninsular Berhad and Malaysian Resources Corporation Berhad (MRCB).
- In his role as Chief Financial Officer, he leads Group Finance as a strategic financial partner, actively contributing to TNB's business aspirations and the achievement of the Group's objectives. He focuses on continuous improvement and review in key financial areas such as finance policies and procedures, system efficiency and processes, strategic financial risks, and staff competency.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

SENIOR MANAGEMENT PROFILE

FELDATUN BINTI SHARIF

Chief People Officer

Malaysian / 51 / Female

Date of Appointment: 1 April 2024

Management Committee(s):

GEMC / GPC / GMTC

Qualification(s):

- Bachelor of Art, Art & Social Science (Majoring in Social Administration), with Honours, Universiti Malaya, Malaysia.

Working Experience:

- Puan Feldatun binti Sharif is a highly experienced HR Professional with 27 years of experience in various aspects of HR including HR Strategy, Organisational Development, Workforce Planning, Talent Acquisition, Development and Deployment, HR Management & Operations, and Change Management.
- She played a key role in TNB's Value Unlocking Programme in 2015 as Head of Organisation Design & Workforce Planning, contributing to a major transformation exercise.
- In 2018, she took on the role of Project Director for the formation of the TNB Integrated Shared Service Centre.
- Puan Feldatun led the reorganisation of TNB's macro structure in 2020 to establish TNB Power Generation and TNB Retail under Project Needle.
- Prior to becoming Chief People Officer in 2024, she held critical roles such as Head of People Strategy & Organisation Effectiveness in 2021 and Head of Operations, TNB Global Business Solutions (TGBS) in 2023.
- Puan Feldatun is responsible for crafting and deploying effective people management strategies at TNB. This is done through developing and implementing high-impact policies, initiatives and programmes to foster high employee experience, catalysing our people towards achieving TNB's purpose and aspiration.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

MOHD ZARIHI BIN MOHD HASHIM

Chief New Energy Officer

Malaysian / 47 / Male

Date of Appointment: 12 January 2022

Management Committee(s):

GEMC / GPC / GMTC

Qualification(s):

- Master of Business Administration from INSEAD
- Bachelor of Engineering (Honours) in Electrical and Electronic Engineering from University College London

Working Experience:

- Encik Mohd Zarihi plays a pivotal role in the New Energy Division, spearheading the expansion of TNB's renewable energy ventures, both domestically and internationally.
- Before his tenure at TNB, Encik Mohd Zarihi occupied senior positions in investment and private equity firms. He also brings a wealth of experience in management and IT consultancy, garnered from his work with various local and international consultancies.
- In the early stages of his career, he served as an engineer at a leading semiconductor corporation.

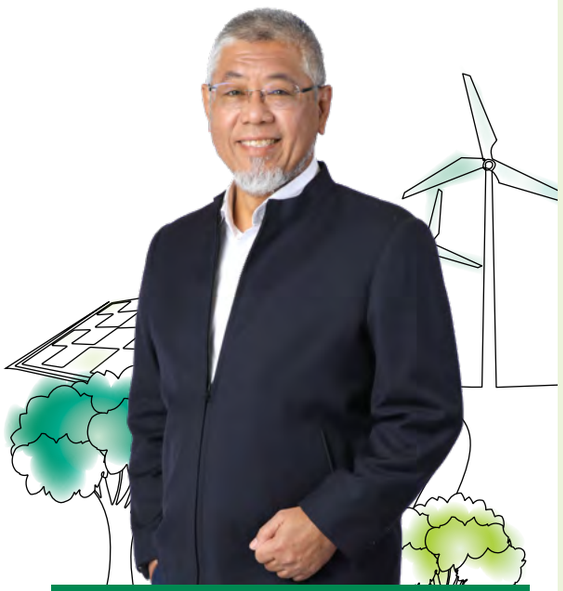
Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

SENIOR MANAGEMENT PROFILE

DATUK IR. TS. SHAMSUL BIN AHMAD

Chief Regulatory & Stakeholder Management Officer



Malaysian / 58 / Male

Date of Appointment: 12 December 2022

Management Committee(s):

GEMC / GPC / COMPEC / IEC

Qualification(s):

- Bachelor of Science in Mechanical Engineering from North Carolina A&T State University, United States of America
- Master of Business Administration from Universiti Tenaga Nasional, Malaysia
- Professional Technologist with the Malaysia Board of Technologists (MBOT)
- Certified Professional Engineer with the Board of Engineers Malaysia (BEM)
- Adjunct Professor at UNITEN Business School (UBS), Universiti Tenaga Nasional, Malaysia

Working Experience:

- Datuk Ir. Ts. Shamsul bin Ahmad's impressive tenure at TNB spans over 35 years, during which he has held a myriad of significant roles. Notably, he served as the Managing Director of TNB Janamanjung Sdn. Bhd. (TNBJ) for a decade.
- Prior to his current role, he was the Managing Director of TNB Fuel Services Sdn. Bhd.
- In his current position as Chief Regulatory & Stakeholder Management Officer, Datuk Ir. Ts. Shamsul is instrumental in sculpting the future of the industry's regulatory framework. His role is pivotal in fostering high levels of trust among stakeholders, a crucial factor in realising TNB's aspirations and vision.
- He currently serves as the Country Coordinator for Malaysia within HAPUA (Heads of ASEAN Power Utilities/Authorities).

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

LEO PUI YONG

Chief Sustainability Officer

Malaysian / 45 / Female

Date of Appointment: 1 June 2023

Management Committee(s):

GEMC / GPC / GMTC / IEC

Qualification(s):

- Bachelor Degree in Electrical & Electronic Engineering from Universiti Tenaga Nasional (UNITEN)
- Master in Energy & Power System from University Malaya (UM)
- Certified Internal Auditor (CIA)
- RIMS Certified Risk Management Professional

Working Experience:

- Ms Leo Pui Yong has served more than two decades at TNB and held various positions which include engineering, internal auditing and managerial roles.
- Prior to current appointment, she was the Chief Risk Officer of TNB.
- As Chief Sustainability Officer, she is responsible in leading the company's sustainability efforts and ensuring that TNB's operations align with the company's sustainability goal towards Net Zero Emission aspiration by 2050.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

SENIOR MANAGEMENT PROFILE

AZLAN BIN AHMAD

Chief Information Officer

Malaysian / 53 / Male

Date of Appointment: 18 July 2022

Management Committee(s):

GEMC / GPC / GMTC

Qualification(s):

- Master of Business Administration (MIS) from International Islamic University Malaysia (IIUM), Malaysia.
- Bachelor of Science (Computation) from the University of Manchester Institute of Science and Technology (UMIST), United Kingdom.
- BTEC National Diploma in Computer Studies from Coventry Technical College, United Kingdom.
- Additional learning experiences include the Harvard Premier Business Management Program, Gartner Leadership Development Academy, and BCG Leadership Institute.

Working Experience:

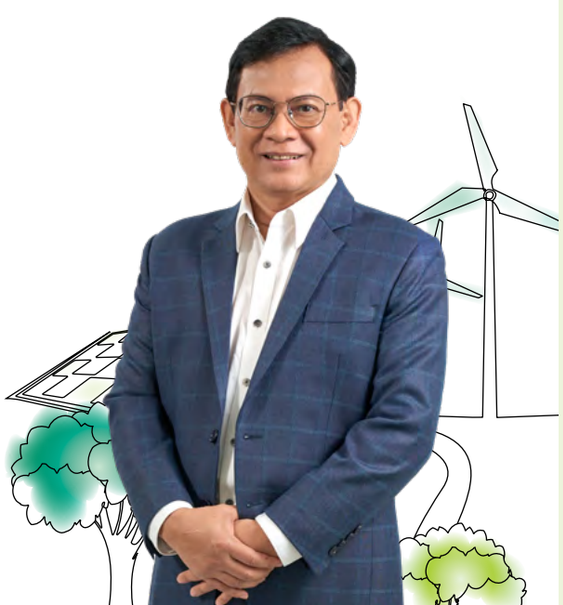
- Encik Azlan bin Ahmad has a distinguished 30-year career in TNB, mainly in the ICT Division, demonstrating his comprehensive expertise in IT & Telecommunication management.
- As Chief Information Officer, he directs TNB's IT & Telecommunication strategy and operations, covering the entire ICT value chain from IT infrastructure and network telecommunication to applications and cybersecurity.
- He plays a critical role in implementing secure and sustainable technology solutions across the organisation, key to advancing TNB's corporate digitalisation agenda.
- Encik Azlan serves on the Board of Directors for TNB-IT Sdn. Bhd. and Allo Technology Sdn. Bhd., and is a member of the BEM IT Committee.
- He holds an adjunct professorship at the College of Computing and Informatics (CCI), UNITEN, and serves as Chairman of the Advisory Panel for Tan Sri Leo Moggie Distinguished Chair in Energy Informatics and the UNITEN Advisory Panel for BSc. Graphics Multimedia.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

AMIR MAHMOD BIN ABDULLAH

Chief Procurement Officer



Malaysian / 57 / Male

Date of Appointment: 1 January 2020

Management Committee(s):

GEMC / GPC / COMPEC

Qualification(s):

- Master of Science in Engineering Business Management (Integrated Graduate Development Scheme, IGDS), University of Warwick, United Kingdom/University of Technology, Malaysia
- Bachelor of Engineering (Honours) in Electrical and Electronic Engineering, Brighton Polytechnic, United Kingdom
- Postgraduate Diploma in Engineering Business Management (Integrated Manager Development Scheme, IMDS), University of Warwick, United Kingdom/University of Technology, Malaysia
- Additional learning exposures include attachments at Melbourne Business School, Australia, National University of Singapore, and Disney University, Florida, United States of America

Working Experience:

- Encik Amir Mahmod commenced his career in 1988 with LLN/TNB and has accrued extensive experience across various domains including Customer Service, Maintenance, Planning and Construction, and leadership of numerous Cost and Profit Centres.
- He has spearheaded key projects, notably the development of online application systems such as the Competency Based Performance Management System and Online Employee Feedback, as well as the Integrated Development of Proton City.
- In 2009, he took the helm as Head of TNB Metering and Revenue Management. His career progressed further in 2014, where he was appointed as the inaugural Programme Director of TNB's Smart Meter under Advanced Metering Infrastructure (AMI), a crucial component of the Connected Grid of the Future.
- In 2016, Encik Amir Mahmod played a pivotal role in turning around Tenaga Cable Industries Sdn. Bhd., a TNB subsidiary, transforming it into a profitable and sustainable enterprise.
- His appointment as Programme Director of Procurement Hub Functions in 2018 was succeeded by his elevation to the role of Chief Procurement Officer in January 2020.
- In 2023, he was honoured as CPO of the Year at the 6th Annual Chief Procurement Officer Summit and Award in Kuala Lumpur and was a top-six finalist for the Asia Pacific CPO Award at the Asia Pacific Procurement Congress 2023 in Singapore.
- Encik Amir Mahmod is also a distinguished participant of TNB's Leadership Drive programme and an accredited trainer in several business domains.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

SENIOR MANAGEMENT PROFILE

DATUK AHMAD HUSHAIRI BIN IBRAHIM

Chief Global Business Solutions Officer

Malaysian / 61 / Male

Date of Appointment: 15 November 2021

Management Committee(s):

GEMC / GPC / GMTC / GLTC

Qualification(s):

- Bachelor of Science (Electrical Engineering) from Syracuse University, New York.

Working Experience:

- Datuk Ahmad Hushairi bin Ibrahim has served for more than 38 years in TNB, holding various positions in the Distribution Division and the Retail Division with extensive operational and strategic management experience.
- Prior to his current appointment, he has held various critical positions within TNB, including Billing & Customer Relationship Management (BCRM) Project Director, Head of Retail Operations and Head of Strategy for the Retail Division.
- He was appointed as Chief Global Business Solutions Officer in 2021 and is responsible for the provision of shared services solutions for TNB and its subsidiaries. TNB shared services solutions comprise of Service Delivery, Security Services, Property Services, Fleet Management, Health Care and Corporate Affairs.
- Datuk Ahmad Hushairi is also responsible for the provision of high quality and cost-effective centralised shared solutions, enabling the business entities within the TNB Group to focus on their core businesses. He is also part of various management committees within TNB.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

ALI MUNAWAR BIN HAJI SALIM

Company Secretary

Malaysian / 54 / Male

Date of Appointment: 1 January 2024

Management Committee(s):

GEMC / GPC

Qualification(s):

- Chartered Company Secretary from the Institute of Chartered Secretaries and Administrators, United Kingdom
- Associate of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)
- Diploma in Agribusiness from Universiti Pertanian Malaysia

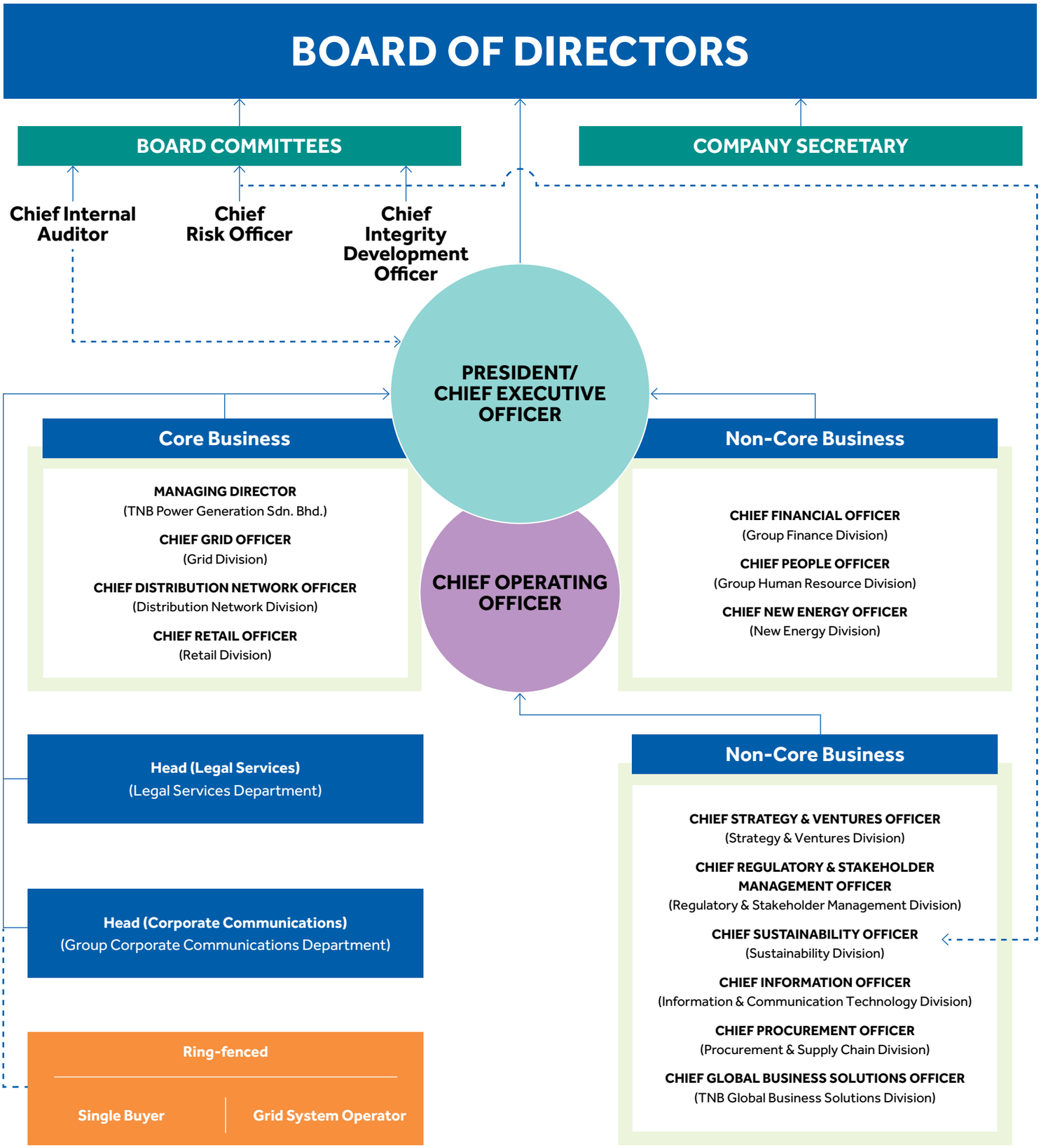
Working Experience:

- Encik Ali Munawar, a graduate from Institut Profesional Baitulmal, Kuala Lumpur, has an extensive background in corporate compliance, having served as Senior Manager in the Corporate Compliance Unit at TNB from 2014 to 2023. In this role, he notably served as Assistant Company Secretary for various TNB Board Committees and the Management Committee, including the Board Finance and Investment Committee, Board Nomination and Remuneration Committee, Board Long Term Incentive Plan Committee, and the Group Executive Management Committee.
- He started his career at TNB in 1996 and has over 29 years experience in corporate secretarial matters, corporate governance, compliance, special projects and due diligence exercises.
- Encik Ali Munawar has been instrumental as Company Secretary or Joint Company Secretary for multiple major subsidiaries within the TNB Group, encompassing a diverse range of entities from power generation to technology and venture capital.

Directorships In Public Companies and Listed Issuers:

No directorships in public companies and listed issuers.

ORGANISATIONAL STRUCTURE



Legend: - - - administrative reporting

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

Dear Shareholders,

I am pleased to present the Corporate Governance Overview Statement for 2023.

In alignment with our Corporate Governance Report, accessible on our corporate website, these statements highlight the Board's thorough assessment of the Group's operational landscape and strategic decisions aimed at securing a sustainable position for the benefit of our key stakeholders. This effort is bolstered by our commitment to upholding exemplary standards of corporate governance, deeply embedded within our organisational ethos.

The effectiveness of the Board's leadership is assessed by the transparency and clarity evident in our actions, underscored by the standards, procedures, and culture we establish. This transparent approach reflects our dedication to accountability and integrity across all aspects of our operations.

ENGAGING AND RECONNECTING

In the past year, TNB introduced TNB Ways of Working (TWoW) to foster a more conducive work environment and address the needs of our workforce. Three (3) key components of TWoW include flexible and hybrid working arrangements, adaptable work hours, and a smart casual dress code, which became effective across TNB as of 1 January 2023. This initiative aligns with TNB's commitment to implementing flexible working practices throughout the organisation.

Further, we resumed hybrid meetings for the Board and its Committees, as well as for many shareholder engagements. The upcoming 2024 Annual General Meeting (AGM) will be conducted virtually, and I eagerly anticipate connecting with those who are able to attend, while also addressing queries from those joining us virtually.

The Board places significant emphasis on gathering input from employees, shareholders and broader stakeholders to ensure our actions resonate with those we collaborate with. This commitment is evident throughout this Integrated Annual Report, showcasing the extensive network through which we gather pertinent insights. At the Board level, we enhance our understanding of various perspectives through initiatives that complement our daily interactions within our business operations.

Our Board agenda also encompasses a stakeholder evaluation of our strategic direction, an annual update on supply chains, confirmation of sustainability priorities, and a comprehensive report on key stakeholder engagements. Notably, in 2023, our discussions included the development of Reimagining TNB 2.0, the Board Evaluation Assessment and a review of Non-Executive Directors' remuneration by independent expert and broader considerations regarding energy affordability.

DRIVING SUSTAINABILITY

Our operational strategy is deeply rooted in Environmental, Social and Governance (ESG) principles, ensuring our enduring commitment to sustainable practices. ESG targets are seamlessly integrated into our performance metrics via an ESG scorecard, reflecting their pivotal role in driving organisational objectives. Continuously striving for excellence, we've enhanced our reporting standards to align with the Global Reporting Initiative (GRI) index and Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The robust support from our Board Committees further showcases our dedication to sustainability. The renaming of the Board Risk Committee (BRC) to the Board Sustainability and Risk Committee (BSRC), effective 25 August 2023, signals our heightened emphasis on sustainability. Collaborating closely with the BSRC, the Board assumes responsibility for overseeing the strength of our sustainability and risk management frameworks, ensuring effective implementation to achieve strategic objectives and sustainability commitments.

Simultaneously, the Sustainability and Energy Transition Council (SETC) intensifies our focus on ESG index performance and scrutinises climate resilience and adaptation plans, further bolstering our commitment to sustainable practices. Moreover, the Board's endorsement of enhancements to the terms of reference of the Board Audit Committee (BAC), with a particular focus on sustainability-related matters, underscores our proactive approach.

For a comprehensive overview of our ESG initiatives and activities over the past year, please refer to the dedicated section titled "Sustainability Statement" within this report. Detailed information regarding our approach to ESG can also be found in our standalone Sustainability Report. These documents provide valuable insights into our ongoing commitment to sustainability and the measures we undertake to uphold ESG principles.

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

EFFECTIVENESS

In my capacity as Chairman, I bear the responsibility and shall persist in providing leadership to ensure the effective operation of the Board. I am fortunate to have the support of all Directors in this endeavour. The annual Board Evaluation Assessment (BEA) serves as a valuable tool for the Board to reflect on its functioning and identify areas for enhancement. This year, the BEA was conducted by an independent expert in accordance with Practice 6.1 of the Malaysian Code on Corporate Governance 2021 (MCCG). The findings from this assessment have yielded valuable insights that will guide us in further refining the operations and effectiveness of the Board.

BOARD CHANGES

The Board is committed to maintaining a diverse mix of skills, experience and expertise to effectively fulfill its responsibilities and address the dynamic landscape ahead. With a keen eye on succession planning, we have established a robust process for selecting, nominating and appointing candidates to the Board.

Entrusted with this responsibility, the Board Nomination and Remuneration Committee (BNRC) rigorously evaluates potential candidates, considering their capabilities, commitment and suitability for Board and Committee roles. This evaluation encompasses a range of factors, including diversity, skillsets, backgrounds, relevant experience and fit and proper assessment, ensuring a well-rounded composition of Board members.

In line with our governance framework, the Board may appoint new Directors to fill vacancies or augment the existing Board structure. As per our Company's Constitution, the Minister of Finance (Incorporated) (MoF Inc.), our Special Shareholder, holds the authority to appoint up to six (6) Directors. Currently, our Board comprises 12 members, including one (1) Executive Director and 11 Non-Executive Directors, with six (6) Independent Directors.

These Independent Directors bring unbiased judgment, free from any conflicts of interest, ensuring robust decision-making processes. We continue to refine our Board composition, balancing experience, expertise and innovative perspectives.

Several changes have occurred within the Board during the reporting period. Prior to the commencement of the 33rd Annual General Meeting on 18 May 2023, Datuk Rawisandran Narayanan expressed his intention, not to seek for re-election as an Independent Non-Executive Director, as per Clause 64(1) of the Company's Constitution. Consequently, Ordinary Resolution 3 regarding his re-election as a Director was withdrawn at the AGM.

In the course of the Financial Year, Muazzam bin Mohamad assumed the role of Non-Independent Non-Executive Director, representing Permodalan Nasional Berhad (PNB), a major shareholder of TNB, effective 1 July 2023. With over 15 years of experience at PNB, Muazzam has spearheaded numerous initiatives in corporate finance, mergers and acquisitions and corporate strategy, emphasising sustainability and governance. His appointment underscores our commitment to responsible investment practices.

Shortly thereafter, Datuk Amran Hafiz bin Affifudin resigned as Non-Independent Non-Executive Director, representing Khazanah Nasional Berhad (Khazanah), a major shareholder of TNB, effective 1 September 2023. Concurrently, Elaine Ong Yee Lynn concluded her role as Alternate Director to Datuk Amran Hafiz bin Affifudin, as stipulated in Clause 61(2) of the Company's Constitution. Selvendran Katheerayson was subsequently appointed as Non-Independent Non-Executive Director, representing Khazanah, effective 1 September 2023.

Selvendran brings a wealth of experience from his tenure as Executive Director, Head of Real Assets & Property at Khazanah. His appointment reflects our commitment to strengthening governance and maximizing shareholder value. Elaine Ong Yee Lynn was reappointed as Alternate Director to Selvendran Katheerayson with effect from 24 November 2023.

Furthermore, upon the conclusion of Dato' Seri Ir. Baharin bin Din's service tenure as President/Chief Executive Officer (President/CEO), Datuk Ir. Megat Jalaluddin bin Megat Hassan was appointed by the Board with the concurrence of MoF Inc. as President/CEO and Non-Independent Executive Director of TNB for a two-year term, effective 1 March 2024. Datuk Ir. Megat Jalaluddin brings extensive experience and industry knowledge, having served in various leadership capacities within TNB.

The Board on 27 February 2024 had approved the appointment of Ramzi bin Mansor who is the Deputy Secretary General of Treasury (Management) in the Ministry of Finance as Non-Independent Non-Executive Director representing the interest of MoF Inc. with effect from 1 March 2024. He was appointed in place of Datin Rashidah binti Mohd Sies, who had resigned effective 12 January 2024, due to her retirement in public services.

A recent addition to the Board is the appointment of Dato' Zulkifli bin Ibrahim as Independent Non-Executive Director with effect from 1 April 2024. He possesses technical expertise and experience in generation operation and maintenance, that would fill up the gap identified through the Board Skills Matrix.

CHAIRMAN'S INTRODUCTION TO CORPORATE GOVERNANCE

As we welcome our new Board members and leadership, we express our gratitude to departing Directors for their dedication and service to the Company. We are confident that with the collective expertise and vision of our Board, we will continue to steer TNB towards success, creating long-term value for our stakeholders.

The Board adheres to Paragraph 15.02 (1)(a)&(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR), of having 50% of Independent Directors and five (5) female Directors, surpassing the requirements set by the MMLR.

The Board and BNRC continuously undertake thorough reviews of the Board Skills Matrix. This assessment aids in identifying the necessary skills, knowledge, experience and capabilities essential for addressing current and future challenges within the Company. It aims to maintain a well-rounded mix of expertise to effectively tackle business compliance and governance matters, thereby enabling Directors to conduct comprehensive evaluations of Management's performance.

Following the BNRC's recommendation, the Board approved measures to enhance the Board's composition for greater dynamism. Addressing critical skills and competency gaps, such as technical proficiency, international business acumen and customer-centricity, remains a priority. All Directors appointed during the Financial Year under review possess the requisite skills, aligning with the strategic needs of the Company.

By having a balanced blend of skills, experience, knowledge and independence, the Board is confident in its ability to execute the Group's strategy effectively. This balance empowers the Non-Executive Directors to rigorously challenge Management's perspectives and proposals while ensuring compliance with the principle of good governance.

DIVERSITY

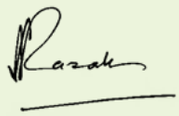
The Board remains deeply committed to promoting diversity within the Company's senior management. It conducts annual reviews to evaluate recommendations on diversity for these crucial roles. Recognising the continuous need for advancement, this commitment extends beyond the Board level to include the Senior Leadership tier.

Presently, the representation of women on the Board stands at five (5) members, constituting 42%, surpassing the 30% benchmark recommended by the MCCG. However, within the broader organisation, women comprise 21% of the workforce. Gender balance varies across roles, geographies, and bands with female representation within our leadership stands at 26%.

Although commendable progress has been achieved in different aspects of diversity and inclusion across the Group, ensuring sustainable change requires a resolute, long-term strategy, which remains a key focus for the Company.

LOOKING FORWARD

In conclusion, the importance of robust corporate governance cannot be underestimated as we chart our course forward. Serving as the bedrock of our operations, it steers us towards enduring growth and prosperity. As we progress, our focus remains on strengthening our governance mechanisms, continuously refining and adapting them to meet the evolving needs of our organisation and the expectations of our stakeholders. By aligning our governance practices with our strategic and operational objectives, we not only bolster the confidence of our investors and partners but also cultivate an environment of accountability and transparency. This dedication to sound corporate governance ensures that we remain committed to delivering long-term, sustainable value for all those we serve.



DATO' ABDUL RAZAK BIN ABDUL MAJID
Chairman

BOARD LEADERSHIP & EFFECTIVENESS

Key highlights and initiatives for FY2023:

Code of Business Ethics

On 25 August 2023, the Board approved the TNB Code of Business Ethics (COBE), which extends its applicability to all Directors and Employees across all tiers within the organisation. This Code serves as a compass, delineating the expected standards of conduct for all individuals affiliated with TNB, including Business Associates where relevant. Rooted in TNB's Core Values, Policies, Disciplinary Procedure, as well as regulatory and legislative mandates, these standards form the cornerstone of ethical behaviour within TNB. Accessible on TNB's official website at www.tnb.com.my, the COBE serves as a guiding framework for all stakeholders.

TNB Organisational Anti-Corruption Plan

The Organisational Anti-Corruption Plan of TNB received approval from the Board Integrity Committee (BIC) on 7 August 2023. Serving as a foundational document, this plan outlines a comprehensive strategy aimed at mitigating governance challenges and fortifying integrity within the Company. By proactively addressing potential corruption risks and promoting ethical conduct among employees, the plan seeks to uphold TNB's commitment to governance excellence.

Trainings and Awareness session by Integrity Department

- TNB Integrity Day 2023
- Integrity related programs to Divisions/Departments and Subsidiaries
- Five (5) sessions of Fraud and Bribery Risk Management workshop
- All staff and active vendors/contractors were required to complete Integrity E-Learning
- All staff are required to sign the integrity pledge, declare any conflicts of interest annually and specifically when a conflict arises
- Joint integrity programs with Malaysian Anti-Corruption Commission (MACC)
- Published 12 Integrity bulletins and e-poster

Three (3) Integrity Mandatory Requirements

All employees are required to sign the Integrity Pledge, declare any conflicts of interest and complete the Integrity E-Learning Module on an annual basis.

TNB Board Evaluation Assessment FY2023

Throughout the Financial Year under review, the Board, in collaboration with the BNRC engaged an independent expert to conduct the Board Evaluation Assessment FY2023 (BEA), aligning with Practice 6.1 of MCCG. The comprehensive findings of the BEA are elaborated upon in detail on pages 159-160 of the Integrated Annual Report.

Review of the Non-Executive Directors' Remuneration

In 2023, the Board engaged an independent expert to conduct a comprehensive and independent review of the remuneration for Non-Executive Directors. The objective was to assess its competitiveness in the market and ensure alignment with the latest regulations and corporate governance guidelines in Malaysia.

Board Risk Committee (BRC) was renamed as Board Sustainability and Risk Committee (BSRC) and the Review of BSRC and BAC Terms of Reference

The Board approved the renaming of the Board Risk Committee (BRC) to the Board Sustainability and Risk Committee (BSRC) effective from 25 August 2023. This change aligns with its expanded responsibilities, notably the oversight of sustainability practices as per the Bursa Malaysia Sustainability Reporting Guide 3rd Edition.

Additionally, on 14 December 2023, the Board approved the updated terms of reference for the BAC to reflect its evolving role, particularly in ensuring assurance of sustainability-related concerns.

TNB's Inaugurate Energy Transition Conference

TNB's Inaugurate Energy Transition Conference with the theme 'Accelerating a Responsible Energy Transition' was held on 28 to 29 August 2023 at the Kuala Lumpur Convention Centre. The Conference attracted over 2,500 delegates representing various segments of the Renewable Energy industry and sustainable technologies. Its exhibition area occupied a space of 7,500 m^2 where the latest innovations, RE technologies and financing were put on display.

BOARD LEADERSHIP & EFFECTIVENESS

THE BOARD AND ITS GOVERNANCE FRAMEWORK

Supports Effective Decision Making and the Delivery of Our Strategy

TOTAL HOURS OF BOARD MEETINGS
50

OVERALL PERCENTAGE OF BOARD MEETINGS ATTENDED BY DIRECTORS
94%

TOTAL HOURS OF BOARD AND BOARD COMMITTEES MEETINGS
215

THE BOARD

Key Roles and Responsibilities

- Provides leadership to the Company and direction for Management.
- Has collective responsibility and accountability to shareholders for the long-term success of the Group.
- Reviews the performance of Management and the operating and financial performance of the Group.
- Sets strategy.
- Determines risk appetite.
- Ensures good governance.
- Deliberates and approves the sustainability strategy and pathway while overseeing TNB's implementation and performance on sustainability.

Chairman
- Leads the Board.
- Ensures an effective Board, including contributions and challenges from the Directors.
- Ensures that the Group maintains effective communication with its shareholders.

President/CEO
- Has day-to-day responsibility for running the Group's operations.
- Makes recommendations to the Board and implements Group strategy.
- Applies Group policies.
- Promotes TNB's culture and standards.
- Ensures the Directors are properly informed and that sufficient information is provided to the Board to enable the Directors to form appropriate judgements.

The roles of Chairman and President/CEO are held by two (2) separate individuals.

Board of Directors	Dato' Abdul Razak bin Abdul Majid[1]	Dato' Seri Ir. Baharin bin Din	Datin Rashidah binti Mohd Sies[2]	Selvendran Katheerayson[3]
Total Board Meetings Attended for Financial Year 2023	13/14* 93%	13/18 72%	10/13* 77%	6/6* 100%

Board of Directors	Dato' Roslina binti Zainal[17]	Dato' Merina binti Abu Tahir	Elaine Ong Yee Lynn[6] *(Alternate Director to Selvendran Katheerayson)*	Dato' Sri Hasan bin Arifin[7] *(No meeting held during his tenure/service)*
Total Board Meetings Attended for Financial Year 2023	18/18 100%	18/18 100%	2/2*^[14] 100%	

TNB BOARD COMMITTEES

Board Audit Committee (BAC) — Total **42** meeting hours

Chairman
Dato' Merina binti Abu Tahir
Attendance **13/13** (100%)

Members
Ong Ai Lin
Attendance **13/13** (100%)

Juniwati Rahmat Hussin
Attendance **12/13** (92%)

Rohaya binti Mohammad Yusof[4]
Attendance **5/6*** (83%)

Datuk Lau Beng Wei[10]
Attendance **3/4**^ (75%)

Datuk Rawisandran Narayanan[11]
Attendance **6/6**^ (100%)

Gopala Krishnan K.Sundaram[13]
Attendance **7/7**^ (100%)

Board Finance and Investment Committee (FIC) — Total **20** meeting hours

Chairman
Datuk Amran Hafiz bin Affifudin[12]
Attendance **8/9**^ (89%)

Rohaya binti Mohammad Yusof[4]
Attendance **6/6*** (100%)

Members
Dato' Roslina binti Zainal
Attendance **13/13** (100%)

Dato' Merina binti Abu Tahir
Attendance **13/13** (100%)

Selvendran Katheerayson[3]
Attendance **1/1*** (100%)

Datuk Lau Beng Wei[10]
Attendance **2/2**^ (100%)

Gopala Krishnan K.Sundaram[13]
Attendance **7/7**^ (100%)

Elaine Ong Yee Lynn
Attendance **-**

Board Tender Committee (BTC) — Total **38** meeting hours

Chairman
Datin Rashidah binti Mohd Sies[2]
Attendance **8/9***^ (89%)

Members
Gopala Krishnan K.Sundaram[13]
Attendance **13/13*** (100%)

Juniwati Rahmat Hussin
Attendance **13/14** (93%)

Dato' Roslina binti Zainal
Attendance **14/14** (100%)

Datuk Amran Hafiz bin Affifudin[12]
Attendance **3/5**^ (60%)

Elaine Ong Yee Lynn
Attendance **2/2**^ (100%)

Datuk Seri Asri bin Hamidin @ Hamidon[8]
(No meeting held during his tenure/service)

Faisal @ Pisal bin Abdul Ghani[9]
(No meeting held during his tenure/service)

The Terms of References (TORs) of the BAC and BNRC are available at www.tnb.com.my.

Key Roles and Responsibilities

To oversee the integrity of the financial statements in compliance with legal and regulatory requirements and applicable accounting standards.

To assess the effectiveness of the Group's internal control framework as well as internal and external audit functions.

To assess the effectiveness of the system for monitoring compliance with laws and regulations.

To ensure consistency and connectivity of sustainability-related disclosures across financial reporting and other public disclosures.

To review and recommend to the Board for approval and to approve investment/divestment proposals recommended by Management balancing strategic, financial and risk and return.

To review and approve investment risks and risk treatments proposed by Management for new investment/divestment proposals for investment of value up to RM200.0 million per transaction.

To review and recommend to the Board for approval investment risks and risk treatments proposed by Management for new investment/divestment proposals for investment of value above RM200.0 million per transaction.

To review, monitor and make recommendations to the Board for approval in matters pertaining to finance, including but not limited to budgets and funding activities.

To establish the framework of TNB's Procurement & Supply Chain Policy and Procedures.

To advise the Board regarding the details and implementation of TNB's Procurement & Supply Chain Policy and Procedures framework.

To assist the Board in regulating the compliance of Top Management and Executive Directors with TNB's Procurement & Supply Chain Policy and Procedures.

To ensure TNB complies with the applicable laws, regulations, rules and guidelines to achieve best business practices in its procurement of equipment, materials, works and services.

AUDIT AND FINANCIAL GOVERNANCE
- Internal Audit
- External Audit
- Financial Controls

APPROVAL COMMITTEES
- **GPC** Group People Committee
- **GMTC** Group Management Tender Committee

CONSULTATIVE COUNCILS
- **RC** Regulatory Council
- **TC** Technology Council

Notes:

1 *Appointed as Chairman w.e.f. 27 March 2023.*
2 *Appointed as Director w.e.f. 10 April 2023, Chairman of BTC w.e.f. 17 April 2023, Member of BIC w.e.f. 29 May 2023 and Member of BNRC w.e.f. 1 July 2023. Cessation as Chairman of BTC and Member of BNRC and BIC w.e.f. 12 January 2024.*
3 *Appointed as Director w.e.f. 1 September 2023, Member of FIC & BSRC w.e.f. 24 November 2023 and Member of BLTIP w.e.f. 14 December 2023.*
4 *Appointed as Director w.e.f. 20 March 2023, Member of FIC w.e.f. 1 July 2023 and redesignated as Chairman of FIC w.e.f. 24 November 2023, appointed as Member of BAC w.e.f. 1 July 2023 and BLTIP w.e.f. 14 December 2023.*
5 *Appointed as Director w.e.f. 1 July 2023 and Member of BSRC, BNRC, BLTIP & BIC w.e.f. 25 August 2023.*
6 *Appointed as Alternate Director to Datuk Amran Hafiz bin Affifudin w.e.f. 20 March 2023, cessation of Office as Alternate Director to Datuk Amran Hafiz bin Affifudin w.e.f. 1 September 2023 and appointed as Alternate Director to Selvendran Katheerayson w.e.f. 24 November 2023.*
7 *Resigned as Chairman w.e.f. 1 January 2023.*
8 *Resigned as Director, Chairman of BTC and Member of BNRC & BLTIP w.e.f. 5 January 2023.*
9 *Cessation of Office as Alternate Director to Datuk Seri Asri bin Hamidin @ Hamidon w.e.f. 5 January 2023.*
10 *Resigned as Director and Member of BAC & FIC w.e.f. 6 March 2023, appointed as Member of BNRC & BLTIP w.e.f. 1 February 2023 and cessation as Member of BNRC & BLTIP w.e.f. 6 March 2023.*
11 *Cessation of Office as Director and Member of BAC, BSRC & BIC w.e.f. 18 May 2023.*
12 *Resigned as Director, Chairman of FIC and Member of BLTIP & BIC w.e.f. 1 September 2023. Cessation as Member of BTC w.e.f. 17 April 2023.*
13 *Cessation as Member of BAC with effect from 1 July 2023, appointed as Interim Chairman of BTC with effect from 1 February 2023 and redesignated as Member of BTC w.e.f. 17 April 2023. Resigned as Member of FIC with effect from 1 July 2023, appointed as Member of BNRC with effect from 1 July 2023, appointed as Member of BLTIP with effect from 1 July 2023 and redesignated as Chairman of BLTIP with effect from 14 December 2023.*
14 *Reflects the number of meetings attended during her appointment as Alternate Director to Datuk Amran Hafiz bin Affifudin.*
15 *Appointed as Interim Member of BLTIP w.e.f. 25 May 2023 and cessation as Interim Member of BLTIP w.e.f. 1 July 2023.*
16 *Redesignated as Chairman of BIC w.e.f. 1 February 2023.*
17 *Appointed and cessation as Member of BSRC w.e.f. 1 July 2023 and 24 November 2023 respectively. Redesignated and cessation as Member of BLTIP w.e.f. 14 December 2023 and 26 March 2024 respectively.*

^ *Reflects the number of meetings attended during the time the Director held office/was Chairman/ Member of Committee(s).*
* *Reflects the number of meetings since his/her respective appointment to the Board/relevant Board Committee(s).*

All Directors have complied with the minimum attendance as stipulated in the MMLR, of which being present not less than 50% of the total Board meetings held during the Financial Year.

For more information, please refer to our board chapter.

BOARD LEADERSHIP & EFFECTIVENESS

Senior Independent Non-Executive Director (SID)

- Provides a sounding board for the Chairman.
- Acts, if necessary, as a focal point and intermediary for the other Directors.
- Ensures that any key issues not addressed by the Chairman or the Executive Management are taken up.
- Is available to shareholders should they have concerns.

Non-Executive Directors

- Constructively challenge the Management in all areas.
- Scrutinise Management's performance.
- Help develop proposals on strategy.
- Satisfy themselves on the integrity of financial information and on the effectiveness of financial controls and risk management systems.
- Determine appropriate level of remuneration for Senior Management.

Chief Financial Officer

- Has day-to-day responsibility for the management of the finance function.
- Leads the Group's finance activities, risks and controls.
- Represents TNB externally to stakeholders, shareholders, customers, suppliers, regulatory and government authorities and the community.

Company Secretary

- Advises the Board on corporate disclosures and compliance with the Companies Act 2016, securities regulations and the MMLR.
- Together with the Chairman, keeps the effectiveness of the Company's and the Board's governance processes under review.
- Provides advice on corporate governance issues.
- Facilitates the orientation of new Directors and assists the Directors' training and development.

Rohaya binti Mohammad Yusof[4]
15/15*
100%

Muazzam bin Mohamad[5]
8/8*
100%

Ong Ai Lin
17/18
94%

Juniwati Rahmat Hussin
16/18
89%

Gopala Krishnan K.Sundaram[13]
18/18
100%

Datuk Seri Asri bin Hamidin @ Hamidon[8]
(No meeting held during his tenure/service)

Faisal @ Pisal bin Abdul Ghani[9]
(Alternate Director to Datuk Seri Asri bin Hamidin @ Hamidon)
(No meeting held during his tenure/service)

Datuk Lau Beng Wei[10]
2/2^
100%

Datuk Rawisandran Narayanan[11]
8/8^
100%

Datuk Amran Hafiz bin Affifudin[12]
10/12^
83%

Board Nomination and Remuneration Committee (BNRC)

Total **22** meeting hours

Chairman
Dato' Roslina binti Zainal
Attendance **12/12** (100%)

Members
Dato' Merina binti Abu Tahir
Attendance **12/12** (100%)

Datin Rashidah binti Mohd Sies[2]
Attendance **5/5***^ (100%)

Gopala Krishnan K.Sundaram[13]
Attendance **5/5*** (100%)

Muazzam bin Mohamad[5]
Attendance **3/3*** (100%)

Datuk Lau Beng Wei[10]
Attendance **1/1***^ (100%)

Datuk Amran Hafiz bin Affifudin[12]
Attendance **7/7**^ (100%)

Elaine Ong Yee Lynn
Attendance **-**

Key Roles and Responsibilities

To identify and recommend new nominees to the Board, Board Committees and Boards of TNB Group.

To consider/review the Executive Director and Top Management's succession planning.

To review the Board's required mix of skills, experience and other qualities, including core competencies which Non-Executive Directors should bring to the Board.

To implement the process formulated by the Board to assess the effectiveness of the Board, Board Committees, Self and Peers.

To determine and recommend to the Board the remuneration packages of Non-Executive Directors/Executive Directors/Top Management.

To align the Board and Top Management reward/remuneration with the Key Performance Indicators (KPIs).

Board Sustainability and Risk Committee (BSRC)

Total **31** meeting hours

Chairman
Ong Ai Lin
Attendance **9/9** (100%)

Members
Gopala Krishnan K.Sundaram
Attendance **9/9** (100%)

Dato' Roslina binti Zainal[17]
Attendance **3/3***^ (100%)

Muazzam bin Mohamad[5]
Attendance **2/2*** (100%)

Selvendran Katheerayson[3]
(No meeting held since his appointment)

Juniwati Rahmat Hussin
Attendance **6/6**^ (100%)

Datuk Rawisandran Narayanan[11]
Attendance **6/6**^ (100%)

Datuk Amran Hafiz bin Affifudin[12]
Attendance **0/1***^ (0%)

Elaine Ong Yee Lynn[14]
Attendance **1/1***^ (100%)

To deliberate and recommend on the sustainability framework and policy for Board's approval.

To oversee the implementation of the sustainability framework integration into the Group's culture, processes and structures.

To deliberate TNB Sustainability Roadmap based on Board approved strategies and targets and ensuring effective deployment across the Group.

To oversee the Group's sustainability key performance indicator against approved strategies and targets.

To review and recommend on Group's sustainability disclosures required by Bursa Malaysia for Board approval.

To advise on TNB Sustainability Report disclosures to external stakeholders prior to publication.

Board Long Term Incentive Plan Committee (BLTIP)

Total **1** meeting hours

Chairman
Dato' Roslina binti Zainal[17]
Attendance **1/1**^ (100%)

Gopala Krishnan K.Sundaram[13]
(No meeting held since his appointment)

Members
Muazzam bin Mohamad[5]
(No meeting held since his appointment)

Selvendran Katheerayson[3]
(No meeting held since his appointment)

Rohaya binti Mohammad Yusof[4]
(No meeting held since her appointment)

Ong Ai Lin[15]
Attendance **1/1** (100%)

Datuk Lau Beng Wei[10]
(No meeting held during his tenure/service)

Datuk Rawisandran Narayanan[11]
(No meeting held during his tenure/service)

Datuk Amran Hafiz bin Affifudin[12]
Attendance **1/1**^ (100%)

Datuk Seri Asri bin Hamidin @ Hamidon[8]
(No meeting held during his tenure/service)

Faisal @ Pisal bin Abdul Ghani[9]
(No meeting held during his tenure/service)

To oversee the administration of TNB LTIP and the shares granted (LTIP Shares) subject to the by-laws.

To approve and determine the manner in which the LTIP Shares are granted and subsequently vested to the selected employees in accordance with the by-laws, including inter alia, the determination of eligibility, grant level, terms of acceptance of offers, terms of vesting of shares, performance conditions and any other terms and conditions imposed at the discretion of the BLTIP.

Board Integrity Committee (BIC)

Total **8** meeting hours

Chairman
Juniwati Rahmat Hussin[16]
Attendance **5/5** (100%)

Members
Datin Rashidah binti Mohd Sies[2]
Attendance **4/4***^ (100%)

Ong Ai Lin
Attendance **1/1***^ (100%)

Muazzam bin Mohamad[5]
Attendance **1/1*** (100%)

Datuk Rawisandran Narayanan[11]
Attendance **1/1**^ (100%)

Datuk Amran Hafiz bin Affifudin[12]
Attendance **3/4**^ (75%)

Dato' Roslina binti Zainal
Attendance **3/3***^ (100%)

Elaine Ong Yee Lynn
Attendance **-**

To oversee and conduct disciplinary matters for TNB personnel, including acting on the advice of the Management, hearing and deciding on appeals and enforcing disciplinary proceedings against staff convicted of misconduct.

To review and make recommendations to the Board of Directors on steps to be taken to establish a culture of integrity and honesty in all of the Company's business dealings.

BOARD RESERVED AUTHORITIES
DELEGATED AUTHORITY TO MANAGEMENT
PRESIDENT/CHIEF EXECUTIVE OFFICER (President/CEO)
GROUP EXECUTIVE MANAGEMENT COMMITTEE (GEMC)

Strategy
Sustainability
Integrity
Risk Management

COMPEC
Commodity Procurement Executive Committee

IEC
Investment Executive Committee

ICTGC
Information & Communication Technology (ICT) Governance Committee

ESC
Energy Supply Committee

SETC
Sustainability and Energy Transition Council

EVC
Electric Vehicle Council

SMC
Smart Meter Council

HSEC
Health, Safety & Environment Council

IC
Integrity Council

BOARD LEADERSHIP & EFFECTIVENESS

SUSTAINABILITY GOVERNANCE

In advancing our sustainability agenda and achieving our net zero objectives, a robust sustainability governance framework and resolute leadership structure are paramount. Aligned with the tenets of the MCCG, our sustainability governance is deeply ingrained within TNB's Governance Model, serving as a cornerstone of our organisational principles.

Underlining the importance of a resilient sustainability governance framework, coupled with effective leadership, we uphold these elements as essential for informed and inclusive decision-making processes. Integrated seamlessly within the broader TNB Group Governance Platform, our sustainability governance framework is intricately linked with TNB's management committees and subcommittees, reinforcing its pivotal role within our corporate governance framework.

During a special meeting on 11 September 2023, the Board approved the renaming of the BRC to the BSRC, effective from 25 August 2023. This decision was accompanied by enhanced terms of reference, encompassing the oversight of sustainability practices in alignment with the Bursa Malaysia Sustainability Reporting Guide 3rd Edition. With the support of the BSRC, the Board assumes responsibility for ensuring the robustness of our sustainability and risk management frameworks, as well as the effectiveness of their implementation in achieving strategic objectives and sustainability commitments.

Furthermore, on 14 December 2023, the Board endorsed the revised terms of reference for the BAC to adapt to its evolving role, particularly in providing assurance on sustainability-related matters. The updated functions and responsibilities of the BAC in relation to sustainability matters include ensuring the consistency and coherence of sustainability-related disclosures across financial reporting and other public disclosures, approving the assurance plan/methodology on the Sustainability Statement, and reviewing the results of assurance on the Sustainability Statement, culminating in the approval of the Statement of Assurance as part of the Sustainability Statement.

For more information, please refer to Sustainability Governance section of Sustainability Statement, which can be found on pages 58-59.

OPERATIONS OF THE BOARD

Prior to each scheduled Board meeting, comprehensive Chairman Reports from the respective Board Committees are distributed, ensuring Directors are thoroughly briefed on deliberations and recommendations. This process guarantees that each Director is well-informed about decisions made and viewpoints raised. Subsequently, the Chairman of each Board Committee presents the Committee's report to the Board, outlining recommendations for the Board's consideration and approval. This dynamic exchange allows the Board to offer insights on all Committee deliberations. All deliberations and recommendations are duly recorded,

SUMMARY OF BOARD ACTIVITIES IN 2023

MATTERS DELIBERATED BY THE BOARD AND ITS COMMITTEES DURING THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The following list is not exhaustive and encompasses only a selection of Key Areas of Focus/Matters Deliberated by the Board and its Committees during the Financial Year. It aims to offer stakeholders a glimpse into some of the significant matters deliberated by the Board:

BOARD

- Revenue, Operational and Capital Expenditure (CAPEX) Budget for Financial Year 2024
- Approval/Status Update on TNB's potential investments/ divestment projects
- Approval/Status Update/Issues Raised on Operational matters of TNB and its Group of Companies
- TNB's Sustainability Pathway 2050: Low Carbon Pathway and Key Action Items
- Quarterly Group Performance
- Audited Financial Statements for Financial Year 2023
- Quarterly Financial Results
- 2023 Integrated Annual Report Statements
- Appointment and Resignation of Directors
- Proposed FY2024 KPIs for President/CEO
- Interim and Final Dividends
- Quarterly Risk Dashboard Report
- Quarterly Report on Non-Audit Services
- Approval of Procurement within its Approving Authority
- TNB Divisions/Departments Risk Profiles and Convergence Initiatives
- Quarterly Report on TNB's Litigation and Arbitration Cases
- Corporate Governance Report 2023
- Board Evaluation Assessment (BEA) for Board of Directors, Board Committees and Self and Peer FY2023
- PwC Malaysia Transparency Report
- Proposed Funding Options and Plans for FY2023 and onwards
- TNB Equity Portfolio Performance Report for the period ended 31 December 2023
- Notice of 34th AGM
- TNB's Role in Supporting Malaysia Energy Transition Agenda Through Delivery of National Energy Transition Roadmap (NETR) Flagship Initiatives
- Corporate Social Responsibilities Proposals
- Global ESG Monitor Malaysia Report - Measuring ESG Transparency Practices in Malaysia

approved, or endorsed by each Board Committee, and subsequently affirmed by the Chairman during their respective Board Committee meetings.

Under the guidance of the Chairman, the Board engages in transparent discussions on all matters presented. Regular insights and counsel are sought from Senior Executives within the Group, as well as external advisers when necessary, facilitating the Board's decision-making process. Throughout the review period, the Board delved into a diverse array of topics, fulfilling its obligations with discussions spanning strategy, sustainability, and the operations of the Group, including its principal operating subsidiaries. Financial aspects, legal considerations, compliance, governance, and risk matters were also meticulously scrutinised.

Additionally, Board and Board Committee meetings are strategically held at various business operating units or major/new project sites to provide the Board with a firsthand assessment of progress and to address any pertinent issues raised.

During the Financial Year under review, the respective Board Committees undertook visits to the following business operations/ongoing projects:

- 9 February 2023: Site Visit by BSRC & BAC to Stesen Janakuasa Sultan Azlan Shah, Manjung, Perak
- 3 March 2023: Site Visit by BAC to Stesen Janakuasa Kubota and Stesen Janakuasa Tawau, Sabah
- 6 August 2023: Site Visit by BAC to Large-Scale Solar Power Plant, Bukit Selambau, Kedah

BOARD COMPOSITION AND INDEPENDENCE

The Board has conducted a thorough review of the independence status of each Independent Non-Executive Director. Throughout the year, it was confirmed that none of the Independent Non-Executive Directors maintained significant business or other relationships with the Group. Moreover, no other factors were identified that could potentially compromise their independence of character and judgment, aligning with the guiding principles set forth in the MCCG and MMLR.

Recognising the paramount importance of independence characteristics delineated in the MCCG, the Board places significant emphasis on the duration of service when evaluating the independence of Independent Non-Executive Directors. As part of its governance framework, the Board strictly adheres to a tenure limit of nine (9) years for Independent Non-Executive Directors, without further extension, in accordance with Step Up 5.4 of the MCCG. Currently, none of the Independent Non-Executive Directors has exceeded the prescribed nine-year tenure on the Board.

FIC

- Potential Proposals of Local and International Investment with focus on Renewable Energy
- TNB Hurdle Rate Monitoring Update
- 2023 Review of TNB Risk Adjusted Rate of Return for Future Investments
- Reviewed/Evaluated Investments in Subsidiaries and Associated Companies and Made Appropriate Proposals for any New Investments/Divestments
- Proposed capital structure and financing of TNB's wholly-owned subsidiaries
- Proposals for Voluntary Winding up of relevant subsidiaries
- Investment Executive Committee (IEC) Report
- Alignment of Risk Adjusted Rate of Return and Accounting Rate
- TNB Post Investment Review (PIR) Assessment of Commercialised Investments

BTC

- Approval of Procurement within its Approving Authority
- Procurement Plan and Strategy
- Procurement Issues
- Procurement Policies and Procedures

BLTIP

- Approval on Granting and Vesting of LTIP Shares

BIC

- Bi-Annual Reporting to the Malaysian Anti-Corruption Commission
- Review of BIC TOR
- Training and Communication Plan (TCP) and its Quarterly Updates
- Approval on Appointment of Designated Officers receiving complaints for whistleblowing
- Role of Integrity Department in Supporting the TNB Sustainability Journey
- Endorsement of the Updated Clauses in New COBE and COBE Final Draft for Approval
- Approval on TNB Organisational Anti-Corruption Plan (OACP)
- Establishment of Approving Authority for TNB Integrity Governance Documents

BAC **BNRC** **BSRC**

- Summaries of the activities of BAC, BNRC and BSRC are available in their respective reports in this Integrated Annual Report

BOARD LEADERSHIP & EFFECTIVENESS

SUMMARY OF BOARD ACTIVITIES IN 2023

Material Matters Reserved for the Board

Formulating, reviewing and approving the Company's strategic business plan

Matters Considered by the Board

The Board assumes a critical role in overseeing the Company's strategic trajectory and sanctioning corporate strategic endeavours devised by the Management. Annually, the Board scrutinises the Company's strategic and business plan, including the proposed annual capital and revenue budget for the upcoming year, alongside the KPIs. This ensures that the KPIs align with the Company's annual strategic and business plan. The Board thoroughly evaluates and deliberates on the Management's perspectives and assumptions to ensure informed decisions are made, considering all relevant factors.

Additionally, an informal session known as the Board Breakout Session (BBO) serves as a platform for the Board and Management to exchange views and opinions, formulate strategic plans and address pertinent issues concerning the Group's direction and progress. Coordinated by the Company Secretary's Office, with input from respective Divisions, as required, the BBO facilitates strategic planning and progress reporting.

Throughout the Financial Year, the Board conducted three (3) BBOs, with a focus on TNB's ESG Strategy:

- On 13 February 2023: Deliberations on the Subsidiary Way Forward for TNB's Sustainability Agenda by the Strategy & Ventures Division, addressing TNB's subsidiaries in manufacturing, infrastructure, and services. Proposed clustering of subsidiaries and strategic alignment were discussed.
- On 25 July 2023: Presentation of the RT 2.0 strategy by the Strategy & Ventures Division, outlining TNB's roadmap to become a leading provider of sustainable energy solutions by 2030.
- On 3 November 2023: Further discussions on RT 2.0 strategy, focusing on key pillars and enablers supporting TNB's aspiration.

Following evaluations, the Board collectively affirmed its thorough review of the Company's strategic and financial plans, including the monitoring of implementation and KPI alignment to achieve corporate objectives.

Link to Strategy

Develop Energy Transition Network	Drive Regulatory Evolution	Deliver Clean Generation	Dynamic Energy Solutions

Material Matters Reserved for the Board

Identifying and managing principal risks affecting the Company

Matters Considered by the Board

The Board, through the BSRC, holds the mandate to oversee the strength of the Group's sustainability and risk management frameworks and the efficacy of their implementation to realise strategic objectives and sustainability commitments.

Throughout the Financial Year, the BSRC convened nine (9) sittings, focusing on various aspects of risk management and internal controls. Deliberations included a review of the Statement on Risk Management and Internal Control, which encapsulates Management's risk management practices and internal controls, along with discussions on Key Risk Indicators (KRIs) aligned with the BSRC's and Management's risk appetite.

The BSRC receives support from the Chief Risk Officer and the Risk Management Department (RMD) in fulfilling its duties. The RMD ensures the effective implementation of the TNB Risk Management Framework, aligned with ISO 31000:2018, to facilitate informed decision-making.

With the establishment of the Sustainability Division during the Financial Year, tasked with executing TNB's ESG Sustainability Initiative Strategy, the RMD now reports directly to the BSRC, with administrative reporting to the Chief Sustainability Officer. This integration ensures alignment between risk management and sustainability efforts.

A significant event during the year was the TNB Top Management Risk Forum, organised by the RMD under the theme "Building TNB Resiliency through Effective Risk Management." Attended by BSRC members, the Group Executive Management Committee, and Senior Management, the forum aimed to cascade BSRC's risk management directives to TNB's senior leadership, fostering a robust risk culture across the Group.

The BSRC remains committed in its oversight role, ensuring that risk management is seamlessly integrated into strategic planning and decision-making processes to drive the Group's strategic outcomes and long-term objectives.

Based on the evaluation for the Financial Year under review, the Board collectively agreed thatit has discharged its roles in identifying principal risks and in ensuring that the Group has put in place an adequate risk management framework to effectively monitor and manage the risks of its operational businesses.

Link to Strategy

Develop Energy Transition Network	Drive Regulatory Evolution	Deliver Clean Generation	Dynamic Energy Solutions

Material Matters Reserved for the Board

Reviewing the adequacy and integrity of the Company's internal control system

Matters Considered by the Board

The Board holds the responsibility of establishing and maintaining a robust reporting framework for internal controls and regulatory compliance across the Company. Following an evaluation of the Financial Year, the Board collectively affirmed its fulfillment of these responsibilities through the diligent efforts of the BSRC/BAC. Regular meetings were conducted to assess the effectiveness of the Company's internal control system, ensuring alignment with regulatory standards and best practices.

Link to Strategy

Drive Regulatory Evolution

Material Matters Reserved for the Board

Overseeing and evaluating the conduct and performance of the Company's businesses

Matters Considered by the Board

The President/CEO assumes the crucial role of overseeing the Company's day-to-day operations and executing Group strategies and policies approved by the Board. This responsibility is facilitated by the dedicated support of various Management Committees. Performance evaluations of Management are conducted, primarily assessing the quarterly Company's and Group's financial performance. The Board receives regular updates on the advancement of the Company's strategic initiatives, key operational concerns, and the Group's performance, all aligned with approved KPIs.

Link to Strategy

Develop Energy Transition Network | Deliver Clean Generation | Dynamic Energy Solutions

Material Matters Reserved for the Board

Succession Planning

Matters Considered by the Board

The Board, assisted by the BNRC, is responsible for developing plans to identify the necessary and desirable competencies and skills of Directors and succession plans to ensure there is appropriate dynamics of skills, experience, expertise and diversity on the Board. In addition, the Board/BNRC also oversees the appointment and succession planning of the Top Management.

The selection of candidates and appointment of Independent Non-Executive Director by the Board/BNRC are made with the assistance of independent consultant, whenever necessary.

During the Financial Year under review, there were several movement to the Board. This includes the departures of Datuk Rawisandran Narayanan who ceased office effective 18 May 2023, resignation of Datuk Amran Hafiz bin Affifudin as Non-Independent Non-Executive Director, representing Khazanah with effect from 1 September 2023 as well as his Alternate Director, Elaine Ong Yee Lynn who ceased office concurrently. In addition, Datin Rashidah binti Mohd Sies, a Non-Independent Non-Executive Director and Appointed Director of MoF Inc. resigned effective 12 January 2024, following her retirement from government services.

Several new additions were made to the Board duly appointed by BNRC/Board. Muazzam bin Mohamad was appointed as a Non-Independent Non-Executive Director, representing PNB with effect from 1 July 2023. While Selvendran Katheerayson was appointed as Non-Independent Non-Executive Director who represents Khazanah, in place of Datuk Amran Hafiz bin Affifudin with effect from 1 September 2023. His Alternate Director, Elaine Ong Yee Lynn was appointed later effective 24 November 2023.

The Board on 27 February 2024 had approved the appointment of Ramzi bin Mansor with the concurrence of MoF Inc. as Non-Independent Non-Executive Director with effect from 1 March 2024. A recent addition to the Board was the appointment of Dato' Zulkifli bin Ibrahim as Independent Non-Executive Director effective 1 April 2024.

During the Financial Year under review, several movement in the Top Management took place. The Board/BNRC deliberated on the succession planning for critical positions in TNB, intended to discover and manage the development of TNB's future leaders.

Ir. Muhamad Nazri bin Pazil was appointed as Managing Director, TNB Power Generation Sdn. Bhd. with effect from 1 July 2023 following the retirement of Dato' Nor Azman bin Mufti. He was the Managing Director of TNB Repair & Maintenance Sdn. Bhd.

BOARD LEADERSHIP & EFFECTIVENESS

Material Matters Reserved for the Board

Succession Planning

Matters Considered by the Board

In an effort to strengthen sustainability commitments by driving the implementation of ESG strategies as well as Energy Transition, the Board established Sustainability Division and appointed Leo Pui Yong as Chief Sustainability Officer effective 1 June 2023. Prior to her current position, she was the Chief Risk Officer.

The Board at its meeting on 27 July 2023 had approved the appointment of Datuk Ir. Megat Jalaluddin bin Megat Hassan as COO with effect from 1 August 2023, whereby several Divisions shall report directly to him namely Strategy & Ventures Division, Regulatory & Stakeholder Management Division, Sustainability Division, Information & Communication Technology Division, Procurement & Supply Chain Division and TNB Global Business Solutions Division.

Subsequent to that upon the expiry of service tenure of Dato' Seri Ir. Baharin bin Din as President/CEO, Datuk Ir. Megat Jalaluddin bin Megat Hassan was appointed by MoF Inc., as President/CEO and Non-Independent Executive Director of TNB for a period of two (2) years with effect from 1 March 2024 until 29 February 2026. We believed his in-depth understanding of the Company's strategy and day to day operations as well as the industry will facilitate effective decision-making by the Board.

Ali Munawar bin Haji Salim was appointed as Company Secretary in place of Norazni binti Mohd Isa following her retirement with effect from 1 January 2024.

Ir. Mahathir Nor bin Ismail was appointed as Chief Distribution Network Officer with effect from 1 March 2024, replacing Wan Nazmy bin Wan Mahmood due to his retirement. He was the Managing Director of TNB Energy Services Sdn. Bhd. While Feldatun binti Sharif was appointed as Chief People Officer effective 1 April 2024 following the retirement of Wahizan bin Abd Rahman. She was Head, Operations of TNB Global Business Solutions Division.

With deep regret we report the demise of our Chief Grid Officer, Ir. Dev Anandan M.S. Anandan on 24 December 2023. The Board of Directors expressed its gratitude and appreciation for the contribution given by the late Ir. Dev Anandan M.S. Anandan during his tenure as Chief Grid Officer. His stewardship, integrity and wisdom will be deeply missed.

Hasmarizal bin Hassan was appointed as Chief Grid Officer with effect from 16 April 2024, in place of the late Ir. Dev Anandan M.S. Anandan. He was the Head (Grid Development) of Grid Division.

These appointments were made after intensive deliberations and process as well as taking into account their qualifications, working experience, expertise, professionalism, knowledge of the Company and industry as well as assessment by independent expert.

The Board is satisfied that the BNRC has efficiently discharged its duties pertaining to the nomination, remuneration and succession management functions as set out in its TOR.

The BNRC annually evaluates the performance of the President/CEO and Top Management, whose remunerations are directly linked to their respective KPIs. The President/CEO's remuneration package is reviewed by the BNRC to reflect the contributions made towards the Group's achievements for the year. The BNRC's views and recommendations on this are submitted to the Board for its deliberation/approval.

Based on the evaluation for the Financial Year under review, the Board collectively concurred that the succession planning for President/CEO and Top Management as well as for the Company's future leaders has been appropriately developed.

Link to Strategy

Dynamic Energy Solutions

SUPPLY OF INFORMATION AND ACCESS TO ADVICE

Prior to each Board meeting, a Pre-Board session is convened to facilitate collaboration between Management and the Chairman, allowing for the exchange of insights regarding the upcoming agenda. This collaborative effort shapes the agenda for the Board meetings, ensuring alignment with strategic objectives. Utilising advanced meeting software, agenda and Board papers are securely circulated to Board Members at least five (5) working days in advance, enabling thorough review and preparation.

In addition to the Board papers, Management presentations are provided to enhance Directors' understanding of the subject matter, allowing for informed discussions. Directors are encouraged to seek further clarification or information during the meeting, promoting an environment conducive to thoughtful decision-making. The core activities of the Board and its Committees are documented and planned on a forward agenda, with any matters arising tracked and addressed in subsequent sessions.

The Company Secretary plays a pivotal role in advising the Board on governance matters, facilitating smooth information flow and ensuring compliance with relevant regulations and corporate governance practices. Effective collaboration with stakeholders across all Group functions, coupled with ongoing training and discussions on key issues, is paramount to maintaining governance standards.

Both the Board and individual Directors have the autonomy to seek independent or professional advice at the Company's expense to facilitate well-informed decision-making. This may involve the attendance of external advisers at meetings or obtaining necessary information from within the Group's workforce.

BOARD OF DIRECTORS' FIT AND PROPER POLICY

The Board of Directors' Fit and Proper Policy outlines the criteria for appointing and re-appointing Directors within TNB and its affiliated companies. This policy is structured around three (3) key pillars: character and integrity, experience and competence, and time and commitment. It is readily accessible on the Company's official website at www.tnb.com.my.

DIVERSITY

The table below shows the gender diversity of the Board and in the workforce as of to date:

	Male		Female		Total
Gender	No.	%	No.	%	No.
TNB Board (excluding Alternate Director)	7	58%	5	42%	12
Top Management (comprising GEMC, C-Suite, Senior General Managers)	276	73.8%	98	26.2%	374
Senior Managers	613	64.19%	342	35.81%	955
Managers	1,382	59.54%	939	40.46%	2,321
Executives	1,671	57.17%	1,252	42.83%	2,923
Non-Executives	17,099	85.35%	2,935	14.65%	20,034
Total	**21,048**	**79.07%**	**5,571**	**20.93%**	**26,619**

RE-ELECTION OF DIRECTORS

Clause 64(1) of the Company's Constitution provides, among others, that one-third (1/3) of the Directors at the time being of whom have been longest in office shall retire by rotation at the AGM of the Company and shall be eligible for re-election.

Clause 63(2) of the Company's Constitution provides, among others, that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

Ong Ai Lin and Dato' Roslina binti Zainal are retiring by rotation in accordance with Clause 64(1) of the Company's Constitution and being eligible, have offered themselves for re-election.

The Board recognises that the Directors' performance are used as basis in recommending their re-election to the shareholders. This, in turn, is determined through their annual evaluation and independence assessment, which were assessed by the BNRC before any recommendation was made to the Board for deliberation and approval.

Based on the annual independence assessment undertaken by both Ong Ai Lin and Dato' Roslina binti Zainal who are retiring at the coming AGM, the BNRC/Board are satisfied that these Independent Directors have complied with the independence criteria as prescribed by the MMLR and continue to bring independent and objective judgement to the Board.

They have exercised the duty of care and diligence as Directors in the best interest of the Company, its shareholders and stakeholders. Through the Board Evaluation Assessment including Self and Peer Assessment, they have met the performance criteria required of an effective and high-performance Board.

In respect of the new appointments made to the Board during the Financial Year, Selvendran Katheerayson, Muazzam bin Mohamad, Datuk Ir. Megat Jalaluddin bin Megat Hassan, Ramzi bin Mansor and Dato' Zulkifli bin Ibrahim shall retire at the forthcoming AGM in accordance with Clause 63(2) of the Company's Constitution and being eligible, have offered themselves for re-election.

Datuk Ir. Megat Jalaluddin bin Megat Hassan and Ramzi bin Mansor are Appointed Directors of MoF Inc. while Selvendran Katheerayson and Muazzam bin Mohamad represent Khazanah and PNB respectively.

In addition, all retiring Directors have declared that they did not have any existing or potential conflict of interest including any interest in any competing business within the Company or its subsidiaries that could affect the execution of their roles as Company Directors.

Having considered their fit and proper assessment including declaration of conflict of interest, due diligence for the newly appointed Directors, professionalism, vast experience, material relationship, competency, commitment and individuals' contributions in performing their respective duties, the Board and the BNRC are satisfied that all Directors who are standing for re-election at the 34th AGM have met the Board's expectation by continuously discharging their duties diligently as Company Directors.

With that, upon the BNRC's assessment, the Board resolved to support and recommend the re-election of each Director who is retiring at the upcoming 34th AGM.

BOARD LEADERSHIP & EFFECTIVENESS

DIRECTORS' DEVELOPMENT AND INDUCTION

In supporting the Board's responsibilities, a comprehensive training and development programme is extended to all Directors, with the assessment of training needs embedded within the Board evaluation procedure. This programme encompasses regular presentations from Management and informal meetings, fostering a profound understanding of the business, sector dynamics, and areas acknowledged for their technical complexity. The training initiatives aim to not only deepen comprehension but also endow Non-Executive Directors with insights into how TNB's practices compared with those of its peers.

A robust induction programme is crafted for all new Directors, featuring tailored components such as meetings with Top Management, site visits and briefings on key operational matters, Board procedures, and governance issues. Ensuring a cohesive knowledge base, existing Directors, including the Alternate Director, had attended the Mandatory Accreditation Programme Part I (in relation to a Director's roles, duties and liabilities) (MAP Part I). In addition, all existing Directors had attended the Mandatory Accreditation Programme Part II in relation to sustainability and the related roles of a Director (MAP Part II).

The newly appointed Directors namely Datuk Ir. Megat Jalaluddin bin Megat Hassan, Ramzi bin Mansor and Dato' Zulkifli bin Ibrahim shall attend the MAP Part I and MAP Part II respectively within the timeframe as stipulated in Paragraph 15.08 and Practice Note 5 of the MMLR.

Facilitating the Board in organising both internal and external programmes and seminars relevant to Directors' needs is a responsibility shouldered by the Company Secretary's Office. This includes the annual in-house Board Development Programme (BDP), an integral component of TNB's ongoing Board Continuing Development Programme.

BDP 2023 was held in collaboration with Messrs. PricewaterhouseCoopers PLT Malaysia, led by its Sustainability and Climate Change team with the theme "Awareness on Sustainability Reporting for the Board of Directors". It was held on 8 September 2023 at Pusat Konvensyen Leo Moggie, TNB Platinum, No. 3, Jalan Bukit Pantai, 59100 Kuala Lumpur and attended by the Board and Top Management. The topic was relevant as it discussed on Sustainability Reporting Landscape for Corporate Malaysia, customised for TNB's Board of Directors.

Prior to that, the Integrity Department, assisted by the Company Secretary's Office, organised a specific programme, "The Law Behind Corporate Governance" by Malaysian Institute Of Corporate Governance (MICG) on 4 September 2023 at M Resort & Hotel Kuala Lumpur for the Board and Top Management to keep abreast with the principles and best practices of corporate governance. This was in line with the TCP 2023 approved by the BIC, which required Integrity Department to organise specific training for the Board and Top Management once in the third quarter of 2023.

Apart from the BDP 2023, the Company Secretary's Office in collaboration with Asia School of Business on 20 November 2023 held a Continuous Development Programme for the Top Management and TNB Subsidiaries' Board Of Directors on "What Amount To A Conflict Of Interest By Directors". This capability-building initiative specially designed to provide TNB Nominee Directors with the necessary support to enhance their governance skill, proficiency and governing approach to enable them to act accordingly within the powers bestowed on them in the best interest of the Company and in good faith. It was also to address the enhancement to Conflict of Interest (COI) disclosures made by Bursa Malaysia Securities Berhad in order to improve the quality of COI disclosures of Directors and key senior management and to promote better corporate governance practices and accountability.

To date, the following Directors' Induction Programmes were held for Dato' Abdul Razak bin Abdul Majid, Dato' Merina binti Abu Tahir, Datin Rashidah binti Mohd Sies, Rohaya binti Mohammad Yusof, Muazzam bin Mohamad and Selvendran Katheerayson:

INDUCTION SESSIONS
Group Finance Division: Overview Briefing by Chief Financial Officer
Grid Division: Overview Briefing by Chief Grid Officer
Group Human Resource Division: Overview Briefing by Chief People Officer
Group Internal Audit Department: Overview Briefing by Chief Internal Auditor
Distribution Network Division: Overview Briefing by Chief Distribution Network Officer
Retail Division: Overview Briefing by Chief Retail Officer
New Energy Division: Overview Briefing by Chief New Energy Officer
Regulatory & Stakeholder Management Division: Overview Briefing by Chief Regulatory & Stakeholder Management Officer
Integrity Department: Overview Briefing by Chief Integrity Development Officer
Procurement & Supply Chain Division: Overview Briefing by Chief Procurement Officer
Single Buyer Department: Overview Briefing by Head, Single Buyer

INDUCTION SESSIONS (cont')
TNB Power Generation Sdn. Bhd.: Overview Briefing by Managing Director, TNB Power Generation Sdn. Bhd.
Strategy & Ventures Division: Overview Briefing by Chief Strategy & Ventures Officer
Sustainability Division: Overview Briefing by Chief Sustainability Officer
TNB Global Business Solutions Division: Overview Briefing by Chief Global Business Solutions Officer
Overview Briefing by COO
Grid System Operator Department: Overview Briefing by Head Grid System Operator

During the Financial Year under review, the Directors attended, among others, the following conferences and professional training:

DATE	CONFERENCE/TRAINING ATTENDED
Technology/Digital/Cybersecurity	
07 February 2023	Sustainability Leadership in 2023: Catalysts, Challenges and Champions
17 February 2023	Demystifying ESG - Understanding Bursa Malaysia's Requirements and ISSB's Global Baseline on Sustainability Reporting
01 March 2023	Automation and Digital Forum
08 March 2023	Invest Malaysia Kuala Lumpur (IMKL) 2023: Reshaping Malaysia's Narrative: Strengthening Resilience & Sustaining Growth
18 April 2023	Data Breach and Cyber Fraud Prevention
25 May 2023	ICDM PowerTalk Advancing Cyber Resilience: Board's Top 3 Must-Knows
19 June 2023	FIDE Elective: Understanding the Cybersecurity Landscape
16-17 August 2023	Digital Transformation, Ecosystem & Analytics Strategies
11 October 2023	Leveraging Artificial Intelligence (AI) in Growing the Digital Economy
08 November 2023	Cybersecurity & Data Privacy: The Fight Against Financial Crime
ESG/Sustainability	
13-17 March 2023	Green Business Building Summit
12 April 2023	Strengthening Confidence Sustainability Reporting
10 May 2023	Suite Talk - Inside Stories of Sustainability Champions
19 May 2023	Sustainability Transition - Innovation As Change Drives
22 May 2023	BMCC: Energy Forum 2023
23 May 2023	Green Market & Investment
24 May 2023	Anti-Corruption, Technology and ESG Reporting
06-12 June 2023	Global Energy Transition New York 2023
08 June 2023	Tan Sri Leo Moggie Lecture Series 2023: Energy Informatics: Symbiosis of Art, Science & Sustainability
13-14 June 2023	MIA Conference 2023: The Future Relevance of the Profession to Drive Sustainable Nation Building
21-22 June 2023	Revving Up the Race For Sustainability Sustainable and Responsible Investment (SRI) Virtual Conference 2023
27 June 2023	C-Suite Breakfast: People, Planet, Profit - Can Corporation Achieve It All by Operationalising Sustainability?
28 June 2023	Asia Pacific Roundtable: Energy Transition & Coal Phase-Out
13 July 2023	Stepping up to the Role: Objective Assurance & Advisory on ESG
14 August 2023	Sustainability Series: Remarking Corporate Governance for an ESG World Remaking Corporate Governance for an ESG World
24 August 2023	Sustainability Governance and Reporting (The ESG Agenda: Another Flavour of the Season for Boards of Listed Issues?)
24-25 August 2023	41st ASEAN Minister on Energy Meeting and ASEAN Energy Business Forum 2023: Sustainable Energy Security Through Interconnectivity
28-29 August 2023	TNB Energy Transition Conference: Accelerating a Responsible Energy Transition
12 September 2023	Mobilising Clean Energy Investment in Malaysia
12 September 2023	Executive Talk: The Malaysian Electricity Sector Security of the Next Generation
02-03 October 2023	Khazanah Megatrend Forum 2023: Our Next Episode
05 October 2023	Malaysian Carbon Market Forum
19-22 October 2023	24th Conference of the Electricity Power Supply Industry (CEPSI 2023)

BOARD LEADERSHIP & EFFECTIVENESS

DATE	CONFERENCE/TRAINING ATTENDED
ESG/Sustainability (cont')	
25-26 October 2023	SIEW 2023: Future of the Grid Conference
14-16 November 2023	Enlit Asia Jakarta Conference 2023: Energy Transition
16 November 2023	Malaysian Gas Symposium: Revitalising the Role of Gas in Energy Transition
21 November 2023	Sustainable Investment Academy
28-30 November 2023	Enlit Europe 2023
30 November - 07 December 2023	COP28 UAE: United Nation Climate Change Conference
01-05 December 2023	28th Conference of Parties on Climate Change
11 December 2023	Strategies of Sustainable Business for Future (ESG, GHG & Carbon Footprint Minimization)
Risk Management/Compliance	
05 April 2023	Building a Robust Whistleblowing Mechanism Through ISO 37002 Whistleblowing Management System
11 April 2023	Corporate Governance Guide 4th Edition: Rise Together - Unlocking The Guide to Enable Directors and Management on How to Apply the Malaysian Code On Corporate Governance 2021 in Meeting Bursa's Reporting Requirements
28 June 2023	Managing Liability of Officers Under Corporate Law
11 July 2023	Whistleblower Protection Act 2010 by Suruhanjaya Pencegahan Rasuah Malaysia (SPRM)
04 September 2023	The Law Behind Corporate Governance
10 October 2023	Board Oversight of Climate Risks and Opportunities
30-31 October 2023	Board Strategic Risk Analytics & Governance Resilience Executive Masterclass 2023
Board Effectiveness	
11 January 2023	Climate Roundtable: Celebrating Success and Looking Ahead
15 March 2023	Building a Company of Integrity
15-16 March 2023	The Leadership for Enterprise Sustainability Asia (LESA) 2023: Building Sustainable Business Excellence
25-26 May 2023	Board Programme Excellence Executive Raoundtable Masterclass SEA 2023
30 May - 1 June 2023	Global Board of Directors Transformation Masterclass
31 May 2023	A Leadership Agenda: Driving Trust From The Top
30 June 2023	CGM Chairperson Masterclass Series: Scaling Up the Circular Economy
06 July 2023	Assessment of the Board, Board Committees and Individual Directors
26 July 2023	Board NRC Dialogue & Networking: NRC's Role in Championing a Future-Focused Talent Agenda
07 August 2023	Beyond Box-Ticking: Essential for Effective Remuneration Committees
08 August 2023	Board's Role in Value Creation
04-05 September 2023	Leading Organizations & Change
19-20 September 2023	Leading for Impact
11 September 2023 & 13 October 2023	What Amounts to a Conflict of Interest by Directors
Audit Oversight	
07 March 2023	Forensic Audit and Fraud Examination
27 November 2023	SC's Audit Oversight Board Conversation With Audit Committees
Finance & Banking Related	
21-23 February 2023	PERE: Global Investor Forum Asia Summit 2023
14 March 2023	EY 2023 Budget and Tax Conference
09-11 May 2023	PERE: Europe Forum 2023
15 May 2023	International Financial Reporting Standard (IFRS) 17 Insurance Contracts
16-17 May 2023	ACIIA CAE Forum 2023: CAEs Pivot to Meet Challenges
06 June 2023	MIA Webinar Series: Strategic Planning Theories Tools and Practice for Business
13-14 June 2023	MIA International Accountants Conference 2023: Future Fit Profession: Charting a Better Tomorrow
20 June 2023	Analysis of Recent Tax Cases 2022/2023

DATE	CONFERENCE/TRAINING ATTENDED
Finance & Banking Related (cont')	
22 June 2023	ACCA's Council: Eliciting Participation in Workshop/Discussion
13 July 2023	Climate Finance Summit
20-21 July 2023	Introducing the First ISSB Standards
25-26 August 2023	Investment Team Building
04 September 2023	The Arrival of ISSB Standards and the Continued Relevance of Integrated Reporting Webinar
21 September 2023	ACCA Technical Symposium 2023
Others	
12 January 2023	Professor Richard Whish 2nd Lecture Series
15 February 2023	PLC Transformation Programme
15 March 2023	Speed Monitoring Session with Woman Leaders
25 May 2023	The 16th Asia Pacific Thought Leadership Forum (APTL)
06-08 June 2023	Ecosperity Week 2023
14 June 2023	sYnergy 2023: Inclusive Transition
19-21 June 2023	ICGN 2023 Annual Toronto Conference
23 June 2023	Multi Utility in Practice
05-06 July 2023	International Social Wellbeing Conference: Changing the Game, Building the World We Want
10-13 July 2023	IMLC Conference 2023: Navigating the Present, Exploring the Future
12 July 2023	Navigating the Road Ahead: Energising the Future Path
09 August 2023	Suite Talk at Securities Commission Malaysia
13 September 2023	BFF 2023: Convergence of Transformative Innovation With Revolutionary Impact
13-15 September 2023	Milken Institute Asia Summit 2023
01-02 November 2023	Private Markets Summit 2023
06-08 November 2023	SuperReturn North America Conference
09 November 2023	INTAN Executive Lecture Series (Leadership) 2023
05 December 2023	The IERP Director's Networking Session - Offensive vs Defensive: Determining the Best Approach for Your Business

Trainings attended by the Company Secretary during the Financial Year under review:

1) SSM National Conference 2023 - Shared Responsibility In Strengthening AML/CFT Compliance: Risks, Challenges And Collaborations
2) MAICSA Annual Conference 2023 - Revitalising Governance Towards Sustainability
3) 2023 Company Secretary's Office Executives' Break-Out Session

BOARD EVALUATION

Acknowledging the transformative potential of an objective and well-managed board evaluation process, the Board acknowledges its pivotal role in enhancing Board effectiveness, thereby delivering substantial benefits to the Company. This commitment is manifested through annual performance evaluations, thoughtfully designed induction programs for new Board members and a continuous stream of Board development activities.

In 2023, the Board with the assistance of BNRC, had engaged an Independent Expert for Board Evaluation Assessment FY2023 in support of Practice 6.1 of MCCG whereby for Large Companies, the Board engages independent expert at least every three (3) years, to facilitate objective and candid board evaluations. The last assessment carried out by the independent expert was in 2021. This strategic approach aims to facilitate impartial and candid Board evaluations, fostering a culture of transparency and accountability within the organisation.

2023 BOARD EVALUATION ASSESSMENT RESULTS

The 2023 BEA included, but not limited to the following areas:

- Board leadership and roles
- Board composition, skills and development
- Board governance and processes
- Board dynamics and culture
- Board and Management relationship/Stakeholders' engagement
- Board & support functions

BOARD LEADERSHIP & EFFECTIVENESS

The 2023 BEA was conducted through questionnaires via Online Survey System. The questionnaires for the 2023 BEA comprised the Board, Board Committees Effectiveness Assessment, Directors and Board Committee members' Self and Peer Assessment (SPA), as well as a 360 Degree Assessment by Top Management. In addition, the newly Appointed Directors had also completed online Saville Wave Assessments to understand their respective and collective stewardship styles and one-on-one online/physical interview sessions were conducted with all Directors.

The overall effectiveness of the Board is assessed in the areas of Corporate Strategy and Direction Setting, Board Governance and Oversight, Board Composition, Boardroom Conduct and Dynamics, Board Management and Operation as well as its Key Priorities as well as the effectiveness of the Chairman.

The assessment of individual Directors' contribution and performance is conducted based on performance criteria of which among others are as follows:

- will and ability to critically challenge and ask the right questions;
- confidence to stand up for a point of view and offer advice/guidance;
- character and integrity in dealing with potential conflict of interest situations;
- calibre and personality;
- commitment to serve the Company;
- due diligence and integrity;
- fit and properness;
- independence and objectivity;
- skills and competencies; and
- contribution and performance.

The BEA also included the evaluation of dynamics and culture of the Board especially new Directors' impact to the overall leadership and risk profile balance. The effectiveness of Board Committees is assessed in terms of structure and processes, accountabilities and responsibilities and its dynamic/composition as well as the effectiveness of the Chairmen of respective Board Committees. The SPA for the Board Committee members is similar to the Directors' SPA, which is intended to assess their contribution, performance, calibre and personality in relation to the skills, experience and other qualities they bring to the Board/Board Committees.

The SPA also examines the ability of each Board or Committee member to give input at meetings and to demonstrate a high level of professionalism and integrity in the decision-making process. It also takes into account the ability of each individual member to exercise independent judgement and demonstrate objectivity and clarity of thought on issues during deliberations at meetings, provide logical honest opinion and offer practical and realistic advice to the discussions.

The feedback from the Top Management was also being sought via the 360 Degree Assessment questionnaires and interviews. The Management's feedback on the Board's role and the extent of collaboration between the Board and Management in certain focus areas and in the review/decision-making process are useful for the Board's consideration in enhancing its overall effectiveness.

Based on the 2023 BEA results, the Board demonstrated solid performance with an overall rating of 4.3 across various effectiveness indicators, including Corporate Strategy & Direction Setting, Board Governance & Oversight, Board Composition, Boardroom Conduct & Dynamics, and Board Management & Operations. Peer assessments further underscored the Directors' performance with a notable average score of 4.6, indicating that each Director was generally effective in dispensing his/her responsibilities.

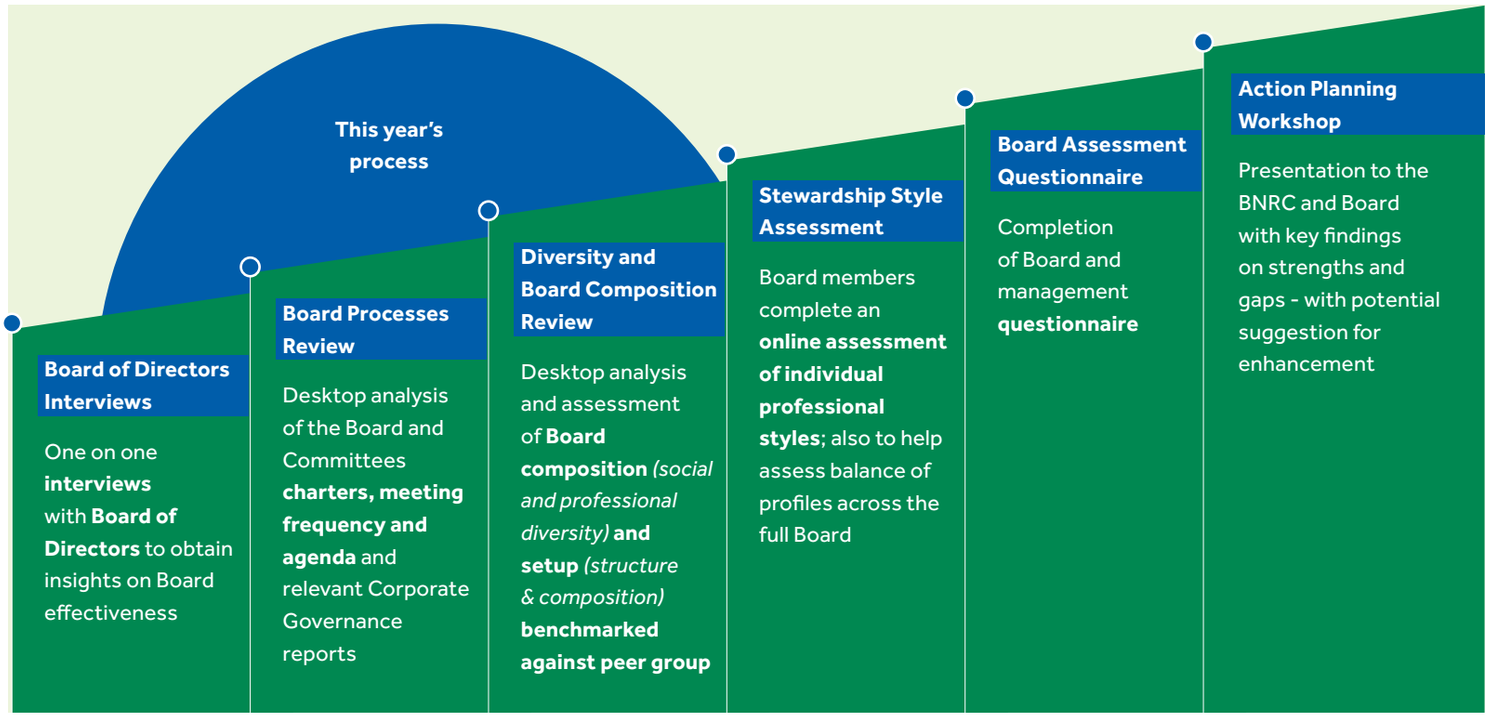
Building upon the insights from the 2022 BEA, the Board continued to showcase strong and effective leadership in 2023. It was highlighted by both the Board and Management that there was a clear distinction of roles and responsibilities of the Chairman and President/CEO, signalling robust and effective leadership in guiding the Company's direction. Dato' Abdul Razak bin Abdul Majid was rated as a highly effective Chairman demonstrating decisiveness and an action-oriented approach while creating an open and consultative environment within the Board and effectively delegating responsibilities to Directors, Board Committees and Management.

The Board was seen to be effective in ensuring the integrity of the Company is aligned with regulatory requirements, internal standards and best practices. The Board was committed to its fiduciary duties and assumed the core responsibilities of reviewing and monitoring the Group's strategic plan, overseeing and evaluating the conduct of the Group's business and establishing sound risk management and internal control frameworks for the Group.

Moving forward, the Board recognises the need to establish a clear and well-defined succession plan for both the Board and Top Management, ensuring that the composition, structure and diversity is in line with TNB's strategic direction. Additionally, the Board recognises the necessity of refining processes to enhance the efficiency and effectiveness of both the Board and its Committees, actively seeking opportunities for continuous improvement.

BOARD LEADERSHIP & EFFECTIVENESS

Responsibility and Conduct	Process and Administration	Composition
• Business strategy and governance and implementation oversight • Risk management and integrity • Implementation oversight and monitoring of strategies and policies	• Board Charter and Committee TORs • Agenda and frequency of meetings • Sufficient information availability and on a timely basis • Culture and dynamics	• Diversity • Competencies of the members • Board and Committee compositions



EXECUTIVE DIRECTOR AND TOP MANAGEMENT REMUNERATION

The compensation structure for the Executive Director is designed to correlate rewards with both corporate and individual performance. It encompasses salary, allowances, bonuses, and customary benefits aligned with industry standards. A significant part of the Executive Director's compensation is variable and contingent upon annual performance against individual KPIs embedded in a scorecard aligned with Board-approved corporate objectives. Notably, the Executive Director abstains from participating in discussions and voting on his remuneration during Board meetings.

The BNRC conducts an annual review of the Executive Director's performance, submitting informed views and recommendations to the Board regarding potential adjustments in remuneration or rewards, reflecting the Executive Director's contributions to the Group's achievements for the year.

Top Management's remuneration package comprises three (3) distinct components: the base salary, fixed allowances and benefits, the Short Term Incentive (STI) and the Long Term Incentive Plan (LTIP). The base salary is set competitively, considering the scope of work, experience, and anticipated performance. Fixed allowances are separate from the base salary and are granted for specific cash benefits.

The STI, contingent on annual performance, is disbursed as bonuses, contingent upon the Company's profitability and the performance of Top Management. Evaluation criteria include quantitative targets and qualitative alignment with the Company's values. The LTIP is designed to retain and reward Top Management, aligning their interests with the long-term success of the Company.

BOARD LEADERSHIP & EFFECTIVENESS

TNB places a strong emphasis on a performance-driven culture, where the remuneration policy aims to compensate competitively for sustained performance, aligning with shareholders' interests. The Company, in adherence to Practice 8.2 of the MCCG, opts not to disclose specific components of Top Management's remuneration, citing potential disadvantages to the Company's business interests. Further details can be found in the Corporate Governance Report.

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-Executive Directors receive compensation in the form of fixed monthly fees, meeting allowances and benefits-in-kind, covering items such as the reimbursement of utilities bills and business peripherals.

The remuneration for Non-Executive Directors is calibrated to address the current challenging landscape in fulfilling their fiduciary duties, roles, and responsibilities. The remuneration structure takes into account the intricacies of the Company's operations and the industry at large. Notably, the remuneration and benefits for Non-Executive Directors have remained consistent since 2013.

The Board in 2023 had engaged an independent expert to conduct a holistic and independent review of the Non-Executive Directors' Remuneration with the view to determine its market competitiveness and alignment with the latest regulations/corporate governance guidelines in Malaysia. The selected peer group used for benchmarking for this year's study was chosen based on a set of guiding principles that was consistent with the previous study, that consist of the top largest companies by market capitalisation.

The key principles used in determining the appropriate remuneration framework for the Non-Executive Directors' Remuneration, among others were to reflect the complexity, responsibility and accountability of the roles with increasing regulatory demands of Bursa Malaysia and Securities Commission, TNB's national importance, the competitiveness to attract and retain the talent profiles and to reflect the time and effort dedicated of their roles on the Board and Board Committees.

Based on the findings, TNB's Directors' fee competitiveness would be between the P50 and P75 of the market. Subsequently, the Board/BNRC agreed to retain the existing Non-Executive Directors' Remuneration and it is to be reviewed in three (3) years' time.

The Directors' Remuneration Policy is shaped by the following underlying principles:

- **Remuneration policy**
- **Fixed remuneration**
- **Benefits-in-kind**

- **Alignment with strategy and business objectives**
- **Alignment with shareholders' interest**
- **Long-term success of the Company**
- **Consistency and transparency**
- **Reward performance with competitive remuneration**
- **Alignment with market/industry practices**
- **Support Company values**

DISCLOSURE ON DIRECTORS' REMUNERATION

Details of each Director's remuneration for the Financial Year ended 31 December 2023:

Name of Directors	Salary (RM)	Director's Fees Company (RM)	Director's Fees Subsidiaries (RM)	Meeting Allowances Company (RM)	Meeting Allowances Subsidiaries (RM)	Emoluments[1] (RM)	Benefits-in-Kind[2] (RM)	Total (RM)
Executive Director								
Dato' Seri Ir. Baharin bin Din *(Cessation of Office as Director w.e.f. 29 February 2024)*	1,560,000.00	-	-	-	-	2,229,265.00	155, 738.16	3,945,003.16
Non-Executive Directors								
Dato' Abdul Razak bin Abdul Majid *(Appointed w.e.f. 27 March 2023)*	-	274,838.70	70,645.16[3]	35,000.00	8,500.00[3]	-	30,062.22	419,046.08
Datin Rashidah binti Mohd Sies *(Appointed w.e.f. 10 April 2023 and resigned w.e.f. 12 January 2024)*	-	174,000.00	-	49,500.00	-	-	8.03473	231,534.73
Selvendran Katheerayson *(Appointed w.e.f. 1 September 2023)*	-	-	-	-	-	-	4,333.00	4,333.00
Rohaya binti Mohammad Yusof *(Appointed w.e.f. 20 March 2023)*	-	187,741.92[4]	-	50,500.00	-	-	27,124.35	265,366.27
Muazzam bin Mohamad *(Appointed w.e.f. 1 July 2023)*	-	-	-	25,000.00	-	-	18,029.05	43,029.05
Ong Ai Lin	-	240,000.00	-	77,000.00	-	-	72,103.69	389,103.69
Juniwati Rahmat Hussin	-	240,000.00	-	90,500.00	-	-	28,060.30	358,560.30
Gopala Krishnan K.Sundaram	-	240,000.00	-	102,500.00	-	-	42,982.43	385,482.43
Dato' Roslina binti Zainal	-	240,000.00	-	114,000.00	-	-	41,417.06	395,417.06
Dato' Merina binti Abu Tahir	-	240,000.00	-	101,500.00	-	-	57,895.15	399,395.15
Elaine Ong Yee Lynn *(Appointed as Alternate Director to Selvendran Katheerayson w.e.f. 24 November 2023) (Appointed and resigned as Alternate Director to Datuk Amran Hafiz bin Affifudin w.e.f. 20 March 2023 and 1 September 2023 respectively)*	-	-	-	-	-	-	-	-
Datuk Amran Hafiz bin Affifudin *(Resigned w.e.f. 1 September 2023)*	-	-	-	-	-	-	18,367.30	18,367.30
Datuk Rawisandran Narayanan *(Cessation of Office as Director w.e.f. 18 May 2023)*	-	90,967.74	-	35,500.00	-	77,490.00	49,070.04	253,027.78
Datuk Lau Beng Wei *(Resigned w.e.f. 6 March 2023)*	-	43,225.81	-	13,000.00	-	37,500.00	39,784.00	133,509.81
Total	**1,560,000.00**	**1,970,774.17**	**70,645.16**	**694,000.00**	**8,500.00**	**2,344,255.00**	**593,001.48**	**7,241,175.81**

Notes:

1. *Contribution to EPF, Bonus, Car Allowance, LTIP, Ex-Gratia and Gratuity.*
2. *Utilities Bills, Business Peripherals, Purchase of Handphone, Uniforms, Club Membership, Medical and Travelling Expenses.*
3. *Payment made by respective subsidiaries.*
4. *Paid 50% in respect of Director's fees directly to EPF.*

BOARD LEADERSHIP & EFFECTIVENESS

BOARD NOMINATION AND REMUNERATION COMMITTEE REPORT

BOARD NOMINATION AND REMUNERATION COMMITTEE

Chairman

Dato' Roslina binti Zainal
Independent Non-Executive Director

Members

Ramzi bin Mansor
Non-Independent Non-Executive Director
(Appointed as member w.e.f. 26 March 2024)

Muazzam bin Mohamad
Non-Independent Non-Executive Director
(Appointed as member w.e.f. 25 August 2023)

Dato' Merina binti Abu Tahir
Independent Non-Executive Director

Gopala Krishnan K.Sundaram
Independent Non-Executive Director
(Appointed as member w.e.f. 1 July 2023)

Datin Rashidah binti Mohd Sies
Non-Independent Non-Executive Director
(Appointed and ceased as member w.e.f. 1 July 2023 and 12 January 2024 respectively)

Datuk Amran Hafiz bin Affifudin
Non-Independent Non-Executive Director
(Ceased as member w.e.f. 1 July 2023)

KEY ROLES & RESPONSIBILITIES

For details of the roles and responsibilities of the Committee, please refer to page 149.

KEY ACTIVITIES OF THE COMMITTEE

During the Financial Year under review, the BNRC held 12 meetings. To date, the BNRC's key activities included the approval/deliberation of the following:

- Annual Assessment of Independence of Independent Non-Executive Directors
- BEA of the Board of Directors, its Committees and each Individual Director by independent expert
- Assessment of fit and proper and performance review of Directors for re-appointment/re-election
- Recommendation to the Board with regard to Directors who sought re-election at the AGM
- Assessment of fit and proper of potential candidates for proposed appointment as TNB Non-Executive Directors
- Appointment and resignation of Non-Executive Directors
- Review of the composition of the Board Committees upon appointment/resignation of Directors
- Fit and proper assessment of potential candidates for Top Management
- Appointment of Top Management due to establishment of respective Divisions/succession planning
- Review of composition of the Boards of TNB Power Generation Sdn. Bhd. and TNB Group
- Assessment and recommendation to the Board on the appointment and renewal of service contract of Top Management
- Review of performance evaluation against assigned KPIs of President/CEO and Top Management
- TNB Notice of 34th AGM
- Board succession planning
- Approval of Group Term Life Insurance Coverage for TNB Directors
- Succession Planning for the President/CEO and the Proposed Creation for the Position and Appointment of COO
- Implementation/Progress Status of Succession Management for the Top Management
- Review of Terms of Reference of the BRC and for the BRC to be renamed as BSRC
- Proposed FY2024 KPI Planning For President/CEO
- TNB Non-Executive Directors Remuneration Review by independent expert
- Appointment and expiry of service tenure of President/CEO/Non-Independent Executive Director
- Appointment and Resignation of Company Secretary
- Guidelines on Selection of Candidates for Board Members of TNB Group and Statistics Report of Women Board Members and Future Strategies
- Proposed Realignment of TNB's Macro Organisational Structure (Establishment of Sustainability Division and COO post & their relevant reporting)

FOCUS FOR 2023 AND BEYOND

- Ongoing planning and management of board succession.
- Ongoing monitoring and oversight of Top Management succession planning.
- Non-Executive Directors' Remuneration Review by independent expert in ensuring it reflects the Company's business strategy and long-term objectives, the complexity, responsibility/accountability of the Directors' roles with increasing regulatory demands, TNB's national importance, its competitiveness against the market and to attract/retain the talent profiles. This is in line with Practice 7.1 of MCCG.
- BEA FY2023 by independent expert in line with Practice 6.1 of MCCG
- Review of Terms of Reference of the BRC includes the oversight of sustainability in line with the Bursa Malaysia Sustainability Reporting Guide 3rd Edition and for the BRC to be renamed as BSRC.

EFFECTIVE AUDIT AND RISK MANAGEMENT

ETHICS, INTEGRITY & TRUST

In 2017, TNB was one of the first listed corporation to embark on the ISO 37001:2016 Anti-Bribery Management System (ABMS) certification. Towards achieving the certification, TNB launched the TNB Corporate Integrity Management System (TCIMS) to drive an integrity-based culture and a high level of compliance with local and international anti-bribery standards. On 15 November 2018, TNB was awarded with the ABMS Certification from SIRIM and to further reinforce this culture, launched the TCIMS Handbook. TNB has a well thought out set of Shared Values made publicly available and communicated to the workforce. First among the TNB Shared Values is Integrity. The three (3) behaviours of Integrity are:

3 BEHAVIOURS OF INTEGRITY

We uphold the highest ethical standards and do what is right, all the time	We are fair, honest and transparent in everything we do	We always seek to achieve mutual benefit for the country, Company and customers

The TCIMS covers four (4) main policies, namely the Anti-Bribery Policy; the Gifts, Hospitality and Related Benefits Policy; the Conflicts of Interest Policy; and the Whistleblowing Policy.

In 2022, TNB reviewed these four (4) main policies to reflect the current policies, circulars and practices.

During the Financial Year under review, surveillance audits by SIRIM were conducted involving the Retail Division and four (4) wholly-owned subsidiaries of TNB, namely Malaysia Transformer Manufacturing Sdn. Bhd. (MTM), TNB Integrated Learning Solution Sdn. Bhd. (ILSAS), TNB Fuel Services Sdn. Bhd. (TNBF) and TNB Repair and Maintenance Sdn. Bhd. (REMACO). There were two (2) recertification audits by SIRIM conducted for Procurement & Supply Chain Division (P&SC) and a subsidiary of TNB, Tenaga Cable Industries Sdn. Bhd. (TCI). All the entities successfully retained the ISO 37001 Anti-Bribery Management System certification by SIRIM.

In 2022, TNB signed a Memorandum of Understanding (MoU) with the Malaysian Anti-Corruption Commission (MACC) and signed the Corruption Free Pledge. This pledge emphasises the pledges and promises made by the leadership of TNB and its staff voluntarily in their capacity as an organisation to ensure that each of us will be more responsible in carrying out our duties and curbing corruption.

TNB has conducted the Integrity Health Survey in 2023 through UNITEN R & D Sdn. Bhd. where 25,680 staff have participated and based on the survey TNB received a 87.16% score as opposed 79.36% in 2022. TNB has also established a systematic approach through the Annual Training and Communication Plan (TCP) for the areas of improvement identified through the Integrity Health Survey conducted in 2022.

In 2023, all activities under the TCP were successfully completed including Seminar for Boards and Top Management. A series of trainings and awareness sessions were conducted by Integrity Department to better equip the Company in line with the implementation of Section 17A of the MACC Act 2009. These included the following:

- TNB Integrity Day 2023
- Related programs to Divisions/Departments and Subsidiaries
- Five (5) sessions of Fraud and Bribery Risk Management workshop
- All staff and active vendors/contractors were required to complete Integrity E-Learning
- All staff are required to sign the integrity pledge, declare any conflicts of interest annually and specifically when a conflict arises
- Joint integrity programs with MACC
- Published 12 Integrity bulletins and e-poster

LIMITS OF AUTHORITY

The Limits of Authority lays down guiding principles governing decision-making throughout the Group, emphasizing the escalation and reporting procedures to the Board. Delegating authority is a key aspect, with the Board entrusting the President/CEO and other Executives to oversee the Company's day-to-day activities. This delegation includes the responsibility to recommend and approve both monetary and non-monetary limits of authority for operational and management decisions before execution. The Limits of Authority strikes a balance between effective oversight and empowering the Management with appropriate accountability.

CODE OF ETHICS FOR DIRECTORS

The Board of Directors adheres to the Code of Ethics for Company Directors established by the Companies Commission of Malaysia. Each Non-Executive Director is equipped with the Non-Executive Directors' Handbook, serving as a reference for their professional responsibilities and the terms and conditions of their service. This handbook undergoes regular updates to reflect changes in applicable rules, regulations, and policies governing Directors' conduct.

CODE OF BUSINESS ETHICS (COBE)

In 2023, TNB launched the Code of Business Ethics (COBE) and Organisational Anti-Corruption Plan (OACP) to strengthen the practice of integrity in TNB.

TNB has developed the new COBE to govern the conduct of all Directors and employees which take effect on 25 August 2023. This code ensures adherence to laws and regulations, promotes sound employment practices, upholds confidentiality and privacy, and addresses matters such as conflicts of interest, business courtesies, and the proper use of TNB's assets. It also outlines how TNB engages with its shareholders, employees, customers, suppliers, and the communities in which it operates, emphasizing general principles of business integrity. All employees are expected to conduct business in accordance with applicable laws and regulations, contributing to the enhancement and protection of TNB's reputation.

EFFECTIVE AUDIT AND RISK MANAGEMENT

ETHICS, INTEGRITY & TRUST

The Procurement Code of Conduct serves as a guiding framework for TNB's Directors and employees, as well as suppliers/contractors and their personnel. TNB places a strong emphasis on principles such as integrity, accountability, fairness, and a zero-tolerance approach towards bribery and corruption in all supplier/contractor relationships. This code undergoes regular revisions to align with changes in regulations, reputational demands, and evolving business challenges.

Additionally, the Procurement & Supply Chain Policy and Procedures provide comprehensive guidance for executing procurement within TNB. This policy framework enables TNB to achieve optimal value, adopt leading business practices, prioritise business objectives, add value to customers, and maintain high standards of corporate governance. Both TNB's COBE and Procurement Code of Conduct are accessible on the respective sections of the Company's website at www.tnb.com.my.

CONFLICTS OF INTEREST (COI)

In upholding principles of ethical and independent decision-making and the enhancement to the existing COI disclosures as required by the MMLR, the Directors and Top Management are required to disclose on the nature and extent of any COI or potential COI, including interest in any competing business that the person has with TNB and its subsidiaries.

Directors or Top Management with such interests are required to declare them immediately and at the respective meetings to be abstained from participating in the deliberations, in ensuring impartial decision-making. Mitigation actions shall be taken upon any declaration of COI by the Directors or Top Management, with the concurrence of the President/CEO/Chairman/Senior Independent Director. In addition, TNB Directors, Top Management and its Boards of Subsidiaries are required to make COI declaration annually and on adhoc basis. Currently the Integrity Department, Company Secretary's Office, Legal Services Department and Internal Audit Department are jointly developing the COI guidelines/framework in ensuring it fulfills the enhancement to the existing COI disclosures as prescribed by the MMLR.

As practice by the Procurement & Supply Chain Division in collaboration with the Integrity Department, each Director shall sign an Integrity Pledge during every BTC/Board meeting. This commitment entails a declaration of any interests related to procurement or matters on the meeting agenda, underscoring the Company's dedication to preventing corruption, mitigating conflicts of interest and safeguarding the confidentiality of information.

WHISTLEBLOWING PROCEDURE

The Whistleblowing Procedure underscores TNB's commitment to fostering an open working environment, where employees, contractors and members of the public can confidentially report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. An independent investigation team examines all reported concerns and where applicable, offers feedback on the outcome of the investigation.

The objectives of the Whistleblowing Procedure are threefold:

- To identify and address unacceptable conduct.
- To cultivate a supportive working environment that empowers employees and contractors to raise legitimate concerns with both personal and organisational implications.
- To safeguard individuals who, in good faith, report unacceptable conduct from any adverse consequences.

Reporting channels are made easily accessible through the Online Whistleblowing Information System (WBIS) at http://wbis.tnb.com.my. Alternatively, reports can be submitted via email to the designated officers using the Whistleblowing Complaint Form, available in both Malay and English.

NAME	DESIGNATION	EMAIL ADDRESS
Ong Ai Lin	Senior Independent Non-Executive Director	ongailin.integrity@tnb.com.my
Kalivann Palanivelu	Chief Integrity Development Officer	kalivann.integrity@tnb.com.my
Hasbah binti Hasbullah	Senior Manager (Financial Integrity)	hasbahh.integrity@tnb.com.my

- Whistleblowing toll free number: 1-800-888-862

ANTI-BRIBERY POLICY

TNB is resolute in articulating its position on bribery and related matters, establishing essential pillars within its framework to fortify the Company against any manifestation of bribery. All forms of bribery related to TNB's activities are unequivocally prohibited. Upholding integrity is a collective responsibility that extends across all levels of personnel.

Guided by a stringent 'No Gifts' policy, TNB emphasises integrity through the regular signing of Integrity Pledges and the declaration of conflicts of interest by personnel. While certain exceptions may exist, TNB ensures that these policies are consistently adhered to. Prudent management of business associates acting on behalf of the Company further enhances TNB's commitment to ethical conduct.

The reporting of misconduct by personnel or third parties is not only encouraged but expected, with robust protection in place for those acting in good faith as whistleblowers. Enforcing its position on ethical standards, TNB entrusts the Integrity Department with the responsibility of upholding and reinforcing these principles.

The TCIMS undergoes periodic assessments and updates to ensure its continued effectiveness in upholding the Company's commitment to ethical business practices. This proactive approach reflects TNB's dedication to maintaining the highest standards of integrity in its operations.

BOARD AUDIT COMMITTEE REPORT

BOARD AUDIT COMMITTEE

Chairman

Dato' Merina binti Abu Tahir

Independent Non-Executive Director

Members

Ong Ai Lin

Senior Independent Non-Executive Director

Juniwati Rahmat Hussin

Independent Non-Executive Director

Dato' Zulkifli bin Ibrahim

Independent Non-Executive Director
(Appointed as member w.e.f. 1 April 2024)

Rohaya binti Mohammad Yusof

Non-Independent Non-Executive Director
(Ceased as member w.e.f. 1 April 2024)

Gopala Krishnan K.Sundaram

Independent Non-Executive Director
(Ceased as member w.e.f. 1 July 2023)

Datuk Rawisandran Narayanan

Independent Non-Executive Director
(Ceased as member w.e.f. 18 May 2023)

Datuk Lau Beng Wei

Independent Non-Executive Director
(Ceased as member w.e.f. 6 March 2023)

The BAC members' meeting attendance for the Financial Year under review is on page 148 of this Integrated Annual Report.

KEY ROLES & RESPONSIBILITIES

For detailed roles & responsibilities of the Committee, please refer to page 148.

The Board Audit Committee (BAC) was established to assist the Board to carry out their oversight and fiduciary duties and responsibilities.

BAC's objectives, authorities and functions are governed by the Terms of Reference (ToR). The ToR was last reviewed in November 2023 and approved by TNB's Board in December 2023. The ToR is accessible on the Company's official website at www.tnb.com.my.

MEMBERSHIP AND MEETINGS

As of 31 December 2023, the BAC comprises three (3) Independent and one (1) Non-Independent Directors, all of whom are Non-Executive Directors. This composition is aligned with Paragraph 15.09 (1) (a) and (b) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (MMLR), which states that the Audit Committee must be composed of not fewer than three (3) members and all the Audit Committee members must be Non-Executive Directors, with a majority of them being Independent Directors.

The BAC is chaired by Dato' Merina binti Abu Tahir effective 1 February 2022. The BAC remains committed in adhering to the practice outlined in the Malaysian Code on Corporate Governance (MCCG) 2021, whereby the Chairman of BAC was not the Chairman of TNB Board during the year under review.

In FY2023, a total of 13 BAC meetings were conducted, fulfilling the stipulation in BAC ToR that mandates a minimum of six (6) meetings per year. Attendance at all meetings met the requisite quorum as stipulated in the BAC ToR.

The Company Secretary who is the Secretary to the BAC and the Chief Internal Auditor (CIA) were in attendance during the meetings. The President/CEO and other officers were invited to the meetings to deliberate on matters within their purview.

The governance practices are further strengthened as the BAC adheres to the provision of Paragraph 15.09 (1) (c) of MMLR, which requires of at least one (1) member of the Audit Committee must be a member of the Malaysian Institute of Accountants (MIA). Two (2) members of the BAC, Dato' Merina binti Abu Tahir and Ong Ai Lin, are members of the MIA.

The BAC Chairman submits report on proceedings of the BAC meetings to the Board for information and attention. Matters reserved for the Board's approval are tabled at TNB's Board meetings. Action sheets are issued by the Company Secretary on the decisions made and actions required. These are circulated to Management and relevant parties for their actions.

EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD AUDIT COMMITTEE REPORT

MAIN ACTIVITIES OF BAC IN FY2023

In FY2023, BAC executed the following activities to proficiently fulfil its duties and responsibilities as set forth in the BAC ToR:

1. INTERNAL AUDIT

i. Deliberated the adequacy and effectiveness of governance, risk management, and internal control system based on the findings and outcome of audits conducted and reported by Group Internal Audit Department (GIA) during the year. The audit findings were presented and deliberated in BAC meetings and where relevant, BAC requested Management to rectify the weaknesses based on recommendations provided by GIA. GIA's areas of coverage for FY2023 are summarised in the Statement of Internal Audit Function.

ii. Deliberated the outcome of review performed bi-annually by GIA on TNB's Integrity and Governance Unit (IGU) Report prior to submission to Malaysian Anti-Corruption Commission.

iii. Approved the appointment of independent advisor for review of TNB's Whistle Blowing Management System.

iv. Reviewed TNB's quarterly State of Internal Controls (SOIC) on the adequacy, effectiveness, and reliability of internal control system based on the overall risks/areas covered and issues reported by GIA and subsidiaries' internal audit function, as well as the status of corrective actions implemented by Management.

v. BAC took note of TNB's FY2022 Integrated Assurance Report for GIA and other assurance providers i.e. subsidiaries' internal audit functions, compliance function in divisions, Health, Safety and Environment Department, and Risk Management Department, which was intended to demonstrate the organisation's risk coverage, and help identify gaps and overlaps. Additionally, the report shows the overall governance and state of internal controls in TNB based on reviews performed by the various assurance providers.

vi. Approved GIA's Annual Audit Plan and the methodology applied in formulating a risk-based audit plan to ensure adequacy of audit scope and comprehensive coverage of the Group's activities. The BAC also took cognisance of the resource and budgetary requirements for successful execution of the audit plan.

The BAC also approved the revised Annual Audit Plan which was reviewed quarterly to ensure it remained agile, in view of emerging risks stemming from shifts in business environment and regulatory requirements, and to fulfil requests from BAC and Management.

vii. BAC assessed GIA's effectiveness through quarterly review of its performance comprising amongst others, contribution to cost saving and process improvement, BAC survey index, completion of audit plan, and audit turnaround. The BAC also appraised the overall FY2022 performance of GIA and discussed on succession planning for the CIA.

viii. BAC deliberated the outcome of GIA's Quality Assurance and Improvement Programme (QAIP) resulting from the annual internal assessment and acknowledged the implementation status of GIA's 3-year Strategic Plan.

ix. Reviewed GIA's organisational independence declaration for FY2022 to assist BAC in fulfilling necessary disclosures mandated by the MCCG pertaining to independence and objectivity of the internal audit function. GIA carried out its responsibilities independently and objectively under the existing reporting arrangements, where GIA reports functionally to BAC. GIA has established mechanisms to report conflict of interest situations at department, engagement and individual levels. No conflict of interest situations were reported for FY2022.

x. BAC convened three (3) private meetings with Chief Internal Auditor, in the absence of Management and Executive Directors, to address issues and concerns arising from audit engagements.

xi. Acknowledged GIA's annual review of the Internal Audit Charter, conducted to evaluate whether the purpose, authority, and responsibilities of the internal audit function continue to enable it to accomplish its objectives.

xii. Approved the acquisition of new audit management system software to enhance effectiveness and efficiency of internal audit activities.

2. EXTERNAL AUDIT

i. Reviewed and endorsed the revised TNB Implementation Guideline on Provision of Services by External Auditors before recommending to Board for approval. The guideline primarily addresses matters related to audit services offered by External Auditor, categorisation of non-audit services and its threshold, prohibited non-audit services, and other matters.

BOARD AUDIT COMMITTEE REPORT

ii. In evaluating the suitability, objectivity, and independence of the External Auditor, the BAC reviewed and deliberated on the following:

- The overall performance and effectiveness of the External Auditor for the period from 1 January 2022 to 31 December 2022. For this purpose, a survey was coordinated by GIA and assessments on the effectiveness of the External Auditor were performed by members of BAC and Management, addressing aspects of (1) quality of service, (2) sufficiency of resources, (3) communication and interaction, and (4) independence, objectivity, and professional scepticism.
- The audit fees for quarterly review of the unaudited consolidated results and annual statutory audit of TNB and its subsidiaries for Board's approval.
- The External Auditor's Audit Plan for FY2023.
- The External Auditor's Annual Transparency Report which outlines amongst others, the legal and governance structure, as well as measures taken by the External Auditor to uphold audit quality and address risks.
- Non-audit services provided by the External Auditor to TNB and the Group. The fees associated with non-audit services performed by the External Auditor were within the permissible threshold set in TNB's Implementation Guideline on Provision of Services by External Auditors.

iii. Acknowledged TNB's Internal Control Memorandum for FY2022, which offers status updates on internal control recommendations and areas of enhancement over financial reporting and information technology general control (ITGC) including accounting matters, systems, and process weaknesses.

iv. BAC held two (2) meetings with the External Auditor without the presence of Management and Executive Directors to enable open discussion with the BAC and to reinforce independence of the external audit function of the Company.

3. FINANCIAL REPORTING

BAC reviewed and endorsed the following financial matters before recommending to Board for approval:

i. Quarterly unaudited financial results of the Group and the draft announcements with considerations on key developments during the period, significant accounting matters, and other review matters.

ii. Audited financial statement of the Group and of the Company for the financial year ended 31 December 2022 and agreed that the financial statements were prepared in accordance with the relevant standards and regulatory requirements as to give a true and fair view of the Group's financial performance.

4. RELATED PARTY TRANSACTIONS

In February 2023, BAC reviewed and recommended to the Board to approve the related party/recurrent related party transactions entered into by TNB Group for the year ended 31 December 2022.

5. ANNUAL REPORTING

BAC recommended for Board's approval the reports to be incorporated in the Integrated Annual Report 2022 namely (i) BAC Report, (ii) Statement of Internal Audit Function, (iii) Statement on Risk Management and Internal Control, and (iv) Corporate Governance Overview Statement and Corporate Governance Report.

6. SUSTAINABILITY AND OTHER MATTERS

i. BAC approved the methodology and scope of work for assurance of the FY2023 Sustainability Statement. The assurance exercise is part of Bursa's Enhanced Sustainability Disclosure Requirement which requires issuance of Statement of Assurance on whether the Sustainability Statement has been subjected to an assurance process.

ii. Took note on the updates to MMLR and new regulations/requirements comprising amongst others disclosure on conflict of interest or potential conflict of interest situation reviewed by BAC, Sustainability Reporting Standards, Tax Corporate Governance Framework (TCGF), Base Erosion Profit Shifting, and e-invoice implementation.

iii. Reviewed the proposal for vesting of performance shares as well as restricted shares under the LTIP for Board's approval.

iv. Acknowledged the outcome of Regulatory Compliance Audit (RCA) for the period from 1 September 2016 to 31 December 2020. This is a regulatory audit conducted to fulfill the mandate of Energy Commission relating to license condition under Electricity Supply Act 1990 aimed to ascertain the extent of compliance with (i) specific performance standard established by the Commission, (ii) regulatory implementation guidelines, and (iii) safety and health management.

v. Discussed on other key operational/strategic matters, amongst others on (i) subsidiary's way forward and strategic matters, (ii) credit management, (iii) status of action plan on ownership of substation land, (iv) status of smart meter installation, customer offerings, complaints, and prolonged estimated bill, and (v) summons/compounds imposed on TNB by regulatory authorities.

vi. Participated in technical excursions to TNB Janamanjung Sdn. Bhd., Sabah Electricity Sdn. Bhd., and Large Scale Solar Bukit Selambau to gain insights on business operations and foster professional relationships.

EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

BOARD SUSTAINABILITY AND RISK COMMITTEE

Chairman

Ong Ai Lin

Senior Independent Non-Executive Director

Members

Selvendran Katheerayson

Non-Independent Non-Executive Director
(Appointed as member w.e.f.
24 November 2023)

Muazzam bin Mohamad

Non-Independent Non-Executive Director
(Appointed as member w.e.f.
25 August 2023)

Gopala Krishnan K.Sundaram

Independent Non-Executive Director

Dato' Zulkifli bin Ibrahim

Independent Non-Executive Director
(Appointed as member w.e.f. 1 April 2024)

Dato' Roslina binti Zainal

Independent Non-Executive Director
(Appointed and ceased as member w.e.f.
1 July 2023 and 24 November 2023
respectively)

Datuk Amran Hafiz bin Affifudin

Non-Independent Non-Executive Director
(Ceased as member w.e.f.
1 September 2023)

Datuk Rawisandran Narayanan

Independent Non-Executive Director
(Ceased as member w.e.f.
18 May 2023)

KEY ROLES & RESPONSIBILITIES

For detailed roles & responsibilities of the Committee, please refer to page 149.

Since its establishment on 5 June 2013, the Board Risk Committee (BRC) has been an integral part of our governance framework. Recognising the importance of sustainability, the Board of Directors expanded the oversight scope of the BRC to include sustainability and consequently, the BRC was renamed to the Board Sustainability and Risk Committee (BSRC) effective from 25 August 2023 with the attendant changes to its Terms of Reference.

ROLE OF THE BOARD SUSTAINABILITY AND RISK COMMITTEE

The objective of the Board Sustainability and Risk Committee (BSRC) is to assist the TNB Board of Directors (Board) in fulfilling its responsibilities by overseeing the robustness and effective implementation of the Group's sustainability and risk management framework, policy, strategy and initiatives to achieve business objectives and sustainability commitments.

KEY RESPONSIBILITIES

The BSRC is guided by its Terms of Reference in carrying out the following responsibilities:

- Deliberate and recommend the sustainability framework and policy for Board's approval.
- Oversee on the implementation of the sustainability framework integration into the Group's culture, processes, and structures.
- Deliberate on TNB's sustainability roadmap based on Board-approved sustainability strategies & targets and ensuring effective deployment across the Group.
- Oversee the Group's sustainability KPIs against approved strategies and targets.
- Review and recommend on Group's sustainability disclosures required by Bursa Malaysia for Board approval.
- Advise on TNB's sustainability report disclosures to external stakeholders prior to publication.
- Deliberate and recommend the risk management framework and policy for Board's approval.
- Oversee the implementation of the risk management framework integration into the Group's culture, processes, and structures.
- Deliberate on the Group's strategic, key operating risks and risk issues through timely and regular reports, ensuring the establishment of appropriate systems for risk management. This includes the authority to initiate special investigations, on behalf of the Board, into significant risk management activities when necessary.
- Approve the Group's risk appetite and ensure timely actions are taken when risks exceed acceptable ranges.
- Jointly review with the BAC and recommend for Board's approval on the Statement on Risk Management and Internal Control disclosure required by Bursa Malaysia.

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

HOW THE COMMITTEE OPERATES

Throughout Financial Year 2023, seven (7) BRC meetings were held prior to 25 August 2023 and two (2) BSRC meetings were held for the remaining of the year. Ahead of each meeting, meeting schedules, agenda, papers approved for tabling and updates of outstanding matters from previous meetings were communicated to the BSRC members.

The President/CEO, Chief Operating Officer, Chief Sustainability Officer, Chief Risk Officer and Company Secretary, who is also secretary to the BRC/BSRC, attended the meetings. Other attendees, internal or external, were invited to deliberate on matters within their purview. Decisions made during these sessions were diligently documented in action sheets by the Company Secretary, outlining necessary steps for implementation. These action sheets were swiftly circulated to management team for further action. Furthermore, the Chairman's Reports from these BRC/BSRC meetings were presented at Board meetings, facilitating deliberation of key sustainability and risk matters.

MAIN ACTIVITIES OF THE BRC/BSRC

(I) BRC

Below are the key activities of the BRC (until 24 August 2023):

TNB RISK MANAGEMENT FRAMEWORK & GOVERNANCE

The BRC has approved the TNB Risk Management Framework that provides a structured and consistent approach to risk management across the Group. The implementation of the framework is governed through the TNB risk governance documents, which are guidance documents for the business entities across the Group to implement and integrate risk management into its business operations for informed decision-making and to achieve objectives and targets.

The TNB Risk Management Structure described in the TNB Risk Management Framework governs effective risk management implementation in the Group.

Refer to SORMIC for more details.

TNB Strategic Risks & Key Operating Risks

The BRC approved 12 TNB Strategic Risks in the year under review.

Refer to SORMIC for more details.

In addition, the BRC deliberated key operating risks of 14 TNB business entities in the year under review. Based on an annual schedule, TNB business entities table their respective operational risk profile to the BRC, highlighting key risks and mitigations taken to address root causes, emerging risks related to its business and lessons learned from risk events. The BSRC provided direction and advice for improvements in embedding risk management principles and practices to make informed decisions.

In the year under review, the BRC approved revisions to the TNB Investment Risk Methodology and deliberated on reports of specific risk exposures in the areas of safety, legal and compliance, and document management.

TNB Risk Dashboard

The BRC deliberated on quarterly TNB Risk Dashboard reports consisting of Key Risk Indicators (KRIs) with impact to business operations, financial standing, regulatory, reputation and international investment. KRIs that had surpassed thresholds are deliberated in detail and proposed mitigation are challenged to effectively address related risk exposures and opportunities. Annually, the BSRC approves revisions to the TNB Risk Dashboard to ensure its relevancy and adequacy in view of changes in the risk landscape.

Capability Building

The BRC mandated for risk practitioners in the Group to be adequately trained and certified by recognised local or international professional bodies to ensure quality risk management practices are effectively implemented at all levels. Risk management training at fundamental and intermediate levels are conducted by TNB Integrated Learning Solution Sdn. Bhd. (ILSAS) to increase the risk competency of employees across the Group.

Refer to SORMIC for more details.

EFFECTIVE AUDIT AND RISK MANAGEMENT

BOARD SUSTAINABILITY AND RISK COMMITTEE REPORT

Communication

The BRC continues to cascade its tone from the top, and particularly in the year under review, through the first in-person Top Management Risk Forum held since the pandemic. The BRC not only set the tone on the importance of effective risk management but also dialogued with 102 members of top and senior management in navigating a challenging risk landscape. The BRC successfully launched the TNB risk slogan, "RISK - First In Mind", during the forum and the slogan has been further cascaded to all levels of employees through various communication platforms.

Statement on Risk Management and Internal Control

The BRC jointly reviewed and endorsed the Statement on Risk Management and Internal Control with the BAC. Subsequently, the Board approved it for inclusion in the TNB Integrated Annual Report. This statement outlines the Group's implemented risk management practices and internal controls. Additionally, it includes assurance from the President/CEO and Chief Financial Officer to the Board, confirming that the Group's risk management and internal control system are operating adequately and effectively in all material aspects.

(II) BSRC

From 25 August 2023 onward, the BSRC continued to exercise the oversight by the Board of Directors on the effective governance and implementation of risk and in addition placed further emphasis on sustainability initiatives, as follows:

Sustainability Governance

The BSRC deliberated on TNB Sustainability Pathway and Energy Transition (ET) Plan, addressing transition risks and key action items in our ET journey. Additionally, the BSRC also deliberated on the governance and structured monitoring of the TNB Sustainability Pathway and ET Plan that was reformed in FY2022 through the introduction of the Sustainability and Energy Transition Council (SETC). This council aims to coordinate and oversee the TNB ET Plan, providing a platform for discussing the sustainability agenda, strategy development, implementation and value delivery of ET initiatives and climate-related matters. In the year under review, BSRC also approved revisions to the ESG related Key Risk Indicator (KRI) and its status was tabled quarterly through the TNB Risk Dashboard Report.

TNB Sustainability Statement

The BSRC deliberated on the approach and plan for compliance, assurance, reporting of the TNB Sustainability Statement and the TNB Materiality Matrix, which forms part of the TNB Integrated Annual Report. The TNB Sustainability Statement is prepared in alignment with Bursa requirements and is guided by the Bursa Sustainability Reporting Guide (3rd Edition).

CONCLUSION

The BSRC continues to exercise its oversight over the implementation of risk management initiatives for the achievement of business objectives. In addition, BSRC will have greater oversight over the implementation of the sustainability framework and the deployment of initiatives that are supported by specific indicators measuring performance against sustainability goals and targets.

This statement was made in accordance with the resolution of the Board of Directors dated 27 February 2024.

EFFECTIVE AUDIT AND RISK MANAGEMENT

STATEMENT ON INTERNAL AUDIT FUNCTION

The Group Internal Audit Department (GIA) of TNB is established by the Board to provide independent, objective assurance and consulting services designed to add value and improve TNB's operations. GIA assists TNB in accomplishing its business objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

GIA reports directly to the BAC to preserve its independence and objectivity, and administratively to President/CEO to enable the required stature to fulfil its responsibilities.

GIA is headed by the Chief Internal Auditor (CIA), Lizah Abd Wahab since 1 April 2021. With more than 20 years of experience in internal auditing, she brings a wealth of expertise to steer the team with proficiency and direction. She holds a Bachelor of Accounting and Finance degree from Manchester Metropolitan University, United Kingdom and a Master of Business Administration from Universiti Tenaga Nasional and Graduate Certificate in Management from the University of Melbourne. Additionally, she is a Certified Internal Auditor and obtained a Certification of Risk Management Assurance from Institute of Internal Auditors (IIA).

APPROACHES AND FRAMEWORK

GIA strives to protect and enhance organisational value by providing risk-based and objective assurance, advice and insight through innovative solutions. The Internal Audit Charter, approved by the BAC, delineates GIA's responsibilities, authority, and scope of internal audit activities. The Charter is reviewed annually to ensure continued relevance to its intended purpose.

The processes and activities of GIA are governed by the standards and principles outlined in the International Professional Practices Framework (IPPF) issued by IIA, which comprises Core Principles for the Professional Practice of Internal Auditing, Code of Ethics, International Standards for the Professional Practice of Internal Auditing, and Definition of Internal Auditing. GIA undergoes an external evaluation of its effectiveness and quality at least once every three (3) years, and the result of the review is subsequently reported to the BAC.

GIA is guided by the Internal Control Framework of Committee of Sponsoring Organizations of the Treadway Commission (COSO) and Control Objectives for Information and Related Technology (COBIT) in assessing and reporting the adequacy and effectiveness of the design and implementation of the organisation's overall system of internal control, risk management and governance.

SCOPE AND COVERAGE

GIA persistently develops the annual audit plan through a risk-based approach, considering factors such as TNB's risk profile, strategic objectives, regulatory requirements as well as inputs from BAC and senior management.

In FY2023, GIA produced a total of 143 reports arising from planned audits (comprising thematic and non-thematic audits), ad-hoc audit, and follow-up audits. Audit findings were presented to the BAC for deliberation and where relevant, BAC requested Management to rectify the weaknesses based on recommendations provided by GIA. GIA oversees the execution of corrective actions using the Audit Management System and reports the status to BAC and Management on a quarterly basis.

GIA has classified the areas of review into six (6) audit hotspots, aligning with current trends, shifts in risk landscape, and the dynamic roles of internal auditors. During FY2023, some of the focal areas reviewed encompassed:

Audit Hotspots (HS)	Areas of Review
HS1 Environment, Social & Governance (ESG) Essentials	• Corporate Governance Compliance • Document Management System • HR Reskilling & Upskilling Management • Electric Vehicle Ecosystem • TNB Ways of Working Initiatives • Section 17A Malaysian Anti-Corruption Commission Act* • Health, Safety & Environment Management
HS2 Business & Operational Excellence	• Operation and Maintenance • Revenue Assurance • Electricity Supply Application • Production Management • HR Management* • Competency Development • Asset Management • Corporate Ventures & Development • Rehiring & Renewal of Contract Staff
HS3 Supply Chain Resilience	• Direct Negotiation Process • Warehouse Management • Vendor Management • Coal & Freight Procurement • Material Planning and Sourcing
HS4 IT and Cyber Security	• Information Communication & Technology Systems • Operational Technology Security & Access Controls • Virtual Private Network • Careline World Class Contact Centre Systems • Non-Purchase Order Solutions • Cloud Management
HS5 Managing Stakeholders	• TNB Global Captive (L) Ltd • Incentive Based Regulation • Tax Management
HS6 Asset Development	• Project Management • Verification of Works

Note:

* *Indicates thematic audits.*

EFFECTIVE AUDIT AND RISK MANAGEMENT

STATEMENT ON INTERNAL AUDIT FUNCTION

In delivering value to the Company and ensuring the efficiency of audit activities, the internal auditors' key performance indicators include value creation in terms of cost savings/recoveries and business process improvements implemented, completion of audit plan, and audit turnaround.

Beyond executing audit engagements, GIA was proactively involved in bolstering the internal control system across operations through sharing of knowledge and best practices on risk management and internal controls.

RESOURCES

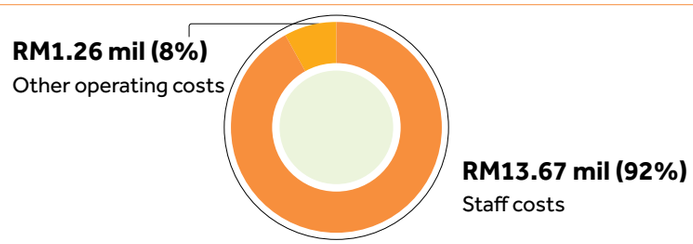
The internal audit activities for FY2023 were carried out by a team of 62 internal auditors with diverse disciplines, as summarised below:

62
Total Number of Auditors

Accounting, Finance and Business	Engineering	Quantity Surveying	System & Data Analyst/Information Technology
30 (48%)	25 (40%)	2 (4%)	5 (8%)

The overall cost incurred in managing the internal audit function for FY2023 is RM14.93 million, comprising mainly staff costs and other operating expenses, as follows:

RM14.93 million
Total Costs Incurred for FY2023



PROFESSIONAL QUALIFICATION AND CONTINUOUS DEVELOPMENT

GIA is committed to fostering continuous learning and development among internal auditors, aiming to ensure high level of proficiency and demonstration of due professional care in fulfilling their responsibilities. As of 31 December 2023, 31 auditors in GIA hold various professional certifications, as outlined below:

CERTIFICATION	NO. OF CERTIFICATIONS OBTAINED
Certified Internal Auditor (CIA)	14
Professional Technologist	11
Certification in Risk Management Assurance (CRMA)	4
Certified Information System Auditor (CISA)	4
Association of Chartered Certified Accountants (ACCA)	3
Chartered Accountant (Malaysia)	3
CISCO Certified Network Associate (CCNA)	3
Certified COBIT 5	3
Professional Engineer	2
Certified Fraud Examiner (CFE)	1
Chartered Institute of Management Accountants (CIMA)	1
Malaysia Institute of Certified Public Accountants (MICPA)	1
Total	**50**

STATEMENT ON INTERNAL AUDIT FUNCTION

In addition to the above, 32% (20 auditors) are actively engaged in pursuing professional certifications at various levels.

GIA commits to ensure that the level of auditors' skills, knowledge and competencies are maintained as reflected in the Internal Audit Charter. These are accomplished through the following:

- Active participation of auditors in national conferences and trainings (both internally and externally) focused on diverse areas such as auditing, strategic initiatives, leadership and communication, business acumen, data analytics, and personal development.
- Involvement in training programs focused on ESG matters, aimed at acquiring a comprehensive understanding and insights into the fundamentals of ESG. This encompasses methodology for providing sustainability assurance, aligning with the enhanced sustainability disclosure mandated by Bursa Malaysia.
- Maintain corporate membership status in IIA Malaysia, ensuring internal auditors have continuous access to valuable resources such as trainings, reading materials, and audit-related updates, fostering a well-informed and connected audit community.
- Implemented succession management programme tailored to internal auditors at different levels, ensuring a strategic approach to talent development and continuity within the audit team.

As of 31 December 2023, GIA invested a total cost of RM209,477 on trainings and conferences, aimed at enhancing auditors' skills, knowledge, and competencies.

SUMMARY OF GIA'S ACTIVITIES IN FY2023

The key activities undertaken by GIA in FY2023 are as follows:

- Provided independent and objective assurance on the adequacy of internal controls implemented to mitigate risk exposures. The reports issued to respective client, senior management, and BAC encompassed observations, root causes, recommendations, management responses, deadline, and person responsible and accountable for implementation of corrective actions.
- Presented TNB's State of Internal Controls to BAC on a quarterly basis covering audit completion status against the approved audits, risks reviewed during audits, results of internal control assessment, and status of corrective actions including aging for pending actions.
- Conducted follow-up audits on corrective actions agreed upon by management to assess the effectiveness and efficiency of the actions implemented.
- Participated in periodic management and board breakouts, offering independent feedback on governance, risks, and controls. This involvement also served to gain insights into the Company's direction, enabling the provision of value-added assurance and advisory roles.
- Collaborated with Risk Management Department to discuss on Company's risk indicators, emerging risks, and pertinent mitigation plans. Additionally, quarterly coordination meetings were held with the External Auditor to address audit scope/issues, ensuring comprehensive coverage and minimising duplication of effort.
- Conducted syndication sessions with TNB's senior management to comprehend emerging risks and concerns facing TNB, to be incorporated into the development of Annual Audit Plan.
- Maintained a comprehensive Quality Assurance and Improvement Programme (QAIP) covering all aspects of the internal audit activities. This programme evaluates the adherence of audit activities to the standards established in IPPF.
- Organised mentoring and connecting sessions that fostered interaction with BAC members and TNB's top management, providing valuable opportunities for guidance and relationship building for GIA auditors.
- Organised series of company-wide and division-tailored webinars focused on raising awareness about the role of internal audit department within an organisation and emphasizing key aspects of risks and internal controls.
- Participated as panellist at national conferences, contributing valuable insights and perspectives to enrich the discussions.
- Contributed as taskforce members of the committee in developing the Frequently Asked Question (FAQ) document for IIA Malaysia on Internal Review of Sustainability Statement by Internal Auditors.
- Attended Head of ASEAN Power Utilities/Authorities (HAPUA) Internal Audit Summit, which centred on topics including data analytics, third party vendor risk management, supply chain disruption, fraud, and sustainability. The summit involved the engagement of internal audit functions from Singapore, Thailand, Indonesia, Philippines, and Vietnam.
- Executed guest auditor initiative involving subsidiaries' internal audit personnel, along with internal and external attachment programs aimed at enhancing knowledge and expertise.
- Implemented the BAC Meeting Observer program, allowing managers/ executives to participate as observers. This initiative offers valuable opportunity for practical learning and exposure amongst auditors.
- Demonstrated commitment to sustainability goals through GIA's corporate social responsibility (CSR) programme and other initiatives, including tree planting, gotong-royong at orphanage, donation for school children, and recycling activity.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

ANNUAL GENERAL MEETING

We value and facilitate a direct, two-way dialogue with the shareholders and investors. It is our top priority to provide relevant information to shareholders, listen to and understand their perspectives and respond to their feedback.

Our AGM plays an important role in providing the shareholders with an opportunity to communicate directly with the Chairman and President/CEO about the business, governance, financial performance and prospects. It also provides an opportunity for shareholders to raise questions for the Board, Top Management and the External Auditors on the management and performance of the Company.

The Board ensures that shareholders are given sufficient notice and time to consider the resolutions that will be tabled and discussed at the AGM. The AGM Notice includes explanatory notes that contain further information on the proposed resolutions. It has been the Company's practice as per the MCCG, to issue out the Notice of AGM to the shareholders at least 28 days prior to the meeting.

TNB hosted its 33rd AGM on 18 May 2023 virtually via Remote Participation and Voting (RPV) at Pusat Konvensyen Leo Moggie, TNB Platinum, No. 3, Jalan Bukit Pantai, Bangsar, 59100 Kuala Lumpur, Malaysia, the Broadcast Venue. Holding a virtual AGM allows our shareholders with the opportunity to participate in the AGM regardless of their geographical differences.

A dedicated link was created in our website within a stipulated timeframe so as to provide the shareholders with all information they needed to attend the meeting, including our virtual AGM online guide on how to use the online facility.

In line with the Group's commitment to ESG as well as to achieve cost efficiencies, the shareholders may access the digital copy of TNB's Integrated Annual Report 2023 by downloading it from the Company's website. Aside from that, TNB also issued out postcards with QR code to the shareholders, consisting the Notice of 33rd AGM, Administrative Details of the 33rd AGM, Integrated Annual Report 2023, Proxy Form and Requisition Form to the shareholders, which were also available at the Company's website.

A total of 1,749 shareholders and proxies representing 3,765,445,568 ordinary shares participated online in TNB Virtual 33rd AGM as per the Attendance Record issued by TNB Share Registrar. Saved for Datin Rashidah binti Mohd Sies and Datuk Rawisandran Narayanan, all Directors attended the AGM, including the Chairmen of BAC, BSRC and BNRC. The Engagement Partner of PricewaterhouseCoopers PLT (PwC) was also in attendance at the AGM to answer shareholders' questions on the conduct of the audit, the preparation and content of the audit report, the accounting policies adopted by the Company and the independence of auditors in the audit process.

Shareholders were provided with similar opportunities online as they would have had attending the AGM in person. They were able to view presentation on the Company's financial and technical/operational highlights by the President/CEO, as well as vote and ask questions during the meeting. During the Meeting, the Chairman encouraged the shareholders to post questions to the Board and Management on the proposed resolutions tabled at the AGM. All questions submitted during the meeting were answered by the President/CEO, Chief Financial Officer and Company Secretary accordingly during the meeting.

The 33rd AGM was conducted online via BoardRoom's LUMI AGM. Shareholders/proxies were able to view the live webcast of the AGM proceedings, post questions to the Board/Management and submit their votes in real-time whilst the meeting was in progress. The procedures for RPV facilities were explained in the Administrative Details of 33rd AGM issued to the shareholders on 17 April 2023.

All resolutions of 33rd AGM were tabled and approved by the shareholders. All resolutions were voted by poll and the results were validated by Boardroom Corporate Services Sdn. Bhd., the independent scrutineer appointed by the Company. The outcomes of poll voting were announced to the market and posted on the Company's website on the same day of the AGM.

The minutes of meeting was made available on TNB's website at www.tnb.com.my no later than 30 business days after the 33rd AGM.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

FINANCIAL CALENDAR

Announcements of Consolidated Results

29 May 2023	Unaudited consolidated results for the first (1st) quarter ended 31 March 2023
25 August 2023	Unaudited consolidated results for the second (2nd) quarter ended 30 June 2023
24 November 2023	Unaudited consolidated results for the third (3rd) quarter ended 30 September 2023
27 February 2024	Unaudited consolidated results for the fourth (4th) quarter ended 31 December 2023

Dividends

Interim Single-Tier Dividend of 18.0 sen per ordinary share for the Financial Year ended 31 December 2023

29 September 2023	Entitlement Date
17 October 2023	Payment Date

Final Single-Tier Dividend of 28.0 sen per ordinary share for the Financial Year ended 31 December 2023

29 March 2024	Entitlement Date
18 April 2024	Payment Date

Annual General Meetings

17 April 2023	Notice of Virtual 33rd Annual General Meeting and Issuance of Integrated Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2022
18 May 2023	Virtual 33rd Annual General Meeting
22 April 2024	Notice of Virtual 34th Annual General Meeting and Issuance of Integrated Annual Report and Audited Financial Statements for the Financial Year ended 31 December 2023
21 May 2024	Virtual 34th Annual General Meeting

BUILDING CONFIDENCE AND POSITIVE RELATIONSHIP THROUGH EFFECTIVE AND PROACTIVE COMMUNICATION WITH THE INVESTMENT COMMUNITY

The Group upholds its commitment to foster purposeful and strategic relationship with the investment community through effective communication and proactive engagement. Led by the Senior Management and supported by the Investor Relations team, we adopt an inclusive approach to disseminate relevant and material information regarding the Group's development. This ensures transparency and facilitate a comprehensive understanding of our strategic initiatives. Our formal communication channels encompass various platforms, namely:

- Quarterly and Full Year Financial Results Announcements;
- Engagement sessions with the investment community through one-on-one/group meetings, investor conferences and Non-Deal Roadshows;
- Annual General Meeting;
- Bursa filings and Press Releases;
- Annual Integrated and Sustainability Reports;
- TNB corporate website's Investor Relations section;
- Site visits to TNB power plants for investors; and
- Email updates to investment community.

Active communication is instrumental in keeping both existing and potential investors informed on our strategic developments, financial and technical performance, and other key focus areas as outlined in the 'Investment Community Feedback' section below.

Our dedicated Investor Relations section on TNB's corporate website at www.tnb.com.my provides an access to our corporate financial information as well as investor presentation to the investment community. The team welcomes any investor related queries and feedback at tenaga_ird@tnb.com.my.

ACTIVE DIALOGUE WITH THE INVESTMENT COMMUNITY

Amid a challenging year due to fuel price fluctuations and widespread global inflation, the year 2023 unfolded as a pivotal period with the announcement of the National Energy Transition Roadmap (NETR). In response to this noteworthy development, the Investor Relations team remained engaged in fostering active dialogue with the investment community to keep them informed of TNB Energy Transition developments in supporting the NETR.

During the year, we conducted 616 engagements with analysts and investors through planned investor relations activities, including conferences, roadshows, one-on-one/group meetings, analyst briefings, and other communication platforms.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

INVESTOR RELATIONS CALENDAR OF EVENTS FOR FY2023

Event

6 January 2023	CGS-CIMB 15th Annual Malaysia Virtual Corporate Day
28 February 2023	Analyst Briefing 4QFY2022 Quarterly Results Announcement
31 May 2023	Analyst Briefing 1QFY2023 Quarterly Results Announcement
6 June 2023	CITI Non-Deal Roadshow, New York, United States of America
16 June 2023	Site Visit to Sepang Solar
20-21 June 2023	Nomura Non-Deal Roadshow, Tokyo, Japan
23 June 2023	AIGCC, Roundtable Discussion on Malaysia's Energy Transition FY2023
11 July 2023	J.P. Morgan ASEAN Energy & Metal
4 September 2023	Analyst Briefing 2QFY2023 Quarterly Results Announcement
12 September 2023	CGS-CIMB Corporate Day
12-13 September 2023	CLSA ASEAN Forum & Non-Deal Roadshow, Hong Kong
3 October 2023	Bloomberg Buy Side Forum, Kuala Lumpur
17 October 2023	CGS-CIMB ESG Sustainability Conference
26 October 2023	Site Visit to Southern Power Generation
7-9 November 2023	Maybank Non-Deal Roadshow, Singapore
9 November 2023	RHB ESG Thematic Conference
28 November 2023	Analyst Briefing 3QFY2023 Quarterly Results Announcement

INVESTMENT COMMUNITY FEEDBACK

Based on Investor Relations' engagement sessions with the investment community, the primary areas of interest include:

- Business strategy and performance
- Regulatory framework
  - Imbalance Cost Pass-Through (ICPT) mechanism
  - Incentive Based Regulation (IBR) Regulatory Period 4
- National Energy Transition Roadmap (NETR)
  - Flagship catalyst projects
  - Market Aggregator
- Energy Transition (ET) Plan initiatives and progress
  - Decarbonisation plan
  - Renewable Energy growth opportunities
- Capital expenditure plan for ET
- TNB's plan on electric vehicle (EV) ecosystem
- Financial sustainability and return
- Working capital management initiatives
- Fuel margin
- Gearing and financial position
- Dividend

BUILDING LONG-TERM SHAREHOLDER VALUE

In 2023, TNB Board of Directors has approved a final single tier dividend of 28.0 sen per share, raising the single tier dividend total to 46.0 sen per share. This translates to a dividend payout ratio of 66.6% from the Group's Adjusted PATAMI, honouring the company's 30% to 60% dividend policy consistently for the last seven (7) financial years.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

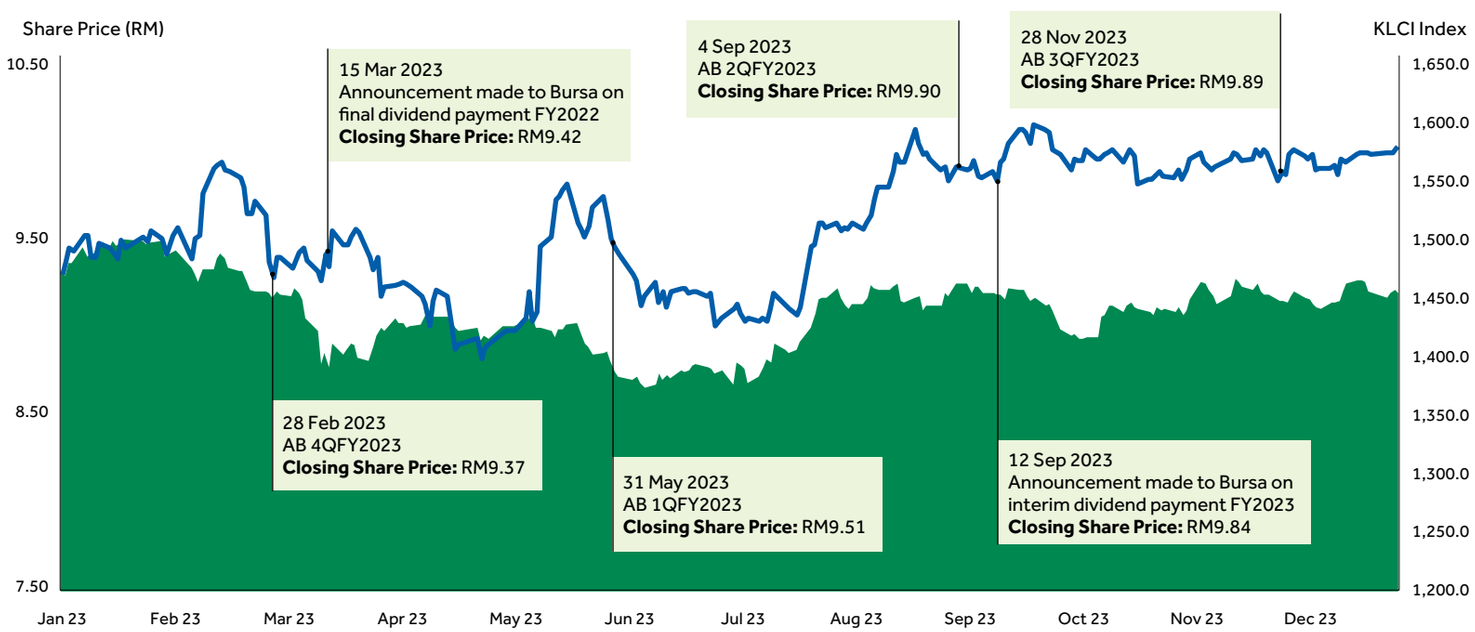
ANALYST COVERAGE

As one of the top companies on Bursa Malaysia in terms of market capitalisation, we benefit from comprehensive analyst coverage of 21 sell-side research analysts, with 38% representing foreign research houses. Fostering close relationships with these analysts is a priority, ensuring the dissemination of accurate and consistent information to the market regarding the company's performance and latest developments. This commitment to transparency and collaboration strengthens our communication and engagement with the investment community.

Affin Hwang Investment Bank	AmInvestment Bank	Bank Islam Malaysia Berhad	CGS-CIMB Securities	Citi Research	CLSA	Credit Suisse
Hong Leong Investment Bank	J.P. Morgan	KAF-Seagroatt & Campbell Securities	Kenanga Investment Bank	Macquarie Capital Securities	Maybank Investment Bank	MIDF Amanah Investment Bank
Morgan Stanley Research	Nomura	Public Investment Bank	RHB	TA Securities	UBS Global Research	UOB KayHian Securities

SHARE PRICE PERFORMANCE

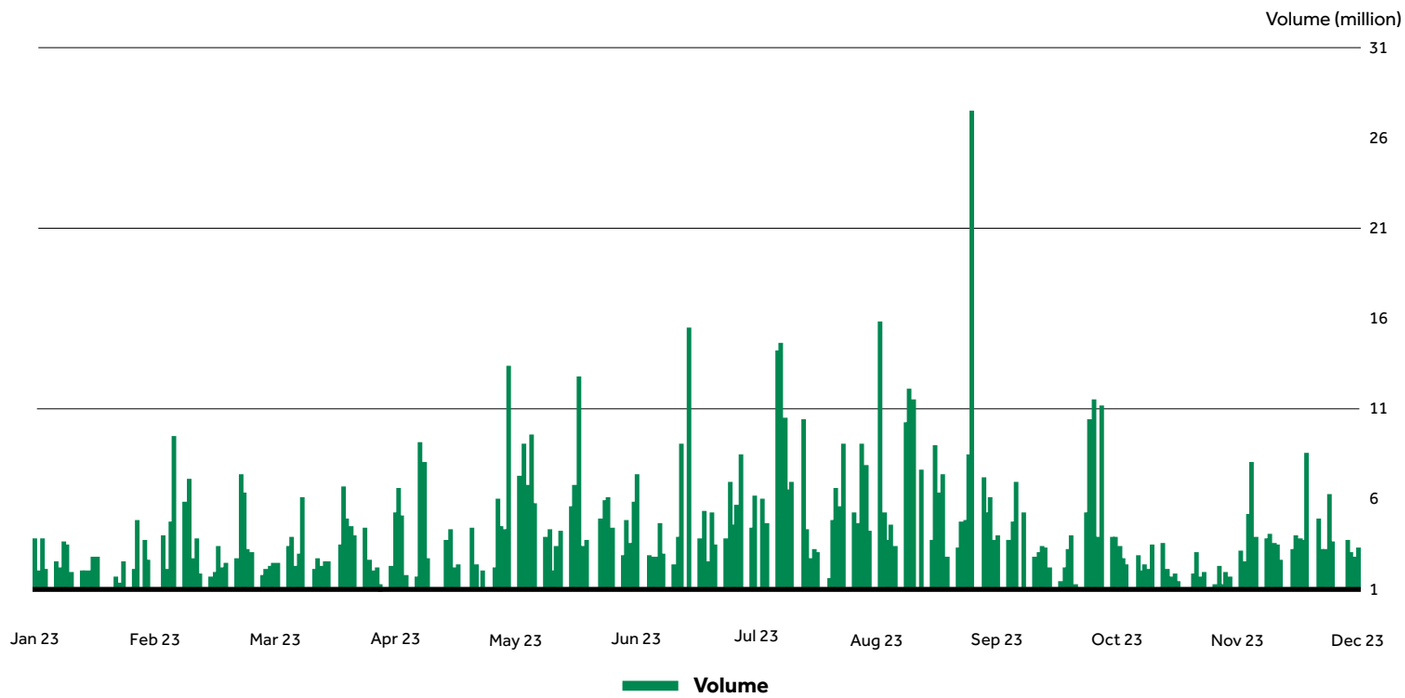
TNB SHARE PRICE, FBM KLCI INDEX AND VOLUME TRADED IN THE YEAR 2023



Note: AB = Analyst Briefing Results Announcement

KLCI | TNB Share Price

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS



RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains an open and professional association with External Auditors, and the BAC is entrusted with recommending their appointment or removal, approving their remuneration, and establishing the terms of engagement for Board approval.

Responsibilities of the Board and BAC include reviewing, assessing, and monitoring the performance, suitability, and independence of External Auditors. A comprehensive policy outlines guidelines and procedures for the assessment and monitoring processes, covering aspects such as Selection and Appointment, Independence, Conflict of Interest, Non-Audit Services, Rotation of Audit Partner, Annual Reporting, Annual Assessment and Audit Fees.

The appointed Audit Partner undergoes rotation at least every five (5) Financial Years, with a mandated two (2) year gap before returning as the Audit Partner for the engagement. While External Auditors may be engaged for non-audit services, their objectivity, judgment and independence must not be impaired. Written assurance of meeting independence requirements is obligatory for each non-audit service undertaken for the TNB Group.

Three (3) fundamental principles govern the prohibition of non-audit services: External Auditors cannot function in a management role, audit their own work, or serve in an advocacy role for TNB Group. Compliance with the By-Laws of the Malaysian Institute of Accountants (MIA) concerning non-audit services is mandatory, with the application of safeguards if necessary.

TNB External Auditors Policy stipulates a three (3)-year cooling-off period for a former partner of TNB's External Auditors before being appointed as a BAC member in accordance with Practice 9.2 of the MCCG. Additionally, in alignment with Guidance 9.3 of the MCCG, the annual assessment of External Auditors incorporates information from the Annual Transparency Report of the audit firm.

The BAC, in evaluating the External Auditors' independence, considers non-audit fees provided for services during the Financial Year. The conclusion is that these fees do not compromise or impair the independence or objectivity of the External Auditors.

The amount of Audit and Non-Audit Fees paid or payable to PwC or its affiliates by the Company and TNB Group for the Financial Year ended 31 December 2023 is as follows:

	Group RM million	Company RM million
Statutory Audit	**10.3**	1.6
Audit Related Services	**1.9**	1.3
Total	**12.2**	2.9
Non-Audit Services:		
- Tax Related Services	**0.2**	0
- Other Non-Audit Services	**0**	0
Total	**0.2**	0

The Non-Audit Fees did not exceed 50% of the Audit Fees for the Financial Year under review, in line with TNB's External Auditors Policy.

All services were procured competitively in accordance with TNB's Procurement & Supply Chain Policy and Procedures and External Auditors Policy. Non-audit services can be offered by the External Auditors of the Group if there are clear efficiencies and value added benefits to the Group.

Based on the External Auditors Assessment Results for the Financial Year 2023, overall, the Company was completely satisfied/satisfied, with a score of 97%, showing an increase of 3.7% compared to the previous Financial Year, with the services provided by PwC in term of quality, sufficiency of resources, communication and interaction and independence, objectivity and professional skepticism. All comments made were forwarded to PwC in order to further improve their services.

With that, the Board/BAC are satisfied with the quality of service, sufficiency of resources, communication and interaction and independence, objectivity and professional skepticism demonstrated by PwC in carrying out its duties as External Auditors.

Being satisfied with the External Auditors' performance, the Board recommends their re-appointment for shareholders' approval at the AGM.

INSIDER TRADING

Directors and Top Management at TNB must not deal in the securities of the Company or of other listed issuers as long as he/she is in possession of price-sensitive information relating to such listed securities. This adherence is in line with the MMLR and pertinent provisions of the Capital Markets & Services Act 2007. Notices delineating closed periods for trading in TNB's securities are disseminated on a quarterly basis, well in advance of each closed period. The Company Secretary shall made appropriate announcement upon receiving any notices of dealing in securities in line with Paragraph 14.08 and 14.09 of the MMLR respectively.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

RESPONSIBILITY STATEMENT IN RESPECT OF THE FINANCIAL YEAR UNDER REVIEW

The Board holds full responsibility for ensuring the preparation of Audited Financial Statements aligns with the Companies Act 2016 and the approved accounting standards set forth by the Malaysian Accounting Standards Board. This commitment is aimed at presenting an accurate portrayal of the Group's state of affairs, profit or loss and cash flow at the close of the accounting period. In the preparation of these financial statements, the Directors confirm compliance with applicable approved accounting standards in Malaysia, exercising reasonable and prudent judgements and estimates. Furthermore, the Audited Financial Statements are prepared on a going concern basis, as the Board, upon thorough inquiry, reasonably expects the Group to possess adequate resources for its operational continuity in the foreseeable future.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (the Board) is pleased to present its Statement on Risk Management and Internal Control (SORMIC) for the financial year ended 31 December 2023. This statement, collaboratively developed and jointly endorsed by the Board Sustainability and Risk Committee (BSRC), formerly known as the Board Risk Committee (BRC), and the Board Audit Committee (BAC), adheres to the stipulations set forth in paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa). Additionally, it is guided by the Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers issued by Bursa.

The SORMIC delineates the nature and breadth of the risk management and internal control systems in TNB Group, including subsidiaries, throughout the reviewed fiscal year. It provides an overview of the framework, policy, process and measures adopted to mitigate risks and uphold operational integrity within TNB Group. Notably, this disclosure excludes associated companies and joint ventures.

The Board persistently upholds its overarching responsibility and remains dedicated to the establishment and continual upkeep of robust, efficient, and effective risk management and internal control systems. This commitment serves to safeguard shareholders' investments and the assets held by the Group. These systems are designed to manage rather than eliminate risks and therefore provide reasonable rather than absolute assurance against material losses, misstatements, or other significantly adverse consequences.

The Board Committees

The Board acknowledges the pivotal role of maintaining robust risk management practices and establishing sound internal controls in upholding corporate governance standards. The following Board Committees have been established with clear mandates fostering a culture of structured oversight and operational excellence:

Board Audit Committee
Board Finance and Investment Committee
Board Tender Committee
Board Nomination and Remuneration Committee
Board Sustainability and Risk Committee (previously BRC until 25 August 2023)
Board Long Term Incentive Plan Committee
Board Integrity Committee

The Management Committees

TNB Management is accountable to the Board to ensure effective implementation of the Group's risk management and internal controls. The Management is responsible for implementing the processes to assess, monitor and report risk exposures and ensuring effectiveness of internal controls, taking appropriate and timely action as required.

The following Management Committees are in place to implement and execute the Group's risk management and internal control systems for the achievement of short- and long-term business objectives.

Group Executive Management Committee
Group People Committee
Group Management Tender Committee
Green Lane Tender Committee
Commodity Procurement Executive Committee
Investment Executive Committee
Energy Supply Committee
Information & Communication Technology Governance Committee
Regulatory Council
TNB Sustainability and Energy Transition Council
Electric Vehicle Council
Technology Council
Smart Meter Council
Health, Safety and Environment Council
Integrity Council

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

RISK MANAGEMENT

Risk Management Framework

Risk management in TNB is governed by the TNB Risk Management Framework, which adopts the principles and guidelines set out in ISO 31000:2018, 'Risk Management - Guidelines'. This framework provides a structured and consistent approach for risk management implementation across the Group. The purpose of risk management is to create and protect value and this is exemplified through each element in the TNB Risk Management Framework.

The framework has been approved by the BRC/BSRC and is reviewed annually. The implementation of the TNB Risk Management Framework is documented through six risk governance documents, which are the TNB Risk Management Framework, TNB Risk Management Policy, TNB Risk Assessment Process, Risk Review, Risk Report and Key Risk Indicator (KRI).

TNB Risk Governance Documents

TNB Risk Management Framework Document

Structured and consistent approach to risk management

TNB Risk Management Policy

Statement declaring TNB's commitment and approach to risk management

Four Risk Management Guides

TNB Risk Assessment Process Guide

Structured and standardised risk assessment methodology

Risk Review Guide

Structured risk review methodology

Risk Report Guide

Structured and standardised risk reporting template

Key Risk Indicator Guide

Structured and standardised methodology to identify, monitor and report KRIs

The TNB Risk Management Framework document describes the criteria and frequency of revision of these risk governance documents and the levels of approving authority to ensure the documents are robust, practical for implementation and reflective of the internal and external context. In the year under review, no major change was made and revisions for clarity in these documents were deliberated and approved by the Group Risk Management Working Committee (GRMWC).

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

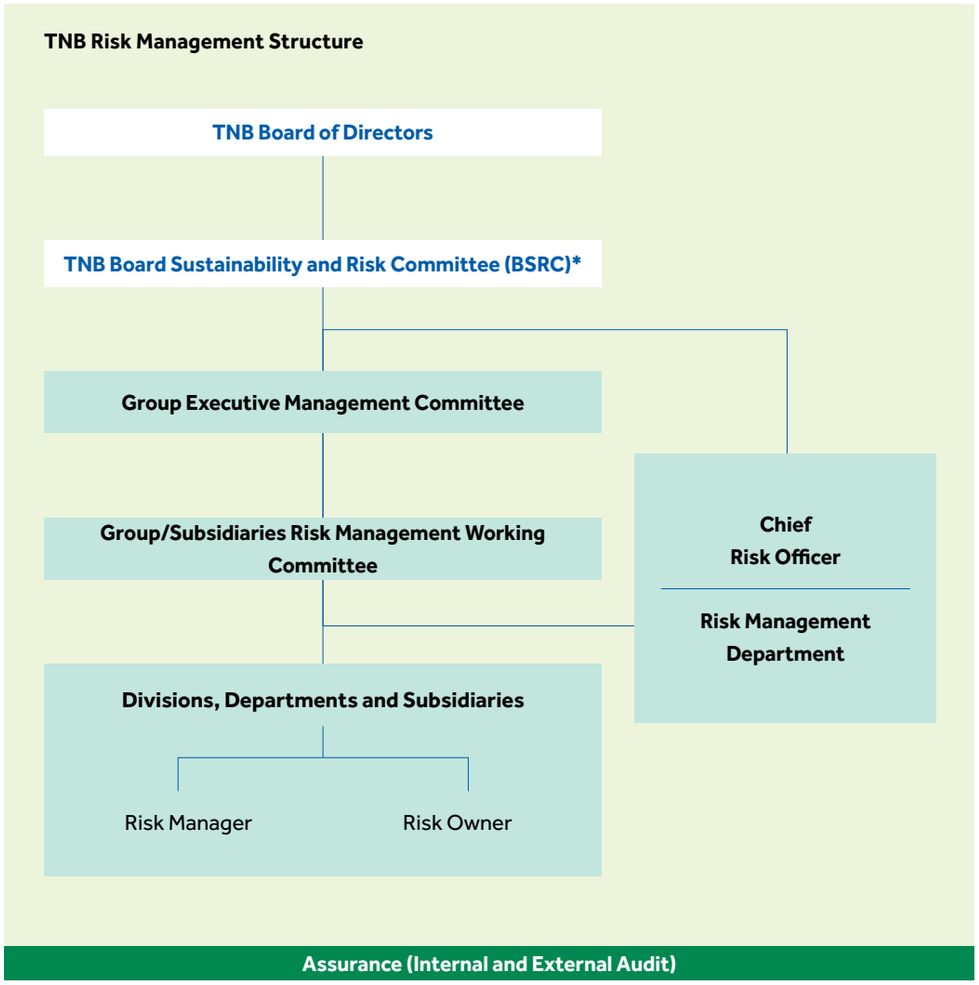
Risk Management Policy

The TNB Risk Management Policy is a statement of the overall intention and direction of the Group on risk management. It describes the commitment of the Group to assess risks in alignment to business objectives, integrating risk management in all decision-making processes, anticipating potential risks while identifying opportunities in response to changes in the internal and external environments and ensuring that risk information is communicated through a clear and robust monitoring and reporting structure.

The policy emphasises on the role of all TNB employees, who are responsible and accountable to manage risks by taking all reasonable care to minimise loss, maximise opportunity and ensure TNB's reputation is upheld.

Leadership and Commitment

The TNB Risk Management Structure depicts the leadership and commitment of Board and Management in the escalation and cascading of risk information across all levels.



Note:

* *BRC changed to BSRC on 25 August 2023.*

Since its establishment on June 5, 2013, the Board Risk Committee (BRC) reaffirms the Board's commitment to ensure that the Group has in place a robust risk management framework and that such framework has been effectively implemented to enhance the Group's ability to achieve its strategic objectives.

The BRC is supported by the Management, primarily through the Group Executive Management Committee chaired by the President/CEO. It is complemented by the cross-functional GRMWC and Subsidiaries Risk Management Working Committee (SRMWC).

The Risk Management Department (RMD) helmed by the Chief Risk Officer facilitates the implementation of the TNB Risk Management Framework.

Recognising the importance of sustainability in our business, the BRC Terms of Reference was reviewed, which led to the transformation of the BRC to the Board Sustainability and Risk Committee (BSRC), effective from 25 August 2023. Consequent to changes in the organisational structure in the fiscal year, the Chief Risk Officer (CRO) reports to the Chief Sustainability Officer with RMD being one of the departments in the newly formed Sustainability Division effective from 1 June 2023.

Throughout the fiscal year, the BRC/BSRC upheld its commitment to diligent oversight, convening nine (9) meetings to address various risks and opportunities associated with investment proposals, strategic initiatives, and operational dynamics. These meetings also encompassed a thorough review of TNB business entities' operational risk profiles and in-depth deliberations on KRI. Moreover, the BRC/BSRC also endorsed the SORMIC FY2022 and TNB Materiality Matrix FY2023, and approved the revised TNB Risk Dashboard FY2023, TNB Strategic Risks and the updated TNB Investment Risk Methodology. Business entities provided assurances to the BRC/BSRC regarding their risk management and internal controls, thus assisting the Board in its decision-making, particularly in managing potential risks and harnessing opportunities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Assessment Process

TNB business entities are guided by the TNB Risk Assessment Process that provides a structured approach to identify, analyse, evaluate and treat risks. TNB business entities apply the process in a systematic, iterative and collaborative manner, drawing on the knowledge and views of stakeholders to develop and review their respective risk profiles.

The TNB Risk Assessment Process was applied in the assessment of the TNB Strategic Risks based on the Reimagining TNB (RT) strategy and in consideration of internal and external factors. Below are the 12TNB Strategic Risks approved by the BRC/BSRC in the year under review:

Category	No.	TNB Strategic Risk
External	1.	**Catastrophic disruptions from external factors** TNB faces the potential threat of unpredictable external events, which possess the capacity to significantly disrupt our business operations, profitability, and/or reputation. These events encompass various external factors, including but not limited to pandemics, cybersecurity attacks, economic collapses, and geopolitical risks. Although these occurrences have a low probability of transpiring, their unpredictability renders them capable of inflicting catastrophic impacts on our business operations.
Sustainability	2.	**Inability to keep pace with Environment, Social & Governance (ESG) developments and transitions globally** Corporations worldwide face increase risks in transitioning to a low-carbon and climate-resilient economy. It is vital that we align to global ESG commitments and frameworks given TNB's role as Malaysia's primary power utility. Failure to do so will impede our business growth in addition to eroding market confidence in TNB to be a utility that is able to provide sustainable energy solutions. This will adversely impact investors' confidence, stakeholder's trust and company reputation.
Regulatory	3.	**Unfavourable energy transition & climate change policies & regulations** Energy Transition regulatory risks pose significant challenges for power utilities. The shift towards renewable energy sources and decarbonisation initiatives may require costly infrastructure upgrades and technology investments. Evolving regulations can impact revenue streams and profitability, especially if incentives or subsidies change. Stricter emissions standards might necessitate the retirement of existing assets or impose penalties for non-compliance. Additionally, uncertainties in policy direction may hinder long-term planning and investments. Failure to address these risks adequately can undermine TNB's competitiveness and financial stability.
	4.	**Unfavourable Electricity Supply Industry (ESI) regulatory implementation and outcome** Globally, the electricity supply industry is highly regulated. Government regulations and policies control various aspects, including approving generation capacity and mix, setting limits for investment and operation costs of electricity networks, and determining electricity prices. Uncertainty surrounding future regulations may hinder long-term planning and investment decisions whilst non-compliance with regulations can result in penalties and reputational damage. Inability to shape and manage the outcome of these regulation and policies governing the Malaysian ESI would be key impediment impacting TNB ability to deliver its business aspiration.
	5.	**Regulatory Uncertainty** Due to the nature of our business, we are susceptible to the decisions by regulatory stakeholders at the federal, state and international levels. Business operations may be delayed or encumbered due to measures and decisions in relation to investment and divestment, use of natural resources and right-of-way.
Market	6.	**Unable to be competitive in non-regulated business (international & domestic)** Growing TNB's non-regulated business is a key strategy of TNB's future growth plans. Inability to be competitive would result in difficulty to attract new customers and potential partners leading to stagnant or decline in market share and potential revenue. Inadequate competitiveness may result in lower operational efficiencies and higher costs that may hamper our ability to access capital while reducing the overall returns.
Customer	7.	**Inability to remain as the electricity provider of choice by customers** TNB supplies electricity to the entire nation, and we need to continue doing it reliably, safely and at a high quality to retain the trust and confidence of the people. At the same time, we need to continue growing TNB's brand and reputation. Failure to do so may cause customer dissatisfaction and impact our sales, EBIT and reputation.

Category	No.	TNB Strategic Risk
Finance	8.	**Ineffective capital allocation to maximise value creation** Management makes decisions on how to source and allocate funds effectively to maximise potential return. Failure to do so would have dire implications to TNB, including missed opportunities, reduced financial profits and market confidence.
Capabilities	9.	**Gaps in workforce capabilities to deliver RT strategy and sustainability aspiration** It is critical for TNB to focus on developing and deploying new institutional capabilities to the right areas. We also need to enhance workforce diversity in terms of skill sets and exposures that are in line with our aspiration to diversify internationally. Failure to close the capabilities gap would impact TNB's ability to achieve its RT strategy.
	10.	**Failure to ingrain TNB culture in employees' behaviour in supporting Reimagining TNB strategy and sustainability aspiration** Culture molds the direction, beliefs and shared values that shapes employee (at all levels including the Board)'s perceptions, behaviours and understanding. Failure to ingrain the Reimagining Culture values in the organisation and processes may result in lower productivity, fraud and bribery or silo mentality.
Physical Asset Risk	11.	**Failure to mitigate physical risks caused by climate change** Physical climate change risks pose significant challenges to TNB in the form of extreme weather events, rising sea levels, and changing precipitation patterns that can damage infrastructure, disrupt operations and impact power generation, transmission and distribution. Failure to manage these risks can result in prolonged outages, increased operation and repair costs, regulatory penalties, reputational damage and impede long-term business sustainability.
Supply Chain	12.	**Disruptions to supply chain** TNB's ability to ensure the security of supply depends on undisrupted procurement and distribution of resources needed to operate all its infrastructure. Delays or disruption resulting from supplier failure, transportation issues and geopolitical interventions may lead to delays in project delivery, prolonged electricity supply outages and increased costs.

Review, Monitor and Report

The BRC/BSRC approved the TNB 3-Year Cycle Risk Governance Plan for implementation from FY2022 to FY2024. This plan is implemented by the RMD to assist the BRC/BSRC in meeting its terms of reference. The plan outlines three (3) risk governance activities, which are risk review, risk maturity assessment and desktop risk assessment. According to plan, RMD in collaboration with TNB business entities, conducted 15 risk reviews, five (5) risk maturity assessments and eight (8) desktop risk assessments in the year under review.

As per the TNB Risk Management Framework, TNB business entities are responsible to assess respective risks and register into the TNB Risk Information System (TRIS), a centralised online real-time tool and database, for monitoring and reporting. Risks are also reviewed annually by the business entities with participation and eventual approval from the risk owners.

Half-year risk reports are submitted by business entities to RMD for consolidation. Group-wide consolidated half-year risk reports, which include reports of emerging risks, are deliberated and endorsed by the GRMWC for onward internal dissemination.

Key Risk Indicators

Business entities have diligently identified relevant Key Risk Indicators (KRIs) that serve as early warning of increasing risk exposures and potential risk events. These KRIs are developed in consideration of the risk appetite of the BRC/BSRC and Management. The status of KRIs is reported quarterly to the BRC/BSRC, GRMWC and SRMWC with mitigating measures extensively deliberated to address risk exposures from escalating beyond tolerable levels.

The BRC/BSRC monitors KRIs impacting five (5) key areas, which are operations, financial standing, regulatory, reputation and international investment. Operational-level KRIs are deliberated by the GRMWC and SRMWC that are platforms for inter-business collaboration to mitigate risks from a group-wide perspective.

Annually, these KRIs undergo review to ensure relevance and adequacy, aligning with short- and long-term business objectives while considering changes in internal and external environments.

Communication & Integration

TNB business entities consistently engage in communication with both internal and external stakeholders, providing current and comprehensive risk information. Timely feedback is gathered and integrated to foster continual enhancement. Integral to their role is the seamless integration of risk management within their objectives, governance, leadership commitment, operations, and performance management. This holistic approach ensures that risk management becomes an inherent part of the operational fabric, enhancing the overall resilience and adaptability of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The BRC/BSRC continues to cascade its tone from the top, and particularly in the fiscal year, through the first in-person Top Management Risk Forum held since the pandemic. The BRC/BSRC not only set the tone on the importance of effective risk management but also dialogued with 102 members of top and senior management in navigating a challenging risk landscape. Market experts such as the Head of Carbon Market, Bursa Malaysia, were invited to share insights on risk and opportunities related to the power utility industry. The TNB risk slogan, "RISK - First In Mind", was launched by the BRC/BSRC during the forum and was further cascaded to all levels of employees through various communication platforms.

RMD actively promotes a culture of risk awareness throughout TNB in the year under review, organising five (5) highly successful face to face internal risk conferences, bringing together 383 TNB executives and non-executives. These risk communication efforts were held to encourage active participation across all levels with emphasis on the importance and benefits of integrating risk management into daily operations and decision-making processes. The strong support, including the commitment from TNB Management in holding dialogues with the employees during these conferences, reflects the shared responsibility for effective risk management by all employees in order to successfully navigate current and future challenges.

Additionally, RMD in collaboration with TNB Integrated Learning Solution Sdn. Bhd. (ILSAS), the centre for energy learning, advisory, services and consultancy, continue to drive risk management training modules at fundamental and intermediate levels. In the year under review, a total of 116 TNB employees completed the fundamentals module and 119 employees completed the intermediate module.

During the fiscal year, the first TNB Risk Management E-Learning Module was launched and incorporated as part of the learning journey of all TNB executives, whereby each TNB executive shall complete the online module every two (2) years. The purpose of the e-learning module is to inculcate a risk thinking mindset and strengthen informed decision-making among TNB executives. The e-learning module is continually reviewed taking into account changes in the TNB Risk Management Framework and its implementation.

Culture

The risk culture delineated within the TNB Risk Management Framework harmonises seamlessly with the six (6) TNB core values and corresponding behaviors. The application of these core values and behaviours serves as a beacon, offering clear guidance and communicates the expected behaviour of employees. This alignment fortifies a cohesive understanding, establishing a framework for fostering and perpetuating a resilient and enduring risk culture essential for TNB's sustainable growth and resilience.

INTERNAL CONTROL

Group Policies and Procedures

The Board and Management have approved group-wide policies and procedures, embedding ethics and internal control principles and mechanisms within business operations. Regular review processes ensure the ongoing relevance and effectiveness of these policies and procedures.

Among others, the Group policies and procedures in place are:

TNB Code of Business Ethics	TNB Environmental Policy
TNB Ethics & Integrity Policy	TNB Security Policy
TNB Risk Management Policy	TNB Communication Policy
TNB Confidentiality Policy	TNB Personal Data Protection Policy
TNB Asset Management Policy	TNB Disciplinary Procedures
TNB Limits of Authority	TNB Investment Process Control: Updated Investment Process and Investment Risk Methodology
TNB Procurement and Supply Chain Policy and Procedures	
TNB ICT Security Policy and ICT Codes of Practice	TNB Group Financial Policies and Procedures
TNB Safety & Health Policy	TNB Group Human Resource circulars and guidelines

Financial and Operational Control Framework

The TNB Group Financial Policies and Procedures (GFPP) stand as an imperative point of reference guiding the Group's financial and operational conduct. The Group has acted in accordance with generally accepted accounting principles and the Malaysian Financial Reporting Standards. Regular evaluations comparing actual performance against established budgets, targets, and historical benchmarks for key functions and strategic initiatives are carried out. Necessary mitigating measures and follow-up actions are promptly implemented.

The Board Audit Committee (BAC) reviews the Group's quarterly financial performance together with Management and these are subsequently reported to the Board. The quarterly reviews enable the BAC to deliberate and assess the Group's financial results and operational performance.

TNB continues to proactively engage with relevant stakeholders for smooth implementation of the Incentive-Based Regulations (IBR) framework. The performance of the regulated business is meticulously monitored through the IBR performance indicators and dashboards. These are reported regularly to relevant decision-making committees to ensure effective implementation of the IBR framework as well as to the Energy Commission in compliance with the IBR guidelines.

The procedures for critical functions and key activities are documented, communicated to employees and periodically reviewed. Relevant business entities have been consistently maintaining its certification in ISO 9001, ISO 14001, ISO 27001, ISO 37001, ISO 45001 and ISO 55001. Internal audits are conducted to ensure compliance with relevant standards and procedures.

Strategic Planning and Performance Management Cycle

A holistic strategic planning process is integral in providing focus and alignment between aspiration, strategies, performance management and the desired strategic outcomes. The Strategic Planning and Performance Management (SPPM) cycle approved by the Board depicts a 5-part cycle that integrates the capital and budget allocation process with the performance management cycle. It includes the identification of strategy driven Key Performance Indicators (KPI) based on long-term business plans and annual operating plans, which are thereafter cascaded to all levels of employees. The strategy driven KPI methodology is derived from the Balanced Scorecard concept that focuses on performance measures from four (4) perspectives, which are financial, customer, internal process and learning and growth.

Human Resource Management and Development

The TNB Ways of Working (TwoW) that promotes flexible working arrangements has been implemented across the Group in the year under review. This strategic decision seamlessly aligns with the amendments to the Employment (Amendment) Act 2022, particularly in embracing and enacting flexible working arrangements. This way of working aims to inspire and add value to employees, create an agile workforce and foster a culture of wholehearted dedication, underpinned by three (3) fundamental principles of trust, empowerment, and mindfulness.

Job descriptions and responsibilities of approved positions are clearly defined and communicated through the internal online platform, People Matters Better Brighter. Workforce requirement planning is carried out and led by the Group Human Resource, mirroring the budget planning cycle with the aim of optimising staffing levels and increasing productivity. Employee training needs are regularly assessed and various programmes are in place to address competency gaps.

Moreover, effective succession management improves organisational ability to maintain continuity of operations with minimal disruption and benefits both the employees by preparing them to be strong talents and the organisation by facilitating smooth transitions. The TNB Succession Management Framework aims to ensure the succession management strategy is agile and in line with current and projected business objectives by defining critical positions, nominating and evaluating talents, identifying development needs, and reviewing and adapting to business needs.

Healthcare & Wellness Management

TNB is committed towards elevating the standard of healthcare for its employees, retirees, and dependents. A key initiative introduced in the year under review is the Medication Delivery Services (MDS) to facilitate seamless procurement and delivery of long-term or chronic medications through three (3) Klinik TNB. In addition, 1,276 panel hospitals and clinics are available nationwide for widespread accessibility to essential medical treatment and healthcare.

The TNB Total Wellness Programme is aimed at educating and influencing employees towards a healthy lifestyle and work life balance continues to be implemented through the "Vibrant Living - Healthier. Together" initiative. This initiative focuses on six (6) scope, which are healthy diet, no smoking/vaping, active lifestyle, weight management, basic health screening and mental well-being. Weekly "Wellness Wednesday" health talks and awareness sessions conducted online are open to all employees and retirees with the aim of increasing awareness on common health issues and encouraging healthier habits.

TNB Digital Strategy

TNB has undertaken significant digitalisation endeavours to embrace digital transformation as a key enabler of the RT strategy. These initiatives encompass data analytics, robotic process automation, and development of a visionary Network of the Future. TNB remains steadfast in advancing digital transformation aligned to national and organisational aspiration.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Management Information Systems

Leveraging on information and communication technology is vital in promoting effective and efficient business operations as well as timely and accurate communication with internal and external stakeholders. Examples of key information systems utilised by the Group for that purpose are:

Enterprise Resource Management System (ERMS)
Enterprise Human Resources Management System (EHRMS)
Supervisory Control and Data Acquisition System (SCADA)
TNB Outage Management Systems (TOMS)
Billing Customer Relationship Management (BCRM)
Employee Self Service (ESS)

Super User Privilege Management and Governance, Risk and Compliance systems have been implemented to control and govern access to core systems and servers. This is to ensure that access to critical information systems and confidential information is adequately monitored and controlled. Annual disaster recovery tests are carried out at the data centres and ICT security assessments are regularly carried out on systems at the business entities. In addition, various enhancements are implemented to strengthen cyber security for Information Technology and Operational Technology systems. In the event of system failure, various mitigations are in place to minimise disruption to operations.

Personal Data Protection

TNB is committed to safeguard data subjects' personal data in accordance with the Personal Data Protection Act 2010 (PDPA). TNB was an active contributor to the development of The Personal Data Protection Code of Practice for The Utilities Sector (Electricity) Version 2.0 (Code of Practice), which serves as a guideline for the processing and handling of data subjects' personal data. As data privacy is vital, the Legal Services Department is committed to consistently educate and communicate the requirements of the PDPA and the Code of Practice across TNB to enhance awareness and compliance to the PDPA.

TNB Corporate Integrity Management System

The TNB Corporate Integrity Management System (TCIMS) is in place to improve the integrity culture in the Group, reduce the impact of corruption or mismanagement and position TNB at par internationally through a strategic and structured integrity management system. TNB is certified with ISO 37001:2016 Anti-Bribery Management Systems since 2018 and has put in place a management system designed to help prevent, detect and respond to bribery and comply with anti-bribery laws and voluntary commitments applicable to its activities. Annually, TNB employees complete the Integrity Pledge and Conflict of Interest declarations via the Employee Self Service system and the Integrity E-learning module via the People Matters Better Brighter system. The integrity e-learning module is also extended to the vendors and suppliers.

The Integrity Department designs and implements a comprehensive training and communication plan comprising of initiatives and programs to address gaps identified in the annual Integrity Health Index (IHI) survey. Highlights of the training and communication initiatives implemented in the fiscal year include a seminar for the Board and Management titled "The Law Behind Corporate Governance" conducted by the Malaysia Institute of Corporate Governance (MICG) and engagements and training sessions with the unions, employees and vendors on anti-bribery, corruption and corporate liability. These efforts align with the requirements outlined in the TRUST elements under Section 17A of the MACC Act 2009.

Additionally, the Whistle Blowing Information System (WBIS) underwent enhancements in the year under review to strengthen the management of integrity governance data for reporting to the Board Integrity Committee and in compliance to mandatory reporting requirements by MACC.

Tenaga Safety Culture

The Tenaga Safety Culture Programme aims to inculcate safety as part of the everyday working culture, transforming it from a mere compliance activity. It is based on four core behaviours, which are 'Assess', 'Comply', 'Intervene' and 'Actively Caring'. Various initiatives have been implemented such as the TNB Life Saving Rules (LSR) that has been in effect since 2017. These rules are intended to preserve the lives of employees and contractors, and mitigate the risk of serious injuries within the work environment. The LSR implementation includes consequence management as part of our internal controls.

The Stop Work Intervention guideline was established in the year under review to empower employees and contractors to assume responsibility for their safety and the safety of their peers. Any individual is authorised to activate a stop work intervention upon encountering unsafe conditions or observing unsafe acts within the workplace. In addition, the NIOSH Tenaga Safety Leader Passport (NTSLP) certification, which is implemented across the Group for all employees, has been extended and enforced in the fiscal year for contractor supervisors. This aims to address the primary cause of past contractor accidents due to inadequate supervision. NIOSH had acknowledged the strategic partnership of this program, further validating its importance and impact.

Customer Experience

With attention to customer centricity, a variety of channels, utilising the "Click, Call, Come Over," platform, is made available to customers. The platform covers a wide range of touch points that enable quality solutions, services and continuous interaction options to enhance customer experience. A systematic approach is in place for timely resolution of feedback such as service requests, complaints, comments, enquiries and concerns. In addition, the myTNB web portal and mobile application are available to customers to manage their electricity account(s) in one location. myTNB allows customers to make express payment of electricity bills without needing to log in.

Business Continuity Management

The TNB Business Continuity Management (BCM) Framework was developed in alignment with ISO 22301:2019 'Security and Resilience - Business Continuity Management Systems'. The framework provides a structured approach in managing business continuity in the Group that enables prompt, coordinated and effective response to a crisis and maintain continuity of essential activities as well as protecting human life, assets, reputation and the environment. The framework is the focal point of reference for TNB business entities to formulate and implement business continuity strategies tailored to respective business objectives and critical functions.

The robustness of the TNB Corporate Crisis Command Structure, of which the President/CEO and TNB Management are members, is tested annually through planned drills and is activated to manage potential or declared crises in accordance with the Corporate TNB BCM document. Improvements identified in post-mortems are implemented to enhance capabilities, preparedness and resiliency. Additionally, drills of various scenarios are collaboratively conducted by TNB business entities to enhance coordination and effective response. In the year under review, specific business continuity plans were developed and tested to ensure available and reliable electricity supply throughout the period of the Malaysian state elections at Selangor, Kelantan, Terengganu, Negeri Sembilan, Kedah, and Penang following the dissolution of respective state assemblies.

To further strengthen prompt and coordinated response during crises that affect the nation, strategic engagements were carried out with relevant government agencies such as the National Disaster Management Agency (NADMA) via courtesy visits and joint drills. Notable outcomes in the fiscal year are the successful desktop drills conducted in collaboration with NADMA based on a dam safety scenario and with the Majlis Keselamatan Negara (MKN) based on a security threat scenario to critical national infrastructures in power utility, telecommunications, and oil and gas.

CONCLUSION

The Board has obtained assurances from the President/CEO and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. Where areas of improvement have been identified, rectification steps have been taken for enhancement.

The Board is of the view that the risk management and internal control system in place for the year under review and up to the date of approval of this statement for inclusion into the annual report, is adequate and effective to safeguard shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide (AAPG) 3 issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

This statement is made in accordance with the resolution of the Board of Directors dated 27 February 2024.

ADDITIONAL COMPLIANCE INFORMATION

(1) UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

No proceeds were raised as the Company did not undertake any corporate proposals in the Financial Year ended 31 December 2023.

(2) MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interests of the Directors or Major Shareholders, either still subsisting at the end of the Financial Year or, if not then subsisting, entered into since the end of the previous Financial Year.

(3) RELATED PARTY TRANSACTIONS

The Group has established appropriate procedures to ensure it complies with the MMLR with regards to related party transactions. All related party transactions are reviewed by the Group Internal Audit Department, following which a Group-Wide Report is submitted to the BAC on a quarterly basis for monitoring purposes. The Group did not seek any mandate from its shareholders pertaining to related party transactions during the Financial Year under review.

STATEMENT ON COMPLIANCE WITH THE REQUIREMENTS OF BURSA MALAYSIA IN RELATION TO APPLICATION OF PRINCIPLES AND ADOPTION OF BEST PRACTICES LAID DOWN IN THE MALAYSIAN CODE ON CORPORATE GOVERNANCE 2021 (Pursuant to paragraph 15.25 of the MMLR)

The Board has reviewed, deliberated and approved this Statement on 27 February 2024. The Board is pleased to report to its shareholders that to the best of its knowledge, the Company has complied with and shall remain committed to attaining the highest possible standards of corporate governance through the continuous adoption of the principles and best practices of the MCCG and all other applicable laws, save as disclosed above.

TOGETHER, LET US IGNITE A CHANGE AND EMPOWER A BETTER, BRIGHTER FUTURE.

We are dedicated to driving a responsible energy transition and leading the pathway to a sustainable future.

Let us shape a world where clean energy defines tomorrow, sustainable cities thrive, green mobility becomes the norm, and digitalisation serves as the catalyst for transformation.

NET ZERO 2050

Tenaga Nasional Berhad 199001009294 (200866-W)

TENAGA NASIONAL
Better. Brighter.

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1949-2024

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DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Group and the Company are primarily involved in the business of the generation, transmission, distribution and sales of electricity and those tabulated in Note 49 to the financial statements, which has the details of the subsidiaries of the Group.

There have been no significant changes in these activities during the financial year.

FINANCIAL RESULTS

	Group RM'million	Company RM'million
Profit for the financial year attributable to:		
- Owners of the Company	2,770.3	2,955.0
- Non-controlling interests	(166.7)	0
Profit for the financial year	2,603.6	2,955.0

DIVIDENDS

The dividends paid or declared by the Company since the previous financial year ended 31 December 2022 were as follows:

	RM'million
In respect of the financial year ended 31 December 2022:	
Final single tier dividend of 26.0 sen per ordinary share, paid on 14 April 2023	1,495.8
In respect of the financial year ended 31 December 2023:	
Interim single tier dividend of 18.0 sen per ordinary share, paid on 17 October 2023	1,041.7

The Directors have approved a final single tier dividend of 28.0 sen per share on 5,787,331,871 ordinary shares in respect of the financial year ended 31 December 2023 amounting to a total of RM1,620.5 million. The dividends will be paid on 18 April 2024.

RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

ISSUE OF SHARES

During the financial year, the paid-up share capital of the Company increased due to the vesting of Long Term Incentive Plan ('LTIP') granted to eligible employees, details of which are disclosed in Note 34 to the financial statements. The new ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

TENAGA NASIONAL BERHAD'S LTIP

The Company implemented a LTIP on 30 April 2015 for a period of 10 years. The LTIP is governed by the by-laws, which are approved by the shareholders at an Extraordinary General Meeting on 18 December 2014.

The main features and details of the number of grants over the shares of the Company are set out in Note 34 to the financial statements.

The Company has been granted a relief by the Companies Commission of Malaysia ('CCM') via letter dated 9 February 2024 from having to disclose in this report the names of the persons to whom LTIP have been granted under the scheme and details of their holdings pursuant to Section 255(1) and Paragraph 5, Part 1, Fifth Schedule of the Companies Act 2016 except for information on employees who were granted the offering of up to 257,700 and more ordinary shares under the LTIP scheme.

The employees of the Company who were granted the offering of up to 257,700 and more ordinary shares under the LTIP scheme are as follows:

	Number of ordinary shares granted under PS*	Number of ordinary shares granted under RS**	Total
Dato' Seri Ir. Baharin bin Din	503,900	251,400	755,300
Nazmi bin Othman	310,700	191,700	502,400
Datuk Ir. Megat Jalaluddin bin Megat Hassan	255,700	157,400	413,100
Wan Nazmy bin Wan Mahmood	234,000	159,300	393,300
Wahizan bin Abd Rahman	230,500	154,900	385,400
Amir Mahmod bin Abdullah	173,900	136,400	310,300
Zainal Abidin Shah bin Mahamood @ Yahya	168,300	136,800	305,100
Ahmad Faraid bin Mohammed Yahaya	138,600	137,700	276,300
Mohamed Ghous bin Ahmad	132,300	125,400	257,700

* *PS - Performance Share Grant*
** *RS - Restricted Share Grant*

None of the subsidiaries' employees were granted offering representing 257,700 or more ordinary shares under the LTIP scheme.

DIRECTORS

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of the report are:

Company

Dato' Abdul Razak bin Abdul Majid	(Appointed w.e.f. 27 March 2023)
Datuk Ir. Megat Jalaluddin bin Megat Hassan	(Appointed w.e.f. 1 March 2024)
Ramzi bin Mansor	(Appointed w.e.f. 1 March 2024)
Selvendran Katheerayson	(Appointed w.e.f. 1 September 2023)
Rohaya binti Mohammad Yusof	
Muazzam bin Mohamad	(Appointed w.e.f. 1 July 2023)
Ong Ai Lin	
Juniwati Rahmat Hussin	

DIRECTORS' REPORT

DIRECTORS (CONTINUED)

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of the report are: (continued)

Company (continued)

Gopala Krishnan K.Sundaram	
Dato' Roslina binti Zainal	
Dato' Merina binti Abu Tahir	
Elaine Ong Yee Lynn	
(Alternate Director to Selvendran Katheerayson)	(Cessation of Office as Alternate Director to Datuk Amran Hafiz bin Affifudin w.e.f. 1 September 2023) (Appointment as Alternate Director to Selvendran Katheerayson w.e.f. 24 November 2023)
Datuk Amran Hafiz bin Affifudin	(Resigned w.e.f. 1 September 2023)
Datuk Rawisandran a/l Narayanan	(Cessation of Office as Director w.e.f. 18 May 2023)
Datin Rashidah binti Mohd Sies	(Appointed w.e.f. 10 April 2023) (Resigned w.e.f. 12 January 2024)
Dato' Seri Ir. Baharin bin Din	(Cessation of Office w.e.f. 29 February 2024)

Subsidiaries

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of the report are set out in the respective subsidiaries' statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof. The Company has been granted a relief by the CCM via a letter dated 1 March 2024 order pursuant to Section 255(1) of the Companies Act 2016 relieving the Company's Directors from full compliance to the requirements under Section 253(2) of the Companies Act 2016.

DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as disclosed in the Directors' interests in shares and debentures.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits shown under Directors' Remuneration below and in Note 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a partner, or with a company in which the Director has a substantial financial interest.

INDEMNITY AND INSURANCE COSTS

The Group and the Company have their own Directors and Officers Liability Insurance at a premium of RM518,750 (excluding Sales and Services Tax ('SST') and Stamp Duty) to cover the liability of Directors and Officers in discharging their duties for the period of 1 November 2023 until 31 October 2024.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its subsidiaries during the financial year except as follows:

	Number of ordinary shares			
	As at 1.1.2023/ Date of Appointment	Vested/ Acquired	Disposed	As at 31.12.2023
Dato' Abdul Razak bin Abdul Majid	**26,562**	**0**	**0**	**26,562**
Dato' Seri Ir. Baharin bin Din	**116,700**	**51,500**	**0**	**168,200**
Dato' Roslina binti Zainal	**18,400**	**0**	**0**	**18,400**

Ordinary shares granted pursuant to the Company's LTIP granted to the Director during the financial year are as follows:

	As at 1.1.2023	Vested	Forfeited	As at 31.12.2023
Dato' Seri Ir. Baharin bin Din				
Performance Share Grant ('PS Grant')				
PS Grant 6	**47,400**	**0**	**(47,400)**	**0**
PS Grant 7	**98,700**	**0**	**0**	**98,700**
PS Grant 8	**164,300**	**0**	**0**	**164,300**
Restricted Share Grant ('RS Grant')				
RS Grant 6	**9,000**	**(9,000)**	**0**	**0**
RS Grant 7	**37,700**	**(18,900)**	**0**	**18,800**
RS Grant 8	**70,600**	**(23,600)**	**0**	**47,000**

DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-Executive Directors' fees	**2,041,419**	2,538,667	**1,970,774**	2,478,667
Non-Executive Directors' other emoluments	**1,254,753**	1,170,480	**1,246,253**	1,162,980
Executive Directors' remuneration and other emoluments	**3,945,003**	4,284,299	**3,945,003**	4,284,299
	7,241,175	7,993,446	**7,162,030**	7,925,946

In respect of the Directors or past Directors of the Company, there were benefits receivable by the Directors from the Company and its subsidiaries as Directors' other emoluments for their services. The estimated monetary value of benefits received by the Directors was RM588,150 (2022: RM441,980) for the Group and the Company.

DIRECTORS' REPORT

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
   (ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:
   (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or
   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
   (iii) which have arisen and would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report:
   (i) there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year which secures the liabilities of any other person; and
   (ii) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

(d) No contingent or other liability of any company in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Company and its subsidiaries to meet their obligations when they fall due.

(e) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

(f) In the opinion of the Directors:
   (i) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
   (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

AUDITORS' REMUNERATION

Total fees for statutory audits and audit-related services provided by the auditors, PricewaterhouseCoopers PLT, and its member firms amounted to RM12.2 million (2022: RM10.4 million) for the Group and RM2.9 million (2022: RM2.8 million) for the Company, while total fees for assurance related and non-audit services amounted to RM0.2 million (2022: RM1.7 million) for the Group and NIL (2022: RM0.3 million) for the Company respectively. Non-audit services provided by the auditors and its member firms comprise tax related services and other advisory services.

Details of the auditors' remuneration are set out in Note 33 to the financial statements.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

This report was approved by the Board of Directors on 19 March 2024. Signed on behalf of the Board of Directors:

DATO' ABDUL RAZAK BIN ABDUL MAJID
CHAIRMAN

DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN
PRESIDENT/CHIEF EXECUTIVE OFFICER

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
NON-CURRENT ASSETS					
Property, plant and equipment ('PPE')	5	**121,932.1**	116,577.1	**78,765.4**	75,185.5
Right-of-use ('ROU') assets	6	**34,106.8**	37,405.1	**65,457.0**	71,879.1
Subsidiaries	7	**0**	0	**8,027.6**	7,848.0
Joint ventures	8	**208.4**	249.5	**0**	0
Associates	9	**1,458.8**	1,429.7	**75.7**	75.7
Intangible assets	10	**1,270.5**	593.6	**0**	0
Investment in unquoted debt security	11	**259.3**	253.4	**259.3**	253.4
Tax recoverable	4	**3,522.4**	3,522.4	**3,522.4**	3,522.4
Deferred tax assets	12	**379.3**	377.5	**0**	0
Long term receivables	13	**540.9**	250.5	**382.8**	141.1
Amounts due from subsidiaries	14	**0**	0	**4,885.5**	4,416.1
Finance lease receivables	15	**6.1**	7.4	**0**	0
Financial assets at fair value through other comprehensive income ('FVOCI')	16	**55.1**	70.7	**54.3**	70.0
Contract cost assets	17	**4.7**	1.3	**0**	0
Financial assets at fair value through profit or loss ('FVTPL')	18	**35.9**	55.6	**33.4**	53.1
Derivative financial instruments	19	**168.0**	72.3	**0**	0
Employee benefits	24	**147.1**	0	**147.1**	0
		164,095.4	160,866.1	**161,610.5**	163,444.4
CURRENT ASSETS					
Inventories	20	**2,758.0**	3,290.8	**278.7**	331.0
Receivables, deposits and prepayments	21	**10,408.2**	22,827.0	**7,707.7**	19,824.4
Contract assets	17	**4,446.8**	3,825.9	**4,226.9**	3,430.0
Contract cost assets	17	**99.5**	165.5	**0**	0
Tax recoverable		**1,519.0**	1,207.5	**1,097.3**	817.6
Finance lease receivables	15	**1.1**	1.2	**0**	0
Amounts due from subsidiaries	14	**0**	0	**3,092.1**	5,600.8
Amounts due from joint ventures	8	**22.7**	44.6	**0**	0
Amounts due from associates	9	**388.3**	659.1	**5.2**	5.6
Derivative financial instruments	19	**0**	0.2	**0**	0
Financial assets at FVTPL	18	**1,614.1**	8,141.0	**1,336.0**	6,222.9
Deposits, bank and cash balances	22	**19,390.5**	4,893.4	**13,326.6**	748.2
		40,648.2	45,056.2	**31,070.5**	36,980.5

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
CURRENT LIABILITIES					
Payables	23	**(12,830.7)**	(11,509.7)	**(8,337.9)**	(6,741.2)
Contract liabilities	17	**(338.6)**	(573.4)	**(244.9)**	(237.1)
Derivative financial instruments	19	**(1.4)**	(2.9)	**(1.4)**	(2.9)
Lease liabilities	15	**(2,983.5)**	(3,140.5)	**(4,466.2)**	(5,054.2)
Amounts due to subsidiaries	14	**0**	0	**(6,944.0)**	(6,709.1)
Amounts due to associates	9	**(579.7)**	(777.6)	**(568.8)**	(765.9)
Current tax liabilities		**(108.2)**	(187.9)	**(24.1)**	(37.2)
Employee benefits	24	**(615.8)**	(592.5)	**(589.5)**	(569.6)
Consumer deposits	25	**(8,050.1)**	(7,550.6)	**(7,659.6)**	(7,185.7)
Short term borrowings	26	**(7,330.6)**	(13,262.2)	**(4,354.4)**	(11,112.2)
		(32,838.6)	(37,597.3)	**(33,190.8)**	(38,415.1)
NET CURRENT ASSETS/(LIABILITIES)		**7,809.6**	7,458.9	**(2,120.3)**	(1,434.6)
TOTAL ASSETS LESS CURRENT LIABILITIES		**171,905.0**	168,325.0	**159,490.2**	162,009.8
NON-CURRENT LIABILITIES					
Borrowings	26	**(54,439.6)**	(50,620.0)	**(25,323.7)**	(25,119.7)
Derivative financial instruments	19	**(10.5)**	(2.3)	**0**	0
Contract liabilities	17	**(5,449.7)**	(4,783.1)	**(4,651.3)**	(4,039.7)
Government development grants	27	**(922.8)**	(875.4)	**0**	0
Lease liabilities	15	**(27,877.4)**	(30,137.9)	**(64,820.4)**	(68,750.9)
Deferred tax liabilities	12	**(9,018.3)**	(8,820.3)	**(6,491.2)**	(6,640.3)
Other liabilities	28	**(1,348.7)**	(1,154.1)	**(764.4)**	(714.0)
Employee benefits	24	**(11,755.3)**	(10,965.7)	**(11,024.2)**	(10,334.5)
		(110,822.3)	(107,358.8)	**(113,075.2)**	(115,599.1)
TOTAL NET ASSETS		**61,082.7**	60,966.2	**46,415.0**	46,410.7
EQUITY					
Share capital	29	**12,499.5**	12,204.3	**12,499.5**	12,204.3
Other reserves	30	**(6,682.6)**	(6,463.3)	**(6,161.8)**	(5,453.4)
Retained profits		**53,008.9**	52,776.1	**40,077.3**	39,659.8
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		**58,825.8**	58,517.1	**46,415.0**	46,410.7
NON-CONTROLLING INTERESTS ('NCI')	7(b)	**2,256.9**	2,449.1	**0**	0
TOTAL EQUITY		**61,082.7**	60,966.2	**46,415.0**	46,410.7

The notes set out on pages 213 to 362 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Revenue	31	**53,066.9**	50,867.7	**48,456.7**	46,879.7
Imbalance Cost Pass-Through ('ICPT') under recovery	32	**10,598.2**	22,315.3	**10,213.4**	21,942.2
Operating expenses	33	**(57,371.1)**	(64,612.1)	**(51,543.4)**	(61,193.1)
Net reversal/(loss) on impairment of financial instruments	45	**114.7**	(101.4)	**133.3**	10.2
Other operating income	35	**948.2**	940.0	**909.3**	1,054.8
Operating profit		**7,356.9**	9,409.5	**8,169.3**	8,693.8
Foreign exchange loss	36	**(209.5)**	(223.5)	**(51.7)**	(328.2)
Share of results of joint ventures	8	**18.1**	21.0	**0**	0
Share of results of associates	9	**44.3**	76.6	**0**	0
Profit before finance cost		**7,209.8**	9,283.6	**8,117.6**	8,365.6
Finance income	37	**544.3**	277.7	**688.2**	420.9
Finance cost	37	**(4,331.1)**	(4,343.4)	**(5,468.7)**	(5,451.4)
Fair value changes of financial instruments	37	**(49.4)**	130.7	**(1.1)**	(15.2)
Profit before taxation and zakat		**3,373.6**	5,348.6	**3,336.0**	3,319.9
Taxation and zakat	38	**(770.0)**	(1,791.2)	**(381.0)**	(894.1)
Profit for the financial year		**2,603.6**	3,557.4	**2,955.0**	2,425.8
Profit attributable to:					
- Owners of the Company		**2,770.3**	3,463.3	**2,955.0**	2,425.8
- Non-controlling interests		**(166.7)**	94.1	**0**	0
Profit for the financial year		**2,603.6**	3,557.4	**2,955.0**	2,425.8

		Sen	Sen
Earnings per share:			
- Basic	39	**48.00**	60.35
- Diluted	39	**47.79**	59.98

The notes set out on pages 213 to 362 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM'million	2022 RM'million (Restated)	2023 RM'million	2022 RM'million (Restated)
Profit for the financial year		**2,603.6**	3,557.4	**2,955.0**	2,425.8
Other comprehensive (expense)/income					
Items that will not be reclassified subsequently to profit or loss:					
Defined benefit plan actuarial (loss)/gain		**(658.6)**	653.4	**(585.3)**	494.4
Fair value changes of financial assets at FVOCI	47	**(15.6)**	7.9	**(15.7)**	7.9
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translation differences		**427.8**	(222.3)	**0**	0
Share of other comprehensive income ('OCI')/expense of associates accounted for using the equity method	9	**133.0**	(55.2)	**0**	0
Total other comprehensive (expense)/income		**(113.4)**	383.8	**(601.0)**	502.3
Total comprehensive income for the financial year		**2,490.2**	3,941.2	**2,354.0**	2,928.1
Attributable to:					
- Owners of the Company		**2,658.4**	3,827.4	**2,354.0**	2,928.1
- Non-controlling interests	7(b)	**(168.2)**	113.8	**0**	0
Total comprehensive income for the financial year		**2,490.2**	3,941.2	**2,354.0**	2,928.1

The notes set out on pages 213 to 362 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023

	Note	Attributable to owners of the Company			Non-controlling interests RM'million	Total equity RM'million
		Ordinary shares RM'million	Other reserves RM'million	Retained profits RM'million		
Group						
At 1 January 2023		**12,204.3**	**(6,463.3)**	**52,776.1**	**2,449.1**	**60,966.2**
Defined benefit plan actuarial loss	30	**0**	**(645.6)**	**0**	**(13.0)**	**(658.6)**
Fair value changes of financial assets at FVOCI	30	**0**	**(15.6)**	**0**	**0**	**(15.6)**
Foreign currency translation differences	30	**0**	**416.3**	**0**	**11.5**	**427.8**
Profit/(Loss) for the financial year		**0**	**0**	**2,770.3**	**(166.7)**	**2,603.6**
Share of OCI of associates accounted for using the equity method	30	**0**	**133.0**	**0**	**0**	**133.0**
Total comprehensive (expense)/income for the financial year		**0**	**(111.9)**	**2,770.3**	**(168.2)**	**2,490.2**
LTIP:						
- Share-based payment expense		**0**	**221.0**	**0**	**0**	**221.0**
- Reversal of share-based payment expense		**0**	**(33.2)**	**0**	**0**	**(33.2)**
- Shares issued		**295.2**	**(295.2)**	**0**	**0**	**0**
Dividends paid:						
- Final dividend for FY2022	40	**0**	**0**	**(1,495.8)**	**0**	**(1,495.8)**
- Interim dividend for FY2023	40	**0**	**0**	**(1,041.7)**	**0**	**(1,041.7)**
Redemption of Redeemable Preference Shares by NCI	7(b)	**0**	**0**	**0**	**(24.0)**	**(24.0)**
Total transactions with owners		**295.2**	**(107.4)**	**(2,537.5)**	**(24.0)**	**(2,373.7)**
At 31 December 2023		**12,499.5**	**(6,682.6)**	**53,008.9**	**2,256.9**	**61,082.7**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023

	Note	Attributable to owners of the Company			Non-controlling interests RM'million	Total equity RM'million
		Ordinary shares RM'million	Other reserves RM'million	Retained profits RM'million		
Group						
At 1 January 2022		11,927.6	(6,813.3)	51,494.1	1,784.0	58,392.4
Defined benefit plan actuarial gain	30	0	626.9	0	26.5	653.4
Fair value changes of financial assets at FVOCI	30	0	7.9	0	0	7.9
Foreign currency translation differences	30	0	(215.5)	0	(6.8)	(222.3)
Profit for the financial year		0	0	3,463.3	94.1	3,557.4
Share of OCI of associates accounted for using the equity method	30	0	(55.2)	0	0	(55.2)
Total comprehensive income for the financial year		0	364.1	3,463.3	113.8	3,941.2
LTIP:						
- Share-based payment expense		0	299.1	0	0	299.1
- Reversal of share-based payment expense		0	(36.5)	0	0	(36.5)
- Shares issued		276.7	(276.7)	0	0	0
Dividends paid:						
- Final dividend for FY2021		0	0	(1,030.7)	0	(1,030.7)
- Interim dividend for FY2022	40	0	0	(1,150.6)	0	(1,150.6)
Dividends paid to NCI		0	0	0	(17.7)	(17.7)
Increase in equity shares of NCI		0	0	0	15.7	15.7
Conversion to NCI equity	7(b)	0	0	0	626.8	626.8
Redemption of Redeemable Preference Shares by NCI	7(b)	0	0	0	(73.5)	(73.5)
Total transactions with owners		276.7	(14.1)	(2,181.3)	551.3	(1,367.4)
At 31 December 2022		12,204.3	(6,463.3)	52,776.1	2,449.1	60,966.2

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023

	Note	Attributable to owners of the Company			
		Ordinary shares RM'million	Other reserves RM'million	Retained profits RM'million	Total equity RM'million
Company					
At 1 January 2023		**12,204.3**	**(5,453.4)**	**39,659.8**	**46,410.7**
Defined benefit plan actuarial loss	30	**0**	**(585.3)**	**0**	**(585.3)**
Fair value changes of financial assets at FVOCI	30	**0**	**(15.7)**	**0**	**(15.7)**
Profit for the financial year		**0**	**0**	**2,955.0**	**2,955.0**
Total comprehensive (expense)/income for the financial year		**0**	**(601.0)**	**2,955.0**	**2,354.0**
LTIP:					
- Share-based payment expense		**0**	**221.0**	**0**	**221.0**
- Reversal of share-based payment expense		**0**	**(33.2)**	**0**	**(33.2)**
- Shares issued		**295.2**	**(295.2)**	**0**	**0**
Dividends paid:					
- Final dividend for FY2022	40	**0**	**0**	**(1,495.8)**	**(1,495.8)**
- Interim dividend for FY2023	40	**0**	**0**	**(1,041.7)**	**(1,041.7)**
Total transactions with owners		**295.2**	**(107.4)**	**(2,537.5)**	**(2,349.7)**
At 31 December 2023		**12,499.5**	**(6,161.8)**	**40,077.3**	**46,415.0**
At 1 January 2022		11,927.6	(5,941.6)	39,415.3	45,401.3
Defined benefit plan actuarial gain	30	0	494.4	0	494.4
Fair value changes of financial assets at FVOCI	30	0	7.9	0	7.9
Profit for the financial year		0	0	2,425.8	2,425.8
Total comprehensive income for the financial year		0	502.3	2,425.8	2,928.1
LTIP:					
- Share-based payment expense		0	299.1	0	299.1
- Reversal of share-based payment expense		0	(36.5)	0	(36.5)
- Shares issued		276.7	(276.7)	0	0
Dividends paid:					
- Final dividend for FY2021		0	0	(1,030.7)	(1,030.7)
- Interim dividend for FY2022	40	0	0	(1,150.6)	(1,150.6)
Total transactions with owners		276.7	(14.1)	(2,181.3)	(1,918.7)
At 31 December 2022		12,204.3	(5,453.4)	39,659.8	46,410.7

The notes set out on pages 213 to 362 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM'million	2022 RM'million (Restated)	2023 RM'million	2022 RM'million
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit for the financial year	**2,603.6**	3,557.4	**2,955.0**	2,425.8
Adjustments for:				
Taxation and zakat	**770.0**	1,791.2	**381.0**	894.1
PPE:				
- Depreciation	**7,783.7**	7,500.7	**5,060.3**	4,790.2
- Written off/impairment	**53.5**	61.8	**29.4**	33.5
- Gain on disposals	**(14.3)**	(35.6)	**(14.3)**	(8.3)
- Abandoned projects	**0**	35.1	**0**	35.1
ROU assets:				
- Depreciation	**3,482.0**	3,901.8	**5,709.6**	6,236.0
- Gain on disposals	**(2.6)**	(7.5)	**(2.6)**	(7.5)
Provision for post-employment benefits	**670.4**	659.7	**620.8**	604.9
LTIP:				
- Share-based payment expense	**221.0**	299.1	**151.6**	203.7
- Reversal of share-based payment expense	**(33.2)**	(36.5)	**(20.9)**	(23.4)
Foreign exchange translation loss	**290.6**	249.5	**143.8**	326.8
Gain on disposal of associate	**(21.3)**	0	**0**	0
Share of results of joint ventures	**(18.1)**	(21.0)	**0**	0
Share of results of associates	**(44.3)**	(76.6)	**0**	0
Dividend income	**(0.9)**	(2.4)	**(81.0)**	(156.4)
Finance income	**(544.3)**	(277.7)	**(688.2)**	(420.9)
Finance cost on:				
- Borrowings	**2,499.4**	2,403.9	**1,094.2**	984.2
- Lease liabilities	**1,636.5**	1,756.4	**4,043.7**	4,239.3
- Consumer deposits	**197.0**	183.8	**187.7**	175.1
- Others	**16.5**	24.1	**143.1**	52.8
Release of:				
- Customers' contributions	**(286.1)**	(276.3)	**(233.4)**	(229.3)
- Deferred income	**(150.5)**	(146.1)	**0**	0
Government development grants:				
- Other operating income	**(72.5)**	(63.4)	**0**	0
- Finance cost	**(18.3)**	(24.8)	**0**	0
Impairment losses on:				
- Receivables	**116.9**	183.9	**94.6**	174.2
- Contract assets	**33.8**	37.7	**23.1**	34.4
- Amounts due from subsidiaries	**0**	0	**163.7**	66.1
- Amounts due from joint ventures	**7.8**	3.8	**0**	0
- Amounts due from associates	**0.1**	0.1	**0.1**	0.1
- Financial guarantee contracts	**1.5**	37.6	**4.2**	37.6
- Investment in unquoted debt security	**6.0**	3.1	**6.0**	3.1

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM'million	2022 RM'million (Restated)	2023 RM'million	2022 RM'million
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)				
Adjustments for: (continued)				
Reversal of impairment losses on:				
- Receivables	**(254.9)**	(56.5)	**(239.7)**	(26.6)
- Contract assets	**(22.6)**	(71.0)	**(19.3)**	(64.0)
- Amounts due from subsidiaries	**0**	0	**(163.0)**	(210.8)
- Amounts due from joint ventures	**(0.3)**	(13.7)	**0**	0
- Amounts due from associates	**(0.1)**	(0.1)	**(0.1)**	(0.1)
- Financial guarantee contracts	**0**	(18.1)	**0**	(18.8)
- Investment in unquoted debt security	**(2.9)**	(5.4)	**(2.9)**	(5.4)
Impairment losses on investment in:				
- Subsidiaries	**0**	0	**15.2**	18.9
- Joint ventures	**1.3**	2.3	**0**	0
- Associates	**35.9**	68.6	**0**	0
Reversal of impairment losses of investment in a subsidiary	**0**	0	**(137.7)**	0
Impairment losses on intangible assets	**123.6**	22.7	**0**	0
Inventories:				
- Provision for obsolescence	**59.0**	83.6	**50.0**	65.2
- Write back of obsolescence	**(93.4)**	(90.7)	**(64.8)**	(85.5)
- Written off	**98.7**	119.1	**89.4**	111.1
Changes in fair value of financial instruments	**49.4**	(130.7)	**1.1**	15.2
Capacity charges differential	**(136.5)**	(533.8)	**(507.8)**	(828.0)
Cash from operations before working capital changes	**19,041.1**	21,099.1	**18,791.9**	19,442.4
Working capital changes:				
- Inventories	**468.5**	(1,425.7)	**(22.3)**	(254.3)
- Receivables	**12,239.7**	(12,388.2)	**12,035.2**	(11,796.4)
- Contract balances	**(822.9)**	(427.1)	**(800.7)**	(418.4)
- Payables	**1,592.0**	2,899.2	**1,503.5**	1,736.4
- Subsidiaries balances	**0**	0	**1,881.5**	1,270.1
- Associates balances	**91.2**	299.4	**(196.7)**	597.1
- Joint ventures balances	**14.4**	8.8	**0**	0
Cash generated from operations	**32,624.0**	10,065.5	**33,192.4**	10,576.9
Post-employment benefits paid	**(871.9)**	(808.9)	**(841.3)**	(779.6)
Contract liabilities received	**1,121.8**	828.7	**852.8**	632.6
Consumer deposits received	**303.4**	326.6	**286.2**	325.5
Net taxation and zakat paid	**(933.9)**	(1,034.0)	**(622.1)**	(359.6)
Net cash flows generated from operating activities	**32,243.4**	9,377.9	**32,868.0**	10,395.8

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM'million	2022 RM'million (Restated)	2023 RM'million	2022 RM'million
CASH FLOWS FROM INVESTING ACTIVITIES				
Net cash inflow from disposal of associate	**133.0**	0	**0**	0
Acquisition of subsidiaries net of cash and cash equivalents	**(1,616.2)**	(710.8)	**0**	0
Additional investments in:				
- Subsidiaries	**0**	0	**0**	(9.0)
- Financial assets at FVTPL	**(30,500.6)**	(97,219.4)	**(26,381.0)**	(95,181.0)
- Joint venture	**0**	(0.1)	**0**	0
Proceeds from redemptions:				
- Investment in unquoted debt security	**0**	50.0	**0**	50.0
- Redeemable Preference Shares ('RPS') in associates	**0**	2.6	**0**	0
Disposals of financial assets at FVTPL	**37,102.6**	91,605.8	**31,327.0**	89,662.7
Dividend income received	**205.2**	98.1	**65.0**	152.8
Finance income received	**488.5**	145.9	**359.6**	69.1
PPE:				
- Additions	**(10,599.2)**	(8,428.9)	**(8,421.0)**	(6,876.9)
- Proceeds from disposals	**10.7**	41.3	**34.7**	14.0
Intangible assets:				
- Addition	**0**	(145.8)	**0**	0
Proceeds from disposals of ROU assets	**4.9**	8.2	**4.9**	8.2
Advances granted to subsidiaries	**0**	0	**(217.1)**	(1,072.0)
Repayment of advances from subsidiaries	**0**	0	**1,048.7**	376.4
Deposits maturing more than 90 days				
- Invested	**(4,393.9)**	(2,696.3)	**(139.5)**	0
- Matured	**3,380.3**	2,883.2	**139.5**	0
Net cash flows used in investing activities	**(5,784.7)**	(14,366.2)	**(2,179.2)**	(12,805.7)
CASH FLOWS FROM FINANCING ACTIVITIES				
Government development grants received	**13.3**	3.3	**0**	0
Long term borrowings:				
- Drawdowns	**4,441.5**	7,493.7	**0**	4,000.0
- Repayments	**(1,205.7)**	(2,556.3)	**(105.5)**	(105.5)
Short term borrowings:				
- Drawdowns	**6,170.8**	17,427.9	**5,500.0**	16,475.0
- Repayments	**(12,980.0)**	(10,304.2)	**(12,235.0)**	(9,490.0)
Finance cost paid	**(2,860.4)**	(2,657.2)	**(1,386.6)**	(1,212.2)
Repayments of lease obligations:				
- Principal	**(2,375.7)**	(2,116.7)	**(3,258.1)**	(3,475.5)
- Interest	**(1,639.7)**	(1,656.1)	**(4,080.2)**	(4,213.8)

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM'million	2022 RM'million (Restated)	2023 RM'million	2022 RM'million
CASH FLOWS FROM FINANCING ACTIVITIES (CONTINUED)				
Dividends paid to shareholders	**(2,537.5)**	(2,181.3)	**(2,537.5)**	(2,181.3)
Dividends paid to NCI	**0**	(17.7)	**0**	0
Redemption of RPS by NCI	**(24.0)**	(73.5)	**0**	0
Net increase in debt reserve accounts	**(357.5)**	(4.1)	**0**	0
Net decrease in cash at bank, held in trust	**42.8**	58.3	**0**	0
Net decrease/(increase) in restricted cash	**0.3**	(7.2)	**0**	0
Net cash flows (used in)/generated from financing activities	**(13,311.8)**	3,408.9	**(18,102.9)**	(203.3)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**13,146.9**	(1,579.4)	**12,585.9**	(2,613.2)
EFFECTS OF CHANGES IN FOREIGN CURRENCIES	**22.2**	0.6	**(7.5)**	15.3
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR	**4,056.1**	5,634.9	**748.2**	3,346.1
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR (NOTE 22)	**17,225.2**	4,056.1	**13,326.6**	748.2

The changes in liabilities arising from financing activities have been disclosed in Notes 15, 26 and 27 respectively.

The notes set out on pages 213 to 362 form an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1 GENERAL INFORMATION

The Group and the Company are primarily involved in the business of the generation, transmission, distribution and sales of electricity and those tabulated in Note 49 to these financial statements, which also includes the details of the subsidiaries of the Group.

There have been no significant changes in these activities of the Group and of the Company during the financial year.

The Group and the Company follow the Incentive Based Regulation ('IBR') framework for the regulated business.

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The address of the registered office of the Company is Pejabat Setiausaha Syarikat, Tenaga Nasional Berhad ('TNB'), Tingkat 16, Tower A, TNB Platinum, No. 3, Jalan Bukit Pantai, Bangsar, 59100 Kuala Lumpur, Malaysia.

The financial statements of the Group and the Company have been approved for issuance in accordance with a resolution of Board of Directors on 19 March 2024.

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ('MFRS'), International Financial Reporting Standards ('IFRS') and the requirements of the Companies Act 2016 in Malaysia. The Directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

The financial statements have been prepared under the historical cost convention, except as disclosed in Note 3 and respective notes in the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgements are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

(a) New standard and amendments to published standards that are effective and applicable to the Group and the Company.

Effective for financial year beginning on 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS 17 Insurance Contracts and MFRS 9 Financial Instruments - Comparative Information
Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2 Making Materiality Judgements	Disclosure of Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors	Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112 Income Taxes	International Tax Reform - Pillar Two Model Rules

The amendments to the published standards listed above did not have any significant impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods, other than as disclosed below.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

2 BASIS OF PREPARATION (CONTINUED)

(a) New standard and amendments to published standards that are effective and applicable to the Group and the Company. (continued)

Adoption and amendments to MFRS 17 - Insurance Contracts

The adoption of MFRS 17 Insurance Contracts and its related amendments has resulted in changes in accounting policies, shifting from recognising insurance profits upon premium receipt to acknowledging them as it fulfils insurance services. In addition, it requires disclosing anticipated future profits from insurance contract. The standard is effective for annual reporting periods beginning on or after 1 January 2023 and it supersedes MFRS 4.

The Group and the Company completed the assessment of MFRS 17 and concluded that the impact from adoption of the standard is mainly contributed by TNB Global Captive (L) Ltd., which provides reinsurance services. The adoption of MFRS 17 does not have a material impact on the consolidated financial statements and hence the prior period financial statements were not restated. Adjustments related to the changes in accounting policies and other relevant disclosures under MFRS 17 are detailed in Notes 17, 21, 23 and 31 of the financial statements.

Amendments to MFRS 112 - Income Taxes

Amendments to MFRS 112 Income Taxes on International Tax Reform - Pillar Two Model Rules give entities temporary relief from recognising and disclosing accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's ('OECD') international tax reform and introduces targeted disclosure requirements to help investors better understand an entity's exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect. The Group applied temporary exception for the year ended 31 December 2023.

The legislation will be effective for the Group's financial year beginning 1 January 2024 in certain jurisdictions. The Group is in the process of assessing the potential exposure arising from Pillar Two legislation and expects to complete the assessment in the financial year ending 2024.

(b) Amendments to the published standards that are applicable to the Group and the Company but not yet effective.

Effective for financial year beginning on 1 January 2024:

Amendments to MFRS 107 Cash Flow Statements and MFRS 7 Financial Instruments: Disclosures	Supplier Finance Arrangements
Amendments to MFRS 16 Leases	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101 Presentation of Financial Statements	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Effective for financial year beginning on 1 January 2025:

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates	Lack of Exchangeability

Effective date deferred by Malaysian Accounting Standards Board:

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

2 BASIS OF PREPARATION (CONTINUED)

(b) Amendments to the published standards that are applicable to the Group and the Company but not yet effective. (continued)

The amendments to published standards are not expected to have a material impact on the financial statements of the Group and the Company.

There are no other standards, amendments and improvements to published standards and interpretations to existing standards that are not effective that would be expected to have a material impact on the Group and the Company.

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below and within the respective notes to the financial statements line items.

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when:

- exposed to, or has rights to, variable returns from its involvement with the entity;
- has the ability to affect those returns through its power to direct the relevant activities of the entity; and
- the existence and effect of potential voting rights are considered only when such rights are substantive when assessing control.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are included in the statement of profit or loss.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The characteristics of those financial statements are:

- the financial statements of the subsidiaries are prepared for the same reporting date as the Company.
- subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.
- intragroup balances, transactions and unrealised gains or losses are eliminated in full.
- uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

The Group applies the acquisition method to account for business combinations. The consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement and fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair value at the acquisition date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation (continued)

The excess of the consideration transferred, the amount of any NCI in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the gain is recognised in the statement of profit or loss. Refer to Note 10 for accounting policy on goodwill.

NCI is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any NCI in the acquiree either at fair value or at the NCI's proportionate share of the acquiree's identifiable net assets. At the end of the reporting period, NCI consists of amount calculated on the date of combinations and its share of changes in the subsidiary's equity since the date of combination.

All earnings and losses of the subsidiary are attributed to the parent and the NCI, even if the attribution of losses to the NCI results in a debit balance in the shareholders' equity.

(iii) Changes in ownership interest

When the Group ceases to consolidate because of loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in the statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in OCI in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in OCI are reclassified to statement of profit or loss. Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(b) Transactions with NCI

Transactions with NCI that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and NCI to reflect their relative interests in the subsidiary. Any differences between the amount of the adjustment to NCI and any consideration paid or received are recognised in equity attributable to owners of the Group.

(c) Impairment of non-financial assets

Assets that are subject to amortisation are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment loss is recognised in the statement of profit or loss for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of fair value less cost to sell and its value in use ('VIU'). For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets other than goodwill previously impaired are reviewed for possible reversal of the impairment at each reporting date. Any subsequent increase in recoverable amount is recognised in the statement of profit or loss.

All other material accounting policies are disclosed in their respective notes.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continuously evaluated by the Directors and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group and the Company make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equate to the related actual results. To enhance the information content of the estimates, certain key variables that are anticipated to have a material impact on the Group's and the Company's results and financial positions are tested for sensitivity to changes in the underlying parameters.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Impairment of associates

The Group and the Company assess impairment of its investment in associates whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable, i.e. the carrying amount is more than the recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and its VIU. The VIU is the net present value of the projected future cash flow derived from the investment discounted at an appropriate discount rate. Projected future cash flows are based on the Group's estimates calculated based on historical, sector and industry trends, general market and economic conditions, changes in technology and other available information. The assumptions used, results and sensitivity of the impairment assessments are disclosed in Note 9.

(b) Impairment of intangible assets

The Group tests intangible assets which includes goodwill for impairment annually in accordance with its accounting policy and whenever events or change in circumstances indicate that this is necessary within the financial period. This requires an estimation of the VIU of the cash generating unit ('CGU') to which the goodwill is allocated. Estimating the VIU requires the Group to make an estimate of the expected future cash flows from the CGU to the Group and also to apply a suitable discount rate in order to calculate the present value of those cash flows. The assumptions used, results and sensitivity of the impairment assessment of goodwill are disclosed in Note 10.

(c) Measurement of expected credit loss ('ECL') allowance for financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgements in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumptions and inputs used are disclosed in Note 45.

(d) Recognition of fair value adjustments and intangible assets arising from acquisitions

During the financial year, the Group acquired Spark Renewables Pty Ltd Group ('Spark Renewables'), Dullarbtons Limited ('Dullarbtons') and Elipsgeen Limited ('Elipsgeen'), and purchase price allocation exercises were undertaken which involved assumptions in determining the fair value of the identifiable assets acquired and liabilities assumed. The provisional goodwill arising from these acquisitions amounted to RM491.1 million. Details of the acquisition are set out in Note 48.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

(e) Estimation of income taxes

(i) Income tax

Income tax is estimated based on the rules governed under the Income Tax Act, 1967.

Differences in determining the capital allowances, deductibility of certain expenses and subsequent utilisation of reinvestment allowance may arise during the estimation of the provision for income tax between tax calculated at the statement of financial position date, and the final submission to the tax authority as a result of obtaining further detailed information that may become available subsequent to the statement of financial position date.

Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions and deferred tax balance in the period in which such determination is made.

The Group and the Company have recorded tax recoverable for which the Group and the Company believe that it is probable to be recovered. Where the final tax outcome of this matter is different from the amount that was initially recorded, such difference may cause a material adjustment to the carrying amount of the tax recoverable balance recorded in the period in which such determination is made.

Reinvestment allowance ('RIA') litigation

The Company and the Inland Revenue Board ('IRB') have entered into varies of litigation cases in respect of the Company's eligibility for RIA. The details of the cases are as disclosed in Note 42(a).

As at 31 December 2023, the Group and the Company recorded a tax recoverable of RM3,522.4 million from the IRB arising from:

- Resubmission of tax computations for the Years of Assessment ('YAs') 2003 to 2006 and 2008 to 2012 pursuant to the explicit approval given by the IRB on 21 January 2013 on the eligibility of the Company in claiming the RIA amounted to RM1,765.2 million; and
- The payment which had been made to IRB in December 2020 in respect of YAs 2016 and 2017 amounted to RM1,757.2 million which is disputed by IRB as detailed in Note 42(a).

The Group and the Company have not recorded the potential additional tax liability arising from the tax impact if the RIA claimed is disallowed and the Company loses its litigation. The realisation of this tax recoverable and the potential tax liability are dependent on the outcome of judgement on the RIA claims by the Special Commissioners of Income Tax ('SCIT') and by the Kuala Lumpur High Court, including the subsequent notice of appeal filed by IRB before the Court of Appeal.

The Directors have performed an assessment on the tax recoverable of RM3,522.4 million and the potential tax liability of RM6,101.4 million based on legal view obtained from external legal counsel and the facts surrounding its RIA claims. The Directors have exercised judgement that there is sufficient evidence and case law to support the Company's appeal against the Notices and no provisions to be recognised with regards to the potential tax liability.

(ii) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. This involves judgement regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised, as disclosed in Note 12.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

(f) Post-employment employee benefits

The Group and the Company provide both Retirement Benefit Plan and Post-Retirement Medical Plan for certain employees. The present value of the employee benefits obligations depends on a number of factors that are determined on an actuarial basis using certain assumptions. The key assumptions used in determining the net cost/(income) for the employee benefits include discount rate, medical claim inflation rate and salary increment rate. Any changes in these assumptions will impact the carrying amount of employee benefits obligations, as disclosed in Note 24.

- Discount rate

  The Group and the Company determine the appropriate discount rate at the end of each financial period. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group and the Company consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefits obligations.

- Medical claim inflation rate

  The medical claim inflation rate for general practitioner, hospitalisation, specialist and dialysis medical claims, as determined by the Group and the Company are based on the annualised increase in average claims over the past 5 years.

- Salary increment rate

  The salary increment rate for employees receiving the Retirement Benefit Plan as determined by the Group and the Company is based on the average salary increment rate for the past 13 years and considerations for price inflation, real salary increase, promotions and Collective Agreement ('CA') negotiation.

5 PROPERTY, PLANT AND EQUIPMENT ('PPE')

Accounting Policy

PPE are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the construction or acquisition of the items and bringing them to the location and condition so as to render them operational in the manner intended by the Group and the Company and allocated according to its components.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the items can be measured reliably. The carrying amount of the replaced part is derecognised.

The cost of major overhaul/inspection is recognised in the asset's carrying amount as a replacement and the remaining carrying amount of the previous major overhaul/inspection is derecognised.

Major spare parts and standby equipment are recognised as assets when the Group and the Company expect to use for more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of PPE, they are accounted for as PPE.

Gains or losses on disposal of PPE are determined by reference to their carrying amount and are recognised in statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

5 PROPERTY, PLANT AND EQUIPMENT ('PPE') (CONTINUED)

Accounting Policy (continued)

Freehold land and capital work-in-progress are not depreciated. Other PPE are depreciated on the straight line method to allocate the cost to their residual values over their estimated useful lives, summarised as follows:

Buildings and civil works	10 - 100 years
Plant and machinery	3 - 50 years
Lines and distribution mains	10 - 50 years
Distribution services	25 years
Meters	10 - 15 years
Public lighting	15 - 25 years
Furniture, fittings and office equipment	3 - 15 years
Motor vehicles	5 - 20 years

Residual values and useful lives of assets are reviewed and adjusted if appropriate, on an annual basis.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount (Note 3(c)).

	As at 1.1.2023 RM'million	Effect of changes in foreign currencies RM'million	Acquisition of subsidiaries RM'million	Additions RM'million	Disposals RM'million	Transfers/ Adjustments/ Reclassification/ Write offs RM'million	As at 31.12.2023 RM'million
2023							
Group							
Cost							
Freehold land	**3,387.8**	**0**	**0**	**234.5**	**(0.1)**	**79.8**	**3,702.0**
Buildings and civil works	**26,721.5**	**0**	**0**	**21.3**	**(0.5)**	**185.5**	**26,927.8**
	30,109.3	**0**	**0**	**255.8**	**(0.6)**	**265.3**	**30,629.8**
Plant and machinery	**98,243.9**	**531.5**	**1,489.7**	**517.2**	**(198.8)**	**3,150.2**	**103,733.7**
Lines and distribution mains	**56,866.5**	**0**	**0**	**301.1**	**(62.8)**	**3,207.0**	**60,311.8**
Distribution services	**5,612.1**	**0**	**0**	**14.2**	**0**	**339.1**	**5,965.4**
Meters	**4,320.9**	**0**	**0**	**6.5**	**(110.3)**	**391.0**	**4,608.1**
Public lighting	**2,215.4**	**0**	**0**	**0**	**0**	**196.1**	**2,411.5**
Furniture, fittings and office equipment	**4,265.4**	**0**	**0**	**311.8**	**(20.3)**	**(29.9)**	**4,527.0**
Motor vehicles	**865.4**	**0**	**0**	**37.3**	**(17.8)**	**(5.1)**	**879.8**
	202,498.9	**531.5**	**1,489.7**	**1,443.9**	**(410.6)**	**7,513.7**	**213,067.1**
Capital work-in-progress	**12,295.6**	**0**	**0**	**9,314.9**	**(10.2)**	**(7,100.3)**	**14,500.0**
	214,794.5	**531.5**	**1,489.7***	**10,758.8**	**(420.8)**	**413.4**	**227,567.1**

* *It relates to the acquisition of Spark Renewables, Dullarbtons and Elipsgeen as subsidiaries of the Group during the current financial year as disclosed in Note 48.*

5 PROPERTY, PLANT AND EQUIPMENT ('PPE') (CONTINUED)

	As at 1.1.2023 RM'million	Effect of changes in foreign currencies RM'million	Charged for the financial year RM'million	Released on disposals/ Transfers/ Write offs/ Impairments RM'million	As at 31.12.2023 RM'million
2023					
Group					
Accumulated depreciation					
Buildings and civil works	**9,490.6**	**0**	**678.8**	**(4.8)**	**10,164.6**
Plant and machinery	**46,848.2**	**65.4**	**4,165.9**	**(208.9)**	**50,870.6**
Lines and distribution mains	**31,125.6**	**0**	**1,917.4**	**(48.2)**	**32,994.8**
Distribution services	**3,590.0**	**0**	**206.7**	**(0.1)**	**3,796.6**
Meters	**2,468.7**	**0**	**232.2**	**(106.9)**	**2,594.0**
Public lighting	**809.0**	**0**	**144.8**	**0**	**953.8**
Furniture, fittings and office equipment	**3,263.7**	**0**	**393.7**	**(43.0)**	**3,614.4**
Motor vehicles	**621.6**	**0**	**44.2**	**(19.6)**	**646.2**
	98,217.4	**65.4**	**7,783.7**	**(431.5)**	**105,635.0**

	As at 1.1.2022 RM'million	Effect of changes in foreign currencies RM'million	Acquisition of subsidiaries RM'million	Additions RM'million	Disposals RM'million	Transfers/ Adjustments/ Reclassification/ Write offs RM'million	As at 31.12.2022 RM'million
2022							
Group							
Cost							
Freehold land	3,166.0	0	0	227.6	0	(5.8)	3,387.8
Buildings and civil works	25,379.2	0	0	44.7	(25.8)	1,323.4	26,721.5
	28,545.2	0	0	272.3	(25.8)	1,317.6	30,109.3
Plant and machinery	94,296.6	(272.1)	1,584.4	128.2	(476.0)	2,982.8	98,243.9
Lines and distribution mains	54,401.4	0	0	3.3	(47.4)	2,509.2	56,866.5
Distribution services	5,330.7	0	0	0.7	0	280.7	5,612.1
Meters	4,011.5	0	0	3.8	(137.4)	443.0	4,320.9
Public lighting	1,961.7	0	0	0	(0.1)	253.8	2,215.4
Furniture, fittings and office equipment	3,869.0	0	0	398.6	(13.4)	11.2	4,265.4
Motor vehicles	845.2	0	0	39.5	(17.8)	(1.5)	865.4
	193,261.3	(272.1)	1,584.4	846.4	(717.9)	7,796.8	202,498.9
Capital work-in-progress	12,230.7	0	0	7,738.6	(11.5)	(7,662.2)	12,295.6
	205,492.0	(272.1)	1,584.4*	8,585.0	(729.4)	134.6	214,794.5

* *It relates to the acquisition of Clean Energy and Infrastructure UK Limited Group ('CEI UK') as a subsidiary as disclosed in Note 48.*

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5 PROPERTY, PLANT AND EQUIPMENT ('PPE') (CONTINUED)

	As at 1.1.2022 RM'million	Effect of changes in foreign currencies RM'million	Charged for the financial year RM'million	Released on disposals/ Transfers/ Write offs/ RM'million	As at 31.12.2022 RM'million
2022					
Group					
Accumulated depreciation					
Buildings and civil works	8,834.3	0	672.6	(16.3)	9,490.6
Plant and machinery	43,265.0	(24.8)	4,033.9	(425.9)	46,848.2
Lines and distribution mains	29,305.6	0	1,853.6	(33.6)	31,125.6
Distribution services	3,396.7	0	193.3	0	3,590.0
Meters	2,384.4	0	221.6	(137.3)	2,468.7
Public lighting	676.8	0	132.3	(0.1)	809.0
Furniture, fittings and office equipment	2,925.5	0	352.0	(13.8)	3,263.7
Motor vehicles	598.1	0	41.4	(17.9)	621.6
	91,386.4	(24.8)	7,500.7	(644.9)	98,217.4

	As at 1.1.2023 RM'million	Additions RM'million	Disposals RM'million	Transfers/ Adjustments/ Reclassification/ Write offs RM'million	As at 31.12.2023 RM'million
2023					
Company					
Cost					
Freehold land	**3,235.1**	**234.5**	**(0.1)**	**(2.0)**	**3,467.5**
Buildings and civil works	**17,054.1**	**0**	**0**	**189.7**	**17,243.8**
	20,289.2	**234.5**	**(0.1)**	**187.7**	**20,711.3**
Plant and machinery	**47,265.4**	**0**	**(159.2)**	**2,617.4**	**49,723.6**
Lines and distribution mains	**53,688.1**	**0**	**(62.6)**	**3,180.7**	**56,806.2**
Distribution services	**5,242.3**	**0**	**0**	**315.4**	**5,557.7**
Meters	**4,201.5**	**0**	**(109.9)**	**391.8**	**4,483.4**
Public lighting	**2,213.6**	**0**	**0**	**196.2**	**2,409.8**
Furniture, fittings and office equipment	**3,668.9**	**275.6**	**(14.2)**	**0**	**3,930.3**
Motor vehicles	**678.2**	**25.8**	**(11.7)**	**(4.0)**	**688.3**
	137,247.2	**535.9**	**(357.7)**	**6,885.2**	**144,310.6**
Capital work-in-progress	**8,710.0**	**7,994.7**	**(6.2)**	**(6,719.5)**	**9,979.0**
	145,957.2	**8,530.6**	**(363.9)**	**165.7**	**154,289.6**

5 PROPERTY, PLANT AND EQUIPMENT ('PPE') (CONTINUED)

	As at 1.1.2023 RM'million	Charged for the financial year RM'million	Released on disposals/ Transfers/ Write offs RM'million	As at 31.12.2023 RM'million
2023				
Company				
Accumulated depreciation				
Buildings and civil works	**5,536.9**	**392.5**	**0**	**5,929.4**
Plant and machinery	**25,760.1**	**1,941.3**	**(132.2)**	**27,569.2**
Lines and distribution mains	**29,727.0**	**1,783.7**	**(46.5)**	**31,464.2**
Distribution services	**3,341.5**	**186.7**	**0**	**3,528.2**
Meters	**2,378.9**	**226.3**	**(103.4)**	**2,501.8**
Public lighting	**807.9**	**144.6**	**0**	**952.5**
Furniture, fittings and office equipment	**2,753.9**	**353.2**	**(14.1)**	**3,093.0**
Motor vehicles	**465.5**	**32.0**	**(11.6)**	**485.9**
	70,771.7	**5,060.3**	**(307.8)**	**75,524.2**

	As at 1.1.2022 RM'million	Additions RM'million	Disposals RM'million	Transfers/ Adjustments/ Reclassification/ Write offs RM'million	As at 31.12.2022 RM'million
2022					
Company					
Cost					
Freehold land	3,013.3	227.6	0	(5.8)	3,235.1
Buildings and civil works	15,740.8	0	(6.9)	1,320.2	17,054.1
	18,754.1	227.6	(6.9)	1,314.4	20,289.2
Plant and machinery	45,323.6	0	(366.2)	2,308.0	47,265.4
Lines and distribution mains	51,328.5	0	(46.0)	2,405.6	53,688.1
Distribution services	4,982.6	0	0	259.7	5,242.3
Meters	3,897.1	0	(137.3)	441.7	4,201.5
Public lighting	1,960.0	0	(0.1)	253.7	2,213.6
Furniture, fittings and office equipment	3,324.2	356.4	(11.8)	0.1	3,668.9
Motor vehicles	663.2	32.4	(16.3)	(1.1)	678.2
	130,233.3	616.4	(584.6)	6,982.1	137,247.2
Capital work-in-progress	9,203.9	6,606.0	(2.5)	(7,097.4)	8,710.0
	139,437.2	7,222.4	(587.1)	(115.3)	145,957.2

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5 PROPERTY, PLANT AND EQUIPMENT ('PPE') (CONTINUED)

	As at 1.1.2022 RM'million	Charged for the financial year RM'million	Released on disposals/ Transfers/ Write offs RM'million	As at 31.12.2022 RM'million
2022				
Company				
Accumulated depreciation				
Buildings and civil works	5,158.3	383.6	(5.0)	5,536.9
Plant and machinery	24,278.9	1,822.7	(341.5)	25,760.1
Lines and distribution mains	28,034.3	1,726.3	(33.6)	29,727.0
Distribution services	3,166.8	174.7	0	3,341.5
Meters	2,300.7	215.5	(137.3)	2,378.9
Public lighting	675.9	132.1	(0.1)	807.9
Furniture, fittings and office equipment	2,460.6	304.8	(11.5)	2,753.9
Motor vehicles	451.2	30.5	(16.2)	465.5
	66,526.7	4,790.2	(545.2)	70,771.7

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Net book value				
Freehold land	**3,702.0**	3,387.8	**3,467.5**	3,235.1
Buildings and civil works	**16,763.2**	17,230.9	**11,314.4**	11,517.2
	20,465.2	20,618.7	**14,781.9**	14,752.3
Plant and machinery	**52,863.1**	51,395.7	**22,154.4**	21,505.3
Lines and distribution mains	**27,317.0**	25,740.9	**25,342.0**	23,961.1
Distribution services	**2,168.8**	2,022.1	**2,029.5**	1,900.8
Meters	**2,014.1**	1,852.2	**1,981.6**	1,822.6
Public lighting	**1,457.7**	1,406.4	**1,457.3**	1,405.7
Furniture, fittings and office equipment	**912.6**	1,001.7	**837.3**	915.0
Motor vehicles	**233.6**	243.8	**202.4**	212.7
	107,432.1	104,281.5	**68,786.4**	66,475.5
Capital work-in-progress	**14,500.0**	12,295.6	**9,979.0**	8,710.0
	121,932.1	116,577.1	**78,765.4**	75,185.5

The title deeds of certain lands are in the process of being registered in the name of the Company and certain subsidiaries.

Net book value of PPE pledged as security for borrowings are disclosed in Note 26.

Included in the capital work-in-progress is interest capitalised during the financial year for the Group and the Company of RM377.5 million (2022: RM286.5 million) and RM275.0 million (2022: RM263.6 million) respectively.

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 5.3% (2022: 5.2%).

6 RIGHT-OF-USE ('ROU') ASSETS

Accounting Policy

A lease is a contract, or part of a contract, whereby the lessor conveys to the lessee the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- The contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier ('lessor') has a substantive substitution right, then the asset is not identified;
- The customer ('lessee') has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer ('lessee') has the right to direct the use of the asset. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer ('lessee') has the right to direct the use of the asset if either the customer ('lessee') has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

The Group and the Company as lessees

The Group and the Company lease various buildings, plant and machinery, furniture and fittings, office equipment and motor vehicles. These leases have tenures between 1 and 25 years. Lease terms are generally negotiated on an individual basis. As for leasehold land, the remaining period of the respective leases ranges from 4 to 99 years.

(i) Initial recognition

The Group and the Company recognise a ROU asset and a lease liability for all leases conveying the right to control the use of an identified asset for a period of time.

The ROU assets recognised by the Group and the Company are initially recorded at cost, which comprise the following:

- The amount of the initial measurement of the lease liability;
- Any lease payments made on or before the commencement date of the lease, less any lease incentives received;
- Any initial direct costs incurred by the Group and the Company; and
- An estimate of costs to be incurred by the Group and the Company in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the lessor.

The lease liability is initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the Group's incremental borrowing rate.

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

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6 RIGHT-OF-USE ('ROU') ASSETS (CONTINUED)

Accounting Policy (continued)

The Group and the Company as lessees (continued)

(ii) Subsequent measurement

After initial recognition, the Group and the Company measure ROU assets at cost:
- Less any accumulated depreciation;
- Less any accumulated impairment losses; and
- Adjusted for any remeasurement of the lease liabilities.

The Group and the Company measure the lease liability by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect lease payments made, and remeasuring the carrying amount to reflect any reassessments or lease modifications. The interest on the lease liability is recognised as finance cost in the statement of profit or loss.

(iii) Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment of reasonable certainty is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Group and the Company have elected not to recognise ROU assets and lease liabilities for leases of low-value assets.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

A ROU asset and its corresponding lease liability are recognised at the date the leased asset is available for used by the Group and the Company. Each lease payment is allocated between the principal and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

At the end of the reporting period, the Group and the Company assess whether there is any indication of impairment. If such indication exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An impairment loss is recognised if the carrying amount exceeds the recoverable amount (Note 3(c)).

6 RIGHT-OF-USE ('ROU') ASSETS (CONTINUED)

	As at 1.1.2023 RM'million	Effect of changes in foreign currencies RM'million	Acquisition of subsidiaries RM'million	Additions RM'million	Depreciation charged for the financial year RM'million	Transfers/ Adjustments/ Reclassification RM'million	As at 31.12.2023 RM'million
2023							
Group							
Net book value							
Leasehold land	**2,092.3**	**29.3**	**83.8**	**0**	**(46.9)**	**55.9**	**2,214.4**
Buildings	**35.4**	**0.1**	**0**	**13.1**	**(18.6)**	**(0.5)**	**29.5**
	2,127.7	**29.4**	**83.8**	**13.1**	**(65.5)**	**55.4**	**2,243.9**
Plant and machinery	**35,259.1**	**0**	**0**	**0**	**(3,403.5)**	**0**	**31,855.6**
Furniture, fittings and office equipment	**17.9**	**0**	**0**	**0.3**	**(12.2)**	**0.1**	**6.1**
Motor vehicles	**0.4**	**0**	**0**	**1.6**	**(0.8)**	**0**	**1.2**
	37,405.1	**29.4**	**83.8***	**15.0**	**(3,482.0)**	**55.5**	**34,106.8**

* *It relates to the acquisition of Dullarbtons and Elipsgeen as subsidiaries as disclosed in Note 48.*

	As at 1.1.2022 RM'million	Effect of changes in foreign currencies RM'million	Acquisition of subsidiaries RM'million	Additions RM'million	Depreciation charged for the financial year RM'million	Transfers/ Adjustments/ Reclassification RM'million	As at 31.12.2022 RM'million
2022							
Group							
Net book value							
Leasehold land	2,060.6	(15.3)	79.4	0	(45.5)	13.1	2,092.3
Buildings	36.1	0.1	0	29.8	(29.5)	(1.1)	35.4
	2,096.7	(15.2)	79.4	29.8	(75.0)	12.0	2,127.7
Plant and machinery	32,584.6	0	0	6,487.0	(3,812.5)	0	35,259.1
Furniture, fittings and office equipment	28.9	0	0	2.7	(13.7)	0	17.9
Motor vehicles	1.0	0	0	0	(0.6)	0	0.4
	34,711.2	(15.2)	79.4*	6,519.5	(3,901.8)	12.0	37,405.1

* *It relates to the acquisition of CEI UK as a subsidiary as disclosed in Note 48.*

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6 RIGHT-OF-USE ('ROU') ASSETS (CONTINUED)

	As at 1.1.2023 RM'million	Additions RM'million	Depreciation charged for the financial year RM'million	Transfers/ Adjustments/ Reclassification RM'million	As at 31.12.2023 RM'million
2023					
Company					
Net book value					
Leasehold land	**912.2**	**0**	**(18.1)**	**3.6**	**897.7**
Buildings	**71.6**	**3.5**	**(21.9)**	**0**	**53.2**
	983.8	**3.5**	**(40.0)**	**3.6**	**950.9**
Plant and machinery	**70,881.5**	**0**	**(5,658.6)**	**(719.8)**	**64,503.1**
Furniture, fittings and office equipment	**13.8**	**0.2**	**(11.0)**	**0**	**3.0**
	71,879.1	**3.7**	**(5,709.6)**	**(716.2)**	**65,457.0**

	As at 1.1.2022 RM'million	Additions RM'million	Depreciation charged for the financial year RM'million	Transfers/ Adjustments/ Reclassification RM'million	As at 31.12.2022 RM'million
2022					
Company					
Net book value					
Leasehold land	930.6	0	(18.9)	0.5	912.2
Buildings	87.2	14.4	(30.0)	0	71.6
	1,017.8	14.4	(48.9)	0.5	983.8
Plant and machinery	70,179.8	6,876.2	(6,174.5)	0	70,881.5
Furniture, fittings and office equipment	24.4	2.0	(12.6)	0	13.8
	71,222.0	6,892.6	(6,236.0)	0.5	71,879.1

The title deeds of certain leasehold lands classified as ROU assets are in the process of being registered in the name of the Company and certain subsidiaries.

Net book value of ROU pledged as security for borrowings are disclosed in Note 26.

7 SUBSIDIARIES

	Note	Company 2023 RM'million	Company 2022 RM'million
At cost:			
Unquoted Ordinary Shares		**1,571.8**	1,571.8
Redeemable Preference Shares		**9,654.1**	9,654.1
Shares/Options granted to employees of subsidiaries		**447.2**	390.1
		11,673.1	11,616.0
Less: Accumulated impairment losses	(a)	**(3,645.5)**	(3,768.0)
		8,027.6	7,848.0

The list of the Group subsidiaries is disclosed in Note 49. Capital and other commitments for the subsidiaries are disclosed in Note 41. Contingent liabilities for the subsidiaries are disclosed in Note 42.

(a) Movement in accumulated impairment losses for investment in subsidiaries was mainly contributed by the impairment assessment for Power and Energy International (Mauritius) Ltd. ('PEIM'):
During the financial year, the Company had undertaken the impairment assessment of its investment in PEIM, an investment holding company. Based on the impairment assessment which estimates the cash flow available for distribution from PEIM's divestment of its significant associate, GMR Energy Limited ('GEL') as disclosed in Note 9, the recoverable amount of the Company's investment in PEIM exceeded its carrying amount, hence a reversal of impairment loss of RM137.7 million (2022: NIL) was recognised in the current financial year.

(b) Non-controlling interests ('NCI')

The NCI is not material to the financial performance, financial position and cash flows of the Group. The NCI information for Sabah Electricity Sdn. Bhd. ('SESB'), Kapar Energy Ventures Sdn. Bhd. ('KEV') and Jimah East Power Sdn. Bhd. ('JEP'), which contribute to substantial portion of total NCI is set out below:

	SESB		KEV		JEP		Other individually immaterial NCI		Total	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Carrying amount of NCI	**374.2**	372.5	**644.2**	771.5#	**820.1***	892.9*	**418.4**	412.2	**2,256.9**	2,449.1
Total comprehensive income/(expenses) allocated to NCI	**1.7**	20.1	**(127.3)**	98.9	**(48.8)**	24.9	**6.2**	(30.1)	**(168.2)**	113.8

* *Included in the carrying amount of NCI in JEP is a redemption of RPS from NCI amounting to RM24.0 million (2022: RM73.5 million).*
\# *Included in the carrying amount of NCI in KEV is a conversion to NCI equity amounting to RM626.8 million as disclosed in Note 26.*

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7 SUBSIDIARIES (CONTINUED)

(b) NCI (continued)

The summarised financial information of SESB, KEV and JEP before inter-company eliminations are as follows:

	SESB		KEV		JEP	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Summarised statement of financial position						
Non-current assets	**7,986.3**	8,074.4	**1,281.7**	1,425.0	**10,564.5**	10,562.4
Current assets	**2,285.0**	2,123.3	**1,576.7**	2,481.5	**1,762.1**	2,226.6
Non-current liabilities	**(6,322.9)**	(6,566.6)	**(325.4)**	(565.2)	**(8,309.9)**	(8,803.4)
Current liabilities	**(2,204.8)**	(1,905.7)	**(927.6)**	(1,418.6)	**(1,361.0)**	(1,087.7)
Net assets	**1,743.6**	1,725.4	**1,605.4**	1,922.7	**2,655.7**	2,897.9
Summarised statement of comprehensive income						
Revenue	**2,766.3**	2,561.2	**3,066.3**	4,312.6	**4,511.2**	4,452.8
Profit/(Loss) after tax	**85.5**	(37.1)	**(318.3)**	247.2	**(162.7)**	83.1
Other comprehensive (expense)/income	**(75.6)**	153.8	**0**	0	**0**	0
Total comprehensive income/(expense)	**9.9**	116.7	**(318.3)**	247.2	**(162.7)**	83.1
Summarised statement of cash flows						
Net cash flows generated from/(used in) operating activities	**855.0**	306.3	**53.3**	(77.6)	**755.3**	732.4
Net cash flows (used in)/generated from investing activities	**(191.9)**	22.8	**8.4**	7.8	**18.4**	706.5
Net cash flows used in financing activities	**(599.3)**	(684.5)	**(153.9)**	(159.9)	**(881.5)**	(928.8)
Net increase/(decrease) in cash and cash equivalents	**63.8**	(355.4)	**(92.2)**	(229.7)	**(107.8)**	510.1

8 JOINT ARRANGEMENTS

Accounting Policy

A joint arrangement is an arrangement over which there is contractually agreed sharing of control by the Group with one or more parties where decisions about the relevant activities relating to the joint arrangement require unanimous consent of the parties sharing control. The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint venture is a joint arrangement whereby the joint venturers have rights to the net assets of the arrangement. Joint operations are joint arrangements whereby the Company has the rights to the assets and obligations for the liabilities. In respect of its interests in joint operations, the Company shall recognise in its financial statements the assets that it controls and the expenses and liabilities that it incurs and its share of the income that it earns from the sale of goods or services.

The Group's interest in joint ventures is accounted for in the consolidated financial statements using the equity method of accounting.

8 JOINT ARRANGEMENTS (CONTINUED)

Accounting Policy (continued)

Equity accounting involves recognising in the consolidated statement of profit or loss, consolidated statement of OCI and consolidated statement of changes in equity, the Group's share of profits less losses of the joint ventures based on the latest audited financial statements or management accounts of the joint ventures, made up to the financial year end of the Group. Where necessary, adjustments are made to the results and net assets of the joint ventures to ensure consistency of accounting policies with those of the Group. The Group's investments in joint ventures are recorded at cost inclusive of goodwill and adjusted thereafter for accumulated impairment losses and the post-acquisition change in the Group's share of net assets of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balances that provide evidence of reduction in net realisable value or an impairment of the asset transferred are recognised in the consolidated statement of profit or loss.

Joint ventures

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Unquoted shares	**88.4**	88.4	**7.9**	7.9
Share of post-acquisition results and reserves	**132.0**	171.8	**0**	0
	220.4	260.2	**7.9**	7.9
Less: Accumulated impairment losses	**(12.0)**	(10.7)	**(7.9)**	(7.9)
	208.4	249.5	**0**	0
Share of net assets of joint ventures	**208.4**	249.5		

None of the joint ventures are material individually to the financial position, financial performance and cash flows of the Group.

The aggregated financial information of the Group's joint ventures is as follows:

	2023 RM'million	2022 RM'million
Group's share of results:		
Profit after tax and total comprehensive income	**18.1**	21.0
Dividend received	**57.9**	0
Amounts due from joint ventures		
Amounts due from joint ventures*	**42.5**	56.9
Less: Loss allowances	**(19.8)**	(12.3)
	22.7	44.6

* *The Group's credit policy provides amounts due from joint ventures with a 30 days (2022: 30 days) credit period.*

The list of the Group's joint arrangements is disclosed in Note 50.

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9 ASSOCIATES

Accounting Policy

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20.0% and 50.0% of the voting rights.

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are initially recognised at cost. Equity accounting is discontinued when the Group ceases to have significant influence over the associates.

The Group's share of its associates' post-acquisition profits or losses are recognised in the statement of profit or loss, and its share of post-acquisition movements in OCI are recognised in OCI. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interests in the associate, including any long term interests that, in substance, form part of the Group's net investment in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. The Group's investments in associates include goodwill identified on acquisition, net of any accumulated impairment losses (Note 3(c)).

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in the Group's financial statements only for the unrelated investor's interests in the associates. The accounting policies of associates are adjusted where necessary to ensure consistency with the policies adopted by the Group.

Dilution of gains and losses in associates are recognised in the consolidated statement of profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in OCI is reclassified to statement of profit or loss where appropriate.

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Unquoted shares	(a)	**2,048.2**	3,307.9	**75.7**	75.7
Share of post-acquisition results and reserves		**13.1**	(465.2)	**0**	0
		2,061.3	2,842.7	**75.7**	75.7
Less: Accumulated impairment losses	(b)	**(602.5)**	(1,413.0)	**0**	0
		1,458.8	1,429.7	**75.7**	75.7
Share of net assets of associates		**1,458.8**	1,429.7		

The list of the Group's associates is disclosed in Note 51.

(a) Divestment in GEL

2023
During the financial year, the Group via its wholly owned subsidiary, PEIM, had completed the divestment of its entire 30.0% equity interest in GEL via a Settlement Agreement for an amount of RM133.0 million (USD28.5 million) in cash. Hence, GEL has ceased to be an associate of the Group.

9 ASSOCIATES (CONTINUED)

(a) Divestment in GEL (continued)

2023 (continued)
The initial value of the investment in GEL of RM1,259.7 million has been fully written down in previous financial years. Consequently, the Group has recognised a gain of RM21.3 million from this disposal:

	Group 2023 RM'million
Disposal proceeds	**133.0**
Less: Carrying amount of investment in associate	**0**
Less: Accumulated reserves reclassified to profit or loss	**(111.7)**
Gain on disposal of associate	**21.3**

(b) (i) Impairment assessment for Blyth Offshore Demonstrator Limited ('BODL')

2023
Due to adverse external market conditions, the Group had undertaken an impairment assessment of its investment in BODL in the current year. An impairment charge of RM31.2 million (GBP5.5 million) was recognised as its recoverable amount was lower than the carrying amount.

The recoverable amount of BODL was determined based on VIU calculations which applied a discounted free cash flow to equity model. The cash flows used are the most recent projections and sensitivity analysis was conducted to ensure the reliability of relevant variables.

Key assumptions used

	2023 %
Revenue growth rate	**(5.2)**
Discount rate	**6.8**

The Group's review includes impact assessment of changes in key assumptions. The effects of the movement in the key assumptions to the recoverable amount are as follows:

	Changes in assumptions %	Impact on recoverable amount Increase RM'million	 Decrease RM'million
Revenue growth rate	1.0	44.3	(36.5)
Discount rate	1.0	(29.3)	32.2

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9 ASSOCIATES (CONTINUED)

(b) (ii) Impairment assessment for Lumut Maritime Terminal Sdn. Bhd. ('LMT')

2023
The Group had reviewed the basis of impairment parameter updated based on 2023 data. Based on the assessment, the recoverable amount exceeded its carrying amount, hence no additional impairment loss was recognised in the current financial year.

2022
The Group had undertaken the impairment assessment of its investment in LMT, an associate. The assessment was triggered by Net Zero 2050 initiative of no extension of Power Purchase Agreement ('PPA') provided for the coal fired power plant. Based on the impairment assessment, the carrying amount of the Group's investment in LMT exceeded its recoverable amount by RM68.6 million.

Key assumption used

The recoverable amount was determined based on VIU calculations, which applied a discounted cash flow model of LMT for the remaining operation and maintenance contract period which expires in 2042 and its other sources of income. The cash flows used in the calculations are the most recent forecasts and projections approved by the Board of Directors and management of LMT.

The key assumptions used in determining the VIU were:

	2022 %
Terminal growth rate	2.0
Cost of equity	9.0

The cash flows were discounted using cost of equity based on the risk specific to the industry. The key assumptions includes optimisation of LMT's assets and no new source of business.

The Group's review includes impact assessment of changes in key assumptions. The effects of the movement in the key assumptions to the recoverable amount are as follows:

	Changes in assumptions %	Impact on recoverable amount	
		Increase RM'million	Decrease RM'million
Terminal growth rate	1.0	5.9	(4.4)
Cost of equity	1.0	(17.5)	23.1

The aggregated financial information of the Group's associates is as follows:

	2023 RM'million	2022 RM'million
Group's share of results:		
- Profit after tax	**44.3**	76.6
- Total other comprehensive income/(expense)	**133.0**	(55.2)
Dividends received	**164.6**	120.1
Effect of changes in foreign currencies	**52.3**	(26.2)

9 ASSOCIATES (CONTINUED)

Amounts due from/(to) associates

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Amounts due from associates*	**395.6**	666.4	**5.3**	5.7
Less: Loss allowances	**(7.3)**	(7.3)	**(0.1)**	(0.1)
	388.3	659.1	**5.2**	5.6
Amounts due to associates^	**(579.7)**	(777.6)	**(568.8)**	(765.9)

* *The Group's and the Company's credit policy provides amounts due from associates with a 30 days (2022: 30 days) credit period.*

^ *Credit terms of amounts due to associates is 30 days (2022: 30 days) depending on the terms of the contracts.*

The unrecognised cumulative losses of the Group's associates are as follows:

	Gama Enerji Anonîm Şîrketî	
	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**(25.4)**	(393.1)
Arising in the financial year	**(85.9)**	367.7
As at the end of the financial year	**(111.3)**	(25.4)

The associates that are material to the Group are BODL, Jimah Energy Ventures Holdings Sdn. Bhd. ('JEV'), and LMT. The following summarises the financial information of the associates and reconciled the information to the carrying amount of the Group's interest in those associates.

(i) The summarised statement of comprehensive income:

	BODL		JEV		LMT	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Revenue	**164.6**	147.2	**3,332.2**	4,656.6	**136.5**	127.1
Profit/(Loss) after tax	**17.8**	(56.5)	**(77.4)**	186.8	**15.4**	13.3
Other comprehensive income/(expense)	**269.6**	(123.9)	**0**	0	**0**	0
Total comprehensive income/(expense)	**287.4**	(180.4)	**(77.4)**	186.8	**15.4**	13.3

(ii) The summarised statement of financial position:

	BODL		JEV		LMT	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Non-current assets	**1,258.3**	1,223.8	**2,646.2**	2,740.8	**324.6**	320.3
Current assets	**87.8**	120.9	**1,268.5**	1,932.5	**198.9**	201.9
Non-current liabilities	**(260.9)**	(267.5)	**(1,642.8)**	(1,730.5)	**(14.8)**	(15.9)
Current liabilities	**(55.2)**	(285.7)	**(765.4)**	(1,342.0)	**(16.9)**	(19.9)
	1,030.0	791.5	**1,506.5**	1,600.8	**491.8**	486.4

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9 ASSOCIATES (CONTINUED)

(iii) Reconciliation of the summarised financial information:

	BODL		JEV		LMT	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Group's share of net assets	**504.7**	387.8	**376.6**	400.2	**245.9**	243.2
Goodwill	**91.9**	83.4	**0**	0	**37.8**	37.8
Less: Accumulated impairment losses	**(31.2)**	0	**0**	0	**(68.6)**	(68.6)
Transaction cost capitalised	**6.9**	6.3	**0**	0	**0**	0
Effect of changes in foreign currency	**(0.9)**	0	**0**	0	**0**	0
Carrying amount	**571.4**	477.5	**376.6**	400.2	**215.1**	212.4

Individually immaterial associates:

	2023 RM'million	2022 RM'million
Aggregate carrying amount of individually immaterial associates	**295.7**	339.6
Aggregate amounts of the Group's share of profit:		
- Profit after tax	**47.3**	50.9
- Other comprehensive income	**0.9**	5.5

10 INTANGIBLE ASSETS

Accounting Policy

Goodwill

Goodwill arises from a business combination and represents the excess of the aggregate of fair value of consideration transferred, the amount of any NCI in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the net identifiable assets acquired and liabilities assumed on the acquisition date. If the fair value of consideration transferred is less than the fair value of the net identifiable assets of the acquire in the case of a bargain purchase, the resulting gain is recognised in statement of profit or loss.

Goodwill is recognised in the statement of financial position as non-current asset at cost less accumulated impairment losses and tested for impairment annually. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. The carrying value of goodwill is compared to the recoverable amount, which is the higher of VIU and the fair value less costs of disposal. Any impairment is recognised immediately to the statement of profit or loss and is not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity disposed.

Rights to build

The rights to build are stated at cost less any accumulated amortisation and impairment losses. The rights to build are considered to have a finite life. The asset is reviewed annually for adjustments to the useful economic life and any indications of impairment. Impairment losses are recognised when the carrying value of the intangible asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its VIU.

Subsequent costs involved in renewing or maintaining the rights to build are charged to the statement of profit and loss as and when incurred.

10 INTANGIBLE ASSETS (CONTINUED)

Accounting Policy (continued)

Project development portfolio

The project development portfolio consists of contractual rights acquired relating to early stage solar, wind and Battery Energy Storage System ('BESS') projects in Australia.

The project development portfolio is stated at cost less any accumulated amortisation and impairment losses. They are considered to have a finite life and are amortised on a straight-line basis over the period of expected future economic benefits of the asset. The asset is reviewed annually for adjustments to the useful economic life and any indications of impairment. Impairment losses are recognised when the carrying value of the intangible asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its VIU.

Subsequent costs involved in renewing or maintaining the development portfolio are charged to the statement of profit and loss as and when incurred.

	Goodwill RM'million	Rights to build RM'million	Project development portfolio RM'million	Total RM'million
2023				
Group				
As at the beginning of the financial year	**421.4**	**172.2**	**0**	**593.6**
Acquisition of subsidiaries*	**491.1**	**0**	**429.3**	**920.4**
Impairment	**(123.6)**	**0**	**0**	**(123.6)**
Effect of changes in foreign currencies	**35.2**	**17.5**	**17.1**	**69.8**
Transfer to PPE#	**0**	**(189.7)**	**0**	**(189.7)**
As at the end of the financial year	**824.1**	**0**	**446.4**	**1,270.5**

* *Goodwill arising from the acquisition of Spark Renewables, Dullarbtons and Elipsgeen (Note 48). Project development portfolio arising from the acquisition of Spark Renewables (Note 48).*

\# *Transfer to PPE upon commencement of the project.*

	Goodwill RM'million	Rights to build RM'million	Total RM'million
2022			
Group			
As at the beginning of the financial year	438.4	0	438.4
Acquisition of a subsidiary*	17.9	0	17.9
Additions#	0	168.6	168.6
Impairment	(22.7)	0	(22.7)
Effect of changes in foreign currency	(12.2)	3.6	(8.6)
As at the end of the financial year	421.4	172.2	593.6

* *Goodwill arising from the acquisition of CEI UK (Note 48).*

\# *Acquisition of rights to build for a portfolio of 101.7megawatts ('MW') solar capacity and 65MW battery storage in United Kingdom.*

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10 INTANGIBLE ASSETS (CONTINUED)

	Group	
	2023 RM'million	2022 RM'million
Classification of goodwill by countries		
Malaysia	**211.0**	211.0
Foreign:		
- United Kingdom	**108.7**	210.4
- Australia	**345.7**	0
- Republic of Ireland	**158.7**	0
	824.1	421.4

Impairment assessment for goodwill

The carrying value of goodwill is allocated to the Group's CGUs. The recoverable amount of the CGU including goodwill, is determined based on its VIU. This VIU calculation applies a discounted cash flow model using cash flow projections based on forecast approved by management. The forecasts reflect management's expectations of revenue growth, operating costs and margins for the CGUs based on current assessment of market share, expectations of market and industry growth.

The discount rate applied to the cash flow forecast refers to the industry's pre-tax Weighted Average Cost of Capital ('WACC').

(a) Goodwill relating to operations in Malaysia

The discounted cash flow model used cash flow projections which covered a five-year period and cash flows beyond the projection years are extrapolated using an estimated terminal growth rate.

The following key assumptions have been applied in the VIU calculation:

	2023 %	2022 %
Revenue growth rate	**2.1**	1.8
Pre-tax discount rate	**8.8**	8.1
Terminal growth rate	**1.9**	1.8

Based on the Group's assessment, no impairment losses were required as at 31 December 2023 as the recoverable amount exceeded the carrying amount.

The Group's review includes an impact assessment of changes in key assumptions used. Based on the sensitivity analysis performed, it was concluded that no reasonable change in the base case assumptions would cause the carrying amount of the CGU to exceed its recoverable amount.

(b) Goodwill relating to operations in the United Kingdom

The Group tests whether the goodwill has suffered any impairment on an annual basis. The Group has determined the recoverable amount of foreign CGU by assessing the VIU of the underlying assets. Based on the impairment assessment, the carrying value of the goodwill as at 31 December 2023 exceeded its recoverable amount by RM123.6 million (2022: RM22.7 million), mainly due to external market conditions affecting future cash flows.

10 INTANGIBLE ASSETS (CONTINUED)

Impairment assessment for goodwill (continued)

(b) Goodwill relating to operations in the United Kingdom (continued)

The discounted cash flow model used cash flow projections which covered a 27-year period (2022: 28-year period).

The following key assumptions has been applied in the VIU calculation:

	2023 %	2022 %
Revenue growth rate	**(3.5)**	(3.2)
Pre-tax discount rate	**8.4**	7.8

The Group's review includes an impact assessment of changes in key assumptions used. The effects of the movement in the key assumptions to the recoverable amount are as follows:

	Changes in assumptions %	Impact on recoverable amount	
		Increase RM'million	Decrease RM'million
2023			
Revenue growth rate	**1.0**	**285.8**	**(252.7)**
Pre-tax discount rate	**1.0**	**(143.2)**	**161.7**
2022			
Revenue growth rate	1.0	355.7	(312.7)
Pre-tax discount rate	1.0	(158.1)	176.3

(c) Goodwill relating to operations in Australia

The goodwill is deemed to be attributable to Spark Renewable's future ability to develop and operate new renewable energy projects in Australia, as well as enhanced scale and operational diversity in its renewable projects portfolio.

(d) Goodwill relating to operations in the Republic of Ireland

The goodwill consists of potential upsides from extension of lease terms and grid connection approvals up to 15 years.

11 INVESTMENT IN UNQUOTED DEBT SECURITY

Accounting Policy

Investment in unquoted debt security is a financial instrument and the accounting policy is disclosed in Note 45.

	Group and Company	
	2023 RM'million	2022 RM'million
Unsecured Loan Notes	**287.5**	278.5
Less: Loss allowance	**(28.2)**	(25.1)
	259.3	253.4

The Unsecured Loan Notes primarily related to the Islamic Medium Term Notes ('IMTN') facility subscription with a maturity period of 14 years and matures on 5 May 2034.

Credit risk relating to debt instrument above is disclosed in Note 45(b) of the financial statements.

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12 DEFERRED TAXATION

Accounting Policy

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements including those arising from business combinations. Deferred tax is not recognised on goodwill and those arising from initial recognition of an asset or liability which at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unutilised tax credits can be utilised. Deferred tax is recognised on temporary differences arising on investment in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Tax benefit from reinvestment allowance is recognised when the tax credit is utilised and no deferred tax asset is recognised when the tax credit is receivable.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantially enacted at the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

The Group and the Company will recognise a deferred tax asset and a deferred tax liability for any temporary differences arising on initial recognition of a lease transaction. Where applicable, a deferred tax asset is recognised as the Group and the Company is able to benefit from the tax deductions in the future. Any differences between the deferred tax asset and deferred tax liability will be recognised in the profit and loss. Upon adopting the amendments, the Group and the Company do not expect material adjustments to the retained earnings as the initial recognition of the lease transactions gave rise to equal and offsetting temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Deferred tax assets:				
- Deferred tax assets to be realised after more than 12 months	**257.8**	246.4	**0**	0
- Deferred tax assets to be realised within 12 months	**121.5**	131.1	**0**	0
	379.3	377.5	**0**	0
Deferred tax liabilities:				
- Deferred tax liabilities to be settled after more than 12 months	**(8,119.2)**	(8,496.2)	**(5,600.3)**	(6,337.4)
- Deferred tax liabilities to be settled within 12 months	**(899.1)**	(324.1)	**(890.9)**	(302.9)
	(9,018.3)	(8,820.3)	**(6,491.2)**	(6,640.3)
Net total	**(8,639.0)**	(8,442.8)	**(6,491.2)**	(6,640.3)

12 DEFERRED TAXATION (CONTINUED)

The movements during the financial year relating to deferred tax are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**(8,442.8)**	(7,805.6)	**(6,640.3)**	(6,265.3)
Credited/(Charged) to statement of profit or loss: (Note 38)				
- PPE	**109.8**	(1,262.4)	**(210.3)**	(554.9)
- Post-employment benefits	**(215.0)**	(135.4)	**(51.0)**	(37.5)
- Tax losses and capital allowances	**244.7**	340.2	**0**	0
- Provisions and allowances	**(33.9)**	866.9	**(47.0)**	17.8
- Contract assets	**(380.9)**	(98.6)	**(192.1)**	(96.2)
- Lease liabilities	**(573.5)**	951.2	**(1,073.2)**	614.0
- ROU assets	**689.9**	(984.1)	**1,537.9**	(162.1)
	(158.9)	(322.2)	**(35.7)**	(218.9)
Credited to OCI:				
- Post-employment benefits	**208.7**	(73.7)	**184.8**	(156.1)
- Effect of changes in foreign currencies	**(52.5)**	0	**0**	0
Acquisition of subsidiaries (Note 48)	**(193.5)**	(241.3)	**0**	0
As at the end of the financial year	**(8,639.0)**	(8,442.8)	**(6,491.2)**	(6,640.3)
Subject to income tax				
Deferred tax assets (before offsetting):				
- Provisions and allowances	**1,296.2**	1,330.1	**781.5**	828.5
- Post-employment benefits	**2,759.9**	2,766.2	**2,748.4**	2,614.6
- Tax losses and capital allowances	**3,072.9**	2,828.2	**0**	0
- Lease liabilities	**7,277.8**	7,851.3	**16,339.5**	17,412.7
- PPE	**62.6**	58.2	**0**	0
Offsetting	**(14,090.1)**	(14,456.5)	**(19,869.4)**	(20,855.8)
Deferred tax assets (after offsetting)	**379.3**	377.5	**0**	0
Deferred tax liabilities (before offsetting):				
- PPE	**(13,072.6)**	(12,932.0)	**(9,842.8)**	(9,632.5)
- Contract assets	**(1,215.1)**	(834.2)	**(1,023.6)**	(831.5)
- ROU assets	**(8,820.7)**	(9,510.6)	**(15,494.2)**	(17,032.1)
Offsetting	**14,090.1**	14,456.5	**19,869.4**	20,855.8
Deferred tax liabilities (after offsetting)	**(9,018.3)**	(8,820.3)	**(6,491.2)**	(6,640.3)

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12 DEFERRED TAXATION (CONTINUED)

The amount of deductible temporary differences, unused tax losses, reinvestment allowance and investment tax allowance for which no deferred tax assets are recognised in the statement of financial position are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Deductible temporary differences	**340.4**	278.9	**0**	0
Tax losses*	**413.8**	874.7	**0**	0
Reinvestment allowance and investment tax allowance	**5,917.2**	5,925.1	**123.7**	0

No deferred tax assets are recognised from the deductible temporary differences and unused tax losses due to uncertainty of their recoverability. The unabsorbed capital allowances and investment tax allowance do not expire under current tax legislation.

* *The unutilised tax losses arising from a year of assessment ('YA') are allowed to be carried forward for utilisation up to 10 consecutive YAs from that YA. The accumulated unabsorbed tax losses brought forward are expected to expire between YA2028 to YA2030.*

13 LONG TERM RECEIVABLES

Accounting Policy

Long term receivables are financial instruments and the accounting policy is disclosed in Note 45.

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Financial assets					
Other receivables	(a)	**61.2**	54.3	**35.0**	46.9
Less: Loss allowances		**(14.4)**	(14.7)	**(13.9)**	(14.7)
		46.8	39.6	**21.1**	32.2
Non-financial assets	(b)	**494.1**	210.9	**361.7**	108.9
		540.9	250.5	**382.8**	141.1

(a) Included in the Group and the Company are advances given to staff and other non-trade receivables, which are not expected to be received within 12 months from the reporting date.

Credit risks are disclosed in Note 45(b) to the financial statements.

(b) Non-financial assets primarily relates to deposits and indirect tax receivables which are not expected to be received within 12 months from the reporting date.

14 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

Accounting Policy

The amounts due from/(to) subsidiaries are financial instruments and its accounting policy is as disclosed in Note 45.

	Note	Company 2023 RM'million	Company 2022 RM'million
Non-current			
Amounts due from subsidiaries		**5,156.6**	4,681.8
Less: Loss allowances		**(271.1)**	(265.7)
	(a)	**4,885.5**	4,416.1
Current			
Amounts due from subsidiaries		**3,394.2**	5,909.0
Less: Loss allowances		**(302.1)**	(308.2)
	(b)	**3,092.1**	5,600.8
Amounts due to subsidiaries	(b)	**(6,944.0)**	(6,709.1)

(a) The amounts due from subsidiaries are mainly in relation to shareholder loans to:

(i) TNB Power Generation Sdn. Bhd. ('TPGSB') amounting to RM2,572.5 million (2022: RM3,305.9 million), which is based on the Islamic financing structure, for a profit rate of 3.8% per annum repayable over 15 years.

(ii) TNB International Sdn. Bhd. ('TNBI') amounting to a total of RM1,064.8 million (2022: RM1,025.8 million), which consists of two loans amounting to RM985.8 million and RM79.0 million, with the effective interest rate of 6.7% and 9.2% per annum repayable over 10 and 15 years respectively.

(iii) Vantage RE Ltd. ('VRE') amounting to RM884.3 million (2022: RM842.0 million), which is based on the Islamic financing structure, for a profit rate of 5.3% (2022: 4.5%) per annum repayable over 2 years.

(iv) GSPARX Sdn. Bhd. amounting to a total of RM277.7 million (2022: RM98.1 million), which consist of two loans amounting to RM194.3 million and RM83.4 million, are based on the Islamic financing structure, for a profit rate of 6.5% and 7.5% per annum repayable over 2 years.

(b) Amounts due from/(to) subsidiaries classified as current are trade related, unsecured, interest free and repayable on demand.

Credit risks are disclosed in Note 45(b) to the financial statements.

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15 LEASES

Accounting Policy

The Group and the Company as lessors

When the Group and the Company act as lessors, they determine at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; otherwise, then it is an operating lease.

Operating leases
Leases where the Group and the Company retain substantially all of the risks and rewards of ownership of the leased assets are classified as operating leases. The Group and the Company recognise lease payments received under operating leases as operating income on a straight-line basis over the lease term.

Finance leases
If the Group and the Company transfer substantially all of the risks and rewards incidental to ownership of the leased assets, leases are classified as finance leases. The Group and the Company derecognise the leased assets and recognise the net investment in the lease as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

The Group and the Company as lessees

The accounting policy on ROU assets and lease liabilities for lessees are disclosed in Note 6.

(a) Finance lease receivables

The Group's finance lease receivables arise from Cooling Energy Supply Agreement ('CESA').

	Group			
	Minimum lease payments		Present value of minimum lease payments	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Within 1 year	**2.0**	2.0	**1.1**	1.2
After 1 year and not later than 2 years	**2.0**	2.0	**1.5**	1.3
After 2 years and not later than 3 years	**2.0**	2.0	**1.6**	1.5
After 3 years and not later than 4 years	**2.0**	2.0	**1.7**	1.6
After 4 years and not later than 5 years	**1.3**	2.0	**1.3**	1.7
After 5 years	**0**	1.6	**0**	1.3
	7.3	9.6	**6.1**	7.4
	9.3	11.6	**7.2**	8.6
Less: Unearned finance income	**(2.1)**	(3.0)		
Present value of minimum lease payment receivable	**7.2**	8.6		

The effective interest rate implicit in the finance lease is approximately 9.5% (2022: 9.5%). The carrying amount of the finance lease receivables approximate their fair values.

15 LEASES (CONTINUED)

(b) Lease liabilities

The Group's and the Company's obligations under lease liabilities arise predominantly from the power purchase agreements with several Independent Power Producers ('IPPs').

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Minimum lease payments:				
- Within 1 year	**4,472.0**	4,757.1	**8,280.1**	9,096.9
- After 1 year and not later than 2 years	**3,767.5**	3,875.4	**7,510.4**	7,788.4
- After 2 years and not later than 3 years	**3,508.3**	3,973.0	**7,338.9**	7,491.6
- After 3 years and not later than 4 years	**3,383.5**	3,475.2	**7,190.9**	7,338.9
- After 4 years and not later than 5 years	**3,297.6**	3,349.7	**7,057.3**	7,190.9
- After 5 years	**23,991.5**	26,793.3	**69,137.6**	76,195.0
	37,948.4	41,466.6	**98,235.1**	106,004.8
Total minimum lease payments	**42,420.4**	46,223.7	**106,515.2**	115,101.7
Future finance charges	**(11,559.5)**	(12,945.3)	**(37,228.6)**	(41,296.6)
	30,860.9	33,278.4	**69,286.6**	73,805.1
Amount payable under lease liabilities:				
- Within 1 year	**2,983.5**	3,140.5	**4,466.2**	5,054.2
- After 1 year and not later than 2 years	**2,355.6**	2,386.9	**3,875.3**	3,950.1
- After 2 years and not later than 3 years	**2,235.3**	2,599.6	**3,911.4**	3,855.7
- After 3 years and not later than 4 years	**2,227.9**	2,218.6	**3,978.4**	3,911.4
- After 4 years and not later than 5 years	**2,259.9**	2,210.0	**4,063.1**	3,978.4
- After 5 years	**18,798.7**	20,722.8	**48,992.2**	53,055.3
	27,877.4	30,137.9	**64,820.4**	68,750.9
	30,860.9	33,278.4	**69,286.6**	73,805.1

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15 LEASES (CONTINUED)

(b) Lease liabilities (continued)

The weighted average effective interest rate applicable to the lease liabilities as at the financial year end for the Group and the Company are 5.2% (2022: 5.5%) and 5.7% (2022: 5.8%) per annum respectively. The carrying amounts of the lease liabilities approximate their fair values.

Reconciliation of lease liabilities during the financial year is as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**33,278.4**	29,241.9	**73,805.1**	71,190.5
Cash flows	**(4,015.4)**	(3,772.8)	**(7,338.3)**	(7,689.3)
Non-cash changes				
- Additional lease	**15.0**	6,491.2	**3.7**	6,892.6
- Acquisition of subsidiaries (Note 48)	**83.8**	79.4	**0**	0
- Capacity payment differences	**(137.4)**	(517.7)	**(507.8)**	(828.0)
- Finance charges (Note 37(b))	**1,636.5**	1,756.4	**4,043.7**	4,239.3
- Reassessment of lease	**0**	0	**(719.8)**	0
As at the end of the financial year	**30,860.9**	33,278.4	**69,286.6**	73,805.1

The statement of profit or loss includes the following amounts relating to leases:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Depreciation charge of ROU assets (Note 6)	**3,482.0**	3,901.8	**5,709.6**	6,236.0
Finance charges (Note 37 (b))	**1,636.5**	1,756.4	**4,043.7**	4,239.3
Expense relating to leases of low-value assets (Note 33)	**39.6**	37.8	**39.3**	37.5
Expense relating to variable lease payments not included in lease liabilities	**81.8**	443.2	**337.4**	644.8

16 FINANCIAL ASSETS AT FVOCI

Accounting Policy

Financial assets at FVOCI are financial instruments and the accounting policy is disclosed in Note 45.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Financial assets at FVOCI	**55.1**	70.7	**54.3**	70.0

16 FINANCIAL ASSETS AT FVOCI (CONTINUED)

The Group and the Company have irrevocably elected non-trading equity securities above at initial recognition to present its fair value changes in OCI. The Group and the Company consider this classification to be more relevant as these instruments are strategic investments of the Group and of the Company and not held for trading purposes.

During the financial year, there were dividend income recognised and no investment was disposed. The details of the financial assets at FVOCI are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Labuan Reinsurance (L) Ltd.	**54.3**	70.0	**54.3**	70.0
Al-Imtiaz Operation and Maintenance Company Ltd.	**0.5**	0.4	**0**	0
Club Memberships				
- Sultan Salahuddin Abdul Aziz Shah Club	**0.1**	0.1	**0**	0
- Glenmarie Golf Country Club	**0.1**	0.1	**0**	0
- Leisure Holidays Bhd	**0.1**	0.1	**0**	0

17 CONTRACT BALANCES

Accounting Policy

(a) Contract cost assets - Costs to fulfil a contract

The Group recognises a contract cost that relates directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group which will be used in satisfying performance obligations in the future and it is expected to be recovered.

These contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates. An impairment loss is recognised in the statement of profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Where the impairment condition no longer exists or has improved, the impairment loss is reversed to the extent that the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

(b) Trade contract assets

A trade contract asset is recognised when the Group's and the Company's rights to consideration are conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9 'Financial Instruments' (Note 45). Typically, the amount will be billed within 30 days of the supply of electricity for electricity customers and 60 to 180 days for satisfying the performance obligation for other revenue streams. An assessment of electricity supplied to customers between the date of the last meter reading and the financial year end of the Group and of the Company (unread and unbilled) was made and it is recognised as trade contract assets. Payment is expected within 30 days from the billing date for all trade receivables.

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17 CONTRACT BALANCES (CONTINUED)

Accounting Policy (continued)

(c) Trade contract liabilities

A trade contract liability represents the obligation of the Group and of the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

Trade contract liabilities primarily relate to contributions paid by electricity customers for the construction of electricity network assets. The customers' contributions are expected to be recognised as revenue over a period of 20 years, being the estimated average useful life of the electricity network assets used to connect the customers to the electricity supply.

Other trade contract liabilities within the Group are relating to students fees. All other trade contract liabilities are expected to be recognised as revenue over the next 12 months.

(d) Non-trade contract assets and liabilities

Non-trade contract balances are pertaining to insurance and reinsurance contracts which are recognised in accordance to MFRS 4 'Insurance Contracts'.

These balances have been classified as receivables (Note 21) and payables (Note 23) respectively as at 1 January 2023 upon adoption of MFRS 17.

The Group and the Company have recognised the following assets and liabilities related to contracts with customers:

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Contract cost assets					
- Current		**99.5**	165.5	**0**	0
- Non-current		**4.7**	1.3	**0**	0
Contract assets					
- Trade	(a)	**4,446.8**	3,586.0	**4,226.9**	3,430.0
- Non-trade		**0**	239.9	**0**	0
		4,446.8	3,825.9	**4,226.9**	3,430.0
Contract liabilities					
- Current trade		**338.6**	320.0	**244.9**	237.1
- Non-current trade		**5,449.7**	4,783.1	**4,651.3**	4,039.7
	(b)	**5,788.3**	5,103.1	**4,896.2**	4,276.8
- Current non-trade		**0**	253.4	**0**	0
		5,788.3	5,356.5	**4,896.2**	4,276.8

17 CONTRACT BALANCES (CONTINUED)

The Group and the Company have recognised the following assets and liabilities related to contracts with customers: (continued)

		Note	Group		Company	
			2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
(a)	Trade contract assets	(i)				
	As at the beginning of the financial year		**3,586.0**	3,169.7	**3,430.0**	2,982.0
	Performance obligations completed		**4,647.0**	3,853.7	**4,265.1**	3,464.4
	Transfer to receivables		**(3,738.0)**	(3,400.4)	**(3,430.0)**	(2,982.0)
	Less: Loss allowances		**(48.2)**	(37.0)	**(38.2)**	(34.4)
	As at the end of the financial year		**4,446.8**	3,586.0	**4,226.9**	3,430.0
(b)	Trade contract liabilities	(i)(ii)(iii)				
	As at the beginning of the financial year		**5,103.1**	4,696.8	**4,276.8**	3,873.5
	Received during the financial year		**1,121.8**	828.7	**852.8**	632.6
	Release to statement of profit or loss:					
	- Customers' contribution		**(286.1)**	(276.3)	**(233.4)**	(229.3)
	- Deferred income		**(150.5)**	(146.1)	**0**	0
	As at the end of the financial year		**5,788.3**	5,103.1	**4,896.2**	4,276.8

(i) Significant changes in trade contract assets and liabilities

Trade contract assets have increased as the Group and the Company have provided more services ahead of the agreed payment schedules for fixed-price contracts. The Group and the Company also recognised a loss allowance for trade contract assets.

Trade contract liabilities have increased for the Group and the Company due to larger prepayments or contributions received from customers.

(ii) Revenue recognised in relation to trade contract liabilities

The following table shows how much of the revenue recognised in the current financial year relates to carried-forward trade contract liabilities and how much relates to performance obligations that were satisfied in a prior financial year:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Revenue recognised, included in the trade contract liabilities balances in relation to preceding year	**(234.6)**	(219.1)	**(218.4)**	(218.3)
Revenue recognised, included in the trade contract liabilities balances in relation to current year	**(202.0)**	(203.3)	**(15.0)**	(11.0)
	(436.6)	(422.4)	**(233.4)**	(229.3)

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17 CONTRACT BALANCES (CONTINUED)

(iii) Unsatisfied performance obligations in long term contracts

The following table shows unsatisfied performance obligations resulting from long term contracts:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Aggregate amount of the transaction price allocated to contracts that are partially or fully unsatisfied	**5,788.3**	5,103.1	**4,896.2**	4,276.8

Management expects 5.0% (2022: 5.5%) of the transaction price allocated to the unsatisfied contracts will be recognised as revenue during the next financial year. The remaining 95.0% (2022: 94.5%) will be recognised from financial years 2025 to 2043.

In respect of the supply of electricity, the Group and the Company applied the practical expedient to not disclose information related to the transaction price allocated to the remaining performance obligations, on the basis that revenue is recognised from the satisfaction of the performance obligations upon the consumption of electricity by the customers.

All contracts for period of one year or less are billed based on services provided. The transaction price allocated to these unsatisfied contracts is not disclosed.

18 FINANCIAL ASSETS AT FVTPL

Accounting Policy

Financial assets at FVTPL are financial instruments and the accounting policy is disclosed in Note 45.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Financial assets at FVTPL	**1,650.0**	8,196.6	**1,369.4**	6,276.0
Current	**1,614.1**	8,141.0	**1,336.0**	6,222.9
Non-current	**35.9**	55.6	**33.4**	53.1
	1,650.0	8,196.6	**1,369.4**	6,276.0

Financial assets at FVTPL mainly represent investments in unit trusts and students' loans.

Credit risks relating to financial assets at FVTPL are disclosed in Note 45(b) to the financial statements.

19 DERIVATIVE FINANCIAL INSTRUMENTS

Accounting Policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in the statement of profit or loss when the changes arise.

	Note	Notional amount RM'million	Assets RM'million	Liabilities RM'million
Non-hedge accounting qualified derivative financial instruments:				
Group				
2023				
Current				
Forward foreign currency contracts	(a)	**256.8**	**0**	**(1.4)**
Non-current				
Interest rate swap contracts	(b)	**1,129.1**	**71.3**	**(7.3)**
Profit rate swap contracts	(c)	**304.1**	**4.9**	**(3.2)**
Power purchase agreements	(d)	**211.5**	**91.8**	**0**
		1,644.7	**168.0**	**(10.5)**
2022				
Current				
Forward foreign currency contracts	(a)	106.3	0	(2.9)
Interest rate swap contracts	(b)	22.7	0.2	0
		129.0	0.2	(2.9)
Non-current				
Interest rate swap contracts	(b)	744.2	64.0	(0.3)
Profit rate swap contracts	(c)	323.8	8.3	(2.0)
		1,068.0	72.3	(2.3)
Company				
2023				
Current				
Forward foreign currency contracts	(a)	**256.8**	**0**	**(1.4)**
2022				
Current				
Forward foreign currency contracts	(a)	106.3	0	(2.9)

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19 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Forward foreign currency contracts

The Group and the Company entered into forward foreign currency contracts with forward rates of RM4.5914 to RM4.6345 (2022: RM4.4997 to RM4.5447) for 1 US Dollar.

(b) Interest rate swap ('IRS') contracts

(i) IRS contracts - Tenaga Wind Ventures UK Ltd. ('TWV')

The Group entered into two IRS contracts on 28 March 2018 that entitled TWV to receive interest at floating rates and obliged to pay interest at fixed rates of 1.3% per annum and 1.7% per annum on aggregate notional principal of GBP30.7 million and GBP89.3 million respectively.

(ii) IRS contract - Vantage RE No. 1 Limited ('VRE1')

The Group entered into an IRS contract on 16 December 2022 that entitled VRE1 to receive interest at floating rates and obliged to pay interest at fixed rates of 3.8% per annum on aggregate notional principal of GBP50.8 million.

(iii) IRS contracts - Dullarbtons and Elipsgeen

The Group entered into IRS contracts that entitled Dullarbtons, a wholly owned subsidiary of Vantage RE No 3 Limited ('VRE3') to receive interest at floating rates and obliged to pay interest at fixed rates of 1.0%, 0.5% and 1.0% on aggregate notional principal of EUR18.1 million, EUR13.8 million and EUR3.1 million respectively.

The Group entered into IRS contracts that entitled Elipsgeen, a wholly owned subsidiary of VRE3 to receive interest at floating rates and obliged to pay interest at fixed rates of 1.0%, 0.5% and 1.0% on aggregate notional principal of EUR7.8 million, EUR13.9 million and EUR3.7 million respectively.

(c) Profit rate swap ('PRS') contracts

(i) PRS contract - TNB Bukit Selambau Solar Sdn. Bhd. ('TBSS')

The Group entered into a PRS contract with effect from 29 March 2019 that entitled TBSS to receive profit at floating rates and obliged to pay profit at a fixed rate of 4.3% per annum on aggregate notional principal of RM134.7 million.

(ii) PRS contract - TNB Sepang Solar Sdn. Bhd. ('TSS')

The Group entered into a PRS contract with effect from 13 February 2020 that entitled TSS to receive profit at floating rates and obliged to pay profit at a fixed rate of 3.2% per annum on aggregate notional principal of RM236.2 million.

(d) Power purchase agreements ('PPAs') - Bomen Solar Farm Pty Ltd ('Bomen')

A subsidiary of Spark Renewables, Bomen has entered into:

(i) A PPA with Progressive Green Pty Ltd on 21 December 2018, whereby Bomen will deliver the agreed percentage of electricity output to the offtaker for 5 to 10 years at agreed prices, thereby mitigating exposure to variable market prices; and

(ii) A 10-year PPA with Westpac Banking Corporation on 16 April 2019 for an annual contracted volume of 63 gigawatt hours ('GWh') at an agreed price, thereby mitigating exposure to variable market prices.

Credit risks relating to derivative financial instruments are disclosed in Note 45(b) to the financial statements.

20 INVENTORIES

Accounting Policy

Inventories are stated at the lower of cost and net realisable value.

Cost of work-in-progress and finished goods comprise raw materials, direct labour and a proportion of the production overheads. Cost is determined on the weighted average basis and comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Fuel and consumables	**2,736.8**	3,274.9	**278.7**	331.0
Work-in-progress	**14.4**	10.3	**0**	0
Finished goods	**6.8**	5.6	**0**	0
	2,758.0	3,290.8	**278.7**	331.0

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS

Accounting Policy

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Other receivables generally arise from transactions outside the usual operating activities of the Group and the Company. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value, which is the amount of consideration that is unconditional unless they contain significant financing components. The Group and the Company hold the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost less accumulated impairment losses. The impairment is determined based on the ECL model and is further disclosed in Note 45.

Insurance contracts

Reinsurance contracts - initial recognition

The Group applies the premium allocation approach ('PAA') to all the reinsurance contracts it holds, as:

- The coverage period of each contract in the group is one year or less, including insurance contract services arising from all premiums within the contract boundary; or
- For contracts longer than one year, the Group has modelled possible future scenarios and reasonably expects that the measurement of the liability for remaining coverage for the Group containing those contracts under the PAA does not differ materially from the measurement that would be produced applying the general model. In assessing materiality, the Group has also considered qualitative factors such as the nature of the risk and types of its lines of business.

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21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Accounting Policy (continued)

Insurance contracts (continued)

Reinsurance contracts - initial recognition (continued)
For a group of contracts that is not onerous at initial recognition, the Group measures the liability for remaining coverage as:
- The premiums, if any, received at initial recognition;
- Minus any insurance acquisition cash flows at that date, with the exception of contracts which are one year or less where this is expensed;
- Plus or minus any amount arising from the derecognition at that date of the asset recognised for insurance acquisition cash flows; and
- Any other asset or liability previously recognised for cash flows related to the group of contracts that the Group pays or receives before the group of insurance contracts is recognised.

The Group calculates the loss-recovery component by multiplying the loss recognised on the underlying insurance contracts and the percentage of claims on the underlying insurance contracts the Group expects to recover from the group of reinsurance contracts held. The Group uses a systematic and rational method to determine the portion of losses recognised on the group to insurance contracts covered by the group of reinsurance contracts held where some contracts in the underlying group are not covered by the group of reinsurance contracts held.

Reinsurance contracts - subsequent measurement
The Group measures the carrying amount of the liability for remaining coverage at the end of each reporting period as the liability for remaining coverage at the beginning of the period:
- Plus premiums received in the period;
- Minus insurance acquisition cash flows, with the exception of property insurance product line for which the Group chooses to expense insurance acquisition cash flows as they occur;
- Plus any amounts relating to the amortisation of the insurance acquisition cash flows recognised as an expense in the reporting period for the group;
- Plus any adjustment to the financing component, where applicable;
- Minus the amount recognised as insurance revenue for the services provided in the period; and
- Minus any investment component paid or transferred to the liability for incurred claims.

The Group estimates the liability for incurred claims as the fulfilment cash flows related to incurred claims. The fulfilment cash flows incorporate, in an unbiased way, all reasonable and supportable information available without undue cost or effort about the amount, timing and uncertainty of those future cash flows, they reflect current estimates from the perspective of the Group, and include an explicit adjustment for non-financial risk (the risk adjustment). The Group does not adjust the future cash flows for the time value of money and the effect of financial risk for the measurement of liability for incurred claims that are expected to be paid within one year of being incurred.

Where, during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, the Group recognises a loss in profit or loss for the net outflow, resulting in the carrying amount of the liability for the group being equal to the fulfilment cash flows. A loss component is established by the Group for the liability for remaining coverage for such onerous group depicting the losses recognised.

Where the Group has established a loss-recovery component, the Group subsequently reduces the loss recovery component to zero in line with reductions in the onerous group of underlying insurance contracts in order to reflect that the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.

Presentation
The Group has presented separately, in the statement of financial position, the carrying amounts of portfolios of reinsurance contracts issued that are assets in Note 21 and portfolios of reinsurance contracts held that are liabilities in Note 23.

21 RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Trade receivables	**6,588.2**	6,970.3	**5,321.2**	5,320.9
Staff advances/loans	**55.7**	52.4	**40.4**	38.4
Deposits and prepayments	**397.0**	892.7	**68.7**	436.2
Other receivables*	**5,699.1**	17,652.9	**4,729.4**	16,854.8
Rechargeable job orders debtors	**308.2**	306.4	**201.2**	172.1
Insurance contract assets	**134.0**	0	**0**	0
Advance payment to contractors	**97.1**	161.9	**1.2**	1.5
	13,279.3	26,036.6	**10,362.1**	22,823.9
Impairment losses on:				
- Trade receivables	**(2,666.7)**	(3,002.6)	**(2,515.3)**	(2,854.8)
- Others	**(204.4)**	(207.0)	**(139.1)**	(144.7)
	(2,871.1)	(3,209.6)	**(2,654.4)**	(2,999.5)
	10,408.2	22,827.0	**7,707.7**	19,824.4

The Group's and the Company's credit policies provide trade receivables with a range between 30 days to 90 days (2022: 30 days to 90 days) credit period.

Credit risks relating to receivables are disclosed in Note 45(b) to the financial statements.

* *Included in other receivables of the Group and of the Company are amounts due from the Government amounting to RM4,928.3 million (2022: RM16,853.3 million) and RM4,694.6 million (2022: RM16,853.3 million) respectively, under the ICPT mechanism.*

22 DEPOSITS, BANK AND CASH BALANCES

Accounting Policy

Cash and cash equivalents comprise cash in hand, deposits held at call with financial institutions, other short term investments with original maturity of 90 days or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities. For the purpose of the consolidated statement of cash flows, cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment or other purposes.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Cash in hand and at bank	**3,548.8**	2,334.2	**323.5**	124.7
Deposits with licensed banks and financial institution	**15,841.7**	2,559.2	**13,003.1**	623.5
	19,390.5	4,893.4	**13,326.6**	748.2

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22 DEPOSITS, BANK AND CASH BALANCES (CONTINUED)

The interest rates per annum of bank balances and deposits with licensed banks that were effective as at the end of the reporting date were as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Bank balances	**0.1 - 3.9**	0.1 - 2.7	**0.1 - 2.9**	0.1 - 2.7
Deposits with licensed banks and financial institution	**0.5 - 5.6**	0.1 - 4.3	**3.3 - 5.5**	0.1 - 4.3

Deposits with licensed banks have maturity periods ranging from 1 to 365 days (2022: 1 to 365 days) for the Group and 9 to 90 days (2022: 1 to 77 days) for the Company.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Cash and cash equivalents comprise:				
- Cash in hand and at bank	**3,548.8**	2,334.2	**323.5**	124.7
- Deposits with licensed banks and financial institution	**15,841.7**	2,559.2	**13,003.1**	623.5
Deposits, bank and cash balances	**19,390.5**	4,893.4	**13,326.6**	748.2
Debt reserve account*	**(511.2)**	(153.7)	**0**	0
Cash at bank held in trust**	**(222.8)**	(265.6)	**0**	0
Restricted cash	**(8.2)**	(8.5)	**0**	0
Deposits with maturity of more than 90 days	**(1,423.1)**	(409.5)	**0**	0
Total cash and cash equivalents	**17,225.2**	4,056.1	**13,326.6**	748.2

* *Debt reserve account relates to deposits placed with licensed financial institution as part of security obligations for bond financing.*
** *The cash at bank held in trust is in respect of grants received from Government by a subsidiary for designated capital projects.*

23 PAYABLES

Accounting Policy

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables generally arise from transactions outside the usual operating activities of the Group and the Company. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost, which is the fair value of the consideration to be paid in the future for the goods and services received.

23 PAYABLES (CONTINUED)

Accounting Policy (continued)

Provisions

Provisions are recognised when the Group and the Company have a present legal or constructive obligations as a result of past events, it is probable that an outflow of resources will be required to settle the obligations and reliable estimates of the amounts can be made. Where the Group and the Company expect a provision to be reimbursed by another party, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Insurance contract liabilities

The accounting policy on insurance contract assets and liabilities are disclosed in Note 21.

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Trade payables	(a)	**8,888.4**	7,753.7	**5,615.0**	4,452.6
Payroll liabilities		**1,662.2**	1,620.2	**1,397.5**	1,366.0
Provisions	(b)	**342.1**	298.5	**169.1**	101.8
Financial guarantee contracts		**312.1**	310.6	**316.4**	312.2
Insurance contract liabilities		**136.2**	0	**0**	0
Accruals		**754.6**	712.7	**522.1**	224.9
Other payables		**735.1**	814.0	**317.8**	283.7
		12,830.7	11,509.7	**8,337.9**	6,741.2

(a) Included in trade payables of the Group and the Company are obligations amounting to RM1,970.2 million (2022: RM550.5 million) and RM1,970.2 million (2022: RM507.0 million) respectively, relating to the Electricity Industry Fund under the IBR mechanism.

Credit terms of trade payables of the Group and of the Company vary from 30 to 60 days (2022: 30 to 60 days) depending on the terms of the contracts.

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23 PAYABLES (CONTINUED)

(b) The movements in provision during the financial year are as follows:

	CESS Fund* RM'million	Legal/ Disputes RM'million	Capital Expenditure RM'million	Levy Tax RM'million	Services RM'million	Others RM'million	Total RM'million
Group							
2023							
As at the beginning of the financial year	**166.6**	**25.6**	**34.0**	**45.7**	**0**	**26.6**	**298.5**
Provisions/(Reversal) during the financial year	**48.1**	**(4.5)**	**(8.1)**	**1.7**	**70.6**	**0**	**107.8**
Utilised during the financial year	**(64.2)**	**0**	**0**	**0**	**0**	**0**	**(64.2)**
As at the end of the financial year	**150.5**	**21.1**	**25.9**	**47.4**	**70.6**	**26.6**	**342.1**
2022							
As at the beginning of the financial year	134.5	54.9	75.5	55.4	0	5.0	325.3
Provisions/(Reversal) during the financial year	70.7	4.8	(41.5)	(9.7)	0	21.6	45.9
Utilised during the financial year	(38.6)	(34.1)	0	0	0	0	(72.7)
As at the end of the financial year	166.6	25.6	34.0	45.7	0	26.6	298.5

	CESS Fund* RM'million	Legal/ Disputes RM'million	Capital Expenditure RM'million	Services RM'million	Others RM'million	Total RM'million
Company						
2023						
As at the beginning of the financial year	**29.0**	**12.2**	**34.0**	**0**	**26.6**	**101.8**
Provisions/(Reversal) during the financial year	**4.6**	**0.2**	**(8.1)**	**70.6**	**0**	**67.3**
Utilised during the financial year	**0**	**0**	**0**	**0**	**0**	**0**
As at the end of the financial year	**33.6**	**12.4**	**25.9**	**70.6**	**26.6**	**169.1**
2022						
As at the beginning of the financial year	24.3	42.2	75.5	0	5.0	147.0
Provisions/(Reversal) during the financial year	4.7	4.1	(41.5)	0	21.6	(11.1)
Utilised during the financial year	0	(34.1)	0	0	0	(34.1)
As at the end of the financial year	29.0	12.2	34.0	0	26.6	101.8

* *Central Excise and Service Tax ('CESS') Fund is relating to contribution for Electricity Supplies Industry Trust Account ('AAIBE').*

24 EMPLOYEE BENEFITS

Accounting Policy

The Group and the Company have various post-employment benefit schemes which are either defined contribution or defined benefit plans. A defined contribution plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity (a fund) on a mandatory, contractual or voluntary basis and the Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee services in the current and prior periods.

Defined contribution plans

The Group's and the Company's contributions to the defined contribution plans are charged to the statement of profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

Defined benefit plans

The Group and the Company make contributions to the Group and Company's Retirement Benefit Plan, a defined benefit plan and an approved fund independent of the Group and Company's finances. A book provision is also provided by the Group and the Company as the contribution rate required to fund the benefits under the said plan is in excess of the Inland Revenue maximum limit. The Group and the Company also provided for a Post-Retirement Medical Plan for certain employees, which is unfunded.

The liability in respect of a defined benefit plan is the present value of the defined benefit obligation at the statement of financial position date minus the fair value of plan assets. The Group and the Company determine the present value of the defined benefit obligation and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting date.

The defined benefit obligation, calculated using the Projected Unit Credit Method, is determined by an independent actuarial firm, considering the estimated future cash outflows using market yields at the statement of financial position date of high-quality corporate bonds which have currency and terms to maturity approximating the terms of the related liability.

The current service cost of the defined benefit plan reflects the increase in the defined benefit obligation resulting from employee services in the current year. It is recognised in the statement of profit or loss as employee benefits expense.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefits obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly to the OCI in the period in which they arise. The actuarial gains and losses are not subsequently reclassified to the statement of profit or loss.

(i) Retirement Benefit Trust Fund ('RBTF')

The Group and the Company operate a final salary defined benefit plan. The benefit is made as lump sum payment at retirement or earlier exits due to death and early retirement. Currently, there is no minimum funding requirement under the law.

The RBTF exposes the Group and the Company to risks from interest rates from defined benefit being greater than expected due to assumptions such as salary increment or turnover rates not being borne out. The RBTF is also exposed to investment risks in relation to the assets of the plan. Any surplus in RBTF will be used to reduce any future contributions to be paid by the Group and the Company.

The funding of the RBTF is based on recommendation of the actuary and approved by the Group and the Company. The contributions by the Group and the Company are based on 7.0% (2022: 7.0%) of the annual basic salaries of the members. The employees are not required to contribute to the plan.

The Group and the Company expect to contribute 6.0% (2022: 6.0%) of the annual basic salaries of members to the plan in the next financial year.

NOTES TO THE FINANCIAL STATEMENTS
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24 EMPLOYEE BENEFITS (CONTINUED)

Accounting Policy (continued)

Defined benefit plans (continued)

(ii) Post-Retirement Medical Benefit Scheme ('PRMBS')

The Group and the Company operate a post-retirement medical benefits plan in Malaysia. The PRMBS is closed to new entrants effective on 1 September 1998 and 1 September 1990 for the Group and the Company, respectively. There is no minimum funding requirement under the current law. The PRMBS is unfunded.

The PRMBS exposes the Group and the Company to risks from interest rates and from defined benefits being greater than expected due to assumptions such as projection of medical benefit costs and mortality not being borne out.

There has not been any settlement or curtailment during the current financial year.

The movements in the financial statements are as follows:

	RBTF			PRMBS	Total
	Defined benefit obligation RM'million	Fair value of plan asset RM'million	Net defined benefit liability RM'million	RM'million	RM'million
Group					
At 1 January 2023	**1,920.1**	**(1,854.3)**	**65.8**	**11,492.4**	**11,558.2**
Included in profit or loss					
Current service costs	**67.9**	**0**	**67.9**	**0**	**67.9**
Interest cost/(income)	**90.7**	**(93.5)**	**(2.8)**	**605.3**	**602.5**
	158.6	**(93.5)**	**65.1**	**605.3**	**670.4**
Included in OCI					
Remeasurement of loss (Note 38):					
- Actuarial loss/(gain) arising from:					
- financial assumptions	**60.5**	**0**	**60.5**	**960.5**	**1,021.0**
- experience assumptions	**(173.0)**	**0**	**(173.0)**	**(64.5)**	**(237.5)**
- demographic assumptions	**0**	**0**	**0**	**(2.7)**	**(2.7)**
- Return on plan assets excluding interest income	**0**	**86.5**	**86.5**	**0**	**86.5**
	(112.5)	**86.5**	**(26.0)**	**893.3**	**867.3**
Others					
Contribution paid by the employer	**0**	**(229.1)**	**(229.1)**	**0**	**(229.1)**
Benefits paid	**(310.0)**	**308.3**	**(1.7)**	**(641.1)**	**(642.8)**
	(263.9)	**72.2**	**(191.7)**	**857.5**	**665.8**
At 31 December 2023	**1,656.2**	**(1,782.1)**	**(125.9)**	**12,349.9**	**12,224.0**
Non-current assets			**(147.1)**	**0**	**(147.1)**
Current liabilities			**0.5**	**615.3**	**615.8**
Non-current liabilities			**20.7**	**11,734.6**	**11,755.3**
			(125.9)	**12,349.9**	**12,224.0**

24 EMPLOYEE BENEFITS (CONTINUED)

The movements in the financial statements are as follows: (continued)

	RBTF			PRMBS	Total
	Defined benefit obligation RM'million	Fair value of plan asset RM'million	Net defined benefit liability RM'million	RM'million	RM'million
Group					
At 1 January 2022	2,231.9	(1,919.8)	312.1	12,122.4	12,434.5
Included in profit or loss					
Current service costs	81.6	0	81.6	0	81.6
Interest cost/(income)	92.5	(84.0)	8.5	569.6	578.1
	174.1	(84.0)	90.1	569.6	659.7
Included in OCI					
Remeasurement of gain (Note 38):					
- Actuarial (gain)/loss arising from:					
- financial assumptions	(77.7)	0	(77.7)	(670.4)	(748.1)
- experience assumptions	(90.6)	0	(90.6)	42.3	(48.3)
- demographic assumptions	(0.3)	0	(0.3)	0	(0.3)
- Return on plan assets excluding interest income	0	69.6	69.6	0	69.6
	(168.6)	69.6	(99.0)	(628.1)	(727.1)
Others					
Contribution paid by the employer	0	(234.8)	(234.8)	0	(234.8)
Benefits paid	(317.3)	314.7	(2.6)	(571.5)	(574.1)
	(311.8)	65.5	(246.3)	(630.0)	(876.3)
At 31 December 2022	1,920.1	(1,854.3)	65.8	11,492.4	11,558.2
Current liabilities			0.6	591.9	592.5
Non-current liabilities			65.2	10,900.5	10,965.7
			65.8	11,492.4	11,558.2

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24 EMPLOYEE BENEFITS (CONTINUED)

The movements in the financial statements are as follows: (continued)

	RBTF			PRMBS	Total
	Defined benefit obligation RM'million	Fair value of plan asset RM'million	Net defined benefit liability RM'million	RM'million	RM'million
Company					
At 1 January 2023	**1,895.3**	**(1,851.9)**	**43.4**	**10,860.7**	**10,904.1**
Included in profit or loss					
Current service costs	**53.3**	**0**	**53.3**	**0**	**53.3**
Interest cost/(income)	**89.7**	**(93.5)**	**(3.8)**	**571.3**	**567.5**
	143.0	**(93.5)**	**49.5**	**571.3**	**620.8**
Charged to subsidiaries	**12.9**	**0**	**12.9**	**0**	**12.9**
	155.9	**(93.5)**	**62.4**	**571.3**	**633.7**
Included in OCI					
Remeasurement of loss (Note 38):					
- Actuarial loss/(gain) arising from:					
- financial assumptions	**61.9**	**0**	**61.9**	**867.8**	**929.7**
- experience assumptions	**(172.2)**	**0**	**(172.2)**	**(73.9)**	**(246.1)**
- Return on plan assets excluding interest income	**0**	**86.5**	**86.5**	**0**	**86.5**
	(110.3)	**86.5**	**(23.8)**	**793.9**	**770.1**
Others					
Contribution paid by the employer	**0**	**(229.1)**	**(229.1)**	**0**	**(229.1)**
Benefits paid	**(308.3)**	**308.3**	**0**	**(612.2)**	**(612.2)**
	(262.7)	**72.2**	**(190.5)**	**753.0**	**562.5**
At 31 December 2023	**1,632.6**	**(1,779.7)**	**(147.1)**	**11,613.7**	**11,466.6**
Non-current assets			**(147.1)**	**0**	**(147.1)**
Current liabilities			**0**	**589.5**	**589.5**
Non-current liabilities			**0**	**11,024.2**	**11,024.2**
			(147.1)	**11,613.7**	**11,466.6**

24 EMPLOYEE BENEFITS (CONTINUED)

The movements in the financial statements are as follows: (continued)

	RBTF			PRMBS	Total
	Defined benefit obligation RM'million	Fair value of plan asset RM'million	Net defined benefit liability RM'million	RM'million	RM'million
Company					
At 1 January 2022	2,202.2	(1,917.7)	284.5	11,426.3	11,710.8
Included in profit or loss					
Current service costs	61.5	0	61.5	0	61.5
Interest cost/(income)	91.5	(84.0)	7.5	535.9	543.4
	153.0	(84.0)	69.0	535.9	604.9
Charged to subsidiaries	18.5	0	18.5	0	18.5
	171.5	(84.0)	87.5	535.9	623.4
Included in OCI					
Remeasurement of gain (Note 38):					
- Actuarial (gain)/loss arising from:					
- financial assumptions	(76.7)	0	(76.7)	(602.4)	(679.1)
- experience assumptions	(87.0)	0	(87.0)	45.7	(41.3)
- Return on plan assets excluding interest income	0	69.9	69.9	0	69.9
	(163.7)	69.9	(93.8)	(556.7)	(650.5)
Others					
Contribution paid by the employer	0	(234.8)	(234.8)	0	(234.8)
Benefits paid	(314.7)	314.7	0	(544.8)	(544.8)
	(306.9)	65.8	(241.1)	(565.6)	(806.7)
At 31 December 2022	1,895.3	(1,851.9)	43.4	10,860.7	10,904.1
Current liabilities			0	569.6	569.6
Non-current liabilities			43.4	10,291.1	10,334.5
			43.4	10,860.7	10,904.1

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24 EMPLOYEE BENEFITS (CONTINUED)

The latest actuarial revaluation for RBTF and PRMBS was carried out in February 2024. The principal actuarial assumptions used in respect of defined benefit plans are as follows:

	Group		Company	
	RBTF %	PRMBS %	RBTF %	PRMBS %
2023				
Discount rates	**4.4-5.4**	**4.6-4.7**	**4.4**	**4.6**
Salary increment rate	**4.0-6.0**	**N/A**	**6.0**	**N/A**
Medical cost inflation:				
- Inpatient	**N/A**	**5.5**	**N/A**	**5.5**
- Outpatient	**N/A**	**4.5**	**N/A**	**4.5**
Others:				
- Specialist	**N/A**	**4.5**	**N/A**	**4.5**
- Dialysis	**N/A**	**5.5**	**N/A**	**5.5**
2022				
Discount rates	4.5-5.4	5.4-5.5	5.1	5.4
Salary increment rate	4.0-6.0	N/A	6.0	N/A
Medical cost inflation:				
- Inpatient	N/A	5.5	N/A	5.5
- Outpatient	N/A	4.5	N/A	4.5
Others:				
- Specialist	N/A	4.5	N/A	4.5
- Dialysis	N/A	5.5	N/A	5.5

The effect of a 1.0% movement in the key assumptions to the defined benefit obligation balances are as follows:

	RBTF		PRMBS	
	Increase RM'million	Decrease RM'million	Increase RM'million	Decrease RM'million
Group				
2023				
Medical cost trend rate	**N/A**	**N/A**	**1,490.8**	**(1,266.0)**
Discount rate	**(89.2)**	**98.1**	**(1,305.6)**	**1,571.6**
Salary increment rate	**117.7**	**(109.0)**	**N/A**	**N/A**
2022				
Medical cost trend rate	N/A	N/A	1,367.4	(1,162.9)
Discount rate	(103.3)	113.9	(1,191.4)	1,430.0
Salary increment rate	129.1	(118.8)	N/A	N/A

24 EMPLOYEE BENEFITS (CONTINUED)

The effect of a 1.0% movement in the key assumptions to the defined benefit obligation balances are as follows: (continued)

	RBTF		PRMBS	
	Increase RM'million	Decrease RM'million	Increase RM'million	Decrease RM'million
Company				
2023				
Medical cost trend rate	**N/A**	**N/A**	**1,380.6**	**(1,175.3)**
Discount rate	**(87.3)**	**96.0**	**(1,212.8)**	**1,456.4**
Salary increment rate	**115.8**	**(106.8)**	**N/A**	**N/A**
2022				
Medical cost trend rate	N/A	N/A	1,273.7	(1,085.7)
Discount rate	(100.9)	111.2	(1,112.9)	1,332.8
Salary increment rate	125.9	(115.9)	N/A	N/A

The sensitivity analysis has been provided based on membership data as at 31 December 2023 and considered a change of each principal assumption in isolation. The method and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the Group's and of the Company's liabilities are estimated at approximately 6 and 14 years for RBTF and PRMBS respectively.

Plan assets for RBTF comprise:

	Group and Company	
	2023 %	2022 %
Equity instruments - quoted	**43.7**	47.5
Debt instruments - quoted	**19.5**	18.1
- unquoted	**23.8**	21.6
Others	**13.0**	12.8
	100.0	100.0

The plan assets for RBTF did not include any ordinary share of the Company.

The Group's and the Company's RBTF are conditional on future employment of the members of the plan. The Group's and the Company's PRMBS are not conditional on future employment and has been fully vested as at 31 December 2023.

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25 CONSUMER DEPOSITS

Consumers are required to deposit a sum sufficient to cover charges for two months supply of electricity as allowed under the regulation of the Licensee Supply (Amendment) Regulations 2002 (with the exception of employees, government departments/agencies and recipients of government assistance program for eKasih Group). In default of payment of the deposit within the time specified, the supply to the consumer's installation may be disconnected, subject to certain conditions laid out in the regulations.

An interest of 2.5% per annum is credited to the consumer's cash deposit.

Consumer deposits are classified as current liabilities as the amounts shall be refunded within 30 days upon request for termination of electricity supply by the consumer.

26 BORROWINGS

Accounting Policy

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective interest method, any differences between proceeds (net of transaction costs) and the redemption value are recognised in the statement of profit or loss over the period of the borrowings.

Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Where the terms of a financial liability are renegotiated and the Group issues equity instruments to a debt holder to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in statement of comprehensive income, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued, if any.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawdown. The transaction costs are amortised over the tenure of the loan and recognised in the statement of profit or loss.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

Government loans, where the interest rate is below the market interest rate, the differential between the initial carrying value of the loan based on market rate and the Government rate is recognised as a deferred income and is credited to the statement of profit or loss over the period necessary to match the interest costs.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

26 BORROWINGS (CONTINUED)

	Note	Group 2023 RM'million	Group 2022 RM'million	Company 2023 RM'million	Company 2022 RM'million
Current					
Secured:					
- Short term loans		**392.6**	394.2	**0**	0
- Term loans	(a)	**1,031.0**	827.8	**0**	0
- Bonds	(b)	**1,130.3**	486.0	**0**	0
Unsecured:					
- Short term loans		**4,266.7**	5,662.5	**4,019.1**	5,384.8
- Bankers' acceptances		**55.2**	687.6	**0**	595.6
- Term loans	(a)(c)	**192.8**	3,708.0	**107.9**	3,641.9
- Bonds*		**262.0**	1,496.1	**227.4**	1,489.9
Total short term borrowings		**7,330.6**	13,262.2	**4,354.4**	11,112.2
Non-current					
Secured:					
- Term loans	(a)	**5,539.1**	4,755.1	**0**	0
- Bonds	(b)	**16,651.3**	17,987.3	**0**	0
Unsecured:					
- Term loans	(a)(c)	**3,992.3**	1,969.5	**1,556.8**	1,701.6
- Bonds*	(b)	**28,256.9**	25,908.1	**23,766.9**	23,418.1
Total long term borrowings		**54,439.6**	50,620.0	**25,323.7**	25,119.7
Total borrowings		**61,770.2**	63,882.2	**29,678.1**	36,231.9

* *Included in the bonds are borrowings taken up by a subsidiary for the Company:*

	Company 2023 RM'million	Company 2022 RM'million
Current	**50.2**	48.2
Non-current	**6,880.3**	6,607.5
	6,930.5	6,655.7

The short term borrowings carry interest at rates ranging from 0.8% to 8.0% (2022: 0.8% to 8.0%) per annum for the Group and from 0.8% to 7.7% (2022: 0.8% to 7.7%) per annum for the Company.

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26 BORROWINGS (CONTINUED)

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Portion of borrowings due within 1 year:				
- Short term loans	**4,659.3**	6,056.7	**4,019.1**	5,384.8
- Bankers' acceptances	**55.2**	687.6	**0**	595.6
- Term loans	**1,223.8**	4,535.8	**107.9**	3,641.9
- Bonds	**1,392.3**	1,982.1	**227.4**	1,489.9
	7,330.6	13,262.2	**4,354.4**	11,112.2
Borrowings repayable after 1 year:				
- After 1 and up to 2 years	**3,344.3**	1,157.7	**1,641.0**	106.3
- After 2 and up to 5 years	**12,598.6**	8,275.1	**7,491.7**	5,098.4
- After 5 and up to 10 years	**11,699.6**	13,663.9	**4,488.9**	7,104.9
- After 10 and up to 20 years	**22,258.0**	22,069.7	**10,152.8**	11,274.5
- After 20 and up to 30 years	**4,102.3**	5,006.8	**1,200.0**	1,200.0
- After 30 years	**436.8**	446.8	**349.3**	335.6
	54,439.6	50,620.0	**25,323.7**	25,119.7
Total borrowings	**61,770.2**	63,882.2	**29,678.1**	36,231.9

	Group	
	2023 RM'million	2022 RM'million
Net book values of assets pledged as security for borrowings:		
Machinery, lines and equipment	**29,442.4**	29,457.6
Buildings	**3,161.0**	3,240.4
Land	**481.8**	440.0
	33,085.2	33,138.0

(a) Term loans

(i) Term Loans - Japan Bank for International Cooperation

On 4 March 1999, the Company obtained an unsecured JPY49.1 billion term loan at fixed interest rate of 0.8% per annum. The facility will mature on 20 March 2039 with 40 years tenure. The facility was used to finance the implementation of the Port Dickson (Tuanku Jaafar) Power Station Rehabilitation Project. The term loan is guaranteed by the Government of Malaysia.

On 31 March 2000, the Company obtained an unsecured JPY53.8 billion term loan at fixed interest rate of 1.0% per annum. The facility will mature on 20 March 2040 with 40 years tenure. The facility was used to finance the implementation of the Port Dickson (Tuanku Jaafar) Power Station Rehabilitation Project (II). The term loan is guaranteed by the Government of Malaysia.

(ii) Term Loans - SESB Federal Government Loans

The Federal Government provided RM2,028.1 million loans to SESB from 6 January 2003 to 11 April 2016 to finance the development project under the Malaysia Plan and electricity infrastructure development and upgrading projects in the state of Sabah. These loans have tenures ranging from 20 to 25 years, bearing applicable fixed interest rates of between 0% to 4.0% per annum.

26 BORROWINGS (CONTINUED)

(a) Term loans (continued)

(ii) Term Loans - SESB Federal Government Loans (continued)

The loans are secured by the following:

- A debenture creating:
  - a first fixed charge over all present and future freehold and leasehold properties including all buildings and fixtures; and
  - a first floating charge over all present and future assets of SESB not effectively charged by way of the fixed charge.
- A deed of assignment transferring all SESB's present and future rights and interests in all sales proceeds or revenue derived from the sale of electricity generated from the projects funded.
- A deed of assignment transferring all SESB's present and future rights and interests in the bank accounts in which the loan proceeds are credited.

(iii) Term Loan - TSS

On 19 July 2017, TSS entered into a 20-year secured Istisna' Term Financing-i for a maximum principal of RM280.0 million to finance the construction of a 50MW solar power plant in Kuala Langat. The profit rate is based on Kuala Lumpur Interbank Offered Rate ('KLIBOR') plus a prevailing margin per annum. The financing is secured over the cash flows generated from the power plant and has a maturity date of 30 June 2037.

(iv) Term Loan - TWV

On 28 March 2018, TWV obtained a secured debt facility of GBP120.0 million for the purpose of refinancing the senior debt facility held by GVO Wind Limited ('GVO') and Bluemerang Capital Limited ('BCL'), the wholly owned subsidiaries of TWV. The debt facility is secured against TWV's assets, i.e. machinery, buildings and land. Following the London Interbank Offered Rate ('LIBOR') transition exercise, TWV entered into an addendum agreement in 2021 to reflect the new financing reference rate of Sterling Overnight Index Average ('SONIA') which took effect from January 2022. The loan will mature on 30 September 2033.

(v) Term Loan - TBSS

On 13 December 2018, TBSS secured a RM135.0 million Islamic Facility Agreement from MUFG Bank (Malaysia) Berhad to finance the construction of a 30MW solar power plant in Bukit Selambau, Kedah. The agreement's tenure is up to 20 years, with a periodic distribution rate at KLIBOR plus a prevailing margin per annum. The financing is secured over the cash flows generated from the power plant and has a maturity date of 10 December 2038.

(vi) Term Loan - Norman 1985 Limited ('Norman')

The GBP63.5 million term loan was obtained on 25 July 2019 and secured against Norman's tangible fixed assets to finance its portfolio of wind farm assets. The loan bears a fixed interest rate of 2.8% per annum and will mature in March 2037.

(vii) Term Loans - Dullarbtons and Elipsgeen

On 9 July 2021, both Dullarbtons and Elipsgeen, the wholly owned subsidiaries of VRE3, obtained secured facilities of EUR73.7 million and EUR73.0 million respectively. The facilities are secured against Dullarbtons's and Elipsgeen's tangible fixed assets to finance the construction of its solar portfolio. It includes three term facilities and a Value Added Tax ('VAT') facility issued under one facility agreement. The three term facilities are as below:

(a) Kreditanstalt für Wiederaufbau ('KfW') 17 years facility with the maturity on 31 December 2037. The facility bears a floating rate of Euro Interbank Offered Rate ('EURIBOR') plus 0.9% margin.
(b) KfW 20 years facility with the maturity on 30 June 2041. The facility bears a floating rate of EURIBOR plus 0.9% margin.
(c) Commercial Term Facility 20 years facility with the maturity on 30 June 2041. The facility bears a floating rate of EURIBOR plus 1.5% to 1.6% margin.

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26 BORROWINGS (CONTINUED)

(a) Term loans (continued)

(viii) Term Loan - Vantage Solar UK Limited ('VSUK')

In February 2022, VSUK has refinanced the previous facility with a new external loan from non-banking institutions to replace the existing lenders. The new financing facility amounted to GBP274.9 million, with a fixed interest rate at 2.8% maturing on 31 March 2035. The facility is secured against VSUK's assets, i.e. machinery, buildings, and land.

(ix) Term Loan - Cooling Energy Supply Sdn. Bhd. ('CES')

On 29 June 2022, CES obtained a 15-year RM147.0 million Tawarruq Term Financing-i ('TF-i') to part finance 80.0% of the total project cost, relating to the concession to operate, maintain and upgrade an existing district cooling co-generation plant and supply electricity and chilled water to Kuala Lumpur International Airport ('KLIA') with a floating profit rate at the prevailing KLIBOR plus 0.5% per annum with maximum capping of 12.0% per annum. The TF-i facility will mature on 29 June 2037.

The term loan is secured by the following:
(a) Deed of Assignment of CES's proceeds, rights, title, profits/interests and benefit in respect of the Concession Agreement, the Cooling Energy Supply Agreements and the Electricity Supply Agreement;
(b) Assignment of relevant Takaful Contracts in relation to the Project;
(c) Debenture comprising fixed and floating charges over all present and future assets of CES; and
(d) Charge over the Designated Accounts (i.e. the Revenue Account and the Operating Account).

(x) Term Loan - TNB Bukit Selambau Solar Dua Sdn. Bhd. ('TBSS2')

On 30 September 2022, TBSS2 secured a Term Financing-i Facility from CIMB Islamic Bank Berhad, amounting up to RM185.0 million. This financing is for the construction of a 50MW solar power plant in Bukit Selambau, Kedah. The financing facility's tenure is up to 21 years, with a profit rate based on KLIBOR plus a prevailing margin per annum. The profit period is up to 6 months, with a grace period of up to 15 months. The financing facility is expected to be settled fully, at the latest, by the Final Maturity Date, 21 years from the first disbursement of the financing facility.

(xi) Term Loan - VRE1

On 20 December 2022, VRE1 obtained a 15-year debt facility of GBP72.4 million for the purpose of refinancing the shareholder's loan provided by the ultimate holding company for the acquisition of 49.0% shareholding in BODL in 2021. The facility bears interest at a rate per annum equal to SONIA plus an applicable margin of 1.4% to 1.5% and will mature on 30 September 2037. The facility is secured by a fixed and floating charge over the assets of VRE1, as well as over VRE's shares in VRE1.

(xii) Term Loan - Clean Energy and Infrastructure UK Wind Limited ('CEI UK Wind')

The GBP73.1 million loan was obtained over 5 tranches and secured against CEI UK's tangible fixed assets, to finance its portfolio of wind farm assets. The loan bears a combination of fixed interest rate of 2.2% per annum and variable interest rate based on the Retail Price Index ('RPI') and will mature in June 2032.

26 BORROWINGS (CONTINUED)

(a) Term loans (continued)

(xiii) Term Loans - VRE

(a) Term Loan - acquisition of JBM Solar Projects 23 Limited and JBM Solar Projects 18 Limited

On 21 March 2023, VRE entered into an unsecured 2-year financing facility with Sumitomo Mitsui Banking Corporation, totalling GBP101.7 million, with an accordion facility of GBP45.1 million. The facility was used to fund the acquisition and construction of a 102MW solar portfolio consisting of two sites. The facility carries a variable interest rate based on SONIA plus a margin of 0.8%. It matures on 21 March 2025, with repayment in full on the maturity date. As of 31 December 2023, GBP59.9 million of the loan facility has been utilised.

(b) Term Loan - acquisition of solar portfolio in the Republic of Ireland

On 1 December 2023, VRE obtained an unsecured 5-years acquisition financing facility with MUFG Bank, Ltd. ('MUFG') of EUR99.5 million for the purpose of acquiring the operational solar portfolio in the Republic of Ireland as disclosed in Note 48. The facility interest rate is equal to EURIBOR plus an applicable margin of 1.3% per annum. The principal amount will be fully repaid on its maturity date on 1 December 2028.

(xiv) Term Loans - Stone BidCo Pty Ltd

On 27 September 2023, Stone BidCo Pty Ltd, a wholly owned subsidiary of TNBI, obtained an unsecured 5-year debt facility of up to AUD450.0 million for the purpose of the acquisition of 100.0% shareholding in Spark Renewables and to fund its development activities. The facility bears interest at a rate per annum equal to Bank Bill Swap Bid Rate ('BBSY') plus 1.4% p.a. an applicable margin. The loan will mature on 27 September 2028.

(b) Bonds or Sukuk

(i) Debentures - USD350M @ 7.5% Due 2025

On 31 October 1995, the Company obtained an unsecured USD350.0 million debentures at fixed interest rate of 7.5% per annum. The debentures will mature on 1 November 2025 with 30 years tenure. The proceeds were used to fund the Company's capital expenditures.

(ii) Debentures - USD150M @ 7.5% Due 2096

On 16 January 1996, the Company obtained an unsecured USD150.0 million debentures at fixed interest rate of 7.5% per annum. The debentures will mature on 15 January 2096 with 100 years tenure. The proceeds were used to fund the Company's capital expenditures.

(iii) Sukuk - TNB Janamanjung Sdn. Bhd. ('TNBJ')

On 25 November 2011, TNBJ through a special purpose entity, established a RM4.9 billion Islamic Securities Programme to finance the construction of 1,010MW coal-fired power plant. The tenure of the Islamic Securities Programme ranges from 5 to 20 years with a profit rate between 3.8% and 4.9% per annum.

The Islamic Securities were issued by Manjung Island Energy Berhad ('MIEB'), a special purpose vehicle company incorporated in Malaysia with a paid up capital of RM2.00 ordinary share. All of the issued shares of MIEB are held by Equity Trust (Malaysia) Berhad as share trustee for the benefit of certain specified charities, under the terms of a declaration of trust.

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26 BORROWINGS (CONTINUED)

(b) Bonds or Sukuk (continued)

(iii) Sukuk - TNB Janamanjung Sdn. Bhd. ('TNBJ') (continued)

The Sukuk issued from the Islamic Securities Programme consists of 2 series and the details of the series are as follows:
(a) Series 1 consists of 15 tranches, with tenures ranging from 5 to 19 years.
(b) Series 2 consists of 1 tranche, with tenure of 20 years.

The Islamic Securities Programme Series 1 is secured by the followings:
(a) a first ranking assignment of all the TNBJ's rights, interest, titles and benefits under PPA 1 (Manjung 1, 2 & 3) and PPA 2 (Manjung 4), inclusive of the proceeds therefrom; and
(b) a first ranking assignment of all designated accounts and the related credit balances.

The Islamic Securities Programme Series 2 is unsecured and has the benefit of unconditional and irrevocable guarantee from the Company, to meet the payment obligations of the TNBJ.

(iv) Sukuk - TNB Northern Energy Berhad ('TNEB')

On 22 May 2013, TNEB entered into a RM1.6 billion sukuk facility agreement to finance the construction of a 1,071MW gas-fired power plant. The tenure of the sukuk is 23 years with profit rates between 3.6% and 4.8% per annum. The sukuk issuance were made in 39 tranches with tenures ranging from 4 to 23 years, with the final maturity date in March 2036. The sukuk facility agreement is secured over the cash flows generated from the power plant.

(v) Sukuk - KEV

On 5 July 2013, KEV issued a sukuk based on the Shariah principles of Ijarah ('Sukuk Ijarah') of RM2.0 billion in nominal value. The tenures ranges from 1 to 13 years with profit rates of 3.8% to 5.0% per annum. The sukuk proceeds were utilised for Shariah-compliant purposes, which include refinancing the outstanding Bai' Bithaman Ajil Islamic Debt Securities ('BaIDS'), payment of fees and expenses in relation to the Sukuk Ijarah facility and to meet the general working capital purposes of KEV. The sukuk facility agreement is secured over the cash flows generated from the power plant.

(vi) Sukuk - TNB Western Energy Berhad ('TWEB')

On 24 January 2014, TWEB executed a RM3.7 billion sukuk facility agreement to finance the construction of a 1,000MW coal-fired power plant. The tenure of the Facility Agreement is 23 years with a periodic distribution rate between 5.1% to 5.8% per annum. The sukuk facility agreement is secured over cash flows generated from the power plant.

(vii) Sukuk - JEP

On 4 December 2015, JEP issued a Sukuk Murabahah of RM9.0 billion in nominal value. The proceeds from the Sukuk Murabahah were utilised by JEP for shariah-compliant purposes in connection with the financing, design, engineering, procurement, construction, installation, testing, commissioning, ownership, operation and maintenance of a 2,000MW coal-fired power plant and associated facilities, including the transmission line and interconnection facilities. The tenure of the facility agreement is 23 years with profit rates between 5.0% and 6.8% per annum. The sukuk facility agreement consists of 36 tranches with tenures ranging from 6 to 23 years.

26 BORROWINGS (CONTINUED)

(b) Bonds or Sukuk (continued)

(vii) Sukuk - JEP (continued)

The Sukuk Murabahah is secured by the following securities:

(a) a charge over the Power Plant Land, the sub-lease of the Power Plant Land, and the lease of the Jetty Lands;

(b) fixed and floating charges over all present and future assets of JEP excluding the certain bank accounts and all credit balances therein and any rights, interest, titles and benefits under the Offset Agreement and Offset Management Services Agreement;

(c) assignment of all the JEP's rights, titles, interest and benefits under the project documents and the proceeds therefrom (including the power purchase agree and revenues thereunder) but excluding the generation licence, Offset Agreement and Offset Management Services Agreement; and

(d) a charge over certain designated bank accounts.

The carrying amounts of total assets pledged as security for current and non-current borrowings are as disclosed.

(viii) Multi-currency Sukuk - TNB Global Ventures Capital Berhad ('TGVC')

On 4 October 2016, TGVC established a USD2.5 billion Multi-Currency Medium Term Note Sukuk Programme ('Sukuk Programme') to provide flexibility to the Group's fund raising exercise for its future investments. The Sukuk Programme is unsecured and has the benefit of an unconditional and irrevocable guarantee from the Company, to meet the payment obligations to the Sukukholders.

On 19 October 2016, TGVC issued USD750.0 million under this Sukuk Programme for a tenure of 10 years with profit rate of 3.2% per annum. Subsequently, on 1 November 2018, TGVC had a second issuance of USD750.0 million for a tenure of 10 years with a profit rate of 4.9%. Both issuances were listed and quoted on Bursa Malaysia Securities Trading (under the Exempt Regime) and on the Singapore Exchange Securities Trading Limited at its respective issuance date.

The proceeds from the issuances of the Sukuk Programme above were transferred by TGVC to the Company under the same terms as the Sukuk Programme.

(ix) Sukuk - Islamic Medium Term Note Sukuk Wakalah (RM5.0 billion)

On 6 July 2017, the Company established unsecured RM5.0 billion Islamic Medium Term Note Sukuk Wakalah. The Sukuk Programme is to finance capital expenditure, investment, general corporate purpose, working capital requirements and/or refinance any existing financing facilities of the issuer and/or its subsidiaries and to defray any fees and expenses of the Sukuk Programme.

On 3 August 2017, the Company issued RM2.0 billion Sukuk Wakalah which comprised RM500.0 million with 15 years tenure and RM1.5 billion with 20 years tenure, with profit rates of 5.0% and 5.2% respectively.

On 29 August 2018, the Company issued RM3.0 billion Sukuk Wakalah which comprised RM1.0 billion with 15 years tenure and RM2.0 billion with 20 years tenure, with profit rates of 4.8% and 5.0% per annum respectively.

(x) Sukuk - Southern Power Generation Sdn. Bhd. ('SPG')

On 31 October 2017, SPG issued a Sukuk Wakalah of RM3.7 billion in nominal value to finance the construction of a 1,440MW gas-fired power plant and associated facilities, including the interconnection facilities.

The tenure of the facility agreement is 18 years with profit rates between 4.7% and 5.6% per annum. The sukuk facility agreement consists of 28 tranches with tenures ranging from 4.5 years to 18 years.

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26 BORROWINGS (CONTINUED)

(b) Bonds or Sukuk (continued)

(x) Sukuk - Southern Power Generation Sdn. Bhd. ('SPG') (continued)

The Sukuk Wakalah is secured by the following securities:
(a) all PPE including the plant, machinery, motor vehicle, furniture, fittings and other equipment of the SPG.
(b) all shares, bonds and securities whether marketable or otherwise and all other interests including but not limited loan capital.

(xi) Sukuk - Islamic Medium Term Note Sukuk Wakalah (RM10.0 billion)

On 30 June 2020, the Company established unsecured RM10.0 billion Islamic Medium Term Note Sukuk Wakalah. The Sukuk Programme is to finance capital expenditure, investment, general corporate purposes, working capital requirement and/or refinance any existing financing facilities of the Company and/or subsidiaries and to defray any fees and expenses of Sukuk Wakalah Programme.

On 12 August 2020, the Company issued RM3.0 billion Sukuk Wakalah which comprised RM750.0 million with 10 years tenure, RM750.0 million with 15 years tenure and RM1.5 billion with 20 years tenure, with profit rates of 2.9%, 3.3% and 3.6% per annum respectively.

On 25 November 2021, the Company issued RM3.0 billion Sukuk Wakalah which comprised RM300.0 million with 7 years tenure, RM300.0 million with 10 years tenure, RM1.2 billion with 15 years tenure and RM1.2 billion with 20 years tenure, with profit rates of 3.9%, 4.1%, 4.5% and 4.7% per annum respectively.

On 30 June 2022, the Company issued RM4.0 billion Sukuk Wakalah which comprised RM1.12 billion with 7 years tenure, RM300.0 million with 10 years tenure, RM880.0 million with 15 years tenure, RM500.0 million with 20 years tenure and RM1.2 billion with 25 years tenure, with profit rates of 4.7%, 4.8%, 5.2%, 5.4% and 5.6% per annum respectively.

(xii) Sukuk - TNB Power Generation Sdn. Bhd. ('TPGSB')

On 2 June 2022, TPGSB issued unsecured Sustainability Sukuk Wakalah of RM1.5 billion (1st issuance) under an Islamic Medium Term Notes Programme of up to RM10.0 billion in nominal value ('Sukuk Wakalah Programme') which comprised RM150.0 million with 10 years tenure, RM750.0 million with 15 years tenure and RM600.0 million with 20 years tenure, with profit rates of 4.7%, 5.1% and 5.2% per annum respectively.

On 29 March 2023, TPGSB issued unsecured Sustainability Sukuk Wakalah of RM2.0 billion (2nd issuance) under the same Sukuk Wakalah Programme which comprised RM200.0 million with 7 years tenure, RM600.0 million with 10 years tenure, RM300.0 million with 15 years tenure and RM900.0 million with 20 years tenure, with profit rates of 4.3%, 4.6%, 4.7% and 4.8% per annum respectively.

The proceeds from these issuances of Sustainability Sukuk Wakalah under the Sukuk Wakalah Programme have been and shall be utilised by TPGSB to finance and/or refinance loans obtained to finance the development costs related to the planning, design, engineering, and construction of Nenggiri Hydroelectric Power Plant Project ('Project Nenggiri') to be undertaken by TNBPG Hydro Nenggiri Sdn. Bhd. ('THNSB'), a special purpose vehicle set up to solely undertake Project Nenggiri.

The Sustainability Sukuk Wakalah proceeds will be channelled by TPGSB to THNSB through the provision of shareholders' loans and/or advances and/or through subscription of any equity instruments as may be agreed between the parties.

26 BORROWINGS (CONTINUED)

(c) Preferred Equity Certificates ('PEC')

On 22 December 2017, Kumpulan Wang Persaraan ('KWAP') had provided a shareholder loan of GBP46.2 million to Vantage Solar Investments S.A.R.L ('VSI') through the subscription of PEC. The financial instrument bears a fixed interest rate of 8.0% per annum and will mature in 2047.

Reconciliation of borrowings from financing activities during the financial year is as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**63,882.2**	51,678.2	**36,231.9**	25,036.3
Cash flows:				
- Drawdowns	**10,612.3**	24,921.6	**5,500.0**	20,475.0
- Repayments	**(14,185.7)**	(12,860.5)	**(12,340.5)**	(9,595.5)
- Finance cost paid	**(2,860.4)**	(2,657.2)	**(1,386.6)**	(1,212.2)
Non-cash changes:				
- Finance cost (Note 37(b))	**2,947.4**	2,692.5	**1,369.2**	1,247.8
- Translation loss - foreign term loans (Note 36)	**304.1**	280.5	**304.1**	280.5
- Changes in fair value	**3.3**	(22.2)	**0**	0
- Effect of changes in foreign currencies	**365.6**	(173.1)	**0**	0
- Acquisition of subsidiaries (Note 48)	**701.4**	649.2	**0**	0
- Conversion to NCI equity (Note 7(b))	**0**	(626.8)	**0**	0
As at the end of the financial year	**61,770.2**	63,882.2	**29,678.1**	36,231.9

27 GOVERNMENT DEVELOPMENT GRANTS

Accounting Policy

Grants from the government are recognised at their fair values where there is a reasonable assurance that the grants will be received and the Group will comply with all its corresponding terms and conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs they are intended to compensate.

Government grants relating to construction of PPE are included in non-current liabilities as deferred income and are credited to the statement of profit or loss on the straight line method over the expected lives of the related assets.

A subsidiary of the Group obtained Government loans where the interest rate is below the market rate of interest. The differential between the initial carrying value of the loan based on market rate and the Government rate is recognised as a deferred income and is credited to the statement of profit or loss over the period necessary to match the interest costs.

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27 GOVERNMENT DEVELOPMENT GRANTS (CONTINUED)

Reconciliation of government development grants from financing activities during the financial year is as follows:

	Group	
	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**875.4**	948.4
Received during the financial year:		
- Cash	**13.3**	3.3
- Assets	**124.9**	31.2
Released to statement of profit or loss:		
- Other operating income (Note 35)	**(72.5)**	(63.4)
- Finance cost (Note 37(b))	**(18.3)**	(24.8)
- Gain on restructuring	**0**	(19.3)
As at the end of the financial year	**922.8**	875.4

The government development grants are provided by the Government mainly for the construction of PPE of RM777.9 million (2022: RM715.4 million) and the Government loan below market interest rate is RM124.0 million (2022: RM142.4 million).

28 OTHER LIABILITIES

	Note	Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Retention monies	(a)	**742.1**	687.1	**738.6**	711.2
Provision for restoration costs	(b)	**498.2**	426.6	**0**	0
Contingent considerations	(c)	**39.1**	22.2	**0**	0
Others	(d)	**69.3**	18.2	**25.8**	2.8
		1,348.7	1,154.1	**764.4**	714.0

(a) Retention monies primarily relate to the vendor retention monies for projects with completion period of more than 12 months.

(b) Provision for restoration cost for certain assets for which there is an obligation to dismantle, remove and restore the sites at the end of their useful lives, discounted at the range of 2.0% to 4.1% (2022: 3.9% to 4.0%).

The movements in provision for restoration costs during the financial year are as follows:

	2023 RM'million	2022 RM'million
Group		
As at the beginning of the financial year	**426.6**	301.8
Provisions during the financial year	**71.6**	124.8
As at the end of the financial year	**498.2**	426.6

(c) The contingent considerations arising from the acquisition of assets and business combination which are expected to be settled by 2025, are discounted at 4.6% and 4.7% respectively.

(d) Mainly relates to the long-term contract arrangement with vendor and amount due to government for the Twelfth Malaysia Plan.

29 SHARE CAPITAL

Accounting Policy

Classification
Ordinary shares and non-redeemable preference shares with dividends are classified as equity. Other shares are classified as equity and/or liability according to the economic substance of the particular instrument.

Distributions to holders of a financial instrument classified as an equity instrument are charged directly to equity.

Share issue costs
Incremental external costs directly attributable to the issuance of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends to shareholders of the Company
Dividends are recognised as liability in the period in which they are declared.

	Note	Group and Company 2023	2022
Issued and fully paid:			
Ordinary Shares		**5,787,331,871**	5,753,077,371
Special Rights Redeemable Preference Share	(a)	**1**	1
Total share capital issued and fully paid		**5,787,331,872**	5,753,077,372

	Note	Group and Company Number of shares 2023 Million	Amount 2023 RM'million	Number of shares 2022 Million	Amount 2022 RM'million
Issued and fully paid:					
Ordinary Shares					
As at the beginning of the financial year		**5,753.1**	**12,204.3**	5,726.1	11,927.6
LTIP shares issued during the financial year	(b)	**34.2**	**295.2**	27.0	276.7
As at the end of the financial year		**5,787.3**	**12,499.5**	5,753.1	12,204.3

(a) Special Rights Redeemable Preference Share ('Special Share')

(i) The Special Share would enable the Government through the Minister of Finance Incorporated ('MOF Incorporated') to ensure that certain major decisions affecting the operations of the Company are consistent with the Government's policies. The Special Shareholder, which may only be the Government or any representative or person acting on its behalf, is entitled to receive notices of meetings but not to vote at such meetings of the Company. However, the Special Shareholder is entitled to attend and speak at such meetings.

The Special Shareholder has the right to appoint any person, but not more than six at any time, to be a member of the Board of Directors of the Company.

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29 SHARE CAPITAL (CONTINUED)

(a) Special Rights Redeemable Preference Share ('Special Share') (continued)

(ii) Certain matters, in particular the alteration of the Articles of Association of the Company relating to the rights of the Special Shareholder, creation and issue of additional shares which carry different voting rights, the dissolution of the Company, substantial disposal of assets, amalgamations, merger and takeover, require the prior consent of the Special Shareholder.

(iii) The Special Shareholder does not have any right to participate in the capital or profits of the Company.

(iv) The Special Shareholder has the right to require the Company to redeem the Special Share, at par, at any time.

(b) The Company issued and allotted ordinary shares of 34,125,400 on 15 June 2023 and 129,100 on 27 June 2023 to eligible employees, pursuant to the letter of offer dated 27 July 2020, 25 May 2021 and 20 July 2022 respectively in accordance with the by-laws of the LTIP scheme of the Company during the financial year ended 31 December 2023.

30 OTHER RESERVES

The Group's and the Company's other reserves comprise:

Nature	Description
LTIP reserve	Arising from the corresponding increase in equity from expenses recognised in the statement of profit or loss over the vesting period of the equity-settled share-based compensation plan for the Group's and the Company's employees as disclosed in Note 34.
Employee benefits reserve	Arising from the remeasurements of the net defined employee benefit liability.
Foreign currency translation reserve	Arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
FVOCI reserve	Arising from changes in fair value of financial assets at FVOCI.

The movements in each category of reserves are as follows:

	LTIP reserve RM'million	Employee benefits reserve RM'million	Foreign currency translation reserve RM'million	FVOCI reserve RM'million	Total RM'million
Group					
2023					
As at the beginning of the financial year	**344.4**	**(6,113.1)**	**(727.3)**	**32.7**	**(6,463.3)**
Arising in the financial year	**(107.4)**	**(645.6)**	**549.3**	**(15.6)**	**(219.3)**
As at the end of the financial year	**237.0**	**(6,758.7)**	**(178.0)**	**17.1**	**(6,682.6)**
2022					
As at the beginning of the financial year	358.5	(6,740.0)	(456.6)	24.8	(6,813.3)
Arising in the financial year	(14.1)	626.9	(270.7)	7.9	350.0
As at the end of the financial year	344.4	(6,113.1)	(727.3)	32.7	(6,463.3)

30 OTHER RESERVES (CONTINUED)

The movements in each category of reserves are as follows: (continued)

	LTIP reserve RM'million	Employee benefits reserve RM'million	FVOCI reserve RM'million	Total RM'million
Company				
2023				
As at the beginning of the financial year	**344.4**	**(5,829.8)**	**32.0**	**(5,453.4)**
Arising in the financial year	**(107.4)**	**(585.3)**	**(15.7)**	**(708.4)**
As at the end of the financial year	**237.0**	**(6,415.1)**	**16.3**	**(6,161.8)**
2022				
As at the beginning of the financial year	358.5	(6,324.2)	24.1	(5,941.6)
Arising in the financial year	(14.1)	494.4	7.9	488.2
As at the end of the financial year	344.4	(5,829.8)	32.0	(5,453.4)

31 REVENUE

Accounting Policy

Revenue which represents income arising in the course of the Group's and the Company's ordinary activities is recognised by reference to each distinct performance obligation promised in the contracts with customers. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or services promised in the contract. Depending on the substance of the respective contract with the customer, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company do not expect any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group and the Company do not adjust any of the transaction prices for the time value of money.

(a) Electricity revenue

Revenue from the supply of electricity in Peninsular Malaysia (since 2014), Sabah and Wilayah Persekutuan Labuan (since 2022) is regulated based on certain formulae and parameters as set out in the regulatory implementation guidance under the IBR framework and as agreed with the regulators. The allowed revenue in each year is calculated as the sum of actual revenue earned and any applicable adjustments, such as those related to the Annual Regulatory Adjustment ('ARA'), allowance or top-up by the Government and other income adjustment mechanisms as described in the Guidelines on Electricity Tariff Determination.

The contract with customers is for the supply of electricity based on tariff rates as set out in the provision of the Electricity Supply Act 1990. Collection of the contract consideration from customers is considered probable.

The promise to supply electricity represents a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to the customer. The performance obligation to deliver electricity is satisfied over time as the customers simultaneously received and consumed the benefits provided by the Group's and the Company's performance. Hence, electricity revenue is recognised over time by the Group and the Company when electricity is consumed by customers.

NOTES TO THE FINANCIAL STATEMENTS
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31 REVENUE (CONTINUED)

Accounting Policy (continued)

(a) Electricity revenue (continued)

Generally, customers are billed monthly. As the amount at which the Group and the Company have a right to invoice corresponds directly with the value to the customer, the revenue from electricity sales is also recognised monthly. Payment should be made by customers within 30 days from the date the bill is issued. An interest charge will be imposed if payment is made later than 30 days after the bill date.

Electricity revenue includes an estimated value of the electricity consumed by customers from the date of their last meter reading and the reporting period end. Accrued unbilled revenues recognised as contract assets are reversed in the following month when actual billings occur.

Other income which is earned from services not directly related to electricity supply but are provided using the assets and/or staff of a licensee is deducted from the revenues to be earned from regulated tariffs.

(b) Goods and services

(i) Sale of goods

Sale of goods is recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been transported to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of the estimated discounts. Accumulated experience is used to estimate and provide for the discounts, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. No element of financing is deemed present as the sales are made with a credit term of an average between 30 to 60 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Rendering of services

Revenue from providing services is recognised over the period in which the services are rendered. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer received and uses the benefits simultaneously.

In cases of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered exceed the payments, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes hourly fees, revenue is recognised at the amount to which the Group has a right to invoice. The amounts are billed within 60 to 180 days from satisfying the performance obligations and payment is expected within 30 days from the billing date.

31 REVENUE (CONTINUED)

Accounting Policy (continued)

(c) Construction contracts

Revenue from construction contracts is recognised over time or at a point in time in accordance with performance obligations being satisfied. Where revenue is recognised over time, the satisfaction of performance obligation is by reference to the stage of completion which is assessed by reference to the contract costs incurred over the total estimated costs for each contract as at the reporting date. Otherwise, revenue is recognised at a point in time when the customer obtains control of the assets. The related costs are recognised in the statement of profit or loss when they are incurred.

Where the contracts include multiple performance obligations, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin. If contracts include sale of goods as a separate performance obligation, revenue from this sale is recognised at a point in time when the goods are delivered, the legal title has passed and the customer has accepted the goods.

When the consideration of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in the statement of profit or loss.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the statement of profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The amounts will be billed within 60 to 180 days from satisfying the performance obligations and payment is expected within 30 days from billing date. Advances received are included in contract liabilities.

(d) Customers' contributions

Contributions received from customers in the form of cash and/or PPE in respect of capital contributions for the construction of assets, used to connect the customers to a network or to provide them with the service, is included in the revenue.

The customers' contributions are viewed as indirectly related to the promise of providing supply of electricity to the customers. Supply of electricity and customers' contributions are not distinct because the customers cannot benefit from these two services on their own. The connection infrastructures are to fulfil the obligation to supply electricity to the customers. Both the supply of electricity and customers' contributions are substantially the same, and have the same pattern of transfer to the customers.

Therefore, connection and the supply of electricity are one performance obligation. It is considered as part of the transaction price for the overall service provided to the customers and is recognised over time. The customers' contributions are deferred and recognised over the period the constructed assets are used to provide electricity to the customers. The contributions are recognised as contract liabilities and amortised over 20 years, being the estimated average useful life of the assets.

(e) Insurance contract revenue

Insurance revenue is recognised based on the expected premium receipts and the passage of time over the coverage period of a group of contracts unless the release of risk differs significantly from the passage of time, in which case insurance revenue is recognised based on the release of risk.

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31 REVENUE (CONTINUED)

Disaggregation of revenue for the Group and the Company are categorised as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Sales:				
- Electricity*	**51,713.2**	49,702.3	**48,223.3**	46,650.4
- Goods and services	**731.1**	621.8	**0**	0
Construction contracts	**151.1**	155.1	**0**	0
Customers' contributions	**286.1**	276.3	**233.4**	229.3
Revenue from contracts with customers	**52,881.5**	50,755.5	**48,456.7**	46,879.7
Insurance contract revenue	**185.4**	112.2	**0**	0
Total revenue	**53,066.9**	50,867.7	**48,456.7**	46,879.7
Over time	**51,863.8**	50,036.9	**48,456.7**	46,879.7
At a point in time	**1,017.7**	718.6	**0**	0
	52,881.5	50,755.5	**48,456.7**	46,879.7

* *Included in the sales of electricity of the Group and the Company are other regulatory adjustments of RM1,243.9 million (2022: RM778.1 million) and RM1,272.2 million (2022: RM790.6 million) respectively.*

The revenue of the Group and of the Company are predominantly derived in Malaysia.

32 IMBALANCE COST PASS-THROUGH ('ICPT') UNDER RECOVERY

Accounting Policy

ICPT, a mechanism established under the IBR framework allows the Group and the Company to pass through the volatility in fuel and other generation specific costs (termed as the 'Single Buyer Generation Cost') to the customers, such that the Group and the Company remain financially neutral. The Group's and the Company's claims and undertakings under the ICPT mechanism are such that any over or under recovery of these costs would be payable to or reimbursable from the Government. Upon approval by the Government, the agreed over or under recovery costs will be adjusted in the billing to customers, as ICPT rebate or surcharge. Actual base tariff billed to the customers remains unchanged.

The ICPT over or under recovery is recognised in the statement of profit or loss, presented separately from revenue.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
ICPT under recovery	**10,598.2**	22,315.3	**10,213.4**	21,942.2

33 OPERATING EXPENSES

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Cost of sales:				
- Energy cost	**40,842.7**	49,710.3	**39,329.0**	49,827.9
- Transmission cost	**2,090.9**	2,084.3	**1,922.7**	1,918.6
- Distribution cost	**8,055.1**	7,275.4	**7,656.7**	6,882.4
	50,988.7	59,070.0	**48,908.4**	58,628.9
Administrative expenses	**3,413.2**	3,038.4	**1,833.7**	1,774.3
Other operating expenses	**2,969.2**	2,503.7	**801.3**	789.9
	57,371.1	64,612.1	**51,543.4**	61,193.1

Operating expenses include the following items:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Purchases from Independent Power Producers ('IPPs')	**15,498.4**	17,999.5	**31,283.8**	36,101.1
Fuel costs	**19,452.3**	25,084.5	**1,688.0**	6,892.3
Non-Executive Directors' remuneration:				
- Fees and allowances	**2.7**	3.3	**2.6**	3.2
- Other emoluments	**0.6**	0.4	**0.6**	0.4
Auditors' remuneration:				
- PricewaterhouseCoopers PLT, Malaysia				
- Statutory audit	**4.4**	3.9	**1.6**	1.4
- Audit related services	**1.9**	1.9	**1.3**	1.4
- Member firm of PricewaterhouseCoopers International Limited				
- Statutory audit	**5.9**	4.6	**0**	0
- Others				
- Statutory audit	**0.1**	0	**0**	0
- Non-audit services				
- Tax related services	**0.2**	0.2	**0**	0.1
- Other non-audit services	**0**	1.5	**0**	0.2
Staff costs (Note 34)*	**3,885.8**	3,798.1	**2,670.1**	2,591.0
PPE:				
- Depreciation	**7,783.7**	7,500.7	**5,060.3**	4,790.2
- Written off/Impairment	**53.5**	61.8	**29.4**	33.5

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33 OPERATING EXPENSES (CONTINUED)

Operating expenses include the following items: (continued)

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
ROU assets:				
- Depreciation	**3,482.0**	3,901.8	**5,709.6**	6,236.0
Impairment losses on investments in:				
- Subsidiaries	**0**	0	**15.2**	18.9
- Associates	**35.9**	68.6	**0**	0
- Joint ventures	**1.3**	2.3	**0**	0
Reversal of impairment losses on investment in a subsidiary	**0**	0	**(137.7)**	0
Impairment losses on intangible assets	**123.6**	22.7	**0**	0
Inventories:				
- Provision for obsolescence	**59.0**	83.6	**50.0**	65.2
- Write back of obsolescence	**(93.4)**	(90.7)	**(64.8)**	(85.5)
- Written off	**98.7**	119.1	**89.4**	111.1
Telecommunication expenses	**38.4**	52.2	**37.6**	50.5
Expenses arising from leases:				
- Low-value assets (Note 15)	**39.6**	37.8	**39.3**	37.5
Research and development expenses	**121.8**	76.4	**105.7**	69.5

* *Staff costs includes the remuneration of the Executive Directors amounted to RM3.9 million (2022: RM4.3 million) for the Group and the Company.*

The estimated monetary value of benefits received by the Directors was RM588,150 (2022: RM441,980) for the Group and the Company.

All non-audit services were procured competitively in accordance with TNB Procurement Policies and Procedures. Non-audit services can be offered by the external auditors of the Group if there are clear efficiencies and value added benefits to the Group.

34 STAFF COST

Accounting Policy

Short Term Employee Benefits

Wages, salaries, paid annual leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

34 STAFF COST (CONTINUED)

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Wages, salaries and bonuses	**2,187.9**	2,131.7	**1,279.2**	1,249.3
Defined contribution retirement plan	**442.8**	409.3	**333.4**	307.0
LTIP	**187.8**	262.6	**130.7**	180.3
Retirement Benefit Trust Fund	**65.1**	90.1	**49.5**	69.0
Post-Retirement Medical Benefit Scheme	**605.3**	569.6	**571.3**	535.9
Other employee benefits	**396.9**	334.8	**306.0**	249.5
	3,885.8	3,798.1	**2,670.1**	2,591.0

Details of the retirement benefit trust fund and post-retirement medical benefit scheme of the Group and of the Company are set out in Note 24.

LTIP

The Group and the Company operate an equity-settled share-based compensation plan under which the entity receives services from employees as consideration for equity instruments of the Group.

The fair value of the employee services received in exchange for the grant of the Company's shares is recognised as an expense in the statement of profit or loss over the vesting period of the grant, with a corresponding increase in share-based payment reserve in equity.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares granted.

Non-market vesting conditions are included in the assumptions to arrive at the number of shares that are expected to vest. At the end of the reporting period, the Company revises its estimates of the number of shares that are expected to be vested. The impact of the revision of original estimates, if any, is recognised in the statement of profit or loss, with a corresponding adjustment to share-based payment reserve in equity.

The fair value of shares granted to employees of subsidiaries is allocated to the subsidiaries.

The Company implemented a LTIP on 30 April 2015 for a period of 10 years. The LTIP is governed by the by-laws, which was approved by the shareholders at an Extraordinary General Meeting on 18 December 2014. LTIP is intended to allow the Company to award the grant of new shares to be vested to selected employees for the attainment of identified performance objectives.

(a) The main features of the LTIP

The LTIP comprises a Restricted Share Grant ('RS Grant') and a Performance Share Grant ('PS Grant'). The main difference in the features of the RS Grant and the PS Grant is the eligibility of the selected employees in terms of their job grades in the Group and the performance targets and/or performance conditions to be met prior to the offer and vesting of the grant to the selected employees.

The details of the grant are as follows:

(i) RS Grant

The RS Grant is a restricted share grant for all eligible employees selected on a basis designated by the LTIP Committee. The RS Grant will be awarded annually to the selected employees to be vested over a period of 3 years on a pro-rata basis and after fulfilment of individual performance targets based on the Group's performance management system (such as individual performance rating) and certain performance conditions (such as financial targets) as determined by the LTIP Committee from time to time at its discretion in accordance with the terms and conditions of the LTIP.

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34 STAFF COST (CONTINUED)

LTIP (continued)

(a) The main features of the LTIP (continued)

The details of the grant are as follows: (continued)

(ii) PS Grant

The PS Grant is a performance share grant for senior executives of the Group and the Executive Director as well as key employees of the Group selected on a basis designated by the LTIP Committee. The PS Grant will be awarded annually to the selected employees to be vested at the end of the 3-year period and after fulfilment of certain performance targets and/or conditions at the time of grant and vesting, which may include, among other factors, total shareholders' return and the long term financial performance targets/ratios of the Group as determined by the LTIP Committee from time to time at its discretion in accordance with the terms and conditions of the LTIP. At the point of vesting, the final award of the PS Grant is based on a multiple of the initial grant whereby the multiple is determined according to the performance targets and/or conditions. In the event the performance targets and/or conditions are not met by the selected employees, the grant will not be vested to them at the end of the performance period.

The new ordinary shares to be allotted and issued upon the vesting of the ordinary shares pursuant to the RS Grant and PS Grant will not be subjected to any retention period or restriction on transfer.

In implementing the LTIP, the grant will be satisfied by way of allotment and issuance of new ordinary shares to the respective RS and PS grantees upon vesting of the grant.

The LTIP Committee shall decide from time to time at its discretion to determine or vary the terms and conditions of the offer, such as the eligibility criteria and allocation in each grant, the timing and frequency of the award of the grant, the performance targets and/or performance conditions to be met prior to the offer and vesting of the grant and the vesting period.

(b) Maximum number of new ordinary shares available under the LTIP

The maximum number of new ordinary shares which may be made available under the LTIP and/or allotted and issued upon vesting of the new ordinary shares under the LTIP shall not be more than 10.0% of the issued and paid-up ordinary share capital of the Company (excluding treasury shares) at any point in time during the duration of the LTIP.

(c) Basis of allocation and maximum allowable allotment

The total number of new ordinary shares that may be offered to any one of the selected employees and/or to be vested in any one of the grantees under the LTIP at any time shall be at the discretion of the LTIP Committee (subject to the by-laws and any applicable law).

(d) Eligibility

Employees of the Group and of the Company (including the Executive Director) who meet the following criteria as at the date of offer shall be eligible to be considered as an eligible employee to participate in the LTIP:

(i) Has attained the age of 18 years;
(ii) Has entered into a full-time or fixed-term contract of employment with, and is on the payroll of any company within the Group and has not served a notice of resignation or received a notice of termination;
(iii) Whose service/employment has been confirmed in writing;
(iv) Is not a non-executive or independent director of the Company; and
(v) Has fulfilled any other eligibility criteria which has been determined by the LTIP Committee at its discretion from time to time, as the case may be.

The LTIP Committee may determine any other eligibility criteria for the purpose of selecting an eligible employee at any time and from time to time, at its discretion.

34 STAFF COST (CONTINUED)

LTIP (continued)

(e) Ranking of the new ordinary shares

The new ordinary shares to be allotted and issued pursuant to the LTIP shall, upon allotment and issuance, rank equally in all respects with the then existing issued ordinary shares.

The new ordinary shares to be allotted and issued pursuant to the vesting of the grant under the LTIP shall not be entitled to any dividends, rights, allotments and/or any other distributions, for which the entitlement date is prior to the date on which the new ordinary shares are credited into the Central Depository System ('CDS') accounts of the respective grantees upon vesting of the grant under the LTIP.

(f) Alteration of share capital and adjustment

If the LTIP Committee so decides (but not otherwise), in the event of any alteration in the capital structure of the Company during the duration of LTIP, which expires on 29 April 2025, such corresponding alterations (if any) may be made to the LTIP in:

(i) The number of unvested new ordinary shares comprised in a grant; and/or
(ii) The method and/or manner in the vesting of the new ordinary shares comprised in a grant.

The movement in the total number of share grants during the financial year is as follows:

	At 1.1.2023 '000	Granted '000	Forfeited '000	Vested '000	At 31.12.2023 '000
2023					
Group					
LTIP 6					
RS Grant	**7,726.7**	**0**	**(349.7)**	**(7,377.0)**	**0**
PS Grant	**2,152.9**	**0**	**(2,152.9)**	**0**	**0**
LTIP 7					
RS Grant	**22,015.4**	**0**	**(1,064.5)**	**(10,854.8)**	**10,096.1**
PS Grant	**2,832.9**	**0**	**(516.6)**	**0**	**2,316.3**
LTIP 8					
RS Grant	**47,126.3**	**0**	**(2,255.7)**	**(16,022.7)**	**28,847.9**
PS Grant	**4,370.2**	**0**	**(693.1)**	**0**	**3,677.1**
Company					
LTIP 6					
RS Grant	**5,232.5**	**0**	**(166.5)**	**(5,066.0)**	**0**
PS Grant	**1,555.5**	**0**	**(1,555.5)**	**0**	**0**
LTIP 7					
RS Grant	**15,065.8**	**0**	**(617.6)**	**(7,493.3)**	**6,954.9**
PS Grant	**2,021.6**	**0**	**(307.0)**	**0**	**1,714.6**
LTIP 8					
RS Grant	**31,920.4**	**0**	**(1,338.0)**	**(11,079.8)**	**19,502.6**
PS Grant	**3,047.5**	**0**	**(421.9)**	**0**	**2,625.6**

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34 STAFF COST (CONTINUED)

LTIP (continued)

The movement in the total number of share grants during the financial year is as follows: (continued)

	At 1.1.2022 '000	Granted '000	Forfeited '000	Vested '000	At 31.12.2022 '000
2022					
Group					
LTIP 5					
RS Grant	6,249.8	0	(363.2)	(5,886.6)	0
PS Grant	1,883.1	0	(1,883.1)	0	0
LTIP 5 Special Grant					
RS Grant	12.2	0	0	(12.2)	0
PS Grant	83.4	0	(83.4)	0	0
LTIP 6					
RS Grant	17,526.5	0	(1,031.9)	(8,767.9)	7,726.7
PS Grant	2,627.6	0	(474.7)	0	2,152.9
LTIP 7					
RS Grant	36,488.3	0	(2,153.6)	(12,319.3)	22,015.4
PS Grant	3,461.8	0	(628.9)	0	2,832.9
LTIP 8					
RS Grant	0	48,363.7	(1,237.4)	0	47,126.3
PS Grant	0	4,763.9	(393.7)	0	4,370.2
Company					
LTIP 5					
RS Grant	4,170.3	0	(181.7)	(3,988.6)	0
PS Grant	1,348.2	0	(1,348.2)	0	0
LTIP 5 Special Grant					
RS Grant	12.2	0	0	(12.2)	0
PS Grant	83.4	0	(83.4)	0	0
LTIP 6					
RS Grant	11,971.0	0	(612.1)	(6,126.4)	5,232.5
PS Grant	1,971.1	0	(415.6)	0	1,555.5
LTIP 7					
RS Grant	25,159.1	0	(1,488.5)	(8,604.8)	15,065.8
PS Grant	2,530.4	0	(508.8)	0	2,021.6
LTIP 8					
RS Grant	0	32,882.8	(962.4)	0	31,920.4
PS Grant	0	3,386.7	(339.2)	0	3,047.5

34 STAFF COST (CONTINUED)

LTIP (continued)

The fair value of the share granted is estimated using the Monte Carlo Simulation Model with the following inputs:

	Group and Company					
	LTIP 5		LTIP 5 (Special Grant)		LTIP 6	
	RS Grant	PS Grant	RS Grant	PS Grant	RS Grant	PS Grant
Fair value at grant date	RM11.24 - RM12.18	RM10.20^	RM10.00 - RM11.62	RM9.49^	RM10.08 - RM10.99	RM9.08^
Share price at grant date	RM12.28	RM12.28	RM11.64	RM11.64	RM11.34	RM11.34
Expected volatility*	14.3%	14.3%	19.3%	19.3%	19.5%	19.5%
Expected dividend yield	4.1%	4.1%	8.6%	8.6%	4.5%	4.5%
Risk-free interest rate**	3.4%	3.4%	2.2%	2.4%	1.7%	2.1%
Grant date	30 April 2019	30 April 2019	6 July 2020	6 July 2020	27 July 2020	27 July 2020
Vesting date		30 April 2022		30 April 2022		28 April 2023
- Tranche 1	5 June 2020	N/A	13 July 2020	N/A	27 May 2021	N/A
- Tranche 2	27 May 2021	N/A	27 May 2021	N/A	18 July 2022	N/A
- Tranche 3	18 July 2022	N/A	18 July 2022	N/A	15 June 2023	N/A

	Group and Company			
	LTIP 7		LTIP 8	
	RS Grant	PS Grant	RS Grant	PS Grant
Fair value at grant date	RM8.78 - RM9.60	RM7.90^	RM6.88 - RM7.55	RM6.46^
Share price at grant date	RM9.93	RM9.93	RM7.93	RM7.93
Expected volatility*	22.5%	22.5%	21.0%	21.0%
Expected dividend yield	4.0%	4.0%	5.3%	5.3%
Risk-free interest rate**	2.1%	2.6%	3.2%	3.5%
Grant date	25 May 2021	25 May 2021	20 July 2022	20 July 2022
Vesting date		25 June 2024		30 April 2025
- Tranche 1	18 July 2022	N/A	15 June 2023	N/A
- Tranche 2	15 June 2023	N/A	28 June 2024	N/A
- Tranche 3	30 April 2024	N/A	30 April 2025	N/A

^ *Market considerations have been included in the consideration of fair value.*
* *Expected volatility is based on TNB's 3-year average daily historical volatility.*
** *Risk-free interest is based on Malaysian Government Securities yield.*

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35 OTHER OPERATING INCOME

Accounting Policy

Other operating income are the non-core revenue received for sales of goods and services rendered by the Group and the Company. Leasing income is accrued, unless collectability is in doubt. Dividend income is recognised when the shareholders' rights to receive payment is established. Interest on late payments is the 1.0% late payment interest charge imposed if payment of electricity bill is made later than 30 days after the bill date in accordance with the Licensee Supply Regulations 1990. Accounting policy on gain on disposals of PPE and ROU are disclosed in Note 5 and Note 6 respectively. All others are recognised upon completion of the rendering of services or sales of goods not in the ordinary course of the Group's and of the Company's business.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Dividend income from:				
- Quoted shares	**0.8**	1.7	**0.8**	1.6
- Unquoted shares	**0.1**	0.7	**0**	0.7
- Subsidiaries	**0**	0	**7.4**	102.1
- Associates	**0**	0	**72.8**	52.0
Leasing income	**40.0**	36.8	**79.9**	58.8
Release of Government development grants (Note 27)	**72.5**	63.4	**0**	0
Gain on disposals of PPE	**14.3**	35.6	**14.3**	8.3
Gain on disposals of ROU	**2.6**	7.5	**2.6**	7.5
Interest on late payments	**234.0**	302.1	**223.9**	292.3
Sundry receipts	**74.0**	74.0	**121.0**	117.9
Theft of electricity	**149.8**	168.2	**149.8**	168.2
Liquidated damages	**62.2**	31.4	**11.1**	6.5
Wheeling charges	**8.9**	20.2	**8.9**	20.2
Gain on disposal of an associate	**21.3**	0	**0**	0
Insurance recoveries	**72.9**	28.4	**2.7**	9.4
Corporate joint income	**0**	0	**151.6**	157.8
Operation and maintenance claims	**71.7**	38.8	**0**	0
Other income	**123.1**	131.2	**62.5**	51.5
	948.2	940.0	**909.3**	1,054.8

Other income comprises primarily income from sales of scrap and rechargeable works.

36 FOREIGN EXCHANGE LOSS

Accounting Policy

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in Ringgit Malaysia ('RM'), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss. However, exchange differences are deferred in OCI when they are attributable to items that form part of the net investment in a foreign operation.

(c) Group companies

The results and financial positions of the Group's entities that have functional currencies which are different from the presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
(ii) Income and expenses for each statement of profit or loss and OCI are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
(iii) All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate. Exchange differences arising on these items are recognised in OCI.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to shareholders' equity.

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), the cumulative amount of the exchange differences relating to that foreign operation recognised in OCI, and accumulated in the separate component of equity, are reclassified from equity to statement of profit or loss, as part of the gain or loss on disposal.

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36 FOREIGN EXCHANGE LOSS (CONTINUED)

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Foreign exchange loss comprises:				
Translation loss - foreign term loans	**(304.1)**	(280.5)	**(304.1)**	(280.5)
Translation gain/(loss) - others	**13.5**	31.0	**160.3**	(46.3)
Total foreign exchange translation loss	**(290.6)**	(249.5)	**(143.8)**	(326.8)
Transaction gain/(loss) - foreign term loans	**1.3**	(0.6)	**1.3**	(0.6)
Transaction gain/(loss) - others	**79.8**	26.6	**90.8**	(0.8)
	(209.5)	(223.5)	**(51.7)**	(328.2)

37 FINANCE INCOME/COST AND FAIR VALUE CHANGES OF FINANCIAL INSTRUMENTS

Accounting Policy

Finance income are interests received from investments or financial instruments.

Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Finance income is calculated by applying the effective interest method to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit impaired financial assets the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowances).

The accounting policy on fair value changes are as per disclosed in Note 45.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Qualifying assets are assets that necessarily takes substantial period of time to get ready for their intended use. Other borrowing costs are expensed in the period in which they are incurred.

Accounting policy on finance charges for lease liabilities and government grants are disclosed in Notes 15 and Note 27, respectively.

		Group		Company	
		2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
(a)	Finance income:				
	Interest from subsidiaries	**0**	0	**258.9**	248.6
	Interest from deposits, staff loans and associates	**614.8**	279.8	**429.3**	172.3
	Less: Amount capitalised into PPE	**(70.5)**	(2.1)	**0**	0
		544.3	277.7	**688.2**	420.9

37 FINANCE INCOME/COST AND FAIR VALUE CHANGES OF FINANCIAL INSTRUMENTS (CONTINUED)

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
(b) Finance cost:				
Finance cost on:				
- Borrowings (Note 26)	**2,947.4**	2,692.5	**1,369.2**	1,247.8
- Lease liabilities (Note 15)	**1,636.5**	1,756.4	**4,043.7**	4,239.3
- Consumer deposits	**197.0**	183.8	**187.7**	175.1
- Others	**16.5**	24.1	**143.1**	52.8
Release of government grants (Note 27)	**(18.3)**	(24.8)	**0**	0
Less: Amount capitalised into PPE	**(448.0)**	(288.6)	**(275.0)**	(263.6)
	4,331.1	4,343.4	**5,468.7**	5,451.4
(c) Fair value changes of financial instruments:				
(Loss)/Gain on changes in fair value of financial assets	**(46.8)**	83.9	**(3.1)**	(12.6)
(Loss)/Gain on changes in fair value of financial liabilities	**(2.6)**	46.8	**2.0**	(2.6)
	(49.4)	130.7	**(1.1)**	(15.2)

38 TAXATION AND ZAKAT

Accounting Policy

(a) Income tax

Current tax expense is determined by the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the applicable tax rates according to the tax laws enacted or substantively enacted at the end of the reporting period in the countries in which the Company and its subsidiaries operate and generate the taxable profits.

Management periodically evaluates the positions taken in its tax returns with respect to situations in which applicable tax regulations are subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Tax is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in OCI. In this case, the item is recognised in OCI, net of tax.

The Group and the Company recognise non-current tax recoverable on an undiscounted basis.

(b) Zakat

The Group and the Company recognise its obligation towards the payment of zakat on business income in the statement of profit or loss. Zakat payment is an obligation and is accrued based on 2.5% of profit before tax and determined according to the percentage of Muslim shareholding in the Company.

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38 TAXATION AND ZAKAT (CONTINUED)

The taxation and zakat for the Group and the Company comprise:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Current tax:				
- Malaysian corporate income tax	**572.2**	1,434.5	**317.9**	641.8
Deferred tax (Note 12)	**158.9**	322.2	**35.7**	218.9
Tax expense	**731.1**	1,756.7	**353.6**	860.7
Zakat	**38.9**	34.5	**27.4**	33.4
	770.0	1,791.2	**381.0**	894.1
The analysis of the tax expense is as follows:				
Current tax:				
- Current financial year	**599.4**	1,469.2	**352.8**	674.2
- Over accrual in prior financial years	**(27.2)**	(34.7)	**(34.9)**	(32.4)
	572.2	1,434.5	**317.9**	641.8
Deferred tax:				
- Origination and reversal of temporary differences (Note 12)	**158.9**	322.2	**35.7**	218.9
	731.1	1,756.7	**353.6**	860.7

The explanation of the relationship between tax expense and profit before taxation and zakat is as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Profit before taxation and zakat	**3,373.6**	5,348.6	**3,336.0**	3,319.9
Tax calculated at the Malaysian corporate income tax rate of 24% (2022: 24%)	**809.7**	1,283.7	**800.6**	796.8
Tax effects of:				
- Share of results of associates and joint ventures	**(15.0)**	(23.4)	**0**	0
- Income not subject to tax	**(266.3)**	(308.1)	**(210.7)**	(238.4)
- Expenses not deductible for tax purposes	**943.4**	1,185.7	**545.2**	784.3
- Expenses qualifying for double deduction	**(4.9)**	(15.2)	**(2.6)**	(14.8)
- Current financial year unrecognised temporary differences and unused tax losses, and reinvestment allowance	**31.5**	2.5	**29.7**	0
- Foreign jurisdictions	**(3.6)**	1.4	**0**	0
Over accrual of tax in prior financial years	**(27.2)**	(34.7)	**(34.9)**	(32.4)
Recognition and utilisation of previously unrecognised temporary differences	**(129.2)**	(63.8)	**(169.5)**	0
Zakat	**38.9**	34.5	**27.4**	33.4
Utilisation of reinvestment allowance*	**(607.3)**	(612.2)	**(604.2)**	(612.2)
Prosperity Tax#	**0**	340.8	**0**	177.4
Tax and zakat charge	**770.0**	1,791.2	**381.0**	894.1
Average effective tax rate (%)	**22.8**	33.5	**11.4**	26.9

* *The reinvestment allowance incentive was enacted by the Government through the Finance Act 2020 for YA 2020 to YA 2022 and subsequently extended to YA 2024 under the Finance Act 2021.*

\# *Prosperity Tax is a one-off imposed by the Government for Year Assessment 2022.*

38 TAXATION AND ZAKAT (CONTINUED)

The tax charge relating to components of OCI is as follows:

	2023			2022		
	Before tax RM'million	Tax charged RM'million	After tax RM'million	Before tax RM'million	Tax charged RM'million	After tax RM'million
Group						
Defined benefit plan actuarial (loss)/ gain (Note 24)	**(867.3)**	**208.7**	**(658.6)**	727.1	(73.7)	653.4
Effect of changes in foreign currencies	**427.8**	**0**	**427.8**	(222.3)	0	(222.3)
Fair value changes of financial assets at FVOCI	**(15.6)**	**0**	**(15.6)**	7.9	0	7.9
Share of OCI of associates accounted for using the equity method	**133.0**	**0**	**133.0**	(55.2)	0	(55.2)
	(322.1)	**208.7**	**(113.4)**	457.5	(73.7)	383.8
Company						
Defined benefit plan actuarial (loss)/ gain (Note 24)	**(770.1)**	**184.8**	**(585.3)**	650.5	(156.1)	494.4
Fair value changes of financial assets at FVOCI	**(15.7)**	**0**	**(15.7)**	7.9	0	7.9
	(785.8)	**184.8**	**(601.0)**	658.4	(156.1)	502.3

39 EARNINGS PER SHARE ('EPS')

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company for the financial year by the weighted average number of ordinary shares issued during the financial year.

	Group	
	2023	2022
Profit attributable to owners of the Company (RM'million)	**2,770.3**	3,463.3
Weighted average number of ordinary shares in issue ('000)	**5,771,843**	5,738,438
Basic earnings per share (sen)	**48.00**	60.35

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39 EPS (CONTINUED)

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the profit attributable to owners of the Company for the financial year and the weighted average number of ordinary shares issued during the financial year has been adjusted for the dilutive effects of all potential ordinary shares such as the LTIP granted to employees.

	Group	
	2023	2022
Profit attributable to owners of the Company (RM'million)	**2,770.3**	3,463.3
Weighted average number of ordinary shares in issue ('000)	**5,771,843**	5,738,438
Adjustment for LTIP ('000)	**25,008**	35,837
Weighted average number of ordinary shares for diluted earnings per share ('000)	**5,796,851**	5,774,275
Diluted earnings per share (sen)	**47.79**	59.98

40 DIVIDENDS

	Group and Company	
	2023 RM'million	2022 RM'million
Interim single tier dividend for the financial year 2023 of 18.0 sen per share on 5,787,331,871 ordinary shares (2022: interim single tier dividend of 20.0 sen per share on 5,753,077,371 ordinary shares)	**1,041.7**	1,150.6
Approved final single tier dividend for the financial year 2023 of 28.0 sen per share on 5,787,331,871 ordinary shares (2022: final single tier dividend of 26.0 sen per share on 5,753,077,371 ordinary shares)	**1,620.5**	1,495.8
	2,662.2	2,646.4

Interim dividends are paid and accounted for in shareholders' equity as an appropriation of retained profits in the financial year.

The Directors have approved a final single tier dividend of 28.0 sen per share on 5,787,331,871 ordinary shares in respect of the financial year ended 31 December 2023 amounting to a total of RM1,620.5 million. The dividends will be paid on 18 April 2024.

41 COMMITMENTS

(a) Capital commitments for 5 years

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Authorised capital expenditure not provided in the financial statements:				
PPE				
- Contracted	**741.5**	604.1	**576.4**	289.9
- Not contracted	**99,054.3**	57,417.0	**69,942.5**	40,273.6
	99,795.8	58,021.1	**70,518.9**	40,563.5

41 COMMITMENTS (CONTINUED)

(b) Operating lease commitments - as lessor

The Group and the Company lease out its PPE under non-cancellable operating leases. The lessees are required to pay absolute fixed lease payments during the lease period. Total future minimum lease receivables under non-cancellable operating leases contracted for at the reporting date but not recognised as receivables, are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Receivable not later than 1 year	**25.8**	23.6	**83.2**	63.6
Receivable later than 1 year and not later than 2 years	**2.8**	1.1	**59.4**	16.5
Receivable later than 2 years and not later than 3 years	**1.0**	0.4	**42.6**	15.0
Receivable later than 3 years and not later than 4 years	**0.1**	0.4	**19.9**	15.0
Receivable later than 4 years and not later than 5 years	**0.0**	0.4	**18.4**	14.9
Receivable more than 5 years	**0.5**	2.5	**47.1**	51.9
	30.2	28.4	**270.6**	176.9

42 CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS

Accounting Policy

The Group and the Company do not recognise contingent assets and liabilities other than those arising from business combinations, but disclose its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However, contingent liabilities do not include financial guarantee contracts. A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and of the Company. The Group and the Company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not certain.

Determination of the treatment of contingent liabilities is based on the Group's and the Company's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group and the Company for matters in the ordinary course of business.

Contingent liabilities

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Claims by third parties:				
- Contractors	**82.1**	154.7	**82.1**	154.7
- Customers	**14.5**	13.9	**14.5**	13.9
- Others	**185.7**	173.7	**21.2**	9.2
	282.3	342.3	**117.8**	177.8
Trade guarantees and performance bonds	**0**	51.0	**0**	0
	282.3	393.3	**117.8**	177.8

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42 CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS (CONTINUED)

Contingent liabilities (continued)

All third party claims are being resolved and the Directors are of the opinion that their outcomes will not have a material adverse effect on the financial positions of both the Group and the Company.

Claims by third parties include claims by contractors, consumers and statutory body. These claims are being addressed and the Directors are of the opinion that their ultimate resolution will not have a material effect on the financial position of the Group and the Company.

Trade guarantees and performance bonds provided to third parties for the benefit of the Group and the Company are for normal and ongoing business requirements consistent with generally acceptable and recognised industry practices. The liability would only trigger upon the default of the Group's and the Company's obligations under the guarantees and bonds. At the reporting date, the likelihood of the guarantees and bonds being called upon is remote.

Material litigations

(a) Reinvestment allowance ('RIA')

On 7 December 2016, the Company and the Inland Revenue Board of Malaysia ('IRB') entered into a consent judgement before the Kuala Lumpur High Court to substitute judicial review proceedings for notices of additional assessment dated 23 November 2015 for Years of Assessment ('YA') 2013 and 2014 amounting to RM2,068.2 million (referred to as 'Notices 1') arising from the disallowance of the Company's RIA claims. The consent judgement also stipulates that the IRB will not commence any proceedings relating to the Notices 1 until the matter is determined by the Special Commissioners of Income Tax ('SCIT') and the High Court, if there is a subsequent appeal by either party. On 15 December 2016, the Company filed appeals against the Notices 1 to the SCIT according to Section 99(1) of the Income Tax Act 1967, which have since been registered before the SCIT. However, the hearing at SCIT is adjourned pending the Court of Appeal's decision on 16 May 2024 in relation to notice of additional assessment for the YA 2018.

Meanwhile, for the notices of additional assessment issued for the YAs 2015, 2016, and 2017 amounting to RM3,977.9 million (referred to as 'Notices 2'), both the Company and the IRB recorded a consent order for judicial review application before the High Court on 30 December 2020. On 22 August 2023, the High Court allowed the Company's judicial review application to set aside the Notices 2. The High Court agreed that the Company is in the business of manufacturing electricity and as such, the Company is entitled to claim RIA on the capital expenditures which were incurred in the YAs 2015, 2016 and 2017 in the course of expanding, modernising and automating its business. In response, on 25 August 2023, the IRB filed a notice of appeal against the High Court's decision. The Court of Appeal has fixed the hearing date on 3 October 2024.

With regards to the notice of additional assessment for the YA 2018 amounting to RM1,812.5 million (referred to as 'Notice 3'), both the Company and the IRB recorded a consent order for judicial review application before the High Court on 21 January 2021. On 8 February 2022, the High Court allowed with cost, the Company's judicial review application to set aside the Notice 3. The High Court agreed that the Company is in the business of manufacturing electricity and as such, the Company is entitled to claim RIA on the capital expenditure which was incurred in the YA 2018 in the course of expanding, modernising and automating its business. Separately, on 8 February 2022, the IRB filed a notice of appeal against the High Court's decision. Subsequent to the hearing and case management at the Court of Appeal on 6 February 2024 and 7 February 2024 respectively, the Court of Appeal has fixed the decision date on 16 May 2024.

The Company has obtained legal advice from its tax solicitors on the merits of the cases mentioned above and on this basis, the Directors are of the opinion that there is no possible obligation, therefore no provision is required in the financial statements for the potential tax liability up to the reporting date.

Notwithstanding with the above, the Company continued to claim the RIA for YAs 2020, 2021, 2022 and 2023 based on the legal advice, as the Directors of the view that it is permitted by the law.

42 CONTINGENT LIABILITIES AND MATERIAL LITIGATIONS (CONTINUED)

Material litigations (continued)

(b) KEV

On 29 October 2021, the IRB disallowed the interest expenses incurred by KEV in relation to the Redeemable Unsecured Loan Stock granted to KEV by the Company and Malakoff Corporation Berhad under Section 33(1)(a) of the Income Tax Act 1967 and KEV's revision of revenue for YAs 2004 to 2009. As a result thereof, the IRB issued notices of assessment for the YAs 2011, 2012 and 2014 and notices of additional assessment for the YAs 2013, 2015, 2016, 2017 and 2018 amounting in aggregate to RM595.9 million.

On 16 November 2021, KEV commenced a judicial review against the Minister of Finance at the High Court to challenge the matters arising from the above-mentioned notices. Pursuant to an out-of-court settlement with the IRB, KEV has withdrawn the judicial review application before the High Court on 21 June 2023.

The out-of-court settlement had no material impact to the Group's financial position.

(c) Southern Power Generation Sdn. Bhd. ('SPG')

On 26 May 2023, the IRB issued notices of assessment for YAs 2017, 2018, 2019, 2020 and 2021 amounting in aggregate to RM78.5 million to SPG.

On 6 June 2023, SPG filed a judicial review against the IRB at the High Court to challenge the matters arising from the above-mentioned notices. Subsequently, on 14 September 2023, the High Court granted leave to SPG to commence judicial review against the IRB and granted an interim stay of all further proceedings including the enforcement until the substantive hearing on 11 January 2024. Due to an ongoing discussion with a view to a proposed settlement with the IRB, the substantive hearing was vacated. The High Court has fixed a new hearing date on 28 March 2024.

Based on the legal advice obtained from its tax solicitors on the merits of the case, SPG is of the view that the proposed settlement with IRB will not have a material impact to the financial statements.

Notwithstanding with the above, SPG continued to claim tax deductions for YAs 2022 and 2023 as permitted by the law.

43 SIGNIFICANT RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence.

The related parties of the Group and of the Company are:

(a) Subsidiary companies

Details of the subsidiary companies are shown in Note 49.

(b) Associate companies

Associate companies are those entities in which the Group has significant influence but not control as disclosed in Note 51.

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43 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key Management Personnel ('KMP')

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The KMP of the Group or of the Company includes Executive Directors and Non-Executive Directors of the Company and certain members of senior management of the Company.

Whenever exist, related party transactions also include transactions with entities that are controlled, jointly controlled or significantly influenced directly or indirectly by any KMP or their close family members.

(d) Government-related entities

Government-linked corporations are related to the Group and the Company by virtue of the substantial shareholdings of Khazanah Nasional Berhad ('KNB'), with 22.4% (2022: 25.3%) equity interest. KNB is a wholly owned entity of MOF Incorporated which is in turn owned by the Ministry of Finance. KNB and entities directly controlled by the Government are collectively referred to as government-related entities to the Group and the Company.

The Government and bodies controlled or jointly controlled by the Government of Malaysia are related parties of the Group and of the Company. The Group and the Company enter into transactions with many of these bodies, which include but are not limited to purchasing of goods, including use of public utilities and amenities, and the placing of bank deposits.

All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and of the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related, except otherwise disclosed elsewhere in the financial statements.

The Group and the Company are principally involved in the provision of electricity as part of their ordinary operations. These services are carried out generally on commercial terms that are consistently applied to all customers. These transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Apart from the individually significant transactions and balances as disclosed elsewhere in the financial statements, the Group and the Company have collectively, but not individually significant transactions with related parties.

43 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with the following related parties based on agreed terms during the financial year:

	Associate companies		KMP	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Group				
Income:				
- Interest income	**64.0**	51.2	**0**	0
- Dividend income	**164.8**	120.1	**0**	0
- Leasing income	**18.3**	19.1	**0**	0
- Other income	**11.8**	6.4	**0**	0
Expenses:				
- Purchase of electricity	**(3,794.8)**	(5,521.1)	**0**	0
- Finance cost on lease liabilities	**(224.2)**	(262.8)	**0**	0
- Key management compensations:				
- Salaries, allowances and bonuses	**0**	0	**(21.8)**	(25.4)
- Benefits-in-kind	**0**	0	**(0.4)**	(0.4)
- Defined contribution retirement plan	**0**	0	**(3.5)**	(3.6)
- Other staff benefits	**0**	0	**(2.9)**	(2.2)
- LTIP expense	**0**	0	**(3.7)**	(5.6)
Amounts due from	**388.3**	659.1		
Amounts due to	**(579.7)**	(777.6)		
Investment in unquoted debt security	**259.3**	253.4		
Lease liabilities	**(4,110.8)**	(4,787.4)		

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43 SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company had the following significant transactions with the following related parties based on agreed terms during the financial year: (continued)

	Subsidiary companies		Associate companies		KMP	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Company						
Income:						
- Interest income	**258.9**	248.6	**64.0**	51.2	**0**	0
- Corporate joint income	**151.6**	157.8	**0**	0	**0**	0
- Dividend income	**7.4**	102.1	**72.8**	52.0	**0**	0
- Leasing income	**46.4**	28.8	**18.3**	19.1	**0**	0
- Other income	**59.9**	62.3	**11.8**	6.4	**0**	0
Expenses:						
- Purchase of electricity	**(20,702.9)**	(23,478.2)	**(3,794.8)**	(5,521.1)	**0**	0
- Purchase of goods/services	**(1,048.5)**	(935.8)	**0**	0	**0**	0
- Training fees	**(72.6)**	(78.5)	**0**	0	**0**	0
- Finance cost on:						
- Lease liabilities	**(2,603.4)**	(2,377.7)	**(224.2)**	(262.8)	**0**	0
- Borrowings	**(281.5)**	(276.9)	**0**	0	**0**	0
- Key management compensations:						
- Salaries, allowances and bonuses	**0**	0	**0**	0	**(21.8)**	(25.4)
- Benefits-in-kind	**0**	0	**0**	0	**(0.4)**	(0.4)
- Defined contribution retirement plan	**0**	0	**0**	0	**(3.5)**	(3.6)
- Other staff benefits	**0**	0	**0**	0	**(2.9)**	(2.2)
- LTIP expenses	**0**	0	**0**	0	**(3.7)**	(5.6)
Repayment of advances from	**1,048.7**	376.4	**0**	0		
Advances granted to	**(217.1)**	(1,072.0)	**0**	0		
Amounts due from	**7,977.6**	10,016.9	**5.2**	5.6		
Amounts due to	**(6,944.0)**	(6,709.1)	**(568.8)**	(765.9)		
Investment in unquoted debt security	**0**	0	**259.3**	253.4		
Lease liabilities	**(41,581.8)**	(43,839.7)	**(4,110.8)**	(4,787.4)		
Repayment of interest	**(279.5)**	(274.3)	**0**	0		

44 SEGMENTAL REPORTING

Segmental reporting is not presented as the Group is principally engaged in the generation, transmission, distribution and sales of electricity and the provision of other related services, which are substantially within a single business segment and this is consistent with the current practice of internal reporting. The Group operates primarily in Malaysia.

45 FINANCIAL INSTRUMENTS

Accounting Policy

Financial instruments comprise financial assets and financial liabilities as below:

Financial assets

(a) Classification

The Group and the Company classify their financial assets in the following categories: at amortised cost ('AC'), at FVOCI or FVTPL. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

(i) Financial assets at AC:
- The asset is held within a business model whose objective is to collect the contractual cash flows; and
- The contractual terms give rise to cash flows that are solely payments of principal and interest.

(ii) Financial assets at FVOCI:
- Equity securities which are not held for trading, and which the Group and the Company have irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group and the Company consider this classification to be more relevant; and
- Debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's and of the Company's business model is achieved both by collecting cash flows and selling financial assets.

(iii) Financial assets at FVTPL:
- Debt instruments that do not qualify for measurement at either AC or FVOCI;
- Equity instruments that are held for trading; and
- Equity instruments for which the Group and the Company have not elected to recognise fair value gains and losses through OCI.

The Group and the Company reclassify debt instruments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Group and the Company commit to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all the risks and rewards of ownership.

(c) Measurement

(i) Initial recognition

On initial recognition, the Group and the Company measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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45 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting Policy (continued)

Financial instruments comprise financial assets and financial liabilities as below: (continued)

Financial assets (continued)

(c) Measurement (continued)

(ii) Subsequent measurement

- Debt instruments

  Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group and the Company classify its debt instruments:
  - AC: Interest income from financial assets at AC is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the statement of profit or loss. Impairment losses are presented as a separate line item in the statement of profit or loss.

  - FVOCI: Movements in the carrying amount of debt instruments classified under FVOCI are taken through OCI. Upon derecognition of the assets, the cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit or loss. The interest income from these financial assets is included in the finance income using the effective interest rate method. The foreign exchange gains and losses and impairment expenses are presented as a separate line item in the statement of profit or loss.

  - FVTPL: Financial assets that do not meet the criteria for AC or FVOCI are measured at FVTPL. A gain or loss on debt instruments which are measured at FVTPL are recognised in the statement of profit or loss.

- Equity instruments

  The Group and the Company have elected to present fair value gains and losses on equity instruments in OCI. The fair value gains and losses of these instruments will not be reclassified subsequently to the statement of profit or loss. Dividends from such investments are recognised in the statement of profit or loss as other income. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVOCI are also reported as other changes in fair value.

(d) Impairment

The Group and the Company assess on a forward looking basis the expected credit losses associated with its debt instruments carried at AC and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and the Company have the following financial instruments that are subject to the ECL model:
(i) Trade receivables
(ii) Trade contract assets
(iii) Non-trade receivables:
- intercompany balances
- amounts due from associates/joint ventures
- rechargeable job orders ('RJO') debtors
- sundry deposits for rental spaces
- rental receivables
- staff loans/advances
- investment in unquoted debt securities

(iv) Financial guarantee contracts issued

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss is immaterial.

45 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting Policy (continued)

Financial instruments comprise financial assets and financial liabilities as below: (continued)

Financial assets (continued)

(d) Impairment (continued)

ECL represents a probability-weighted estimate of the difference between the present value of the cash flows according to the contract and present value of the cash flows the Group and the Company are expected to receive, over the remaining life of the financial instruments. For financial guarantee contracts, the ECL is the difference between the expected payments to be reimbursed to the holder of the guaranteed debt instrument less any amounts that the Company expects to receive from the holder, the debtor or any other party.

The measurement of ECL reflects:
(i) An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
(ii) The time value of money; and
(iii) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For trade receivables, trade contract assets and lease receivables, the Group and the Company apply the MFRS 9 simplified approach, which requires expected lifetime losses to be recognised from initial recognition of the receivables, except for those which are in default or credit impaired are assessed individually.

For non-trade receivables, at each reporting date the Group and the Company measure ECL through a loss allowance at an amount equal to 12 months ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition.

The Group and the Company use the three-stage approach for non-trade receivables which reflect their credit risks and how the loss allowances are determined for each of those stages. Summary of the assumptions underpinning the Group's and the Company's ECL model for non-trade receivables are as follows:

Types of non-trade receivables	Stage 1 Low credit risk (12 months ECL Model)	Stage 2 Significant increase in credit risk (Lifetime ECL Model)	Stage 3 Credit impaired (Lifetime ECL Model)
• Intercompany balances	Positive operating cash flows/Net assets (Total Assets - Total Liabilities)/ Subsidiaries with assets under construction having guaranteed long term revenue contract and agents	Negative operating cash flows and net liabilities (Total Assets -Liabilities)/ without defaulting on loan repayments	Dormant/History of default
• Amounts due from associates/joint ventures/investment in unquoted debt security	Positive operating cash flows/ Net assets (Total Assets - Total Liabilities)	Negative operating cash flows and net liabilities (Total Assets - Total Liabilities)/No current default	History of default and currently defaulted
• RJO debtors	Covered by indent/ downpayment/Letter of Undertaking ('LOU')	No indent/downpayment/LOU	Accident cases
• Sundry deposits for rental spaces	Active contracts	Inactive contracts and amounts outstanding less or equal to 12 months	Inactive contracts and amounts outstanding more than 12 months
• Rental receivables (net deposits)	Active contracts and amounts outstanding less or equal to 3 months	Active contracts and amounts outstanding more than 3 months	Inactive contracts
• Staff loans/advances	Current employees	Ex-employees with no default in payment	Ex-employees with default in payment

NOTES TO THE FINANCIAL STATEMENTS
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45 FINANCIAL INSTRUMENTS (CONTINUED)

Accounting Policy (continued)

Financial instruments comprise financial assets and financial liabilities as below: (continued)

Financial assets (continued)

(d) Impairment (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's and the Company's historical experience and informed credit assessment including forward looking information, where available.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when either the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subjected to the write off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery of amounts due.

Financial liabilities

The Group and the Company classify its financial liabilities at AC or at FVTPL.

Offsetting financial instruments

Financial assets and liabilities are offsetted and the net amounts are presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group or the Company to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of;

(i) The amount determined in accordance with the ECL model; and
(ii) The amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

45 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments

The financial instruments are categorised as follows:
(i) Financial assets and financial liabilities at AC;
(ii) Financial assets and financial liabilities at FVTPL; and
(iii) Financial assets at FVOCI.

	Carrying amount RM'million	AC RM'million	FVTPL RM'million	FVOCI RM'million
Financial assets				
2023				
Group				
Investment in unquoted debt security	259.3	259.3	0	0
Long term receivables	46.8	46.8	0	0
Financial lease receivables	7.2	7.2	0	0
Derivative financial instruments	168.0	0	168.0	0
Financial assets at FVOCI	55.1	0	0	55.1
Trade receivables	3,921.5	3,921.5	0	0
Other non-trade receivables	806.0	806.0	0	0
Contract assets	4,446.8	4,446.8	0	0
Amounts due from joint ventures	22.7	22.7	0	0
Amounts due from associates	388.3	388.3	0	0
Financial assets at FVTPL	1,650.0	0	1,650.0	0
Deposits, bank and cash balances	19,390.5	19,390.5	0	0
	31,162.2	29,289.1	1,818.0	55.1
Company				
Investment in unquoted debt security	259.3	259.3	0	0
Long term receivables	21.1	21.1	0	0
Financial assets at FVOCI	54.3	0	0	54.3
Trade receivables	2,805.9	2,805.9	0	0
Other non-trade receivables	152.3	152.3	0	0
Contract assets	4,226.9	4,226.9	0	0
Amounts due from subsidiaries	7,977.6	7,977.6	0	0
Amounts due from associates	5.2	5.2	0	0
Financial assets at FVTPL	1,369.4	0	1,369.4	0
Deposits, bank and cash balances	13,326.6	13,326.6	0	0
	30,198.6	28,774.9	1,369.4	54.3

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45 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Carrying amount RM'million	AC RM'million	FVTPL RM'million	FVOCI RM'million
Financial assets				
2022				
Group				
Investment in unquoted debt security	253.4	253.4	0	0
Long term receivables	39.6	39.6	0	0
Finance lease receivables	8.6	8.6	0	0
Derivative financial instruments	72.5	0	72.5	0
Financial assets at FVOCI	70.7	0	0	70.7
Trade receivables	3,967.7	3,967.7	0	0
Other non-trade receivables	943.5	943.5	0	0
Contract assets	3,586.0	3,586.0	0	0
Amounts due from joint ventures	44.6	44.6	0	0
Amounts due from associates	659.1	659.1	0	0
Financial assets at FVTPL	8,196.6	0	8,196.6	0
Deposits, bank and cash balances	4,893.4	4,893.4	0	0
	22,735.7	14,395.9	8,269.1	70.7
Company				
Investment in unquoted debt security	253.4	253.4	0	0
Long term receivables	32.2	32.2	0	0
Financial assets at FVOCI	70.0	0	0	70.0
Trade receivables	2,466.1	2,466.1	0	0
Other non-trade receivables	82.8	82.8	0	0
Contract assets	3,430.0	3,430.0	0	0
Amounts due from subsidiaries	10,016.9	10,016.9	0	0
Amounts due from associates	5.6	5.6	0	0
Financial assets at FVTPL	6,276.0	0	6,276.0	0
Deposits, bank and cash balances	748.2	748.2	0	0
	23,381.2	17,035.2	6,276.0	70.0

45 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Carrying amount RM'million	AC RM'million	FVTPL RM'million
Financial liabilities			
2023			
Group			
Payables	**8,340.4**	**8,340.4**	**0**
Financial guarantee contracts	**312.1**	**312.1**	**0**
Lease liabilities	**30,860.9**	**30,860.9**	**0**
Amounts due to associates	**579.7**	**579.7**	**0**
Borrowings	**61,770.2**	**61,770.2**	**0**
Derivative financial instruments	**11.9**	**0**	**11.9**
Other liabilities	**850.5**	**850.5**	**0**
	102,725.7	**102,713.8**	**11.9**
Company			
Payables	**4,466.8**	**4,466.8**	**0**
Financial guarantee contracts	**316.4**	**316.4**	**0**
Lease liabilities	**69,286.6**	**69,286.6**	**0**
Amounts due to subsidiaries	**6,944.0**	**6,944.0**	**0**
Amounts due to associates	**568.8**	**568.8**	**0**
Borrowings	**29,678.1**	**29,678.1**	**0**
Derivative financial instruments	**1.4**	**0**	**1.4**
Other liabilities	**764.4**	**764.4**	**0**
	112,026.5	**112,025.1**	**1.4**

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45 FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Carrying amount RM'million	AC RM'million	FVTPL RM'million
Financial liabilities			
2022			
Group			
Payables	8,718.9	8,718.9	0
Financial guarantee contracts	310.6	310.6	0
Lease liabilities	33,278.4	33,278.4	0
Amounts due to associates	777.6	777.6	0
Borrowings	63,882.2	63,882.2	0
Derivative financial instruments	5.2	0	5.2
Other liabilities	709.1	709.1	0
	107,682.0	107,676.8	5.2
Company			
Payables	4,443.2	4,443.2	0
Financial guarantee contracts	312.2	312.2	0
Lease liabilities	73,805.1	73,805.1	0
Amounts due to subsidiaries	6,709.1	6,709.1	0
Amounts due to associates	765.9	765.9	0
Borrowings	36,231.9	36,231.9	0
Derivative financial instruments	2.9	0	2.9
Other liabilities	711.2	711.2	0
	122,981.5	122,978.6	2.9

(b) Financial risk management

The Group and the Company have exposures to the following risks embedded in its financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk.

Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposures to credit risk arise principally from its receivables from customers, investment in unquoted debt security, deposits, bank and cash balances and derivative financial instruments. In addition, the Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks in respect of banking facilities granted to certain subsidiaries and an associate.

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

Net reversal/(losses) on impairment of financial instruments are mainly from:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Net reversal/(losses) on:				
Trade receivables				
- recognised in profit or loss	**(105.1)**	(163.2)	**(93.7)**	(156.7)
- reversed	**240.2**	13.9	**232.4**	0
Trade contract assets				
- recognised in profit or loss	**(33.8)**	(37.7)	**(23.1)**	(34.4)
- reversed	**22.6**	71.0	**19.3**	64.0
Investment in unquoted debt security				
- recognised in profit or loss	**(6.0)**	(3.1)	**(6.0)**	(3.1)
- reversed	**2.9**	5.4	**2.9**	5.4
Intercompany balances				
- recognised in profit or loss	**0**	0	**(163.7)**	(66.1)
- reversed	**0**	0	**163.0**	210.8
Other non-trade receivables				
- recognised in profit or loss	**(11.8)**	(20.7)	**(0.9)**	(17.5)
- reversed	**14.7**	42.6	**7.3**	26.6
Amounts due from associates				
- recognised in profit or loss	**(0.1)**	(0.1)	**(0.1)**	(0.1)
- reversed	**0.1**	0.1	**0.1**	0.1
Amounts due from joint ventures				
- recognised in profit or loss	**(7.8)**	(3.8)	**0**	0
- reversed	**0.3**	13.7	**0**	0
Financial guarantee contracts				
- recognised in profit or loss	**(1.5)**	(37.6)	**(4.2)**	(37.6)
- reversed	**0**	18.1	**0**	18.8
	114.7	(101.4)	**133.3**	10.2

NOTES TO THE FINANCIAL STATEMENTS
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45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(i) Trade receivables and trade contract assets

Risk management objectives, policies and processes for managing the risk

The Group and the Company have a credit policy in place and the exposures to credit risk are monitored on an ongoing basis. Normally, financial guarantees given by banks, shareholders or directors of customers are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

Exposure to credit risk, credit quality and collateral

The Group's and the Company's credit policy provide trade receivables with a 30 to 90 days (2022: 30 to 90 days) credit period. The Group and the Company have no major significant concentration of credit risk due to their diverse customer base. An impairment has been made for estimated unrecoverable amounts, determined by reference to past default experience of individual debtors and collection portfolios.

The total trade receivables and trade contract assets and the impairment provided are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Trade receivables	**6,588.2**	6,970.3	**5,321.2**	5,320.9
Less: Loss allowances	**(2,666.7)**	(3,002.6)	**(2,515.3)**	(2,854.8)
	3,921.5	3,967.7	**2,805.9**	2,466.1
Trade contract assets	**4,495.0**	3,623.0	**4,265.1**	3,464.4
Less: Loss allowances	**(48.2)**	(37.0)	**(38.2)**	(34.4)
	4,446.8	3,586.0	**4,226.9**	3,430.0

The Group and the Company have other financial assets which are lease receivables, investment in unquoted debt security and others.

Given the varied nature of the Group's and of the Company's customer base, the following analysis of trade receivables by type of customer is considered the most appropriate disclosure of credit concentration.

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Industrial	**1,477.8**	1,497.4	**1,465.3**	1,489.9
Commercial	**2,026.3**	2,043.7	**1,953.4**	1,977.2
Domestic	**1,979.4**	1,971.9	**1,830.0**	1,799.6
Specific agriculture	**12.3**	11.0	**12.3**	11.0
Mining	**2.5**	2.9	**2.5**	2.9
Public lighting	**61.9**	44.5	**57.7**	40.3
Others	**1,028.0**	1,398.9	**0**	0
Trade receivables	**6,588.2**	6,970.3	**5,321.2**	5,320.9
Trade contract assets	**4,495.0**	3,623.0	**4,265.1**	3,464.4

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(i) Trade receivables and trade contract assets (continued)

Impairment losses

The loss allowance for the trade receivables and the trade contract assets are as follows:

	Gross RM'million	Individual impairment RM'million	Expected loss rate %	Collective impairment RM'million	Net RM'million
2023					
Group					
Not past due	1,813.5	(1.8)	0.6	(10.8)	1,800.9
Past due 0-30 days	419.8	(0.2)	3.8	(16.1)	403.5
Past due 31-120 days	692.0	(4.0)	12.0	(82.4)	605.6
Past due 121-240 days	397.9	(11.6)	33.7	(130.0)	256.3
Past due 241-365 days	279.0	(38.0)	53.6	(129.2)	111.8
Past due more than 365 days	2,986.0	(1,592.9)	46.6	(649.7)	743.4
Trade receivables	6,588.2	(1,648.5)		(1,018.2)	3,921.5
Trade contract assets	4,495.0	(0.8)	1.1	(47.4)	4,446.8
Company					
Not past due	1,414.1	(1.4)	0.4	(5.5)	1,407.2
Past due 0-30 days	316.9	(0.1)	4.3	(13.5)	303.3
Past due 31-120 days	550.7	(4.0)	13.1	(71.4)	475.3
Past due 121-240 days	326.0	(11.6)	35.7	(112.1)	202.3
Past due 241-365 days	230.5	(37.9)	59.2	(114.0)	78.6
Past due more than 365 days	2,483.0	(1,587.0)	62.8	(556.8)	339.2
Trade receivables	5,321.2	(1,642.0)		(873.3)	2,805.9
Trade contract assets	4,265.1	(0.8)	0.9	(37.4)	4,226.9

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(i) Trade receivables and trade contract assets (continued)

Impairment losses (continued)

The loss allowance for the trade receivables and the trade contract assets are as follows: (continued)

	Gross RM'million	Individual impairment RM'million	Expected loss rate %	Collective impairment RM'million	Net RM'million
2022					
Group					
Not past due	1,646.4	(22.1)	0.6	(9.2)	1,615.1
Past due 0-30 days	398.5	(1.1)	4.3	(16.9)	380.5
Past due 31-120 days	858.8	(69.9)	10.3	(81.4)	707.5
Past due 121-240 days	713.9	(102.7)	31.0	(189.5)	421.7
Past due 241-365 days	408.2	(93.8)	54.6	(171.8)	142.6
Past due more than 365 days	2,944.5	(1,615.4)	47.3	(628.8)	700.3
Trade receivables	6,970.3	(1,905.0)		(1,097.6)	3,967.7
Trade contract assets	3,623.0	(3.9)	0.9	(33.1)	3,586.0
Company					
Not past due	1,198.1	(21.0)	0.5	(5.6)	1,171.5
Past due 0-30 days	279.2	(1.1)	5.1	(14.1)	264.0
Past due 31-120 days	655.7	(69.8)	12.3	(72.1)	513.8
Past due 121-240 days	555.7	(102.7)	37.5	(169.9)	283.1
Past due 241-365 days	319.2	(93.8)	67.9	(153.0)	72.4
Past due more than 365 days	2,313.0	(1,609.6)	77.1	(542.1)	161.3
Trade receivables	5,320.9	(1,898.0)		(956.8)	2,466.1
Trade contract assets	3,464.4	(3.9)	0.9	(30.5)	3,430.0

The Group and the Company apply MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables and trade contract assets.

For certain large customers with high risk of default, the Group and the Company assessed the risk of loss for each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

To measure the expected credit losses, trade receivables and trade contract assets are grouped based on shared credit risk characteristics and the days past due. The trade contract assets that relate to unbilled customers have substantial same risk characteristics as the trade receivables for the same types of contracts. The Group and the Company have therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates of the trade contract assets.

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(i) Trade receivables and trade contract assets (continued)

Impairment losses (continued)

The expected loss rates are based on the payment profiles of sales over a period of 14 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group and the Company have identified growth rates of real Gross Domestic Product ('GDP') of Malaysia to be the most relevant factor, and accordingly, adjusts the historical loss rates based on the expected changes in this factor. As at 31 December 2023, for non-government customers, a combination of growth rates of real GDP and inflation rates were identified as the most relevant factors.

On that basis, the loss allowance was determined for both trade receivables and trade contract assets as reflected in the earlier tables.

During the financial year, the collection trends of the Group's and the Company's trade receivables continued to improve. The Group and the Company revised the expected cash flows from their trade receivables which resulted in a reversal of impairment loss.

The Group and the Company also written off the inactive trade receivables which had been fully impaired in the previous financial years, therefore there was no impact to the net trade receivables.

The opening loss allowances for trade receivables and trade contract assets reconciled to the closing loss allowances are as follows:

(a) Trade receivables

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**(3,002.6)**	(2,853.3)	**(2,854.8)**	(2,698.1)
Impairment loss recognised	**(105.1)**	(163.2)	**(93.7)**	(156.7)
Impairment loss reversed	**240.2**	13.9	**232.4**	0
Impairment written off	**200.8**	0	**200.8**	0
As at the end of the financial year (Note 21)	**(2,666.7)**	(3,002.6)	**(2,515.3)**	(2,854.8)

(b) Trade contract assets

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**(37.0)**	(70.3)	**(34.4)**	(64.0)
Impairment loss recognised	**(33.8)**	(37.7)	**(23.1)**	(34.4)
Impairment loss reversed	**22.6**	71.0	**19.3**	64.0
As at the end of the financial year (Note 17(a))	**(48.2)**	(37.0)	**(38.2)**	(34.4)

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31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(i) Trade receivables and trade contract assets (continued)

Impairment losses (continued)

Trade receivables are secured by deposits in the form of cash and bank guarantees. ECL is not provided on receivable balances fully secured by deposits. The deposit amounts are reviewed on an individual basis periodically.

Individual receivables which were known to be uncollectible were written off by reducing the carrying amount directly.

Impairment losses on trade receivables and trade contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Investment in unquoted debt security, deposits, bank and cash balances, derivative financial instruments and financial assets at FVTPL

Risk management objectives, policies and processes for managing the risk

Investments, deposits, bank and cash balances, derivative financial instruments and financial assets measured at FVTPL are liquid security and mainly with reputable financial institutions.

Investment in unquoted debt security are investment in an associate's financial instruments. The credit risk of this associate is monitored on a quarterly basis and the loss allowances are provided for accordingly.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk is represented by the carrying amounts in the SOFP.

In view of the sound credit rating of counterparties, the Group and the Company do not expect any counterparty to fail to meet its obligations. The Group and the Company do not have overdue investments that have not been impaired.

The investments, deposits, cash and bank balances and derivative financial instruments are unsecured.

Bank and cash balances are held with banks and financial institutions which have lower credit risks. In addition, some of the bank balances are insured by Government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

The total investment in unquoted debt security and the impairment provided are as follows:

	Company	
	2023 RM'million	2022 RM'million
Investment in unquoted debt security	**287.5**	278.5
Less: Loss allowances	**(28.2)**	(25.1)
	259.3	253.4

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(ii) Investment in unquoted debt security, deposits, bank and cash balances, derivative financial instruments and financial assets at FVTPL (continued)

Impairment losses

The impairment for the remaining investment in unquoted debt security, deposits, bank and cash balances, derivative financial instruments and financial assets at FVTPL during the financial year and previous financial year was insignificant.

The loss allowances for investment in unquoted debt security for the Group and the Company using the general 3-stage approach reconciled to the opening loss allowances for that provision are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
2023				
As at the beginning of the financial year	**(25.1)**	**0**	**0**	**(25.1)**
Impairment loss recognised	**(6.0)**	**0**	**0**	**(6.0)**
Impairment loss reversed	**2.9**	**0**	**0**	**2.9**
As at the end of the financial year	**(28.2)**	**0**	**0**	**(28.2)**
2022				
As at the beginning of the financial year	(27.4)	0	0	(27.4)
Impairment loss recognised	(3.1)	0	0	(3.1)
Impairment loss reversed	5.4	0	0	5.4
As at the end of the financial year	(25.1)	0	0	(25.1)

The impact on the carrying value of the investment in unquoted debt security presented by the stages are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
2023				
Gross carrying amount	**287.5**	**0**	**0**	**287.5**
Less: Loss allowances	**(28.2)**	**0**	**0**	**(28.2)**
Net carrying amount	**259.3**	**0**	**0**	**259.3**
2022				
Gross carrying amount	278.5	0	0	278.5
Less: Loss allowances	(25.1)	0	0	(25.1)
Net carrying amount	253.4	0	0	253.4

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables

- Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

At the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the SOFP.

The total amounts due from subsidiaries and impairment provided are as follows:

	Company	
	2023 RM'million	2022 RM'million
Amounts due from subsidiaries	**8,550.8**	10,590.8
Less: Loss allowances	**(573.2)**	(573.9)
	7,977.6	10,016.9

Impairment losses

Generally, the Company considers loans and advances to subsidiaries having low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly based on stages determined in the accounting policy part (d) of this note. As the Company is able to determine the timing of payments of the subsidiaries' balances when they are payable, the Company considers the amount payable to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's balances to be impaired when the subsidiary is:

- unlikely to repay its payables to the Company in full;
- having prolonged negative operating cash flows and is in net tangible liabilities position; or
- a dormant entity or has a history of default.

At the end of the financial year, there was no indication that the amounts due from the subsidiaries are not recoverable other than those which have already been impaired. The Company does not specifically monitor the ageing of advances to the subsidiaries.

During the financial year, there has been reversal of loss allowances due to repayments received from subsidiaries.

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables (continued)

- Intercompany balances (continued)

Impairment losses (continued)

The loss allowances for intercompany balances using the general 3-stage approach reconciled to the opening loss allowances for that provision are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
2023				
As at the beginning of the financial year	**(327.9)**	**(129.8)**	**(116.2)**	**(573.9)**
Impairment loss recognised	**(53.0)**	**(90.3)**	**(20.4)**	**(163.7)**
Impairment loss reversed	**150.1**	**11.8**	**1.1**	**163.0**
Impairment written off	**0**	**0**	**1.4**	**1.4**
As at the end of the financial year	**(230.8)**	**(208.3)**	**(134.1)**	**(573.2)**
2022				
As at the beginning of the financial year	(471.9)	(128.2)	(118.5)	(718.6)
Impairment loss recognised	(54.9)	(1.6)	(9.6)	(66.1)
Impairment loss reversed	198.9	0	11.9	210.8
As at the end of the financial year	(327.9)	(129.8)	(116.2)	(573.9)

The impact on the carrying value of the intercompany balances presented by the stages are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
2023				
Gross carrying amount	**8,203.1**	**213.6**	**134.1**	**8,550.8**
Less: Loss allowances	**(230.8)**	**(208.3)**	**(134.1)**	**(573.2)**
Net carrying amount	**7,972.3**	**5.3**	**0**	**7,977.6**
2022				
Gross carrying amount	10,340.8	133.8	116.2	10,590.8
Less: Loss allowances	(327.9)	(129.8)	(116.2)	(573.9)
Net carrying amount	10,012.9	4.0	0	10,016.9

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables (continued)

- Other non-trade receivables, amounts due from associates and joint ventures

Risk management objectives, policies and processes for managing the risk

Credit risk on other non-trade receivables are mainly arising from RJO debtors which are receivables from specific works requested by customers.

Credit risk also arises from sundry deposits for rental of office spaces from third parties and rental receivables. The Company manages the credit risk together with the specific leasing arrangements.

Staff advances and staff loans have low credit risk as these are mostly provided to existing staff. These balances are managed on a monthly basis.

Amounts due from associates and joint ventures are mostly due to transactions within the Group and have a low credit risk. These balances are managed on a monthly basis.

Exposure to credit risk, credit quality and collateral

At the end of the financial year, the maximum exposure to credit risk is represented by their carrying amounts in the SOFP.

The Company receives down payments, LOUs or indents for RJO debtors where works are requested by customers. In cases of RJO debtors arising from accidental damages to the Company's assets whereby the third party is identifiable, these amounts are fully impaired as there is very low prospect of recovery.

The Company receives deposits from third parties for rental of office spaces.

For staff loans and staff advances, any repayment is done through monthly payroll deductions.

The total other non-trade receivables, amounts due from associates and amounts due from joint ventures and impairments provided are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Other non-trade receivables	**1,071.6**	1,204.8	**326.4**	274.4
Less: Loss allowances	**(218.8)**	(221.7)	**(153.0)**	(159.4)
	852.8	983.1	**173.4**	115.0
Amounts due from associates	**395.6**	666.4	**5.3**	5.7
Less: Loss allowances	**(7.3)**	(7.3)	**(0.1)**	(0.1)
	388.3	659.1	**5.2**	5.6
Amounts due from joint ventures	**42.5**	56.9	**0**	0
Less: Loss allowances	**(19.8)**	(12.3)	**0**	0
	22.7	44.6	**0**	0

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables (continued)

- Other non-trade receivables, amounts due from associates and joint ventures (continued)

Impairment losses

Generally, the Group and the Company consider other non-trade receivables as having low credit risk. The Group and the Company assume that there is a significant increase in credit risk when there is a history of default in payments.

The loss allowances for other non-trade receivables using the general 3-stage approach reconciled to the opening loss allowances for that provision are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
Group				
2023				
As at the beginning of the financial year	**(28.2)**	**(1.2)**	**(192.3)**	**(221.7)**
Impairment loss recognised	**(1.5)**	**(0.1)**	**(10.2)**	**(11.8)**
Impairment loss reversed	**1.9**	**0.1**	**12.7**	**14.7**
As at the end of the financial year	**(27.8)**	**(1.2)**	**(189.8)**	**(218.8)**
2022				
As at the beginning of the financial year	(31.0)	(1.3)	(211.3)	(243.6)
Impairment loss recognised	(2.6)	(0.1)	(18.0)	(20.7)
Impairment loss reversed	5.4	0.2	37.0	42.6
As at the end of the financial year	(28.2)	(1.2)	(192.3)	(221.7)
Company				
2023				
As at the beginning of the financial year	**(20.3)**	**(0.8)**	**(138.3)**	**(159.4)**
Impairment loss recognised	**0**	**0**	**(0.9)**	**(0.9)**
Impairment loss reversed	**11.7**	**0**	**(4.4)**	**7.3**
As at the end of the financial year	**(8.6)**	**(0.8)**	**(143.6)**	**(153.0)**
2022				
As at the beginning of the financial year	(6.9)	(0.4)	(161.2)	(168.5)
Impairment loss recognised	0	(0.4)	(17.1)	(17.5)
Impairment loss reversed	(13.4)	0	40.0	26.6
As at the end of the financial year	(20.3)	(0.8)	(138.3)	(159.4)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables (continued)

- Other non-trade receivables, amounts due from associates and joint ventures (continued)

Impairment losses (continued)

The loss allowances for amounts due from associates using the general 3-stage approach reconciled to the opening loss allowances for that provision are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
Group				
2023				
As at the beginning of the financial year	**(7.3)**	**0**	**0**	**(7.3)**
Impairment loss recognised	**(0.1)**	**0**	**0**	**(0.1)**
Impairment loss reversed	**0.1**	**0**	**0**	**0.1**
As at the end of the financial year	**(7.3)**	**0**	**0**	**(7.3)**
2022				
As at the beginning of the financial year	(7.3)	0	0	(7.3)
Impairment loss recognised	(0.1)	0	0	(0.1)
Impairment loss reversed	0.1	0	0	0.1
As at the end of the financial year	(7.3)	0	0	(7.3)
Company				
2023				
As at the beginning of the financial year	**(0.1)**	**0**	**0**	**(0.1)**
Impairment loss recognised	**(0.1)**	**0**	**0**	**(0.1)**
Impairment loss reversed	**0.1**	**0**	**0**	**0.1**
As at the end of the financial year	**(0.1)**	**0**	**0**	**(0.1)**
Company				
2022				
As at the beginning of the financial year	(0.1)	0	0	(0.1)
Impairment loss recognised	(0.1)	0	0	(0.1)
Impairment loss reversed	0.1	0	0	0.1
As at the end of the financial year	(0.1)	0	0	(0.1)

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables (continued)

- Other non-trade receivables, amounts due from associates and joint ventures (continued)

Impairment losses (continued)

The loss allowances for amounts due from joint ventures using the general 3-stage approach reconciled to the opening loss allowances for that provision are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
Group				
2023				
As at the beginning of the financial year	**(12.3)**	**0**	**0**	**(12.3)**
Impairment loss recognised	**(7.8)**	**0**	**0**	**(7.8)**
Impairment loss reversed	**0.3**	**0**	**0**	**0.3**
As at the end of the financial year	**(19.8)**	**0**	**0**	**(19.8)**
2022				
As at the beginning of the financial year	(22.2)	0	0	(22.2)
Impairment loss recognised	(3.8)	0	0	(3.8)
Impairment loss reversed	13.7	0	0	13.7
As at the end of the financial year	(12.3)	0	0	(12.3)

The impact on the carrying value of other non-trade receivables presented by the stages are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
Group				
2023				
Gross carrying amount	**840.3**	**59.4**	**171.9**	**1,071.6**
Less: Loss allowances	**(27.8)**	**(1.2)**	**(189.8)**	**(218.8)**
Net carrying amount	**812.5**	**58.2**	**(17.9)**	**852.8**
2022				
Gross carrying amount	944.6	66.8	193.4	1,204.8
Less: Loss allowances	(28.2)	(1.2)	(192.3)	(221.7)
Net carrying amount	916.4	65.6	1.1	983.1
Company				
2023				
Gross carrying amount	**28.2**	**145.3**	**152.9**	**326.4**
Less: Loss allowances	**(8.6)**	**(0.8)**	**(143.6)**	**(153.0)**
Net carrying amount	**19.6**	**144.5**	**9.3**	**173.4**
2022				
Gross carrying amount	89.1	26.8	158.5	274.4
Less: Loss allowances	(20.3)	(0.8)	(138.3)	(159.4)
Net carrying amount	68.8	26.0	20.2	115.0

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables (continued)

- Other non-trade receivables, amounts due from associates and joint ventures (continued)

Impairment losses (continued)

The impact on the carrying value of amounts due from associates presented by the stages are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
Group				
2023				
Gross carrying amount	**395.6**	**0**	**0**	**395.6**
Less: Loss allowances	**(7.3)**	**0**	**0**	**(7.3)**
Net carrying amount	**388.3**	**0**	**0**	**388.3**
2022				
Gross carrying amount	666.4	0	0	666.4
Less: Loss allowances	(7.3)	0	0	(7.3)
Net carrying amount	659.1	0	0	659.1
Company				
2023				
Gross carrying amount	**5.3**	**0**	**0**	**5.3**
Less: Loss allowances	**(0.1)**	**0**	**0**	**(0.1)**
Net carrying amount	**5.2**	**0**	**0**	**5.2**
2022				
Gross carrying amount	5.7	0	0	5.7
Less: Loss allowances	(0.1)	0	0	(0.1)
Net carrying amount	5.6	0	0	5.6

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iii) Non-trade receivables (continued)

- Other non-trade receivables, amounts due from associates and joint ventures (continued)

Impairment losses (continued)

The impact on the carrying value of amounts due from joint ventures presented by the stages are as follows:

	Stage 1 RM'million	Stage 2 RM'million	Stage 3 RM'million	Total RM'million
Group				
2023				
Gross carrying amount	**42.5**	**0**	**0**	**42.5**
Less: Loss allowances	**(19.8)**	**0**	**0**	**(19.8)**
Net carrying amount	**22.7**	**0**	**0**	**22.7**
2022				
Gross carrying amount	56.9	0	0	56.9
Less: Loss allowances	(12.3)	0	0	(12.3)
Net carrying amount	44.6	0	0	44.6

(iv) Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides financial guarantees to banks in respect of banking facilities granted to certain subsidiaries and an associate. The Company monitors the ability of the subsidiaries and the associate to service their loans on an individual basis annually.

Exposure to credit risk, credit quality and collateral

The maximum exposure to the Group and the Company amounts to RM312.1 million (2022: RM310.6 million) and RM11,534.8 million (2022: RM8,797.7 million) respectively, representing banking facilities utilised by the subsidiaries and an associate as at the end of the financial year.

The financial guarantees are provided as credit enhancements to the subsidiaries' and associate's secured loans.

The total financial guarantees and loss allowances provided are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Financial guarantees	**312.1**	310.6	**11,534.8**	8,797.7
Less: Loss allowances	**(312.1)**	(310.6)	**(316.4)**	(312.2)
	0	0	**11,218.4**	8,485.5

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Credit risk (continued)

(iv) Financial guarantees (continued)

Impairment losses

The Company assumes that there is a significant increase in credit risk when a subsidiary or associate has indication of defaulting on its banking facilities. The Company considers a financial guarantee to be credit impaired when the subsidiary or associate is unlikely to repay its credit obligation to the bank in full.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

Loss allowance has been recognised mainly arising from the financial guarantee provided by the Group in 2016 to support the loan facility offered to İç Anadolu Doğalgaz Elektrik Üretim ve Ticaret A.Ş. ('ICAN'), a subsidiary of Gama Enerji Anonîm Şîrketî ('Gama Enerji'). The ECL is determined based on an internal assessment of Gama Enerji debt servicing ability taking into account of the current adverse macroeconomic conditions in Türkiye. The impairment loss for financial guarantees for the Group and the Company are in Stage 3.

The movement in the loss allowances of financial guarantees during the financial year was:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
As at the beginning of the financial year	**(310.6)**	(291.1)	**(312.2)**	(293.4)
Impairment loss recognised	**(1.5)**	(37.6)	**(4.2)**	(37.6)
Impairment loss reversed	**0**	18.1	**0**	18.8
As at the end of the financial year (Note 23)	**(312.1)**	(310.6)	**(316.4)**	(312.2)

Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposures to liquidity risk arise principally from its various payables, loans and borrowings. The Group and the Company monitor rolling forecasts of the Group's and of the Company's liquidity requirements.

As of 31 December 2023, the Company's current liabilities exceeded their current assets by RM2,120.3 million (2022: RM1,434.6 million), mainly due to consumer deposits amounting to RM7,659.6 million (2022: RM7,185.7 million).

The Company's cash flow forecast for the next 12 months takes into account the expected revenue growth rates, customer collection trends, low rate of termination of electricity account that would crystallise the entire consumer deposits above and one-off transactions. The Company expects to be able to generate sufficient internal cash flows from operations for the next 12 months from the reporting date to meet operational and financing needs as and when they fall due.

In addition, as at 31 December 2023, the Company have undrawn borrowing facilities amounting to RM14,011.4 million (2022: RM10,815.6 million) to support any cash shortfall while maintaining sufficient headroom on its undrawn borrowing facilities at all times to ensure the Company have the financial flexibility.

Surplus cash of the Group and of the Company is invested in profit bearing current accounts, money market deposits and other instruments with appropriate maturities and sufficient liquidity level to provide sufficient headroom as determined by the cash flow forecasts and to enable the Group and the Company to discharge liabilities in the normal course of business.

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities as at the end of the financial year based on the undiscounted contractual payments:

	Carrying amount RM'million	Contractual cash flows RM'million	Below 1 year RM'million	1-2 years RM'million	3-5 years RM'million	More than 5 years RM'million
2023						
Group						
Non-derivative financial liabilities						
Payables	8,340.4	8,340.4	8,340.4	0	0	0
Lease liabilities*	30,860.9	42,420.4	4,472.0	3,767.5	10,189.4	23,991.5
Amounts due to associates	579.7	579.7	579.7	0	0	0
Borrowings*	61,770.2	80,854.2	9,277.6	5,207.2	17,707.3	48,662.1
Financial guarantee contracts	312.1	312.1	312.1	0	0	0
Other financial liabilities at AC	850.5	846.0	359.3	363.5	13.8	109.4
	102,713.8	133,352.8	23,341.1	9,338.2	27,910.5	72,763.0
Derivative financial liabilities						
Interest rate swaps	7.3	1,129.1	0	0	1,129.1	0
Profit rate swap contracts	3.2	304.1	0	0	304.1	0
Forward exchange contracts (gross settled):						
- Outflows	1.4	256.8	256.8	0	0	0
	102,725.7	135,042.8	23,597.9	9,338.2	29,343.7	72,763.0
Company						
Non-derivative financial liabilities						
Payables	4,466.8	4,466.8	4,466.8	0	0	0
Lease liabilities*	69,286.6	106,515.2	8,280.1	7,510.4	21,587.1	69,137.6
Amounts due to subsidiaries	6,944.0	6,944.0	6,944.0	0	0	0
Amounts due to associates	568.8	568.8	568.8	0	0	0
Borrowings*	29,678.1	42,459.2	5,258.6	2,751.9	10,478.6	23,970.1
Financial guarantee contracts	316.4	11,534.8	11,534.8	0	0	0
Other financial liabilities at AC	764.4	759.9	370.2	374.5	14.2	1.0
	112,025.1	173,248.7	37,423.3	10,636.8	32,079.9	93,108.7
Derivative financial liability						
Forward exchange contracts (gross settled):						
- Outflows	1.4	256.8	256.8	0	0	0
	112,026.5	173,505.5	37,680.1	10,636.8	32,079.9	93,108.7

NOTES TO THE FINANCIAL STATEMENTS
31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Liquidity risk (continued)

The table below summarises the maturity profiles of the Group's and of the Company's financial liabilities as at the end of the financial year based on the undiscounted contractual payments: (continued)

	Carrying amount RM'million	Contractual cash flows RM'million	Below 1 year RM'million	1-2 years RM'million	3-5 years RM'million	More than 5 years RM'million
2022						
Group						
Non-derivative financial liabilities						
Payables	8,718.9	8,718.9	8,718.9	0	0	0
Lease liabilities*	33,278.4	46,223.7	4,757.1	3,875.4	10,797.9	26,793.3
Amounts due to associates	777.6	777.6	777.6	0	0	0
Borrowings*	63,882.2	78,344.5	16,217.3	3,034.2	12,460.5	46,632.5
Financial guarantee contracts	310.6	310.6	310.6	0	0	0
Other financial liabilities at AC	709.1	730.0	324.4	344.6	35.9	25.1
	107,676.8	135,105.3	31,105.9	7,254.2	23,294.3	73,450.9
Derivative financial liabilities						
Interest rate swaps	0.3	744.2	0	474.5	269.7	0
Profit rate swap contracts	2.0	323.8	0	0	323.8	0
Forward exchange contracts (gross settled):						
- Outflows	2.9	106.3	106.3	0	0	0
	107,682.0	136,279.6	31,212.2	7,728.7	23,887.8	73,450.9
Company						
Non-derivative financial liabilities						
Payables	4,443.2	4,443.2	4,443.2	0	0	0
Lease liabilities*	73,805.1	115,101.7	9,096.9	7,788.4	22,021.4	76,195.0
Amounts due to subsidiaries	6,709.1	6,709.1	6,709.1	0	0	0
Amounts due to associates	765.9	765.9	765.9	0	0	0
Borrowings*	36,231.9	49,731.4	12,227.8	1,089.9	7,938.8	28,474.9
Financial guarantee contracts	312.2	8,797.7	8,797.7	0	0	0
Other financial liabilities at AC	711.2	732.0	335.5	356.4	37.1	3.0
	122,978.6	186,281.0	42,376.1	9,234.7	29,997.3	104,672.9
Derivative financial liability						
Forward exchange contracts (gross settled):						
- Outflows	2.9	106.3	106.3	0	0	0
	122,981.5	186,387.3	42,482.4	9,234.7	29,997.3	104,672.9

* *Refer to Note 15 and Note 26 for the average remaining period.*

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial positions or cash flows.

(i) Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group and of the Company. The currencies giving rise to this risk are primarily USD, JPY and GBP.

Risk management objectives, policies and processes for managing the risk

The Group and the Company are required to hedge a minimum of 50.0% of TNB's known foreign currency exposure up to 12 months period. The Group and the Company use forward exchange contracts and maintain foreign currency floats to hedge its foreign currency risk.

Exposure to foreign currency risk

The currency exposure of financial assets and financial liabilities of the Group and of the Company at the end of the financial year, expressed in MYR (if not defined, Malaysian Ringgit) currency units, are as follows:

	USD RM'million	JPY RM'million	GBP RM'million	EUR RM'million	Others RM'million
2023					
Group					
Financial assets					
Financial assets at FVOCI	**0**	**0**	**0**	**0**	**0.5**
Receivables	**1.2**	**0**	**0**	**0**	**3.4**
Deposits, bank and cash balances	**7.3**	**0**	**1,077.4**	**1.1**	**0**
	8.5	**0**	**1,077.4**	**1.1**	**3.9**
Financial liabilities					
Payables	**28.8**	**0**	**0**	**9.6**	**0**
Borrowings	**8,848.8**	**1,664.7**	**0**	**1,171.5**	**0**
	8,877.6	**1,664.7**	**0**	**1,181.1**	**0**

	USD RM'million	JPY RM'million	GBP RM'million	EUR RM'million
2023				
Company				
Financial assets				
Amounts due from subsidiaries	**9.7**	**0**	**884.0**	**0**
Deposits, bank and cash balances	**4.8**	**0**	**732.8**	**1.1**
	14.5	**0**	**1,616.8**	**1.1**
Financial liabilities				
Borrowings	**8,848.8**	**1,664.7**	**0**	**0**

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31 December 2023

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

Exposure to foreign currency risk (continued)

The currency exposure of financial assets and financial liabilities of the Group and of the Company at the end of the financial year, expressed in MYR (if not defined, Malaysian Ringgit) currency units, are as follows: (continued)

	USD RM'million	JPY RM'million	GBP RM'million	Others RM'million
2022				
Group				
Financial assets				
Financial assets at FVOCI	0	0	0	0.4
Receivables	7.3	0	0	0.7
Deposits, bank and cash balances	257.5	0	576.0	1.0
	264.8	0	576.0	2.1
Financial liabilities				
Payables	49.1	9.4	0	11.4
Borrowings	8,496.8	1,812.3	0	0
	8,545.9	1,821.7	0	11.4
Company				
Financial assets				
Amounts due from subsidiaries	9.7	0	0	0
Deposits, bank and cash balances	257.0	0	372.9	1.0
	266.7	0	372.9	1.0
Financial liability				
Borrowings	8,496.8	1,812.3	0	0

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Market risk (continued)

(i) Foreign currency risk (continued)

Currency risk sensitivity analysis

A 10.0% strengthening of the foreign currencies against RM at the end of the financial year would have decreased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Profit or loss/equity	
	2023 RM'million	2022 RM'million
Group		
USD	**(669.6)**	(625.5)
JPY	**(126.2)**	(138.1)
GBP	**81.9**	44.7
EUR	**(92.5)**	0
Company		
USD	**(667.0)**	(621.6)
JPY	**(126.2)**	(137.4)
GBP	**122.9**	28.9

A 10.0% weakening of the foreign currencies against RM at the end of the financial year would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Foreign currency risk for the Group and the Company which have a functional currency other than USD, JPY, EUR and GBP are not material and hence, sensitivity analysis is not presented.

(ii) Interest rate risk

The Group's and the Company's investments in fixed rate debt security and its fixed rate borrowings are not exposed to a significant risk of change in their fair values due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Investment in equity security and short term receivables and payables are not significantly exposed to interest rate risk.

NOTES TO THE FINANCIAL STATEMENTS
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45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the financial year were:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Fixed rate instruments:				
Financial assets	**16,182.5**	2,890.0	**13,297.2**	923.6
Financial liabilities	**88,498.4**	95,678.8	**98,964.7**	110,037.0
Floating rate instrument:				
Financial liabilities	**4,132.7**	1,481.8	**0**	0

The financial assets are not sensitive to interest rate changes.

A 5.0% change in the interest rates of the financial liabilities with floating interest rates at the end of the financial year would have affected the Group's and the Company's profit or loss and equity by RM0.7 million (2022: RM0.1 million). This analysis assumes that all other variables, in particular foreign currency rates remained constant.

(iii) Other price risk

Other price risk arises from the Group's and the Company's investments in equity security, debt security and unit trust funds.

Risk management objectives, policies and processes for managing the risk

The Group and the Company are exposed to price risk because the investments held are classified on the statement of financial position as FVOCI and FVTPL. The Group and the Company mainly invest in unit trust funds, primarily in short term deposits as underlying instruments with minimal price risk.

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Fair value of financial instruments

The carrying amounts of deposits, bank and cash balances, short term receivables and payables, short term borrowings, short term amount due from/(to) subsidiaries and short term derivative financial instruments approximate their fair values and are equivalent to nominal values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

The classifications in the fair value hierarchy of the Group's and of the Company's assets and liabilities measured at fair value are summarised in the table below:

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'million	Level 2 RM'million	Level 3 RM'million	Total RM'million	Level 1 RM'million	Level 2 RM'million	Level 3 RM'million	Total RM'million	RM'million	RM'million
2023										
Group										
Financial assets										
Investment in unquoted debt security	0	0	0	0	0	0	259.3	259.3	259.3	259.3
Long term receivables	0	0	0	0	0	32.3	0	32.3	32.3	46.8
Derivative financial instruments	0	76.2	91.8	168.0	0	0	0	0	168.0	168.0
Financial assets at FVOCI	0	0	55.1	55.1	0	0	0	0	55.1	55.1
Financial assets at FVTPL	1,583.9	66.1	0	1,650.0	0	0	0	0	1,650.0	1,650.0
	1,583.9	142.3	146.9	1,873.1	0	32.3	259.3	291.6	2,164.7	2,179.2
Financial liabilities										
Borrowings	0	0	0	0	48,068.9	15,070.3	0	63,139.2	63,139.2	61,770.2
Other financial liabilities at AC	0	0	0	0	0	896.9	0	896.9	896.9	850.5
Derivative financial instruments	0	11.9	0	11.9	0	0	0	0	11.9	11.9
	0	11.9	0	11.9	48,068.9	15,967.2	0	64,036.1	64,048.0	62,632.6
Company										
Financial assets										
Investment in unquoted debt security	0	0	0	0	0	0	259.3	259.3	259.3	259.3
Long term receivables	0	0	0	0	0	32.3	0	32.3	32.3	21.1
Financial assets at FVOCI	0	0	54.3	54.3	0	0	0	0	54.3	54.3
Amounts due from subsidiaries	0	0	0	0	0	4,381.6	0	4,381.6	4,381.6	4,885.5
Financial assets at FVTPL	1,303.3	66.1	0	1,369.4	0	0	0	0	1,369.4	1,369.4
	1,303.3	66.1	54.3	1,423.7	0	4,413.9	259.3	4,673.2	6,096.9	6,589.6
Financial liabilities										
Borrowings	0	0	0	0	24,469.3	5,667.8	0	30,137.1	30,137.1	29,678.1
Other financial liabilities at AC	0	0	0	0	0	743.1	0	743.1	743.1	764.4
Derivative financial instruments	0	1.4	0	1.4	0	0	0	0	1.4	1.4
	0	1.4	0	1.4	24,469.3	6,410.9	0	30,880.2	30,881.6	30,443.9

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45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Fair value of financial instruments (continued)

The classifications in the fair value hierarchy of the Group's and of the Company's assets and liabilities measured at fair value are summarised in the table below: (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'million	Level 2 RM'million	Level 3 RM'million	Total RM'million	Level 1 RM'million	Level 2 RM'million	Level 3 RM'million	Total RM'million	RM'million	RM'million
2022										
Group										
Financial assets										
Investment in unquoted debt security	0	0	0	0	0	0	253.4	253.4	253.4	253.4
Long term receivables	0	0	0	0	0	43.7	0	43.7	43.7	39.6
Derivative financial instruments	0	72.5	0	72.5	0	0	0	0	72.5	72.5
Financial assets at FVOCI	0	70.7	0	70.7	0	0	0	0	70.7	70.7
Financial assets at FVTPL	8,111.4	85.2	0	8,196.6	0	0	0	0	8,196.6	8,196.6
	8,111.4	228.4	0	8,339.8	0	43.7	253.4	297.1	8,636.9	8,632.8
Financial liabilities										
Borrowings	0	0	0	0	1,868.9	61,981.9	0	63,850.8	63,850.8	63,882.2
Other financial liabilities at AC	0	0	0	0	0	1,120.1	0	1,120.1	1,120.1	709.1
Derivative financial instruments	0	5.2	0	5.2	0	0	0	0	5.2	5.2
	0	5.2	0	5.2	1,868.9	63,102.0	0	64,970.9	64,976.1	64,596.5
Company										
Financial assets										
Investment in unquoted debt security	0	0	0	0	0	0	253.4	253.4	253.4	253.4
Long term receivables	0	0	0	0	0	43.7	0	43.7	43.7	32.2
Financial assets at FVOCI	0	70.0	0	70.0	0	0	0	0	70.0	70.0
Amounts due from subsidiaries	0	0	0	0	0	3,606.6	0	3,606.6	3,606.6	4,416.1
Financial assets at FVTPL	6,190.8	85.2	0	6,276.0	0	0	0	0	6,276.0	6,276.0
	6,190.8	155.2	0	6,346.0	0	3,650.3	253.4	3,903.7	10,249.7	11,047.7
Financial liabilities										
Borrowings	0	0	0	0	1,868.9	33,726.3	0	35,595.2	35,595.2	36,231.9
Other financial liabilities at AC	0	0	0	0	0	716.2	0	716.2	716.2	711.2
Derivative financial instruments	0	2.9	0	2.9	0	0	0	0	2.9	2.9
	0	2.9	0	2.9	1,868.9	34,442.5	0	36,311.4	36,314.3	36,946.0

45 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

Fair value of financial instruments (continued)

(i) Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels during the financial year.

(ii) Level 1 fair value

Level 1 fair value is derived from quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

(iii) Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivative financial instruments

The fair value is estimated by the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Non-derivative financial instruments

Fair value, which is determined for disclosure purpose, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

(iv) Level 3 fair value

Level 3 fair values for the financial assets and liabilities are estimated using unobservable inputs.

(v) Interest rates used to determine fair value

The interest rates used to discount estimated cash flows, when applicable, ranging between 0.1% to 8.0% (2022: 0.1% to 8.0%).

Although the Group and the Company believe that their estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

The favourable and unfavourable effects of using reasonably possible alternative assumptions have been calculated by recalibrating the model values using expected cash flows and risk-adjusted discount rates based on the probability weighted average of the Group's and of the Company's ranges of possible outcomes.

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45 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Offsetting of financial assets and financial liabilities

The following financial assets and financial liabilities are subject to offsetting arrangements based on Group policies and procedures:

	Group			Company		
	Gross amounts recognised RM'million	Gross amounts set-off in the SOFP RM'million	Net amounts presented in the SOFP RM'million	Gross amounts recognised RM'million	Gross amounts set-off in the SOFP RM'million	Net amounts presented in the SOFP RM'million
Financial assets						
2023						
Amounts due from associates	**388.3**	**0**	**388.3**	**5.2**	**0**	**5.2**
Amounts due from subsidiaries	**0**	**0**	**0**	**11,033.6**	**(3,056.0)**	**7,977.6**
Amounts due from joint ventures	**22.7**	**0**	**22.7**	**0**	**0**	**0**
2022						
Amounts due from associates	659.1	0	659.1	5.6	0	5.6
Amounts due from subsidiaries	0	0	0	12,701.0	(2,684.1)	10,016.9
Amounts due from joint ventures	44.6	0	44.6	0	0	0
Financial liabilities						
2023						
Amounts due to associates	**(579.7)**	**0**	**(579.7)**	**(568.8)**	**0**	**(568.8)**
Amounts due to subsidiaries	**0**	**0**	**0**	**(10,000.0)**	**3,056.0**	**(6,944.0)**
2022						
Amounts due to associates	(777.6)	0	(777.6)	(765.9)	0	(765.9)
Amounts due to subsidiaries	0	0	0	(9,393.2)	2,684.1	(6,709.1)

46 CAPITAL RISK MANAGEMENT

The Group's and the Company's main objective of capital management is to safeguard the Group's and the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Group and the Company will also strive to maintain an optimal capital structure to reduce the cost of capital.

For the purpose of sustaining or changing the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, issue new shares or return capital to shareholders.

In order to be consistent with industry norms, the Group and the Company monitor its capital structure on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by capital employed. Total borrowings include non-current borrowings and current borrowings as shown in the consolidated statement of financial position. Capital employed is the summation of total equity and total borrowings.

46 CAPITAL RISK MANAGEMENT (CONTINUED)

The gearing ratios are as follows:

	Group		Company	
	2023 RM'million	2022 RM'million	2023 RM'million	2022 RM'million
Total borrowings (Note 26)	**61,770.2**	63,882.2	**29,678.1**	36,231.9
Total equity	**61,082.7**	60,966.2	**46,415.0**	46,410.7
Total capital employed	**122,852.9**	124,848.4	**76,093.1**	82,642.6
Gearing ratios	**0.50**	0.51	**0.39**	0.44

The Group and the Company have met all externally imposed capital requirements.

47 RESTATEMENT

(a) Financial assets at FVOCI

During the year, the Group and the Company changed the presentation of the fair value changes of financial assets measured at FVOCI as 'Items that will not be reclassified subsequently to profit or loss' within the statements of comprehensive income from 'Items that maybe reclassified subsequently to profit or loss' previously. There is no change to OCI or total comprehensive income for the Group and the Company.

(b) Reclassification for deposits maturing more than 90 days

The Group also changed the classification of the cash flows relating to placements and withdrawals of deposits maturing more than 90 days from the date of acquisition. These cash flows are separately classified as 'Cash Flows from Investing Activities' in the consolidated statement of cash flows. They were previously classified as 'Cash Flows from Financing Activities'. The change had no impact on the net decrease in cash and cash equivalents during the year or the total cash and cash equivalents balance.

The following table shows the adjustments for each individual line item. Line items that were not affected by the changes have not been included.

Reconciliation of consolidated statement of cash flows

	For the financial year ended 31 December 2022		
	As previously reported RM'million	Effect of change RM'million	As restated RM'million
Group			
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in deposits maturing more than 90 days	186.9	(186.9)	0
Net cash flows used in financing activities	3,595.8	(186.9)	3,408.9
CASH FLOWS FROM INVESTING ACTIVITIES			
Deposits maturing more than 90 days			
- Invested	0	(2,696.3)	(2,696.3)
- Matured	0	2,883.2	2,883.2
Net cash flows used in investing activities	(14,553.1)	186.9	(14,366.2)

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48 SIGNIFICANT ACQUISITIONS DURING CURRENT AND PRECEDING FINANCIAL YEARS

Acquisitions during the financial year

Subsidiaries acquired by the Group during the financial year ended 31 December 2023 are as follows:

	Note	Purchase consideration RM' million	Group's effective interest acquired	Effective acquisition date
Name of subsidiaries				
Spark Renewables	(i)	1,184.9	100.0%	20 September 2023
Dullarbtons and Elipsgeen	(ii)	494.0	100.0%	20 December 2023

(i) Spark Renewables

Stone HoldCo Pty Ltd and Stone BidCo Pty Ltd, newly incorporated wholly owned subsidiaries of TNBI in Australia have completed its acquisition of Spark Renewables for a purchase consideration of AUD392.3 million in cash. Refer to Note 49 for the principal activities of these companies.

The Group's profit after tax for the financial year ended 31 December 2023 would have been estimated at RM2,624.8 million if Spark Renewables has been consolidated from the beginning of the financial year. From the acquisition date up to 31 December 2023, Spark Renewables contributed a loss after tax of RM5.6 million. The transaction costs incurred for this acquisition was RM52.5 million.

Details of the assets, liabilities and net cash outflow as at the date of the acquisition of this subsidiary by the Group during the financial year ended 31 December 2023 are as follows:

	Spark Renewables	
	Book value RM'million	Fair value RM'million
Recognised amounts of identifiable assets acquired and liabilities assumed:		
- PPE (Note 5)	476.6	514.3
- Intangible assets (Note 10)	2.4	429.3
- Derivative financial instruments	88.2	88.2
- Receivables, deposits and prepayments	7.4	7.4
- Deposits, bank and cash balances	3.0	3.0
- Other liabilities	(5.1)	(5.1)
- Deferred tax liabilities (Note 12)	(45.2)	(184.6)
Total identifiable net assets	527.3	852.5
Provisional goodwill (Note 10)		332.4
Total		1,184.9
Cash consideration paid		1,184.9
Cash and cash equivalents assumed		(3.0)
Net cash outflow on acquisition		1,181.9

The goodwill from the acquisition is provisionally determined at RM332.4 million (AUD110.0 million) and is expected to be finalised by the third quarter of 2024, within 12 months in accordance with MFRS 3 Business Combination.

The goodwill is deemed to be attributable to Spark Renewable's ability to develop and operate new renewable energy projects in Australia, as well as enhanced scale and operational diversity in its renewable projects portfolio.

48 SIGNIFICANT ACQUISITIONS DURING CURRENT AND PRECEDING FINANCIAL YEARS (CONTINUED)

Acquisitions during the financial year (continued)

Subsidiaries acquired by the Group during the financial year ended 31 December 2023 is as follows: (continued)

(ii) Dullarbtons and Elipsgeen

VRE3, a newly incorporated wholly owned subsidiary of TNBI, completed its acquisition of Dullarbtons and Elipsgeen for a purchase consideration of EUR97.5 million in cash. Refer to Note 49 for the principal activities of these companies.

The Group's profit after tax for the financial year ended 31 December 2023 would have been estimated at RM2,641.5 million if Dullarbtons and Elipsgeen have been consolidated from the beginning of the financial year. From the acquisiton date up to 31 December 2023, Dullarbtons and Elipsgeen contributed a loss after tax of RM4.3 million. The transaction costs incurred for this acquisition was RM8.0 million.

Details of the assets, liabilities and net cash outflow as at the date of the acquisition of these subsidiaries by the Group during the financial year ended 31 December 2023 are as follows:

	Dullarbtons and Elipsgeen	
	Book value RM'million	Fair value RM'million
Recognised amounts of identifiable assets acquired and liabilities assumed:		
- PPE (Note 5)	875.9	975.4
- ROU assets (Note 6)	83.8	83.8
- Deferred tax assets (Note 12)	3.5	3.5
- Long term receivables	2.6	2.6
- Derivative financial instruments	20.8	20.8
- Receivables, deposits and prepayments	12.7	12.7
- Deposits, bank and cash balances	47.9	47.9
- Payables	(8.9)	(8.9)
- Lease liabilities (Note 15)	(83.8)	(83.8)
- Borrowings	(701.4)	(701.4)
- Deferred tax liabilities (Note 12)	0	(12.4)
- Other liabilities	(2.4)	(4.9)
Total identifiable net assets	250.7	335.3
Provisional goodwill (Note 10)		158.7
Total		494.0
Cash consideration paid		482.2
Contingent consideration		11.8
Total purchase consideration		494.0
Cash consideration paid		482.2
Cash and cash equivalents assumed		(47.9)
Net cash outflow on acquisition		434.3

NOTES TO THE FINANCIAL STATEMENTS
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48 SIGNIFICANT ACQUISITIONS DURING CURRENT AND PRECEDING FINANCIAL YEARS (CONTINUED)

Acquisitions during the financial year (continued)

Subsidiaries acquired by the Group during the financial year ended 31 December 2023 is as follows: (continued)

(ii) Dullarbtons and Elipsgeen (continued)

The goodwill from the acquisition is provisionally determined at RM158.7 million (EUR31.3 million) and is expected to be finalised by fourth quarter 2024, within 12 months in accordance with MFRS 3 Business Combination.

The goodwill consists of potential upsides from extension of lease terms and grid connection approvals up to 15 years.

Acquisitions during the preceding financial year

Subsidiary acquired by the Group during the financial year ended 31 December 2022 was as follows:

	Purchase consideration RM'million	Group's effective interest acquired	Effective acquisition date
Name of subsidiary			
Clean Energy and Infrastructure UK Limited Group ('CEI UK')	806.0	100.0%	1 April 2022

Vantage RE Ltd., a wholly owned subsidiary of TNBI completed its acquisition of CEI UK for a purchase consideration of GBP145.9 million in cash, through two Share Purchase Agreements ('SPAs') with Capital Dynamics Clean Energy and Infrastructure Jersey Limited and CEI WSH Limited ('the Sellers') respectively. Refer to Note 49 for the principal activities of these companies.

The Group's profit after tax for the financial year ended 31 December 2022 would have been estimated at RM3,569.0 million if CEI UK had been consolidated from the beginning of the financial year. From the acquisition date up to 31 December 2022, CEI UK contributed a profit after tax of RM9.4 million.

48 SIGNIFICANT ACQUISITIONS DURING CURRENT AND PRECEDING FINANCIAL YEARS (CONTINUED)

Acquisitions during the preceding financial year (continued)

Subsidiary acquired by the Group during the financial year ended 31 December 2022 was as follows: (continued)

Details of the assets, liabilities and net cash outflow as at the date of the acquisition of this subsidiary by the Group during the financial year ended 31 December 2022 was as follows:

	CEI UK	
	Book value RM'million	Fair value RM'million
Recognised amounts of identifiable assets acquired and liabilities assumed:		
- PPE (Note 5)	1,047.1	1,584.4
- ROU assets (Note 6)	71.7	79.4
- Intangible assets	120.2	0
- Receivables, deposits and prepayments	65.1	65.1
- Deposits, bank and cash balances	95.2	95.2
- Payables	(55.8)	(55.8)
- Lease liabilities (Note 15)	(71.7)	(79.4)
- Borrowings (Note 26)	(649.2)	(649.2)
- Other liabilities	(9.7)	(10.3)
- Deferred tax liabilities (Note 12)	(107.0)	(241.3)
Total identifiable net assets	505.9	788.1
Goodwill (Note 10)		17.9
Total		806.0
Cash consideration paid		806.0
Cash and cash equivalents assumed		(95.2)
Net cash outflow on acquisition		710.8

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49 LIST OF SUBSIDIARIES

The list of subsidiaries of the Group is as follows:

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Allo Technology Sdn. Bhd.	**100%**	100%	Information technology related services	Malaysia
Malaysia Transformer Manufacturing Sdn. Bhd.	**100%**	100%	Principally engaged in the business of manufacturing, selling and repairing distribution, power and earthing transformers	Malaysia
Sepang Power Sdn. Bhd.* (Dissolved w.e.f. 16.05.2023)	**-**	70%	Dormant	Malaysia
TNB Capital (L) Ltd.* (Dissolved w.e.f. 29.05.2023)	**-**	100%	Dormant	Malaysia
TNB Distribution Sdn. Bhd.* (Dissolved w.e.f. 15.06.2023)	**-**	100%	Dormant	Malaysia
TNB Engineers Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
TNB Fuel Services Sdn. Bhd.	**100%**	100%	Supplying fuel and coal for power generation	Malaysia
TNB Generation Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
TNB Global Captive (L) Ltd.	**100%**	100%	Insurance and reinsurance related business	Malaysia
TNB Global Ventures Capital Berhad	**100%**	100%	Investment holding company	Malaysia
TNB Hidro Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
TNB Integrated Learning Solution Sdn. Bhd.	**100%**	100%	Providing training courses	Malaysia
TNB Risk Management Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
TNB Topaz Energy Sdn. Bhd.	**100%**	100%	Investment holding for developing and investing in overseas power generation projects	Malaysia
TNB Transmission Network Sdn. Bhd. (In members' voluntary winding up)	**100%**	100%	Dormant	Malaysia
TNB-IT Sdn. Bhd.	**100%**	100%	Provision of telecommunication and IT infrastructure solutions and operation and maintenance services on the telecommunication equipment and data centre	Malaysia
Yayasan Tenaga Nasional	**-**	-	A trust established under the provision of Trustees (Incorporation) Act 1952 (Act 258), for promotion and advancement of education and for charitable purposes	Malaysia

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Aruna Servicios Integrales S.L.U.*	**100%**	100%	Investment holding	Spain
Subsidiary of Aruna Servicios Integrales S.L.U.				
Global Power Enerjî Sanayî Ve Tîcaret Anonîm Şîrketî*	**100%**	100%	To engage in activities related to building and operating electricity production facilities, producing electricity and/or capacity and distributing the generated electricity and/or capacity to customers and/or to legal entities with wholesale trade licences or retail sale licences and to free consumers	Türkiye
Power and Energy International (Mauritius) Ltd.*	**100%**	100%	Investment holding	Mauritius
Subsidiary of Power and Energy International (Mauritius) Ltd.*				
Independent Power International Ltd.*	**100%**	100%	Investment holding	Mauritius
REV Property Holdings Sdn. Bhd.	**100%**	100%	Investment holding company, property asset management and property facility management	Malaysia
Subsidiaries of REV Property Holdings Sdn. Bhd.				
REV Horizon Sdn. Bhd.	**100%**	100%	Property asset management, property project management and property facility management	Malaysia
REV Kapar Sdn. Bhd.	**100%**	100%	Property investment, property development, project management, asset management and facility management	Malaysia
REV Perai Sdn. Bhd.	**100%**	100%	Property investment, property development, project management, asset management and facility management	Malaysia
REV Platinum Sdn. Bhd.	**100%**	100%	Property investment, property management, asset management and facility management	Malaysia
REV Zenith Sdn. Bhd.	**100%**	100%	Property investment, property development, project management, asset management and facility management	Malaysia

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49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Sabah Electricity Sdn. Bhd.	**83%**	83%	Business of generation, transmission, distribution and sales of electricity and services in Sabah and the Federal Territory of Labuan	Malaysia
Subsidiary of Sabah Electricity Sdn. Bhd.				
Elopura Power Sdn. Bhd.	**83%**	83%	Dormant	Malaysia
Tenaga Switchgear Sdn. Bhd.	**60%**	60%	Principally engaged in the business of assembling and manufacturing of high voltage switchgears and contracting of turnkey transmission substations	Malaysia
Subsidiaries of Tenaga Switchgear Sdn. Bhd.				
PT. Tenaga Nusa Bakti*	**57%**	57%	Dormant	Indonesia
TSG Ormazabal Sdn. Bhd.	**36%**	36%	Assembling, manufacture, test, reconditioning, distribution and other sources of medium voltage switchgear and control gear for transmission and distribution of electric power	Malaysia
TNB Energy Services Sdn. Bhd.	**100%**	100%	Generating, distributing, supplying, dealing, selling of different kinds of energy sources and related technical services	Malaysia
Subsidiaries of TNB Energy Services Sdn. Bhd.				
MAEVI Sdn. Bhd.	**70%**	70%	Dormant	Malaysia
Tenaga E Mobility Solutions Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
TNB Engineering Corporation Sdn. Bhd.	**100%**	100%	Principally engaged as turnkey contractors, energy project development specialising in district cooling system and co-generation including operation and maintenance works	Malaysia
Subsidiaries of TNB Engineering Corporation Sdn. Bhd.				
Bangsar Energy Systems Sdn. Bhd.	**100%**	100%	Operating an integrated district cooling system for air conditioning systems of office buildings	Malaysia
Subsidiary of Bangsar Energy Systems Sdn. Bhd.				
Selesa Energy Systems Sdn. Bhd.	**70%**	70%	Dormant	Malaysia
Subsidiaries of TNB Engineering Corporation Sdn. Bhd. (continued)				
Cooling Energy Supply Sdn. Bhd.	**70%**	70%	Operation of the concession to operate, maintain and upgrade an existing district cooling co-generation plant and to supply electricity and chilled water to customer	Malaysia

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of TNB Engineering Corporation Sdn. Bhd. (continued)				
TNEC Construction Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
TNEC Operations And Maintenance Sdn. Bhd.	**100%**	100%	Investment holding company	Malaysia
Subsidiary of TNEC Operations and Maintenance Sdn. Bhd.				
Tomest Energy Management Sdn. Bhd.* (In members' voluntary winding up)	**51%**	51%	Dormant	Malaysia
TNB International Sdn. Bhd.	**100%**	100%	Investment holding company	Malaysia
Subsidiaries of TNB International Sdn. Bhd.				
Stone HoldCo Pty Ltd*	**100%**	-	Investment holding company	Australia
Subsidiary of Stone HoldCo Pty Ltd				
Stone BidCo Pty Ltd*	**100%**	-	Investment holding company	Australia
Subsidiary of Stone BidCo Pty Ltd				
Spark Renewables Pty Ltd*	**100%**	-	Investment holding company	Australia
Subsidiaries of Spark Renewables Pty Ltd				
Renewables ServiceCo Pty Ltd*	**100%**	-	Investment holding company	Australia
Bomen SF HoldCo Pty Ltd*	**100%**	-	Investment holding company	Australia
Subsidiary of Bomen SF HoldCo Pty Ltd				
Bomen Solar Farm Pty Ltd*	**100%**	-	Operation of solar assets for the generation and sale of electricity	Australia
Subsidiaries of Spark Renewables Pty Ltd (continued)				
Bomen SF Hold Trust*	**100%**	-	Investment holding entity (trust)	Australia
Subsidiary of Bomen SF Hold Trust				
Bomen SF Trust*	**100%**	-	Investment holding entity (trust)	Australia
Subsidiary of Bomen SF Trust				
Bomen SF Finco Pty Ltd*	**100%**	-	Investment holding company	Australia
Subsidiaries of Spark Renewables Pty Ltd (continued)				
Mates Gully Solar Farm Pty Ltd*	**100%**	-	Investment holding company	Australia
Mallee Wind Pty Ltd*	**100%**	-	Investment holding company	Australia

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49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of Spark Renewables Pty Ltd (continued)				
Yorke Peninsula Wind Farm Project Pty Ltd*	**100%**	-	Investment holding company	Australia
Wattle Creek Energy Hub Pty Ltd*	**100%**	-	Investment holding company	Australia
Wattle Creek Energy Hub Trust*	**100%**	-	Investment holding entity (trust)	Australia
Dinawan Energy Hub Pty Ltd*	**100%**	-	Investment holding company	Australia
Dinawan Energy Hub Trust*	**100%**	-	Investment holding entity (trust)	Australia
Subsidiaries of TNB International Sdn. Bhd. (continued)				
Vantage RE Ltd.#	**100%**	100%	Investment holding company	United Kingdom
Subsidiaries of Vantage RE Ltd.				
Clean Energy and Infrastructure UK Limited#	**100%**	100%	Investment holding company	United Kingdom
Subsidiaries of Clean Energy and Infrastructure UK Limited				
Clean Energy and Infrastructure UK Wind Limited#	**100%**	100%	Investment holding company	United Kingdom
Subsidiaries of Clean Energy and Infrastructure UK WInd Limited				
Daintree Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Dunmore Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
East Youlstone Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Falkirk Tod Hill Wind Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Garlenick Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Harthill Wind Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Mossmorran Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Potato Pot Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Wythegill Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of Clean Energy and Infrastructure UK Wind Limited (continued)				
Ysgellog Wind Farm Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Subsidiaries of Clean Energy and Infrastructure UK Limited (continued)				
Clean Energy and Infrastructure UK Wind 2 Limited#	**100%**	100%	Investment holding company	United Kingdom
Subsidiary of Clean Energy and Infrastructure UK Wind 2 Limited				
Norman 1985 Limited#	**100%**	100%	Investment holding company	United Kingdom
Subsidiary of Norman 1985 Limited				
Whiteside Hill Windfarm (Scotland) Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Subsidiaries of Vantage RE Ltd. (continued)				
JBM Solar Projects 18 Limited#	**100%**	100%	Operation of solar assets for the generation and sale of electricity	United Kingdom
JBM Solar Projects 23 Limited#	**100%**	100%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Tenaga Wind Ventures UK Ltd.#	**100%**	100%	Investment holding company	United Kingdom
Subsidiaries of Tenaga Wind Ventures UK Ltd.				
Bluemerang Capital Ltd.#	**100%**	100%	Investment holding company	United Kingdom
Subsidiaries of Bluemerang Capital Ltd.				
BCL Castlerigg Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
BCL Gwynt Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
BCL Harmeston Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
BCL Murex Bennacott Ltd.#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
BCL Hunday Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Ili (Wellgreen) Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom

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49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of Bluemerang Capital Ltd. (continued)				
LE18 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
LE19 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Murex Bennacott Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Subsidiaries of Tenaga Wind Ventures UK Ltd. (continued)				
GVO Wind Limited#	**100%**	100%	Investment holding company	United Kingdom
Subsidiaries of GVO Wind Limited				
Boghead WT Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Durpley WT Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind F-1 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 1 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 2 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 3 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 4 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 5 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 6 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 7 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 9 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of GVO Wind Limited (continued)				
GVO Wind No. 10 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 11 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 12 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 13 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 14 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 16 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 20 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 21 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 22 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 23 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 24 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 25 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 27 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 28 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 29 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 30 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom

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49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of GVO Wind Limited (continued)				
GVO Wind No. 31 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 32 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 35 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 36 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 39 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 40 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 41 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 42 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 43 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO Wind No. 44 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO/CME Wind No. 17 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
GVO/CME Wind No. 18 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
OGPW No.1 Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Warren WT Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Weston Town WT Limited#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of Vantage RE Ltd. (continued)				
TWV No. 1 Ltd.#	**100%**	100%	Operation of wind assets for the generation and sale of electricity	United Kingdom
Vantage RE No. 1 Limited#	**100%**	100%	Investment holding company	United Kingdom
Vantage Solar Investments S.A.R.L.#	**55%**	55%	Investment holding company	Luxembourg
Subsidiary of Vantage Solar Investments S.A.R.L.				
Vantage Solar UK4 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiary of Vantage Solar UK4 Limited				
Vantage Solar UK3 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiary of Vantage Solar UK3 Limited				
Vantage Solar UK2 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiary of Vantage Solar UK2 Limited				
Vantage Solar UK Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiary of Vantage Solar UK Limited				
TerraForm UK2 Intermediate Holdings, Ltd.#	**55%**	55%	Investment holding company	United Kingdom
Subsidiary of TerraForm UK2 Intermediate Holdings, Ltd.				
TerraForm UK3 Intermediate Holdings Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited				
Cambridge Solar Power Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom

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31 December 2023

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Green Holdco2 Ltd.#	**55%**	55%	Investment holding company	United Kingdom
Subsidiaries of SunE Green Holdco2 Ltd.				
AEE Renewables UK 31 Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
SunE Project1 Ltd.#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Green Holdco3 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiaries of SunE Green Holdco3 Limited				
Sunsave 10 (Fareham) Ltd.#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Sunsave 15 (Westwood) Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Sunsave 20 (Knowlton) Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Green Holdco4 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiaries of SunE Green Holdco4 Limited				
Boyton Solar Park Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
KS SPV 24 Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Sunsave 6 (Manston) Ltd.#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Green Holdco5 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiaries of SunE Green Holdco5 Limited				
MSP Fairwind Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Sunsave 14 (Fenton) Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Green Holdco7 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiaries of SunE Green Holdco7 Limited				
Brynteg Solar Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Daisy No. 1 Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
SE Bury Lane Solar Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
SunE Green Energy Ltd.#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
SunE Green Holdco6 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiary of SunE Green Holdco6 Limited				
Sunsave 43 (Epwell) Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom

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49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Green Holdco9 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiaries of SunE Green Holdco9 Limited				
SunE Burthy Farm Solar Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
SunE Little Neath Solar Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Green Holdco13 Limited#	**55%**	55%	Investment holding company	United Kingdom
Subsidiary of SunE Green Holdco13 Limited				
SunE Prestop Park Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Subsidiaries of TerraForm UK3 Intermediate Holdings Limited (continued)				
SunE Hill Farm Solar Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
SunE Sundorne Grove Solar Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Sunsave 11 (Wrockwardine Farm) Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Sunsave 17 (Castle Combe) Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom
Sunsave 31 (Horam) Limited#	**55%**	55%	Operation of solar assets for the generation and sale of electricity	United Kingdom

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of Vantage RE Ltd. (continued)				
Vantage RE No. 2 Limited	**100%**	100%	Investment holding company	United Kingdom
Vantage RE No 3 Limited	**100%**	-	Investment holding company	United Kingdom
Subsidiaries of Vantage RE No 3 Limited				
Elipsgeen Limited*	**100%**	-	Operation of solar assets for the generation and sale of electricity	Republic of Ireland
Dullarbtons Limited*	**100%**	-	Operation of solar assets for the generation and sale of electricity	Republic of Ireland
TNB Power Generation Sdn. Bhd.	**100%**	100%	Ownership, management and operation of the domestic power plants, renewable energy generation business, power plant operation and maintenance business and dry bulk terminal operation business	Malaysia
Subsidiaries of TNB Power Generation Sdn. Bhd.				
Integrax Berhad	**100%**	100%	Investment holding company	Malaysia
Subsidiaries of Integrax Berhad				
Integrax Maritime Services Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
Pelabuhan Lumut Sdn. Bhd.	**100%**	100%	Investment holding company	Malaysia
Subsidiary of Pelabuhan Lumut Sdn. Bhd.				
Lekir Bulk Terminal Sdn. Bhd.	**100%**	100%	Development, ownership and management of a dry bulk terminal	Malaysia
Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)				
Jimah East Power Sdn. Bhd.	**70%**	70%	Generate and deliver electricity energy and generating capacity to TNB	Malaysia
Kapar Energy Ventures Sdn. Bhd.	**60%**	60%	Generate and deliver electricity energy and generating capacity to TNB	Malaysia
Manjung Island Energy Berhad	**-**	-	Special purpose company to raise Islamic securities under the Islamic Securities Programme	Malaysia

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49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)				
Southern Power Generation Sdn. Bhd.	**70%**	70%	Generate and deliver electricity and maintain generating capacity to TNB	Malaysia
TNB Connaught Bridge Sdn. Bhd.	**100%**	100%	Generate and deliver electricity energy and maintain generating capacity to TNB	Malaysia
TNB Janamanjung Sdn. Bhd.	**100%**	100%	Generate and deliver electricity energy and maintain generating capacity to TNB	Malaysia
TNB Manjung Five Sdn. Bhd.	**100%**	100%	Generate and deliver electricity energy and maintain generating capacity to TNB	Malaysia
Subsidiary of TNB Manjung Five Sdn. Bhd.				
TNB Western Energy Berhad	**100%**	100%	Principally engaged in the construction of 1,000MW coal-fired power plant in Lumut, Perak, Malaysia	Malaysia
Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)				
TNB Pasir Gudang Energy Sdn. Bhd.	**100%**	100%	Carry business of any matter relating to electricity especially the business of generation and supply of electricity for any purpose in Malaysia	Malaysia
TNB Prai Sdn. Bhd.	**100%**	100%	Generate and deliver electricity energy and maintain generating capacity to TNB	Malaysia
Subsidiary of TNB Prai Sdn. Bhd.				
TNB Northern Energy Berhad	**100%**	100%	Principally to construct a 1,071MW gas-fired power plant in Seberang Perai Tengah, Seberang Perai, Pulau Pinang, Malaysia	Malaysia
Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)				
TNB Repair And Maintenance Sdn. Bhd.	**100%**	100%	Providing repair and maintenance services to heavy industries and other related services	Malaysia
Subsidiaries of TNB Repair And Maintenance Sdn. Bhd.				
Tenaga WHR 1 Sdn. Bhd.	**100%**	100%	To carry on the business of establishing, constructing, commissioning, setting up, operating and maintaining electric power generation systems, transmission systems/ networks, power systems, generating stations/ plants based on waste heat recovery and/or power efficiency technology	Malaysia

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Subsidiaries of TNB Repair And Maintenance Sdn. Bhd. (continued)				
TNB Operations & Maintenance International Ltd.	**100%**	100%	Investment holding company	Mauritius
Subsidiary of TNB Operations & Maintenance International Ltd.				
Oasis Parade Sdn. Bhd.	**100%**	100%	Investment holding company	Malaysia
Subsidiaries of TNB Repair And Maintenance Sdn. Bhd. (continued)				
TNB REMACO Pakistan (Private) Limited#	**100%**	100%	Providing repair and maintenance services to heavy industries and other related services	Pakistan
Trichy Energy Limited* (In members' voluntary winding up)	**100%**	100%	Dormant	India
Trichy Power Limited* (In members' voluntary winding up)	**100%**	100%	Dormant	India
Subsidiaries of TNB Power Generation Sdn. Bhd. (continued)				
TNBPG Hydro Nenggiri Sdn. Bhd.	**100%**	100%	Responsible for the domestic power generation assets, with fully integrated end-to-end capabilities	Malaysia
TNBPG Hydro Sungai Perak Sdn. Bhd.	**100%**	100%	Responsible for the domestic power generation assets, with fully integrated end-to-end capabilities	Malaysia
TNB Properties Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
Subsidiary of TNB Properties Sdn. Bhd.				
TNP Construction Sdn. Bhd.	**100%**	100%	Dormant	Malaysia
TNB Renewables Sdn. Bhd.	**100%**	100%	Investment holding company	Malaysia
Subsidiaries of TNB Renewables Sdn. Bhd.				
TNB Bukit Selambau Solar Sdn. Bhd.	**100%**	100%	Operation of generation facilities that produce electric energy	Malaysia
TNB Bukit Selambau Solar Dua Sdn. Bhd.	**100%**	100%	Operation of generation facilities that produce electric energy	Malaysia
TNB Bukit Sidim Kulim Solar Sdn. Bhd.	**100%**	-	Operation of generation facilities that produce electric energy	Malaysia
TNB Sepang Solar Sdn. Bhd.	**100%**	100%	Operation of generation facilities that produce electric energy	Malaysia

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31 December 2023

49 LIST OF SUBSIDIARIES (CONTINUED)

The list of subsidiaries of the Group is as follows: (continued)

Name of subsidiary	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
TNB Research Sdn. Bhd.	**100%**	100%	Research and development, consultancy and other services	Malaysia
Subsidiary of TNB Research Sdn. Bhd.				
TNB Labs Sdn. Bhd.	**100%**	100%	Technical and laboratory services, consultancy and other services	Malaysia
TNB Retail Sdn. Bhd.	**100%**	100%	Managing customer relationships and responsible for sale of electricity and beyond	Malaysia
Subsidiaries of TNB Retail Sdn. Bhd.				
GSPARX Sdn. Bhd.	**100%**	100%	Invest and develop renewable energy projects for self-consumption/self-generation and its related business	Malaysia
TNBX Sdn. Bhd.	**100%**	100%	To act as the single-fronting Malaysia entity for customers to purchase/obtain solutions beyond the meter. The solutions comprise non-regulated products and services such as energy efficiency, renewable energy and smart cities	Malaysia
TNB Ventures Sdn. Bhd.	**100%**	100%	Investment holding company	Malaysia
Subsidiary of TNB Ventures Sdn. Bhd.				
Tenaga Cable Industries Sdn. Bhd.	**76%**	76%	Manufacturing and distribution of power and general cables, aluminium rods and related activities	Malaysia
Universiti Tenaga Nasional Sdn. Bhd.	**100%**	100%	Providing higher education	
Subsidiaries of Universiti Tenaga Nasional Sdn. Bhd.				
UNITEN R&D Sdn. Bhd.	**100%**	100%	Providing research and development in areas related to engineering information technology, business, accountancy, liberal studies and other services	Malaysia
Yayasan Canselor Universiti Tenaga Nasional	**-**	-	A trust established under the provision of Trustees (Incorporation) Act 1952 (Act 258) to receive and administer funds for educational and charitable purposes	Malaysia

Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PricewaterhouseCoopers PLT ('PwC'), Malaysia.

* *Not audited by PwC.*

The subsidiaries' principal place of business is situated in the country of incorporation.

50 LIST OF JOINT ARRANGEMENTS

The list of joint arrangements of the Group is as follows:

Name of joint arrangement	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Joint ventures				
Seatrac Sdn. Bhd.	**50%**	50%	Dormant	Malaysia
Joint ventures of TNB Energy Services Sdn. Bhd.				
FTJ Bio Power Sdn. Bhd.	**40%**	40%	Generation and distribution of electricity using palm empty fruit bunches as its main fuel source	Malaysia
Metrosphere Hydro Tersat Sdn. Bhd.*	**49%**	49%	Business related in hydro power plant and general trading	Malaysia
Joint venture of TNB Engineering Corporation Sdn. Bhd.				
Airport Cooling Energy Supply Sdn. Bhd.	**77%**	77%	To develop, design, engineer, procure, construct and finance district cooling projects in the airport sector, to undertake the comprehensive operational and maintenance of district cooling projects in the airport sector and to carry on the business of producing, distributing, applying, dealing and selling of chilled water	Malaysia
Joint venture of TNB Repair And Maintenance Sdn. Bhd.				
GMR Tenaga Operations And Maintenance Private Limited*	**50%**	50%	Operation and maintenance of power plants	India
Joint operations				
Joint operation of TNB Engineering Corporation Sdn. Bhd.				
TNB Engineering Corporation Sdn. Bhd. & ERS Energy Sdn. Bhd. ('TNEC-ERS')	**60%**	60%	Project Large Scale Solar Photovoltaic Plant at Kuala Muda, Kedah	Malaysia
Joint operations of TNB Repair And Maintenance Sdn. Bhd.				
TNB Repair And Maintenance Sdn. Bhd. & Al-Dhow Engineering ('TNB REMACO & Al-Dhow JV')#	**50%**	50%	Maintenance works for instrumental & control systems and mechanical equipment services	Kuwait
TNB Repair And Maintenance Sdn. Bhd. & Kharafi National ('TNB REMACO & KN JV')#	**50%**	50%	Operation and maintenance services to heavy industries and other related services	Kuwait

\# *Audited by a member firm of PricewaterhouseCoopers International Limited which is a separate and independent legal entity from PwC, Malaysia.*
* *Not audited by PwC.*

The joint arrangements' principal place of business is situated in the country of incorporation.

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51 LIST OF ASSOCIATES

The list of associates of the Group is as follows:

Name of associate	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Fibrecomm Network (M) Sdn. Bhd.*	**49%**	49%	Provision of fibre optic transmission network services	Malaysia
GB3 Sdn. Bhd.*	**20%**	20%	Design, construction, operation and maintenance of a combined cycle power plant, generation and sale of electrical energy and generating capacity of the power plant	Malaysia
Jimah Energy Ventures Holdings Sdn. Bhd.*	**25%**	25%	Investment holding	Malaysia
Teknologi Tenaga Perlis Consortium Sdn. Bhd.*	**20%**	20%	Operating and maintaining an electricity generating plant owned by the Company	Malaysia
Associate of Global Power Enerjî Sanayî Ve Tîcaret Anonîm Şîrketî				
Gama Enerji Anonîm Şîrketî*	**30%**	30%	To enter into commitments related to energy investments and to carry out industrial, commercial and business activities	Türkiye
Associate of Independent Power International Ltd.				
Malaysian Shoaiba Consortium Sdn. Bhd.*	**20%**	20%	Acquiring and hold for investment, shares, stocks, debentures in Malaysia or elsewhere	Malaysia
Associate of Oasis Parade Sdn. Bhd.				
Saudi Malaysia Operation & Maintenance Services Company Limited*	**30%**	30%	Operation and maintenance of electricity generation stations and water desalination plants	Kingdom of Saudi Arabia
Associate of Pelabuhan Lumut Sdn. Bhd.				
Lumut Maritime Terminal Sdn. Bhd.*	**50% less 1 share**	50% less 1 share	Operations of multi-purpose port facilities, operation and maintenance of a bulk terminal, sales and rental of port related land and other ancillary activities	Malaysia
Associate of Power and Energy International (Mauritius) Ltd.				
GMR Energy Limited*^	**-**	30%	Development, operation and maintenance of power generation projects and sale of power to off-takers	India

51 LIST OF ASSOCIATES (CONTINUED)

The list of associates of the Group is as follows: (continued)

Name of associate	Group's effective interest 2023	Group's effective interest 2022	Principal activities	Country of incorporation
Associate of Elopura Power Sdn. Bhd.				
Oriole Hydro Padas Sdn. Bhd.*	**17%**	17%	Power generation utilising hydroelectric power plant	Malaysia
Associate of TNB Energy Services Sdn. Bhd.				
Jana Landfill Sdn. Bhd.*	**20%**	20%	Generation and distribution of heat and electricity using methane gas from landfill sites	Malaysia
Associate of TNB Renewables Sdn. Bhd.				
SD Plantation TNB Renewables Sdn. Bhd.	**49%**	49%	To develop, set up, construct, install, operate and maintain renewable energy or biogas power plant which uses the palm oil mill effluent as its main source of fuel	Malaysia
Associate of TNB Engineering Corporation Sdn. Bhd.				
Abraj Cooling LLC*	**49%**	49%	Contracting works for the construction of district cooling plants	United Arab Emirates
Associate of TNB Properties Sdn. Bhd.				
KM Metro-TNB Properties Sdn. Bhd.*	**40%**	40%	Dormant	Malaysia
Associate of TNB Research Sdn. Bhd.				
Gunung Tenaga Sdn. Bhd.*	**40%**	40%	Dormant	Malaysia
Associate of Vantage RE No. 1 Limited				
Blyth Offshore Demonstrator Limited*	**49%**	49%	Ownership, construction and operation of a 42MW offshore wind farm	United Kingdom

* *Not audited by PwC.*
^ *Disposed during the financial year.*

The associates' principal place of business is situated in the country of incorporation.

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31 December 2023

52 EVENTS AFTER REPORTING PERIOD

(a) SESB's Loan Restructuring

On 29 January 2024, SESB has accepted the loan restructuring proposal with regards to the Ninth Malaysia Plan, offered by the Ministry of Finance. The finalisation of the repayment schedule is expected to be completed by June 2024.

(b) Acquisition of 115MW onshore wind projects in Scotland by VRE

On 31 January 2024, TNBI, through its wholly owned subsidiary, VRE, completed its acquisition of 100.0% stakes in Camilty Windfarm Limited, Shelloch Windfarm Limited and Troston Windfarm Limited project rights consisting of three onshore wind projects in Scotland, totalling up to 115MW capacity for a purchase consideration of GBP5.5 million and contingent consideration of GBP1.4 million.

The Group is in the midst of assessing the acquisition and its financial impact.

STATEMENT BY DIRECTORS

Pursuant To Section 251(2) of The Companies Act 2016

We, Dato' Abdul Razak bin Abdul Majid and Datuk Ir. Megat Jalaluddin bin Megat Hassan, the Directors of Tenaga Nasional Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 202 to 362 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and financial performance of the Group and of the Company for the financial year ended 31 December 2023 in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors, in accordance with a resolution dated 19 March 2024.

DATO' ABDUL RAZAK BIN ABDUL MAJID
CHAIRMAN

DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN
PRESIDENT/CHIEF EXECUTIVE OFFICER

STATUTORY DECLARATION

Pursuant To Section 251(1) of The Companies Act 2016

I, Nazmi bin Othman, the Officer primarily responsible for the financial management of Tenaga Nasional Berhad, do solemnly and sincerely declare that the financial statements set out on pages 202 to 362 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

NAZMI BIN OTHMAN
MIA MEMBERSHIP NO. 6747

Subscribed and solemnly declared by the abovenamed Nazmi bin Othman at Kuala Lumpur, Malaysia on 19 March 2024, before me.

COMMISSIONER FOR OATHS

PESURUHJAYA SUMPAH
W 919
THANGAPERUMAL
A/L ANDIMUTHU
01.02.2022-31.01.2024
MALAYSIA
220, JALAN TUN SAMBANTHAN,
50470 KUALA LUMPUR.

INDEPENDENT AUDITORS' REPORT

To The Members of Tenaga Nasional Berhad (Incorporated In Malaysia) (Registration No. 199001009294 (200866-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Tenaga Nasional Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information, as set out on pages 202 to 362.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements" section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

INDEPENDENT AUDITORS' REPORT

To The Members of Tenaga Nasional Berhad (Incorporated In Malaysia) (Registration No. 199001009294 (200866-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition for sales of electricity *Refer to Note 31 - Revenue* Sales of electricity of RM51,713.2 million and RM48,223.3 million is the most significant component of the Group's and the Company's revenue, respectively, for the financial year ended 31 December 2023. Revenue from sales of electricity is based on the end customers' consumption and the related tariff rates, which are governed by the Incentive Based Regulations imposed by the Energy Commission. We focused on the revenue recognition for sales of electricity as it involves the use of complex billing and accounting systems to process large volumes of data with different tariffs based on respective customer categories and consumption.	We performed the following audit procedures: • Tested the overall information technology general controls of the billing and accounting systems recording the revenue transactions; • Tested the application controls within the billing systems over the following: - maintenance of tariff rates in the billing systems; - accuracy of calculation of amounts billed to customers; and - recording of revenue transactions; • Tested the billings and revenue adjustments on a sampling basis to assess whether the revenue recognised and revenue adjustments are valid and recorded accurately; and • Examined the correspondence with the Energy Commission and assessed whether there were any material matters that would affect revenue recognition. Based on the above procedures performed, we did not find any material exceptions.
Reinvestment allowance ('RIA') claims *Refer to Note 4 – Critical Accounting Estimates and Judgements and Note 42 - Contingent Liabilities and Material Litigations* The Inland Revenue Board ('IRB') had disallowed the Company's RIA claims for the Years of Assessment ('YAs') 2013, 2014, 2015, 2016, 2017 and 2018 and had issued notices of additional assessments ('Notices') to the Company, amounting in aggregate to RM7,858.6 million. As at 31 December 2023, the Group and Company recorded a tax recoverable of RM3,522.4 million and have not recorded the potential tax liabilities of RM6,101.4 million arising from the tax impact if the RIA claims are disallowed and the Company loses its appeal. Based on the legal advice obtained from its tax solicitors on the merits of the cases, the Directors are of the opinion that no provision is required in the financial statements for the potential tax liability up to the reporting date. We focused on this area due to the inherent uncertainties involved in the outcome of judgement on the RIA by the Special Commissioners of Income Tax and by the Kuala Lumpur High Court, including the subsequent notice of appeal filed by the IRB before the Court of Appeal.	We performed the following audit procedures: • Evaluated the Directors' assessment on the basis of recoverability of the tax recoverable of RM3,522.4 million in respect of RIA and the potential tax liabilities of RM6,101.4 million in respect of RIA by the IRB by assessing the independent legal confirmations obtained from management's external legal counsel; and • Examined the correspondence between the Company and the tax authority and assessed the matters in dispute based on advice from our tax experts to review the basis of applying the relevant tax laws. Based on the procedures performed above, we did not find any material exceptions to the Directors' judgement in the treatment of the tax recoverable balance and the potential tax liabilities.

INDEPENDENT AUDITORS' REPORT

To The Members of Tenaga Nasional Berhad (Incorporated In Malaysia) (Registration No. 199001009294 (200866-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Assessment on carrying value of post-employment benefits *Refer to Note 4 – Critical Accounting Estimates and Judgements and Note 24 – Employee Benefits* As at 31 December 2023, the Group recorded post-employment benefit asset of RM147.1 million and post-employment benefit liabilities of RM12,371.1 million while the Company recorded post-employment benefit asset of RM147.1 million and post-employment benefit liabilities of RM11,613.7 million. Management assessed the present value of post-employment benefit plans by relying on the actuarial valuation reports from an actuary. The actuarial valuation reports estimated the present value of post-employment benefit plans based on key assumptions that comprised expected rate of salary increases, medical cost inflation and discount rates. We focused on this area because of the significant estimates made by management in determining the present value of post-employment benefit plans.	We performed the following audit procedures: • Obtained an understanding of the terms and conditions of the post-employment benefit plans; and • Tested the present value of post-employment benefit plans based on the actuarial valuation reports by performing the following: - Discussed with the actuary on the valuation method used and checked that the valuation method is acceptable in accordance with MFRS 119 "Employee Benefits"; - Discussed with the actuary on the key assumptions used in the actuarial valuation and checked the reasonableness by comparing to historical data; - Checked the reasonableness of the discount rates with the assistance of our valuation experts by comparing to market yields of high quality government securities at the reporting date; - Checked the membership data used in the actuarial models through inspection of payroll personnel files and other supporting documents; and - Compared the fair value of plan assets based on the actuary report against the trustee's report. Based on the procedures performed above, we did not find any material exceptions to the Directors' estimates of the post-employment benefits carrying value.
Business Combination - Acquisitions during the financial year *Refer to Note 4 - Critical Accounting Estimates and Significant Judgements, Note 10 - Intangible Assets and Note 48 - Significant Acquisitions during Current and Preceding Financial Years* Acquisition of Spark Renewables Pty Ltd and its subsidiaries ('Spark Renewables Group') On 20 September 2023, the Group completed its acquisition of 100% equity interest in the Spark Renewables Group for a purchase consideration of RM1,184.9 million. The Group assessed the acquisition of these subsidiaries as a business acquisition in accordance with MFRS 3 "Business Combinations". Based on the purchase price allocation ('PPA') exercise performed, the fair value of identifiable net assets recognised on the date of acquisition was RM852.5 million, of which RM325.2 million relates to fair value adjustments. The provisional goodwill recognised amounted to RM332.4 million.	Acquisition of Spark Renewables Group We performed the following audit procedures: • Agreed purchase consideration to the share sale agreement; • Obtained and discussed the PPA report prepared by an external party for the acquisition to assess the appropriateness of the identification of assets acquired and liabilities assumed; • Assessed the appropriateness of key assumptions, in particular, asset useful life, plant performance, electricity prices and operating expenses, used in the underlying cash flows projections adopted in the PPA exercise by comparing these assumptions against due diligence reports, existing agreements and market outlook; • Engaged our internal valuation experts to perform the following: - assess the appropriateness of the methodology adopted by management in determining the fair value of the identified assets acquired and liabilities assumed in accordance with MFRS 13 "Fair Value Measurement"; - assess the reasonableness of valuation of the intangible assets acquired by way of benchmarking precedent market transactions involving companies in a similar industry and recomputation based on independent market data; and - assess the reasonableness of the discount rate used in the underlying cash flow projections;

INDEPENDENT AUDITORS' REPORT

To The Members of Tenaga Nasional Berhad (Incorporated In Malaysia) (Registration No. 199001009294 (200866-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Business Combination – Acquisitions during the financial year (continued)	Acquisition of Spark Renewables Group (continued) We performed the following audit procedures: (continued) • Checked the calculation of the provisional goodwill arising from the acquisition, being the difference between the total purchase consideration and the provisional fair values of identification net assets acquired; and • Assessed the adequacy and appropriateness of the disclosures relating to the acquisition in the Group's consolidated financial statements.
Acquisitions of Dullarbtons Limited and Elipsgeen Limited On 20 December 2023, the Group completed its acquisitions of 100% equity interests in both Dullarbtons Limited and Elipsgeen Limited for a purchase consideration of RM494.0 million. The Group assessed the acquisitions of these subsidiaries as a business acquisition in accordance with MFRS 3 "Business Combinations". Based on the PPA exercise performed, the fair value of identifiable net assets recognised on the date of acquisition was RM335.3 million, of which RM84.6 million relates to fair value adjustments. The provisional goodwill recognised amounted to RM158.7 million. We focused on this area because the determination of fair values in the identifiable assets acquired and liabilities assumed, including the identification of intangible assets, requires significant judgement in estimating the underlying assumptions to be applied.	Acquisitions of Dullarbtons Limited and Elipsgeen Limited We performed the following audit procedures: • Agreed purchase consideration to the share purchase agreements; • Assessed the appropriateness of key assumptions, in particular, asset useful lives, electricity prices and operating expenses, used in the underlying cash flows projections adopted in the PPA exercise by comparing these assumptions against due diligence reports, existing agreements and market outlook; • Engaged our internal valuation experts to perform the following: - assess the appropriateness of the methodology adopted by management in determining the fair value of the identified assets acquired and liabilities assumed in accordance with MFRS 13 "Fair Value Measurement"; and - assess the reasonableness of the discount rates used in the underlying cash flow projections; • Checked the calculation of the provisional goodwill arising from the acquisition, being the difference between the total purchase consideration and the provisional fair values of identification net assets acquired; and • Assessed the adequacy and appropriateness of the disclosures relating to the acquisitions in the Group's consolidated financial statements. Based on the procedures performed above, we did not find any material exceptions to the Directors' judgements with respect to the key assumptions applied to the PPA exercises of the acquisitions.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report and the Statement on Risk Management and Internal Control, which we obtained prior to the date of this auditors' report, and other sections of the TNB Integrated Annual Report 2023, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

INDEPENDENT AUDITORS' REPORT

To The Members of Tenaga Nasional Berhad (Incorporated In Malaysia) (Registration No. 199001009294 (200866-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon (continued)

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT

To The Members of Tenaga Nasional Berhad (Incorporated In Malaysia) (Registration No. 199001009294 (200866-W))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 49 to the financial statements.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

PAULINE HO
02684/11/2025 J
Chartered Accountant

Kuala Lumpur
19 March 2024

CORPORATE INFORMATION

As at 1 April 2024

BOARD OF DIRECTORS

DATO' ABDUL RAZAK BIN ABDUL MAJID
Chairman
Non-Independent Non-Executive Director

DATUK IR. MEGAT JALALUDDIN BIN MEGAT HASSAN
President/Chief Executive Officer
Non-Independent Executive Director
(Appointed w.e.f. 1 March 2024)

RAMZI BIN MANSOR
Non-Independent Non-Executive Director
(Appointed w.e.f. 1 March 2024)

SELVENDRAN KATHEERAYSON
Non-Independent Non-Executive Director
(Appointed w.e.f. 1 September 2023)

ROHAYA BINTI MOHAMMAD YUSOF
Non-Independent Non-Executive Director

MUAZZAM BIN MOHAMAD
Non-Independent Non-Executive Director
(Appointed w.e.f. 1 July 2023)

ONG AI LIN
Senior Independent Non-Executive Director

JUNIWATI RAHMAT HUSSIN
Independent Non-Executive Director

GOPALA KRISHNAN K.SUNDARAM
Independent Non-Executive Director

DATO' ROSLINA BINTI ZAINAL
Independent Non-Executive Director

DATO' MERINA BINTI ABU TAHIR
Independent Non-Executive Director

DATO' ZULKIFLI BIN IBRAHIM
Independent Non-Executive Director
(Appointed w.e.f. 1 April 2024)

ELAINE ONG YEE LYNN
(Alternate Director to Selvendran Katheerayson)
Non-Independent Non-Executive Director
(Appointed w.e.f. 24 November 2023)
(Cessation of Office as Alternate Director to Datuk Amran Hafiz bin Affifudin w.e.f. 1 September 2023)

DATO' SERI IR. BAHARIN BIN DIN
President/Chief Executive Officer
Non-Independent Executive Director
(Cessation of Office as Director w.e.f. 29 February 2024)

DATIN RASHIDAH BINTI MOHD SIES
Non-Independent Non-Executive Director
(Resigned w.e.f. 12 January 2024)

DATUK AMRAN HAFIZ BIN AFFIFUDIN
Non-Independent Non-Executive Director
(Resigned w.e.f. 1 September 2023)

DATUK RAWISANDRAN NARAYANAN
Independent Non-Executive Director
(Cessation of Office as Director w.e.f. 18 May 2023)

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Ong Ai Lin
Email : ongailin.integrity@tnb.com.my

COMPANY SECRETARY

Ali Munawar bin Haji Salim
(MAICSA 7021901)
(SSM Practicing Certificate No. 201908002911)
(Appointed w.e.f. 1 January 2024)

Norazni binti Mohd Isa
(LS 0009635)
(SSM Practicing Certificate No. 201908000492)
(Resigned w.e.f. 1 January 2024)

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

Telephone : +603-7890 4700
Facsimile : +603-7890 4670
Website : www.boardroomlimited.com/my
Email : bsr.helpdesk@boardroomlimited.com

DIVIDEND SERVICE PROVIDER

Bursa Malaysia Depository Sdn. Bhd.
198701006854 (165570-W)
9th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Malaysia

Telephone : +603-2034 7363
Facsimile : +603-2732 6163

PRINCIPAL BANKER

Malayan Banking Berhad
196001000142 (3813-K)

EXTERNAL AUDITORS

Messrs PricewaterhouseCoopers PLT
(LLP0014401-LCA & AF 1146)
Chartered Accountants
Level 10, Menara TH 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P.O. Box 10192
50706 Kuala Lumpur
Malaysia

Telephone : +603-2173 1188
Facsimile : +603-2173 1288

REGISTERED OFFICE

Tenaga Nasional Berhad
199001009294 (200866-W)
Pejabat Setiausaha Syarikat
Tingkat 16, Tower A, TNB Platinum
No. 3, Jalan Bukit Pantai, Bangsar
59100 Kuala Lumpur
Malaysia

Official Communication Channels:
Telephone : +603-2296 5566
Facsimile : +603-2283 3686
Website : www.tnb.com.my
TNB Careline : 15454 (for power outage or TNB street light complaint)
One Stop Engagement Centre (OSEC) : 1-300-88-5454 (for billing and account enquiries)
Email : tnbcareline@tnb.com.my
Online Whistleblowing Information System : wbis.tnb.com.my
Toll Free : 1-800-888-862

@TNB Careline
@Tenaga_Nasional
@TENAGAofficial
@tenaga_nasional
@Tenaga Nasional Berhad
@tenaga_nasional

INVESTOR RELATIONS

Investor Relations
Group Finance Division
Tenaga Nasional Berhad
Level 12, Tower A, TNB Platinum
No. 3, Jalan Bukit Pantai, Bangsar
59100 Kuala Lumpur
Malaysia

Telephone : +603-2108 2128
Facsimile : +603-2108 2034
Email : tenaga_ird@tnb.com.my

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed since 28 May 1992)
Stock Code : 5347
Stock Name : TENAGA

AMERICAN DEPOSITORY RECEIPTS PROGRAMME (ADR)

ADR Level 1

ANNUAL GENERAL MEETING HELP DESK

Telephone : +603-2107 4515/4517
Share Administration Section
Company Secretary's Office
Tenaga Nasional Berhad

STATISTICS OF SHAREHOLDINGS

As at 11 March 2024

SHARE CAPITAL

Issued Shares : 5,787,331,871 Ordinary Shares
One (1) Special Rights Redeemable Preference Share

Voting Right : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders		Total No. of Shareholders		No. of Issued Shares		Total No. of Issued Shares	
	Malaysian	Foreigner	No.	%	Malaysian	Foreigner	No.	%
1-99	2,173	30	2,203	2.25	63,220	862	64,082	0.00
100-1,000	40,869	342	41,211	42.05	24,598,375	189,636	24,788,011	0.43
1,001-10,000	46,220	477	46,697	47.64	153,148,445	1,936,595	155,085,040	2.68
10,001-100,000	6,465	367	6,832	6.97	159,579,088	14,356,449	173,935,537	3.01
100,001-less than 5% of issued shares	650	414	1,064	1.09	1,828,627,140	732,976,452	2,561,603,592	44.26
5% and above of issued shares	4	0	4	0.00	2,871,855,609	0	2,871,855,609	49.62
Total	**96,381**	**1,630**	**98,011**	**100.00**	**5,037,871,877**	**749,459,994**	**5,787,331,871**	**100.00**

ANALYSIS OF EQUITY STRUCTURE

No.	Category of Shareholders	No. of Shareholders		No. of Issued Shares		% of Issued Shares	
		Malaysian	Foreigner	Malaysian	Foreigner	Malaysian	Foreigner
1.	Individuals	76,429	604	291,648,909	7,315,021	5.04	0.12
2.	Body Corporate						
	a. Banks/Finance Companies	127	2	1,708,878,769	16,700	29.53	0.00
	b. Investment Trusts/Foundation/Charities	37	0	691,806	0	0.01	0.00
	c. Industrial and Commercial Companies	674	14	51,730,940	10,780,237	0.89	0.19
3.	Government Agencies/Institutions	17	0	1,312,589,011	0	22.68	0.00
4.	Nominees	19,095	1,010	1,672,329,315	731,348,036	28.90	12.64
5.	Others	2	0	3,127	0	0.00	0.00
	Total	**96,381**	**1,630**	**5,037,871,877**	**749,459,994**	**87.05**	**12.95**

STATISTICS OF SHAREHOLDINGS

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares	
		Direct Interest	%
1.	Dato' Abdul Razak bin Abdul Majid *(Appointed w.e.f. 27 March 2023)*	26,562	0.00
2.	Datuk Ir. Megat Jalaluddin bin Megat Hassan *(Appointed w.e.f. 1 March 2024)*	40,000	0.00
3.	Ramzi bin Mansor *(Appointed w.e.f. 1 March 2024)*	0	0.00
4.	Selvendran Katheerayson *(Appointed w.e.f. 1 September 2023)*	0	0.00
5.	Rohaya binti Mohammad Yusof *(Appointed w.e.f. 20 March 2023)*	0	0.00
6.	Muazzam bin Mohamad *(Appointed w.e.f. 1 July 2023)*	0	0.00
7.	Ong Ai Lin	0	0.00
8.	Juniwati Rahmat Hussin	0	0.00
9.	Gopala Krishnan K.Sundaram	0	0.00
10.	Dato' Roslina binti Zainal	18,400	0.00
11.	Dato' Merina binti Abu Tahir	0	0.00
12.	Elaine Ong Yee Lynn *(Appointed w.e.f. 24 November 2023)* *(Alternate Director to Selvendran Katheerayson)*	0	0.00

SUBSTANTIAL SHAREHOLDERS ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares	%
1.	Khazanah Nasional Berhad*	1,305,607,404	22.56
2.	Employees Provident Fund Board**	997,669,082	17.24
3.	Amanah Saham Bumiputera***	582,399,500	10.06
4.	Kumpulan Wang Persaraan (Diperbadankan)****	428,565,958	7.41
	Total	**3,314,241,944**	**57.27**

Notes:
* *Khazanah Nasional Berhad*
- Registered with Citigroup Nominees (Tempatan) Sdn. Bhd. (4,911,590)
- Registered with CGS-International Nominees Malaysia (Tempatan) Sdn. Bhd. (4,898,590)
** *Registered with Citigroup Nominees (Tempatan) Sdn. Bhd.*
*** *Registered with AmanahRaya Trustees Berhad*
**** *Kumpulan Wang Persaraan (Diperbadankan)*
- Registered with Citigroup Nominees (Tempatan) Sdn. Bhd. (30,268,200)

TOP 30 SECURITIES ACCOUNT HOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Khazanah Nasional Berhad	1,295,797,224	22.39
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board*	595,361,127	10.29
3.	AmanahRaya Trustees Berhad *Amanah Saham Bumiputera*	582,399,500	10.06
4.	Kumpulan Wang Persaraan (Diperbadankan)	398,297,758	6.88
5.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board (Islamic)*	267,111,980	4.61
6.	Permodalan Nasional Berhad	130,611,800	2.26
7.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia 2 - Wawasan*	102,914,800	1.78

STATISTICS OF SHAREHOLDINGS

No.	Name of Shareholders	No. of Shares	%
8.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia*	91,744,100	1.59
9.	Lembaga Tabung Haji	66,704,600	1.15
10.	Cartaban Nominees (Asing) Sdn. Bhd. *Exempt AN For State Street Bank & Trust Company (West CLT OD67)*	51,422,362	0.89
11.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA For Vanguard Total International Stock Index Fund*	50,517,950	0.87
12.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA For Vanguard Emerging Markets Stock Index Fund*	48,369,151	0.84
13.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Exempt AN For AIA Bhd.*	47,933,700	0.83
14.	AmanahRaya Trustees Berhad *Amanah Saham Bumiputera 2*	44,535,700	0.77
15.	AmanahRaya Trustees Berhad *Amanah Saham Malaysia 3*	38,532,600	0.67
16.	Maybank Nominees (Tempatan) Sdn. Bhd. *Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)*	38,000,000	0.66
17.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board (Nomura)*	37,229,600	0.64
18.	AmanahRaya Trustees Berhad *Amanah Saham Bumiputera 3 - Didik*	36,535,992	0.63
19.	Cartaban Nominees (Tempatan) Sdn. Bhd. *PAMB For Prulink Equity Fund*	33,714,450	0.58
20.	AmanahRaya Trustees Berhad *Public Islamic Dividend Fund*	32,769,775	0.57
21.	Citigroup Nominees (Asing) Sdn. Bhd. *CB Spore GW For Government Of Singapore (GIC C)*	30,734,084	0.53
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	29,079,425	0.50
23.	Cartaban Nominees (Tempatan) Sdn. Bhd. *Prudential Assurance Malaysia Berhad For Prulink Strategic Fund*	26,219,500	0.45
24.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA For Vanguard Fiduciary Trust Company Institutional Total International Stock Market Index Trust II*	24,429,900	0.42
25.	AmanahRaya Trustees Berhad *Public Ittikal Sequel Fund*	23,403,900	0.40
26.	Cartaban Nominees (Tempatan) Sdn. Bhd. *PBTB For Takafulink Dana Ekuiti*	19,607,050	0.34
27.	Cartaban Nominees (Asing) Sdn. Bhd. *BBH Co Boston For Fidelity Salem Street Trust - Fidelity SAI Emerging Markets Low Volatility Index Fund*	19,523,100	0.34
28.	Cartaban Nominees (Asing) Sdn. Bhd. *BNYM SA/NV For People's Bank Of China (SICL ASIA EM)*	18,869,900	0.33
29.	AmanahRaya Trustees Berhad *Public Islamic Equity Fund*	17,967,137	0.31
30.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA For T. Rowe Price Emerging Markets Discovery Stock Trust*	17,219,000	0.30
	Total	**4,217,557,165**	**72.88**

NET BOOK VALUE OF LAND AND BUILDINGS

As at 31 December 2023

Property List / Location	LAND									BUILDINGS		
	Leasehold			Freehold			Total					
	No. of Lots (1)	Area (sq M) (2)	NBV (RM'000) (3)	No. of Lots (4)	Area (sq M) (5)	NBV (RM'000) (6)	No. of Lots (1+4)	Area (sq M) (2+5)	NBV (RM'000) (3+6)	No. (7)	Built-Up Area (sq M) (8)	Total NBV (RM'000) (9)
Perlis	51	156,976	1,572	403	98,183	11,871	454	255,159	13,443	64	6,433	7,179
Kedah	300	1,020,183	35,026	773	3,417,290	203,363	1,073	4,437,473	238,389	364	109,031	243,343
Pulau Pinang	198	693,681	86,063	705	1,004,799	115,702	903	1,698,480	201,765	386	153,522	693,622
Perak	784	6,165,083	421,350	691	10,316,262	439,356	1,475	16,481,345	860,706	1,030	692,687	2,307,691
Selangor	1,006	13,040,440	394,750	1,608	6,088,371	1,101,891	2,614	19,128,811	1,496,641	1,848	936,869	2,298,234
W.Persekutuan	383	294,449	63,090	522	2,960,030	252,081	905	3,254,479	315,171	941	358,161	1,554,734
Putrajaya/Cyberjaya	10	783,284	13,130	17	28,504	16,288	27	811,788	29,418	125	39,598	263,331
N.Sembilan	292	1,809,119	127,886	616	1,223,765	225,482	908	3,032,884	353,368	271	396,998	1,008,167
Melaka	366	640,622	22,086	450	234,403	361,599	816	875,025	383,685	103	167,201	210,855
Johor	962	3,485,805	444,285	1,277	1,479,757	463,126	2,239	4,965,562	907,411	581	236,824	1,431,729
Pahang	413	3,252,223	50,195	732	504,527	327,484	1,145	3,756,750	377,679	455	391,732	3,894,813
Terengganu	367	6,987,685	43,309	401	11,325,471	113,468	768	18,313,156	156,777	284	517,370	1,694,531
Kelantan	361	1,292,470	7,535	361	2,442,114	34,754	722	3,734,584	42,289	353	354,770	770,281
Sabah	356	6,264,600	77,938	60	4,501,754	35,523	416	10,766,354	113,461	2,897	652,827	414,089
Kuwait	0	0	0	0	0	0	0	0	0	3	1,000	52
United Kingdom	93	17,452,150	426,197	0	0	0	93	17,452,150	426,197	0	0	0
Total	**5,942**	**63,338,770**	**2,214,412**	**8,616**	**45,625,230**	**3,701,988**	**14,558**	**108,964,000**	**5,916,400**	**9,705**	**5,015,023**	**16,792,651**

The land and buildings comprise power stations, mini hydros, jetties, dams, substations, residential houses, apartments, holiday bungalows, office buildings, warehouses, stores and workshops.

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty Fourth Annual General Meeting (34th AGM) of Tenaga Nasional Berhad (TNB or the Company) will be held on **Tuesday, 21 May 2024** at **10.00 a.m.**, virtually via Remote Participation and Voting (RPV) at **Pusat Konvensyen Leo Moggie, TNB Platinum, No. 3, Jalan Bukit Pantai, Bangsar, 59100 Kuala Lumpur, Malaysia (the Broadcast Venue)** to transact the following businesses:

AGENDA

AS ORDINARY BUSINESS:

1. To receive the Audited Financial Statements for the Financial Year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon.
   Please refer to Explanatory Note (a)

2. To re-elect the following Directors who retire by rotation in accordance with Clause 64(1) of the Company's Constitution and being eligible offer themselves for re-election:

   (i) Ong Ai Lin **Ordinary Resolution 1**
   (ii) Dato' Roslina binti Zainal **Ordinary Resolution 2**
   Please refer to Explanatory Note (b)

3. To re-elect the following Directors who were appointed to the Board and retire in accordance with Clause 63(2) of the Company's Constitution and being eligible offer themselves for re-election:

   (i) Datuk Ir. Megat Jalaluddin bin Megat Hassan **Ordinary Resolution 3**
   (ii) Ramzi bin Mansor **Ordinary Resolution 4**
   (iii) Selvendran Katheerayson **Ordinary Resolution 5**
   (iv) Muazzam bin Mohamad **Ordinary Resolution 6**
   (v) Dato' Zulkifli bin Ibrahim **Ordinary Resolution 7**
   Please refer to Explanatory Note (b)

4. To approve the payment of the following Non-Executive Directors' fees from the 34th AGM until the next Annual General Meeting (AGM) of the Company:

   (i) Director's fee of RM30,000.00 per month to Dato' Abdul Razak bin Abdul Majid, Non-Executive Chairman

   (ii) Director's fee of RM7,000.00 and RM5,000.00 per month for TNB Subsidiaries Category II and III respectively to Dato' Abdul Razak bin Abdul Majid, Non-Executive Chairman **Ordinary Resolution 8**

   (iii) Director's fee of RM20,000.00 per month for the following Non-Executive Directors:
      a. Ramzi bin Mansor **Ordinary Resolution 9**
      b. Rohaya binti Mohammad Yusof **Ordinary Resolution 10**
      c. Muazzam bin Mohamad **Ordinary Resolution 11**
      d. Ong Ai Lin **Ordinary Resolution 12**
      e. Juniwati Rahmat Hussin **Ordinary Resolution 13**
      f. Gopala Krishnan K.Sundaram **Ordinary Resolution 14**
      g. Dato' Roslina binti Zainal **Ordinary Resolution 15**
      h. Dato' Merina binti Abu Tahir **Ordinary Resolution 16**
      i. Dato' Zulkifli bin Ibrahim **Ordinary Resolution 17**
   Please refer to Explanatory Note (c)

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

5. To approve the payment of benefits payable to the Non-Executive Directors (excluding Non-Executive Directors' fees) amounting to RM1,792,900.00 from the 34th AGM until the next AGM of the Company. **Ordinary Resolution 18**
   Please refer to Explanatory Note (c)

6. To approve the payment of Director's fee of RM20,000.00 per month to Muazzam bin Mohamad, Non-Executive Director from the date of his appointment until the 34th AGM of the Company. **Ordinary Resolution 19**
   Please refer to Explanatory Note (c)

7. To re-appoint Messrs PricewaterhouseCoopers PLT, having consented to act, as Auditors of the Company, to hold office until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **Ordinary Resolution 20**
   Please refer to Explanatory Note (d)

AS SPECIAL BUSINESS:

To consider and if thought fit, to pass the following Resolution:

8. Proposed Grant and Allotment of Shares to Datuk Ir. Megat Jalaluddin bin Megat Hassan.

   "THAT the Board (save for Datuk Ir. Megat Jalaluddin bin Megat Hassan) be and is hereby authorised at any time and from time to time, to cause or procure the offering and allocation to Datuk Ir. Megat Jalaluddin bin Megat Hassan, President/Chief Executive Officer of the Company, of up to 265,600 ordinary shares in TNB (TNB Shares) under the Long Term Incentive Plan for the Eligible Employees of TNB and Its Subsidiaries and Executive Directors of TNB (LTIP) as they shall deem fit, which will be vested to him at a future date, subject to such terms and conditions of the LTIP By-Laws."

   "AND THAT the Board be and is hereby authorised to allot and issue new TNB Shares pursuant to the LTIP to him from time to time in accordance with the vesting of his Grant." **Ordinary Resolution 21**
   Please refer to Explanatory Note (e)

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 (Act).

FURTHER NOTICE IS HEREBY GIVEN THAT for the purpose of determining a member who shall be entitled to attend this 34th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. (Bursa Depository) in accordance with Clause 45(2) of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991 (SICDA) to issue a General Meeting Record of Depositors (ROD) as at 14 May 2024. Only a depositor whose name appears on the ROD as at 14 May 2024 shall be entitled to attend the said Meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

BY ORDER OF THE BOARD

ALI MUNAWAR BIN HAJI SALIM
(MAICSA 7021901)
(SSM Practicing Certificate No. 201908002911)
Company Secretary

Kuala Lumpur
22 April 2024

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY BUSINESSES:

(a) **Agenda No. 1** is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require shareholders' approval for the Audited Financial Statements. As such, it is not put forward for voting.

(b) **Ordinary Resolutions 1 to 7 - Proposed Re-election of Directors in accordance with Clauses 64(1) and 63(2) of the Company's Constitution**

Clause 64(1) of the Company's Constitution provides among others, that one-third (1/3) of the Directors at the time being of whom have been longest in office shall retire by rotation at the AGM of the Company and shall be eligible for re-election.

Clause 63(2) of the Company's Constitution provides among others, that the Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company either to fill a casual vacancy or as an addition to the existing Directors. Any Director so appointed shall hold office only until the next following AGM of the Company and shall then be eligible for re-election.

The Board with the assistance of the Board Nomination and Remuneration Committee (BNRC) conducted an independence assessment of all Independent Directors including Ong Ai Lin and Dato' Roslina binti Zainal and are satisfied that they have complied with the independence criteria as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and continued to bring independent and objective judgment to the Board deliberations.

Based on the 2023 Board Evaluation Assessment results, the Board demonstrated solid performance across various effectiveness indicators, including Corporate Strategy & Direction Setting, Board Governance & Oversight, Board Composition, Boardroom Conduct & Dynamics and Board Management & Operations. Peer assessments further underscored the Directors' performance indicating that each Director was generally effective in dispensing his/her responsibilities.

The BNRC and Board also considered the Board Evaluation Assessment including the Self and Peer Assessment results of Ong Ai Lin, Dato' Roslina binti Zainal, Muazzam bin Mohamad and Selvendran Katheerayson and agreed that they have met the Board's expectation in terms of experience, expertise, integrity, competency, commitment and individual contribution by continuously performing their duties diligently as Company Directors.

Based on the Board Evaluation Assessment, the retiring Directors who are standing for re-election have fulfilled the fit and proper assessment that comprises character & integrity, experience & competence and time & commitment.

The Board on 14 December 2023 approved, with the concurrence of Minister of Finance (Incorporated) (MoF Inc.), the Special Shareholder of TNB, the appointment of Datuk Ir. Megat Jalaluddin bin Megat Hassan as President/Chief Executive Officer, Non-Independent Executive Director with effect from 1 March 2024. Prior to that the Board on 26 June 2023 and 25 August 2023 respectively, approved the appointment of Muazzam bin Mohamad as Non-Independent Non-Executive Director, representing Permodalan Nasional Berhad (PNB) with effect from 1 July 2023 and the appointment of Selvendran Katheerayson as Non-Independent Non-Executive Director, representing Khazanah Nasional Berhad (Khazanah) with effect from 1 September 2023.

The Board on 27 February 2024 approved the appointment of Ramzi bin Mansor with the concurrence of MoF Inc. as Non-Independent Non-Executive Director of TNB. Subsequently the Board on 1 April 2024 had approved the appointment of Dato' Zulkifli bin Ibrahim as Independent Non-Executive Director with effect from 1 April 2024.

Pursuant to Clause 63(2) of the Company's Constitution, Ramzi bin Mansor and Dato' Zulkifli bin Ibrahim are standing for re-election. The Board believed their wealth of expertise/experience, shall further strengthen the Board composition and dynamics.

The BNRC and Board hereby recommend for the re-election of each Director who is retiring at the 34th AGM.

Any Director referred to in Ordinary Resolutions 1 to 7, who is a shareholder of the Company shall abstain from voting on the resolution in respect of his/her re-election at the 34th AGM.

(c) **Ordinary Resolutions 8 to 19 - Non-Executive Directors' Remuneration**

Section 230(1) of the Act stipulates among others that the fees and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. As agreed by the Board, the shareholders' approval shall be sought at the 34th AGM on the Non-Executive Directors' remuneration of the Company and TNB Subsidiaries Category II and III through separate resolutions as follows:-

(i) **Ordinary Resolutions 8 to 17** on the payment of Non-Executive Directors' fees for the Non-Executive Chairman and each Non-Executive Director from the 34th AGM until the next AGM of the Company.

(ii) **Ordinary Resolution 18** on the payment of benefits payable (excluding Non-Executive Directors' fees) to the Non-Executive Directors from the 34th AGM until the next AGM of the Company.

(iii) **Ordinary Resolution 19** on the payment of Non-Executive Director's fee to Muazzam bin Mohamad, from the date of his appointment on 1 July 2023 until the 34th AGM of the Company.

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

The last increment of the Non-Executive Directors remuneration/benefits payable was made in 2013. The Board in 2023 engaged an independent expert to undertake the Non-Executive Directors' Remuneration Benchmarking exercise. Based on the findings, the structure of Non-Executive Directors' remuneration (including benefits) was generally aligned with the market practice and the Board/BNRC agreed to retain the existing Non-Executive Directors' remuneration and it is to be reviewed in three (3) years' time.

For the proposed Ordinary Resolution 19, as Muazzam bin Mohamad, Non-Independent Non-Executive Director was appointed with effect from 1 July 2023 of which after the 33rd AGM of the Company, therefore, the approval of the payment of Director's fee since his appointment until the 34th AGM shall be sought at this AGM.

The proposed Ordinary Resolutions 8 to 18 for the payment of Directors' fees and benefits payable to the Non-Executive Directors of the Company from the 34th AGM until the conclusion of the next AGM are tabled herewith in line with the provision of the Act and Guidance 7.2 of the Malaysian Code on Corporate Governance 2021 to ensure full disclosure.

The Non-Executive Directors remuneration policy of TNB and its subsidiaries is as follows:

Description	TNB Board		TNB Subsidiaries	
	Chairman	Non- Executive Directors	Chairman	Non-Executive Directors**
Monthly fixed fees	RM30,000 per month	RM20,000 per month	Category I - RM20,000 Category II - RM7,000 Category III - RM5,000	Category I - RM15,000 Category II - RM5,000 Category III - RM3,000
*Meeting Allowances (per meeting):				
(i) Board	RM2,500	RM2,000	Category I - RM2,000 Category II & III - RM1,500	Category I - RM1,500 Category II & III - RM1,000
(ii) Board Committees	RM2,000	RM1,500	Category I - RM1,500 Category II & III - RM1,000	Category I - RM1,000 Category II & III - RM800
Benefits	Medical, Business Peripherals, Utilities Bills, Travelling & Telecommunication and other claimable benefits			

* subject to not more than three (3) payments in a month.
** save for TNB Non-Executive Chairman, none of TNB Non-Executive Directors are currently on the board of TNB subsidiaries.

In determining the estimated total amount of benefits payable, the Board had considered various factors including the number of scheduled and special meetings for the Board, Board Committees and boards of subsidiaries along with the number of Non-Executive Directors involved.

Payment of Non-Executive Directors' benefits will be made by the Company and its subsidiaries on a monthly basis and/or as and when incurred, provided that the proposed Ordinary Resolution 18 be passed at the 34th AGM. The Board is of the view that it is fair and justifiable for the payment of benefits to the Non-Executive Directors be made as and when incurred, after the Non-Executive Directors have discharged their responsibilities and rendered their services to the Company.

Details of the Directors' Remuneration for the Financial Year ended 31 December 2023 are enumerated on page 163 of the Corporate Governance Overview Statement of this Integrated Annual Report.

(d) **Ordinary Resolution 20 - Re-appointment of Auditors**

Based on the External Auditors Assessment Result for the Financial Year under review, the Board Audit Committee and Board are satisfied with the quality of service, adequacy of resources provided, communication, independence, objectivity and professionalism demonstrated by the External Auditors in carrying out their duties. Being satisfied with the External Auditors' performance, the Board recommends the re-appointment of Messrs PricewaterhouseCoopers PLT as External Auditors of the Company for the Financial Year ending 31 December 2024 for the shareholders' approval at the 34th AGM.

The Board is also seeking the shareholders' approval to authorise the Directors to fix the remuneration of the External Auditors for Financial Year 2024.

NOTICE OF THE 34TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON SPECIAL BUSINESS:

(e) **Ordinary Resolution 21 - Proposed Grant and Allotment of Shares**

Pursuant to Paragraph 6.06 of the MMLR, any offer and issuance of shares to the director, major shareholder or chief executive and persons connected with them must be approved by the shareholders at the general meeting stating the specific allotment.

The Proposed Grant is the maximum number of TNB Shares that may be vested to Datuk Ir. Megat Jalaluddin bin Megat Hassan subject to the stretched individual and Company performance targets set by the Board Long Term Incentive Plan Committee (BLTIP) and Board, upon the vesting exercise. The BLTIP and Board (save for Datuk Ir. Megat Jalaluddin bin Megat Hassan) have deliberated on the proposal and concurred that the proposed maximum allowable number of TNB Shares allocation is fair and reasonable, to link the interest of Executive Director with the long term shareholders' value enhancement and long term success of the Company.

The proposed Ordinary Resolution 21, if passed, is to empower the Directors at any time and from time to time to cause or procure the offering and the allocation to Datuk Ir. Megat Jalaluddin bin Megat Hassan, such number of TNB Shares as they shall deem fit, which will be vested to him for the remaining LTIP period until 29 April 2025, subject to such terms and conditions of the LTIP By-Laws, which was approved at the Extraordinary General Meeting of the Company held on 18 December 2014.

Datuk Ir. Megat Jalaluddin bin Megat Hassan shall abstain from voting on Ordinary Resolution 21.

NOTES:

1. A member of a Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, in accordance with Section 334(1) of the Act.
2. Where a member is an authorised nominee as defined in accordance with the provisions of the SICDA, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
3. A member entitled to participate and vote at the Meeting is entitled to appoint not more than two (2) proxies to participate and vote on his/her behalf. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
4. The instrument appointing a proxy/Proxy Form shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. Where the instrument appointing a proxy/Proxy Form is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly appointed under a power of attorney.
5. A corporation which is a member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Clause 51 of the Company's Constitution.
6. The Proxy Form may be downloaded from the website at www.tnb.com.my. Duly completed Proxy Form must be deposited at Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the taking of the poll or **no later than 19 May 2024 at 12.00 p.m.**
7. Alternatively, you may lodge the Proxy Form online via the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com before the abovementioned cut-off time. For further details on proxy lodgement, kindly refer to the Administrative Details of 34th AGM.
8. Pursuant to Paragraph 8.29A of the MMLR, voting at the Meeting will be conducted by poll.

STATEMENT ACCOMPANYING NOTICE OF THE 34TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) and Appendix 8A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The Directors who are retiring by rotation in accordance with Clause 64(1) of the Company's Constitution and seeking for re-election:

(i) Ong Ai Lin
(ii) Dato' Roslina binti Zainal

The Directors who were appointed to the Board and are retiring in accordance with Clause 63(2) of the Company's Constitution and seeking for re-election:

(i) Datuk Ir. Megat Jalaluddin bin Megat Hassan
(ii) Ramzi bin Mansor
(iii) Selvendran Katheerayson
(iv) Muazzam bin Mohamad
(v) Dato' Zulkifli bin Ibrahim

The profiles of the retiring Directors are set out in Board of Directors' Profile on pages 120 to 132 of this Integrated Annual Report.

The respective retiring Directors had confirmed that they have no conflict of interest or potential conflict of interest, including any interest in any competing business with TNB or its subsidiaries, save for Datuk Ir. Megat Jalaluddin bin Megat Hassan, Ramzi bin Mansor, Selvendran Khatheerayson and Muazzam bin Mohamad by virtue of them being the Appointed Directors of MoF Inc., Khazanah and PNB respectively.

Save for Dato' Roslina binti Zainal and Datuk Ir. Megat Jalaluddin bin Megat Hassan, who hold 18,400 and 40,000 ordinary shares respectively in the Company, none of the above Directors has any interest in the securities of the Company or its Subsidiaries.

PROXY FORM

34TH ANNUAL GENERAL MEETING

(Before completing the form, please refer to the notes overleaf)

TENAGA NASIONAL

199001009294 (200866-W)

NUMBER OF ORDINARY SHARE(S) HELD	CDS ACCOUNT NO.																
				–				–									

I/We, _____

(FULL NAME OF SHAREHOLDER AS PER NRIC/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

NRIC No./Passport No./Company No. _____ of _____

(FULL ADDRESS)

_____

(FULL ADDRESS)

Telephone No. and Email Address _____ being a Member of Tenaga Nasional Berhad, hereby appoint:

	FULL NAME OF PROXY AS PER NRIC IN CAPITAL LETTERS	NO. OF SHARES	PERCENTAGE (%)	
Proxy 1				or failing him/her
	NRIC No./Passport No.:			
	Telephone No.:			
	Email Address:			
Proxy 2				or failing him/her
	NRIC No./Passport No.:			
	Telephone No.:			
	Email Address:			
		TOTAL	100%	

*the Chairman of the Meeting, as my/our proxy, to attend and vote for me/us and on my/our behalf at the **34TH ANNUAL GENERAL MEETING (34th AGM)** of **TENAGA NASIONAL BERHAD ("TNB" or "the Company")** to be held virtually via Remote Participation and Voting (RPV) at Pusat Konvensyen Leo Moggie, TNB Platinum, No. 3, Jalan Bukit Pantai, Bangsar, 59100 Kuala Lumpur, Malaysia (the Broadcast Venue) on **TUESDAY, 21 MAY 2024** at **10.00 a.m.**, and/or at any adjournment thereof.

My/Our proxy is to vote as indicated below:

NO.	RESOLUTIONS		FOR	AGAINST
ORDINARY BUSINESS				
Re-election of the following Directors who retire in accordance with Clause 64(1) of the Company's Constitution:				
1.	Ong Ai Lin	**ORDINARY RESOLUTION 1**		
2.	Dato' Roslina binti Zainal	**ORDINARY RESOLUTION 2**		
Re-election of the following Directors who retire in accordance with Clause 63(2) of the Company's Constitution:				
3.	Datuk Ir. Megat Jalaluddin bin Megat Hassan	**ORDINARY RESOLUTION 3**		
4.	Ramzi bin Mansor	**ORDINARY RESOLUTION 4**		
5.	Selvendran Katheerayson	**ORDINARY RESOLUTION 5**		
6.	Muazzam bin Mohamad	**ORDINARY RESOLUTION 6**		
7.	Dato' Zulkifli bin Ibrahim	**ORDINARY RESOLUTION 7**		
Approval for payment of the following Non-Executive Directors' fees from the 34th AGM until the next Annual General Meeting (AGM) of the Company:				
8.	(i) Director's fee of RM30,000.00 per month to Dato' Abdul Razak bin Abdul Majid, Non-Executive Chairman (ii) Director's fee of RM7,000.00 and RM5,000.00 per month for TNB Subsidiaries Category II and III respectively to Dato' Abdul Razak bin Abdul Majid, Non-Executive Chairman	**ORDINARY RESOLUTION 8**		
9.	(iii) Director's fee of RM20,000.00 per month for the following Non-Executive Directors: a. Ramzi bin Mansor b. Rohaya binti Mohammad Yusof c. Muazzam bin Mohamad d. Ong Ai Lin e. Juniwati Rahmat Hussin f. Gopala Krishnan K.Sundaram g. Dato' Roslina binti Zainal h. Dato' Merina binti Abu Tahir i. Dato' Zulkifli bin Ibrahim	**ORDINARY RESOLUTION 9** **ORDINARY RESOLUTION 10** **ORDINARY RESOLUTION 11** **ORDINARY RESOLUTION 12** **ORDINARY RESOLUTION 13** **ORDINARY RESOLUTION 14** **ORDINARY RESOLUTION 15** **ORDINARY RESOLUTION 16** **ORDINARY RESOLUTION 17**		
10.	Approval for payment of benefits payable to the Non-Executive Directors (excluding Non-Executive Directors' fees) from the 34th AGM until the next AGM of the Company	**ORDINARY RESOLUTION 18**		
11.	Approval for payment of Director's fee of RM20,000.00 per month to Muazzam bin Mohamad, Non-Executive Director from the date of his appointment until the 34th AGM of the Company	**ORDINARY RESOLUTION 19**		
12.	Re-appointment of Messrs PricewaterhouseCoopers PLT as Auditors of the Company and to authorise the Directors to fix their remuneration	**ORDINARY RESOLUTION 20**		
SPECIAL BUSINESS				
13.	Proposed Grant and Allotment of Shares to Datuk Ir. Megat Jalaluddin bin Megat Hassan	**ORDINARY RESOLUTION 21**		

Please indicate with an "X" in the box provided for each Resolution as how you wish your votes to be cast. If no voting instruction is given, the proxy(ies) is/are hereby authorised to vote or abstain from voting at his/her/their discretion.

*If you do not wish to appoint the Chairman of the Meeting as your proxy/one (1) of your proxies, please strike out the word "the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank spaces provided.

Dated this _____ day of _____, 2024

_____

Signature(s) or Common Seal of Member(s)

NOTES:

1. A member of a Company shall be entitled to appoint another person as his/her proxy to exercise all or any of his/her rights to attend, participate, speak and vote at a meeting of members of the Company, in accordance with Section 334(1) of the Companies Act 2016.
2. Only members whose names appear in the General Meeting Record of Depositors as at 14 May 2024 shall be entitled to attend the Meeting or appoint proxy(ies) to attend and/or vote on their behalf.
3. Where a member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act 1991, it may appoint up to two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.
4. A member entitled to participate and vote at the Meeting is entitled to appoint not more than two (2) proxies to participate and vote on his/her behalf. Where a member appoints two (2) proxies, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified.
5. The instrument appointing a proxy/Proxy Form shall be in writing under the hand of the appointer or of his attorney duly appointed under a power of attorney. Where the instrument appointing a proxy/Proxy Form is executed by a corporation, it shall be executed either under its common seal or under the hand of any officer or attorney duly appointed under a power of attorney.
6. A corporation which is a member may by resolution of its Directors or other governing body authorise such person as it thinks fit to act as its representative at the Meeting in accordance with Clause 51 of the Company's Constitution.
7. The Proxy Form may be downloaded from the website at www.tnb.com.my. Duly completed Proxy Form must be deposited to the Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for the taking of the poll or **no later than 19 May 2024 at 12.00 p.m**.
8. Alternatively, you may lodge the Proxy Form online via the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com before the abovementioned cut-off time. For further details on proxy lodgement, kindly refer to the Administrative Details of 34th AGM.
9. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the Meeting will be conducted by poll.

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AFFIX
STAMP

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Selangor Darul Ehsan
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